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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (as defined in Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States (“U.S.”) nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of OUE Treasury Pte. Ltd., OUE Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of OUE Treasury Pte. Ltd., OUE Limited, The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch or Oversea-Chinese Banking Corporation Limited to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licenced broker or dealer and the dealers or any affiliate of the dealers is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of OUE Treasury Pte. Ltd. in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

Actions that You May Not Take: If you receive this information memorandum by e-mail, you should not reply by e-mail, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

INFORMATION MEMORANDUM DATED 30 NOVEMBER 2016

OUE TREASURY PTE. LTD.

(Incorporated in Singapore on 4 November 2016) (Company Registration No. 201630318D)

**S\$3,000,000,000
Multicurrency Debt Issuance Programme
(the “Programme”)**

unconditionally and irrevocably guaranteed by

OUE

OUE LIMITED

(Incorporated in Singapore on 8 February 1964) (Company Registration No. 196400050E)

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the “Notes”) and perpetual securities (the “Perpetual Securities” and, together with the Notes, the “Securities”) to be issued from time to time by OUE Treasury Pte. Ltd. (the “Issuer”) pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

All sums payable in respect of the Securities issued from time to time by the Issuer are unconditionally and irrevocably guaranteed by OUE Limited (the “Guarantor”).

Application has been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and quotation for any Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries (if any), their respective associated companies (if any), the Programme or such Securities.

Arrangers



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NOTICE

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited (each an “**Arranger**” and together, the “**Arrangers**”) have been appointed by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the Securities issued by the Issuer will be unconditionally and irrevocably guaranteed by the Guarantor.

This Information Memorandum contains information with regard to the Issuer, the Guarantor, their respective subsidiaries (if any) and associated companies (if any), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section “SUMMARY OF THE PROGRAMME”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security in bearer form (as defined herein) or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to the applicable series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

Perpetual Securities may be issued in series having one or more issue dates, and on identical terms (including as to listing) except for the issue dates, issue prices and/or the dates of the first payment of distribution. Each series may be issued in one or more tranches on the same or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or the Common Depositary (as defined herein), Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer(s). Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption or purchase in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to below) shall be S\$3,000,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, either of the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, or constitutes an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, either of the Arrangers or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) and include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, either of the Arrangers or any of the Dealers to subscribe for or purchase any of the Securities.

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Securities have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Securities from time to time to be issued pursuant to the Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Securities are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Information Memorandum shall not reissue, circulate or distribute this Information Memorandum or any part thereof in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not independently verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor or their respective subsidiaries (if any) or associated companies (if any). Further, none of the Arrangers or any of the Dealers makes any representation or warranty as to the Issuer, the Guarantor or their respective subsidiaries (if any) or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, either of the Arrangers or any of the Dealers that any recipient of this

Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any) and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any) and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arrangers or any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by either Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Guarantor, the Group (as defined herein) or the issue and offering of the Securities. Each Arranger and each Dealer accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise have in respect of this Information Memorandum or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or unaudited financial statements of the Issuer, the Guarantor and their respective subsidiaries (if any) and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the respective specified office of the Issuing and Paying Agent (as defined herein) or, as the case may be, the Non-CDP Paying Agent (as defined herein).

Any purchase or acquisition of the Securities is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Securities by the Issuer pursuant to the Programme Agreement (as defined herein). Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuer, the Guarantor, either Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "SUBSCRIPTION, PURCHASE AND DISTRIBUTION" on pages 140 to 142 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Securities or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Securities or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities. Such persons are also advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Securities.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (as defined herein) (including statements as to the Issuer’s, the Guarantor’s and/or the Group’s revenue, profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth in the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

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

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

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor or the Group will be as discussed in those statements.

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

Further, the Issuer, the Guarantor, the Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “Agency Agreement”** : The Agency Agreement dated 30 November 2016 between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, CDP transfer agent and CDP registrar, (4) the Non-CDP Paying Agent, as non-CDP paying agent, non-CDP transfer agent and non-CDP registrar, and (5) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Arrangers”** : The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited.
- “Bearer Securities”** : Securities in bearer form.
- “Business Day”** : In respect of each Security, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Securities denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency.
- “Calculation Agent”** : In relation to any Series of Securities, the person appointed as calculation agent for that Series and as specified in the applicable Pricing Supplement.
- “CDP”** : The Central Depository (Pte) Limited.
- “CDP Registrar”** : The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
- “CDP Transfer Agent”** : The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
- “Certificate”** : A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the terms and conditions of the Notes or the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
- “China” or “PRC”** : The People’s Republic of China.
- “Common Depository”** : In relation to a Series of the Securities, a depository common to Euroclear and Clearstream, Luxembourg.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, re-enacted or modified from time to time.

“Conditions”

: In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 of the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particular numbered Condition shall be construed accordingly.

In relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 of the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

“Couponholders”

: The holders of the Coupons.

“Coupons”

: The bearer coupons appertaining to an interest or distribution bearing Bearer Security.

“Dealers”

: Persons appointed as dealers under the Programme.

“Definitive Security”

: A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.

“Directors”

: The directors (including alternate directors, if any) of the Issuer or the Guarantor (as the context may require) as at the date of this Information Memorandum.

“Euro”

: The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.

“FY”

: Financial year ended 31 December.

“GFA”

: Gross Floor Area.

“Global Certificate”

: A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) Common Depository and/or (iii) any other clearing system.

“Global Security”	: A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
“Group”	: The Guarantor and its subsidiaries.
“Guarantee”	: The guarantee and indemnity of the Guarantor contained in the Trust Deed and shall, where the context so requires, mean either the Senior Guarantee or the Subordinated Guarantee.
“Guarantor”	: OUE Limited.
“IRAS”	: Inland Revenue Authority of Singapore.
“Issuer”	: OUE Treasury Pte. Ltd.
“Issuing and Paying Agent”	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
“ITA”	: Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“Latest Practicable Date”	: 14 November 2016.
“MAS”	: The Monetary Authority of Singapore.
“MRT”	: Mass Rapid Transit.
“NLA”	: Net Lettable Area.
“Non-CDP Paying Agent”	: The Hongkong and Shanghai Banking Corporation Limited.
“Non-CDP Registrar”	: The Hongkong and Shanghai Banking Corporation Limited.
“Non-CDP Transfer Agent”	: The Hongkong and Shanghai Banking Corporation Limited.
“Noteholders”	: The holders of the Notes.
“Notes”	: The multicurrency medium term notes of the Issuer to be issued by the Issuer under the Programme pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, Global Certificates, Definitive Securities and Certificates).
“Paying Agents”	: The Issuing and Paying Agent and the Non-CDP Paying Agent, or such other or further institutions as may from time to time be appointed by the Issuer as paying agent for the Securities and Coupons.
“Permanent Global Security”	: A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	: The perpetual securities to be issued by the Issuer under the Programme (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates).
“Perpetual Securityholders”	: The holders of the Perpetual Securities.
“Pricing Supplement”	: In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or Series, as the case may be.

“Programme”	: The S\$3,000,000,000 Multicurrency Debt Issuance Programme of the Issuer established by the Issuer pursuant to the Programme Agreement.
“Programme Agreement”	: The Programme Agreement dated 30 November 2016 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) the Arrangers, as arrangers, and (4) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited, as dealers, as amended, varied or supplemented from time to time.
“Registered Securities”	: Securities in registered form.
“Renminbi” or “RMB”	: The lawful currency of the People’s Republic of China.
“Securities”	: The Notes and the Perpetual Securities.
“Securities Act”	: Securities Act of 1933 of the United States, as amended.
“Securityholders”	: The Noteholders and the Perpetual Securityholders.
“Senior Guarantee”	: The Guarantee by the Guarantor of the Notes, the Senior Perpetual Securities and the Coupons relating thereto on a senior basis.
“Senior Perpetual Securities”	: Perpetual Securities which are specified to rank as senior obligations of the Issuer pursuant to Condition 3(a) of the Perpetual Securities.
“Series”	: (1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	: Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Shares”	: Ordinary shares in the capital of the Guarantor.
“Subordinated Guarantee”	: The Guarantee by the Guarantor of the Subordinated Perpetual Securities and the Coupons relating thereto on a subordinated basis.
“Subordinated Perpetual Securities”	: Perpetual Securities which are expressed in the applicable Pricing Supplement to rank as subordinated obligations of the Issuer.
“sq ft”	: Square feet.
“Talons”	: Talons for further Coupons.
“TARGET System”	: The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
“Temporary Global Security”	: A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.

“Tranche”	: Securities which are identical in all respects (including as to listing).
“Trust Deed”	: The Trust Deed dated 30 November 2016 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee, as amended, varied or supplemented from time to time.
“Trustee”	: HSBC Institutional Trust Services (Singapore) Limited.
“United States” or “U.S.”	: United States of America.
“U.K.”	: United Kingdom.
“URA”	: Urban Redevelopment Authority of Singapore.
“S\$” and “cents”	: Singapore dollars and cents respectively.
“%”	: Per cent.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations. Any reference to a time of day in this Information Memorandum shall be a reference to Singapore time unless otherwise stated. Any reference in this Information Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the SFA or any statutory modification thereof and used in this Information Memorandum shall, where applicable, have the meaning ascribed to it under the Companies Act or, as the case may be, the SFA.

CORPORATE INFORMATION

Issuer	: OUE Treasury Pte. Ltd.
Board of Directors of the Issuer	: Mr. Thio Gim Hock Mr. Bernard Lim Eng Chuan
Company Secretary of the Issuer	: Mr. Ng Ngai
Registered Office of the Issuer	: 50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321
Auditors to the Issuer	: KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Guarantor	: OUE Limited
Board of Directors of the Guarantor	: Dr. Stephen Riady Mr. Christopher James Williams Mr. Thio Gim Hock Mr. Kelvin Lo Kee Wai Mr. Sin Boon Ann Mr. Kin Chan
Company Secretary of the Guarantor	: Mr. Ng Ngai
Registered Office of the Guarantor	: 50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321
Auditors to the Guarantor	: KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers of the Programme	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 21 Collyer Quay #10-01 HSBC Building Singapore 049320 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Trustee, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Transfer Agent and the Non-CDP Transfer Agent	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer and the Guarantor	: Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315

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

: The Hongkong and Shanghai Banking Corporation
Limited, Singapore Branch
21 Collyer Quay
#03-01 HSBC Main Building
Singapore 049320

**Non-CDP Paying Agent, Non-CDP
Registrar and Non-CDP Transfer
Agent**

: The Hongkong and Shanghai Banking Corporation
Limited
Level 30, HSBC Main Building
1 Queen's Road Central, Hong Kong

Trustee for the Securityholders

: HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#03-01 HSBC Main Building
Singapore 049320

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	: OUE Treasury Pte. Ltd.
Guarantor	: OUE Limited.
Arrangers	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited.
Dealers	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	: HSBC Institutional Trust Services (Singapore) Limited.
Issuing and Paying Agent	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch.
Non-CDP Paying Agent	: The Hongkong and Shanghai Banking Corporation Limited.
Description	: Multicurrency Debt Issuance Programme.
Programme Size	: The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding at any time shall be S\$3,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement.

