OUE COMMERCIAL REIT

POSITIONED FOR GROWTH

Annual Report 2018

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

OUE C-REIT's portfolio comprises four strategically located landmark commercial properties in Singapore and China with a total asset value of S$4.5 billion as at 31 December 2018.

The portfolio comprises:

- **OUE BAYFRONT**, a premium Grade A commercial building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub in Singapore's central business district ("CBD");
- **ONE RAFFLES PLACE**, an integrated commercial development comprising two Grade A office towers and a retail mall located in the heart of Singapore's CBD at Raffles Place;
- **OUE DOWNTOWN OFFICE**, the Grade A office space at OUE Downtown, a recently refurbished mixed-used development with Grade A offices, a six-storey retail mall and serviced residences located at Shenton Way in Singapore; 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").

In 2018, OUE C-REIT achieved strategic growth in its property portfolio with the acquisition of the office components of OUE Downtown in Singapore. With the sustained recovery of the Singapore office market and the timely addition to its existing portfolio of premium quality properties in prime CBD locations, OUE C-REIT is well-positioned to benefit from the market upturn with its ongoing effort in value creation.

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OUE C-REIT executed on its second acquisition since listing, with the acquisition of the Grade A office space at OUE Downtown as a strategic addition to the portfolio to drive inorganic growth. The recently refurbished property within the Tanjong Pagar sub-market strengthens OUE C-REIT's footprint within the Singapore CBD, allowing OUE C-REIT to capture tenant demand within the three major CBD office sub-markets in Singapore.

SHAPED FOR GROWTH

KEY HIGHLIGHTS

Growing from Strength to Strength

REVENUE

S$176.4m

FY2018	S$176.4m
FY2017	S$176.3m
FY2016	S$177.8m
FY2015	S$101.0m
FY2014[1]	S$71.5m

NET PROPERTY INCOME

S$138.2m

FY2018	S$138.2m
FY2017	S$138.2m
FY2016	S$138.6m
FY2015	S$75.6m
FY2014[1]	S$53.8m

AMOUNT AVAILABLE FOR DISTRIBUTION

S$71.3m

FY2018	S$71.3m
FY2017	S$70.0m
FY2016	S$67.4m
FY2015	S$56.1m
FY2014[1]	S$45.9m

ASSETS UNDER MANAGEMENT

S$4,494.5m

FY2018	S$4,494.5m
FY2017	S$3,515.1m
FY2016	S$3,408.5m
FY2015	S$3,403.2m
FY2014	S$1,630.6m

Note:

[1] Period from listing date of 27 January 2014 to 31 December 2014

DISTRIBUTION PER UNIT ("DPU")
(FY2018)

3.48 cents

NET ASSET VALUE ("NAV") PER UNIT
(As at 31 December 2018)

S$0.71

PORTFOLIO COMMITTED OCCUPANCY
(As at 31 December 2018)

94.7%

FINANCIAL HIGHLIGHTS	2018	2017	Change
Revenue (S$'000)	**176,396**	176,297	0.1%
Net Property Income (S$'000)	**138,187**	138,186	0.0%
Amount Available for Distribution (S$'000)	**71,290**	69,950	1.9%
DPU (cents) – Actual	**3.48**	4.67	(25.5)%
DPU (cents) – Restated	**–**	3.62[2]	(3.9)%

BALANCE SHEET HIGHLIGHTS	As at 31 December 2018
Total Assets (S$'000)	4,571,142
Total Borrowings (S$'000)	1,675,037[3]
Unitholders' Funds (S$'000)	2,038,092
Market Capitalisation (S$'000)	1,313,750
Number of Units in Issue and to be Issued ('000)	2,861,589

FINANCIAL RATIOS	As at 31 December 2018
Aggregate Leverage (%)	39.3
Weighted Average All-in Cost of Debt (% per annum)	3.5
Weighted Average Term to Maturity of Debt (years)	3.5
Interest Cover Ratio (times)	3.0
NAV per Unit (S$)	0.71
Total Operating Expenses[4] to NAV (%)	2.8

Notes:

[2] Restated to include the 1,288,438,981 new Units issued on 30 October 2018 at an issue price of S$0.456 per Unit pursuant to the rights issue (the "Rights Issue"). This DPU is presented for comparison purposes only

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

[4] Total operating expenses (including all fees and charges paid/payable to the Manager and interested parties) amount to approximately S$56.5 million and comprise property operating expenses, Manager's management fees, trustee's fee, depreciation and amortisation expenses, and other trust expenses

AGGREGATE LEVERAGE
(As at 31 December 2018)
39.3%

WEIGHTED AVERAGE ALL-IN COST OF DEBT
(As at 31 December 2018)
3.5% p.a.

PROPORTION OF FIXED RATE DEBT
(As at 31 December 2018)
76.4%

PROPORTION OF UNSECURED DEBT
(As at 31 December 2018)
61.1%

PROPERTIES AT A GLANCE

OUE Bayfront

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

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

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

One Raffles Place

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

One Raffles Place is an integrated commercial development comprising:

- One Raffles Place Tower 1, a 62-storey Grade A office building with a rooftop restaurant and observation deck offering scenic views of the city skyline;
- One Raffles Place Tower 2, a 38-storey Grade A office building; and
- One Raffles Place Shopping Mall, a six-storey retail mall with a direct underground link to the Raffles Place Mass Rapid Transit ("MRT") station.

OUE Downtown Office

OUE Downtown Office is part of the OUE Downtown mixed-use development, a recently refurbished landmark property comprising Grade A offices, a retail podium as well as serviced residences

OUE Downtown Office comprises the 35^{th} to 46^{th} storeys of OUE Downtown Tower 1, and 7^{th} to 34^{th} storeys of OUE Downtown Tower 2, offering close to 530,000 sq ft of Grade A office space.

OUE Downtown is strategically located in Shenton Way, at the financial corridor between Raffles Place and Tanjong Pagar, close to the Tanjong Pagar, Downtown as well as the upcoming Shenton Way and Prince Edward MRT stations.

Lippo Plaza

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

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

Lippo Plaza is a 36-storey Grade A commercial building, with a three-storey retail podium and basement carpark.

REVENUE
(FY2018)
S$56.4m

COMMITTED OCCUPANCY
(As at 31 December 2018)
96.5%

PROPERTY VALUATION
(As at 31 December 2018)
S$1,173.1m

NET LETTABLE AREA
(As at 31 December 2018)
37,128.4sqm

REVENUE
(FY2018)
S$81.5m

COMMITTED OCCUPANCY
(As at 31 December 2018)
97.4%

PROPERTY VALUATION
(As at 31 December 2018)
S$1,813.5m

NET LETTABLE AREA
(As at 31 December 2018)
66,270.5sqm

REVENUE[2]
(FY2018)
S$6.6m

COMMITTED OCCUPANCY
(As at 31 December 2018)
93.5%

PROPERTY VALUATION
(As at 31 December 2018)
S$920.0m

NET LETTABLE AREA
(As at 31 December 2018)
49,239.0sqm

REVENUE
(FY2018)
S$31.9m

COMMITTED OCCUPANCY
(As at 31 December 2018)
90.1%

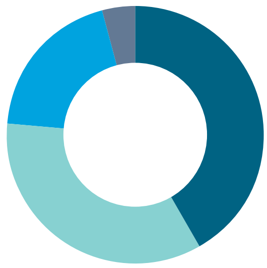
PROPERTY VALUATION
(As at 31 December 2018)
S$587.9m

NET LETTABLE AREA
(As at 31 December 2018)
39,224.5sqm

Structured to Deliver

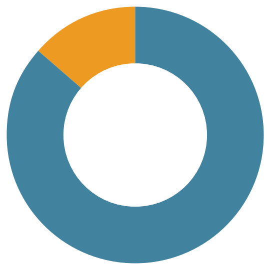
CONTRIBUTION TO PORTFOLIO VALUATION[1]
(As at 31 December 2018)

One Raffles Place	36.1%
OUE Bayfront	28.0%
OUE Downtown Office	21.9%
Lippo Plaza	14.0%



REVENUE CONTRIBUTION BY PROPERTY[1,2]
(FY2018)

One Raffles Place	41.7%
OUE Bayfront	34.7%
Lippo Plaza	19.6%
OUE Downtown Office	4.0%



REVENUE CONTRIBUTION BY SEGMENT[1]
(FY2018)

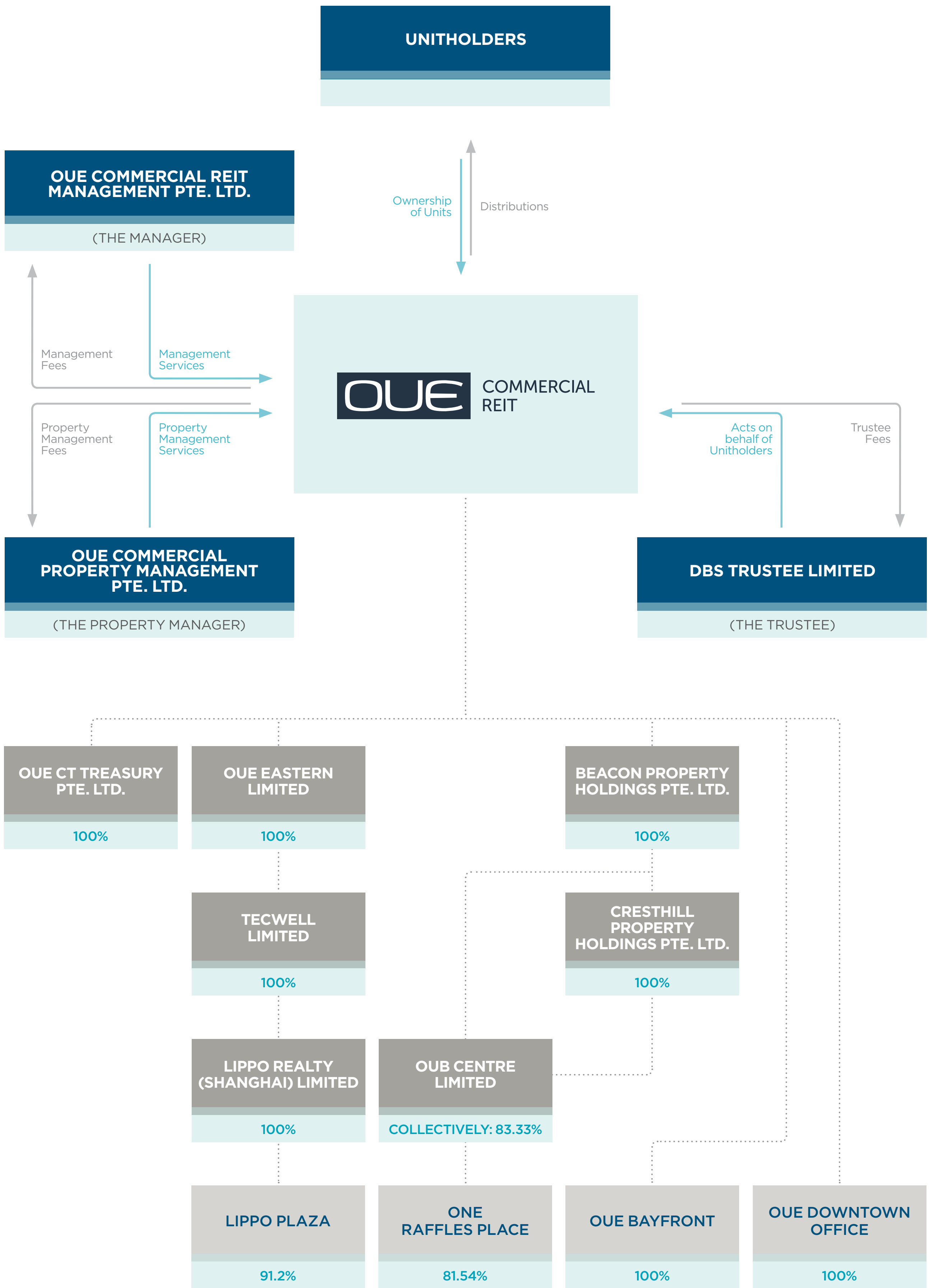
Office	86.6%
Retail	13.4%

Notes:

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

2 Revenue from OUE Downtown Office relates to the period from acquisition date of 1 November 2018 to 31 December 2018

STRUCTURE OF OUE COMMERCIAL REIT



KEY MILESTONES

2018

JAN
- Redemption of S$100 million CPPUs

JUN
- Commenced AEI at One Raffles Place Shopping Mall with co-working operator Spaces by IWG anchoring the AEI

AUG-OCT
- Obtained various unsecured bank facilities with tenure between 3 to 5.5 years totaling S$650 million; OUE C-REIT's proportion of unsecured debt increased from 13.8% to 47.4%

NOV
- Completed acquisition of office components of OUE Downtown; acquisition partly funded with proceeds from rights issue (S$587.5 million) and unsecured bank facilities
- OUE C-REIT's proportion of unsecured debt increased further to 61.1%

2017

MAR
- Raised S$150 million in new equity via private placement
- Victoria's Secret opened first flagship store in China at Lippo Plaza

SEP
- Debut issuance of S$150 million 3.03% medium-term notes due 2020

NOV
- Redemption of S$75 million CPPUs
- Completed air-conditioning chiller upgrade at One Raffles Place Tower 1, achieving utilities cost savings from improved energy efficiency

2016

JUL
- Completed early refinancing of RMB onshore loan due in 2017 with 8-year facility

AUG
- Commenced phased AEI at One Raffles Place Tower 1 to upgrade mechanical and engineering equipment

OCT
- Completed AEI at Lippo Plaza office tower, achieving high and above-market occupancy of 94.5% by year-end

DEC
- Obtained S$680 million 5-year facility to refinance 2017 and 2019 loans ahead of maturity

2015

AUG
- Established S$1.5 billion Multi-Currency Debt Issuance Programme
- Commenced phased asset enhancement initiative ("AEI") to upgrade common areas and restrooms at Lippo Plaza office tower

OCT
- Completed maiden acquisition of an effective 67.95% interest in One Raffles Place; acquisition partly funded with proceeds from rights issue (S$218.3 million) and issuance of convertible perpetual preferred units ("CPPUs") (S$550.0 million)

2014

JAN
- Listed on the SGX-ST

The motivated and dynamic team at the Manager is focused on optimising returns from OUE C-REIT's portfolio of premium assets. With a flexible and responsive mindset, the Manager continually adapts its approach to portfolio management to cater to the changing needs of office occupiers. In enhancing its productivity and cost efficiency, OUE C-REIT continually strives for excellence in execution to stay competitive.

ANGLED FOR RESULTS

LETTER TO UNITHOLDERS

Dear Unitholders,

2018 marked OUE C-REIT's fifth year of listing, and a constructive year in which the Manager continued to advance in its strategies to build upon OUE C-REIT's strengths and enhance its resilience to create long-term value for Unitholders.

OUE C-REIT acquired the Grade A office components of OUE Downtown ("OUE Downtown Office"), its second acquisition since listing. Located within the Shenton Way/Tanjong Pagar office sub-market in the Singapore CBD, the acquisition has expanded OUE C-REIT's footprint in Singapore, positioning the REIT favourably to benefit from the rising office market. As the acquisition was completed in November 2018, OUE C-REIT will enjoy a full year's contribution from OUE Downtown Office in 2019.

Operational performance continued to be robust in 2018, with OUE C-REIT's properties achieving healthy committed office occupancy levels. As at 31 December 2018, overall portfolio committed occupancy was 94.7%. Committed rents for new leases and renewals across the portfolio were consistently in line with or above market during the year, attesting to the high quality of OUE C-REIT's properties and the Manager's proactive asset management. We look to continue building on our track record of delivering healthy portfolio performance in 2019.

Beyond external growth and driving operational performance, the Manager made significant headway in improving OUE C-REIT's financial flexibility. OUE C-REIT has approximately 61.1% of its borrowings on an unsecured basis as at 31 December 2018, compared to 13.9% a year ago when we first commenced diversifying funding sources via the debt capital markets and shifting towards unsecured borrowings.

The successful execution of the Manager's asset, investment and capital management strategies in 2018 have greatly enhanced the diversity and resilience of OUE C-REIT's portfolio, as well as strengthened its capital structure. As such, OUE C-REIT is well-positioned for future growth.

DELIVERING RESILIENT RESULTS

OUE C-REIT reported a higher amount available for distribution of S$71.3 million in FY2018, 1.9% increase year-on-year ("YoY"). This was due mainly to the contribution from OUE Downtown Office from acquisition date of 1 November 2018, drawdown of rental support for OUE Downtown Office and lower distribution to convertible perpetual preferred unit ("CPPU") holder, partially offset by higher interest expense from higher borrowings. Revenue in FY2018 was S$176.4 million against S$176.3 million in FY2017, while net property income of S$138.2 million was stable YoY.

Due to the enlarged unit base primarily from the rights issue to partially fund the acquisition of OUE Downtown Office, FY2018 DPU was 3.48 cents.

The acquisition of OUE Downtown Office and increase in asset valuations of the existing portfolio led to a growth in OUE C-REIT's portfolio value of 27.9% YoY to S$4,494.5 million as at 31 December 2018. This translated to a net asset value per Unit of S$0.71 as at 31 December 2018.

MAXIMISING OPERATIONAL PERFORMANCE

Leveraging off the strategic location and high quality of OUE C-REIT's property portfolio, the Manager's successful efforts in proactive asset management have delivered a healthy operational performance for OUE C-REIT in 2018.

The Singapore office market staged a recovery in 2018, underpinned by healthy occupier demand and tighter vacancy, leading to 14.9% YoY rental growth. OUE C-REIT's properties performed well against their respective markets, achieving healthy committed office occupancy rates. As at 31 December 2018, committed office occupancy at OUE Bayfront and One Raffles Place remained healthy at 97.6% and 97.1% respectively, significantly ahead of Singapore's premium and Grade A office occupancy of 94.6%. As rental income is underpinned by income support at OUE Downtown Office, the Manager pursued a strategy of maximising rents while optimising occupancy, resulting in committed occupancy of 93.5% as at 31 December 2018.

As Singapore office rents sustained their growth in 2018, the gap between expiring rents and market rents continued to narrow, leading to positive office rental reversions across OUE C-REIT's Singapore portfolio by the fourth quarter of the year.

"The successful execution of the Manager's asset, investment and capital management strategies in 2018 have greatly enhanced the diversity and resilience of OUE C-REIT's portfolio, as well as strengthened its capital structure."

Delivering Resilient Results

FY2018

AMOUNT AVAILABLE FOR DISTRIBUTION

S$71.3m

DISTRIBUTION PER UNIT

3.48 cents

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

Ms Tan Shu Lin
Chief Executive Officer and Executive Director

LETTER TO UNITHOLDERS

In Shanghai, although net office demand was higher than the historical average in 2018, significant new supply led to slightly lower Grade A office occupancy of 87.6%. Rental growth was dampened by increased competition for tenants amid the supply influx. Nevertheless, Lippo Plaza's committed office occupancy of 93.2% as at 31 December 2018 continued to outperform that of the wider market, while committed rents for new and renewal office leases continued to be higher than market rates.

The Manager also continually seeks out opportunities to enhance the value proposition of OUE C-REIT's properties to drive further revenue growth. At One Raffles Place Shopping Mall, the Manager is pleased to welcome co-working operator, Spaces, as a new anchor tenant in 2019, as part of its efforts to maintain a diverse and dynamic tenant mix, while positioning for sustainability. In conjunction with reconfiguration of the area leased by Spaces, the Manager commenced an asset enhancement initiative ("AEI") to create more open retail space and to improve circulation areas. As at 31 December 2018, the Manager has substantially leased out the new areas created as part of the AEI, achieving committed occupancy of 99.4% for One Raffles Place Shopping Mall. As tenants' renovations complete progressively from 1Q 2019, visitors will be able to enjoy a wider range of food and beverage options, as well as other services.

GROWTH FROM VALUE ADDING ACQUISITIONS

The acquisition of OUE Downtown Office on 1 November 2018 marked the strategic addition of a new sub-market to OUE C-REIT's portfolio, allowing OUE C-REIT to capture additional tenant demand in the Singapore CBD. With OUE C-REIT now having a presence in the up-and-coming Shenton Way/ Tanjong Pagar sub-market which in the last few years has experienced strong occupier demand for quality office space, its competitive positioning has further strengthened.

OUE Downtown Office, located within the OUE Downtown mixed-use development which comprises Grade A offices, a six-storey retail mall and serviced residences, offers tenants a superior value proposition as a "work-live-play" environment supported by its full suite of integrated amenities. In addition, the recently refurbished property is expected to be a direct beneficiary of the ongoing rejuvenation of the Tanjong Pagar precinct, which is developing into a business and lifestyle quarter as part of the authorities' longer-term urban planning vision for Singapore's southern waterfront.

The acquisition is in line with OUE C-REIT's strategy to pursue value-adding investments that will provide potential for future income and capital growth, thereby enhancing Unitholders' returns. Consequently, OUE C-REIT's assets-under-management has increased from S$3.5 billion to approximately S$4.5 billion as at 31 December 2018.

PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

OUE C-REIT maintains a long-term optimal gearing of approximately 40%, below the regulatory limit of 45%. As at 31 December 2018, OUE C-REIT's aggregate leverage was 39.3%.

The acquisition of OUE Downtown Office was funded primarily by a combination of S$400 million in unsecured bank borrowings and a fully renounceable underwritten rights issue of approximately S$587.5 million. The rights issue received strong support from investors, and garnered a healthy subscription level of 108.5% despite equity market volatility. This demonstrated continued confidence in Singapore's standing as a key financial centre and was an endorsement of the Manager's track record of delivering operational performance.

In 2018, OUE C-REIT obtained a total of S$1.1 billion in loan facilities on an unsecured basis, primarily for the partial financing of OUE Downtown Office and for refinancing debt obligations ahead of maturity. As a result, the proportion of unsecured debt increased to 61.1% as at 31 December 2018 from 13.9% a year ago, significantly improving OUE C-REIT's financial flexibility.

In keeping with the Manager's prudent approach to managing OUE C-REIT's debt portfolio, the average term to maturity of OUE C-REIT's debt has also been

"With OUE C-REIT now having a presence in the up-and-coming Shenton Way/ Tanjong Pagar sub-market which in the last few years has experienced strong occupier demand for quality office space, its competitive positioning has further strengthened."

extended to 3.5 years as at 31 December 2018 from 2.7 years at the end of the previous year. The longer tenure was achieved while maintaining a stable average cost of debt of 3.5% per annum, a commendable result given the higher interest rate environment. Further, 76.4% of OUE C-REIT's borrowings are on a fixed rate basis, mitigating interest rate volatility.

The Manager in 2018 has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units, in alignment with our objective of delivering sustainable and stable DPU to Unitholders.

SUSTAINABILITY REPORTING

We are pleased to present our second sustainability report where we share our sustainability efforts relating to areas of significance to OUE C-REIT's business and operations, and discuss our sustainability performance in 2018. The report has been prepared in accordance with the Global Reporting Initiative's (2016) "Core" Standards, and is aligned to the SGX-ST's sustainability reporting requirements.

In 2018, the Manager continued to formalise our management processes so as to enhance our sustainability governance structure. This underscores our commitment to the integration of sustainability into our business, in the belief it is complementary to our business strategies and creates value for Unitholders and other stakeholders.

LOOKING AHEAD

The Ministry of Trade and Industry in Singapore forecasts 2019 GDP growth of between 1.5% and 3.5%, with the pace of growth expected to further moderate from 2018 growth of 3.2% against a backdrop of slower global demand. Monetary conditions are also expected to continue tightening, with interest rates expected to continue to rise in 2019.

While the subdued economic outlook may put a dampener on occupier growth plans, the uncertainty in office demand is balanced by the existing tight vacancy in the market, along with a benign medium term office supply outlook. Hence, rental growth is expected to maintain an upward trajectory, albeit at a more measured pace. Overall, we continue to expect positive operational performance for OUE C-REIT's Singapore properties in 2019.

China's GDP growth in 2019 is expected to moderate further from the 6.6% growth achieved in 2018, as policymakers continue to balance curbing excessive debt growth and maintaining economic growth. While protracted trade tensions may lead to a further deterioration in consumer and business sentiment, negatively impacting investment and overall trade volumes, the government is expected to increase fiscal stimulus to mitigate the risks to growth.

Owing to the macroeconomic uncertainty, the outlook for office demand in Shanghai is expected to turn cautious. Coupled with the significant new office supply scheduled to enter the Shanghai market in 2019, rental growth is expected to be subdued in the near-term. As supply abates in the longer term from 2020, stable demand is expected to underpin steady rental growth.

The Manager will continue our proactive efforts to attract and retain tenants so as to ensure high occupancy rates and optimise rents, as well as to seek growth through value-adding acquisitions.

ACKNOWLEDGMENTS

We would like to thank our Unitholders, tenants and business partners for their continued trust and support. We would also like to express our appreciation to our Sponsor for its commitment to the growth and prospects of OUE C-REIT.

Lastly, we would also like to extend our sincere gratitude to our fellow directors of the Board for their invaluable contribution and guidance, and employees of the Manager for their continued dedication and commitment to the success of OUE C-REIT.

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

Tan Shu Lin
Chief Executive Officer and Executive Director

致单位信托持有人之信函

尊敬的单位信托持有人，

2018年标志了华联企业商业房地产投资信托("本信托")辉煌上市的第5周年，并明确展现了本信托历年来的雄厚实力，以及管理人不懈积极为单位持有人创造长期价值的努力。

本信托收购了华联城的甲级办公楼("华联城办公楼")，使其成为本信托自上市以来的第2个收购项目。该项目坐落于新加坡中央商业区内的珊顿道/丹戎巴葛办公楼次市场，让本信托能扩展新加坡商业房地产份额的同时，从上涨的办公楼市场中受益。由于收购项目于2018年11月完成，因此本信托将可在2019年坐享该项目的全年收入贡献。

本信托的物业于2018年取得稳健的锁定办公楼出租水平，使营运表现继续保持强劲。截至2018年12月31日，整体投资组合的锁定出租率为94.7%。本信托的全新和续租的锁定租金价格都处于市场水平内或以上，充分见证了本信托物业的优越素质和管理人优秀且积极的资产管理策略。我们将继续于2019年竭力呈交优异的投资组合表现。

管理人除了有效推动外部增长和加强营运表现之外，还提升了本信托的财务灵活性。截至2018年12月31日，本信托的无抵押借款占总债务之61.1%，比一年前初始通过债务资本市场多元化资金来源时的13.9%已是显著的进展。

管理人于2018年实施了精确的资产、投资和资本管理策略，提升了投资组合多元化素质和坚韧性，从而加强了本信托的资本结构，为本信托未来的发展精准定位。

呈献坚韧的业绩

有鉴于2018年11月1日所收购的华联城办公楼开始贡献收入，再加上支取该办公楼的收入补贴和较少可转换永久优先单位的派息额，本信托于2018财政年在较高借款所引致的利息支出效应下，仍能呈交同比增加1.9%的7,130万新元可供派息额。2018财政年度的收入为1.764亿新元，对比去年的1.763亿新元仍保持平稳。本财政年度的物业净收入也维持在1.382亿新元。

部分用于资助收购华联城办公楼所进行的配股发行，导致信托单位基扩大。因此，本财政年度的每单位派息额则为3.48分。

华联城办公楼的收购和现有物业投资组合资产估值的增加，引致本信托的投资组合价值截至2018年12月31日同比上升了27.9%至44亿9,450万新元。这导致截至2018年12月31日期间的每单位资产净值为0.71新元。

优化营运表现

本信托于2018年呈献了稳健的营运表现，充分体现了本信托物业投资组合的卓越素质和优越地点，更显现了管理人积极管理投资组合的成功策略。

新加坡办公楼市场仰赖强劲的租户需求和下滑的空置率，而于2018年呈献复苏现象，引致新加坡甲级办公室租金增长同比上涨了14.9%。本信托的业务取得稳健的锁定办公楼出租率，表现超越个别市场水平。截至2018年12月31日，华联海湾大厦和第一莱佛士坊个别呈交了97.6%和97.1%的优越锁定办公楼出租率，显著领先新加坡优质和甲级办公楼94.6%的出租率。管理人凭借华联城办公楼的租金收入补贴机制，实施了优化租金和出租率的策略，以至呈献93.5%的锁定出租率。

由于新加坡办公室租金于2018年持续增长，使到期租金和市场租金的差异持续缩小，因此本信托的新加坡物业投资组合于2018年第4季度呈献正面租金调整。

纵然上海于2018年的净办公楼需求比历史平均水平高，大量的新供应却导致甲级办公楼出租率稍微下滑至87.6%。再加上市场上的新办公楼供应也加剧租赁竞争，使租金增长受影响。截至2018年12月31日，力宝广场于93.2%的锁定办公室出租率继续超越市场，而全新和续租的锁定办公楼租金价格也持续处于市场水平以上。

管理人也继续寻求提升本信托的价值定位的机会，以促进收入增长趋势。第一莱佛士坊购物商场方面，管理人关注打造可持续性租户组合，并积极维持与时并进的多样化租户综合。在此期间，我们有幸于2019年欢迎新的主要租户 – 共用工作空间营运商，Spaces，为我们的租户组合带来新生气。在Spaces重新改装租赁空间的同时，管理人也推行了资产提升活动来创造更多开放式的零售空间和提升各区的人潮流动。截至2018年12月31日，管理人已把资产提升活动所创造的大部分新零售区都出租了，为第一莱佛士坊购物商场取得99.4%的出租率。从2019年第1季度起，消费者将可在租户的装修逐步完成后，享受到更多餐饮和其他服务的选择与便利。

增值型收购项目

2018年11月1日的华联城办公楼收购项目标志了本信托的投资组合战略性进军一个全新次市场的趋势，有助扩展本信托在新加坡的中央商业区内的租户份额。于地点优越和近年优质办公楼空间需求强劲的珊顿道/丹戎巴葛次市场中占有一席，能提升本信托的竞争性。

华联城办公楼就设于近期完成大规模整修工程的华联城综合发展项目中。

"管理人于2018年实施了精确的资产、投资和资本管理策略，提升了投资组合多元化素质和坚韧性，从而加强了本信托的资本结构，为本信托未来的发展精准定位。"

聚集了甲级办公楼、一栋6层楼高的零售商场和服务公寓的华联城综合发展项目，以完善的综合设施打造了一个结合了工作、生活和娱乐的优质价值定位。除此之外，长期市政规划蓝图将南部濒水地区的丹戎巴葛划分为重修计划的一部分，使此业务预计将可从中受益。

项目的收购符合本信托追求增值投资的战略，以便为未来收入和资本增长奠定基础，从而提升单位持有人的回报。纵观以上进展，本信托的资产管理规模已从35亿新元增长至截至2018年12月31日约45亿新元。

积极谨慎的资本管理

本信托将长期杠杆水平保持在约40%，低于45%的监管限制。截至2018年12月31日，本信托的总杠杆比率为39.3%。

华联城办公楼的收购项目主要由4亿新元的无抵押借款和约5亿8,750万新元的附加股所资助。股权发行获得投资者热烈的回响，并在股市动荡不定的情况下取得108.5%的强稳认购率。这见证了投资者对新加坡做为主要商业中心定位的信心，以及投资者对管理人杰出营运表现记录的信任。

本信托于2018年取得11亿新元的无抵押定期贷款设施，以资助华联城办公楼的部分融资项目，以及进行期满前再融资债务。因此，无抵押债务从一年前的13.9%增加至截至2018年12月31日的61.1%，从而显著地提升了本信托的财务灵活性。

本着管理人一贯谨慎管理债务组合的作法，本信托的债务期限也从前年底的2.7年延长至截至2018年12月31日的3.5年。管理人在延长债务期限的同时，仍能在现今利率偏高的融资环境中将平均年利率维持在3.5%。除此之外，本信托约76.4%的借款已被锁定为固定利率，有助缓和利率的波动。

为了实现给单位持有人提供即可持续又稳定的每单位派息的目标，管理人于2018年选择以现金收取其20%的基本管理费，而余额则以单位形式领取报酬。

可持续发展报告

我们有幸能通过我们的二度可持续发展报告，分享我们于本信托的业务和营运方面各重要领域中所作出的可持续发展贡献，并汇报我们于2018年的可持续发展表现。这份报告是根据全球报告倡议组织("Global Reporting Initiative") 2016年"核心"标准所编写，并符合新加坡证券交易所的可持续发展报告要求。

管理人于2018年继续加强我们的管理程序，以促进本信托的可持续发展架构。这延续了我们一贯对建立可持续发展的业务所秉持的信念。我们深信这样不但能提升业务定位，还能为单位持有人和其他利益相关人士创造价值。

展望未来

在全球经济需求下滑的走势下，新加坡贸工部预计2019年国内经济增长将介于1.5%至3.5%之间，而增长趋势更将从2018年的3.2%增长率进一步放缓。货币政策环境预期也将持续紧缩，使利率于2019年走势攀高。

暗淡的经济前景虽可能影响租户的扩展计划，但是办公楼需求的不确定性被市场中维持低位的办公楼空置率和可观的中期办公楼供应所平衡。因此，就算步伐放缓，租金增长还是有望维持上升趋势。整体而言，我们预计本信托在新加坡的物业将继续于2019年呈献优越的营运表现。

中国的2019年国内生产总值预测将因政府有意在维持经济增长的同时，积极遏制国内债务泡沫化现象，而从2018年的6.6%放缓。经久的贸易战虽然可能导致消费者和企业情绪进一步恶化，使整体贸易和投资量受到负面的影响，但是中国政府预计也将增加财政刺激措施，有望缓和贸易战所带来的经济增长风险。

纵观宏观经济环境的不确定性，上海办公楼需求的前景预计将转为审慎。再加上更多新办公楼供应将于2019年陆续上市，预期会影响近期租金的增长。不过，稳健的需求将有助办公楼供应于2020年起呈现缓和效应，以支持租金增长平稳上升。

管理人将继续积极引进和保留租户，以确保高出租率和优化租金，也继续通过物业收购寻求增长新动力。

致谢感言

我们谨此向所有的单位持有人、租户和业务伙伴致谢，感谢他们多年来所给予的信任和支持。与此同时，我们也要答谢保荐人对本信托的增长和未来发展的鼎力协助。

最后，我们也要由衷感谢董事会的宝贵贡献和引导，以及管理人所付出的贡献和努力，让本信托再次呈献骄人的业绩。

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

陈淑铃
总裁兼执行董事

BOARD OF DIRECTORS

Mr Christopher James Williams

Chairman and Non-Independent Non-Executive Director

BOARD MEMBERSHIP
- **Chairman and Non-Independent Non-Executive Director**

OTHER COMMITTEES
- **Member of the Nominating and Remuneration Committee**

DATE OF APPOINTMENT
- **25 October 2013**

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

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

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

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

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

Mr Loh Lian Huat

Lead Independent Director

BOARD MEMBERSHIP
- Lead Independent Director

OTHER COMMITTEES
- Chairman of the Audit and Risk Committee
- Member of the Nominating and Remuneration Committee

DATE OF APPOINTMENT
- 8 January 2014

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

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

Mr Loh was previously the chief executive officer of Silkrouteasia Capital Partners Pte Ltd, an investment advisory, asset management and direct real estate investments firm. Prior to joining Silkrouteasia Capital Partners Pte Ltd in 2011, he was with MEAG Pacific Star Asset Management Pte Ltd, where his last held position was senior vice president, Asset Management. From 2000 to 2005, Mr Loh was with GIC Real Estate Pte Ltd, where his last held position was vice president, Asset Management.

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

Dr Lim Boh Soon

Independent Director

BOARD MEMBERSHIP
- Independent Director

OTHER COMMITTEES
- Chairman of the Nominating and Remuneration Committee
- Member of the Audit and Risk Committee

DATE OF APPOINTMENT
- 5 June 2017

Dr Lim Boh Soon was appointed as an Independent Director of the Board of the Manager on 5 June 2017. He is the Chairman of the Nominating and Remuneration Committee of the Manager, and also serves as a member of the Audit and Risk Committee of the Manager.