NOTES

Currency	: Subject to compliance with all relevant laws, regulations and directives, the Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	: The Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	: The Notes may be issued at par or at a discount, or premium, to par.
Maturities	: Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer.
Mandatory Redemption	: Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	: The Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.

Fixed Rate Notes	: Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	: Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	: Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	: Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	: Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	: The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be

represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of CDP, a Common Depository and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.

Custody of the Notes

- : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Status of the Notes and the Guarantee

- : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Redemption and Purchase

- : If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Negative Pledge

- : (i) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).
- (ii) The Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Notes are outstanding, the Guarantor will not create or have outstanding any security on or over any property or

assets, whether present or future, of the Guarantor to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also at the same time or prior thereto:

- (A) securing its indebtedness under the Trust Deed so that the Notes and/or the Coupons then outstanding are secured equally or rateably with such Capital Markets Indebtedness; or
- (B) providing the Notes then outstanding with the benefit of other security as may be approved by the Noteholders by way of an Extraordinary Resolution of each Series of Notes that are outstanding,

provided that nothing in Clause 8.2 of the Trust Deed shall apply to: (1) any security existing as at 30 November 2016 which was created to secure any Capital Markets Indebtedness incurred on or prior to 30 November 2016 (“**Outstanding Capital Markets Indebtedness**”); (2) any security created subsequent to 30 November 2016 (I) as additional top up security to secure any Outstanding Capital Markets Indebtedness and (II) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (2)(I) was incurred; or (3) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

For the purposes of Condition 4(a)(ii) of the Notes, “**Capital Markets Indebtedness**” means any indebtedness for moneys borrowed or interest thereon in the form of bonds, convertible bonds, notes, debentures, loan stock or other similar securities that are or are capable of being quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market.

Financial Covenants

- : The Guarantor has covenanted with the Trustee in Clause 8.3 of the Trust Deed that so long as any of the Notes and/or the Coupons remain(s) outstanding, it will, at all times, ensure that:
 - (i) its Tangible Net Worth is not less than S\$1,000,000,000; and
 - (ii) its Gearing Ratio shall not exceed 1:1.

Non-disposal Covenant

- : The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding each of them will not, and will ensure that none of the Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) dispose of (whether outright, by a sale, transfer, lease out, lending, sale-and-repurchase or sale- and-leaseback arrangement, or otherwise) all or substantially all of its

assets or all or any part of its assets the disposal of which (either alone or when aggregated with all other disposals required to be taken into account under Clause 16.26 of the Trust Deed) would be likely to have a Material Adverse Effect (as defined in the Trust Deed) on it. The following disposals shall not be taken into account under Clause 16.26 of the Trust Deed:

- (i) disposals in the ordinary course of business (including, without limitation, disposals to any real estate investment trust or entity where the Guarantor or any member of the Group has a minimum 51 per cent. ownership in the real estate investment trust manager of such real estate investment trust or, as the case may be, a minimum 51 per cent. ownership in such entity) on arm's length and normal commercial terms and as permitted by applicable laws and regulations;
- (ii) disposals pursuant to any reorganisation or restructuring exercise provided that the assets either remain within the Group or are disposed to any entity which is controlled by any member of the Group; or
- (iii) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

Events of Default

: See Condition 10 of the Notes.

Taxation

: All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "SINGAPORE TAXATION" herein.

Listing

: Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

Board lot size

: The Notes will be traded in a minimum board lot size of not less than S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

Selling Restrictions

: For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, please see the section on "SUBSCRIPTION, PURCHASE AND DISTRIBUTION" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.

Governing Law : The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).

Method of Issue : Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price : Perpetual Securities may be issued at par or at a discount, or premium, to par.

No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.

Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.

Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.

Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin.

Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Distribution Discretion : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities)

not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out thereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations (as defined in the Conditions of the Perpetual Securities) or any of the Guarantor’s Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations or the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral

: If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the

Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

If Additional Distribution is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the “**Additional Distribution Amount**”) with respect to Arrears of Distribution shall be due and payable pursuant to Condition 4 of the Perpetual Securities and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the provisions of Condition 4 of the Perpetual Securities. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

Restrictions in the case of Non-Payment

: If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer and the Guarantor shall not and shall procure that none of their respective subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer’s or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer’s or the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s or the Guarantor’s Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing

Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of Perpetual Securities

: The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a Common Depository and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of CDP, a Common Depository and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. A Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.

Custody of the Perpetual Securities

: Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.

Status of the Senior Perpetual Securities and the Senior Guarantee

: The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed in relation to the Senior Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations

(other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities and the Subordinated Guarantee

: The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.

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

Subordination of the Subordinated Perpetual Securities and the Subordinated Guarantee

: Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer or the Guarantor, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them or, as the case may be, the Subordinated Guarantee are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer or, as the case may be, the Guarantor but at least *pari passu* with all other subordinated obligations of the Issuer or, as the case may be, the Guarantor that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities or, as the case may be, the Subordinated Guarantee and in priority to the claims of shareholders of the Issuer or, as the case may be, the Guarantor and/or as otherwise specified in the applicable Pricing Supplement.

No set-off in relation to Subordinated Perpetual Securities

: Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer or the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer or, as the case may be, the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer or, as the case may be, the Guarantor in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them or, as the case may be, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an

amount equal to the amount of such discharge to the Issuer or, as the case may be, the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Issuer or, as the case may be, the Guarantor (or the liquidator or, as appropriate, administrator of the Issuer or, as the case may be, the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the Issuer

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

Redemption for Taxation Reasons

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in

part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "SFRS") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Redemption for Tax Deductibility

: If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date; or
- (iv) the Issuer receiving a ruling by the Comptroller of Income Tax in respect of the Perpetual Securities on or after the Issue Date,

payments of distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the

Issuer are not regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA or are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, so regarded.

- Redemption in the case of Minimal Outstanding Amount** : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
- Redemption upon a Change of Control** : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event (as defined in the applicable Pricing Supplement).
- Limited right to institute proceedings in relation to Perpetual Securities** : Notwithstanding any of the provisions in Condition 9 of the Perpetual Securities, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
- Proceedings for Winding-Up** : If (i) an order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer and/or the Guarantor or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantor when due (together, the “**Enforcement Events**”), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.
- Taxation** : All payments in respect of the Perpetual Securities and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without

deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "SINGAPORE TAXATION" herein.

Listing

: Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.

Selling Restrictions

: For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, please see the section on "SUBSCRIPTION, PURCHASE AND DISTRIBUTION" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.

Governing Law and Jurisdiction

: The Perpetual Securities, the Coupons and the Talons are governed by, and construed in accordance with, the laws of Singapore.

The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a trust deed dated 30 November 2016 made between (1) OUE Treasury Pte. Ltd., as issuer (the "**Issuer**"), (2) OUE Limited, as guarantor (the "**Guarantor**") and (3) HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended, restated and supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 30 November 2016 (as amended and supplemented from time to time, the "**Deed of Covenant**"), executed by the Issuer relating to Notes cleared or to be cleared through the CDP System (as defined in the Trust Deed) ("**CDP Notes**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 30 November 2016 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), transfer agent in respect of CDP Notes (in such capacity, the "**CDP Transfer Agent**") and registrar in respect of CDP Notes (in such capacity, the "**CDP Registrar**"), (4) The Hongkong and Shanghai Banking Corporation Limited, as paying agent in respect of Notes cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) ("**Non-CDP Notes**") (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**"), transfer agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**") and registrar in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Registrar**", and together with the CDP Registrar, the "**Registrars**"), and (5) the Trustee, as trustee for the Noteholders (as amended, restated and supplemented from time to time, the "**Agency Agreement**"). The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series (as defined below) of Non-CDP Notes, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar and (c) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), The Central Depositary (Pte) Limited (the “**Depositary**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depositary and/or such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depositary and/or such other clearing system as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below) and all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depositary and/or such other clearing system.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing such Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depositary and/or (3) any other clearing

system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant

Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status and Guarantee

(a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) Guarantee

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

- (i) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).
- (ii) The Guarantor has covenanted with the Trustee in Clause 8.2 of the Trust Deed that so long as any of the Notes or the Coupons are outstanding, the Guarantor will not create or have outstanding any security on or over any property or assets, whether present or future, of the Guarantor to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also at the same time or prior thereto:
 - (A) securing its indebtedness under the Trust Deed so that the Notes and/or the Coupons then outstanding are secured equally or rateably with such Capital Markets Indebtedness; or
 - (B) providing the Notes then outstanding with the benefit of other security as may be approved by the Noteholders by way of an Extraordinary Resolution of each Series of Notes that are outstanding,

provided that nothing in Clause 8.2 of the Trust Deed shall apply to: (1) any security existing as at 30 November 2016 which was created to secure any Capital Markets Indebtedness incurred on or prior to 30 November 2016 (“**Outstanding Capital Markets Indebtedness**”); (2) any security created subsequent to 30 November 2016 (I) as additional top up security to

secure any Outstanding Capital Markets Indebtedness and (II) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (2)(I) was incurred; or (3) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

For the purposes of this Condition 4(a)(ii), “**Capital Markets Indebtedness**” means any indebtedness for moneys borrowed or interest thereon in the form of bonds, convertible bonds, notes, debentures, loan stock or other similar securities that are or are capable of being quoted, listed or ordinarily dealt with in any stock exchange, over-the-counter or other securities market.

(b) Financial Covenants

The Guarantor has covenanted with the Trustee in Clause 8.3 of the Trust Deed that so long as any of the Notes and/or the Coupons remain(s) outstanding, it will, at all times, ensure that:

- (i) its Tangible Net Worth is not less than S\$1,000,000,000; and
- (ii) its Gearing Ratio shall not exceed 1:1.

For the purposes of this Condition 4(b):

- (A) “**Gearing Ratio**” means, at any particular time, the ratio of Total Net Borrowings of the Group to Tangible Net Worth;
- (B) “**Tangible Net Worth**” means, at any particular time, the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the total equity of the Guarantor less (but without double counting) any amount included in the total equity of the Guarantor which is attributable to:
 - (1) goodwill or other intangible assets;
 - (2) amounts set aside for tax; and
 - (3) any dividend or other distribution declared or made by the Guarantor;
- (C) “**Total Net Borrowings**” means the total gross borrowings less cash and cash equivalents, as determined from the latest financial statements of the Guarantor delivered to the Trustee; and
- (D) the Tangible Net Worth and the Gearing Ratio shall be calculated and interpreted on a consolidated basis by reference to the latest audited and unaudited financial statements of the Guarantor.