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

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

Dr Lim has been in the venture capital and private equity fund management industry in Asia for more than 25 years. He was the first non-Muslim chief executive officer of Kuwait Finance House (Singapore) Pte Limited. Prior to that, he was the first foreign chief executive officer of Vietcombank Fund Management Company, a partner co-heading UBS Capital Asia Pacific (S) Limited and a key founding member of Rothschild Ventures Asia Pte Limited. He has held various senior management positions in major Singapore corporations such as the NatSteel Group, and the Singapore Technologies Group.

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

Ms Usha Ranee Chandradas

Independent Director

BOARD MEMBERSHIP
- Independent Director

OTHER COMMITTEES
- Member of the Audit and Risk Committee

DATE OF APPOINTMENT
- 8 November 2017

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

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

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

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

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

Mr Jonathan Miles Foxall

Non-Independent Non-Executive Director

BOARD MEMBERSHIP
- Non-Independent Non-Executive Director

DATE OF APPOINTMENT
- 8 January 2014

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

He is currently the general manager (Properties) of Lippo China Resources Limited ("LCR") (a company listed on the HKEx), and a director of Lippo Realty Limited. Since Mr Foxall joined the Lippo group in 1991, he has completed numerous major property acquisitions and disposals for the Lippo group and has been managing its property portfolio outside of Indonesia. Mr Foxall has held various senior executive appointments and directorships within the Lippo group. He has previously held directorships in LCR, The Hong Kong Building Loan Agency Limited and Asia Securities International Limited (now known as Asiasec Properties Limited), which are companies listed on the HKEx. Mr. Foxall was also a director of MIDAN City Development Co., Ltd. ("MCDC"), a company engaged in the development, construction and management of a residential, leisure and business complex in Incheon, Korea, during the period from April 2009 to March 2010. He was re-appointed as a director of MCDC in July 2016.

About 12 years ago, Mr Foxall spearheaded the Lippo group's venture into the Singapore property market. He has subsequently assisted in establishing the Lippo group as a major foreign property developer and investor in Singapore.

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

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

Ms Tan Shu Lin

Chief Executive Officer and Executive Director

BOARD MEMBERSHIP
- Chief Executive Officer and Executive Director

DATE OF APPOINTMENT
- 31 October 2013

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 15 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

Proactive Management

FROM LEFT TO RIGHT:

MS ELAINE CHEONG
Head, Investor Relations

MS TAN SHU LIN
Chief Executive Officer and Executive Director

MS NATALIE WONG
Chief Financial Officer

MS ANGELINE TEOW
Accounts Executive

MS JOANNE LOKE
Senior Finance Manager

MS TAN YI QIAN
Senior Finance Manager

MS CELINE KAM
Executive Secretary

MR RODNEY YEO
Head, Asset and Investment Management

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 Natalie Wong

Chief Financial Officer

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

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

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

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

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

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

Ms Elaine Cheong

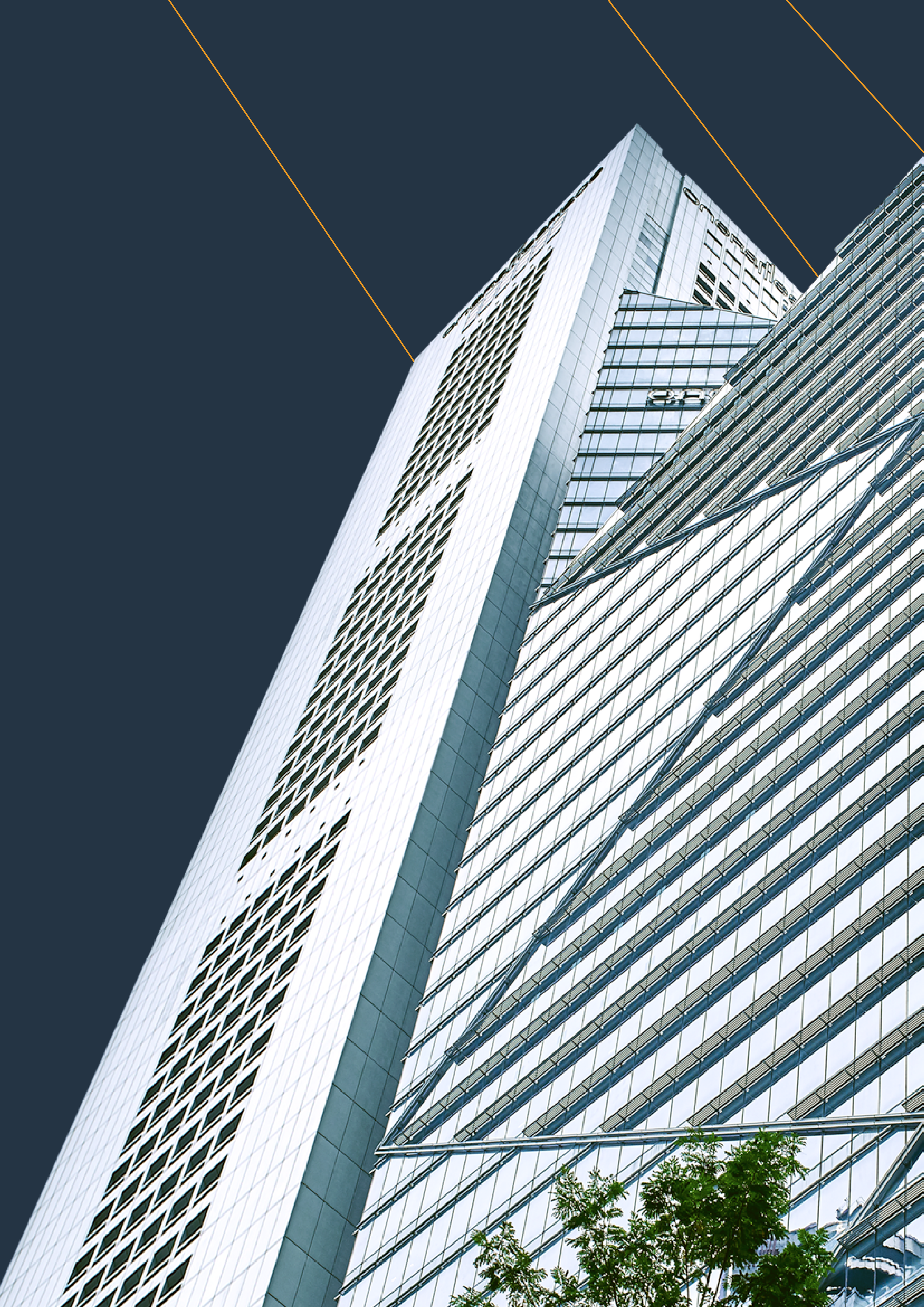
Head, Investor Relations

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

Ms Cheong has more than 10 years of experience in real estate and finance in Singapore. Prior to joining the Manager, Ms Cheong was a senior equities research analyst with Macquarie Capital Securities from 2006 to 2012, covering the Singapore real estate sector with principal responsibility over the REITs listed on the SGX-ST. She was involved in the initial public offering and secondary equity issuances of various REITs, in addition to initiating research and recommending investment ideas in the sector to institutional investors.

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

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



The Manager has a clear objective of providing long-term sustainable distributions and growth in net asset value to Unitholders. With OUE C-REIT's strong financial standing, the Manager is enabled to pursue value-adding acquisitions and asset enhancement initiatives to improve the revenue generating capability of OUE C-REIT's portfolio and unlock greater value.

ALIGNED FOR STRATEGY

STRATEGY

OBJECTIVE

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

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

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 respective property managers which manage OUE C-REIT's properties, 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 has Right Of First Refusal ("ROFR") over its Sponsor's income-producing commercial properties which potentially enhances its growth profile. 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 value-adding acquisitions.

3 PROACTIVE 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.

MANAGER'S REPORT

Delivering Results

FINANCIAL REVIEW

FY2018 net property income was flat YoY at S$138.2 million, with the contribution from OUE Downtown Office from acquisition date of 1 November 2018 mitigating the lower contribution from OUE C-REIT's existing property portfolio.

With higher interest expenses as a result of higher borrowings, partially offset by the drawdown of OUE Downtown Office's rental support and lower distribution to the CPPU holder, amount available for distribution was S$71.3 million, an increase of 1.9% YoY.

Due to an enlarged unit base from the rights issue to partially finance the acquisition of OUE Downtown Office, FY2018 DPU was 3.48 cents.

Excluding the income support payments received by OUE C-REIT in relation to OUE Bayfront and OUE Downtown Office, FY2018 DPU would have been 3.19 cents.

As part of the Manager's commitment to deliver stable and sustainable returns to Unitholders, OUE C-REIT continued to pay out 100% of Unitholders' distribution in FY2018. For the five years since listing for the period from FY2014[1] to FY2018, OUE C-REIT has delivered a compound annual growth rate of 9.6% in amount available for distribution to Unitholders.

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

FY2018 REVENUE
S$176.4m

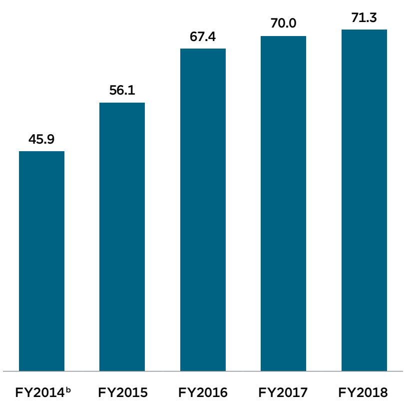
FY2018 NET PROPERTY INCOME
S$138.2m

FY2018 AMOUNT AVAILABLE FOR DISTRIBUTION
S$71.3m

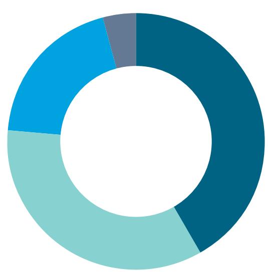
FY2018 FINANCIAL RESULTS

	FY2018 (S$'000)	FY2017 (S$'000)	Change (%)
Revenue	**176,396**	176,297	0.1
Net Property Income	**138,187**	138,186	0.0
Amount Available for Distribution to Unitholders	**71,290**	69,950	1.9
DPU cents – Actual	**3.48**	4.67	(25.5)
DPU cents – Restated	**–**	3.62[a]	(3.9)

AMOUNT AVAILABLE FOR DISTRIBUTION FROM FY2014 TO FY2018
(S$ million)



FY2018 REVENUE CONTRIBUTION BY PROPERTY[c]



One Raffles Place	41.7%
OUE Bayfront	34.7%
Lippo Plaza	19.6%
OUE Downtown Office	4.0%

Notes:

[a] Restated to include the 1,288,438,981 new Units issued on 30 October 2018 at an issue price of S$0.456 per Unit pursuant to the Rights issue (the "Rights Issue"). This DPU is presented for comparison purposes only

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

[c] Based on OUE C-REIT's attributable interest in One Raffles Place and contribution from OUE Downtown Office from acquisition date of 1 November 2018

Strong Operational Performance

PORTFOLIO REVIEW

The Singapore office market staged a recovery in 2018, with both occupancy and rents in the CBD improving from the previous year. Singapore's premium and Grade A occupancy as at 31 December 2018 was 94.6%[2], a 2.7 percentage points ("ppt") increase YoY, while premium and Grade A rents increased 14.9% YoY to S$9.43 per square foot ("psf") per month.

OUE C-REIT's Singapore properties performed well against the market during the year, with all properties achieving healthy committed office occupancy levels. Further, committed office rents in 2018 were in line with or above market rates.

In Shanghai, rental growth was subdued in a competitive leasing market due to a significant influx of Grade A office supply. Nevertheless, Lippo Plaza consistently achieved higher-than-market occupancy as well as committed rents which were ahead of the wider market.

As at 31 December 2018, overall portfolio committed occupancy for OUE C-REIT was 94.7%. During the year, an aggregate of approximately 551,000[3] square feet ("sq ft") of new leases and renewals was committed. New leases made up about 33.7% of the space committed, and such new demand was supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services; Accounting & Consultancy Services; Legal; IT, Media & Telecommunications; Energy & Commodities; Maritime & Logistics; Pharmaceuticals & Healthcare; Manufacturing & Distribution, as well as Retail & Services.

OUE Bayfront

As at 31 December 2018, OUE Bayfront's committed office occupancy was 97.6%, comparing favourably to the Singapore premium and Grade A office market occupancy of 94.6%. The range of committed rents for new, renewed and reviewed office leases in FY2018 was S$10.70 psf per month to S$14.20 psf per month, above the market rents recorded in the same period. The above-market office occupancy and rents achieved at OUE Bayfront attest to the property's high quality and premium positioning.

As a result of three consecutive quarters of positive rental reversion during the year, the average office passing rent at OUE Bayfront for December 2018 rose to S$11.60 psf per month from S$11.43 psf per month a year ago, at a significant premium to Raffles Place/New Downtown premium and Grade A office rents in 4Q 2018 of S$9.66 psf per month.

One Raffles Place

As leasing momentum continued to gain in 2018, committed office occupancy at One Raffles Place outperformed that of the wider market throughout FY2018, ending the year at 97.1%, 0.6 ppt higher YoY.

The range of rental rates for new and renewal leases achieved in FY2018 was S$9.00 psf per month to S$11.80 psf per month, with the weighted average figure above that of market rates throughout the year. Consequently, the average office passing rent was S$9.45 psf per month as of December 2018.

As part of its efforts to revitalise One Raffles Place Shopping Mall with a more diverse and dynamic tenant mix, the Manager is pleased

PORTFOLIO COMMITTED OCCUPANCY
(As at 31 December 2018)

94.7%

PORTFOLIO WEIGHTED AVERAGE LEASE EXPIRY
(By Gross Rental Income as at 31 December 2018)

2.3 years

NEW AND RENEWED OFFICE LEASES COMMITTED IN 2018

551,000 sq ft

Notes:

[2] Independent Market Review of Singapore Office and Retail Property Market, Colliers International

[3] Excluding OUE Downtown Office, which was acquired on 1 November 2018

to welcome co-working operator, Spaces, as a new anchor tenant. Spaces' flagship site occupying more than 35,000 sq ft over levels 1 to 4 of the mall is set to open in 2019.

In conjunction with the reconfiguration of the area leased by Spaces, the Manager took the opportunity to initiate an AEI to create more open retail space and to improve circulation areas. As at 31 December 2018, the Manager has substantially leased out the new areas created as part of the AEI, achieving committed occupancy of 99.4% at One Raffles Place Shopping Mall. As tenants' renovations complete progressively from 1Q 2019, visitors to the mall will be able to enjoy a wider range of food and beverage options, as well as other services.

OUE Downtown Office

The acquisition of OUE Downtown Office, totalling approximately 530,000 sq ft of Grade A office space in the Shenton Way/Tanjong Pagar CBD sub-market, was completed on 1 November 2018.

As rental income is underpinned by income support at OUE Downtown Office, the Manager pursued a strategy of maximising rents while optimising occupancy, resulting in committed occupancy of 93.5% as at 31 December 2018. For 4Q 2018, the range of rents for new leases and renewals committed was S$7.80 psf per month to S$8.50 psf per month.

Lippo Plaza

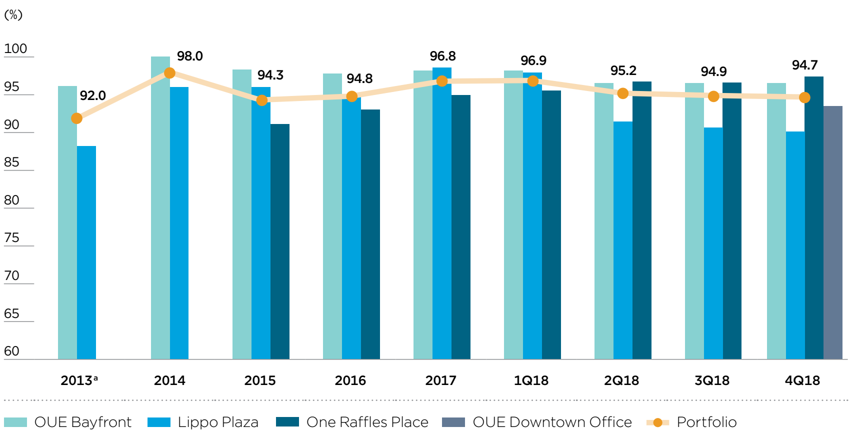
Lippo Plaza's committed office occupancy consistently outperformed the overall Shanghai CBD Grade A office market in FY2018, and as at 31 December 2018 was 93.2%, ahead of the market occupancy rate of 87.6%[4]. Weighted average committed rates for new and renewal office rents were consistently above market, resulting in average passing rent of RMB9.81 psm per day (S$5.66 psf per month) for December 2018.

In the midst of a competitive landscape for tenants, retail occupancy at Lippo Plaza declined during the year due to the departure of an anchor tenant and was 72.4% as at 31 December 2018. Overall committed occupancy for the property was 90.1% as a result.

Note:

[4] Independent Market Review of Shanghai Office and Retail Property Market, Savills

RESILIENT PORTFOLIO COMMITTED OCCUPANCY



Note:

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

FY2018 COMMITTED AND AVERAGE OFFICE RENTS

	FY2018 Range of Committed Office Rents[a]	Average Office Passing Rents[b]
OUE Bayfront	S$10.70 - S$14.20 psf per month	S$11.60 psf per month
One Raffles Place	S$9.00 - S$11.80 psf per month	S$9.45 psf per month
OUE Downtown Office	S$7.80 - S$8.50 psf per month[c]	S$6.94 psf per month
Lippo Plaza	RMB9.00 – RMB11.30 psm per day (S$5.20 – S$6.52 psf per month)	RMB9.81 psm per day (S$5.66 psf per month)

Notes:

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

[b] For the month of December

[c] For 4Q 2018 as OUE Downtown Office was acquired on 1 November 2018

Diversified Tenant Profile

The Manager maintains a diverse tenant trade sector profile for OUE C-REIT so as to mitigate concentration risk from any one particular industry. The Banking, Insurance & Financial Services sector contributed 31.5% to gross rental income while the Accounting & Consultancy Services and IT, Media & Telecommunication sectors contributed 15.7% and 7.9% respectively to OUE C-REIT's gross rental income.

Tenant Diversification

The top ten tenants of the portfolio account for 29.2% of OUE C-REIT's monthly gross rental income for December 2018.

Balanced Lease Expiry Profile

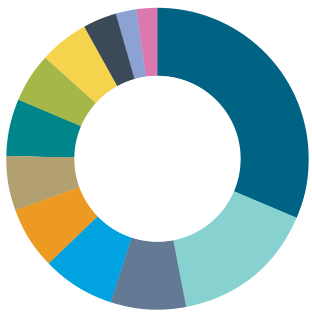
To align with the Manager's objective to achieve stable and sustainable gross rental revenue, the lease expiry profiles of each of OUE C-REIT's properties are actively managed so as to mitigate the concentration of lease expiry in any given year. The weighted average lease expiry of new leases entered into during the year is 3.5 years, with the new leases contributing 9.5% to OUE C-REIT's committed gross rental income as at 31 December 2018.

With the expectation of sustained growth momentum in Singapore office rents as office supply remains benign in the medium-term, OUE C-REIT's Singapore properties are well-positioned to benefit from the rising market. At OUE Bayfront, 14.1% and 27.5% of gross rental income is due for renewal in 2019 and 2020, respectively.

At the portfolio level, about 18.8% of OUE C-REIT's gross rental income is due for renewal in 2019. Overall, the weighted average lease to expiry of OUE C-REIT's portfolio by gross rental income as at 31 December 2018 is 2.3 years.

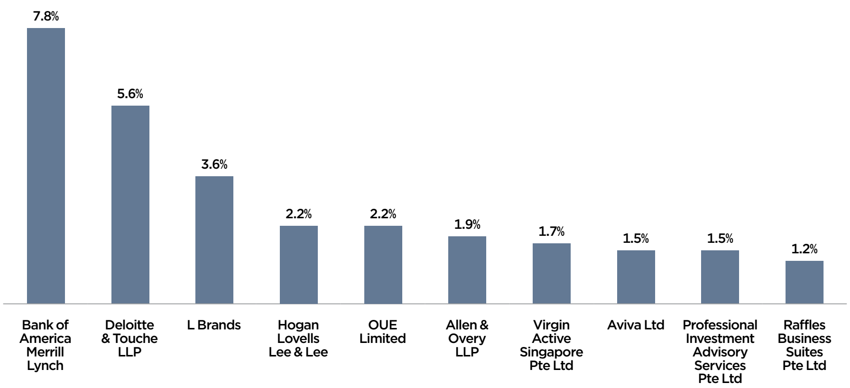
TENANT TRADE SECTORS BY GROSS RENTAL INCOME

(For December 2018 and excluding retail turnover rent)

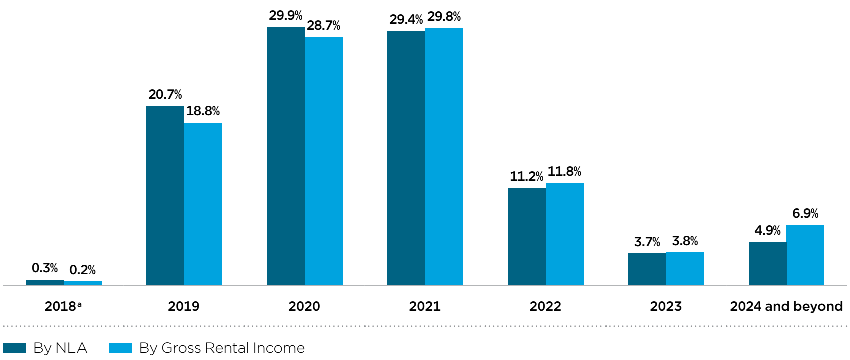


Banking, Insurance & Financial Services	31.5%
Accounting & Consultancy Services	15.7%
IT, Media & Telecommunications	7.9%
Retail & Services	7.7%
Legal	6.8%
Energy & Commodities	5.9%
Manufacturing & Distribution	5.9%
Food & Beverage	5.5%
Real Estate & Property Services	5.2%
Maritime & Logistics	3.7%
Pharmaceuticals & Healthcare	2.1%
Others	2.1%

TOP 10 TENANTS BY MONTHLY GROSS RENTAL INCOME



BALANCED PORTFOLIO LEASE EXPIRY PROFILE BY GROSS RENTAL INCOME AND NLA



Note:

a As at 31 December 2018, leases expiring on 31 December 2018 contributing 0.3% of portfolio lettable area and 0.2% of portfolio gross rental income had not been renewed

"Aside from strengthening OUE C-REIT's presence and competitive positioning in Singapore, the addition of OUE Downtown Office enhances the diversity and resilience of OUE C-REIT's portfolio."

Positioned for Growth

On 1 November 2018, OUE C-REIT completed the acquisition of OUE Downtown Office, marking its second acquisition since IPO, and the strategic addition of a new office sub-market within the Singapore CBD.

Located at the financial corridor between Raffles Place and Tanjong Pagar in Singapore's Shenton Way, OUE Downtown Office is the Grade A office component of the recently refurbished OUE Downtown, which also comprises the Oakwood Premier OUE Singapore serviced residences as well as a six-storey retail mall. With approximately 530,000 sq ft of quality office space, OUE Downtown offers tenants a "work-live-play" environment supported by a full suite of integrated amenities.

OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub in the CBD, on the back of the long-term master plan by the Urban Redevelopment Authority to redevelop the waterfront area into a new "work-live-play" quarter which is envisioned as an extension of the Singapore CBD. The rejuvenation of the Tanjong Pagar district into a thriving commercial hub is already underway, with recently completed new or refurbished Grade A offices in the area such as OUE Downtown Office, Guoco Tower, Frasers Tower, being well-occupied by financial institutions, multinational corporations, as well as other institutions and corporations.

Aside from strengthening OUE C-REIT's presence and competitive positioning in Singapore, the addition of OUE Downtown Office enhances the diversity and resilience of OUE C-REIT's portfolio.

The total acquisition cost was based on the agreed purchase consideration of S$908.0 million (S$1,713 psf) for OUE Downtown Office, which was at a 3.9% discount to the independent valuation of S$945.0 million inclusive of income support, undertaken prior to the acquisition. The total acquisition cost was funded by a combination of equity and debt, which included the gross proceeds of S$587.5 million from the fully renounceable rights issue completed on 30 October 2018, the issuance of S$6.8 million of acquisition fee in new Units and the balance in the form of new debt.

The 83-for-100 fully renounceable rights issue to part-finance the acquisition (the "Rights Issue") was fully subscribed, achieving a healthy subscription level of 108.5% in a volatile equity market environment, attesting to the confidence investors have in the quality of OUE C-REIT's portfolio as well as the solid operational performance the Manager has demonstrated since listing. The Rights Issue price was S$0.456 per Unit, representing a 20.0% discount to the theoretical ex-rights price ("TERP") of S$0.570 per Unit in relation to the Rights Issue. As at 31 December 2018, the proceeds from the rights issue have been materially disbursed in accordance with the stated use and in accordance with the percentage allocated in the announcement dated 10 September 2018.

Post the completion of the acquisition, OUE C-REIT's assets under management increased to S$4,494.5 million as at 31 December 2018.

PORTFOLIO CONTRIBUTION BY ASSET VALUE[a]

One Raffles Place	36.1%
OUE Bayfront	28.0%
OUE Downtown Office	21.9%
Lippo Plaza	14.0%

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

Enhancing Quality Assets

As part of its proactive asset management strategy, the Manager continually evaluates opportunities to enhance the quality and value of OUE C-REIT's property portfolio.

At One Raffles Place Tower 1, replacement of the air-conditioning chillers including efficiency testing and optimisation was completed in early 2018. The resultant improvement in operating efficiency allowed OUE C-REIT to reap cost savings from lower utility consumption during the year. The lift modernisation exercise to improve the efficiency of the passenger lifts at the 62-storey tower is in already planning stages and works are expected to complete by 2021. These projects to upgrade the building's mechanical and engineering specifications have been phased over the last few years as One Raffles Place Tower 1 continues to be operational throughout the duration of the asset enhancement programme.

At One Raffles Place Shopping Mall, in conjunction with the entry of new anchor tenant Spaces, the Manager took the opportunity to undertake an AEI in the later half of 2018. The asset enhancement works included improving the circulation areas of the mall, as well as creating a more inviting and open retail space with higher visibility. The implementation phases were planned to allow the mall to remain operational throughout the works, so as to minimise disruption to both tenants and shoppers. As at 31 December 2018, the Manager has substantially leased out the new areas created on the back of this exercise and achieved committed retail occupancy of 99.4%.

Portfolio and Net Asset Value

As at 31 December 2018, OUE C-REIT's investment properties were assessed by independent valuers at S$4,494.5 million[5], 27.9% increase from S$3,515.1 million as at 31 December 2017 mainly due to the addition of OUE Downtown Office. Excluding the contribution from OUE Downtown Office, the valuation of the existing property portfolio was 1.7% higher YoY on slightly tighter office capitalisation rates.

Net assets attributable to Unitholders as at 31 December 2018 was S$2,038.1 million, translating to net asset value per Unit of S$0.71.

MANAGING CAPITAL FOR STABILITY AND SUSTAINABILITY

Prudent and Disciplined Capital Management

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

On 30 October 2018, the Manager raised gross proceeds of approximately S$587.5 million through a fully renounceable rights issue of 1,288,438,981 new Units to partially finance the acquisition of OUE Downtown Office.

As at 31 December 2018, OUE C-REIT's total debt was S$1,675.0 million, inclusive of the proportionate share of loans at OUB Centre Limited[6], translating to an aggregate leverage of 39.3% as at 31 December 2018.

OUE C-REIT's 2018 refinancing requirements were completed ahead of maturity, and on unsecured terms so as to improve financial flexibility. To part-finance the acquisition of OUE Downtown Office, the Manager further entered into unsecured loan facilities of S$400.0 million. With a total of S$1.1 billion of new loans obtained on an unsecured basis in FY2018, OUE C-REIT's proportion of unsecured debt increased significantly to approximately 61.1% as at 31 December 2018 from 13.9% a year ago.

As the tenure of new loans committed in FY2018 ranged from 3.0 to 5.5 years, the average term of debt was extended to 3.5 years as at 31 December 2018 compared to 2.7 years at the end of the previous year, with no refinancing requirement until 2020.

To further enhance OUE C-REIT's financial flexibility, the Manager has also successfully obtained unsecured credit facilities to augment available facilities for working capital and other short-term funding requirements.

OUE C-REIT also enjoyed lower all-in interest margins from the new loans, resulting in a stable weighted average cost of debt of 3.5% per annum despite the higher interest rate environment.

The Manager monitors interest rate movements closely and continually evaluates the feasibility of using appropriate levels of interest rate hedges to manage OUE C-REIT's interest rate exposure. In order to mitigate OUE C-REIT's exposure to interest rate fluctuations, 76.4% of OUE C-REIT's interest rate exposure has been hedged into fixed rates as at 31 December 2018.

Notes:

5 Based on valuations carried out by Beijing Colliers International Real Estate Valuation Co., Ltd., Colliers International Consultancy & Valuation (Singapore) Pte Ltd, Knight Frank Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd

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

Managing Capital for Sustainability

AGGREGATE LEVERAGE
(As at 31 December 2018)

39.3%

PROPORTION OF UNSECURED DEBT
(As at 31 December 2018)

61.1%

WEIGHTED AVERAGE TERM TO MATURITY OF DEBT
(As at 31 December 2018)

3.5 years

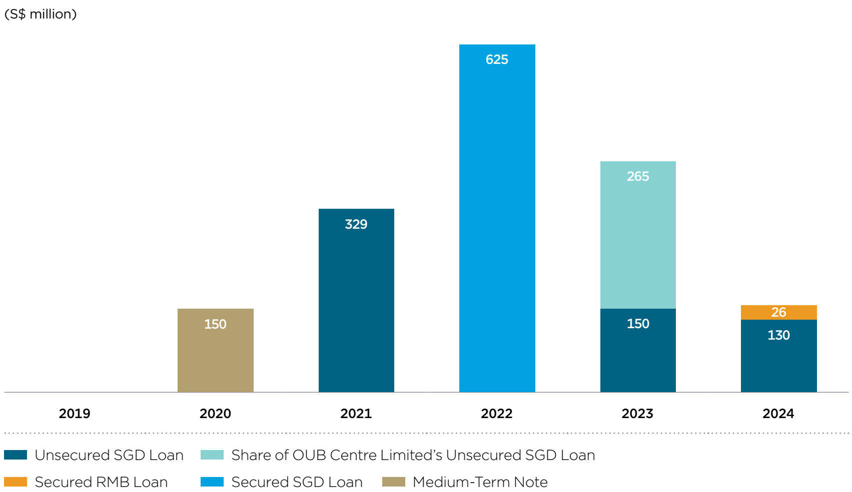
CAPITAL MANAGEMENT INDICATORS

	As at 31 December 2018
Aggregate Leverage (%)	39.3
Total Borrowings (S$ million)	1,675[a]
Proportion of Unsecured Debt (%)	61.1
Weighted Average All-in Cost of Debt (% per annum)	3.5
Weighted Average Term to Maturity of Debt (years)	3.5
Proportion of Fixed Rate Debt (%)	76.4
Weighted Average Term of Fixed Rate Debt (years)	1.7
Interest Cover Ratio (times)	3.0

Note:

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

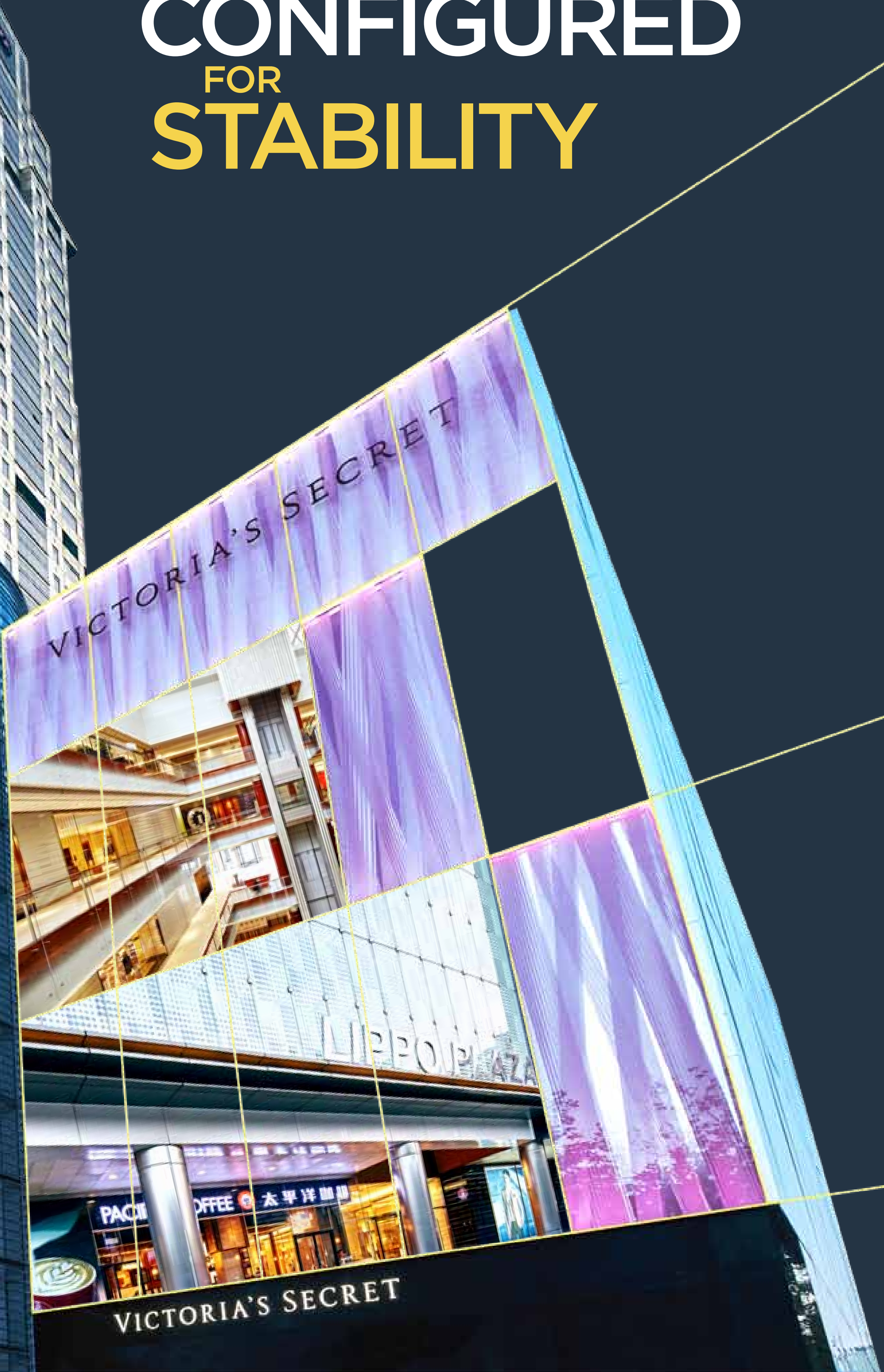
DEBT MATURITY PROFILE
(As at 31 December 2018)



The Manager uses foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge, so as to manage the currency risk involved in investing in assets beyond Singapore. In relation to overseas distributions which may be remitted to Singapore, the Manager may also enter into forwards or options to hedge the translation risk where feasible.

The resilience of OUE C-REIT's property portfolio is an inherent attribute of its prime quality assets in excellent locations, enabling the Manager to deliver consistently high occupancy as well as better-than-market rental rates throughout challenging property cycles. This stability in performance is further underpinned by the Manager's prudent approach to capital and risk management so as to ensure sustainability of distributions.

CONFIGURED FOR STABILITY



OUE BAYFRONT

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

OUE Bayfront comprises:

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

SINGAPORE

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

FY2018 REVENUE
S$56.4m

PURCHASE CONSIDERATION
S$1,005.0m

VALUATION[1]
S$1,173.1m

WEIGHTED AVERAGE LEASE EXPIRY[2]
2.3 years

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

GROSS FLOOR AREA

46,774.6 sq m (503,482 sq ft)

NET LETTABLE AREA[3]

Overall
37,128.4 sq m (399,650 sq ft)

Office
35,298.3 sq m (379,951 sq ft)

Retail
1,830.1 sq m (19,699 sq ft)

MAJOR TENANTS

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

COMMITTED OCCUPANCY[3]

OVERALL
96.5%

OFFICE
97.6%

RETAIL
74.4%

NUMBER OF TENANTS[3]

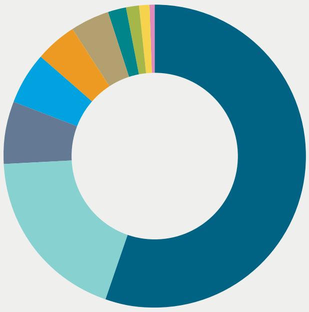
55

NUMBER OF CARPARK LOTS

245

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2018 and excluding retail turnover rent)



Banking, Insurance & Financial Services	55.6%
Legal	18.8%
Real Estate & Property Services	6.6%
Energy & Commodities	5.5%
IT, Media & Telecommunications	4.5%
Manufacturing & Distribution	4.0%
Food & Beverage	2.2%
Accounting & Consultancy Services	1.4%
Retail & Services	0.9%
Maritime & Logistics	0.5%

Notes:

1 Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as at 31 December 2018. Valuation was determined by Income Capitalisation Method, Discounted Cashflow Analysis and Direct Comparison Method

2 By monthly gross rental income for December 2018

3 As at 31 December 2018

OUE BAYFRONT

LANDMARK OFFICE WITH VANTAGE POSITION

OUE Bayfront is strategically located between the Marina Bay downtown and Raffles Place financial hub

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

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

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

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

EXCELLENT CONNECTIVITY AND ACCESSIBILITY

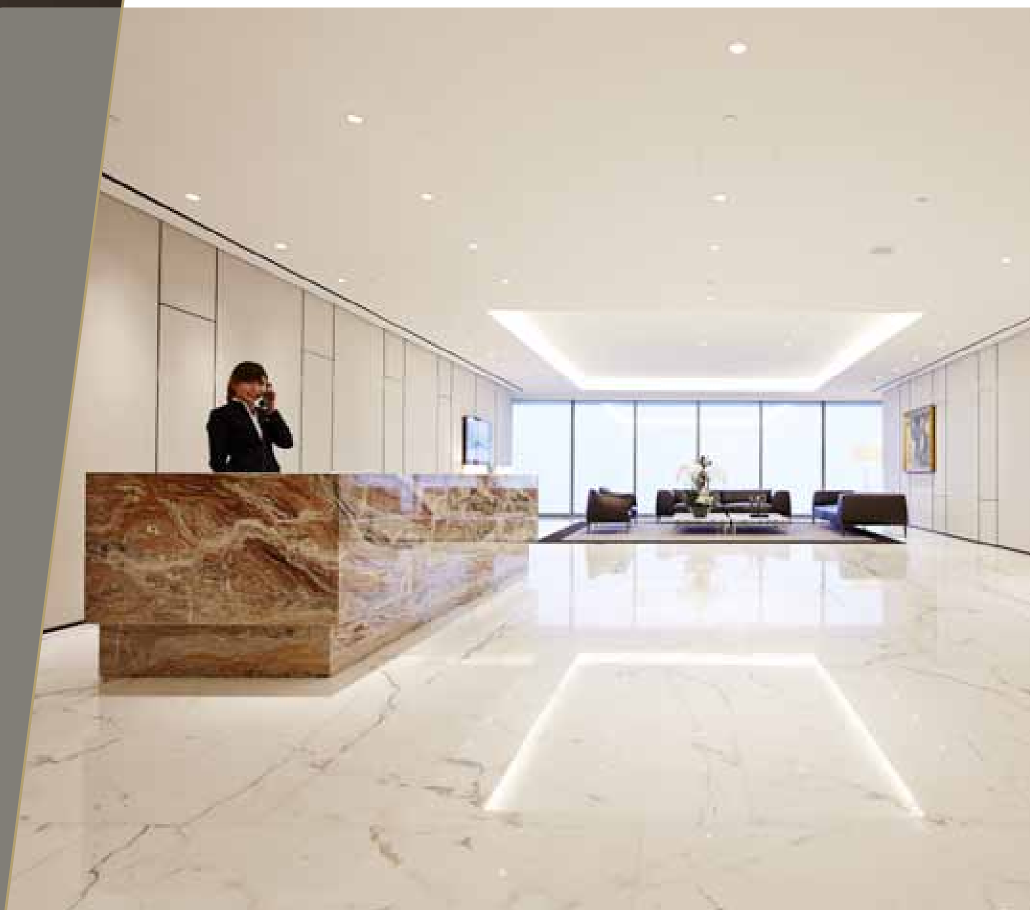
OUE Link provides convenient connectivity between OUE Bayfront and the Raffles Place area

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

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

PREMIUM GRADE A COMMERCIAL SPACE

OUE Bayfront is home to leading financial services, legal and professional services firms



ONE RAFFLES PLACE

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

One Raffles Place comprises:

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

SINGAPORE

1 Raffles Place,
Singapore 048616

FY2018 REVENUE

S$81.5m

PURCHASE CONSIDERATION[2]

S$1,148.3m

VALUATION[1]

S$1,813.5m

WEIGHTED AVERAGE LEASE EXPIRY[3]

2.3 years

TITLE

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

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

One Raffles Place Shopping Mall

– the retail podium straddles two land plots:
- approximately 75% of the retail podium NLA is on a 99-year leasehold title commencing 1 November 1985
- the balance 25% is on the 841-year leasehold title commencing 1 November 1985

GROSS FLOOR AREA

119,626.3 sq m (1,287,645 sq ft)

NET LETTABLE AREA[4]

Overall
66,270.5 sq m (713,329 sq ft)

Office
57,043.1 sq m (614,006 sq ft)

Retail
9,227.4 sq m (99,323 sq ft)

MAJOR TENANTS

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

COMMITTED OCCUPANCY[4]

OVERALL
97.4%

OFFICE
97.1%

RETAIL
99.4%

NUMBER OF TENANTS[4]

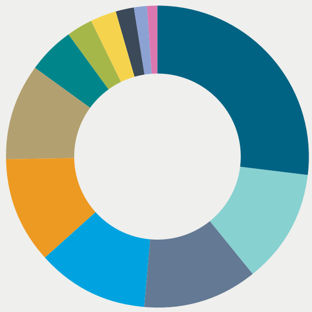
207

NUMBER OF CARPARK LOTS

326

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2018 and excluding retail turnover rent)



Banking, Insurance & Financial Services	27.1%
IT, Media & Telecommunications	12.3%
Food & Beverage	12.1%
Accounting & Consultancy Services	12.0%
Energy & Commodities	11.3%
Retail & Services	10.2%
Real Estate & Property Services	5.1%
Legal	2.9%
Manufacturing & Distribution	2.6%
Maritime & Logistics	1.9%
Others	1.5%
Pharmaceuticals & Healthcare	1.0%

Notes:

1. Based on OUB Centre Limited's 81.54% interest in One Raffles Place and carried out by Knight Frank Pte Ltd as at 31 December 2018. Valuation was determined by Capitalisation Approach and Discounted Cashflow Analysis. OUE C-REIT owns 83.33% of OUB Centre Limited
2. The purchase consideration comprises the purchase consideration of shares in Beacon Property Holdings Pte. Ltd. ("BPHPL") and the repayment of shareholder's loan extended by the vendor to BPHPL
3. By monthly gross rental income for December 2018
4. As at 31 December 2018

ONE RAFFLES PLACE

ICONIC DEVELOPMENT WITH STRATEGIC LOCATION

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

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

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

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

ACCESSIBILITY AND ENHANCED CONNECTIVITY

Situated above the Raffles Place MRT, One Raffles Place enjoys excellent connectivity

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

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

WELL-COMPLEMENTED BY RETAIL FACILITIES

One Raffles Place Shopping Mall caters to the needs of the CBD's working population

OUE DOWNTOWN OFFICE

Grade A office space comprised within a recently refurbished mixed-use development with office spaces, a six-storey retail malll and serviced residences in Singapore's business district of Shenton Way

OUE Downtown Office comprises the Grade A office space at the OUE Downtown mixed-use development, being the:

- 35th to 46th storeys of OUE Downtown 1, a 50-storey high-rise tower; and
- 7th to 34th storeys of OUE Downtown 2, a 37-storey high-rise tower.

SINGAPORE

6 Shenton Way,
Singapore 068809 and
6A Shenton Way,
Singapore 068815

FY2018 REVENUE[1]

S$6.6m

PURCHASE CONSIDERATION

S$908.0m

VALUATION[2]

S$920.0m

WEIGHTED AVERAGE LEASE EXPIRY[3]

2.1 years

TITLE

OUE Downtown Office:
99-year leasehold title commencing 19 July 1967

VENDOR

Alkas Realty Pte. Ltd.

GROSS FLOOR AREA

69,922.0 sq m (752,634 sq ft)

NET LETTABLE AREA[4]

Office
49,239.0 sq m (530,002 sq ft)

MAJOR TENANTS

- Deloitte & Touche LLP
- Aviva Ltd
- Professional Investment Advisory Services Pte Ltd

COMMITTED OCCUPANCY[4]

OFFICE

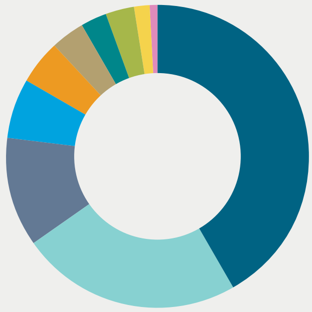
93.5%

NUMBER OF TENANTS[4]

73

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2018 and excluding retail turnover rent)



Accounting & Consultancy Services	41.8%
Banking, Insurance & Financial Services	23.6%
Maritime & Logistics	11.7%
Manufacturing & Distribution	6.4%
Others	4.8%
Pharmaceuticals & Healthcare	3.5%
Legal	3.0%
IT, Media & Telecommunications	2.9%
Real Estate & Property Services	1.8%
Energy & Commodities	0.5%

Notes:

1 From acquisition date of 1 November 2018 to 31 December 2018

2 Based on valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 31 December 2018. Valuation was determined by Income Capitalisation Method, Discounted Cashflow Method and Comparison Method

3 By monthly gross rental income for December 2018

4 As at 31 December 2018

OUE DOWNTOWN OFFICE

STRATEGIC LOCATION IN SHENTON WAY & TANJONG PAGAR

OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub

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

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

With the planned relocation of container port facilities at the southern part of Singapore by 2030 and long-term master-planning by the Urban Redevelopment Authority to

HOME TO AN ESTABLISHED TENANT BASE

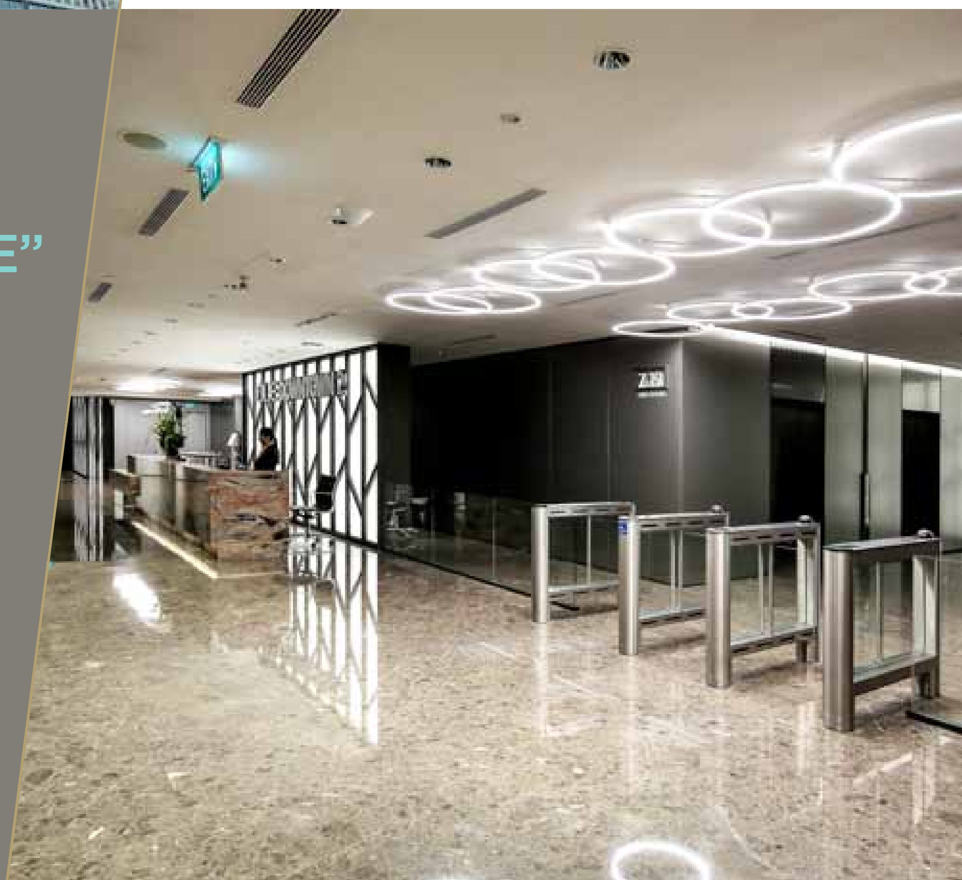
The recently refurbished OUE Downtown Office is home to reputable insurance, financial, information and technology, media and telecommunications companies and multinational corporations

redevelop the waterfront area to a new quarter envisioned as an extension of the Singapore CBD, OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub.

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

DELIVERS A SUPERIOR "WORK-PLAY-LIVE" ENVIRONMENT

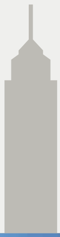
OUE Downtown Office is supported by a full suite of integrated amenities



LIPPO PLAZA

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

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.



CHINA
222 Huaihai Zhong Road, Shanghai, PRC 200021

FY2018 REVENUE
S$31.9m

PURCHASE CONSIDERATION[2]
S$335.3m

VALUATION[1]
RMB2,950m/ S$587.9m

WEIGHTED AVERAGE LEASE EXPIRY[3]
2.9 years

LAND USE RIGHT EXPIRY
50 years commencing 2 July 1994

GROSS FLOOR AREA
58,521.5 sq m (629,925 sq ft)

NET LETTABLE AREA[4]

Overall
39,224.5 sq m (422,212 sq ft)

Office
33,538.6 sq m (361,009 sq ft)

Retail
5,685.9 sq m (61,203 sq ft)

MAJOR TENANTS
- Victoria's Secret
- Bole Associates
- Q-Med International Trading (Shanghai) Co., Ltd

COMMITTED OCCUPANCY[4]

OVERALL
90.1%

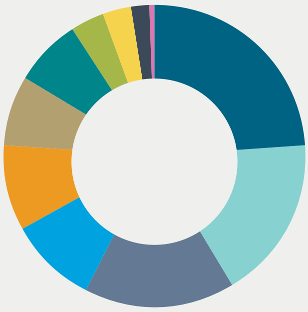
OFFICE
93.2%

RETAIL
72.4%

NUMBER OF TENANTS[4]
85

NUMBER OF CARPARK LOTS
168

TRADE SECTOR BY GROSS RENTAL INCOME
(For December 2018 and excluding retail turnover rent)



Retail & Services	24.3%
Manufacturing & Distribution	17.5%
Accounting & Consultancy Services	16.3%
Banking, Insurance & Financial Services	9.4%
IT, Media & Telecommunications	9.2%
Real Estate & Property Services	7.5%
Pharmaceuticals & Healthcare	7.2%
Others	3.5%
Maritime & Logistics	3.2%
Food & Beverage	1.8%
Legal	0.1%

Notes:
1 Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and carried out by Beijing Colliers International Real Estate Valuation Co., Ltd. Valuation was determined by Discounted Cash Flow Method and Market Approach
2 The purchase consideration comprises the purchase consideration of shares in Tecwell Limited and outstanding debt facilities of Tecwell Limited and its subsidiary at acquisition completion date of 27 January 2014
3 By monthly gross rental income for December 2018
4 As at 31 December 2018

LIPPO PLAZA

WELL-PLACED WITHIN A MAJOR RETAIL ARTERY

Lippo Plaza's excellent citywide connectivity and location make it a top choice for prospective tenants

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

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

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

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

LOCATED WITHIN AN ESTABLISHED COMMERCIAL DISTRICT

Lippo Plaza is a landmark business address for a diverse and high profile tenant mix

prime retail area in Shanghai, home to major department stores and shopping malls popular with top-end international designer brands and well-known Chinese brand names, as well as numerous hotels and restaurant.

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

HOME TO RENOWNED INTERNATIONAL AND CHINESE BRANDS

Lippo Plaza continues to appeal as a prime retail location in Shanghai

INDEPENDENT MARKET REVIEW

This report was prepared by Colliers International

SINGAPORE

ECONOMIC OVERVIEW

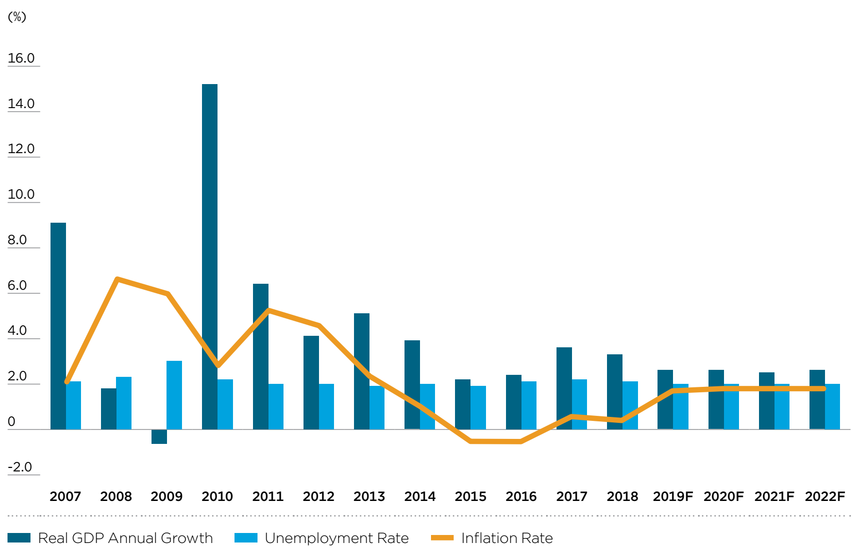
According to early estimates by the World Bank, the global economy is expected to have expanded by 3.1% in 2018 despite recent trade tensions. Business and consumer confidence remained strong and corporate earnings outperformed expectations. These trends were also reflected in Singapore's economic performance in 2018.

Recent data from the Ministry of Trade and Industry ("MTI") indicated that the Singapore economy expanded by 3.2% year-on-year ("YoY") in 2018 – a slightly weaker pace compared to the 3.6% growth achieved in 2017, but consistent with the strong performance observed since 2010. This expansion was largely driven by the electronics and biomedical manufacturing clusters, with the manufacturing sector registering a robust gross domestic product ("GDP") expansion of 7.2% YoY. This was predominantly supported by the finance and insurance, business services and information and communications sectors, with the overall service-producing industry growing by 3.0% YoY in 2018, on par with the growth rate recorded in the previous year. Underpinned by strong economic fundamentals, the labour market in Singapore continued to improve in 2018 with fewer retrenchments and an increase in the number of employed residents. The overall unemployment rate fell from 2.2% in 2017 to an average of 2.1% in 2018, with the net creation of nearly new 28,000 jobs. 01

Economic Outlook

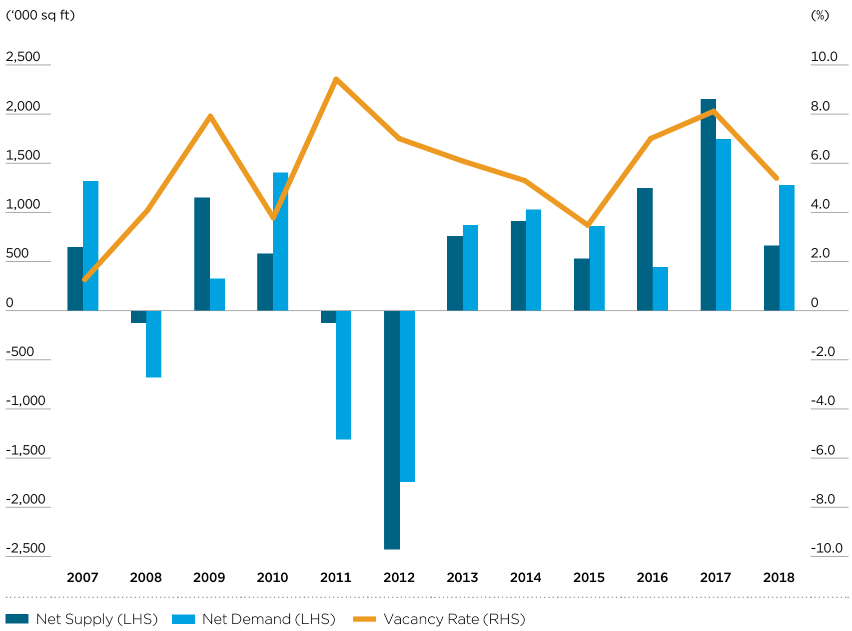
MTI's assessment of Singapore's 2019 economic outlook is weaker compared to 2018 with GDP growth expected to range between 1.5% and 3.5% YoY. Risks posed by the potential escalation of the ongoing trade conflict between the US and its key trading partners could hurt global business and consumer confidence and adversely impact economic growth. In addition, a tightening of global financial conditions could also lead to disorderly capital outflows from emerging markets, including in the Southeast Asian region, resulting in financial vulnerabilities in countries with high debt levels. The pullback in investment and consumption growth could therefore have spillover effects on the rest of the region. As such, for 2019, the pace of economic expansion across most of the major advanced and regional economies is expected to ease from 2018 levels. However we note that according to the World Bank, the East Asia and Pacific is projected to continue to grow at relatively healthy levels despite these headwinds. Domestically, given Singapore's economic reliance on global trade, the manufacturing sector would likely see a more modest pace of expansion. Within the sector, the electronics and precision engineering clusters are expected to face external headwinds due to weaker demand conditions in the global semiconductor and semiconductor equipment markets. Growth in outward-oriented service sectors such as wholesale trade, transportation and storage, and finance and insurance are projected to ease in tandem with the moderation in growth in key advanced and regional economies. However, other service sectors such as information, communications and education, health and social services are expected

01 REAL GDP GROWTH, INFLATION AND UNEMPLOYMENT RATE



Source: Colliers International Research Singapore, Oxford Economics

02 NET SUPPLY, DEMAND & VACANCY RATE IN THE CBD



Source: Colliers International Research Singapore

to remain resilient, supported by the government's Smart Nation initiatives, together with business' robust demand for IT and digital solutions and the ramp-up of operations in healthcare facilities respectively. Construction works at major infrastructure projects, including the Tuas Mega Port and two new Mass Rapid Transit ("MRT") lines are also expected to support Singapore's economic performance in 2019.

OFFICE PROPERTY MARKET OVERVIEW

Stock

As of the end of 2018, there was an estimated 30.5 million square feet ("sq ft") of Premium and Grade A office space island-wide. Of this, 25.0 million sq ft or approximately 82% is in the central business district ("CBD"). The only major newly completed office development in 2018 was Frasers Tower (663,000 sq ft) in the Shenton Way/Tanjong Pagar micro market.

Net Supply, Demand and Vacancy

In the entire Central Area[1], the vacancy rate for all office grades declined from 13.6% in 2017 to 11.8% in 2018. In the CBD, net office absorption picked up in 2018, increasing to 1,647,000 sq ft from 721,000 sq ft in 2017. As a result, the vacancy rate for Premium and Grade A office space fell from 8.1% in 2017 to 5.4% at the end of 2018, amid robust occupier demand and significant reduction in net new supply compared to previous years.

Overall demand in 2018 remained driven by broad-based expansion, mainly from financial, professional services, technology firms and flexible workspace operators.

While banking and finance remains the primary driver in the CBD Premium and Grade A office market, there is heightened activity in the insurance segment, and growing demand from the legal sector. Buildings that offer flexible workspace, WELL Certification[2] and with floor plates exceeding 20,000 sq ft with high efficiency are particularly in high demand. The flexible workspace segment continues to grow rapidly, attracting new and incubating future tenants while maximising space optimisation within buildings. 02

Notes:

1 As defined by the Urban Redevelopment Authority ("URA") in its 2014 Master Plan which includes the planning areas of River Valley, Orchard, Newton, Rochor, Museum, Downtown Core, Singapore River, Outram, Marina East, Marina South and Straits View

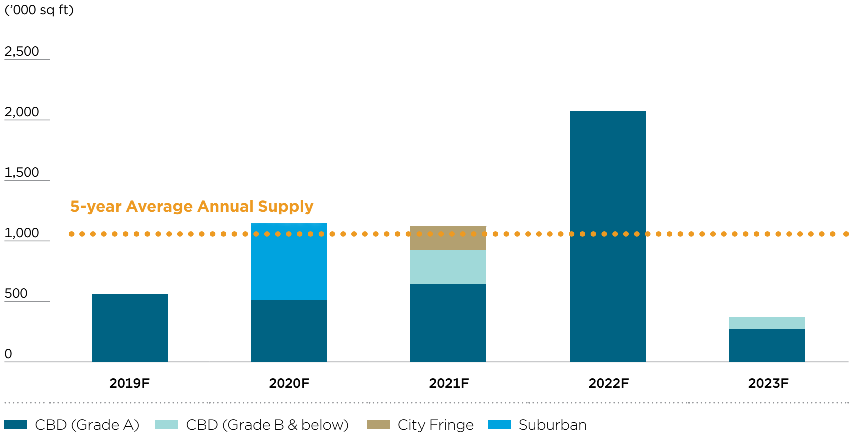
2 WELL Certification is a performance-based system to measure the building standard of the built environment that impact human health and wellbeing, through air, water, nourishment, light, fitness, comfort and mind. It is certified by the Green Business Certification Inc.

SINGAPORE

Potential Supply

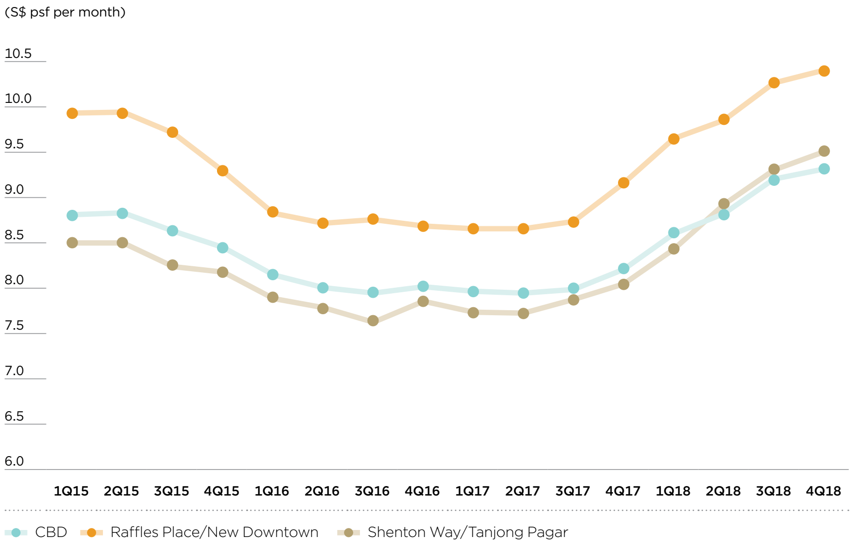
A total of approximately 5.3 million sq ft of new office supply will be available between 2019 and 2023 island-wide, of which an estimated 84% will be in the CBD. In 2019, the completion of Funan and Park Mall will contribute 556,000 sq ft of office net lettable area ("NLA") to the upcoming island-wide supply, making up 10.3% of the upcoming island-wide supply. In 2020 only 514,000 sq ft of office NLA will be injected by the completion of ASB Tower. After a quiet 2020, new office supply will pick up in 2021/2022 in the CBD with the expected completion of Capital Spring (635,000 sq ft) in 2021, the Central Boulevard GLS site (1,260,000 sq ft) and Beach Road GLS site (808,000 sq ft) in 2022. 03

03 FUTURE ISLAND-WIDE OFFICE SUPPLY



Source: Colliers International Research Singapore

04 AVERAGE GROSS EFFECTIVE RENTS OF PREMIUM AND GRADE A OFFICE SPACE BY SUB-MARKET



Source: Colliers International Research Singapore

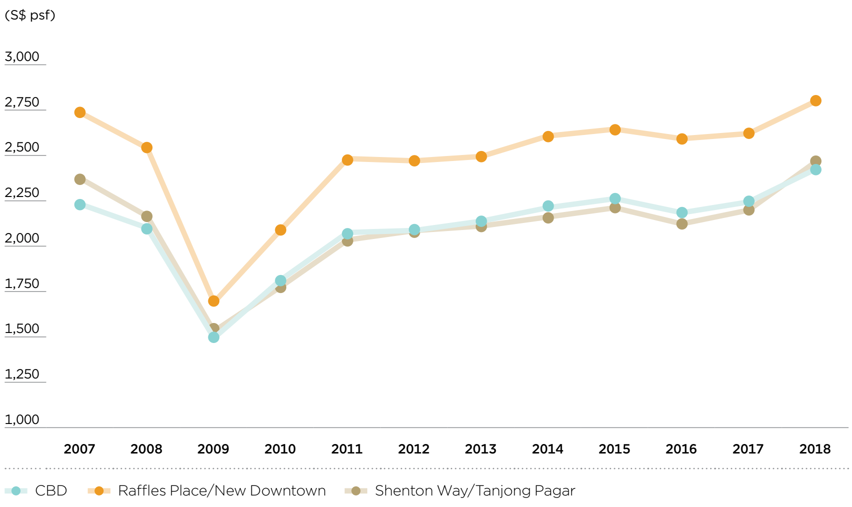
Rents

As of 4Q 2018, the gross effective monthly rent of CBD Premium and Grade A office space increased by 14.9% YoY to S$9.43 per sq ft ("psf") per month. The average gross effective rent of Premium and Grade A office space in Raffles Place/New Downtown grew by 13.0% YoY to S$9.66 psf per month, while that of Shenton Way/Tanjong Pagar increased by 18.0% to S$9.50 psf per month. Although the rents in the Shenton Way/Tanjong Pagar area grew at a faster pace, Raffles Place/New Downtown rents continued to command a premium to that of the Shenton Way/Tanjong Pagar and Beach Road areas due to the newer stock and higher quality of office buildings with more efficient layouts. The rejuvenation of the Shenton Way/Tanjong Pagar area, with the completion of major new developments such as Frasers Tower and Guoco Tower, led to several multinational corporations ("MNCs") relocating from older developments located at Raffles Place. 04

Capital Value and Investment Market

In 2018, the average capital value of Premium and Grade A office space in the CBD rose 7.9% YoY to S$2,424 psf, albeit slower than rental growth recorded during the same period. The average capital value of Premium and Grade A office space in the Raffles Place/New Downtown sub-market increased 6.7% YoY to S$2,798 psf while that of Shenton Way/ Tanjong Pagar rose 12% YoY to S$2,464 psf. Some of the major investment deals which closed in 2018 include the sale of 100% of OUE Downtown Office component for S$908 million (S$ 1,713 psf NLA), Robinson 77 for S$710 million (S$2,420 psf NLA), 78 Shenton Way for S$680 million (S$1,877 psf NLA) and a 20% stake in Ocean Financial Center for S$537.3 million (S$3,061 psf NLA). 05

05 AVERAGE CAPITAL VALUES OF PREMIUM AND GRADE A OFFICE



Source: Colliers International Research Singapore

Singapore Office Market Outlook

According to Colliers International Singapore Research, the CBD Premium and Grade A office vacancy rate fell 2.5 percentage points ("ppt") since the highest level achieved in 2Q 2017, to 5.4% in 4Q 2018 and should continue declining until the next supply hike in 2021. The overall outlook for 2019 is promising, as both the occupancy rate and rental rates continue to rise amid healthy economic and business fundamentals. In 2019, the net absorption for Premium and Grade A office space in the CBD is forecasted to slow from that of 2018, at 856,647 sq ft, due to expected consolidations by MNCs in face of the imminent office supply drought in 2019-2021. Shortfall in the supply pipeline (0.57 million sq ft) should maintain the occupancy rates at a healthy level around 95.4% in 2019. Rental rates are expected to continue increasing, but at a slower rate compared to 2018, with average gross effective office rental rates forecasted to reach about S$10.22 psf per month in 2019, or 8.4% growth YoY. This will be underpinned by continued expansionary demand from corporate occupiers in key growth driver sectors, including financial, insurance and business services, technology, legal services and professional services.

SINGAPORE RETAIL MARKET

Singapore's destination shopping areas are mainly located at Orchard Road, City Hall and Marina Bay areas though suburban shopping malls have also increased their specialty shopping offerings in recent years. The retail scene in Singapore comprises an array of malls that are frequented by both domestic shoppers and overseas visitors. The Orchard sub-market includes retail assets lining Orchard Road and Scotts Road and is a well-known shopping destination for both residents and tourists, while the City Hall and Marina sub-markets comprise retail space that caters primarily to the working population based within the vicinity of the CBD. Suburban shopping areas comprise shopping malls which primarily cater to local residents' necessity spending.

Retail occupancy in the Orchard Road area increased from 94.3% in 4Q 2017 to 94.8% in 4Q 2018, a performance attributed to Singapore's stellar tourism performance since the start of the year, with 9.2 million tourism arrivals in 1H 2018, a healthy 7.9% YoY increase from the same period last year. Demand for retail space in the Orchard/ Scotts Road area remained healthy in 2018, especially for strategically located retail spaces, as it continues to be the preferred location for flagship stores and new-to-market brands. Newly opened stores along Orchard Road includes Uniqlo's global flagship store and Desigual's Singapore flagship store, both located at Orchard Central.

SINGAPORE

Tourism continues to play a major role in the retail market in Singapore, accounting for nearly 10% of total retail sales in Singapore. According to statistics from the Singapore Tourism Board ("STB"), international tourism arrivals hit a record high in 2018 to reach 16.9 million year-to-date (November 2018), a 6.6% increase YoY. Tourism receipts in the first half of 2018 remained flat YoY to S$13.4 billion due to the appreciation of the Singapore dollar against regional currencies. Three source markets – China, Indonesia and India – account for 43% of total tourism receipts in Singapore.