(c) Non-Disposal Covenant

The Issuer and the Guarantor have covenanted with the Trustee in the Trust Deed that each of them will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 10) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) dispose of (whether outright, by a sale, transfer, lease out, lending, sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or all or any part of its assets the disposal of which (either alone or when aggregated with all other disposals required to be taken into account under Clause 16.26 of the Trust Deed) would be likely to have a Material Adverse Effect (as defined in the Trust Deed) on it. The following disposals shall not be taken into account:

- (i) disposals in the ordinary course of business (including, without limitation, disposals to any real estate investment trust or entity where the Guarantor or any member of the Group has a minimum 51 per cent. ownership in the real estate investment trust manager of such real estate investment trust or, as the case may be, a minimum 51 per cent. ownership in such entity) on arm’s length and normal commercial terms and as permitted by applicable laws and regulations;
- (ii) disposals pursuant to any reorganisation or restructuring exercise provided that the assets either remain within the Group or are disposed to any entity which is controlled by any member of the Group; or
- (iii) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 5(II)(d)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to the Relevant Date (as defined in Condition 8).

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) Interest on Floating Rate Notes or Variable Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought

forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an “**Interest Period**”.

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

(b) Rate of Interest - Floating Rate Notes

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

- (ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

- (1) in the case of Floating Rate Notes which are SIBOR Notes:

- (A) the Calculation Agent for the relevant Series of Floating Rate Notes will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

- (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
 - (D) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Calculation Agent for the relevant Series of Floating Rate Notes will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (C) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if

necessary, to the next 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and

- (D) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A), (b)(ii)(2)(B) and (b)(ii)(2)(C) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:
 - (A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date, and as adjusted by the Spread (if any);
 - (B) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
 - (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.
- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

- (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest - Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
- (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
- (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
- (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
- (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
- (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Issuer, the Guarantor, the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
- (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are

denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

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

- (i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the

Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“**Euro**” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“**Group**” means the Guarantor and its subsidiaries;

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

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

“**Primary Source**” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“**Reference Banks**” means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

“**Relevant Currency**” means the currency in which the Notes are denominated;

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

“**Relevant Financial Centre**” means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“**Relevant Rate**” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

“**Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.
- (iv) In the case of a Hybrid Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note during the Fixed Rate Period.

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business

day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

(IV) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h)).

(V) Calculations

(a) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the **"Interest Amounts"**) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest or proven error) be final and binding upon all parties. For the avoidance of doubt, to the extent that the Rate of Interest applicable to any Floating Rate Note, the Rate of Interest applicable to any Variable Rate Note or the Rate of Interest applicable to any Hybrid Note is to be calculated on a methodology that is different from the methodology provided in Condition 5(II)(b), 5(II)(c) or 5(III), the Calculation Agent shall not be obliged to make such calculation.

(b) Notification

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under

Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note, Hybrid Note (during the Fixed Rate Period) or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note, Variable Rate Note or Hybrid Note (during the Floating Rate Period)).

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

- (i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent and any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.
- (ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a Director or a duly authorised officer of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

The Issuer, the Guarantor or any of their respective related corporations may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor or any of their respective related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified thereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective related corporations may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents, Registrars and Calculation Agents, provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (in the case of Non-CDP Cleared Notes) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Notes, (iii) a Registrar in relation to Registered Notes and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, adversely affect the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore (including, without limitation, the holder

being a resident of, or a permanent establishment in, Singapore), otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon; or

- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing and not waived, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction (and for the avoidance of doubt, neither the Issuer nor the Guarantor is obliged by virtue of this provision to provide such indemnification and/or security and/or pre-funding), give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

- (a) the Issuer or the Guarantor does not pay any sum payable by it under any of the Notes or the Issue Documents (as defined in the Trust Deed) at the place at and in the currency in which it is expressed to be payable unless:
 - (i) its failure to pay is caused by administrative or technical error; and
 - (ii) payment is made within two business days of its due date;
- (b) the Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents or any of the Notes, and if that default is capable of remedy, it is not remedied within 21 days of the earlier of (i) the Trustee giving written notice of the failure to perform or comply to the Issuer and (ii) the Issuer becoming aware of the failure to perform or comply;
- (c) any representation, warranty or statement by the Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated.

No Event of Default under paragraph (c) above will occur if such misrepresentation or misstatement, or the circumstances giving rise to it, is or are capable of remedy and is or are remedied within 21 days of the earlier of (i) the Trustee giving written notice of the failure to comply to the Issuer and (ii) the Issuer becoming aware of the failure to comply;

- (d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (e) (i) any other indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or
- (ii) the Issuer, the Guarantor or any of the Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys.

No Event of Default will occur under paragraph (e)(i) or (e)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (e)(i) and (e)(ii) above is less than S\$30,000,000 (or its equivalent in any other currency or currencies);

- (f) the Issuer, the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the indebtedness of the Issuer, the Guarantor or any of the Principal Subsidiaries;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 21 days;
- (h) any security on or over the whole or any part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (i) any step is taken by any person with a view to the winding-up of the Issuer, the Guarantor or any of the Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, the Guarantor or any of the Principal Subsidiaries or over the whole or any part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries.

No Event of Default will occur under paragraph (i) above in the case of:

- (i) a winding-up of a Principal Subsidiary for purposes of a reconstruction, amalgamation or consolidation on terms approved by an Extraordinary Resolution of the Noteholders; or
- (ii) a voluntary liquidation or winding-up of a Principal Subsidiary for purposes of a reorganisation or restructuring exercise where the assets remain within the Group or an entity controlled by any member of the Group, which does not involve insolvency and which does not have a Material Adverse Effect on the Issuer or the Guarantor;
- (j) the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than (i) pursuant to or following a reorganisation, amalgamation or reconstruction as permitted under Clause 16.31 of the Trust Deed, or (ii) for a voluntary liquidation or winding-up of a Principal Subsidiary on a solvent basis where the assets remain within the Group and such event does not have a Material Adverse Effect on the Issuer or the Guarantor) or (otherwise than as permitted by Clause 16.26 of the Trust Deed) disposes or threatens to dispose of the whole or any substantial part of its property or assets;
- (k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer, the Guarantor or

any of the Principal Subsidiaries, in each case, which would be likely to have a material adverse effect (i) on the financial condition or business of the Issuer or the Guarantor or on the consolidated financial condition or business of the Issuer, the Guarantor and their respective subsidiaries taken as a whole or (ii) on the ability of the Issuer or the Guarantor to perform or comply with their respective obligations under any of the Issue Documents or the Notes;

- (l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (m) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of their respective obligations under any of the Issue Documents or any of the Notes;
- (n) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;
- (o) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and discharged within 45 days of its commencement) against the Issuer, the Guarantor or any of the Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (ii) which has or would be likely to have a Material Adverse Effect on the Issuer or the Guarantor;
- (p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (f), (g), (h), (i) or (k);
- (q) the Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore;
- (r) the shares of the Guarantor cease to be quoted or listed on the SGX-ST or transactions in any share in the share capital of the Guarantor on the SGX-ST are suspended for a period exceeding five consecutive Trading Days, and for the purpose of this Condition 10(r), “**Trading Day**” means a day on which shares can be traded on the SGX-ST generally;
- (s) for any reason the Guarantor ceases to own (directly and indirectly) the whole of the issued share capital for the time being of the Issuer; and
- (t) any event occurs or circumstances arise which (i) give(s) reasonable grounds for believing that the Issuer or the Guarantor may not (or may be unable to) perform or comply with any one or more of their respective obligations under any of the Issue Documents or any of the Notes or (ii) has a material adverse effect on the financial condition, business, results of operations, assets or properties of the Issuer or the Guarantor or the Issuer, the Guarantor and their respective subsidiaries taken as a whole.

In these Conditions:

- (A) “**Principal Subsidiary**” means, at any particular time, any subsidiary of the Guarantor whose total assets, as shown by the accounts of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a part of its business, undertaking or assets to another subsidiary, the Issuer or the Guarantor (the “**transferee**”) then:
 - (1) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer or the Guarantor) shall thereupon become a Principal Subsidiary; and
 - (2) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Issuer or the Guarantor) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (I) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary, as shown by the accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (II) a report by the Auditors as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 15 per cent. of the total assets of the Group. A report by the Auditors that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) “**subsidiary**” means, in relation to any person, any company, corporation, trust, fund or other entity (whether or not a body corporate):

- (1) which is controlled, directly or indirectly, by that person; or
- (2) more than half of the issued share capital or interests of which is beneficially owned, directly or indirectly, by that person; or
- (3) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (1) or (2) above applies,

and, for these purposes, a company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by a person if that person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may (but is not obliged to), at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction (and for the avoidance of doubt, neither the Issuer nor the Guarantor is obliged by virtue of this provision to provide such indemnification and/or security and/or pre-funding). No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 15 per cent. of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction (and for the avoidance of doubt, neither the Issuer nor the Guarantor is obliged by virtue of this provision to provide such indemnification and/or security and/or pre-funding) against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any

steps that as specified on the face of the Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer, the Guarantor or any of their respective subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will

also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Noteholders, except that if the Notes are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders one day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates). Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Governing Law and Jurisdiction

- (a) The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons, Talons or the Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
21 Collyer Quay
#03-01 HSBC Main Building
Singapore 049320

Non-CDP Paying Agent, Non-CDP Registrar and Non-CDP Transfer Agent
The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen’s Road Central, Hong Kong

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Perpetual Securities in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Perpetual Securities. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Perpetual Securities or on the Certificates relating to such Registered Perpetual Securities. References in the Conditions to “**Perpetual Securities**” are to the Perpetual Securities of one Series only, not to all Perpetual Securities that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed dated 30 November 2016 made between (1) OUE Treasury Pte. Ltd., as issuer (the “**Issuer**”), (2) OUE Limited, as guarantor (the “**Guarantor**”) and (3) HBSIC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below) (as amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 30 November 2016 (as amended and supplemented from time to time, the “**Deed of Covenant**”) executed by the Issuer relating to Perpetual Securities cleared or to be cleared through the CDP System (as defined in the Trust Deed) (“**CDP Perpetual Securities**”). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 30 November 2016 made between (1) the Issuer, as issuer, (2) the Guarantor, as guarantor, (3) The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”), transfer agent in respect of CDP Perpetual Securities (in such capacity, the “**CDP Transfer Agent**”) and registrar in respect of CDP Perpetual Securities (in such capacity, the “**CDP Registrar**”), (4) The Hongkong and Shanghai Banking Corporation Limited, as paying agent in respect of Perpetual Securities cleared or to be cleared through Euroclear (as defined below) and/or Clearstream, Luxembourg (as defined below) (“**Non-CDP Perpetual Securities**”) (in such capacity, the “**Non-CDP Paying Agent**” and, together with the Issuing and Paying Agent and any other paying agents that may be appointed, the “**Paying Agents**”), transfer agent in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Transfer Agent**” and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the “**Transfer Agents**”) and registrar in respect of Non-CDP Perpetual Securities (in such capacity, the “**Non-CDP Registrar**”, and together with the CDP Registrar, the “**Registrars**”), and (5) the Trustee, as trustee for the Perpetual Securityholders (as amended, restated and supplemented from time to time, the “**Agency Agreement**”). The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Issuing and Paying Agent shall, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (c) the Transfer Agent shall, in the case of a Series of CDP Perpetual Securities, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the Calculation Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective offices of the Paying Agents for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), The Central Depository (Pte) Limited (the “**Depository**”) and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent (as defined below) and all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing such Series, “**Global Certificate**” means the relevant Global Certificate representing each Series

that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities:** In the case of an exercise of the Issuer’s option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to

whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status and Guarantee

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement).

- (i) **Status of Senior Perpetual Securities**

The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

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

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed in relation to the Senior Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

- (b) **Subordinated Perpetual Securities:** This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

- (i) **Status of Subordinated Perpetual Securities**

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

In these Conditions, “**Parity Obligation**” means, in relation to the Issuer or the Guarantor, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor (1) which ranks or is

expressed to rank, by its terms or by operation of law, *pari passu* with (in the case of the Issuer) the Subordinated Perpetual Securities or (in the case of the Guarantor) the Subordinated Guarantee (as defined in the Trust Deed) and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer or, as the case may be, the Guarantor and/or, in the case of an instrument or security guaranteed by the Issuer or the Guarantor, the issuer thereof.

(ii) **Ranking of claims on winding-up – Issuer**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) **No set-off – Issuer**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

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

The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed in relation to the Subordinated Perpetual Securities and the Coupons relating thereto constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

(v) **Ranking of claims on winding up – Guarantor**

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

(vi) **No set-off – Guarantor**

Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Guarantor (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

Each Fixed Rate Perpetual Security confers a right to receive distribution on its Calculation Amount (as defined in Condition 4(II)(c)) from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security at the rate per annum (expressed as a percentage) equal to the Distribution Rate shown on the face of such Perpetual Security payable in arrear on each Distribution Payment Date or Distribution Payment Dates shown on the face of such Perpetual Security in each year.

The first payment of distribution will be made on the Distribution Payment Date next following the Distribution Commencement Date (and if the Distribution Commencement Date is not a Distribution Payment Date, will amount to the Initial Broken Amount shown on the face of such Perpetual Security).

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

(b) Distribution Rate

The Distribution Rate applicable to each Fixed Rate Perpetual Security shall be:

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
 - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
 - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

Provided always that if Redemption upon a Change of Control Event is specified on the face of such Perpetual Security and a Change of Control Event Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control Event (as defined in Condition 5(g)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate shall be increased by the Change of Control Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Control Event occurred (or, if the Change of Control Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

“Reset Distribution Rate” means the Swap Offer Rate or such other Relevant Rate to be specified in the applicable Pricing Supplement with respect to the relevant Reset Date plus the Initial Spread (as specified in the applicable Pricing Supplement) plus the Step-Up Margin (if applicable, as specified in the applicable Pricing Supplement) plus the Change of Control Event Margin (if applicable); and

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and
- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such

other equivalent body)) at the close of business in such five-consecutive-business-day period, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties. For the avoidance of doubt, to the extent that the Reset Distribution Rate or (if a Change of Control Event has occurred) the Distribution Rate applicable to any Fixed Rate Perpetual Security is to be calculated using a methodology that is different from the methodology provided in Condition 4(l)(b), the Calculation Agent shall not be obliged to make such calculation.

(d) Publication of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Trustee

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition 4(l), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of this Condition 4(l)(f), “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and

including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount from the Distribution Commencement Date in respect thereof and as shown on the face of such Perpetual Security, and such distribution will be payable in arrear on each distribution payment date (“**Distribution Payment Date**”). Such Distribution Payment Date(s) is/are either shown hereon as Specified Distribution Payment Date(s) or, if no Specified Distribution Payment Date(s) is/are shown hereon, Distribution Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Distribution Period on the face of the Perpetual Security (the “**Specified Number of Months**”) after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Distribution Commencement Date and ending on the first Distribution Payment Date and each successive period beginning on a Distribution Payment Date and ending on the next succeeding Distribution Payment Date is herein called a “**Distribution Period**”.

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

(b) Rate of Distribution – Floating Rate Perpetual Securities

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any other case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Perpetual Security. The “Spread” is the percentage rate per annum specified on the face of such Perpetual Security as being applicable to the rate of distribution for such Perpetual Security. The rate of distribution so calculated shall be subject to Condition 4(III)(a) below.

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

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:
- (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
- (A) the Calculation Agent for the relevant Series of Floating Rate Perpetual Securities will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);
- (B) if no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);
- (C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;
- (D) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Calculation Agent for the relevant Series of Floating Rate Perpetual Securities will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Interest for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (C) if on any Distribution Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the next 1/16 per cent.)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select; and
 - (D) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A), (b)(ii)(2)(B) and (b)(ii)(2)(C) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a

currency other than Singapore dollars, the Calculation Agent will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,and as adjusted by the Spread (if any);
 - (B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the next 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and
 - (C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
 - (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

“Benchmark” means the rate specified as such in the applicable Pricing Supplement;

“business day” means, in respect of each Perpetual Security, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (c) (if a payment is to be made on that day):

- (i) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore;
- (ii) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros; and
- (iii) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros), a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

“Calculation Agent” means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

“Calculation Amount” means the amount specified as such on the face of any Perpetual Security or, if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

“Day Count Fraction” means, in respect of the calculation of an amount of distribution in accordance with Condition 4:

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

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

“Distribution Determination Date” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“Euro” means the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Calculation Agent;

“Reference Banks” means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent in the interbank market that is most closely connected with the Benchmark;

“Relevant Currency” means the currency in which the Perpetual Securities are denominated;

“Relevant Financial Centre” means, in the case of distribution to be determined on a Distribution Determination Date with respect to any Floating Rate Perpetual Security, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

“Relevant Rate” means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Distribution Period;

“Relevant Time” means, with respect to any Distribution Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the inter-bank market in the Relevant Financial Centre;

“**Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Bloomberg agency and Reuters) as may be specified on the face of the Perpetual Security for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.

(III) Calculations

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

The Calculation Agent will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the “**Distribution Amounts**”) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent (taking into account information or input provided by the Depository (where applicable)) shall (in the absence of manifest or proven error) be final and binding upon all parties. For the avoidance of doubt, to the extent that the Distribution Rate applicable to any Fixed Rate Perpetual Security or Floating Rate Perpetual Security is to be calculated on a methodology that is different from the methodology provided in Condition 4(II), the Calculation Agent shall not be obliged to make such calculation.

(b) Notification

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the Issuer and the Guarantor as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Calculation Agent will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Calculation Agent does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be three Reference Banks (or such other number as may

be required) and, so long as any Floating Rate Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Distribution for any Distribution Period or to calculate the Distribution Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

If a Dividend Pusher is set out hereon, the Issuer may not elect to defer any distribution if during the Reference Period (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a “**Compulsory Distribution Payment Event**”) have occurred:

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of any of the Issuer’s Junior Obligations or any of the Guarantor’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations or any of the Guarantor’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations or any of the Guarantor’s Parity Obligations has been redeemed, reduced cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

In these Conditions, “**Junior Obligation**” means, in relation to the Issuer or the Guarantor, any of its ordinary shares and any class of its share capital and any other instruments or securities (including without limitation any preference shares, preferred units or subordinated perpetual securities) issued, entered into or guaranteed by the Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee.

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out hereon and subject to Condition 4(IV)(c) and Condition 4(IV)(d), the Issuer shall have no obligation to pay any distribution on any Distribution Payment Date and any failure to pay a distribution in whole or in part shall not constitute a default of the Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

- (i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any

obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

- (ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.
- (iii) If Additional Distribution is set out hereon, each amount of Arrears of Distribution shall bear interest as if it constituted the principal of the Perpetual Securities at the Distribution Rate or Rate of Distribution (as the case may be) and the amount of such interest (the "**Additional Distribution Amount**") with respect to Arrears of Distribution shall be due and payable pursuant to this Condition 4 and shall be calculated by applying the applicable Distribution Rate or Rate of Distribution (as the case may be) to the amount of the Arrears of Distribution and otherwise *mutatis mutandis* as provided in the foregoing provisions of this Condition 4. The Additional Distribution Amount accrued up to any Distribution Payment Date shall be added, for the purpose of calculating the Additional Distribution Amount accruing thereafter, to the amount of Arrears of Distribution remaining unpaid on such Distribution Payment Date so that it will itself become Arrears of Distribution.

(d) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer and the Guarantor shall not and shall procure that none of their respective subsidiaries shall:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Issuer's or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or the Guarantor's Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Issuer's or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer's or Guarantor's Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer or, as the case may be, the Guarantor is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer or the Guarantor.

Any partial payment of an Optional Distribution or Arrears of Distribution, as the case may be, by the Issuer shall be shared by the Perpetual Securityholders of all outstanding Perpetual Securities on a *pro-rata* basis.

(f) No Default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. Redemption and Purchase

(a) No Fixed Redemption Date

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

If so provided hereon, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

All Perpetual Securities in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Perpetual Securities.

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a Director or a duly authorised officer of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "SFRS") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

- (i) a certificate, signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

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

(e) Redemption for Tax Deductibility

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for

redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
- (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date; or
- (iv) the Issuer receiving a ruling by the Comptroller of Income Tax in respect of the Perpetual Securities on or after the Issue Date,

payments of distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are not regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA or are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, so regarded.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee and the Issuing and Paying Agent:

- (1) a certificate, signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (2) an opinion of the Issuer’s independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

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

(f) Redemption in the case of Minimal Outstanding Amount

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

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

(g) Redemption upon a Change of Control

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event (as defined in the applicable Pricing Supplement).

(h) Purchases

The Issuer, the Guarantor or any of their respective related corporations may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise, provided that in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Perpetual Securities purchased by the Issuer, the Guarantor or any of their respective related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Issuing and Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

For the purposes of these Conditions, “**directive**” includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(i) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer, the Guarantor or any of their respective related corporations may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to Law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of

the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and the Guarantor and their specified offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Calculation Agent and to appoint additional or other Paying Agents, Transfer Agents, Registrars and Calculation Agents, provided that they will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore and (in the case of Non-CDP Cleared Perpetual Securities) a Non-CDP Paying Agent, as the case may be, (ii) a Transfer Agent in relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Calculation Agent where the Conditions so require.