Stock

As at 4Q 2018, there was 7.2 million sq ft of retail space in the Downtown Core[3] sub-market, accounting for 11% of the total retail stock in Singapore. The primary consumer base of the Downtown Core's retail sector is largely made up of CBD office workers. As a result, the local retail landscape comprises a variety of food and beverage ("F&B") operators, including cafes and quick-bites, as well as other necessity services ranging from banking to laundry, but feature a relatively small percentage of specialty retailers in comparison to major shopping malls at Orchard Road, VivoCity and City Hall. 06

Net Supply, Demand and Occupancy

In 2018, net new retail supply amounted 53,820 sq ft, resulting in a 0.6% YoY increase in the retail stock in the Downtown Core. Frasers Tower accounted for the largest share of the new supply in the Downtown Core with 30,892 sq ft of retail NLA located in the podium of the new tower. Retail absorption surged in 2018, totaling 64,580 sq ft, up 50% compared to 2017 due to higher office occupancy rates throughout the CBD. Consequently, retail occupancy in the Downtown Core sub-market rose 0.2% YoY to 90% in 2018. 07

Potential Supply

In 2019, an estimated 1.7 million sq ft of retail space is due for completion in nine projects distributed between

Note:

[3] As defined by the URA in its 2014 Master Plan which includes the subzones Tanjong Pagar, Bayfront, Central, Phillip, Raffles, Maxwell, Bugis, Anson, Cecil, Clifford Pier, Marina Centre and City Hall

06 BREAKDOWN OF RETAIL STOCK 4Q 2018

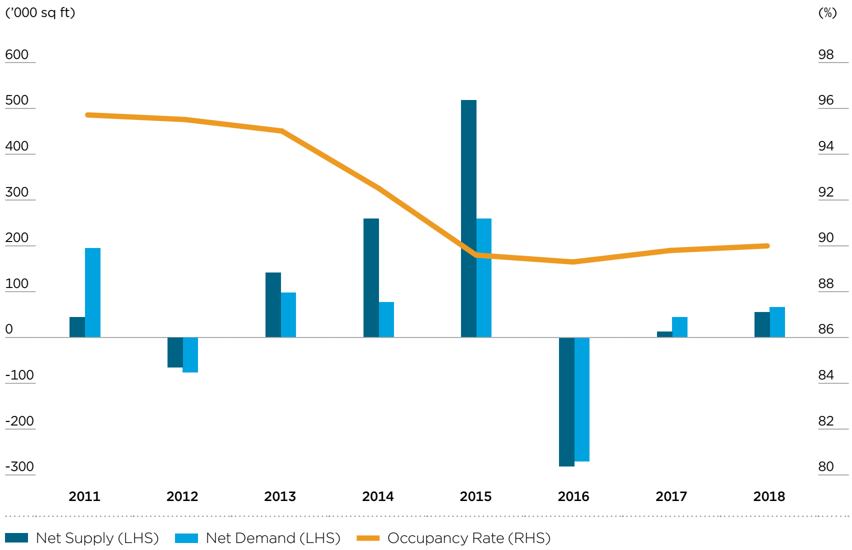
Downtown Core	11.0%
Orchard	11.2%
Rest of Central Area	15.6%
Fringe Area	28.5%
Outside Central Region[4]	33.8%

Source: Colliers International Research Singapore

Note:

[4] Outside Central Region refers to the other four regions – the East, West, North and Northwest regions as defined by the URA

07 NET SUPPLY, DEMAND AND OCCUPANCY IN DOWNTOWN CORE



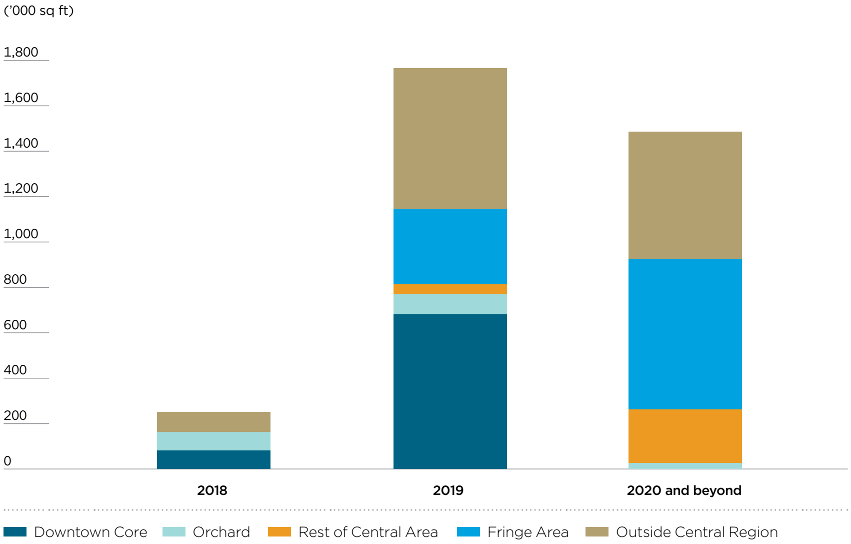
Source: Colliers International Research Singapore suburban areas (59%) and the central area (40%). In 2019, we expect approximately 679,760 sq ft of potential retail space to be completed within the Downtown Core sub-market, including the retail podiums of the restored Raffles Hotel Shopping Arcade (219,000 sq ft) and Funan (456,368 sq ft). Other noteworthy projects outside the Downtown Core sub-market include Design Orchard (81,000 sq ft), Paya Lebar Quarter (330,000 sq ft), and Jewel at Changi Airport (579,000 sq ft). 08

Rents

According to Colliers Research, average monthly gross rents of prime ground floor retail spaces remained relatively flat in the suburban areas. Rents moved marginally from S$33.45 psf per month in 2017 to S$33.60 psf per month in 2018 amidst more flexible leasing conditions and incentives provided by landlords to improve occupancy. On the other hand, average monthly gross rents in the Orchard Road area rose from S$40.62 psf per month in 2017 to S$41.20 psf per month in 2018 on the back of improved occupancy at Orchard Road malls as well as strong tourism arrivals and expenditures.

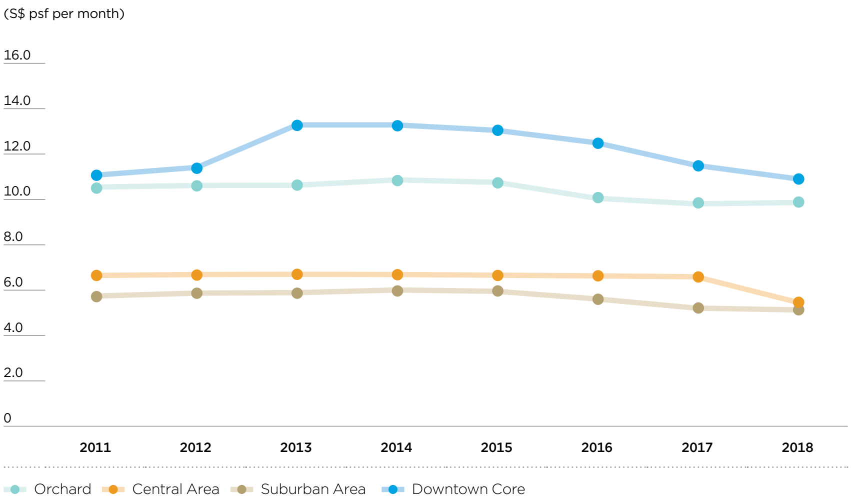
The median rent of all retail spaces continued to slide in all three main areas of Singapore during 2018, mainly due to high vacancy in ageing strata-titled retail developments across Singapore. Rents at Orchard Road were more resilient compared to those in suburban and Central Area retail locations, with median rents of retail space increasing by just 1.5% YoY to S$9.94 psf per month in 4Q 2018. Rents at Orchard Road have held their own over the past year due to improved occupancy and Singapore's strong tourism performance. Median retail rents in the Central Area have declined by 17.6% YoY in 4Q 2018 – underpinned by sharp rent declines in older strata-titled retail complexes – as landlords provided more flexible leasing conditions and incentives to tenants. Nonetheless, improvements in both retail and office occupancy rates over the past year suggests that retail rates in the Downtown Core will recover in the medium term once the new retail supply has been absorbed. 09

08 FUTURE ISLAND-WIDE RETAIL SUPPLY



Source: Colliers International Research Singapore

09 MEDIAN RETAIL RENT BY AREA



Source: Colliers International Research Singapore, URA

SINGAPORE

Singapore Retail Market Outlook

Island-wide retail vacancy is forecast to rise slightly in 2019 amid the large supply influx to be completed during the year. However, occupancy should rapidly recover as major new malls, including Jewel and Paya Lebar Quarter already have healthy commitment levels above 90% and 80% respectively. Also, landlords are expected to continue to trade off high rents for increased occupancy through a series of incentives, suggesting that retail rates will remain relatively stable in 2019. The limited new supply expected after 2020 combined with strong tourism performance and re-balancing of tenancy mixes toward F&B and experiential retail provide positive prospects for the Singapore retail sector beyond 2020.

The ongoing shift toward experiential retail will prevail as successful shopping malls will continue to differentiate themselves from their competitors and evolve according to the needs and wants of their customer base.

The digital economy and competition from e-commerce have pushed more retailers and mall operators towards adopting new technologies to improve offerings and to create experiential retailing for consumers. Other than developing digital-ready strategies, the provision of niche tenant mix, unique experiences and environments and the ability to capture future catchment growth will become increasingly important conditions of success.

Within the Downtown Core sub-market, rents are expected to remain relatively flat, with a marginal upside approaching end-2019 as CBD office occupancy continues to improve and the new supply of retail space is completely absorbed. Beyond 2019, the opening of the new Shenton Way MRT station on the Thomson-East Coast line, expected by 2021, will generate healthy gains in retail rents and occupancy gains in the Tanjong Pagar/Shenton Way sub-market as it will further raise the profile of the area as a convenient and attractive retail, dining and entertainment destination.

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INDEPENDENT MARKET REVIEW

This report was prepared by Savills Real Estate Valuation (Guangzhou) Ltd

SHANGHAI

CHINA AND SHANGHAI ECONOMY

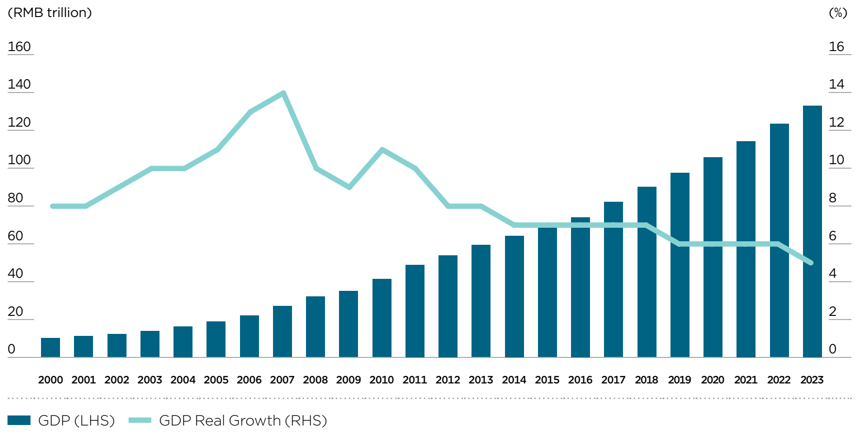
GDP, Economic Structure and Foreign Direct Investment

China GDP
China's economy grew by 6.6% YoY in real terms to RMB90.0 trillion in 2018, slowing down from 6.8% growth in 2017. Economists expect the slowdown to continue into 2019 as a result of the domestic financial de-risking and deleveraging campaign that has been going on for close to 24 months and the ongoing trade dispute with the US. Focus Economics consensus forecasts predicts the economy will grow at 6.3% in 2019. 01

China Economic Structure
China's economy has gradually shifted away from one dominated by the secondary sector (manufacturing & industry), to one driven by the tertiary sector (services). The tertiary sector contributed just 40.5% to the economy in 2001, but by 2018 this had increased to 52.2%. The World Bank estimates that services industries will make up over 60% of the economy by 2026 and employ nearly 59% of the workforce. Growth in the tertiary sector has exceeded that of the overall market since 2013, in 2018 the tertiary sector accounted for 56.9% of China's GDP growth. 02 03

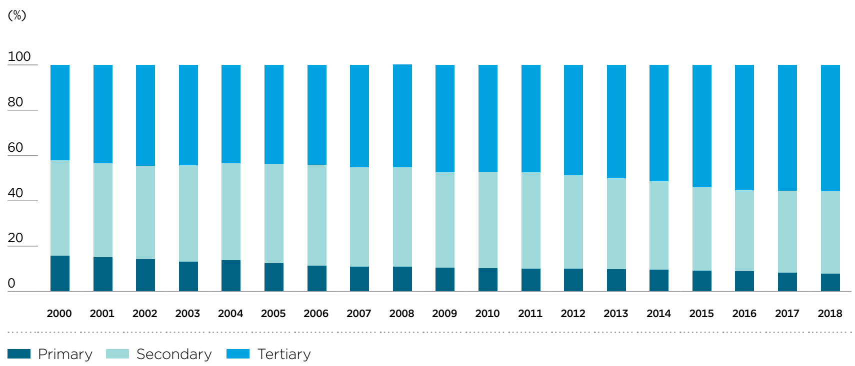
China Foreign Direct Investment
China's utilised foreign direct investment ("FDI") increased 3% in 2018 to a total of US$135 billion. Most of the investment continued to focus on manufacturing, despite trade tensions, as well as real estate and commercial services.

01 CHINA GDP AND REAL GDP GROWTH



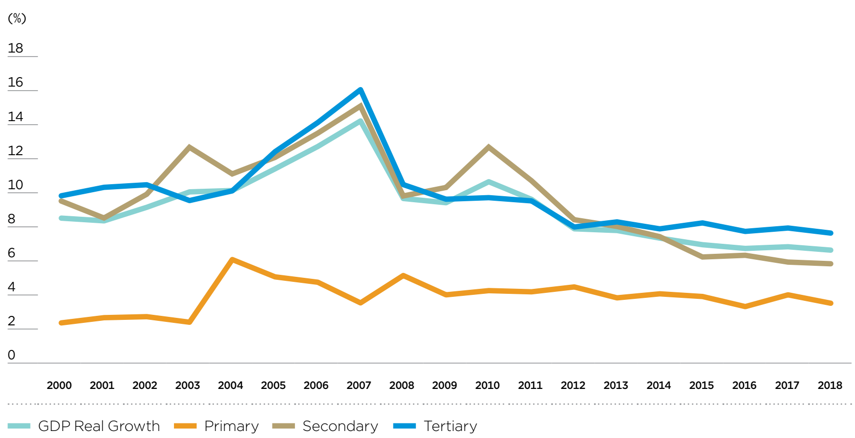
Source: National Bureau of Statistics of China, Focus Economics

02 CHINA GDP BREAKDOWN



Source: National Bureau of Statistics of China

03 CHINA GDP GROWTH BY INDUSTRY



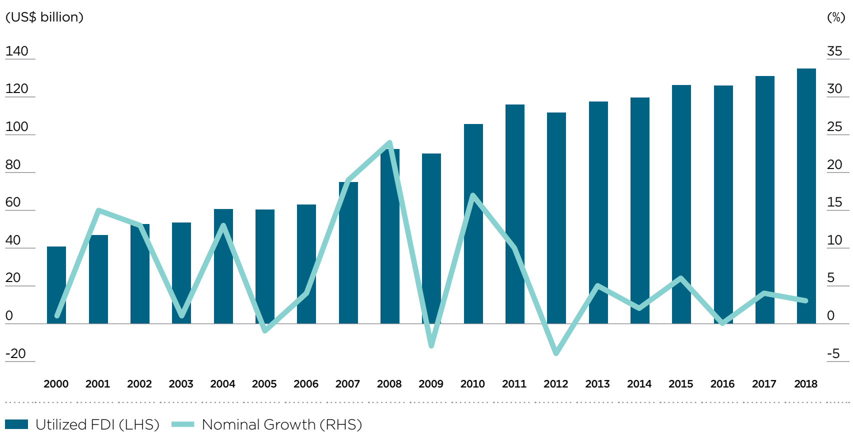
Source: National Bureau of Statistics of China

SHANGHAI

FDI has largely plateaued since 2011 as domestic companies continued to increase market share. Nevertheless a more sluggish economy, financial deleveraging, rising overseas direct investment commitments as well as trade tensions have motivated China to more proactively seek out new forms of foreign investment in underdeveloped markets. 04

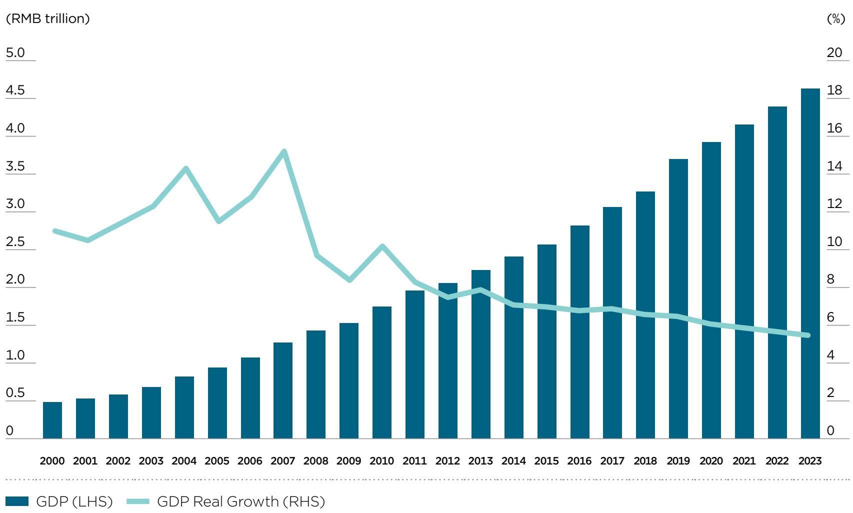
Shanghai's Economy
Shanghai's GDP increased 6.6% in 2018 reaching RMB3.3 trillion, just slightly slower than the 6.9% growth achieved in 2017. Shanghai is mainland China's largest city in terms of GDP and as the leading commercial and financial centre of China, plays a significant role in national economic and social development and is at the forefront of the country's new policy initiatives. While the pace of growth has moderated in recent years the city's economy is still supported by not only its burgeoning financial services sector but a robust consumer market and high end manufacturing market and research and development facilities as well as new economies such as big data and artificial intelligence ("AI"). 05

04 CHINA UTILIZED FOREIGN DIRECT INVESTMENT



Source: National Bureau of Statistics of China, Focus Economics

05 SHANGHAI GDP AND REAL GDP GROWTH



Source: Shanghai Statistics Bureau

Shanghai Economic Structure

Shanghai has the second largest tertiary sector after Beijing, standing at RMB2.3 trillion and accounting for 70% of Shanghai's economy, this is up from approximately 50% back in 2004. With the tertiary sector growing at 8.7% in 2018 versus just 1.8% in the secondary sector, the importance of services in the city cannot be understated. While a lot of emphasis is placed upon financial services, and it is indeed one of the defining characteristics of Shanghai, the sector contributed only 17.7% to the economy and grew at just 5.7% in 2018, this compares with social services which accounts for 26% of the economy. 06 07

Shanghai Foreign Direct Investment

Shanghai's utilized FDI increased 1.7% in 2018 reaching US$17.3 billion, accounting for approximately 13% of China's total FDI. Shanghai is a key gateway for many international businesses looking to enter the China market as well as domestic business looking to expand internationally, attracted to the city's cosmopolitan makeup and English-speaking internationally-minded talent pool and superior liveability & connectivity.

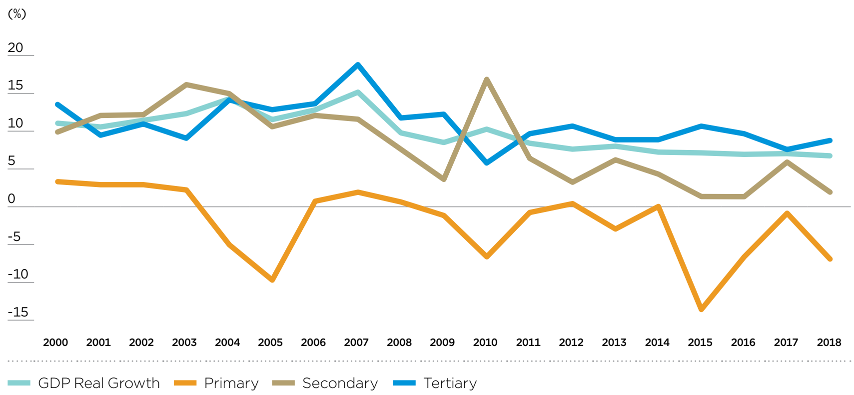
The actual utilized FDI in the tertiary sector accounted for 95% of total actual utilized FDI in 2017 (the latest year for which detailed figures are available). Financial services and information services are two significant priorities for Shanghai and should see increase interest from the international community as China opens these markets to overseas. 08

06 SHANGHAI KEY ECONOMIC DRIVERS, 2018

	Value-added (RMB bn)	% of total	Growth rate
GDP	3,260	100.0%	+6.6%
Primary	104	3.2%	-6.9%
Secondary	973	29.8%	+1.8%
– industrial	869	26.7%	+1.9%
Tertiary	2,284	70.1%	+8.7%
– wholesale and retail	458	14.0%	+3.3%
– transportation, warehousing and postal	153	4.7%	+10.4%
– accommodation and catering	42	1.3%	-2.8%
– financial industry	577	17.7%	+5.7%
– real estate	199	6.1%	+4.8%
– social services	849	26.0%	+14.8%

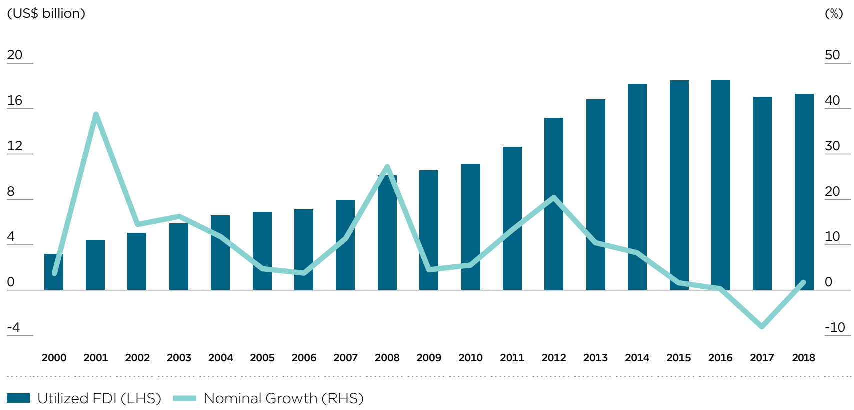
Source: Shanghai Statistics Bureau

07 SHANGHAI GDP GROWTH BY INDUSTRY



Source: Shanghai Statistics Bureau

08 SHANGHAI UTILIZED FDI AND GROWTH RATE



Source: Shanghai Statistics Bureau

SHANGHAI

Disposable Income and Consumption Expenditure

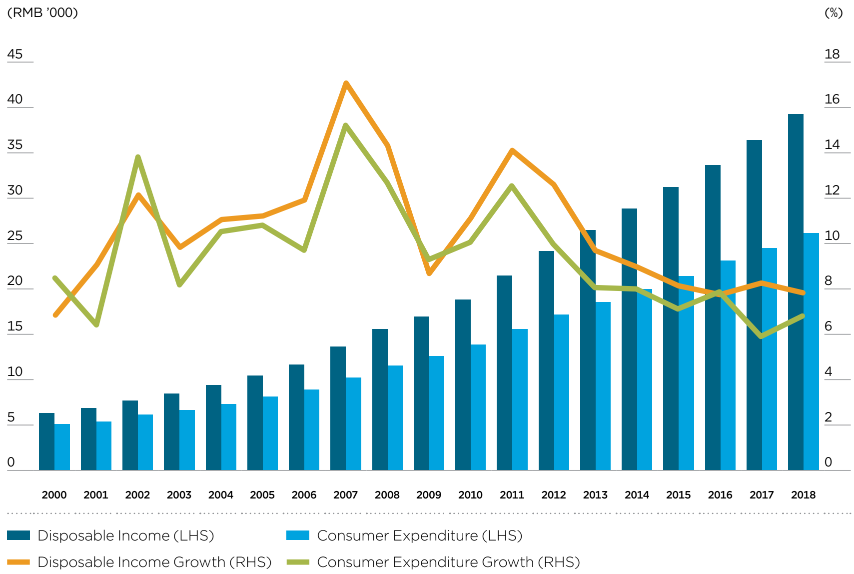
China Disposable Income and Consumption Expenditure
China's urban households have seen a steady rise in both incomes and expenditure over the last decade. The pace of growth however has slowed in recent years as the base of comparison has continued to grow and as slower economic growth feeds through into lower wage inflation.

Disposable incomes per capita for urban households rose at a compound annual growth rate ("CAGR") of 8.2% between 2014 and 2018 to RMB39,251, while consumer expenditure per capita for urban households rose at a CAGR of 7.1% over the same period reaching RMB26,112. The difference in income and expenditure equates to a savings rate of approximately 33.4%. 09

Shanghai Urban Disposable Income
Shanghai continues to have the highest disposable income per capita for urban households in China, 42% above the national average as in 2018. Average disposable income per capita for urban households kept increased 8.7% in 2018 and reached RMB68,034, while consumer expenditure per capita for urban households increased 8.8% in 2018 to RMB46,015. Shanghai's savings rate is comparable to national average, at 32.3%.

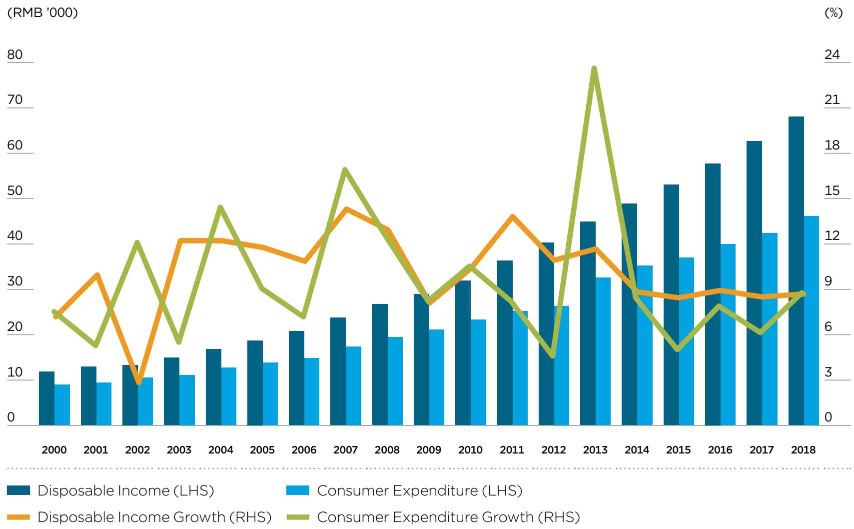
Shanghai residents command some of the highest salaries in the country, nevertheless the higher cost of living (e.g. accommodation, healthcare, and education) and rising household debt levels absorb some of this income. Shanghai, however, is one of China's biggest tourist destinations and is a key business hub that receives numerous business travellers each year, both groups make significant contribution to the city's retail sales figures. 10

09 CHINA URBAN DISPOSABLE INCOME AND CONSUMPTION



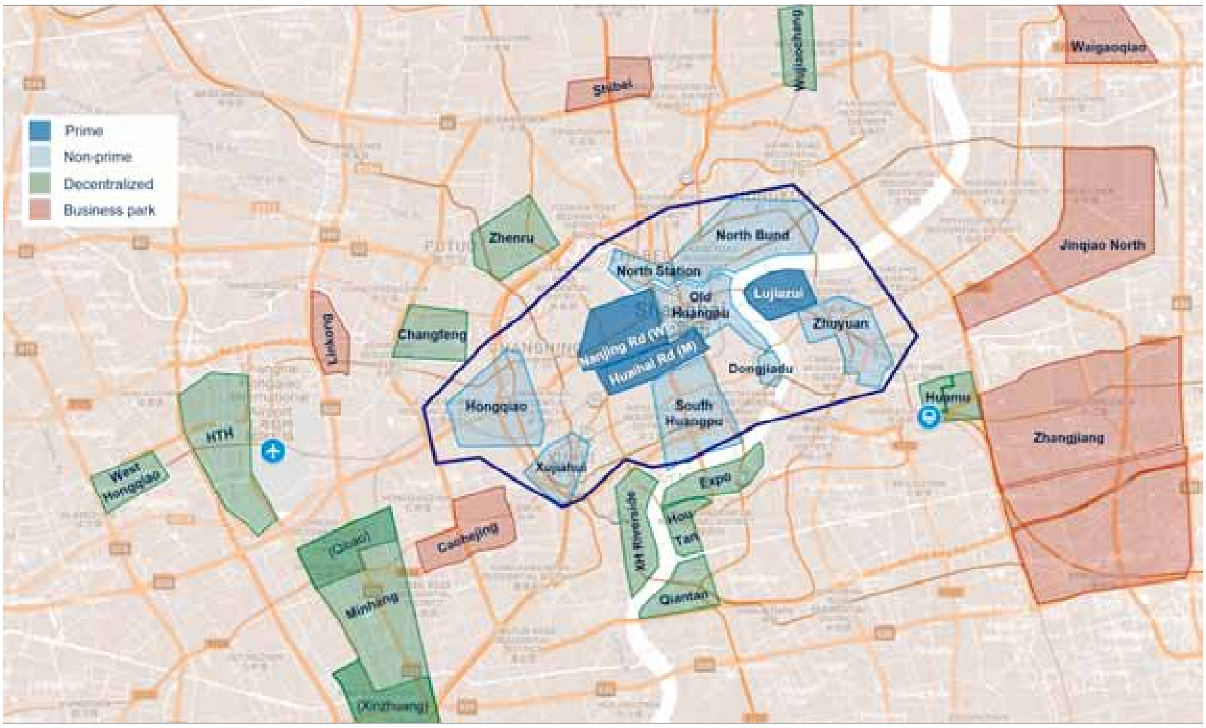
Source: National Bureau of Statistics of China, Focus Economics

10 SHANGHAI URBAN DISPOSABLE INCOME AND CONSUMPTION



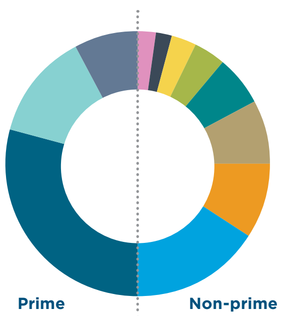
Source: Shanghai Statistics Bureau

11 SHANGHAI BUSINESS DISTRICT



Source: Savills Research

12 SHANGHAI CORE GRADE A OFFICE STOCK BY SUB-MARKET



Lujiazui	29%
Nanjing Road (W)	13%
Huaihai Road (M)	8%
Zhuyuan	16%
Old Huangpu	9%
Hongqiao	8%
North Bund	6%
North Station	4%
Pudong Others	3%
South Huangpu	2%
Xujiahui	2%

Source: Savills Research

SHANGHAI GRADE A OFFICE MARKET

Major Business Districts in Shanghai

Shanghai's office sub-markets are classified by Savills into four distinct groupings – prime and non-prime sub-markets which together are make up the core market (roughly within the inner ring road), the business park market and the decentralised market (properties that fall outside of the other groupings).

For the purposes of this report, analysis will focus on the core market (both prime and non-prime) unless otherwise stated. There are ten major sub-markets in Shanghai: eight in Puxi (west of the Huangpu River) and two in Pudong (east of the Huangpu River). Prime markets include Nanjing Road (West), Huaihai Road (Middle) and Lujiazui, areas characterised by their geographically central location, excellent accessibility, mature business environment and premium quality office stock. As a consequence, they also tend to command the city's highest rents. 11

Stock

Shanghai's core Grade A office stock amounted to 8.9 million square metres ("sq m") at the end of 2018, split approximately 50:50 between prime and non-prime locations. 12

Supply, Demand and Vacancy

11 new Grade A office projects were handed over in the core Grade A office market in 2018, adding 778,500 sq m of new supply and bringing total stock to 8.9 million sq m by 2018, up 8.6% YoY.

SHANGHAI

Four of the projects completed in 2018 were located in prime sub-markets adding 345,000 sq m of new supply, and bringing total stock in these sub-markets to 4.5 million sq m. 13

Net take-up totalled 637,800 sq m in 2018, down 9.1% from a high base of 701,600 sq m in 2017, but still above the five-year average of 540,000 sq m. Strong take-up in 2017 was driven by rapid growth of finance and technology, media and telecommunications companies. Downtown areas of West Nanjing Road and Old Huangpu recorded a rise in vacancy rates, an indicator that some companies relocated to newer and more cost-effective buildings further away from the city centre. The result of the ample supply and moderating demand was to push up vacancy rates 0.5 ppt in 2018 to 12.4%, the highest level they have been since 2010. Vacancy rates in the prime sub-markets were slightly lower than non-prime standing at 9.5% by the end of 2018, up 1.2 ppt YoY. 14

The Grade A office market has shifted to more of a tenant market in recent years – in Shanghai this usually coincides with a vacancy rate in excess of 10%.

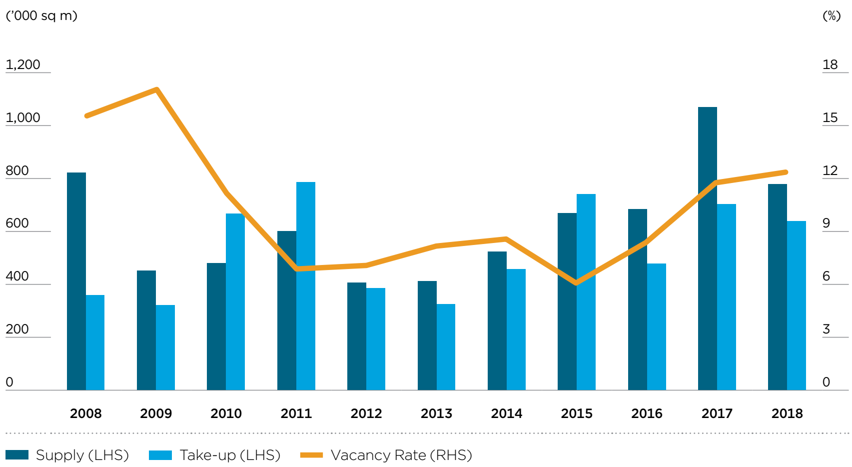
The financial sector continues to dominate demand for core office space accounting for almost a quarter of all recorded leased space in 2H 2018, much of this demand was seen in the Pudong sub-markets of Lujiazui and Zhuyuan. The segment could receive an extra boost from plans to further open the market to international competition as well as a shake-up of the domestic financial market which looks to clear up the shadow banking sector, encourage the larger institutions to take up the slack, and bring more professionalism to the asset management market.

Flexible workspace operators, one of the fastest growing sectors in 2018, accounted for

13 COMPLETED GRADE A OFFICE IN 2018

Project name	Sub-market	Office GFA (sq m)
Prime		
One Museum Place	Nanjing Rd (W)	130,000
City Link	Nanjing Rd (W)	49,000
Harbour City Phase 3	Lujiazui	124,000
Lujiazui Fuhui Tower	Lujiazui	42,000
Non-Prime		
Pudong Financial Square	Zhuyuan	140,000
Lujiazui Financial Holding Plaza	Zhuyuan	59,200
Shanghai Co-op Tower	Old Huangpu	32,500
CPIC Headquarter	Old Huangpu	20,000
Raffles City Changning T1	Hongqiao	80,800
New Jing'an International Centre	North Station	65,000
Shanghai Shimao Tower	Pudong Others	36,000

14 SHANGHAI CORE GRADE A OFFICE SUPPLY, TAKE-UP, AND VACANCY



Source: Savills Research

the second largest proportion of leasing transactions and have presented a significant disruption to the market. Initially targeting start-ups, representative offices and small-and-medium sized enterprises, flexible workspace operators increasingly compete for larger domestic and multinational companies. Operators have secured locations in Shanghai for as much as 27,000 sq m in a single location, with larger requirements becoming increasingly common. Competition between operators to secure space have bid up the price of master leases. Some operators however, may have overextended themselves with reports now surfacing that some operators may have inadequate operational cash flow and may be closing locations. Nevertheless, certain more workable aspects of co-working are being incorporated into more traditional office locations by landlords. 15

International companies accounted for half of leasing activity in the core markets in 2018. Leasing activities in decentralised areas were dominated by domestic companies, accounting for 64% of total decentralised take up tracked during the same period.

Grade A Office Rents

Grade A office rents in the core markets remained flat in 2018, with rents by the end of 2018 averaging RMB9.0[1] per sq m ("psm") per day. Rents in prime sub-markets also remained unchanged over the same period ending 2018 at RMB10.7 psm per day.

Given the sustained high levels of new supply projected for Shanghai in the coming years, amid a slowing economy, Grade A office rents are unlikely to see significant increases in the coming 12 months as occupiers take advantage of market conditions to secure high-quality space in rapidly maturing decentralised suburban locations, close to population centres, at significant discounts to more mature sub-markets. 16

Investment Market

Shanghai's office market continues to be a key focus of investors, given the degree of market transparency, depth, liquidity, and strong and diversified base of occupier demand. 26 office projects were traded in Shanghai in 2018, totalling approximately RMB33 billion. Net operating income yields currently stand at roughly 3.5%-4.0% having steadily fallen for the last decade except for a slight increase in 2014.