Notice of any such change or any change of any specified office will promptly be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor, the Issuing and Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, adversely affect the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unexpired Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexpired Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unexpired Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of

distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) Non-business days

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Perpetual Security or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further distribution or other payment in respect of any such delay.

7. Taxation

All payments in respect of the Perpetual Securities and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Perpetual Security or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of being connected with Singapore (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore), otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon; or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, “**Relevant Date**” in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the Issuer or, as the case may be, the Guarantor for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer and/or the Guarantor in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities, the Guarantee or the Trust Deed.

(b) Proceedings for Winding-Up

If (i) an order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer and/or the Guarantor or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due or the Guarantor fails to pay any amount under the Guarantee when due (together, the “**Enforcement Events**”), the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up of the Issuer and/or the Guarantor and/or claim in the liquidation of the Issuer and/or the Guarantor for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the Issuer or the Guarantor institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed, the Guarantee or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction (and for the avoidance of doubt, neither the Issuer nor the Guarantor is obliged by virtue of this provision to provide such indemnification and/or security and/or pre-funding).

(e) Right of Perpetual Securityholders or Couponholder

No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor or to institute proceedings for the winding-up or claim in the liquidation of the Issuer and/or the Guarantor or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing, in which case the Perpetual Securityholder or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the

recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or the Guarantee or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities or the Guarantee (as applicable).

10. Meeting of Perpetual Securityholders and Modifications

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 15 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction (and for the avoidance of doubt, neither the Issuer nor the Guarantor is obliged by virtue of this provision to provide such indemnification and/or security and/or pre-funding) against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Perpetual Securityholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Perpetual Securities by the terms of the relevant Pricing Supplement in relation to such Series.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws at the specified office of Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by

the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to “**Perpetual Securities**” shall be construed accordingly.

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer, the Guarantor or any of their respective subsidiaries without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders one day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

Notices to be given by any Perpetual Securityholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Perpetual Security or Perpetual Securities, with the Issuing and Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Governing Law and Jurisdiction

- (a) The Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons, Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons, Talons or the Guarantee ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

16. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
21 Collyer Quay
#03-01 HSBC Main Building
Singapore 049320

Non-CDP Paying Agent, Non-CDP Registrar and Non-CDP Transfer Agent
The Hongkong and Shanghai Banking Corporation Limited
Level 30, HSBC Main Building
1 Queen's Road Central, Hong Kong

THE ISSUER

1. HISTORY AND BACKGROUND

The Issuer was incorporated a private limited company under the laws of the Republic of Singapore on 4 November 2016. It is a wholly-owned subsidiary of the Guarantor.

Its principal activities are the provision of financial and treasury services for and on behalf of the Group. Since its incorporation, the Issuer has not been engaged in activities other than the establishment of the Programme and the proposed issue of the Securities under the Programme. As part of its finance and treasury functions, the Issuer may enter into other finance and fund raising to meet financial requirements of the Group.

The registered office of the Issuer as at the date of this Information Memorandum is at 50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321.

2. SHARE CAPITAL

As at the date of this Information Memorandum, the issued share capital of the Issuer is one ordinary share of S\$1.00 each. The issued ordinary shares in the capital of the Issuer are held by the Guarantor.

3. DIRECTORS OF THE ISSUER

The directors of the Issuer as at the date of this Information Memorandum are:

Thio Gim Hock

Bernard Lim Eng Chuan

THE GUARANTOR AND THE GROUP

1. History and Background

The Guarantor was incorporated in Singapore on 8 February 1964 under the Companies Ordinance as a limited liability company. The Guarantor is listed on the Main Board of the SGX-ST.

The Group is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations predominantly in Singapore. The Group focuses its businesses across the hospitality, retail, commercial and residential property segments. The Group develops and holds commercial and retail properties for investment and rental income purposes while it develops residential properties for sale.

Historically, the Group derived substantially all of its revenue from its hospitality operations, with its key asset being Mandarin Orchard Singapore, a 1,077-room hotel located in the prime Orchard Road hotel, shopping and entertainment belt. The Group began diversifying its business into the retail and commercial sectors with the conversion of the first four storeys of Mandarin Orchard Singapore into Mandarin Gallery, a high-end retail space at 333A Orchard Road, as well as the acquisition of OUE Downtown (formerly known as 6 Shenton Way). Mandarin Gallery commenced operations in November 2009 and the acquisition of OUE Downtown was completed on 30 September 2010. In 2011, the Group acquired Crowne Plaza Changi Airport (“**CPCA**”) and also completed the development of OUE Bayfront, which is located at 50 Collyer Quay. It is an 18-storey office tower, and the properties adjoining it consist of an aerial plaza tower (“**OUE Tower**”) and an aerial pedestrian access way (“**OUE Link**”) (OUE Bayfront, OUE Tower and OUE Link, collectively, the “**OUE Bayfront Property**”).

Consistent with its vision of being a real estate developer and owner and with an aim of extracting value from its property portfolio, the Guarantor then went on to successfully sponsor two real estate investment trusts in July 2013 and January 2014 respectively. With the establishment of OUE Hospitality Trust (“**OUE H-Trust**”), comprising OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”) and OUE Hospitality Business Trust (“**OUE H-BT**”), and OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”), the Group’s business has further diversified into funds management of real estate investment trusts (“**REITs**”).

OUE H-REIT is managed by the Guarantor’s wholly-owned subsidiary, OUE Hospitality REIT Management Pte. Ltd. (“**REIT Manager**”). As a REIT manager, an additional dimension has been added to the Group’s business strategy and its commitment to be a property player. Mandarin Orchard Singapore and Mandarin Gallery were injected into OUE H-REIT in 2013 as the initial asset portfolio of OUE H-REIT.

In 2015, OUE Airport Hotel Pte. Ltd. (an indirectly wholly-owned subsidiary of the Guarantor), as vendor, (“**OUEAH**”) completed the divestment of CPCA to OUE H-REIT. In connection with this divestment, the REIT Manager, RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE H-REIT) (“**REIT Trustee**”) and OUEAH entered into a master lease agreement on 30 January 2015 (“**Master Lease Agreement**”), pursuant to which OUEAH will lease the whole of CPCA from the date of completion of the divestment of CPCA to 27 May 2028 (inclusive of both dates), with an option given to OUEAH to renew for two consecutive terms of five years each.

The Group also developed a 10-storey extension building to the Crowne Plaza Changi Airport (“**CPEX**”). The extension was completed in June 2016 and it had previously obtained its temporary occupation permit prior to completion. On 1 August 2016, OUEAH completed the divestment of CPEX to OUE H-REIT. In connection with the completion of the divestment of CPEX, the REIT Manager, the REIT Trustee and OUEAH entered into a supplemental lease agreement to vary the Master Lease Agreement for CPCA, pursuant to which OUEAH will lease the whole of CPCA and CPEX for the same tenure as the Master Lease Agreement (being until 27 May 2028, with an option given to OUEAH to renew for two consecutive terms of five years each).

As at the Latest Practicable Date, the Group continues to hold an effective ownership of 35.5% in the properties through its stake in OUE H-Trust.

The Guarantor’s wholly-owned subsidiary, OUE Commercial REIT Management Pte. Ltd., is the manager of OUE C-REIT and has general powers of management over the assets of OUE C-REIT. The OUE Bayfront Property and the Lippo Plaza Property form part of the initial portfolio of assets of OUE C-REIT. Lippo Plaza is a 36-storey commercial building located in Shanghai and OUE C-REIT acquired 91.2% share of strata ownership in Lippo Plaza (the “**Lippo Plaza Property**”) in 2014.

The establishment of OUE C-REIT has augmented the Guarantor's funds management division established under OUE H-Trust as part of its overall business strategy. Through its wholly-owned subsidiaries, Clifford Development Pte. Ltd. and OUE Commercial REIT Management Pte. Ltd., the Guarantor continues to hold an effective ownership of 65.2% in OUE C-REIT as at the Latest Practicable Date.

In 2015, the Guarantor also disposed of its interest in OUB Centre Limited ("**OUBC**") to OUE C-REIT. Through its shareholding interest in OUE C-REIT, the Group has a partial indirect interest in One Raffles Place. One Raffles Place is an integrated development located in the Singapore Central Business District ("**CBD**") comprising two office towers and a shopping mall. One Raffles Place Towers One and Two are designated Grade A office buildings which are 62 storeys and 38 storeys high respectively. Tower One is a landmark building, as one of the tallest buildings in Singapore at 282 metres high.

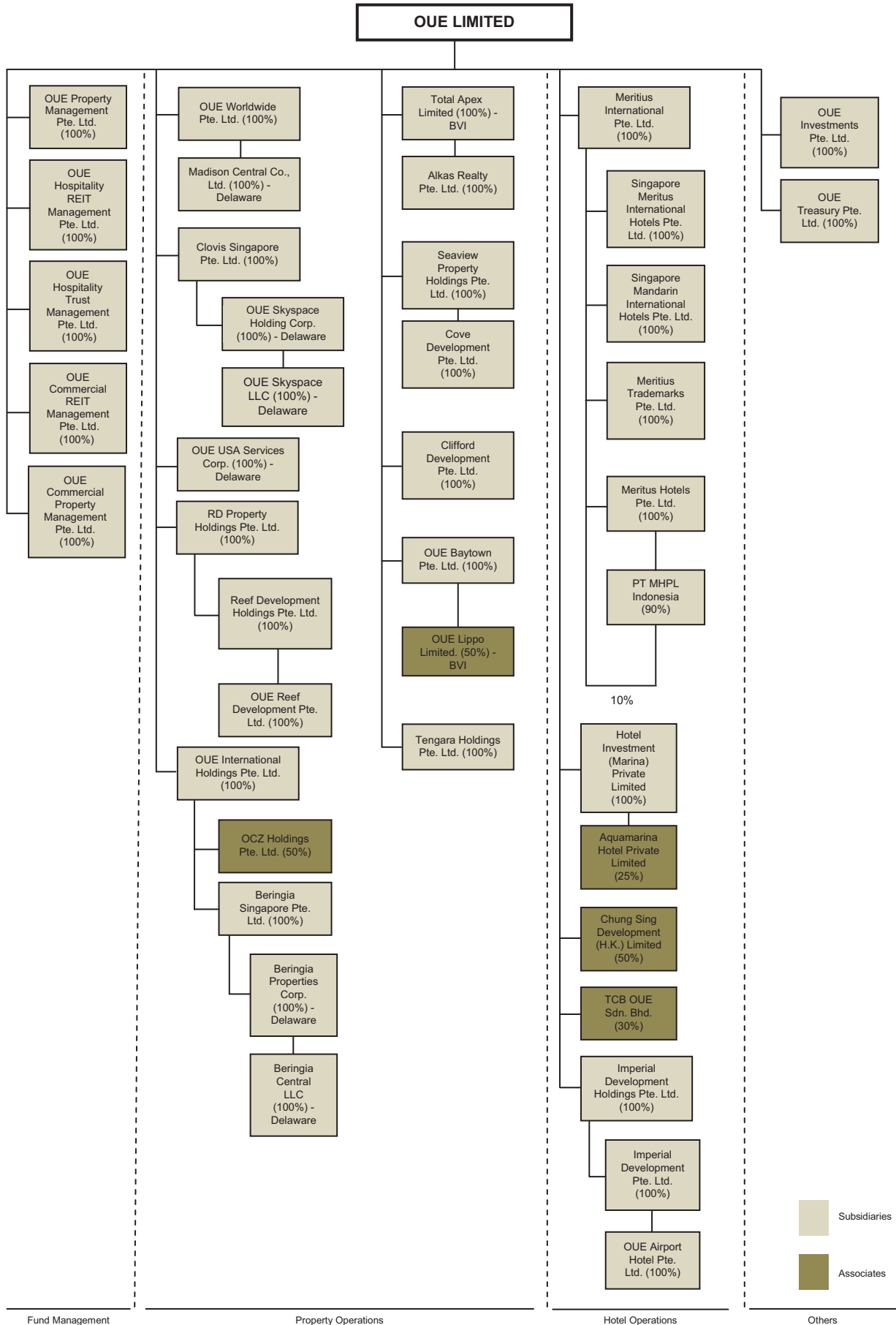
Currently, the Guarantor, through its subsidiaries continues to hold U.S. Bank Tower, a 72-storey office building located in downtown Los Angeles, which it acquired in 2013. The Group also holds residential property, OUE Twin Peaks, located at 33 Leonie Hill Road, close to the heart of Orchard Road, comprising two 35-storey blocks of luxurious fully-furnished apartments. The project obtained its Temporary Occupation Permit in February 2015 and certificate of statutory completion in July 2015.