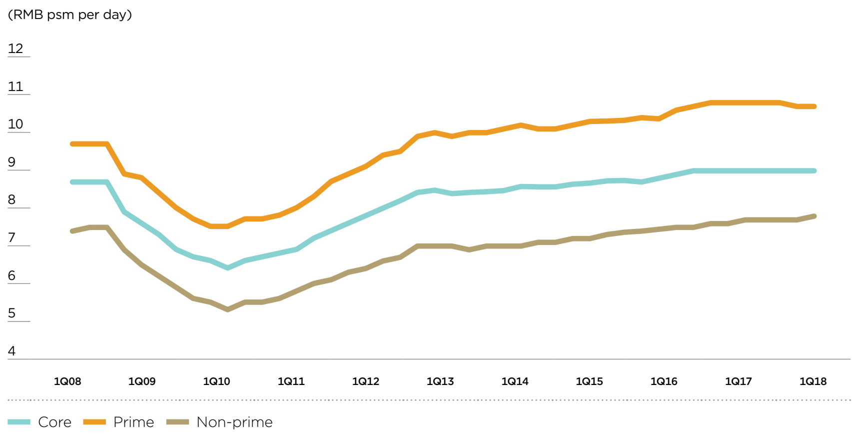
15 CORE GRADE A OFFICE RECORDED LEASING TRANSACTIONS BY INDUSTRY, 2H 2018

Finance	24%
Business Centres & Co-working Spaces	17%
Retail & Trade	14%
Commercial & Professional Services	12%
Manufacturing	10%
Healthcare	8%
IT	5%
Others	10%

Source: Savills Research

[1] Rents are effective achievable rates for a mid-zone unit negotiated in an arm's length transaction and do not include management fees which are charged separately.

16 GRADE A OFFICE CORE MARKET RENTS



Source: Savills Research

SHANGHAI

Potential Supply

Shanghai's core Grade A office market is expected to receive an additional 30 projects over the next three years (2019-2021) adding 2.7 million sq m to the market. Most of the new supply will be in Puxi – 26 projects and 2.3 million sq m versus Pudong with four projects and 388,000 sq m of office space, most of which is expected to be for self-use. Total stock in the core locations will, by the end of 2021, total 11.5 million sq m.

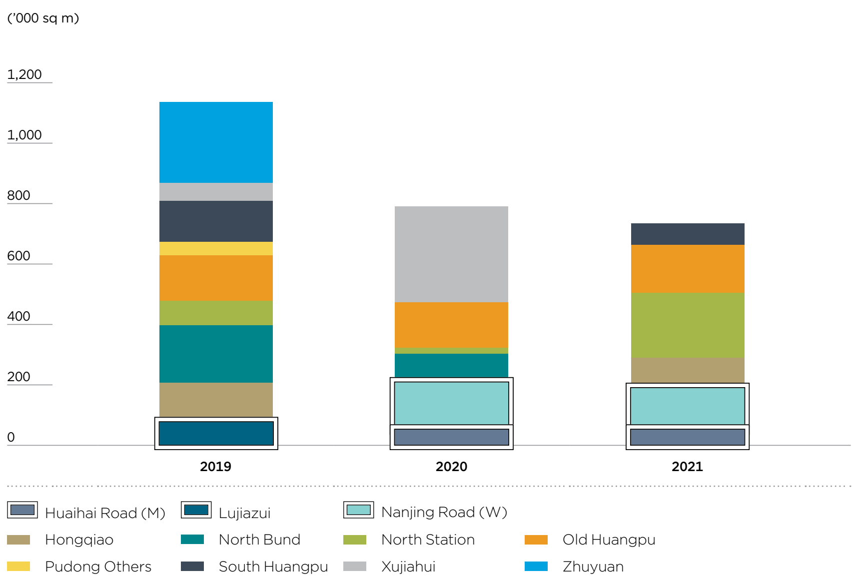
In addition to supply in the core markets there is also 1.9 million sq m in the decentralised markets which will bring total stock there to 6 million sq m. While not typically in direct competition with developments in core locations, significantly improved infrastructures have made some decentralised locations, such as Qiantan or Hongqiao transportation hub, more viable for certain businesses. 17

Shanghai Office Market Outlook

The Shanghai office market is faced with several challenges in the coming few years, most notably the elevated levels of new supply, both in core and decentralised locations, as well as a slowing economy as a result of domestic and international issues (financial deleveraging and trade disputes). Nevertheless, Shanghai (and China) has proved time and again to be a resilient market. Shanghai's position and importance within China is unassailable; it continues to attract the lion's share of international business national headquarters, has a dominant position in the financial and shipping industries and is investing in developing several key strategic and new economy industries such as biomedical appliances, big data applications and AI, as well as new energy vehicles and renewable energy systems. Additionally, further integration and improved connectivity of Shanghai with other cities in the Yangtze River Delta continue to be a boon for the regional economy and in particular, Shanghai, at the centre of the region.

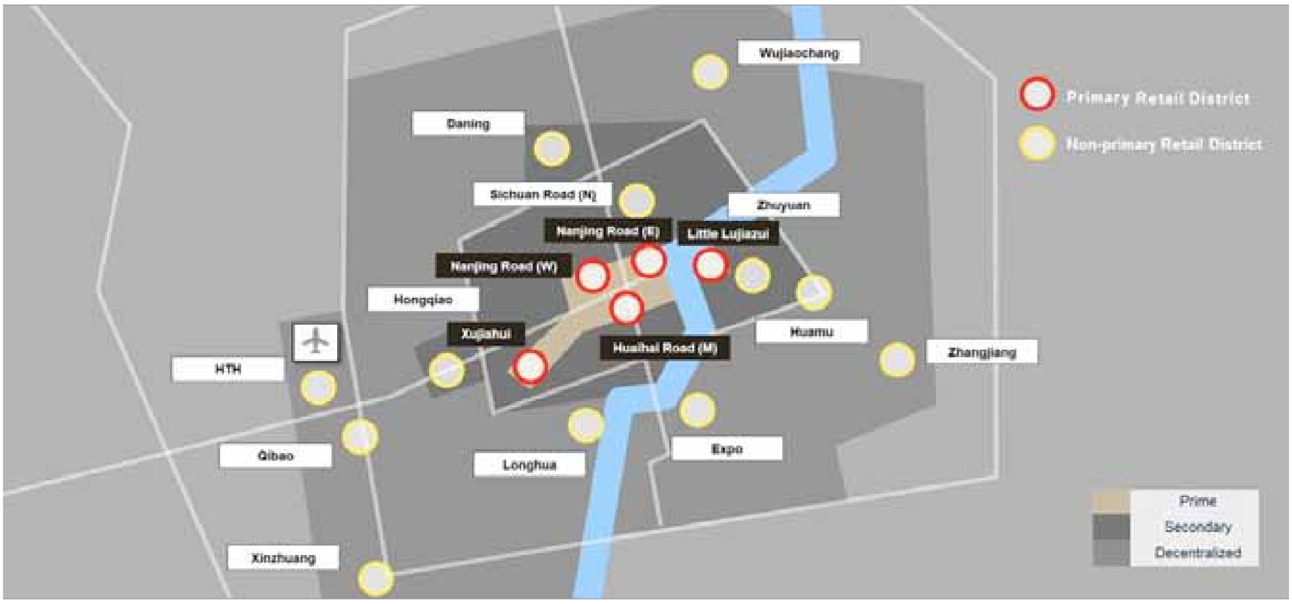
With supply currently forecast to outstrip demand in 2019, vacancy rates are forecast to rise from their current level of 12.4%, potentially exceeding 15% by the end of 2019, the city-wide vacancy rate is then expected to moderate over 2020-2021 as supply moderates. Nevertheless, with vacancy rates remaining in excess of 10% for a protracted period, landlords are expected to compensate by providing discounts to tenants, resulting in a shallow downward rental trajectory over the next two years, with rents bottoming out in 2021 as vacancy rates come back under control.

17 FUTURE CORE OFFICE SUPPLY



Source: Savills Research

18 **SHANGHAI RETAIL DISTRICTS**



Source: Savills Research

SHANGHAI RETAIL MARKET

Major Retail Markets in Shanghai

Shanghai's retail market can be divided into three segments: prime, secondary and decentralised retail markets. The prime retail market includes Little Lujiazui, Nanjing Road (West), Nanjing Road (East), Huaihai Road (Middle) and Xujiahui, where foot traffic is the heaviest and most of the mid- to high-end shopping malls are located. The secondary retail market is developed around the prime market but typically within the Inner-Ring Road, and includes Zhongshan Park, Hongqiao, Daning, Sichuan Road (North), Zhuyuan, and Huamu. 18

Shanghai retail sales increased by 7.9% in 2018 to RMB1.3 trillion, down from a growth rate of 8.1% in 2017. Rising incomes and wealth as well as more readily available access to consumer credit continued to buoy the retail market despite a slowing economy. Even greater emphasis is likely to be placed on domestic consumption by the government going forwards given the slowdown in other parts of the economy, this can be seen with the lessening of the personal income tax burden carried out at the start of 2019.

Stock

Shanghai's five prime retail sub-markets accounted for a total of 3.0 million sq m of retail space by the end of 2018. Huaihai Road is the third largest prime retail sub-market with a total stock of 618,000 sq m, accounting 20% of total prime retail stock. The Huaihai Road sub-market is dominated by shopping malls (72% of total stock), while the department store market share has declined in recent years. 19

19 **DISTRIBUTION OF PRIME RETAIL STOCK BY SUB-MARKET**

Nanjing Road (W)	25%
Nanjing Road (E)	25%
Huaihai Road (M)	20%
Little Lujiazui	17%
Xujiahui	13%

Source: Savills Research

SHANGHAI

Supply and Vacancy

The majority of new supply in recent years has been concentrated in Shanghai's decentralised markets where sizeable land plots are more plentiful and there are greater opportunities to service the retailing needs of a more suburbanised population. Projects are primarily situated adjacent to key transportation nodes, such as metro stations. New supply in city-centre locations tend to be more limited, given fewer development opportunities. While some new builds are coming to market, there is also a significant number of smaller scale urban rejuvenation schemes and renovations of more aged developments.

In 2018, no new retail projects came onstream in prime retail areas, and five new projects launched onto the market in secondary areas contributing a total retail gross floor area ("GFA") of 576,000 sq m. However, three upgraded projects reopened in prime areas, including No.1 Shopping Centre and Shimao Plaza in Nanjing Road (E) and Xintiandi Plaza in Huaihai Road (M) with a combined retail GFA of 189,000 sq m.

Continued competition from e-commerce platforms and the subsequent change in consumer behaviour have encouraged a number of landlords, where appropriate, to reduce GFA allocation to general retail and increase the space allocated to F&B and services (including leisure and entertainment). Landlords are also eager to differentiate themselves from their competition and create greater social media awareness by introducing more flagship stores, innovative store designs, more client-engaging retail brands, as well as new entrants, trending retail brands and home-grown brands. Other malls increasingly target a specific catchment group such as families with younger kids or more health and wellness minded individuals, by a more deliberate tailoring of their tenant mixes.

Prime retail vacancy rates increased 0.9 ppt YoY to 6.8% by end-2018 as a result of more active tenant adjustments by landlords. Huaihai Road (M) vacancy rate increased by 1.6 ppt YoY in 2018 ending the year at 6.5%. Two indoor amusement parks, Shanghai Dungeon under the Merlin Group and Hello Kitty Park in the city's main pedestrian street Nanjing Road (E), opened in 2018 as the family entertainment centre market continues to grow in popularity. 20

Potential Supply

14 projects are expected to be handed over to the market in 2019 adding a total GFA of 1.1 million sq m, compared to 900,000 sq m in 2018.

The future supply of shopping malls is expected to concentrate mostly on non-prime locations as well as in some cases decentralised areas.

Prime retail markets are only expected to receive three new projects over the next three years, namely Gala Avenue in Lujiazui in 2019, a small development by Longfeng along Huaihai Rd in 2021 and Sun Hung Kai's sizeable development in Xujiahui in 2021. 21

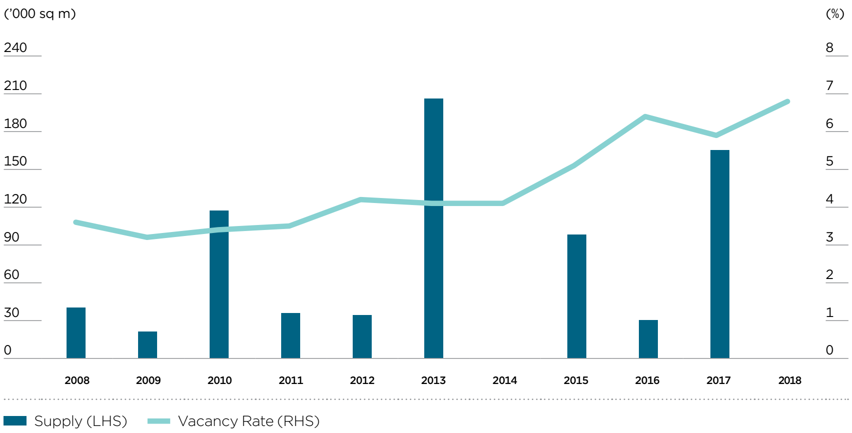
Rents

First-floor shopping mall rents in prime areas increased 1.5% in 2018 to an average of RMB50.2 psm per day. The highest rents were achieved along Nanjing Road (W) at RMB68.0 psm per day. Huaihai Road (M) first-floor shopping mall rents increased by 1.4% in 2018 to end the year at RMB40.0 psm per day. 22

Shanghai Retail Market Outlook

The city-wide retail market will continue to see a large volume of new supply in the coming years

20 SUPPLY AND VACANCY OF PRIME MARKETS IN SHANGHAI



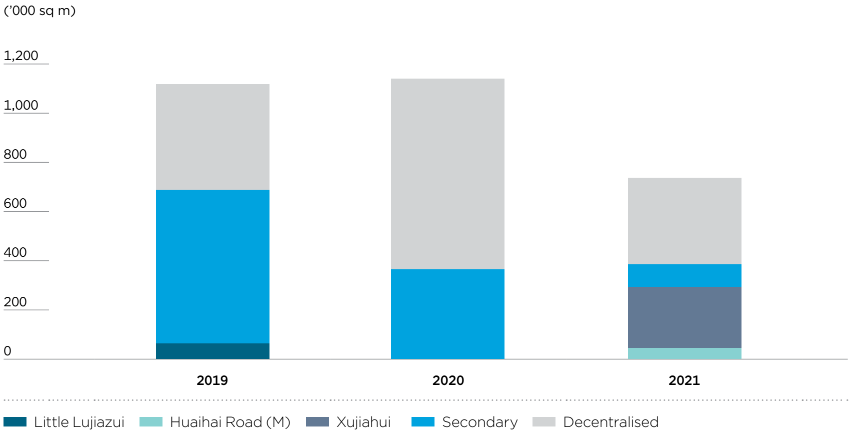
Source: Savills Research
Note: Include new completions only

(2.2 million sq m over the next two years – 62,000 sq m in prime areas, 990,000 sq m in secondary and 1.2 million sq m in decentralised). This, combined with slower economic growth and wage inflation could limit rental growth for the wider market. Beyond 2020, supply is expected to moderate to closer to 700,000 – 800,000 sq m per annum. Lower levels of supply beyond 2020 are expected to lend greater support to occupancy rates and stronger rental growth but structural changes to the retail market as a whole, including greater penetration of e-commerce will continue to limit upside.

The improved quality of new projects being completed, often better designed to meet the changing consumer needs will continue to place pressure on older developments, especially those that lack a more proactive asset management approach and are unwilling to explore and experiment with new retail concepts and engage with brands. The more challenging environment will likely result in a more divergent performance of malls between those successful adapt and those that cannot.

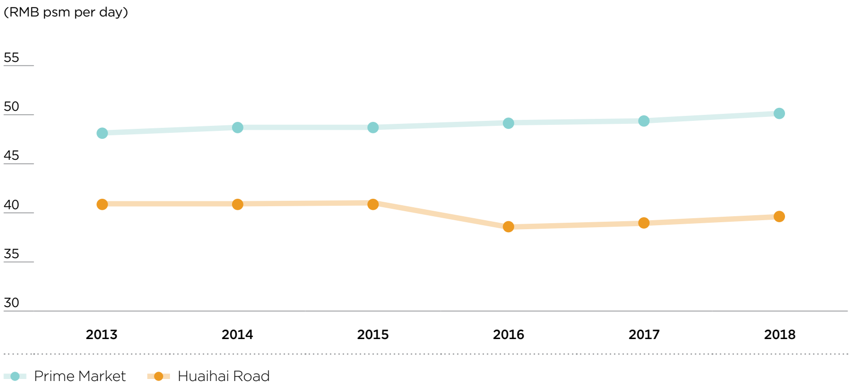
While retail sales growth rates continue to slow, again from a high base of comparison, China is forecast to overtake the United States as the largest retail market in the world in 2019. Retailers, both domestic and international, cannot ignore China and will place more importance on building their presence and brand awareness in China's leading retail market, Shanghai.

21 FUTURE RETAIL SUPPLY



Source: Savills Research

22 FIRST-FLOOR RENTS OF PRIME MARKET AND HUAIHAI ROAD SUB-MARKET



Source: Savills Research

Limitations of Savills Real Estate Valuation (Guangzhou) Ltd

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INVESTOR RELATIONS

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

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

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

In 2018, the management team met with more than 100 investors and research analysts through analyst briefings, one-on-one and group meetings and investor conferences. To engage further with retail investors, the Manager presented at REITs Symposium 2018 jointly organised by ShareInvestor and REITAS, which attracted about 1,200 retail participants. We also presented at the SGX-REITAS Webinar series as part of SGX Academy's investor education and training programme. The Manager has also conducted property tours to OUE C-REIT's properties for analysts and institutional investors to have a better understanding of its operations.

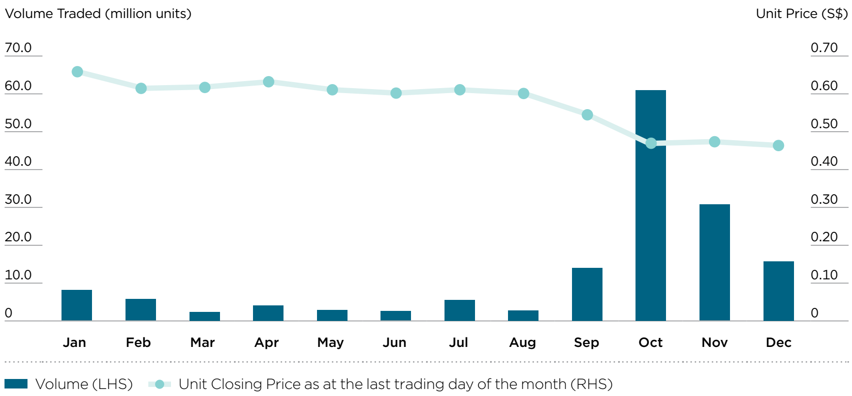
UNIT PRICE PERFORMANCE[1]

	2018 (S$)	2017 (S$)
Opening Price on First Trading Day of Year	**0.638**	0.603
Closing Price on Last Trading Day of Year	**0.460**	0.634
Highest Closing Price	**0.664**	0.647
Lowest Closing Price	**0.450**	0.594
Average Closing Price	**0.579**	0.623

TRADING VOLUME

Number of Units	2018	2017
Total Volume Traded	**154,786,700**	141,104,900
Average Daily Trading Volume	**616,680**	568,971

2018 TRADING PERFORMANCE[1]



Source: Bloomberg

Note:

[1] Adjusted to include the 1,288,438,981 new Units issued at S$0.456 on 30 October 2018 pursuant to the Rights Issue

INVESTOR RELATIONS ACTIVITIES IN 2018

1st Quarter

Analyst Briefing for Financial Results for 2017	31 January 2018
4Q 2017 Post-results investor luncheon, Singapore	6 February 2018
SGX-REITAS SREITS Corporate Day, Seoul and Tokyo	27 February – 1 March 2018

2nd Quarter

Fourth Annual General Meeting	24 April 2018
1Q 2018 Post-results investor luncheon, Singapore	11 May 2018
9th Annual dbAccess Asia Conference, Singapore	14 May 2018
1Q 2018 Post-results presentation to Maybank Kim Eng trade representatives	16 May 2018
REITs Symposium 2018, ShareInvestor and REITAS, Singapore	19 May 2018
Citi Asia Pacific Property Conference, Hong Kong	28 June 2018

3rd Quarter

Analyst Briefing for Financial Results for 2Q 2018	2 August 2018
2Q 2018 Post-results investor luncheon, Singapore	3 August 2018
Citi-REITAS- SGX C-Suite Singapore REITs & Sponsors Corporate Day, Singapore	23 August 2018
Roadshow for Acquisition of OUE Downtown Office, Singapore	18 September 2018
Roadshow for Acquisition of OUE Downtown Office, Hong Kong	19 September 2018
Extraordinary General Meeting	28 September 2018

4th Quarter

SGX-Credit Suisse Corporate Day, Singapore	3 October 2018
3Q 2018 Post-results investor luncheon at OUE Downtown and property tour hosted by the Manager	9 November 2018
SGX-REITAS Webinar Series	15 November 2018

FINANCIAL CALENDAR

	2018	2019 (tentative)
First Quarter Financial Results Announcement	10 May 2018	May 2019
Second Quarter Financial Results Announcement	2 August 2018	August 2019
Payment of Distribution to Unitholders	5 September 2018	By September 2019
Third Quarter Financial Results Announcement	8 November 2018	November 2019
Full Year Financial Results Announcement	30 January 2019	January 2020
Payment of Distribution to Unitholders	5 March 2019	By March 2020
Annual General Meeting	29 April 2019	April 2020

ANALYST COVERAGE

As at 31 December 2018

- CIMB Securities
- DBS Bank
- OCBC Investment Research

UNITHOLDERS' ENQUIRIES

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

THE MANAGER
OUE Commercial REIT Management Pte. Ltd.
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Singapore 049321
Tel: +65 6809 8700
Fax: +65 6809 8701
Email: enquiry@ouect.com
Website: www.ouect.com

UNIT REGISTRAR

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

UNIT DEPOSITORY

For depository-related matters, please contact:

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

SUSTAINABILITY REPORT

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

BOARD STATEMENT

[GRI 104-14]

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

As the Board of the Manager, we have built on and put into practice many of the lessons learned from the process of developing OUE C-REIT's first report. In 2017, as we developed the first report, we identified the sustainability issues that were most relevant to the business. We were able to determine and formalise our policies and processes for sustainability and work with sponsor OUE Limited together with its subsidiaries (the "OUE Group") to put in place appropriate performance indicators and targets for the Manager.

In 2018, the Manager reviewed and reconsidered the material environmental, social and governance ("ESG") factors identified after the materiality assessment conducted previously for OUE C-REIT, and determined that the material ESG factors remain unchanged. Over the course of the year, we have continued to formalise our management processes, including our sustainability governance structure, and considered more deeply the sustainability risks and opportunities for the business. In addition, the Manager continues to support the Group in managing and monitoring their sustainability performance, where appropriate.

This sustainability report describes the Manager's activities over the last year and compares our performance against the targets set in 2017. We are pleased to report that we have met all our targets. Striving to provide an engaging, dynamic and rewarding working environment, we offered a diverse range of training and career development programmes to our employees. We kept our team motivated and continued to foster a positive workplace environment, maintaining our turnover rate below the national industry average. As a testimony of our continued commitment to health and safety, we recorded zero work place injuries and zero non-compliance incidents related to customer health and safety. Our robust corporate governance ensured zero cases of confirmed corruption and zero environment and socio-economic non-compliance.

The Board continues to consider sustainability issues as part of the Manager's overall strategy and is regularly updated on OUE C-REIT's sustainability performance by the management team. This report is aligned to the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Rules – Sustainability Reporting Guide and in accordance with the internationally recognised Global Reporting Initiative ("GRI") Standards (2016) "Core".

WHO WE ARE

[GRI 102-1] [GRI 102-2] [GRI 102-16]

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

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

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

Sustainability Trends, Risks and Opportunities

[GRI 102-18] [GRI 102-16] [GRI 103-2]

The OUE brand is known for high-quality real estate with a strong focus on design and finish. In addition, the OUE Group endeavours to deliver reliable and responsive services, and also aims to develop effective partnerships. As the Manager for OUE C-REIT, we understand that it is through maintaining these principles and focus that OUE C-REIT and the wider OUE Group continues to grow and succeed. Sustainability considerations are an important part of this identity.

Building on the lessons learnt from the development of our inaugural report in 2017, the Manager has worked together with the OUE Group over the course of 2018 to more deeply define how sustainability is governed and managed. While the Manager continues to participate in sustainability governance for the OUE Group as one of its business units, a key development is the integration of the process for sustainability performance data collection into the internal audit function of the OUE Group. The oversight of the sustainability performance data collection process now vests with the internal audit department of the OUE Group, which has been tasked with the improvement of internal controls after an assessment of sustainability data collection processes across the group by an external consultant.

Another focus of sustainability efforts over the last year has been to engage with internal stakeholders to consider relevant emerging and existing sustainability-related trends. In doing so, we are able to more holistically identify and manage any potential current and impending business, or take advantage of any opportunities which arise. Trends include increased expectations from more enlightened customers in relation to sustainable and socially-cohesive buildings, as well as enhanced regulation around carbon emissions reporting. Understanding these sustainability-related trends enhances the management of our business to create value for Unitholders.

Sustainability focus area	Risks to OUE C-REIT's operations	Opportunities for OUE C-REIT's business
ECO-EFFICIENT BUILDINGS		
Continuous architectural, technological and mechanical developments have improved the eco-efficiency of buildings. Tenants are increasingly demanding eco-efficient buildings due to the environmental and operational cost benefits.	• Increased regulation and compliance-related time costs • Increased tenant awareness of eco-efficiency may mean that the value proposition of OUE C-REIT's properties may decline if we do not progress with market trends.	• Keeping up-to-date with architectural, technological and mechanical developments allows us to improve the eco-efficiency of our assets, meet increased regulation and tenant demand, and also allows OUE C-REIT to maintain the value proposition of its properties. • The asset management team of the Manager is continually looking for opportunities to work with the OUE Group and OUE C-REIT's tenants to increase the environmental performance of OUE C-REIT's assets.
CREATING SOCIAL ECO-SYSTEMS		
The needs of building-occupiers are evolving with changing lifestyles, leading to increased demand for working environments that contribute to social and physical wellness.	The Manager must work with the property managers to enhance OUE C-REIT's properties and provision of tenant services in line with this trend in order for OUE C-REIT's property portfolio to continue to be in demand and meet the needs of its tenants.	Understanding the needs of OUE C-REIT's tenants allows us to respond to market demand and potentially enhance our buildings to better match their requirements. This increases the value proposition of OUE C-REIT's properties and their desirability.
PEOPLE AND RESOURCING		
We rely on our people to deliver the standard of service that our partners have come to expect from our brand. In order to deliver reliable, responsive and effective services, we need people that also believe in these principles.	Loss of key talent, inability to recruit the right talent, reduced productivity due to job dissatisfaction or lack of empowerment, as well as a lack of focus on workplace health and safety contribute to a lower standard of service by the workforce which will impact the value of the brand.	Providing our employees with the necessary tools and resources they need further enhances their skills and knowledge, resulting in an improvement in the quality of work and delivery of services to customers.
GOOD CORPORATE GOVERNANCE		
Corporates are expected to deliver financial returns whilst operating ethically and responsibly.	Non-compliance with anti-corruption laws and regulations or any laws and regulations will entail serious consequences, whether financially, operationally or reputationally.	OUE Group's stringent and robust compliance management strengthens stakeholders' trust in the Group and the way that the Group operates.

ABOUT THIS REPORT

[GRI 102-50]

OUE C-REIT's sustainability report is published to describe the Manager's sustainability performance over the year. The report addresses OUE C-REIT's material ESG topics from 1 January to 31 December 2018.

Reporting Scope

[GRI 102-46]

The scope of the report was defined by considering the level of operational control that the Manager has over the various activities as well as the significance of any resulting environmental, social and governance impacts.

Unless otherwise specified, the performance data reported pertain to the Manager, OUE Bayfront and One Raffles Place. OUE Downtown Office was acquired by OUE C-REIT in November 2018 and will be included in next year's report, once a full year of data has been collected. As OUE C-REIT is managed externally by the Manager, and its properties are managed by the property managers which oversee daily property operations, we have set targets in areas only directly within the Manager's locus of control. As such, targets pertain only to the Manager, and where relevant, the property manager of One Raffles Place due to the holding structure of OUE C-REIT's interest in One Raffles Place. We continue to support OUE Limited in the achievement of targets set by themselves which are relevant to properties owned by OUE C-REIT.

The information contained in this report is published in good faith for the benefit of OUE C-REIT's stakeholders. We will seek to continuously improve our reporting practices as we continue our sustainability reporting journey.

Reporting Standard

[GRI 102-54]

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is in accordance with the GRI Standards (2016) "Core", and includes consideration of the GRI Construction and Real Estate Sector Disclosures. The GRI Index and the relevant references are presented on pages 92 to 93.

Addressing the GRI Reporting Principles

[GRI 102-46]

GRI Reporting Principles	How we have addressed the GRI Reporting Principles
Reporting principles for defining report content • Stakeholder Inclusiveness • Sustainability Context • Materiality • Completeness	Our materiality assessment and subsequent review allowed us to identify the most material and complete list of ESG factors to include in our report. In order to do so, we consider our stakeholders' concerns and the global and local context of our business.
Reporting principles for defining report quality • Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness	We were careful to control the accuracy and reliability of information in our report through a review process that also includes our internal audit team. The information disclosed is balanced and clear and, as this is our second report, we kept to similar indicators to allow a comparison over time and with our peers.

Feedback

[GRI 102-53]

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

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with Our Stakeholders

[GRI 102-40] [GRI 102-42] [GRI 102-43] [GRI 102-44]

The opinions and concerns of our stakeholders, which are groups that are impacted by our business or that impact our business, are an important consideration when making various management decisions for OUE C-REIT. As such, regular, timely and transparent communication with Unitholders and prospective investors, analysts and the media, tenants, employees, as well as the government and regulators is imperative. The Manager interacts with stakeholders via several regular engagement methods to determine the ESG topics relevant to each stakeholder group. Some of the methods with which we engage our stakeholders are listed in the table below along with topics most relevant to that group.

Stakeholders	Engagement Methods	Relevant ESG Topics	Frequency of Engagement
UNITHOLDERS AND PROSPECTIVE INVESTORS	• Release of financial results, announcements, press releases, presentation slides and other relevant disclosures through SGXNet and OUE C-REIT's website • Email alert subscriptions via OUE C-REIT's website • Annual General Meeting • Extraordinary General Meeting, where necessary • Quarterly post-results meetings with senior management • Updates through one-on-one and group meetings and investor conferences • Property tours to OUE C-REIT's properties for institutional investors • Publication of Annual Report	• Sustainable and market comparable financial returns • Ethical business operations • Keeping up-to-date with customer and market trends	Periodically
ANALYSTS AND THE MEDIA	• Analysts' briefings for half-year and full-year results, conducted by senior management • Updates through one-on-one and group meetings • Property tours to OUE C-REIT's properties for analysts	• Sustainable and market comparable financial returns • Innovative and new ways of increasing eco-efficiency • Health and safety	Periodically
TENANTS	• One-on-one feedback sessions and discussions • Annual tenant gatherings • Informal outreach and networking sessions • Management circulars • Tenant satisfaction survey	• Cost-efficient buildings • Modern, high quality facilities and features • Environments that safeguard their well-being and provide for their various needs	Periodically
EMPLOYEES	• Training and development programmes • Annual performance reviews • Recreational and team-building activities • Ongoing dialogue regarding any concerns	• Productive working environments that have their safety and well-being in mind • Opportunities for career development and growth • Competitive salaries and benefits	Frequently
GOVERNMENT AND REGULATORS	• Industry networking functions • Annual regulatory audits • Compliance with mandatory reporting requirements	• Compliance with laws and regulations • Ethical corporate business practices	Periodically

Materiality Assessment

[GRI 102-47] [GRI 103-1]

The Manager took part in its first formal ESG materiality assessment in January 2017 as members of the Sustainability Steering Committee, which is made up of representatives from across the OUE Group. ESG factors were selected based on their impact on the business and their concern to stakeholders. For 2018, ESG factors were reviewed with regard to emerging sustainability trends as well as the risks and opportunities they present to OUE C-REIT along with consideration of any changes to the business. It was determined that the ESG factors selected in 2017 were still relevant in 2018 and, therefore, we have retained these factors as the focus of our efforts and the content for this report.

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

OUE C-REIT's Sustainability Focus Areas	Material Topics	Topic Boundary[1]
Economic	• Economic Performance	The Manager
Workforce	• Workplace Health and Safety	The Manager and Property Managers
	• Talent Retention	The Manager
	• Career Development	The Sponsor and The Manager
Community	• Customer Health and Safety	Property Managers and Tenants
Governance	• Anti-corruption	The Sponsor and The Manager
	• Compliance with Local Laws and Regulations	The Sponsor and The Manager
Environment	• Compliance with Environmental Laws and Regulations	Property Managers and Tenants

The Manager is also committed to supporting OUE Group's efforts with regard to other ESG factors which are material to their business. Hence, OUE C-REIT's performance in these factors below is also briefly discussed in this report:

Sustainability Focus Areas	Material Topics
Workforce	• Diversity and Equal Opportunity
Environment	• Energy & Emissions
	• Water
	• Effluents & Waste

Note:

[1] Material topic boundary describes where significant impacts occur for each material factor and where the Manager has caused or contributed to the impacts through our business relationships

ECONOMIC

ECONOMIC PERFORMANCE

[GRI 201-1]

The Manager's focus on optimising portfolio performance enabled OUE C-REIT to deliver a sustainable amount available for distribution in FY2018, while positioning OUE C-REIT for future growth by capitalising on inorganic growth opportunities.

Please refer to the Key Highlights section of the annual report (see pages 4 & 5) as well as the Financial Statements (see pages 105 – 188) for more information on OUE C-REIT's economic performance for the financial year ended 31 December 2018.

WORKFORCE

WORKPLACE HEALTH & SAFETY

[GRI 403-9]

INDICATOR	
Number of incidents resulting in employee permanent disability or fatality	Frequency Rate (AFR)
PERFORMANCE IN 2018	
Zero	Zero
PERFORMANCE AGAINST TARGET SET FOR 2018	
Achieved	
TARGET FOR 2019	
Maintain zero incidents resulting in employee permanent disability or fatality	

The Manager is responsible for the health and safety of employees of the Manager in the workplace. We also encourage the property managers of OUE C-REIT's properties to ensure employees which may be exposed to additional risks due to the operation of machinery and/ or plant and equipment practise proper safety procedures, so as to provide a safe working environment for employees within OUE C-REIT's properties.

Our strong safety culture is reinforced through our occupational health and safety management framework comprising a Code of Practice for workplace health and safety, which was developed in reference to the Ministry of Manpower's Workplace Safety and Health ("WSH") Act.

In addition to the framework, employees are responsible for adhering to specific safety measures where required by their specific roles, such as when carrying out maintenance responsibilities. Risk assessment is carried out to identify workplace hazards, while processes and procedures that aim to reduce accidents are implemented. Should incidents regrettably occur, they are reported to the human resource department for proper management and treatment.

In order to encourage the protection of contractors working in our premises, but not under our direct employment, the Manager works with our business partners to determine if there are any upgrades that can be made to increase the safety of OUE C-REIT's properties, or procedures to improve workers' safety within our building environment, as well as conduct regular meetings with third party service providers to monitor their health and safety performance. The terms and conditions of the contracts of these service providers also mandate the maintenance of relevant WSH certifications throughout the course of engagement. In addition, they are required to abide by a workmen's compensation policy and take up WSH insurance prior to the commencement of the contracted work.

To address employees' healthcare requirements, OUE Group enrols employees in group general practitioner clinical and outpatient specialists insurance. Visits to the panel doctors are cashless and executive health screening is provided to employees holding managerial positions and above.

In 2018, there were zero work-related fatalities and zero work-related injuries across the Manager and the properties[2].

Note:

[2] Data excludes the workplace safety and health performance of contractors

TALENT RETENTION

[GRI 102-8] [GRI 401-1]

INDICATOR	
Monthly Rate of New Employee Hires[3]	Monthly Rate of Employee Turnover
PERFORMANCE IN 2018	
0.9%	0.9%
PERFORMANCE AGAINST TARGET SET FOR 2018	
Achieved	
TARGET FOR 2019	
Achieve employee turnover rate below national industry average	

The quality of human capital the Manager employs determines our ability to deliver high-quality service and the development of reliable, responsive and effective business relationships. The Manager seeks to employ individuals that have the passion, skills and knowledge to contribute to our values and business objectives. Hence, attracting the right talent with the necessary competencies, experience, qualifications and mindset is an area of focus.

We also continually endeavour to provide an environment where our employees feel valued and respected. In order to foster an inclusive workplace, free of judgement and discrimination, we encourage an open environment where ideas are shared and all employees have the equal opportunity to contribute.

The Manager adheres to the OUE Group's human resource strategies and policies which are grounded on fair employment practices and equal opportunity with regards to recruitment and career development of its employees. We subscribe to the Tripartite Alliance for Fair & Progressive Employment Practices ("TAFEP") guidelines and government employment legislation in all its recruitment and selection practices, adopting merit-based recruitment practices and placing emphasis on diversity and inclusiveness.

Employee Well-being

Employee well-being is a key part of attracting and retaining the right talent and nurturing a productive environment that fosters achievements on the individual and business level. We provide competitive salaries and benefits such as health insurance, subsidised mobile packages and gym memberships as well as corporate discounts.

We also believe that encouraging staff cohesion through team bonding can contribute to well-being and retention, and hence the Manager participates in various team social and recreational activities during the year. These events are held at both the REIT as well as group level and include the New Year's welcome gathering, annual Dinner and Dance and Christmas celebrations. To promote employee well-being, annual health screenings and complimentary flu vaccinations are also provided as part of the benefits scheme under the Manager's human resource policies.

We advocate a positive workplace culture and proactively engage our people to establish a conducive and family-friendly work environment. Employees are encouraged to adopt good work-life harmony practices to balance both family and work priorities. In support of the nationwide "Eat With Your Family Day" campaign, employees were encouraged to leave the office early on scheduled days to spend quality time with their families over dinner.

In 2018, the workforce for the Manager, including full-time and part time employees, totalled 9 in Singapore. All employees were hired on a permanent contract. During the period, one female employee left our employment and was replaced, which resulted in the monthly rate of new employee hires of 0.9%. Monthly employee turnover rate stood at 0.9%, which was below the national industry average[4], thus achieving our target set for the year. In 2019, we aim to achieve employee turnover rate below the national industry average[5].

Notes:

[3] The performance and target disclosed in this summary table pertains only to the Manager

[4] The national average monthly turnover rate for real estate services was 2.6% in 2018 (based on 1Q to 3Q data) based on data published by the Ministry of Manpower of Singapore

[5] The target pertains only to the Manager

WORKFORCE

FY2018 WORKFORCE (THE MANAGER)[6]

Full-time Employees

Male	Female
1	7

Part-time Employees

Male	Female
0	1

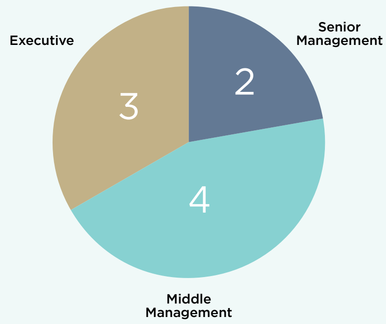
DIVERSITY WITHIN WORKFORCE (THE MANAGER)

By Gender

Male	Female
1	8

By Age Group

By Employee Category

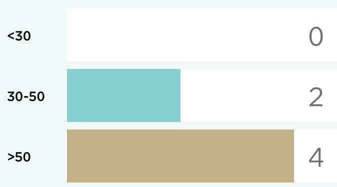


DIVERSITY WITHIN BOARD OF DIRECTORS (OUE C-REIT)

By Gender

Male	Female
4	2

By Age Group



Note:

[6] As at 31 December 2018

CAREER DEVELOPMENT

[GRI 404-3]

INDICATOR

Percentage of relevant employees receiving regular performance and career development reviews

PERFORMANCE IN 2018

Annual performance appraisals conducted for 100% of relevant employees

PERFORMANCE AGAINST TARGET SET FOR 2018

Achieved

TARGET FOR 2019

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

We are committed to nurturing and developing our talent so as to help our people reach their full potential. To remain relevant in today's fast-changing business environment and continue achieving operational efficiency, ultimately creating value for our stakeholders, regular training and development is imperative.

The Manager leverages on the OUE Group's initiatives to provide training and development opportunities for employees, while learning and development programmes are shared with new joiners as part of onboarding.

New joiners are required to participate in an orientation programme where they are introduced to the firm's key policies, which include the Employee Code of Conduct. After this initial training, employees are exposed to a wide array of training programmes and opportunities which are aimed at building their functional and core competencies. In addition, employees are encouraged to attend ad-hoc training courses, seminars or workshops which are relevant to their field of work. These courses or training programmes include courses specific to the real estate sector, relevant accounting and taxation updates, as well as those pertaining to compliance with laws and regulations. In 2018, the OUE C-REIT Manager, as a team, participated in the REIT Association of Singapore ("REITAS") Conference covering a range of topics including legal, tax and other issues that REIT managers face in acquiring overseas assets, key changes in REIT regulations, as well as portfolio managers' perspectives of industry trends. The team also attended industry specific seminars and topic specific courses such as cybersecurity and risk.

Employees are also encouraged to pursue development opportunities to further their careers. Examples of such opportunities include certified skills training programmes, industry seminars and conferences or obtain professional qualifications. Full-time employees can also avail of paid examination leave to pursue studies of their interest.

The Manager tracks employees' training hours to ensure that all employees take advantage of training and education opportunities. In 2018, employees of the Manager received on average 23 hours of training. In addition, the Manager also monitors compliance with regulations administered by the Monetary Authority of Singapore ("MAS") mandating minimum Continuing Professional Development ("CPD") training hours as part of the licensing requirements for capital markets service providers.

Annual performance evaluations are another vital way to assess an employee's career development and these sessions, carried out with direct line managers, allow employees to discuss their work performance, training plans and aspirations with their supervisors. All relevant employees hired under the Manager have received annual performance review in 2018. In 2019, we aim to continue to conduct annual performance appraisals for 100% of relevant employees.

COMMUNITY

CUSTOMER HEALTH & SAFETY

[GRI 416-2]

INDICATOR

Non-compliance with regulations and/or voluntary codes concerning the health and safety of tenants and building users which resulted in a fine, penalty or warning

PERFORMANCE IN 2018

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

PERFORMANCE AGAINST TARGET SET FOR 2018

Achieved

TARGET FOR 2019

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

With the evolution of building and workspace design, tenant expectations now go beyond the provision of quality office space to working environments that contribute to their social and physical wellness as part of a holistic eco-system. The Manager endeavours to enhance the value proposition of OUE C-REIT's portfolio of properties and improve the provision of services in line with this trend to meet the needs of tenants.

In addition to new approaches to property management, the Manager continues to place the safety of OUE C-REIT's property users at the forefront of our priorities. The Manager works closely with the property managers to employ a comprehensive approach to manage the health and safety of tenants and visitors to OUE C-REIT's properties. Property managers have various policies and procedures in place to assess, address and report safety risks within our buildings. These begin with risk assessments and on-site checks that aim to identify hazards in order for measures to be put in place to reduce the risk of accidents.

The regular scheduled maintenance of equipment such as escalators and elevators to ensure that they are in safe operating condition is also a strict safety procedure, and the Manager works closely with property managers to identify additional capital expenditure to enhance the safety of the equipment at OUE C-REIT's properties, if required.

The Manager's asset management team meets with the property managers regularly to review health and safety inspections and to assess the safety performance of the properties. The property managers are required to submit incident reports and maintenance records on a monthly basis. Further, the properties are subject to bi-annual internal and external audits to review their safety management systems.

Training provides another line of defence against incidents and the property managers are trained to swiftly adapt to ad-hoc situations to safeguard the health and safety of tenants and visitors. This includes measures to ensure hazards are signposted as and when they occur, through to provision of an appropriate response to emergencies such as health, fire or smoke related episodes. Fire drills are carried out across OUE C-REIT's properties on a regular basis to strengthen operational readiness. Joint exercises are also conducted with the

Singapore Civil Defence Force and Singapore Police Force to guard against terrorist attacks and bomb threats. During the annual National Day Parade and year-end countdown events, OUE Bayfront is placed on lockdown to prevent unauthorised access in anticipation of large crowds in the vicinity of the building.

Tenant Engagement and Appreciation

In seeking to provide high service standards for OUE C-REIT's tenants so as to increase satisfaction and retention, tenants are engaged on a regularly basis to ensure that we are kept abreast of their ongoing requirements, as well as apprised of current performance and areas of improvement. Regular dialogue sessions are held with tenants by the property managers, with feedback from these sessions reviewed by the Manager.

In appreciation of our tenants' continued support, the Manager, together with OUE C-REIT's property managers host annual year-end tenant get-togethers. Other than serving as a platform for the Manager to gather feedback from tenants directly and an opportunity to share about events and activities at our office properties, the gatherings also provide a forum for tenants to meet informally to network.

GET HEALTHY AT YOUR WORKPLACE

The Manager together with the Health Promotion Board continued the "Healthy Workplace Ecosystem" programme at OUE Bayfront for our tenant community for the third year. Specially designed for the busy executive, the programme integrates healthy, active living into daily work life. Weekly workout sessions including activities such functional interval training, zumba, and masala bhangra were held at the OUE Bayfront open plaza. Other activities included movie therapy at lunch time, as well as communal workout sessions held at various downtown locations. For 2018, attendance of approximately 1,500 participants was recorded for the various activities.

MINDS CHRISTMAS PREMIUMS

The Manager collaborated with a unit of voluntary welfare organisation Movement for the Intellectually Disabled of Singapore ("MINDS"), MINDS Bakers, for the third year running in 2018 to put together Christmas premiums for our tenants at OUE Bayfront as a gesture of our appreciation for their support. MINDS Bakers is a social enterprise initiative which trains the intellectually disabled to pick up kitchen skills from basic food preparation, to area cleaning and packing based on modified techniques designed by their training officers. This allowed tenants to share in our support for MINDS' passion to empower their clients through employment and vocational training, so as to advance the development, wellbeing and aspirations of persons with intellectually disability.

GOVERNANCE

ANTI-CORRUPTION

[GRI 205-3]

INDICATOR

Confirmed incidents of corruption and actions taken

PERFORMANCE IN 2018

Zero confirmed incidents of corruption

PERFORMANCE AGAINST TARGET SET FOR 2018

Achieved

TARGET FOR 2019

Zero confirmed incidents of corruption

COMPLIANCE WITH LOCAL LAWS AND REGULATIONS

[GRI 419-1]

INDICATOR

Non-compliance with local laws and/or regulations which resulted in significant fines and non-monetary sanctions

PERFORMANCE IN 2018

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

PERFORMANCE AGAINST TARGET SET FOR 2018

Achieved

TARGET FOR 2019

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

The Board and Manager are committed to maintaining high standards of corporate governance and business conduct in order to safeguard our stakeholders' interests and to ensure the smooth running of OUE C-REIT. In September 2018, the Manager renewed its pledge to maintain high standards of corporate governance as part of the Securities Investors Association (Singapore)'s 9th Singapore Corporate Governance Week.

The Manager is responsible for ensuring compliance with all applicable requirements, laws and regulations, such as those set out in the listing manual of the SGX-ST, the Code on Collective Investment Schemes and the Capital Markets Services ("CMS") Licence for REIT management issued by the MAS and the Securities and Futures Act of Singapore.

We also comply with a number of the OUE Group's codes and frameworks in this area, which include, but are not limited, to:

- Code of Business Conduct and Ethics which sets out expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct.
- Whistle-blowing policy and we do not permit retaliation or harassment of any kind against individuals for complaints submitted that are made in good faith.
- Sponsor's Anti-Money Laundering ("AML") Manual

Upon commencement of employment, newcomers are required to agree to comply with all policies by acknowledging on the staff employment form and all employees receive annual training on the prevention of money laundering and countering the financing of terrorism. We also utilise Thomson Reuters World Check One portal to screen prospective tenants or clients for AML risks and perform ongoing monitoring. The portal supports our due diligence checks performed during the Know Your Customer ("KYC") and supplier onboarding processes, which are required as part of our standard operating procedures.

All complaints or concerns received under the whistle-blowing policy are investigated by the OUE Group's Group Ethical Officer, who advises the Chief Executive Officer and the Chief Financial Officer, and reports to the Chairman of the Audit and Risk Committee.

Policies that relate to the Manager as a CMS Licence holder, such as Technology Risk Management and Cyber Security Awareness, are administered directly by the Manager team.
In 2018, the Manager developed the Gift and Entertainment Policies and Procedures as mandated by MAS, which has now been adopted group-wide.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

[GRI 307-1]

INDICATOR

Non-compliance with environmental laws and/or regulations which resulted in significant fines and non-monetary sanctions

PERFORMANCE IN 2018

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

PERFORMANCE AGAINST TARGET SET FOR 2018

Achieved

TARGET FOR 2019

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

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

The Manager's asset management team works closely with the property managers to discuss compliance with these various regulations. As and when there are new regulatory requirements, the asset management team reviews for compliance and will engage contractors to implement upgrades to the properties as necessary.

Property managers also conduct regular checks within the buildings and ensure compliance with reporting requirements pertaining to the submission of environmental data. Regulations relevant for OUE C-REIT's properties include the Energy Conservation Act, the Environmental Protection and Management Act, Certification of potable water for consumption by the Public Utilities Board ("PUB"), Legionella bacteria control for cooling tower by NEA, Lifts & Escalator Safety Tests by BCA and the Main Electrical Switchroom by the Energy Market Authority ("EMA"). Properties are also subject to periodic environmental audits by the local authorities.

ECO-EFFICIENT BUILDINGS

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

ECO-EFFICIENT BUILDINGS

Despite having only indirect control over the operations in OUE C-REIT's properties, the Manager recognises the ways we can contribute to and influence the environmental performance of OUE C-REIT's buildings (in relation to energy and water usage as well as waste management) by directing capital expenditure to eco-efficient upgrades and working closely with the property managers and tenants.

In 2018, the air-conditioning chiller upgrade at One Raffles Place Tower 1 to improve the tower's energy efficiency was completed. This major project commenced in 2016 and was undertaken in phases to minimise business disruption to tenants as One Raffles Place Tower 1 remained operational throughout the duration of works. In addition, lift modernisation at One Raffles Place Tower 1 is in the planning stages and will improve operational efficiency in terms of maintenance once completed.

We encourage good energy, water and waste management from our property managers and tenants. For example, our Green Guide for Tenants outlines tips and hints in regards to energy and water savings and how tenants can use the recycling facilities. Our Green Procurement Policy explains how suppliers should be prioritised based on sustainability performance and prioritises the use of recycled content materials. The Manager's asset management team also conduct regular meetings with the property managers to discuss resource consumption, and energy and water utilisation at the properties is reviewed at least once every quarter. Informative signs are displayed at One Raffles Place to encourage occupants to limit unnecessary water use and employees at the property are also educated on the potential environmental impact of their activities as well as the benefits of improved environmental performance.

ENERGY & EMISSIONS

The Manager recognises the contribution of real estate to global energy use and associated greenhouse gas ("GHG") emissions, and strives to be part of the solution to this environmental concern. By continuing to encourage good energy management practices amongst OUE C-REIT's tenants and visitors, we support OUE Group's commitment to managing energy use efficiently.

Energy efficiency measures are adopted by the property managers in the management of resource consumption. For example, the property managers abide by a Green Procurement Policy which encourages the purchase of energy efficient equipment or fixtures. Further, the property managers also conduct checks to ensure that existing energy efficient features are in good operating condition. For instance, chiller plant efficiency is constantly monitored and immediate action is taken in the event of any unusual spikes or deviation from the targeted measure of efficiency. Initiatives which have been implemented are outlined in Table 1.

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

TABLE 1: ENERGY EFFICIENCY INITIATIVES

- Installation of energy-efficient LED lighting in common areas
- Installation of eco-friendly building fittings such as motion-activated light controls in restrooms, stairwells and carpark to conserve electricity when the facilities are not in use
- Requiring tenants to abide by Green Guidelines while carrying out fit-out and renovation works
- Use of refrigerants (R134a) to limit the increase in global warming through the release of ozone depleting substances and greenhouse gases
- Installation of photo sensors at the link way and plaza area of OUE Bayfront for better electricity management
- Installation of carbon dioxide sensors at air handling units ("AHUs") to regulate the fresh air intake for improved efficiency
- Installation of carbon dioxide sensors in the carpark to ensure sufficient fresh air
- Upgraded air-conditioning system and building management system to improve energy efficiency at One Raffles Place Tower 1

The bulk of OUE C-REIT's energy consumption is from purchased grid electricity. In 2018, electrical energy consumption[7] at both properties amounted to 21,339 megawatt hours (MWh), representing a 14% decrease from the 2017 consumption level. Overall building energy intensity recorded was 442 kilowatt hour per square metre of gross floor area ("GFA") (kWh/m^2) in 2018, lower than the energy intensity of 515 kWh/m^2 in 2017. Consistent with the decrease in energy consumption and energy intensity, OUE C-REIT's indirect GHG emissions[8] and intensity from electrical energy consumption in 2018 both showed a 15% reduction from 2017 levels. The indirect GHG emissions were approximately 8,945 tonnes of carbon dioxide equivalent (tCO_2e) and 0.19 tCO_2e/m^2, respectively.

2018 ENERGY CONSUMPTION
21,339 MWh
2017: 24,849 MWh

2018 ENERGY INTENSITY
442 kWh/m^2 GFA
2017: 515 kWh/m^2 GFA

2018 GHG EMISSIONS
8,945 tCO_2e
2017: 10,546 tCO_2e

2018 GHG EMISSIONS INTENSITY
0.19 tCO_2e/m^2 GFA
2017: 0.22 tCO_2e/m^2 GFA

WATER

Another essential aspect of providing high quality services is the provision of clean potable water to the tenants and visitors in our properties. As Singapore's water resources are limited and, as responsible asset owners, we recognise the need for good water management to preserve this precious and vital resource.

The Manager engages with tenants and its employees to promote green practices which encourage more efficient water consumption. At OUE Bayfront, all tenants receive a Green Guide which promotes the installation of water-efficient fittings in tenanted areas. Informative signs are displayed at One Raffles Place to encourage visitors and occupants to limit unnecessary water use. Employees at the buildings are also educated on the potential environmental impact of their activities as well as the benefits of improved environmental performance.

OUE C-REIT's properties are certified under the PUB's Water Efficient Building ("WEB") Certification Programme. This signifies that the buildings have been installed with approved water efficient fittings according to the Water Efficient Labelling Scheme ("WELS") as well as adopted WEB recommended flow rates and flush volumes. OUE Bayfront has in place water sub-meters and a leak detection system to enable the timely identification and rectification of any water leaks, while a similar system was installed and implemented at One Raffles Place in 2018.

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

In 2018, total building water consumption[9] at the two properties was 199,447 m^3, while the overall building water intensity was recorded as 4.13 m^3/m^2 during the year. Both water consumption and water intensity showed a slight increase from 2017 levels, due mainly to asset enhancement works undertaken at One Raffles Place Shopping Mall in 2018, as well as the refurbishment of the sprinkler tank at One Raffles Place Tower 1.

2018 WATER CONSUMPTION
199,447 m^3
2017: 198,419 m^3

2018 WATER INTENSITY
4.13 m^3/m^2
2017: 4.11 m^3/m^2

EFFLUENTS AND WASTE

Reducing waste generation and proper waste management remains a priority given the limited space for landfill in Singapore. While the Manager does not have control over the production of waste by tenants and visitors at OUE C-REIT's properties, we encourage the recycling and reuse of waste by focusing providing good waste management and recycling facilities as part of our contribution to reduce our environmental impact. Recycling bins are provided at most common areas for the recycling of glass, paper, metal, plastic, and other waste. The total amount of waste generated at the properties is sorted, collected, quantified and monitored. Monitoring is performed based on waste management reports received from external waste collectors.

In 2018, a total of 1,500 tonnes of non-hazardous waste was sent for incineration from the two properties. The total waste sent for recycling amounted to 59 tonnes, representing an improvement in recycling rate from 2017.

Notes:

[7] Energy consumption excludes tenanted areas that are not within the operational control of OUE C-REIT

[8] GHG emissions is derived based on the latest available Singapore's Grid Emission Factors published by the EMA

[9] Water consumption excludes tenanted areas that are not within the operational control of OUE C-REIT

GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
GENERAL DISCLOSURES		
Organisational Profile		
102-1	Name of the organisation	OUE Commercial Real Estate Investment Trust ("OUE C-REIT")
102-2	Activities, brands, products, and services	Manager's Report, pages 31-37; Portfolio Overview, pages 40-55
102-3	Location of headquarter	Manager's Report, pages 31-37; Portfolio Overview, pages 40-55
102-4	Location of operations	Manager's Report, pages 31-37; Portfolio Overview, pages 40-55
102-5	Ownership and legal form	Structure of OUE C-REIT, page 8
102-6	Markets served	Manager's Report, pages 31-37; Portfolio Overview, pages 40-55
102-7	Scale of the organisation	Manager's Report, pages 31-37; Portfolio Overview, pages 40-55
102-8	Information on employees and other workers	Workforce, Talent Retention, pages 83-84
		There is no significant variation in employment numbers during the reporting period.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE C-REIT does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	REIT Association of Singapore
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 76
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, Sustainability Trends, Risks and Opportunities, pages 77-78
Governance		
102-18	Governance structure	Who We Are, Sustainability Trends, Risks and Opportunities, pages 77-78

GRI Standards (2016)		Notes/Page number(s)
GENERAL DISCLOSURES		
Stakeholder Engagement		
102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 80
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 80
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 80
102-44	Key topics and concerns raised	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, page 80
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Financial Statements, pages 107 and 120
102-46	Defining report content and topic Boundaries	About this Report, Reporting Scope, page 79
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, page 81
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2018 – 31 December 2018
102-51	Date of most recent report	1 January 2017 – 31 December 2018
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 79
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Standard, page 79
102-55	GRI content index	The GRI content index is laid out on pages 92 to 93.
102-56	External assurance	OUE C-REIT has not sought external assurance for this reporting period. The Manager will consider doing so in the future.

GRI Standards (2016)		Notes/Page number(s)
MATERIAL TOPICS		
Economic Performance		
201-1	Direct economic value generated and distributed	Key Highlights, pages 4-5; Financial Statements, pages 105-188
Anti-corruption		
103-1	Explanation of the material topic and its boundary	Governance, Anti-corruption, page 88
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	Governance, Anti-corruption, page 88
Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Governance, Compliance with Environmental Laws and Regulations, page 89
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	Governance, Compliance with Environmental Laws and Regulations, page 89
Employment		
103-1	Explanation of the material topic and its boundary	Workforce, Talent Retention, page 83
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401-1	New employee hires and employee turnover	Workforce, Talent Retention, page 83
Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Workforce, Workplace Health & Safety, page 82
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-2	Types of injury and rates of injury, occupational diseases, lose days, and absenteeism, and number of work-related fatalities	Workforce, Workplace Health & Safety, page 82

GRI Standards (2016)		Notes/Page number(s)
MATERIAL TOPICS		
Training and Education		
103-1	Explanation of the material topic and its boundary	Workforce, Career Development, page 85
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
404-3	Percentage of employees receiving regular performance reviews	Workforce, Career Development, page 85
Customer Health and Safety		
103-1	Explanation of the material topic and its boundary	Community, Customer Health & Safety, pages 86-87
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Community, Customer Health & Safety, pages 86-87
Socio-economic Compliance		
103-1	Explanation of the material topic and its boundary	Governance, Compliance with Local Laws and Regulations, page 88
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
419-1	Non-compliance with laws and regulations in the social and economic area	Governance, Compliance with Local Laws and Regulations, page 88

CORPORATE GOVERNANCE

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

The directors ("Directors") and management ("Management") of the Manager are committed to maintaining good standards of corporate governance as they firmly believe it is essential in protecting the interests of unitholders of OUE C-REIT ("Unitholders"), and critical to the performance of the Manager. This report sets out OUE C-REIT's corporate governance practices for the financial year ended 31 December 2018 ("FY2018") with specific reference to principles of the Code of Corporate Governance 2012 (the "Code"). The Manager is pleased to report that it has complied in all material aspects with the principles and guidelines set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

The Manager

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

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

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

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

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

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

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

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

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

A. BOARD MATTERS

Principle 1:

Board's Conduct of Affairs

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

The principal roles and responsibilities of the Board include:

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

- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of the Unitholders and OUE C-REIT's assets;

- reviewing the Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Manager and OUE C-REIT;
- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental and social factors) as part of the Manager's overall strategy.

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

The Board holds regular scheduled meetings on a quarterly basis, with *ad hoc* meetings convened as and when required. A total of five Board meetings were held in FY2018.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during 2018, is disclosed below. Directors who are unable to attend Board or Board committee meetings may convey their views to the Chairman or the company secretary of the Manager (the "Company Secretary"). The Manager's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Board Orientation and Training
Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of a Director. In addition, the Manager conducts an orientation programme for newly-appointed Directors to familiarise them with the business, operations and financial performance of OUE C-REIT. The newly-appointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in units of OUE C-REIT (the "Units") and restrictions on disclosure of price-sensitive information. OUE C-REIT was listed on the Main Board of the SGX-ST on 27 January 2014 (the "Listing Date"). Save for Dr Lim Boh Soon and Ms Usha Ranee Chandradas, who were appointed as independent Directors on 5 June 2017 and 8 November 2017, respectively, no new director has been appointed since the Listing Date.

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

ATTENDANCE OF BOARD AND BOARD COMMITTEE MEETINGS

	Number of meetings attended in FY2018		
Name of Director	Board	ARC	NRC
Mr Christopher James Williams	5	–	1
Mr Loh Lian Huat	5	5	1
Dr Lim Boh Soon	5	5	1
Ms Usha Ranee Chandradas	5	5	–
Mr Jonathan Miles Foxall	4	–	–
Ms Tan Shu Lin	5	–	–
Number of meetings held in FY2018	**5**	**5**	**1**

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

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

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

Principle 2:

Board Composition and Guidance

Principle 3:

Chairman and Chief Executive Officer

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

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

In addition to the requirements of the Code, the Board also reviews and assesses annually the independence of each Director in accordance with regulations 13D to 13H[1] of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCB Regulations"). Under the SFLCB Regulations, a Director is considered to be independent if the Director:

(a) is independent from the Management and OUE C-REIT;

(b) is independent from any business relationship with the Manager and OUE C-REIT;

(c) is independent from every substantial shareholder of the Manager and every substantial Unitholder;

(d) is not a substantial shareholder of the Manager or a substantial Unitholder; and

(e) has not served as a Director for a continuous period of 9 years or longer.

In its review for FY2018, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY2018:

Mr Loh Lian Huat
Dr Lim Boh Soon
Ms Usha Ranee Chandradas

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

[1] The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business) (Amendment No. 2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director's independence.

Name of Director	Mr Christopher James Williams[1]	Mr Loh Lian Huat[2]	Dr Lim Boh Soon	Ms Usha Ranee Chandradas	Mr Jonathan Miles Foxall[3]	Ms Tan Shu Lin[4]
(i) had been independent from the Management and OUE C-REIT during FY2018	√	√	√	√		
(ii) had been independent from any business relationship with the Manager and OUE C-REIT during FY2018		√	√	√		√
(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY2018			√	√		
(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY2018	√	√	√	√	√	√
(v) has not served as a Director for a continuous period of 9 years or longer as at the last day of FY2018	√	√	√	√	√	√

1 Mr Christopher James Williams is the Deputy Chairman and Non-Executive Director of OUE Limited (the "Sponsor"), which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2018, pursuant to the SFLCB Regulations, Mr Christopher James Williams is deemed (i) to have a business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2018, Mr Christopher James Williams was able to act in the best interests of all the Unitholders as a whole.

2 Mr Loh Lian Huat ("Mr Loh"), in his capacity as the Sponsor's nominee director on the board of Gemdale Properties and Investment Corporation Limited ("Gemdale"), is obliged to act in accordance with the directions of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2018, pursuant to the SFLCB Regulations, Mr Loh is deemed to be connected to a substantial shareholder of the Manager and a substantial Unitholder.

Nonetheless, the Board has in its review taken the following into consideration:

- As a non-executive director of Gemdale, Mr Loh owes a fiduciary duty to Gemdale to act in its interest notwithstanding his nomination by the Sponsor.
- The Sponsor only holds an effective interest of 14.8% in Gemdale through its wholly-owned subsidiary, Beacon Limited. Beacon Limited classifies its interests in Gemdale as investment at fair value through other comprehensive income. As such, Gemdale is not a "related corporation" or "associated corporation" of the Sponsor.
- Neither the Sponsor nor Beacon Limited make any payment to Mr Loh for his Gemdale directorship.

Based on the above, the Board is of the view that Mr Loh's appointment as the Sponsor's nominee director on the board of Gemdale should not interfere with his ability to exercise independent judgment and Mr Loh should be treated as an independent Director. In addition, as Mr Loh does not receive any payment from the Sponsor or Beacon Limited for his Gemdale directorship, pursuant to the SFLCB Regulations, Mr Loh is deemed to be independent from any business relationship with the Manager and OUE C-REIT during FY2018. The Board is satisfied that, as at 31 December 2018, Mr Loh was able to act in the best interests of all the Unitholders as a whole.

3 Mr Jonathan Miles Foxall is currently the general manager (Properties) of Lippo China Resources Limited and a director of Lippo Realty Limited, both of which are related companies of the Sponsor. The Sponsor wholly-owns the Manager and is a substantial Unitholder. As such, during FY2018, pursuant to the SFLCB Regulations, Mr Jonathan Miles Foxall is deemed (i) to have a management and business relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2018, Mr Jonathan Miles Foxall was able to act in the best interests of all the Unitholders as a whole.

4 Ms Tan Shu Lin is currently the Chief Executive Officer ("CEO") and Executive Director of the Manager, which is wholly-owned by the Sponsor. As such, during FY2018, pursuant to the SFLCB Regulations, Ms Tan Shu Lin is deemed (i) to have a management relationship with the Manager and OUE C-REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. Ms Tan Shu Lin is deemed to be independent from a business relationship with the Manager and OUE C-REIT during FY2018 pursuant to the exceptions provided under regulation 13G(2)(b)(i) of the SFLCB Regulations, notwithstanding that she is the CEO and Executive Director of the Manager. Regulation 13G(2)(b)(i) of the SFLCB Regulations provides that fees received for the Director's service as a director of the Manager, and salary received for the Director's service as an employee of the Manager, do not constitute a business relationship with the Manager or OUE C-REIT for the purpose of regulation 13E(b)(i)(B) of the SFLCB Regulations. The Board is satisfied that, as at 31 December 2018, Ms Tan Shu Lin was able to act in the best interests of all the Unitholders as a whole.

For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2018, Mr Christopher James Williams, Mr Loh Lian Huat, Mr Jonathan Miles Foxall and Ms Tan Shu Lin were able to act in the best interests of all the Unitholders as a whole.

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

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

BOARD COMPOSITION

Board Member	
Mr Christopher James Williams	Chairman and Non-Independent Non-Executive Director
Mr Loh Lian Huat	Lead Independent Director
Dr Lim Boh Soon	Independent Director
Ms Usha Ranee Chandradas	Independent Director
Mr Jonathan Miles Foxall	Non-Independent Non-Executive Director
Ms Tan Shu Lin	CEO and Executive Director

Key information on the Directors' particulars and background can be found on pages 18 to 23 of the Annual Report.

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

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

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

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

Principle 4:
Board Membership

Principle 5:
Board Performance

The NRC comprises three non-executive Directors, namely Dr Lim Boh Soon, Mr Christopher James Williams and Mr Loh Lian Huat. Dr Lim Boh Soon is the chairman of the NRC. The NRC met once in FY2018.

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

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

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

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

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

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

Principle 6:

Access to Information

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

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

B. REMUNERATION MATTERS

Principle 7:

Procedures for Developing Remuneration Policies

Principle 8:

Level and Mix of Remuneration

Principle 9:

Disclosure on Remuneration

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

The NRC sets the remuneration policy (i) to ensure that the compensation offered by the Manager are competitive and will attract, retain and motivate Directors and key management personnel and (ii) for Directors to be good stewards of the Manager and OUE C-REIT and for key management personnel with the required experience and expertise to run the Manager successfully. In developing and reviewing the policy for the remuneration packages for Directors and the key management personnel of the Manager, the NRC would take into consideration the Manager's existing remuneration policy and other conditions within the REIT management industry and in comparable REIT managers. The remuneration policy of the Manager is structured to attract and retain highly qualified persons, and the Manager's overall goal is to ensure the long-term sustainability and success of the Manager and OUE C-REIT.

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

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

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

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

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

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

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

There are no employees of the Manager who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2018. The Manager does not have any employee share scheme.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key executive officers of the Manager during FY2018.

C. ACCOUNTABILITY & AUDIT

Principle 10:

Accountability

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

Principle 12:

Audit and Risk Committee

The ARC consists of three non-executive Directors, namely Mr Loh Lian Huat, Dr Lim Boh Soon and Ms Usha Ranee Chandradas, who are all independent Directors. Mr Loh Lian Huat is the chairman of the ARC. All members of the ARC have many years of management level experience. The Board is of the view that the ARC members are appropriately qualified to discharge their responsibilities. A total of five ARC meetings were held in FY2018.

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 the Manager and reviewing the quality and reliability of information prepared for inclusion in financial reports.

3. Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of OUE C-REIT and the Manager and any formal announcements relating to the financial performance of OUE C-REIT and the Manager, including the quarterly and full-year balance sheets and profit and loss accounts of OUE C-REIT and the Manager.

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 and the Manager.

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

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

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

8. Reviewing the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. Such review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If an ARC member has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

9. Reviewing the adequacy, scope and performance/results of the external audit and its cost effectiveness and on an annual basis, the independence and objectivity of the external auditors.

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 (or the shareholders of the Manager, as the case may be) on the appointment, re-appointment and removal of OUE C-REIT's (or the Manager's) external auditors, and approving the remuneration and terms of engagement of the external auditors.

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

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

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

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

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

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

In the review of the financial statements, the ARC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matter (Table 1) as reported by the external auditors for the financial year ended 31 December 2018.

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

The ARC has reviewed the non-audit fees paid to the external auditors. The ARC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY2018 was S$143,000. The ARC is satisfied that OUE C-REIT has complied with the requirements of Rules 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 2019. The ARC has met with the external auditors and the internal auditors without the presence of the Management and has unfettered access to any information it may require.

The Manager has in place a whistle-blowing procedure whereby employees of the Manager may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of OUE's Internal Audit department ("OUE IA"). Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and

TABLE 1: KEY AUDIT MATTER

Key audit matter	How the issue was addressed by the ARC
Valuation of investment properties	The ARC reviewed the outputs of the year-end valuation process of OUE C-REIT's investment properties and discussed the details of the valuation with the Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2018.

The details of the remuneration of the auditors of OUE C-REIT during FY2018 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$)
Audit Services	369,000
Non-Audit Services	143,000

co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly. In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

Principle 11:

Risk Management and Internal Controls

Principle 13:

Internal Audit

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

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

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

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

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

(a) the financial records of OUE C-REIT have been properly maintained and the financial statements for the financial year ended 31 December 2018 give a true and fair view of OUE C-REIT's operations and finances; and

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

Based on the ERM Framework established and reviews conducted by OUE C-REIT's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board opines, pursuant to Rule 1207(10) of the Listing Manual, with the concurrence of the ARC, that OUE C-REIT's system of risk management and internal controls was adequate and effective as at 31 December 2018 to address the material financial, operational, compliance and information technology risks faced by OUE C-REIT.