On 18 August 2016, the Guarantor announced the successful acquisition of two land parcels at 28 Nassim Road ("**Land Parcels**") at a bid price of S\$56.6 million by its subsidiary OUE Reef Development Pte Ltd. The Group is currently assessing the development proposal for the Land Parcels, which are located in Singapore's most exclusive Good Glass Bungalow area and in the White House Park / Nassim Road Conservation Area. The acquisition was completed on 17 October 2016.

The Group's strategy is to continue to invest in, develop and manage a diversified portfolio of real estate with its core concentration in Singapore although it remains open to real estate opportunities overseas. It believes the Singapore real estate market offers significant growth potential notwithstanding the present challenging environment. With its diverse portfolio and asset base, the Group believes that it is well-positioned to benefit from this growth potential. Accordingly, the Group will continue assessing potential investment opportunities in real estate which are aligned with its growth strategy and focus.

2. Corporate Structure

The following diagram illustrates the Group's simplified corporate structure:



3. Business Operations

The Group presently has four key businesses: (1) the development, management and ownership of commercial properties; (2) the development, management and ownership of hospitality properties; (3) the development, management and ownership of retail properties; and (4) the development and sale of residential properties. Following the establishment of OUE H-Trust and OUE C-REIT, the Group has diversified into the funds management business as well and may explore the possibilities of leveraging off its experience in funds management by taking on funds management roles in other funds it invests into or identifies as possible investment opportunities. The properties within its diversified portfolio include hotels and resorts, and retail, commercial and residential properties primarily located in Singapore. Outside Singapore, the Group owns (a minority stake) and operates a resort located in Langkawi, Malaysia, and commercial properties in the U.S. and Shanghai.

The Group continues to explore diversification and expansion of its business, and the Guarantor as an investment holding company may, directly or through its subsidiaries and/or associates, continue to develop and expand on the Group's existing businesses and structure its investments in a variety of ways whether by way of equity, debt or other participation structures.

The Group aims to build a strong cash flow position from its hospitality, retail and commercial segments. The table below sets out the key properties owned and/or managed by the Group.

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft) (‘000)
OUE Downtown	S\$1,477.0 ⁽¹⁾	A 50-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore. OUE Downtown is being redeveloped to convert the podium to a retail mall and part of office space to serviced apartments.	100%	99-year lease from 19 July 1967	1,249
U.S. Bank Tower	US\$530.0 ⁽¹⁾	A 72-storey office tower (excluding three storeys used for mechanical and other purposes) with six levels of underground parking and an open-air observation deck.	100%	Freehold	1,869
OUE Twin Peaks	S\$716.9 ⁽²⁾	A residential development comprising two identical 35-storey blocks situated close to the heart of Orchard Road	100%	99-year lease from 10 May 2010	436
28 Nassim Hill	S\$56.6 ⁽³⁾	Two freehold land parcels located along Nassim Road for residential development	100%	Freehold	34
OUE Bayfront Property (including OUE Tower and OUE Link)	S\$1,146.0 ⁽¹⁾	An 18-storey office development and adjoining OUE Tower and OUE Link with views of Marina Bay	⁽⁴⁾	OUE Bayfront and OUE Tower: 99-year lease from 12 November 2007 OUE Link: 15-year lease from 26 March 2010	503

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft) (‘000)
				Underpass: 99-year lease from 7 January 2002	
One Raffles Place (an integrated development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall)	S\$1,734.0 ⁽⁵⁾	<p>One Raffles Place Tower 1: A 62-storey of prime Grade A office building with rooftop restaurant and observation deck</p> <p>One Raffles Place Tower 2: A 38-storey Grade A office building equipped with one level of basement adjacent to Tower 1</p> <p>One Raffles Place Shopping Mall: A six-storey retail podium with direct underground link to the Raffles Place MRT Station, located in Singapore’s CBD</p>	(6)	<p>One Raffles Place Tower 1: 841-year lease from 1 November 1985</p> <p>One Raffles Place Tower 2: 99-year lease from 26 May 1983</p> <p>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-leasehold title commencing 1 November 1985</p>	1,288
Lippo Plaza Property (comprising a 91.2% share of strata ownership in Lippo Plaza)	RMB2,401.0 ⁽⁷⁾	<p>A 36-storey Grade A commercial building with retail podium in Shanghai, China excluding:</p> <p>(i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots</p>	(8)	50-year land use right from 2 July 1994	630
Crowne Plaza Changi Airport	S\$295.0 ⁽¹⁾	A 9-storey hotel with 320 rooms, including 27 suites, directly connected to Changi Airport Terminal 3 and within a short distance to Changi Business Park and Singapore Expo	(9)	Approximately 67 years remaining, expiring on 29 August 2083	337
Crowne Plaza Changi Airport Extension	S\$205.6 ⁽¹⁰⁾	A 10-storey extension to CPCA with 243 additional rooms	(9)	Approximately 67 years remaining, expiring on 29 August 2083	103

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft) ('000)
Mandarin Orchard Singapore	S\$1,221.0 ⁽¹⁾	A 37-storey Main Tower with a 39-storey Orchard Wing housing 1,077 rooms	(9)	99-year lease from 1 July 1957	990 (Excluding Mandarin Gallery)
Mandarin Gallery	S\$538.0 ⁽¹⁾	Mandarin Gallery is a prime retail landmark in the heart of Orchard Road; features four duplexes	(9)	99-year lease from 1 July 1957	196

Notes:

- (1) Latest valuation as at 31 December 2015.
- (2) Book value as at 30 September 2016.
- (3) Based on agreed acquisition price. The acquisition was completed on 17 October 2016.
- (4) Held through OUE C-REIT which owns 100% of the property. OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of the Guarantor, is the manager of OUE C-REIT. As at the Latest Practicable Date, the Group has a 65.2% effective interest in OUE C-REIT.
- (5) Total fair value attributable to OUBC based on the latest valuation as at 31 December 2015 for One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall.
- (6) OUE C-REIT owns 83.33% shareholding interest in OUBC, which is a beneficiary and the trustee of the assets comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall. OUE C-REIT has an effective interest of 67.95% in One Raffles Place.
- (7) Total fair value attributable to OUE C-REIT based on the latest valuation as at 31 December 2015.
- (8) The Lippo Plaza Property comprises a 91.2% share of strata ownership in Lippo Plaza and is held through OUE C-REIT which owns 100% of the Lippo Plaza Property. OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of the Guarantor, is the manager of OUE C-REIT. As at the Latest Practicable Date, the Group has a 65.2% effective interest in OUE C-REIT.
- (9) Held through OUE H-Trust, as OUE H-REIT owns 100% of the property. OUE Hospitality REIT Management Pte. Ltd., a wholly-owned subsidiary of the Guarantor, is the manager of OUE H-REIT. As at the Latest Practicable Date, the Group has a 35.5% effective interest in OUE H-Trust.
- (10) Latest valuation as at 1 August 2016.

Commercial

The Group's commercial property portfolio currently consists of OUE Downtown, U.S. Bank Tower, the OUE Bayfront Property, One Raffles Place and the Lippo Plaza Property. The Group focuses on identifying prime commercial properties for development or redevelopment.

For the financial year ended 31 December 2015, the Group's commercial business contributed 44.8% of the Group's total revenue and the Group derived approximately 79.6% of its revenue from its operations in Singapore.

OUE Downtown 1 and OUE Downtown 2

OUE Downtown comprises two tower blocks (namely OUE Downtown 1 and OUE Downtown 2), a podium and a multi-storey car park. OUE Downtown 1, completed in 1974, is a 50-storey building and comprises three vertical zones, while OUE Downtown 2, completed in 1994, is a 37-storey building. While both towers and the podium were originally used as offices, the low and mid zones of OUE Downtown 1 are currently undergoing conversion to serviced apartments comprising 268 units made up of a mix of studio apartments, one-bedroom units and two-bedroom units. The original podium is currently undergoing conversion to a retail mall named Downtown Gallery. The high zone of OUE Downtown 1 and the whole of OUE Downtown 2 will remain as offices. Downtown Gallery is expected to be completed by the end of 2016 and the serviced apartments is scheduled to be completed in January 2017.

On 7 October 2016, the Guarantor announced that it had signed a management agreement with Oakwood Asia Pacific Ltd ("**Oakwood**") for Oakwood to manage the new Oakwood Premier OUE Singapore, the upcoming serviced residences at OUE Downtown 1.

U.S. Bank Tower

U.S. Bank Tower is one of the tallest buildings in the western U.S. and is located in downtown Los Angeles. It comprises a 72-storey Class-A office building (excluding three storeys used for mechanical and other purposes) with six levels of underground parking, along with an approximately 1.6-acre park above a separate five-level subterranean car park facility, and has an NLA of approximately 1.4 million sq ft. It includes retail space and other amenities, including a fitness centre and two full-service restaurants.