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

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

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

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

D. COMMUNICATION WITH UNITHOLDERS

Principle 14:

Regular, Effective and Fair Communication with Unitholders

Principle 15:

Encouraging Greater Unitholder Participation

Principle 16:

Conduct of Unitholders' Meetings

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

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

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

E. INTERESTED PERSON TRANSACTIONS POLICY

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

F. DEALINGS IN THE UNITS

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

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

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

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

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

FINANCIAL STATEMENTS

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REPORT OF THE TRUSTEE

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 112 to 188, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Jane Lim Puay Yuen
Director

Singapore
5 March 2019

STATEMENT BY THE MANAGER

In the opinion of the directors of OUE Commercial REIT Management Pte. Ltd. (the "Manager"), the manager of OUE Commercial Real Estate Investment Trust (the "Trust"), the accompanying financial statements set out on pages 112 to 188 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Portfolio Statements of the Trust and its subsidiaries (the "Group") and of the Trust, the Consolidated Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of the Group and the Trust as at 31 December 2018, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended 31 December 2018, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

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

Tan Shu Lin
Executive Director

Singapore
5 March 2019

INDEPENDENT AUDITORS' REPORT

Unitholders
OUE Commercial Real Estate Investment Trust

REPORT ON THE FINANCIAL STATEMENTS

Opinion
We have audited the financial statements of OUE Commercial Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2018, and the consolidated statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 112 to 188.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2018 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

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

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

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

Risk
The Group has investment properties in Singapore and China with a carrying value of $4.5 billion as at 31 December 2018. Investment properties represent the most significant asset item on the statement of financial position.

The Group's accounting policy is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

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

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

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

Other information
OUE Commercial REIT Management Pte. Ltd., the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
5 March 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Non-current assets					
Plant and equipment		393	512	–	–
Investment properties	4	4,494,535	3,515,148	2,093,100	1,153,000
Intangible assets	5	24,465	4,751	24,465	4,751
Investments in subsidiaries	6	–	–	1,368,506	1,376,992
Trade and other receivables	7	175	290	–	–
		4,519,568	3,520,701	3,486,071	2,534,743
Current assets					
Trade and other receivables	7	14,384	12,555	6,583	2,919
Financial derivatives	8	116	–	95	–
Cash and cash equivalents	9	37,074	40,314	12,725	19,948
		51,574	52,869	19,403	22,867
Total assets		4,571,142	3,573,570	3,505,474	2,557,610
Non-current liabilities					
Borrowings	10	1,711,330	748,319	1,371,081	720,893
Trade and other payables	11	42,400	38,489	17,356	12,186
Financial derivatives	8	7,828	10,705	5,448	9,754
Deferred tax liabilities	12	87,726	84,152	–	–
		1,849,284	881,665	1,393,885	742,833
Current liabilities					
Borrowings	10	1,992	514,016	–	198,783
Trade and other payables	11	65,580	157,268	25,253	116,177
Financial derivatives	8	132	487	109	166
Current tax liabilities		13,429	16,052	–	–
		81,133	687,823	25,362	315,126
Total liabilities		1,930,417	1,569,488	1,419,247	1,057,959
Net assets		2,640,725	2,004,082	2,086,227	1,499,651
Represented by:					
Unitholders' funds		2,038,092	1,407,285	1,724,337	1,137,760
Convertible Perpetual Preferred Units ("CPPU") holder's funds	13	361,890	361,891	361,890	361,891
		2,399,982	1,769,176	2,086,227	1,499,651
Non-controlling interests		240,743	234,906	–	–
		2,640,725	2,004,082	2,086,227	1,499,651
Units in issue and to be issued ('000)	14	2,861,589	1,546,769	2,861,589	1,546,769
Net asset value per Unit ($)	15	0.71	0.91	0.60	0.74

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2018

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Revenue	16	176,396	176,297	98,969	95,893
Property operating expenses	17	(38,209)	(38,111)	(13,610)	(11,471)
Net property income		138,187	138,186	85,359	84,422
Other income	18	7,189	3,312	7,189	3,312
Amortisation of intangible assets	5	(5,286)	(4,452)	(5,286)	(4,452)
Manager's management fees	19	(10,565)	(9,593)	(10,565)	(9,593)
Trustee's fee		(602)	(557)	(602)	(557)
Other expenses		(1,877)	(1,692)	(1,148)	(1,069)
Finance income		3,681	5,997	2,551	4,013
Finance costs		(51,679)	(49,077)	(37,737)	(36,228)
Net finance costs	20	(47,998)	(43,080)	(35,186)	(32,215)
Net income		79,048	82,124	39,761	39,848
Net change in fair value of investment properties	4	71,399	101,617	21,339	6,740
Total return for the year before tax	21	150,447	183,741	61,100	46,588
Tax expense	22	(19,734)	(36,058)	–	–
Total return for the year		130,713	147,683	61,100	46,588
Total return attributable to:					
Unitholders and CPPU holder		117,493	136,310	61,100	46,588
Non-controlling interests		13,220	11,373	–	–
		130,713	147,683	61,100	46,588
Earnings per Unit (cents)					
Basic	23	5.73	7.73 [1]		
Diluted	23	4.66	5.60 [1]		

[1] The figures have been restated for the effect of the rights issue undertaken by the Trust in October 2018.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2018

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Amount available for distribution to Unitholders at beginning of the year	35,873	32,783	35,873	32,783
Total return for the year attributable to Unitholders and CPPU holder	117,493	136,310	61,100	46,588
Less: Amount reserved for distribution to CPPU holder	(3,750)	(5,311)	(3,750)	(5,311)
Distribution adjustments (Note A)	(42,453)	(61,049)	13,940	28,673
Amount available for distribution to Unitholders for the current year (Note B)	71,290	69,950	71,290	69,950
Distributions to Unitholders:				
- Distribution of 2.50 cents per Unit for the period from 1/7/2016 to 31/12/2016	–	(32,565)	–	(32,565)
- Distribution of 1.00 cents per Unit for the period from 1/1/2017 to 16/3/2017	–	(13,026)	–	(13,026)
- Distribution of 1.38 cents per Unit for the period from 17/3/2017 to 30/6/2017	–	(21,269)	–	(21,269)
- Distribution of 2.29 cents per Unit for the period from 1/7/2017 to 31/12/2017	(35,421)	–	(35,421)	–
- Distribution of 2.18 cents per Unit for the period from 1/1/2018 to 30/6/2018	(33,841)	–	(33,841)	–
	(69,262)	(66,860)	(69,262)	(66,860)
Amount available for distribution to Unitholders at the end of the year	37,901	35,873	37,901	35,873
Distribution per Unit (DPU) (cents):				
- Before restatement[1]	3.48	4.67	3.48	4.67
- Restated for rights issue[2]	3.22	4.10	3.22	4.10

[1] The DPU relates to the distributions in respect of the relevant financial year.
[2] The figures have been restated to reflect the bonus element in the new Units issued pursuant to the rights issue in October 2018.

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

Note A – Distribution adjustments

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Net change in fair value of investment properties	(71,399)	(101,617)	(21,339)	(6,740)
Amortisation of intangible assets	5,286	4,452	5,286	4,452
Amortisation of debt establishment costs	4,857	6,769	3,388	4,972
Net change in fair value of financial derivatives	565	2,326	(263)	2,326
Ineffective portion of changes in fair value of cash flow hedges	(2,874)	(5,310)	(1,847)	(3,811)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	653	714	448	433
Manager's management fees paid/payable in Units	8,452	7,674	8,452	7,674
Trustee's fee	602	557	602	557
Foreign exchange differences	(12)	234	(253)	32
Deferred tax expense	5,329	18,840	–	–
Straight-lining of lease incentives	1,547	(16)	–	–
Transfer to statutory reserve	(1,585)	(1,492)	–	–
Net income of subsidiaries not distributed to the Trust	–	–	19,302	18,438
Other items	6,126	5,820	164	340
Distribution adjustments	(42,453)	(61,049)	13,940	28,673

Note B – Amount available for distribution to Unitholders

	Group and Trust	
	2018 $'000	2017 $'000
Comprises:		
- From operations	31,676	27,999
- From tax exempt income	23,744	26,580
- From Unitholders' contribution	15,870	15,371
	71,290	69,950

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

	Attributable to Unitholders $'000	CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group					
Net assets attributable to owners at 1 January 2018	1,407,285	361,891	1,769,176	234,906	2,004,082
Operations					
Total return for the year	117,493	–	117,493	13,220	130,713
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	–	–	–
Net increase in net assets resulting from operations	113,743	3,750	117,493	13,220	130,713
Transactions with owners					
Issue of new Units:					
- Rights issue	587,528	–	587,528	–	587,528
- Acquisition fee paid to Manager in Units	6,810	–	6,810	–	6,810
- Manager's management fees paid/payable in Units	8,452	–	8,452	–	8,452
Issue costs	(7,098)	–	(7,098)	–	(7,098)
Distributions paid to Unitholders	(69,262)	–	(69,262)	–	(69,262)
Distributions paid to CPPU Holder	–	(3,751)	(3,751)	–	(3,751)
Distributions paid to non-controlling interests	–	–	–	(7,200)	(7,200)
Net increase/(decrease) in net assets resulting from transactions with owners	526,430	(3,751)	522,679	(7,200)	515,479
Movement in foreign currency translation reserve	(11,241)	–	(11,241)	–	(11,241)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	139	–	139	(152)	(13)
Hedging reserve transferred to statement of total return	1,736	–	1,736	(31)	1,705
Net movement in hedging transactions	1,875	–	1,875	(183)	1,692
At 31 December 2018	2,038,092	361,890	2,399,982	240,743	2,640,725

	Attributable to				
	Unitholders $'000	CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group					
Net assets attributable to owners at 1 January 2017	1,206,751	530,765	1,737,516	231,362	1,968,878
Operations					
Total return for the year	136,310	–	136,310	11,373	147,683
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	–	–	–
Net increase in net assets resulting from operations	130,999	5,311	136,310	11,373	147,683
Transactions with owners					
Issue of new Units:					
- Private placement	150,000	–	150,000	–	150,000
- Manager's management fees paid/ payable in Units	7,674	–	7,674	–	7,674
Issue costs	(906)	–	(906)	–	(906)
CPPUs redeemed/to be redeemed	–	(168,000)	(168,000)	–	(168,000)
Difference on redemption of CPPUs	(7,000)	–	(7,000)	–	(7,000)
Distributions paid to Unitholders	(66,860)	–	(66,860)	–	(66,860)
Distributions paid/payable to CPPU Holder	–	(6,185)	(6,185)	–	(6,185)
Distributions paid to non-controlling interests	–	–	–	(7,600)	(7,600)
Net increase/(decrease) in net assets resulting from transactions with owners	82,908	(174,185)	(91,277)	(7,600)	(98,877)
Changes in ownership interests in subsidiary					
Liquidation of a subsidiary with non-controlling interests	–	–	–	(28)	(28)
Total changes in ownership interests in subsidiary	–	–	–	(28)	(28)
Movement in foreign currency translation reserve	(7,589)	–	(7,589)	–	(7,589)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(11,703)	–	(11,703)	(334)	(12,037)
Hedging reserve transferred to statement of total return	5,919	–	5,919	133	6,052
Net movement in hedging transactions	(5,784)	–	(5,784)	(201)	(5,985)
At 31 December 2017	1,407,285	361,891	1,769,176	234,906	2,004,082

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

	Attributable to Unitholders $'000	Attributable to CPPU holder $'000	Total $'000
Trust			
Net assets attributable to owners at 1 January 2018	1,137,760	361,891	1,499,651
Operations			
Total return for the year	61,100	–	61,100
Less: Amount reserved for distribution to CPPU holder	(3,750)	3,750	–
Net increase in net assets resulting from operations	57,350	3,750	61,100
Transactions with owners			
Issue of new Units:			
- Rights issue	587,528	–	587,528
- Acquisition fee paid to Manager in Units	6,810	–	6,810
- Manager's management fees paid/payable in Units	8,452	–	8,452
Issue costs	(7,098)	–	(7,098)
Distributions paid to Unitholders	(69,262)	–	(69,262)
Distributions paid to CPPU holder	–	(3,751)	(3,751)
Net increase/(decrease) in net assets resulting from transactions with owners	526,430	(3,751)	522,679
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	908	–	908
Hedging reserve transferred to statement of total return	1,889	–	1,889
Net movement in hedging transactions	2,797	–	2,797
At 31 December 2018	1,724,337	361,890	2,086,227

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

	Attributable to		
	Unitholders $'000	**CPPU holder $'000**	**Total $'000**
Trust			
Net assets attributable to owners at 1 January 2017	1,018,353	530,765	1,549,118
Operations			
Total return for the year	46,588	–	46,588
Less: Amount reserved for distribution to CPPU holder	(5,311)	5,311	–
Net increase in net assets resulting from operations	41,277	5,311	46,588
Transactions with owners			
Issue of new Units:			
- Private placement	150,000	–	150,000
- Manager's management fees paid/payable in Units	7,674	–	7,674
Issue costs	(906)	–	(906)
CPPUs redeemed/to be redeemed	–	(168,000)	(168,000)
Difference on redemption of CPPUs	(7,000)	–	(7,000)
Distributions paid to Unitholders	(66,860)	–	(66,860)
Distributions paid/payable to CPPU holder	–	(6,185)	(6,185)
Net increase/(decrease) in net assets resulting from transactions with owners	82,908	(174,185)	(91,277)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(10,034)	–	(10,034)
Hedging reserve transferred to statement of total return	5,256	–	5,256
Net movement in hedging transactions	(4,778)	–	(4,778)
At 31 December 2017	1,137,760	361,891	1,499,651

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
OUE Downtown Office OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Group owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967
One Raffles Place An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: - approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 - the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985

Location	Existing use	Group Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 $'000	Percentage of Unitholders' funds at 31/12/2017 %
50 Collyer Quay, OUE Bayfront, Singapore 049321 60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325	Commercial	1,173,100	58	1,153,000	82
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	920,000	45	–	–
1 Raffles Place, One Raffles Place, Singapore 048616	Commercial	1,813,500	89	1,773,200	126

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Shanghai	
Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Group	
Net assets attributable to CPPU holder	
Net assets attributable to non-controlling interests	
Unitholders' funds	

The properties are leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2017: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

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

		Group			
Location	Existing use	Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 $'000	Percentage of Unitholders' funds at 31/12/2017 %
222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021	Commercial	587,935	29	588,948	42
		4,494,535	221	3,515,148	250
		(1,853,810)	(91)	(1,511,066)	(107)
		2,640,725	130	2,004,082	143
		(361,890)	(18)	(361,891)	(26)
		(240,743)	(12)	(234,906)	(17)
		2,038,092	100	1,407,285	100

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

PORTFOLIO STATEMENTS

As at 31 December 2018

Description of property	Leasehold tenure
Singapore	
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010 Underpass: 99-year lease from 7 January 2002
OUE Downtown Office OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967
Investment properties, at valuation	
Other assets and liabilities (net)	
Net assets of the Trust	
Net assets attributable to CPPU holder	
Unitholders' funds	

The property is leased to third parties except as otherwise stated in Note 16. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2017: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

		Trust			
Location	Existing use	Carrying value at 31/12/2018 $'000	Percentage of Unitholders' funds at 31/12/2018 %	Carrying value at 31/12/2017 $'000	Percentage of Unitholders' funds at 31/12/2017 %
50 Collyer Quay, OUE Bayfront, Singapore 049321 60 Collyer Quay, OUE Tower, Singapore 049322 62 Collyer Quay, OUE Link, Singapore 049325	Commercial	1,173,100	68	1,153,000	101
6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815	Commercial	920,000	53	–	–
		2,093,100	121	1,153,000	101
		(6,873)	–	346,651	30
		2,086,227	121	1,499,651	131
		(361,890)	(21)	(361,891)	(31)
		1,724,337	100	1,137,760	100

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Group	
	2018 $'000	2017 $'000
Cash flows from operating activities		
Total return for the year	130,713	147,683
Adjustments for:		
Amortisation of intangible assets	5,286	4,452
Depreciation of plant and equipment	180	209
Finance costs	51,679	48,763
Finance income	(3,669)	(5,997)
Manager's fees paid/payable in Units	8,452	7,674
Net change in fair value of investment properties	(71,399)	(101,617)
Loss on disposal of plant and equipment	–	16
Tax expense	19,734	36,058
Operating income before working capital changes	140,976	137,241
Changes in working capital:		
Trade and other receivables	(137)	(1,241)
Trade and other payables	8,741	3,055
Cash generated from operating activities	149,580	139,055
Tax paid	(16,924)	(17,033)
Net cash from operating activities	132,656	122,022
Cash flows from investing activities		
Additions to plant and equipment	(74)	(245)
Acquisition of investment property, intangible asset and its related acquisition costs (see Note A)	(935,979)	–
Payment for capital expenditure on investment properties	(3,549)	(19,873)
Interest received	787	687
Net cash used in investing activities	(938,815)	(19,431)

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

		Group	
	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Distributions paid to Unitholders		(69,262)	(66,860)
Distributions paid to CPPU holder		(4,255)	(5,681)
Distributions paid to non-controlling interests		(7,200)	(7,600)
Interest paid		(43,274)	(37,478)
Proceeds from issue of Units		587,528	150,000
Proceeds from issue of Notes		–	150,000
Payment of transaction costs related to the issue of Units		(7,033)	(906)
Payment of transaction costs related to borrowings		(8,245)	(11,139)
Proceeds from borrowings		1,139,735	788,200
Redemption of CPPUs		(100,000)	(75,000)
Repayment of borrowings		(684,538)	(974,700)
Net cash from/(used in) financing activities		803,456	(91,164)
Net (decrease)/increase in cash and cash equivalents		(2,703)	11,427
Cash and cash equivalents at beginning of the year		40,314	29,278
Effect of exchange rate fluctuations on cash held		(537)	(391)
Cash and cash equivalents at end of the year	9	37,074	40,314

Notes:

(A) Acquisition of investment property, intangible asset and its related acquisition costs

	Group
	2018 $'000
Investment property	883,000
Intangible asset	25,000
Total assets acquired	908,000
Purchase consideration	908,000
Add: Acquisition costs paid in cash	27,979
Net cash outflow	935,979

(B) Significant non-cash transactions

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

Financial year ended 31 December 2018

- a total of 14,433,703 Units, amounting to $8,452,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year; and

- 11,947,368 Units, amounting to $6,810,000, were issued as satisfaction of the acquisition fee payable to the Manager for the investment property acquired during the financial year.

Financial year ended 31 December 2017

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 5 March 2019.

1 GENERAL

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

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

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

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

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

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

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

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

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

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

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

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

1 GENERAL (CONT'D)

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

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2018, 80% (2017: 80%) of the management base fee payable were in the form of Units. There was no management performance fee payable in the form of Units in 2018 (2017: nil).

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

(b) Fees under the property management agreements

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

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

- A lease management fee of 0.5% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

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

Pursuant to the property management agreement between the Trust and the Property Manager in respect of OUE Downtown Office, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.25% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

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

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

(c) Trustee's fee

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

This is the first set of the Group's annual financial statements in which the recognition and measurement principles of FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* have been applied. Adoption of these new standards are described in note 2.5.

2. 2 Basis of measurement

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

2. 3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

Measurement of fair values

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

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

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

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

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

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

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

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

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

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

- Note 4 – investment properties
- Note 26 – financial instruments

2.5 Adoption of new standards

The Group has applied the recognition and measurement principles of the following FRSs, amendments to and interpretations of FRS for the first time for period beginning on 1 January 2018.

- FRS 115 *Revenue from Contracts with Customers*;
- FRS 109 *Financial Instruments*

The application of the above standards do not have a material effect on the financial statements.

Notes to the reconciliations

A. FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced FRS 18 *Revenue*, FRS 11 *Construction Contracts* and related interpretations. Under FRS 115, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The adoption of the recognition and measurement principles of FRS 115 did not have a material effect on the financial statements.

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted FRS 109 from 1 January 2018.

As a result of the adoption of FRS 109, the Group has adopted consequential amendments to FRS 107 *Financial Instrument: Disclosures* that are applied to disclosures about 2018 but have not been applied to comparative information. Instead, disclosures under FRS 107 relating to items within the scope of FRS 39 *Financial Instruments: Recognition and Measurement* are provided for the comparative period.

Changes in accounting policies resulting from the adoption of FRS 109 have been generally applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of the recognition and measurement principles of FRS 109 (if any) are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedge accounting under FRS 109 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of the recognition and measurement principles of FRS 109, including the corresponding tax effects, are described below.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 *Financial Instruments* (cont'd)

(i) **Classification and measurement of financial assets and financial liabilities (cont'd)**

The adoption of the recognition and measurement principles of FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under the recognition and measurement principles of FRS 109, see note 3.6.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Group's and the Trust's financial assets as at 1 January 2018.

The effect of adopting the recognition and measurement principles of FRS 109 on the carrying amounts of financial asset at 1 January 2018 relates solely to the new impairment requirements.

				1 January 2018	
	Note	Original classification under FRS 39	New classification under FRS 109	Original carrying amount under FRS 39 $'000	New carrying amount under FRS 109 $'000
Group					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	11,915	11,915
Cash and cash equivalents		Loans and receivables	Amortised cost	40,314	40,314
Total financial assets				52,229	52,229
Trust					
Financial assets					
Trade and other receivables	(a)	Loans and receivables	Amortised cost	2,880	2,880
Cash and cash equivalents		Loans and receivables	Amortised cost	19,948	19,948
Total financial assets				22,828	22,828

a) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There was no increase in the allowance for impairment that was recognised in opening retained earnings of the Group and the Trust at 1 January 2018 respectively on transition to FRS 109.

2 BASIS OF PREPARATION (CONT'D)

2.5 Adoption of new standards (cont'd)

Notes to the reconciliations (cont'd)

B. FRS 109 *Financial Instruments* (cont'd)

(ii) Impairment of financial assets

FRS 109 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, but not to equity investments.

Under FRS 109, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109 impairment model, impairment losses are generally expected to increase and become more volatile. The Group and the Trust have determined that the application of the recognition and measurement principles of FRS 109's impairment requirements at 1 January 2018 does not result in material additional allowance for impairment.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Group and the Trust measure the allowance for impairment is described in note 26.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in FRS 109. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to borrowings. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Group applies hedge accounting under FRS 109, see note 3.6.

(iv) Transition impact on equity

The impact, net of tax, of transition to the recognition and measurement principles of FRS 109 on reserves and retained earnings at 1 January 2018 is nil.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(ii) Property acquisitions and business combinations

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

(iii) Subsidiaries

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

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

(iv) Transactions eliminated on consolidation

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

(v) Subsidiaries in the financial statements of the Trust

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

3.2 Foreign currencies

(i) Foreign currency transactions

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currencies (cont'd)

(i) Foreign currency transactions (cont'd)

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

(ii) Foreign operations

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

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

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

3.3 Plant and equipment

(i) Recognition and measurement

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment (cont'd)

(ii) Depreciation

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

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

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

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

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

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

3.4 Investment properties

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

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

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

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

3.5 Intangible assets

The intangible assets represent the income support receivable by the Group and the Trust under the Deeds of Income Support in relation to OUE Bayfront and OUE Downtown Office.

The intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into loans and receivables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Loans and receivables

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

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

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

These financial liabilities comprise trade and other payables (excluding advance rental received) and borrowings.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

(vi) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 January 2018

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. For all cash flow hedges, the amounts accumulated in the cash flow hedge reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

3.7 Impairment

(i) Non-derivative financial assets – Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes a breach of contract such as a default.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-derivative financial assets – Policy applicable before 1 January 2018

A financial asset not carried at FVTPL was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise and indications that a debtor would enter bankruptcy.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets – Policy applicable from 1 January 2018 (cont'd)

Loans and receivables (cont'd)

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the statement of total return and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through the statement of total return.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated.

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

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

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

3.8 Unitholders' funds

Unitholders' funds are classified as equity.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Convertible perpetual preferred units

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

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

3.10 Revenue recognition

(i) Rental income

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

(ii) Service fee income

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

(iii) Car park income

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

(iv) Dividend income

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

3.11 Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Levies

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

3.13 Finance income and finance costs

The Group's finance income and finance costs include:
- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

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

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.14 Tax

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Tax Transparency Ruling

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

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

(ii) Where the beneficial owners are Qualifying Foreign Non-Individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended.

A "Qualifying Unitholder" is a Unitholder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons (excluding partnerships) incorporated or registered in Singapore, including:
  - (i) a charity registered under the Charities Act (Cap. 37) or established by any written law;
  - (ii) a town council;
  - (iii) a statutory board;
  - (iv) a co-operative society registered under the Co-operative Societies Act (Cap. 62); or
  - (v) a trade union registered under the Trade Unions Act (Cap. 333);
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- a real estate investment trust exchange-traded fund which has been accorded the tax transparency treatment.

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

Foreign-sourced Income Tax Exemption Ruling

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

3.15 Earnings per Unit

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

3.16 Segment reporting

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

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

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 31.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
At 1 January	3,515,148	3,408,535	1,153,000	1,146,000
Acquisition during the year (including acquisition costs)	917,817	–	917,817	–
Capital expenditure capitalised	5,621	14,460	944	260
Lease incentives	(1,566)	(19)	–	–
Fair value changes recognised in the statement of total return (unrealised)	71,399	101,617	21,339	6,740
Translation differences	(13,884)	(9,445)	–	–
At 31 December	4,494,535	3,515,148	2,093,100	1,153,000

As at 31 December 2018, investment properties with a carrying amount of $1,761,035,000 (2017: $1,741,948,000) are pledged as security to secure bank loans (see Note 10).

Included in the acquisition costs capitalised are fees of $22,000 (2017: $Nil) paid to auditors of the Trust for assurance services performed in relation to the Group's acquisition of an investment property during the year.

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date. The fair values of OUE Bayfront, Lippo Plaza, One Raffles Place and OUE Downtown Office as at 31 December 2018 were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, Beijing Colliers International Real Estate Valuation Co., Ltd., Knight Frank Pte Ltd and Colliers International Consultancy and Valuation (Singapore) Pte Ltd, respectively. As at 31 December 2017, fair values of OUE Bayfront, Lippo Plaza and One Raffles Place were based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd, CBRE Limited and Cushman & Wakefield VHS Pte. Ltd., respectively.

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

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

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(ii) Valuation techniques and significant unobservable inputs

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

Valuation techniques	Significant unobservable inputs	Country		Inter-relationship between key unobservable inputs and fair value measurement
		Singapore	China	
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate Terminal yield rate	6.5% - 7.0% (2017: 6.5% - 7.0%) 3.5% - 5.0% (2017: 3.9% - 4.9%)	7.0% (2017: 6.9%) 4.0% (2017: 3.8% - 4.3%)	The estimated fair value would increase/ (decrease) if: • discount rate was lower (higher); • terminal yield rate was lower (higher).
Capitalisation method: The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate	Capitalisation rate	3.5% to 5.5% (2017: 3.6% to 5.5%)	Not applicable	The estimated fair value would increase/ (decrease) if the capitalisation rate was lower (higher).
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors	Price per square foot (psf)	$1,811 (2017: $2,458 - $2,607)	$1,403 (2017: $1,435)	The estimated fair value would increase/ (decrease) if the price psf was higher (lower).

5 INTANGIBLE ASSETS

	Group and Trust $'000
Cost	
At 1 January 2017 and 31 December 2017	33,000
Acquisition	25,000
At 31 December 2018	58,000
Amortisation and impairment loss	
At 1 January 2017	23,797
Amortisation for the year	4,452
At 31 December 2017	28,249
Amortisation for the year	5,286
At 31 December 2018	33,535
Carrying amount	
At 1 January 2017	9,203
At 31 December 2017	4,751
At 31 December 2018	24,465

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deeds of Income Support entered into with OUE and Alkas Realty Pte. Ltd. ("Alkas"), related parties of the Trust, in relation to OUE Bayfront and OUE Downtown Office, respectively.

Pursuant to the terms of the Deed of Income Support on OUE Bayfront, OUE will provide income support on OUE Bayfront of up to $12 million per annum, for 5 years from 27 January 2014.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to $60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds $60 million, whichever is earlier.

Under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office, the Group and the Trust drew down $7,189,000 (2017: $3,312,000) during the financial year (Note 18).

As at 31 December 2018, the Group and the Trust has drawn down $29,263,000 (2017: $22,074,000) under the Deeds of Income Support on OUE Bayfront and OUE Downtown Office.

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2018 $'000	2017 $'000
Equity investments at cost	1,368,506	1,376,992

As at 31 December 2017, the shares held by the Trust in certain subsidiaries with a carrying amount of $1,138,854,000 were pledged as security to secure bank loans (see Note 10).

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2018 %	2017 %
Direct subsidiaries				
OUE Eastern Limited [(1)]	British Virgin Island	Investment holding	100	100
OUE CT Treasury Pte. Ltd.[(2)]	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd.[(2)]	Singapore	Investment holding	100	100
Indirect subsidiaries				
Tecwell Limited [(1)]	British Virgin Island	Investment holding	100	100
Lippo Realty (Shanghai) Limited [(3)]	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. [(2)]	Singapore	Investment holding	100	100
OUB Centre Limited [(2)]	Singapore	Property owner and investment holding	83.33	83.33

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

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

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

Name	Principal place of business/Country of incorporation	Ownership interest held by NCI	
		2018 %	2017 %
OUB Centre Limited	Singapore	16.67	16.67

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

	OUB Centre Limited	
	2018 $'000	2017 $'000
Revenue	81,504	85,381
Profit and total comprehensive income	79,322	68,238
Profit and total comprehensive income attributable to NCI	13,220	11,373
Non-current assets	1,813,910	1,773,804
Current assets	8,033	11,929
Non-current liabilities	(350,028)	(32,548)
Current liabilities	(27,458)	(343,749)
Net assets	1,444,457	1,409,436
Net assets attributable to NCI	240,743	234,906
Cash flows from operating activities	54,542	50,706
Cash flows used in investing activities	(3,324)	(12,940)
Cash flows used in financing activities	(52,973)	(38,686)
Net decrease in cash and cash equivalents	(1,755)	(920)

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Current				
Trade receivables from:				
- other related parties	8	14	5	14
- third parties	1,347	974	350	37
	1,355	988	355	51
Other receivables from:				
- the Manager	27	–	27	–
- subsidiaries	–	–	361	332
- other related parties	5,190	1,881	5,190	1,881
- third parties	6,847	8,502	309	97
	12,064	10,383	5,887	2,310
Deposits	314	544	289	519
	13,733	11,915	6,531	2,880
Prepayments	651	640	52	39
	14,384	12,555	6,583	2,919
Non-current				
Prepayments	175	290	–	–

Included in other receivables from related parties of the Group and the Trust are income support receivable on OUE Bayfront of $2,205,000 (2017: $1,881,000) and income support receivable on OUE Downtown Office of $2,955,000 (see Note 5).

Amounts due from subsidiaries

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the ECL is not material.

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 26.

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

	Group		Trust	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Not past due	734	477	322	51
Past due 0 – 30 days	421	212	33	–
Past due 31 – 90 days	75	209	–	–
Past due over 90 days	125	90	–	–
	1,355	988	355	51

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

8. FINANCIAL DERIVATIVES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	116	–	95	–
Derivative liabilities				
Interest rate swaps used for hedging				
- Current	(132)	(487)	(109)	(166)
- Non-current	(7,828)	(10,705)	(5,448)	(9,754)
	(7,960)	(11,192)	(5,557)	(9,920)
	(7,844)	(11,192)	(5,462)	(9,920)
Financial derivatives as a percentage of net assets	(0.3%)	(0.6%)	(0.3%)	(0.7%)

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

Master netting or similar agreements

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

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

8. FINANCIAL DERIVATIVES (CONT'D)

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

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	116	–	116	(105)	11
Derivatives liabilities					
Interest rate swaps used for hedging	(7,960)	–	(7,960)	105	(7,855)
31 December 2017					
Derivatives liabilities					
Interest rate swaps used for hedging	(11,192)	–	(11,192)	–	(11,192)
Trust					
31 December 2018					
Derivatives assets					
Interest rate swaps used for hedging	95	–	95	(95)	–
Derivatives liabilities					
Interest rate swaps used for hedging	(5,557)	–	(5,557)	95	(5,462)
31 December 2017					
Derivatives liabilities					
Interest rate swaps used for hedging	(9,920)	–	(9,920)	–	(9,920)

9. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash at bank	7,781	10,134	2,855	2,112
Short-term deposits with financial institutions	29,293	30,180	9,870	17,836
	37,074	40,314	12,725	19,948

Included in short-term deposits with financial institutions is $17,937,000 of structured deposits, which are measured at FVTPL and matured in January 2019.

10. BORROWINGS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Bank loans				
- Secured	651,302	1,103,974	624,500	760,000
- Unsecured	926,735	19,500	608,735	19,500
Unsecured notes	150,000	150,000	–	–
Loan from a subsidiary	–	–	150,000	150,000
Less: Unamortised transaction costs	(14,715)	(11,139)	(12,154)	(9,824)
	1,713,322	1,262,335	1,371,081	919,676
Classified as:				
Current	1,992	514,016	–	198,783
Non-current	1,711,330	748,319	1,371,081	720,893
	1,713,322	1,262,335	1,371,081	919,676

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			Group		Trust	
	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
2018						
Bank loans						
- SGD	2.72 – 3.42	2021 - 2024	1,551,235	1,536,913	1,233,235	1,221,467
- Chinese Renminbi	4.90	2024	26,802	26,795	–	–
Unsecured notes	3.03	2020	150,000	149,614	–	–
Loan from a subsidiary	3.03	2020	–	–	150,000	149,614
			1,728,037	1,713,322	1,383,235	1,371,081
2017						
Bank loans						
- SGD	0.80 – 2.62	2018 – 2022	1,094,000	1,083,497	779,500	770,304
- Chinese Renminbi	4.90	2024	29,474	29,466	–	–
Unsecured notes	3.03	2020	150,000	149,372	–	–
Loan from a subsidiary	3.03	2020	–	–	150,000	149,372
			1,273,474	1,262,335	929,500	919,676

10. BORROWINGS (CONT'D)

(a) Secured bank loans

The Group has secured term loans and revolving credit facilities of 5 to 8 years (2017: 3 to 8 years) which are secured on the following:

- investment properties with a total carrying amount of $1,761,035,000 (2017: $1,741,948,000) (Note 4);
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiary.

In 2017, there was first priority fixed charge over the shares of certain subsidiaries (Note 6).

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of $1,050.0 million (2017: $Nil) committed bank loans and revolving credit facilities with banks. At the reporting date, $926.7 million (2017: $Nil) were drawn down; and
- $30.0 million (2017: $30.0 million) uncommitted revolving credit facility with a bank. At the reporting date, $Nil (2017: $19.5 million) was drawn down. The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

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

The unsecured notes outstanding as at 31 December 2018 under the Programme is $150.0 million (2017: $150.0 million). The unsecured notes has a fixed rate of 3.03% per annum payable semi-annually in arrears, fully repayable on 5 September 2020.

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

(d) Loan from a subsidiary

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

10. BORROWINGS (CONT'D)

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

	Liabilities		Derivative (assets)/liabilities held to hedge long-term borrowings		
	Borrowings $'000	Accrued interest payable $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2017	1,303,745	5,617	(315)	7,790	1,316,837
Changes from financing cash flows					
Proceeds from issue of unsecured notes	150,000	–	–	–	150,000
Payment of transaction costs related to borrowings	(11,139)	–	–	–	(11,139)
Proceeds from bank loans	788,200	–	–	–	788,200
Repayment of bank loans	(974,700)	–	–	–	(974,700)
Interest paid	–	(37,478)	–	–	(37,478)
Total changes from financing cash flows	(47,639)	(37,478)	–	–	(85,117)
The effect of changes in foreign exchange rates	(540)	(2)	–	–	(542)
Change in fair value	–	–	315	3,402	3,717
Other changes					
Liability-related					
Amortisation of debt establishment costs	6,769	–	–	–	6,769
Interest expense	–	38,954	–	–	38,954
Total liability-related other changes	6,769	38,954	–	–	45,723
Balance at 31 December 2017	1,262,335	7,091	–	11,192	1,280,618
Balance at 1 January 2018	1,262,335	7,091	–	11,192	1,280,618
Changes from financing cash flows					
Payment of transaction costs related to borrowings	(8,245)	–	–	–	(8,245)
Proceeds from bank loans	1,139,735	–	–	–	1,139,735
Repayment of bank loans	(684,538)	–	–	–	(684,538)
Interest paid	–	(43,274)	–	–	(43,274)
Total changes from financing cash flows	446,952	(43,274)	–	–	403,678
The effect of changes in foreign exchange rates	(822)	(205)	–	–	(1,027)
Change in fair value	–	–	(116)	(3,232)	(3,348)
Other changes					
Liability-related					
Amortisation of debt establishment costs	4,857	–	–	–	4,857
Interest expense	–	45,604	–	–	45,604
Total liability-related other changes	4,857	45,604	–	–	50,461
Balance at 31 December 2018	1,713,322	9,216	(116)	7,960	1,730,382

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current				
Trade payables	3,448	2,992	635	598
Other payables due to:				
– subsidiaries	–	–	1,668	238
– related parties	992	101,194	992	101,194
– third parties	7,235	7,257	53	673
Advance rental received	4,848	4,264	1,723	824
Accrued expenses	21,838	18,707	7,403	4,646
Interest payable to:				
- a subsidiary	–	–	1,469	1,469
- third parties	9,216	7,091	5,061	4,132
Rental deposits				
– related parties	1,380	442	1,351	442
– third parties	14,862	13,828	4,211	1,443
Other deposits				
– related parties	48	57	25	38
– third parties	1,713	1,436	662	480
	65,580	157,268	25,253	116,177
Non-current				
Rental deposits				
– related parties	592	1,149	421	978
– third parties	41,808	37,340	16,935	11,208
	42,400	38,489	17,356	12,186

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

As at 31 December 2017, included in other payables due to related parties is an amount payable to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE) of $100,504,000, arising from the issuance of the irrevocable redemption notice on 1 December 2017 to redeem 100,000,000 CPPUs. The amount was settled during the year.