On 25 June 2016, the Guarantor announced that it had launched the OUE Skyspace LA at the U.S. Bank Tower which is California's tallest open-air observation deck at almost 1,000 feet above downtown Los Angeles and that it has also completed the US\$26 million makeover of the office lobby which features one of the country's largest high-resolution video art walls in an office building. The observation deck includes Skyslide, a one-of-a-kind thrill feature. In addition, the Group built a new restaurant on the 71st floor of the U.S. Bank Tower, which offers 360-degree views of Los Angeles. The restaurant opened in July 2016.

As at 30 September 2016, U.S. Bank Tower has approximately 74.3% committed occupancy.

OUE Bayfront, OUE Tower and OUE Link

In 2011, the Group completed the development of OUE Bayfront and the properties adjoining it. The development is strategically located by Marina Bay, and between the existing CBD and the area that the Singapore government has designated as the new downtown. The development forms part of the loop of current and future planned attractions around Marina Bay and represents an expansion of the Group's commitment to the commercial property sector.

The OUE Bayfront Property is located within the CBD at 50, 60 and 62 Collyer Quay, and comprises an 18-storey premium office building located at 50 Collyer Quay known as OUE Bayfront, as well as OUE Tower, a conserved aerial tower housing building located at 60 Collyer Quay with panoramic views of the Marina Bay landscape which is currently occupied by a fine dining restaurant, and OUE Link, a linkbridge located at 62 Collyer Quay with retail units.

OUE Bayfront is connected to OUE Link (formerly the Change Alley Linkbridge), which serves as a link to the Raffles Place MRT station. OUE Bayfront is also connected to the Raffles Place MRT station by an underground link at the side of the building. The development has received the BCA Green Mark Gold Certification.

The entire development has a total GFA of approximately 503,000 sq ft and an NLA of approximately 400,000 sq ft. Office floor plates range up to 30,441 sq ft in GFA. Two of the office floors have been configured as bank trading floors. As of 30 September 2016, the office tower has 99.4% committed tenancies with leases typically ranging from three to five years with an option to renew. The anchor tenant for the office tower is Bank of America Merrill Lynch. OUE Bayfront also includes a restaurant at the penthouse level of OUE Bayfront, Me@OUE, which is approximately 5,048 sq ft with a capacity of up to 200 persons.

OUE Link has a mix of retail and F&B tenants and is fully tenanted as at 30 September 2016. OUE Tower is leased to the Tung Lok Group which operates "Tong Le Private Dining", a fine dining restaurant located at the revolving platform on the top floor of OUE Tower.

The Guarantor has an effective ownership interest of 65.2% as at the Latest Practicable Date in the OUE Bayfront Property through the stake in OUE C-REIT held by its wholly-owned subsidiaries, Clifford Development Pte. Ltd. and OUE Commercial REIT Management Pte. Ltd.

One Raffles Place

One Raffles Place is located in Singapore's main financial district, atop the Raffles Place MRT station. It was previously known as OUB Centre. The integrated development comprises One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall, with approximately 860,000 sq ft of aggregate NLA.

One Raffles Place Tower 1

One Raffles Place Tower 1 was completed in 1986 and comprises a 62-storey office tower with a rooftop restaurant and an observation deck.

Three additional storeys have been added to the top of the existing office tower. The two additionally constructed floors on levels 61 and 62 have been leased to a restaurant operator. The additionally constructed roof at Level 63 is Singapore's tallest open-air viewing gallery and offers 360-degree views of the city.

One Raffles Place Tower 2

One Raffles Place Tower 2, is a new tower that was completed in 2012 and comprises a 38-storey Grade A office building, which has been awarded with a Green Mark Platinum certification awarded by BCA for its energy efficiency and environmentally sustainable design.

One Raffles Place Shopping Mall

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 the largest purpose-built shopping mall in Raffles Place, accounting for about 10% of existing retail stock in the CBD. Its basement level is seamlessly linked to the Raffles Place MRT interchange station via an underground pedestrian walkway.

One Raffles Place Tower 1 and approximately 25% of the net lettable area of One Raffles Place Shopping Mall are situated on land comprising an 841-year lease commencing from 1 November 1985. One Raffles Place Tower 2 and approximately 75% of the net lettable area of One Raffles Place Shopping Mall is situated on land with a 99-year lease commencing from 1 November 1985.

In 2015, the Guarantor disposed its interest in OUBC to OUE C-REIT. The Guarantor indirectly owns One Raffles Place, through its shareholding in OUE C-REIT. The disposal of the Guarantor's interest in OUBC to OUE C-REIT enables the Guarantor to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place while continuing to enjoy rental income.

Lippo Plaza Property

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 which was refurbished and repositioned to a prime retail mall in 2010 is home to internationally and locally recognised brand names, while the refurbishment of the office main lobby was completed in 2014.

The Huangpu district is one of the oldest business districts in Shanghai, attracting multinational corporations, international financial institutions and local Chinese enterprises. With its unique and varied architectural styles, the precinct is also an established prime retail area in Shanghai.

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

Retail

The Group is also engaged in the retail property development business. In 2009, the Group launched Mandarin Gallery, transforming the former shopping space of Mandarin Orchard Singapore into a prime retail space. Mandarin Gallery is an example of the Group's ability to unlock value through asset enhancement.

The Group has a tailored approach to marketing its retail space. Its marketing team's goal is to maintain and enhance the appeal of retail property managed by the Group. The Group seeks to maintain a given retail property's focus on its respective target audience, making adjustments to suit changes in economic and retail trends via targeted changes that maintain a given property's specific image in the eyes of relevant consumers.

Downtown Gallery

On 7 December 2012, the Group obtained planning permission to convert the podium block situated at OUE Downtown into a retail mall. The original podium will be converted into a retail mall, with the majority of the podium being demolished in order to make way for a four-storey retail podium named "Downtown Gallery" with part of the basement used for retail and F&B spaces on the fifth floor. The retail mall will comprise F&B outlets, retail shops and a farmer's market at the basement level.

The retail mall once completed is expected to have a GFA of approximately 253,500 sq ft and an expected NLA of approximately 140,000 sq ft.

The main contract for the conversion to a retail mall was awarded in mid-2013 and the refurbishment works are expected to be completed by early 2017. When completed, based on the expected NLA, the retail mall will cover an area larger than Mandarin Gallery.

Mandarin Gallery

Completed in November 2009, Mandarin Gallery features four duplexes housing upscale international fashion brands. Mandarin Gallery is a high-end retail space which occupies the first four floors of 333A Orchard Road and sits immediately beneath the Mandarin Orchard Singapore hotel. It has a wide main frontage of 152 metres along Orchard Road, providing a high degree of visibility. Mandarin Gallery comprises a total GFA of approximately 196,000 sq ft with an NLA of approximately 126,000 sq ft. Mandarin Gallery commenced operations in November of 2009 after undergoing renovation at a cost of approximately S\$200 million to transform it into a high-end shopping and lifestyle destination. It officially opened on 28 January 2010. The tenant profile of Mandarin Gallery includes premium brands like Michael Kors, which opened its flagship store in September 2016, and Victoria's Secret, which is expected to open its flagship store by the end of 2016, for a tenancy period of seven and ten years respectively. OUE H-REIT owns 100% of the building and as at the Latest Practicable Date, the Guarantor has an effective 35.5% ownership interest in Mandarin Gallery through its stake in OUE H-Trust.

As at 30 September 2016, Mandarin Gallery has 89.0% committed tenancies.

The Group negotiates leases individually with each tenant, using its standard set of lease terms as the starting point. The leases are generally for a three-year period, with an option for the tenant to extend the lease for a further three-year period.

Hospitality

The Group operates its hotels and resorts through management agreements between the Group and each hotel and resort. These agreements were signed between March 1987 and December 2015. The terms of the agreements range from 15 to 30 years. One of the agreements contains an option to extend for a further 30-year period, one contains an option to extend for two ten-year periods and one contains an option to extend for one further fifteen-year period.

For the financial year ended 31 December 2015, the Group's hospitality business (including management fees) contributed 47.4% of the Group's total revenue.

Below is a description of the Group's key hospitality properties.

Mandarin Orchard Singapore

Mandarin Orchard Singapore is located at 333 Orchard Road, Singapore. The land is on a 99-year lease from The Ngee Ann Kongsi from 1 July 1957. OUE H-REIT owns 100% of the building and as at the Latest Practicable Date, the Guarantor has an effective 35.5% ownership interest in the hotel through its stake in OUE H-Trust.

The hotel has a total GFA of approximately 990,000 sq ft. With a 39-storey Orchard Wing and a 37-storey Main Tower, the property contains 1,077 rooms and over 25,000 sq ft of meeting and function space, including a column-free grand ballroom.

In November 2009, the Group completed a major refurbishment of Mandarin Orchard Singapore that included a new façade, new food and beverages ("F&B") outlets, a fitness centre, a business centre and some new meeting rooms. This refurbishment programme was undertaken to complement the launch of the adjacent Mandarin Gallery and created a combined hospitality and retail experience.

In its drive to continue upgrading the hospitality experience for its customers, the Group has since the fourth quarter of 2013 opened the "Meritus Club Lounge at Top of the M", an all-new executive club facility located on levels 38 and 39 of the hotel's Orchard Wing, and officially launched a new Japanese Sichuan restaurant, "Shisen Hanten by Chen Kentaro", located on level 35 of the hotel's Orchard Wing. The new restaurant is a franchise collaboration between the Group and Shisen Hanten, Japan's long established and highly acclaimed chain of Sichuan restaurants. This restaurant was recently awarded two Michelin stars in the inaugural Michelin Guide Singapore 2016 launched on 21 July 2016. The

Group also recently completed the refurbishment of more than 350 out of 430 guest rooms to be renovated. The asset enhancement programme on the 430 rooms will continue in 2016 and is expected to complete in the first quarter of 2017.

In addition, a programme to renovate and increase the meeting facilities will allow Mandarin Orchard Singapore to attract and cater to a wider range of banquet and conference demand.

Mandarin Orchard Singapore was awarded the *TripAdvisor Certificate of Excellence 2016* and *Best City Hotel – Singapore* at the TTG Travel Awards 2013, 2014, 2015 and 2016. In addition, it was also awarded the Singapore Green Hotel Award 2015.

CPCA (including CPEX)

CPCA is a business hotel located at 75 Airport Boulevard, Singapore 819664.

It is the first and only global brand name hotel situated within the vicinity of the passenger terminals of Singapore's Changi Airport. The hotel is connected to Terminal 3 on both the arrival and departure levels and easily accessible from Terminals 1 and 2 by the airport Skytrain. It is within a short distance of Changi Business Park and Singapore Expo and is connected to the city by expressway and MRT.