Included in accrued expenses is property tax payable of $1.5 million (2017: $3.1 million) on a property relating to prior years. Where such amounts are not required to be paid, they will be refunded to the vendor of the property.

12. DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Investment properties	78,151	75,677	–	–
Plant and equipment	8,269	7,032	–	–
Other items	1,306	1,443	–	–
	87,726	84,152	–	–

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

	Investment properties $'000	Plant and equipment $'000	Others $'000	Total $'000
2018				
At 1 January 2018	75,677	7,032	1,443	84,152
Recognised in statement of total return (Note 22)	4,000	1,433	(104)	5,329
Exchange differences	(1,526)	(196)	(33)	(1,755)
At 31 December 2018	78,151	8,269	1,306	87,726
2017				
At 1 January 2017	59,929	5,269	1,069	66,267
Recognised in statement of total return (Note 22)	16,588	1,858	394	18,840
Exchange differences	(840)	(95)	(20)	(955)
At 31 December 2017	75,677	7,032	1,443	84,152

13. CONVERTIBLE PERPETUAL PREFERRED UNITS

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

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;
- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;
- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;
- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of $0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;
- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;
- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and
- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

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

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

The CPPUs are classified as equity instruments in the statement of financial position. The $361,890,000 (2017: $361,891,000) presented in the statement of financial position represents the carrying value of the remaining 375.0 million CPPUs and the total return attributable to the CPPU holder from the last distribution date.

14 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2018 ’000	**2017 ’000**
Units in issue		
At 1 January	1,544,013	1,297,832
Creation of Units:		
- Private placement	–	233,282
- Rights issue	1,288,439	–
- Acquisition fee paid to Manager in Units	11,947	–
- Manager’s management fees paid in Units	11,579	12,899
At 31 December	2,855,978	1,544,013
Units to be issued		
Manager’s management fees payable in Units	5,611	2,756
Units in issue and to be issued	2,861,589	1,546,769

Financial year ended 31 December 2018

During the financial year, the following Units were issued:

- 1,288,438,981 Units were issued at $0.456 per Unit, amounting to $587,528,000 for cash as part of the rights issue undertaken by the Trust, wherein Unitholders were entitled to subscribe for 83 new Units for every 100 existing Units held. The proceeds raised from the rights issue were used to partially fund the acquisition of an investment property and the related acquisition costs during the financial year;

- 11,579,111 Units were issued at issue prices ranging from $0.60 to $0.72 per Unit, amounting to $7,852,000 as satisfaction of the Manager’s management fees payable in Units; and

- 11,947,368 Units were issued at $0.570 per Unit, amounting to $6,810,000, as satisfaction of the acquisition fee payable to the Manager arising from the acquisition of an investment property during the financial year.

Financial year ended 31 December 2017

During the financial year, the following Units were issued:

- 12,899,421 Units were issued at issue prices ranging from $0.69 to $0.71 per Unit, amounting to $8,960,000 as satisfaction of the Manager’s management fees payable in Units; and

- 233,281,400 Units were issued at $0.643 per Unit amounting to $150,000,000 pursuant to the private placement completed in March 2017.

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

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

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

15. NET ASSET VALUE PER UNIT

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders ($'000)		2,038,092	1,407,285	1,724,337	1,137,760
- Units in issue and to be issued at 31 December ('000)	14	2,861,589	1,546,769	2,861,589	1,546,769

16. REVENUE

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Rental income	151,066	152,471	52,311	47,526
Service fee income	14,829	14,215	6,950	6,162
Carpark income	3,721	3,661	1,392	1,501
Dividend income	–	–	35,995	37,995
Others	6,963	6,149	2,321	2,709
Less: Business and other taxes	(183)	(199)	–	–
	176,396	176,297	98,969	95,893

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Included in rental income is variable rent of $664,000 (2017: $662,000) and $46,000 (2017: $106,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of $6,843,000 (2017: $6,565,000) and $6,111,000 (2017: $6,199,000), respectively.

17. PROPERTY OPERATING EXPENSES

	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Property maintenance expenses	8,763	8,650	3,334	3,046
Property management fees	2,444	2,387	2,444	2,387
Property-related taxes	17,992	16,161	6,430	4,616
Insurance	261	297	87	92
Utilities	1,953	2,656	1,033	979
Centre management costs	4,281	4,700	–	–
Others	2,515	3,260	282	351
	38,209	38,111	13,610	11,471
Centre management costs comprise:				
Salaries, bonuses and other costs	3,783	4,186	–	–
Contributions to defined contribution plans	498	514	–	–
	4,281	4,700	–	–

18. OTHER INCOME

	Note	Group and Trust 2018 $'000	Group and Trust 2017 $'000
Income support on OUE Bayfront and OUE Downtown Office	5	7,189	3,312

19. MANAGER'S MANAGEMENT FEES

	Group and Trust 2018 $'000	Group and Trust 2017 $'000
Base fee	10,565	9,593

The Manager's management fees comprise an aggregate of 14,433,703 (2017: 10,889,407) Units, amounting to approximately $8,452,000 (2017: $7,674,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from $0.46 to $0.71 (2017: $0.69 to $0.72) per Unit.

20. NET FINANCE COSTS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Finance income				
Interest income	795	687	188	202
Ineffective portion of changes in fair value of cash flow hedges	2,874	5,310	1,847	3,811
Net change in fair value of derivatives	–	–	263	–
Net foreign exchange gain	12	–	253	–
	3,681	5,997	2,551	4,013
Finance costs				
Amortisation of debt-related transaction costs	(4,857)	(6,769)	(3,388)	(4,972)
Interest paid/payable to a subsidiary	–	–	(4,545)	(1,469)
Interest paid/payable to banks	(45,604)	(38,954)	(29,356)	(26,925)
Net change in fair value of derivatives	(565)	(2,326)	–	(2,326)
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	(653)	(714)	(448)	(433)
Net foreign exchange losses	–	(314)	–	(103)
	(51,679)	(49,077)	(37,737)	(36,228)
Net finance costs	(47,998)	(43,080)	(35,186)	(32,215)

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Total interest income on financial assets	795	687	188	202
Total interest expense on financial liabilities and debt-related transaction costs	(44,542)	(35,145)	(32,424)	(24,751)

21. TOTAL RETURN FOR THE YEAR BEFORE TAX

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

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Audit fees paid/payable to:				
- Auditors of the Trust	245	260	146	160
- Other auditors	49	57	–	–
Non-audit fees paid to:				
- Auditors of the Trust	65	72	56	63
- Other auditors	6	6	–	–
Valuation fees	76	56	20	16

22. TAX EXPENSE

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Current tax expense				
Current year	13,703	14,403	–	–
(Over)/Under provision in respect of prior years	(724)	1,472	–	–
	12,979	15,875	–	–
Withholding tax	1,426	1,343	–	–
Deferred tax expense				
Origination and reversal of temporary differences	5,329	21,085	–	–
Over provision in respect of prior years	–	(2,245)	–	–
	5,329	18,840	–	–
	19,734	36,058	–	–
Reconciliation of effective tax rate				
Total return for the year before tax	150,447	183,741	61,100	46,588
Tax calculated using Singapore tax rate of 17% (2017: 17%)	25,576	31,236	10,387	7,920
Effect of tax rates in foreign jurisdictions	3,058	7,842	–	–
Non-tax deductible items	6,416	6,888	5,103	5,080
Non-taxable items	(10,597)	(5,695)	(3,986)	(1,794)
Tax exempt income	(26)	(26)	(6,119)	(6,459)
Tax incentives	(10)	(10)	–	–
Over provision in respect of prior years	(724)	(773)	–	–
Tax transparency (Note 3.14)	(5,385)	(4,747)	(5,385)	(4,747)
Withholding tax	1,426	1,343	–	–
	19,734	36,058	–	–

23. EARNINGS PER UNIT AND DISTRIBUTION PER UNIT

(i) Basic earnings per Unit

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

Total return attributable to Unitholders

	Group	
	2018 $'000	2017 $'000
Total return for the year attributable to Unitholders and CPPU holder	117,493	136,310
Less: Amount reserved for distribution to CPPU holder	(3,750)	(5,311)
Total return attributable to Unitholders	113,743	130,999

Weighted average number of Units

	Group	
	2018 '000	2017 '000
Units issued or to be issued at beginning of the year	1,546,769	1,302,598
Effect of Units issued during the year	228,716	189,452
Effect of Units to be issued as payment of the Manager's management fees payable in Units	15	7
Adjustment for effect of rights issue (1)	210,174	202,174
Weighted average number of Units during the year (1)	1,985,674	1,694,231

(1) The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

(ii) Diluted earnings per Unit

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

Total return attributable to Unitholders (diluted)

	Group	
	2018 $'000	2017 $'000
Total return attributable to Unitholders (basic)	113,743	130,999
Add: Amount reserved for distribution to CPPU holder	3,750	5,311
Total return attributable to Unitholders and CPPU holder (diluted)	117,493	136,310

Weighted average number of Units (diluted)

	Group	
	2018 '000	2017 '000
Weighted average number of Units (basic)	1,985,674	1,694,231
Effect of the Manager's fees paid/payable in Units	10,087	6,777
Effect of the rights issue (1)	609	919
Effect of conversion of CPPUs into Units (2)	524,182	730,791
Weighted average number of Units (diluted)	2,520,552	2,432,718

(1) The weighted average number of Units has been adjusted to reflect the bonus element in the new Units pursuant to the rights issue on 30 October 2018.

(2) The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at $0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

24. ISSUE COSTS

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

For the financial year ended 31 December 2018, included in issue costs are fees paid to the auditors of the Trust of $53,000 for the services rendered in relation to the fund raising exercise undertaken by the Trust.

25. OPERATING SEGMENTS

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

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

Information about reportable segments

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2018			
Revenue	144,478	31,918	176,396
Property operating expenses	(32,288)	(5,921)	(38,209)
Reportable segment net property income	112,190	25,997	138,187
Other income	7,189	–	7,189
Depreciation and amortisation	(5,427)	(39)	(5,466)
Finance income	3,146	519	3,665
Finance costs	(50,265)	(1,414)	(51,679)
Unallocated items			
- Finance income			16
- Expenses			(12,864)
Net income			79,048
Net change in fair value of investment properties			71,399
Tax expense			(19,734)
Total return for the year			130,713
31 December 2018			
Non-current assets [1]	3,931,475	588,093	4,519,568

[1] Excluding financial assets

25. OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2017			
Revenue	143,279	33,018	176,297
Property operating expenses	(31,605)	(6,506)	(38,111)
Reportable segment net property income	111,674	26,512	138,186
Other income	3,312	–	3,312
Depreciation and amortisation	(4,643)	(18)	(4,661)
Finance income	5,512	459	5,971
Finance costs	(47,400)	(1,376)	(48,776)
Unallocated items			
- Finance income			26
- Finance costs			(301)
- Expenses			(11,633)
Net income			82,124
Net change in fair value of investment properties			101,617
Tax expense			(36,058)
Total return for the year			147,683
31 December 2017			
Non-current assets [1]	2,931,555	589,146	3,520,701

[1] Excluding financial instruments

26. FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

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

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

Overview

The Group has exposure to the following risks arising from financial instruments:
- credit risk
- liquidity risk
- market risk

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

26. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk

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

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

Expected credit loss assessment for individual tenants as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very small number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group believes that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of $37,074,000 and $12,725,000 respectively at 31 December 2018 (2017: $40,314,000 and $19,948,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1 to P-2, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Trust considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap contracts with a total notional amount of $1,235.0 million (2017: $930.0 million), of which $80.0 million (2017: $50.0 million) relate to forward start interest rate swaps which will be effective in 2019 (2017: 2018). The Trust has interest rate swap contracts with a total notional amount of $840.0 million (2017: $700.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

26. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

In addition, as at 31 December 2018, the Group maintains term loans and revolving credit facilities of $1,786.8 million (2017: $1,289.5 million) with banks. At the reporting date, $1,578.0 million (2017: $1,123.5 million) of the facilities was utilised.

As at 31 December 2018, the Group has issued unsecured notes of $150.0 million (2017: $150.0 million) through OUE CT Treasury Pte. Ltd..

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

			←	Cash flows	→
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2018					
Non-derivative financial liabilities					
Trade and other payables*	103,132	(103,132)	(60,732)	(39,116)	(3,284)
Borrowings	1,713,322	(1,895,396)	(270,978)	(1,526,664)	(97,754)
	1,816,454	(1,998,528)	(331,710)	(1,565,780)	(101,038)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(116)	121	121	–	–
Interest rate swaps used for hedging (net-settled)	7,960	(8,160)	(3,699)	(4,461)	–
	7,844	(8,039)	(3,578)	(4,461)	–
	1,824,298	(2,006,567)	(335,288)	(1,570,241)	(101,038)
2017					
Non-derivative financial liabilities					
Trade and other payables*	191,493	(191,493)	(153,004)	(34,200)	(4,289)
Borrowings	1,262,335	(1,367,529)	(545,573)	(801,555)	(20,401)
	1,453,828	(1,559,022)	(698,577)	(835,755)	(24,690)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	11,192	(11,232)	(6,741)	(4,491)	–
	1,465,020	(1,570,254)	(705,318)	(840,246)	(24,690)

* Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	← Cash flows: Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000 →
Trust					
2018					
Non-derivative financial liabilities					
Trade and other payables*	40,886	(40,886)	(23,530)	(16,954)	(402)
Borrowings	1,371,081	(1,495,252)	(257,499)	(1,157,066)	(80,687)
	1,411,967	(1,536,138)	(281,029)	(1,174,020)	(81,089)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	(95)	99	99	–	–
Interest rate swaps used for hedging (net-settled)	5,557	(5,682)	(2,920)	(2,762)	–
	5,462	(5,583)	(2,821)	(2,762)	–
	1,417,429	(1,541,721)	(283,850)	(1,176,782)	(81,089)
2017					
Non-derivative financial liabilities					
Trade and other payables*	127,539	(127,539)	(115,353)	(12,186)	–
Borrowings	919,676	(1,010,391)	(221,564)	(788,827)	–
	1,047,215	(1,137,930)	(336,917)	(801,013)	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	9,920	(9,944)	(5,550)	(4,394)	–
	1,057,135	(1,147,874)	(342,467)	(805,407)	–

* Excluding advance rental received

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

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

26. FINANCIAL INSTRUMENTS (CONT'D)

Market risk

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

Interest rate risk

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

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

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts.

The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the dollar-offset and regression methods.

In these hedge relationships, the main sources of ineffectiveness are the differences in the inception dates between the swaps and the borrowings.

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

	Nominal amount			
	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Fixed rate instruments				
Short-term deposits with financial institutions	29,293	30,180	9,870	17,836
Borrowings	(150,000)	(150,000)	(150,000)	(150,000)
Interest rate swaps	(1,155,000)	(880,000)	(840,000)	(700,000)
	(1,275,707)	(999,820)	(980,130)	(832,164)
Variable rate instruments				
Borrowings	(1,578,037)	(1,123,474)	(1,233,235)	(779,500)
Interest rate swaps	1,155,000	880,000	840,000	700,000
	(423,037)	(243,474)	(393,235)	(79,500)

26. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk **(cont'd)**

Fair value sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2017: 50) basis points (bp) in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	Decrease in interest rate $'000	Increase in interest rate $'000	Decrease in interest rate $'000
Group				
2018				
Variable rate instruments				
Borrowings (50 bp)	(7,890)	7,890	–	–
Interest rate swaps (50 bp)	7,309	(7,337)	492	(644)
	(581)	553	492	(644)
2017				
Variable rate instruments				
Borrowings (50 bp)	(5,617)	5,617	–	–
Interest rate swaps (50 bp)	4,400	(4,400)	508	(572)
	(1,217)	1,217	508	(572)

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	Decrease in interest rate $'000	Increase in interest rate $'000	Decrease in interest rate $'000
Trust				
2018				
Variable rate instruments				
Borrowings (50 bp)	(6,166)	6,166	–	–
Interest rate swaps (50 bp)	4,200	(4,200)	296	(459)
	(1,966)	1,966	296	(459)
2017				
Variable rate instruments				
Borrowings (50 bp)	(3,898)	3,898	–	–
Interest rate swaps (50 bp)	3,500	(3,500)	370	(417)
	(398)	398	370	(417)

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedges

At 31 December 2018, the Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	More than one year
Group		
Interest rate risk		
Interest rate swaps		
Net exposure (in thousands of SGD)	440,000	715,000
Fixed interest rate	1.53% – 2.45%	1.88% – 2.55%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure (in thousands of SGD)	260,000	580,000
Fixed interest rate	1.53% – 2.45%	1.88% – 2.55%

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000
Group			
31 December 2018			
Interest rate risk			
Variable-rate instruments	(763)	(3,139)	–
Trust			
31 December 2018			
Interest rate risk			
Variable-rate instruments	(2,283)	(2,244)	–

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	2018			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
Group				
Interest rate risk				
Interest rate swaps	1,155,000	116	(7,960)	Financial derivatives

	2018			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
Trust				
Interest rate risk				
Interest rate swaps	840,000	95	(5,557)	Financial derivatives

During the period - 2018				
Changes in the value of the hedging instrument recognised in unitholders' funds and NCI $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
(13)	2,874	Finance income	1,705	Finance cost

During the period - 2018				
Changes in the value of the hedging instrument recognised in unitholders' funds $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
908	1,847	Finance income	1,889	Finance cost

26. FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	Group	Trust
	Hedging reserve $'000	**Hedging reserve $'000**
Balance at 1 January 2018	(5,014)	(5,041)
Cash flow hedges		
Change in fair value:		
Interest rate risk	139	908
Amount reclassified to statement of total return:		
Interest rate risk	1,736	1,889
Balance at 31 December 2018	(3,139)	(2,244)

Currency risk

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

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and

- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

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

	HKD $'000	USD $'000	RMB $'000
Group			
2018			
Cash and cash equivalents	2	73	11,365
2017			
Cash and cash equivalents	104	71	17,836

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

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

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

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2018										
Financial assets measured at fair value										
Financial derivatives	8	–	–	116	–	116	–	116	–	116
Financial assets not measured at fair value										
Trade and other receivables^	7	13,733	–	–	–	13,733				
Cash and cash equivalents	9	19,137	17,937	–	–	37,074	–	17,937	–	17,937
		32,870	17,937	–	–	50,807				
Financial liabilities measured at fair value										
Financial derivatives	8	–	–	(7,960)	–	(7,960)	–	(7,960)	–	(7,960)
Financial liabilities not measured at fair value										
Borrowings:										
- Bank loans	10	–	–	–	(1,563,708)	(1,563,708)				
- Unsecured notes	10	–	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
Trade and other payables#	11	–	–	–	(103,132)	(103,132)	–	–	(99,857)	(99,857)
		–	–	–	(1,816,454)	(1,816,454)				

^ Excluding prepayments
# Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
2017									
Financial assets not measured at fair value									
Trade and other receivables^	7	11,915	–	–	11,915				
Cash and cash equivalents	9	40,314	–	–	40,314				
		52,229	–	–	52,229				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(11,192)	–	(11,192)	–	(11,192)	–	(11,192)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	–	–	(1,112,963)	(1,112,963)				
- Unsecured notes	10	–	–	(149,372)	(149,372)	–	(150,453)	–	(150,453)
Trade and other payables#	11	–	–	(191,493)	(191,493)	–	–	(188,598)	(188,598)
		–	–	(1,453,828)	(1,453,828)				

^ Excluding prepayments
# Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount: Amortised cost $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Trust									
2018									
Financial assets measured at fair value									
Financial derivatives	8	–	95	–	95	–	95	–	95
Financial assets not measured at fair value									
Trade and other receivables^	7	6,531	–	–	6,531				
Cash and cash equivalents	9	12,725	–	–	12,725				
		19,256	–	–	19,256				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(5,557)	–	(5,557)	–	(5,557)	–	(5,557)
Financial liabilities not measured at fair value									
Borrowings:									
- Bank loans	10	–	–	(1,221,467)	(1,221,467)				
- Loan from a subsidiary	10	–	–	(149,614)	(149,614)	–	(146,945)	–	(146,945)
Trade and other payables#	11	–	–	(40,886)	(40,886)	–	–	(39,926)	(39,926)
		–	–	(1,411,967)	(1,411,967)				

^ Excluding prepayments
# Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

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

^ Excluding prepayments
# Excluding advance rental received

26. FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Interest rate swaps	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.
Structured deposits	*The fair value of structured deposits approximates the carrying amount due to its short-term nature.*

Financial instruments not measured at fair value

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

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

Capital management

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

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

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

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

The Aggregate Leverage of the Group as at 31 December 2018 was 39.3% (2017: 37.3%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

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

27. COMMITMENTS

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

(a) Capital commitments

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Contracted but not provided for in the financial statements: - Expenditure in respect of investment properties	5,647	638	–	–

(b) Operating lease commitments

Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Within 1 year	188,335	152,964	91,853	51,325
After 1 year but within 5 years	270,859	243,807	123,797	91,814
After 5 years	23,646	25,369	544	–
	482,840	422,140	216,194	143,139

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

28. RELATED PARTY TRANSACTIONS

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

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

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Acquisition of investment property and intangible asset from a related party	908,000	–	908,000	–
Hotel service expenses and professional fees paid/payable to related parties	68	93	68	83
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	471	33	471	33

29. FINANCIAL RATIOS

	Group		Trust	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Expenses to weighted average net assets [1]				
- including performance component of the Manager's fees	1.18	1.24	1.39	1.42
- excluding performance component of the Manager's fees	1.18	1.24	1.39	1.42
Portfolio turnover rate [2]	–	–	–	–

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

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

30. SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 30 January 2019, the Manager declared a distribution of $1,890,000 to the CPPU holder in respect of the period from 1 July 2018 to 31 December 2018.
- On 30 January 2019, the Manager declared a distribution of 1.30 cents per Unit, amounting to $37,375,000, in respect of the period from 1 July 2018 to 31 December 2018.
- On 4 February 2019, the Trust issued 5,610,814 Units at $0.4601 per Unit, amounting to $2,582,000, to the Manager as payment of the management base fee for the period from 1 October 2018 to 31 December 2018.

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

Applicable to financial statements for the year 2019 and thereafter

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

Applicable to 2019 financial statements

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

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

31. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 116

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

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

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

(i) The Group as lessee

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

(ii) The Group as lessor

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

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

Impact on the financial statements

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

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

	Aggregate value of all interested person/party transactions during FY2018 (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
OUE Limited & its subsidiaries		
Gross rental income	1,510	–
Carpark income	314	–
Utilities	138	–
Manager's management fee[1]	10,565	–
Manager's acquisition fee[2]	6,810	–
Property management fee[1]	2,444	–
Acquisition of OUE Downtown Office	908,000	–
Income support arrangements[3]	7,189	–
DBS Trustee Limited		
Trustee's fee[1]	620	–

Please also see Related Party Transactions in Note 28 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2018, there were no additional interested person/party transactions (excluding transactions less than S$100,000) or any material contracts entered into by OUE C-REIT involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Manager or controlling Unitholder.

Notes:

1 The fees and charges payable by OUE C-REIT to the Trustee and Manager under the Trust Deed and to the Property Manager under the Master Property Management Agreement and the Individual Property Management Agreement of OUE Bayfront (each as defined in the prospectus of OUE C-REIT dated 17 January 2014 (the "Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rule 905 and Rule 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or the bases of the fees charged thereunder which will adversely affect OUE C-REIT.

The fees and charges payable by OUE C-REIT to the Property Manager under the Individual Property Management Agreement of OUE Downtown Office (as defined in the circular dated 10 September 2018) are deemed to have been specifically approved by the Unitholders and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar that there are no subsequent change to the rates and/or the bases of the fees charged which will adversely affect OUE C-REIT.

2 Comprises acquisition fee at 0.75% of the purchase consideration paid to the Manager in connection with the acquisition of the office components of OUE Downtown (the "Acquisition") on 1 November 2018.

3 Income support arrangements of approximately S$7.2 million pursuant to the Deed of Income Support on OUE Bayfront (as defined in the Prospectus) and pursuant to the Deed of Rental Support on OUE Downtown Office (as defined in the circular dated 10 September 2018) are deemed to have been specifically approved by the Unitholders upon subscription of the Units (in respect of the Deed of Income Support on OUE Bayfront) and upon Unitholders' approval of the Acquisition (in respect of the Deed of Rental Support on OUE Downtown Office) and are therefore not subject to Rules 905 and 906 of the Listing Manual insofar that, in respect of each such agreement, there are no subsequent changes to the terms thereunder which will adversely affect OUE C-REIT.

The following table sets out a summary of Units issued for payment of the management fees during or in respect of the financial period from 1 January 2018 to 31 December 2018.

For Period	Issue Date	Units issued	*Issue Price S$
1 January 2018 to 31 March 2018	15 May 2018	2,727,195	0.7111
1 April 2018 to 30 June 2018	7 August 2018	2,839,920	0.6918
1 July 2018 to 30 September 2018	13 November 2018	3,255,774	0.6040
1 October 2018 to 31 December 2018	4 February 2019	5,610,814	0.4601

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

STATISTICS OF UNITHOLDINGS

As at 8 March 2019

2,861,589,059 Units (one vote per Unit) in issue.
Market capitalisation of S$1,430,794,529.50 based on the market closing Unit price of S$0.50 on 8 March 2019.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	41	0.47	1,872	0.00
100 - 1,000	275	3.13	206,703	0.01
1,001 - 10,000	3,749	42.76	21,627,915	0.76
10,001 - 1,000,000	4,645	52.98	306,551,121	10.71
1,000,001 and above	58	0.66	2,533,201,448	88.52
TOTAL	**8,768**	**100.00**	**2,861,589,059**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholder	Number of Units	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	1,753,662,109	61.28
2.	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	199,444,999	6.97
3.	DBS NOMINEES (PRIVATE) LIMITED	141,429,270	4.94
4.	OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.	136,753,096	4.78
5.	RAFFLES NOMINEES (PTE.) LIMITED	103,941,585	3.63
6.	DB NOMINEES (SINGAPORE) PTE LTD	38,939,067	1.36
7.	OCBC SECURITIES PRIVATE LIMITED	25,477,908	0.89
8.	HSBC (SINGAPORE) NOMINEES PTE LTD	19,270,294	0.67
9.	THIO GIM HOCK	6,749,040	0.24
10.	MAYBANK KIM ENG SECURITIES PTE. LTD.	6,192,191	0.22
11.	PHILLIP SECURITIES PTE LTD	5,925,431	0.21
12.	HENG SIEW ENG	5,322,800	0.19
13.	GOH YEW GEE	5,000,000	0.17
14.	DBSN SERVICES PTE. LTD.	4,675,300	0.16
15.	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	4,526,907	0.16
16.	GUTHRIE VENTURE PTE LTD	3,868,500	0.14
17.	JACK INVESTMENT PTE LTD	3,369,200	0.12
18.	GOH YEU TOH	3,001,200	0.10
19.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,846,470	0.10
20.	HAN CHEE JUAN	2,670,000	0.09
TOTAL		**2,473,065,367**	**86.42**

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2019

Directors	Direct Interest	%	Deemed Interest	%
Christopher James Williams	–	–	331,687	0.01
Loh Lian Huat	995,000	0.03	332,260	0.01
Tan Shu Lin	663,375	0.02	–	–

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 8 MARCH 2019

	Direct Interest		Deemed Interest			
Name of Substantial Unitholder	No. of Units held	%	No. of Units held	%	Total No. of Units held	%
Clifford Development Pte. Ltd. ("Clifford")	1,471,601,271	51.43 [27]	–	–	1,471,601,271	51.43 [27]
OUE Limited	–	–	1,608,354,367 [1]	56.20 [27]	1,608,354,367	56.20 [27]
OUE Realty Pte. Ltd. ("OUER")	–	–	1,608,354,367 [2]	56.20 [27]	1,608,354,367	56.20 [27]
Golden Concord Asia Limited ("GCAL")	–	–	1,608,354,367 [3]	56.20 [27]	1,608,354,367	56.20 [27]
Fortune Code Limited ("FCL")	–	–	1,608,354,367 [4]	56.20 [27]	1,608,354,367	56.20 [27]
Lippo ASM Asia Property Limited ("LAAPL")	–	–	1,608,354,367 [5]	56.20 [27]	1,608,354,367	56.20 [27]
Pacific Landmark Holdings Limited ("Pacific Landmark")	–	–	1,608,354,367 [6]	56.20 [27]	1,608,354,367	56.20 [27]
HKC Property Investment Holdings Limited ("HKC Property")	–	–	1,608,354,367 [7]	56.20 [27]	1,608,354,367	56.20 [27]
Hongkong Chinese Limited ("HCL")	164,700	0.01 [27]	1,608,354,367 [8]	56.20 [27]	1,608,519,067	56.21 [27]
Hennessy Holdings Limited ("HHL")	–	–	1,608,519,067 [9]	56.21 [27]	1,608,519,067	56.21 [27]
Prime Success Limited ("PSL")	–	–	1,608,519,067 [10]	56.21 [27]	1,608,519,067	56.21 [27]
Lippo Limited ("LL")	–	–	1,611,630,799 [11]	56.32 [27]	1,611,630,799	56.32 [27]
Lippo Capital Limited ("LCL")	–	–	1,611,630,799 [12]	56.32 [27]	1,611,630,799	56.32 [27]
Lippo Capital Holdings Company Limited ("LCH")	–	–	1,611,630,799 [13]	56.32 [27]	1,611,630,799	56.32 [27]
Lippo Capital Group Limited ("LCG")	–	–	1,611,630,799 [14]	56.32 [27]	1,611,630,799	56.32 [27]
Dr. Stephen Riady	–	–	1,611,630,799 [15]	56.32 [27]	1,611,630,799	56.32 [27]
PT Trijaya Utama Mandiri ("PT Trijaya")	–	–	1,611,630,799 [16]	56.32 [27]	1,611,630,799	56.32 [27]
Mr. James Tjahaja Riady	–	–	1,611,630,799 [17]	56.32 [27]	1,611,630,799	56.32 [27]
Admiralty Station Management Limited ("Admiralty")	–	–	1,608,354,367 [18]	56.20 [27]	1,608,354,367	56.20 [27]
Argyle Street Management Limited ("ASML")	–	–	1,608,354,367 [19]	56.20 [27]	1,608,354,367	56.20 [27]
Argyle Street Management Holdings Limited ("ASMHL")	–	–	1,608,354,367 [20]	56.20 [27]	1,608,354,367	56.20 [27]
Kin Chan ("KC")	–	–	1,608,354,367 [21]	56.20 [27]	1,608,354,367	56.20 [27]
V-Nee Yeh ("VY")	–	–	1,608,354,367 [22]	56.20 [27]	1,608,354,367	56.20 [27]
Tang Gordon @ Tang Yigang @ Tang Gordon ("GT")	292,647,852 [23]	10.23 [27]	101,847,500 [24]	3.56 [27]	394,495,352	13.79 [27]
Celine Tang @ Chen Huaidan @ Celine Tang ("CT")	239,903,606 [25]	8.38 [27]	–	–	239,903,606	8.38 [27]
Yang Chanzhen @ Janet Yeo ("JY")	128,100,000	4.48 [27]	110,534,851 [26]	3.86 [27]	238,634,851	8.34 [27]

STATISTICS OF UNITHOLDINGS

As at 8 March 2019

Notes:

(1) OUE Limited is the holding company of the REIT Manager and Clifford, and has a deemed interest in the Units held by the REIT Manager and Clifford.

(2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a deemed interest.

(3) GCAL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, OUER.

(4) FCL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, GCAL.

(5) LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.

(6) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(7) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(8) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(9) HHL is an intermediate holding company of Pacific Landmark and the immediate holding company of HCL. 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 the 164,700 Units held directly by HCL (the "HCL Units").

(10) PSL is an intermediate holding company of Pacific Landmark and HCL. 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 the HCL Units.

(11) LL is an intermediate holding company of Pacific Landmark and HCL. Accordingly, LL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the 3,111,732 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").

(12) LCL is an intermediate holding company of Pacific Landmark and HCL and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(13) LCH is an intermediate holding company of Pacific Landmark, HCL and LL. Accordingly, LCH is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(14) LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark, HCL and LL. Accordingly, LCG is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(15) Dr. Stephen Riady holds 100% of the issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark, HCL and LL. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(16) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark, HCL and LL. Accordingly, PT Trijaya is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(17) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark, HCL and LL. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Units, together with a deemed interest in the HKCTL Units in which LL has a deemed interest.

(18) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(19) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.

(20) 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.

(21) 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.

(22) 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.

(23) GT's direct interest arises from 52,744,246 Units held in his own name, and 239,903,606 Units held by the joint accounts of GT and CT.

(24) GT's deemed interest in the 101,847,500 Units held by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited dated 19 October 2016.

(25) CT's direct interest arises from 293,903,606 Units held by the joint accounts of GT and CT.

(26) JY is the sole shareholder of Gold Pot Developments Limited and holds not less than 20% interest in Senz Holdings Limited. Accordingly, JY has a deemed interest in the 101,847,500 Units held by Gold Pot Developments Limited, as well as a deemed interest in 8,687,351 Units held by Senz Holdings Limited.

(27) The Unitholding percentage is calculated based on 2,861,589,059 issued Units as at 8 March 2019.

PUBLIC FLOAT

Rule 723 of the Listing Manual of SGX-ST requires that at least 10% of the total number of issued units that is listed on the SGX-ST is at all times held by the public. Based on information available to the Manager as at 8 March 2019, approximately 24.90% of OUE C-REIT's Units were held in the hands of the public.

CORPORATE INFORMATION

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

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

MANAGER OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

OUE Commercial REIT Management Pte. Ltd.
50 Collyer Quay
#04-08 OUE Bayfront
Singapore 049321
Tel: (65) 6809 8700
Fax: (65) 6809 8701

BOARD OF DIRECTORS

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

Mr Loh Lian Huat
(Lead Independent Director)

Dr Lim Boh Soon
(Independent Director)

Ms Usha Ranee Chandradas
(Independent Director)

Mr Jonathan Miles Foxall
(Non-Independent Non-Executive Director)

Ms Tan Shu Lin
(Chief Executive Officer and Executive Director)

AUDIT AND RISK COMMITTEE

Mr Loh Lian Huat
(Chairman)

Dr Lim Boh Soon

Ms Usha Ranee Chandradas

NOMINATING AND REMUNERATION COMMITTEE

Dr Lim Boh Soon
(Chairman)

Mr Christopher James Williams

Mr Loh Lian Huat

COMPANY SECRETARY

Ms Jackie Thia

TRUSTEE OF OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

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UNIT REGISTRAR

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AUDITOR

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Fax: (65) 6225 0984

Partner-in-charge: Mr Koh Wei Peng
(Appointed since the financial year ended 31 December 2017)

COMMERCIAL
REIT

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