The hotel comprises a total GFA of approximately 337,000 sq ft. The hotel and its recently completed 10-storey extension, designed by award-winning architectural firm WOHA, contains a combined total of 563 rooms comprising 320 hotel rooms in CPCA and 243 hotel rooms in CPEX which is connected to CPCA by a covered link-way on the second floor of the two buildings. It also offers a range of dining options as well as eight meeting rooms and a ballroom. CPCA was voted *Best Airport Hotel (Singapore)* at the TTG Travel Awards 2015 and 2016, *World's Best Airport Hotels* at the Skytrax World Airport Awards 2015 and 2016 and the Singapore Green Hotel Award 2015.

The Guarantor maintains the ability to operate CPCA (including CPEX) via the Master Lease Agreement. The Guarantor will, through the master lease, remain involved in the long-term growth and development of CPCA (including CPEX) and continue to derive income from the hotel. OUE H-REIT presently owns 100% of the hotel and the Guarantor continues to have an ownership interest in the hotel through its stake in OUE H-Trust.

Marina Mandarin Singapore

Marina Mandarin Singapore is located at 6 Raffles Boulevard within the Marina Square commercial complex. It is directly opposite the Suntec Singapore International Convention and Exhibition Centre. The hotel has a total GFA of approximately 651,000 sq ft. Construction commenced in 1984 and the hotel officially opened in 1987. The 21-storey hotel contains 575 luxury rooms and its facilities include the Meritus Club, four restaurants, a café, a spa, a 24-hour fitness centre, a mineral water pool and an executive centre. Extensive banquet facilities can accommodate up to 700 guests.

Marina Mandarin Singapore is wholly-owned by Aquamarine Hotel Private Limited. The Group has an effective 30% ownership interest in Marina Mandarin Singapore through its wholly-owned subsidiary, Hotel Investment (Marina) Private Limited, and its shareholding interest in Marina Centre Holdings Private Limited.

Marina Mandarin Singapore was named *Country Winner (Singapore) – Luxury Business Hotel* as well as *Luxury Wedding Destination* in 2013, 2014 and 2015. In addition, it was also awarded the BCA Green Mark Gold Certification and the Singapore Green Hotel Award 2015.

Meritus Pelangi Beach Resort & Spa, Langkawi

Meritus Pelangi Beach Resort & Spa, Langkawi is located in Pantai Cenang, Langkawi island, off the coast of north-western Malaysia. Langkawi island was officially declared a Geopark by UNESCO in June 2007, and is the only UNESCO Geopark in Southeast Asia. The resort's total land area is approximately 1,350,000 sq ft. It comprises 51 single-and double-storey wooden chalets housing 355 air-conditioned rooms and suites, with facilities that include water sports, a luxurious spa, a fitness centre, restaurants and bars and a Meritus Club lounge.

Designed along the lines of a traditional Malay *kampong* (village), Meritus Pelangi Beach Resort & Spa, Langkawi is spread over 35 acres of landscaped garden along a one-kilometre stretch of beach. The resort is positioned as an ecologically-friendly resort that caters to both leisure and meetings, incentives, conventions and exhibitions (MICE) markets and can cater for up to 700 guests.

Residential

The Group is also engaged in the residential property development business and has completed its development of Twin Peaks. The Group outsources the construction and sales functions within the residential segment to third parties.

OUE Twin Peaks

OUE Twin Peaks (formerly known as Twin Peaks and renamed in 2014) is located near Orchard Road in Singapore, at 33 Leonie Hill Road. The development has been undertaken by Cove Development Pte. Ltd., the Guarantor's wholly-owned subsidiary. The Group acquired the property in 2008 and commenced sales of units in September 2010. OUE Twin Peaks is the first condominium to be sold fully-furnished in Singapore. The two identical 35-storey blocks with a total of 462 units have been configured into eight luxury unit layouts on each block. The property comprises a total GFA of approximately 436,000 sq ft with a land area of approximately 131,000 sq ft.

The elevated site of the property provides views of the Orchard Road shopping belt and the city. The layout of the units offers the option to combine one-bedroom with two-bedroom or three-bedroom units to accommodate the needs of a variety of household sizes. The units are distinct yet easily connected and in this way, the Group intends to attract singles and young couples, as well as extended families that wish to live together while maintaining their own personal space.

The Group has a 99-year lease on the land from 10 May 2010 and obtained the temporary occupation permit status for OUE Twin Peaks in February 2015 and certificate of statutory completion in July 2015.

Due to the numerous measures introduced by the Singapore Government for the property sector over the last couple of years, sentiment towards purchase and investment in properties, and in particular high-end properties, has become cautious. The Group will continue carrying out sales and marketing activities for the property.

4. Competitive Strengths

The Group believes that the following competitive strengths have enabled and will continue to enable it to compete effectively in the hospitality, retail, commercial and residential segments of the real estate market in Singapore and overseas.

Unique Capabilities Across Multiple Market Segments

The Group is one of a small number of real estate owners and developers in Singapore with operating capabilities in each of the hospitality, retail, commercial and residential property segments. The Group believes this capability is unique as the Group is able to maximise rental yield by configuring a given GFA to effectively suit the space requirements of two or more property segments. For example, the Group utilised its hospitality and retail segment capabilities by successfully reconfiguring the hotel lobby and former retail space of Mandarin Orchard Singapore into Mandarin Gallery. This mix generates recurring income from both the Group's hotel operations and rental from retail tenants.

The Group's redevelopment of the OUE Bayfront Property tapped into its ability to provide for an optimal mix between the retail and commercial segments. This is increasingly important as land becomes scarce and expensive in the prime areas of Singapore, particularly in the CBD, which is the downtown business and commercial district of Singapore. The Group's capabilities across multiple property segments allow it to evaluate and, where appropriate, pursue a wide range of opportunistic investments in Singapore. The Group hopes to replicate this cross-sector expertise to the refurbishment of OUE Downtown. The Group also believes that its capabilities across multiple segments in the property sector positions the Group for potential investments overseas should suitable opportunities present themselves.

With its entry into the funds management business and the establishment of REITs, its capabilities are further expanded. The establishment of OUE H-Trust and OUE C-REIT has transformed the Guarantor's current development, management and operational businesses into an integrated model which will enhance the Guarantor's ability to expand its portfolio of hospitality, commercial, retail and residential property assets across different geographical regions. The Guarantor, OUE H-Trust and OUE C-REIT will form an integrated platform with the ability to develop, manage and acquire new real property assets.

High-Quality Asset Base Focused on Strategic and Prime Locations Primarily in Singapore

The Group believes that its portfolio is unique with approximately 75.2% of its non-current assets as of 31 December 2015 located in Singapore. The Group develops and manages prime real estate across its four property segments concentrated mainly in Singapore and the Group continues its plans to keep its focus on high-end properties in prime locations in Singapore. The Group believes that such properties will be able to better hold their value over the longer term because of their scarcity and exclusivity.

While the Group remains committed to Singapore to make up its property portfolio, the Group believes that the Singapore economy will be undergoing a period of restructuring and that the property sector will remain a challenging business environment. The Group plans to diversify and expand into new geographic areas and is open to exploring potential and promising investment opportunities overseas should suitable investment opportunities present themselves. The Group's acquisition of U.S. Bank Tower marks the Group's first foray into the United States. However, the Group's focus will remain on Singapore.

Mandarin Orchard Singapore, Mandarin Gallery, OUE Downtown, OUE Bayfront, One Raffles Place and OUE Twin Peaks are some examples of the nature of the prime quality and locations of the Group's properties across its multiple property segments. Please see the section "Business Operations" on page 83 for further details of these properties.

Track Record in Unlocking Value through Asset Enhancement

The Group has a track record of enhancing existing assets to create additional value for its stakeholders. The following sets out the redevelopment works undertaken by the Group on selected assets:

- **Mandarin Gallery**

Mandarin Gallery is an example of the Group's ability to enhance existing assets to add value to its income stream. In late 2007, the Group saw the opportunity to convert, amongst others, the former retail space of Mandarin Orchard Singapore into valuable retail space. The extensive renovation carried out at a cost of approximately S\$200 million resulted in a high-end shopping and lifestyle destination with a sophisticated tenant mix and a 152 metre-long Orchard Road frontage. As at 30 September 2016, Mandarin Gallery has 89.0% committed tenancies. In 2013, Mandarin Gallery was injected into OUE H-Trust for S\$525 million.

Please see the section "Business Operations – Retail" on page 87 for further details.

- **OUE Bayfront**

The Group took the opportunity to redevelop an existing building housing a restaurant and other facilities, located on prime land in the CBD fronting Marina Bay and the Marina Bay Sands integrated resort. The Group applied for and received regulatory approval to extend the 99-year lease. The OUE Bayfront Property houses the Group's head office and as at 30 September 2016 has 99.4% committed tenancies with a high quality tenant base. In 2014, the OUE Bayfront Property was injected into OUE C-REIT for S\$1,005 million.

- **Downtown Gallery**

The Group is currently undertaking the conversion of the podium block of OUE Downtown into a four-storey retail podium, with part of the basement used for retail and a rooftop space on the fifth floor. When completed, it is expected to be the largest retail mall located in the Shenton Way area.

Quality Hospitality Services

The Group believes that its experience and ability to deliver quality hospitality services, as well as the recognition accorded to the Group by the hospitality industry and guests, enables it to market its hotels as premium properties. As an example, the Group has historically successfully built the "Meritus" brand name through the Group's high quality hospitality operations.

In addition, the numerous awards conferred on the Group by various industry bodies reflect the strong public recognition it has gained for the high quality of its hospitality operations and properties. These

distinctions enable the Group to command a strong market presence in Singapore and have been instrumental in establishing the Group's hospitality operations as one associated with quality. Meritus Hotels & Resorts was recently conferred the "Best Regional Hotel Chain 2016" by Travel Weekly Asia publication in their readers' poll.

Financially Well-Positioned to Take Advantage of Attractive Expansion Opportunities

As of 30 September 2016, the Group had S\$213.1 million in cash and cash equivalents. The Group believes that its strong financial position will provide it with the financial flexibility to fund its growth and expansion and allow it to respond quickly and competitively to access financing and to further capitalise on emerging investment opportunities in its focus markets. These opportunities include acquisitions of land for new property development and existing properties for redevelopment. As mentioned above, the Guarantor completed the acquisition of the Land Parcels on 17 October 2016 and is currently assessing development proposals for the Land Parcels.

5. Business Strategies

The Group intends to continue to focus on investments across the prime hospitality, retail and commercial real estate sectors in Singapore and to develop prime residential properties for sale in Singapore. From a stable portfolio of hotel and commercial properties, the Group diversified its business into the retail, commercial and residential sectors and expanded its portfolio of properties with the aim of building a strong recurrent income stream to create strong cash flows to pursue its business objectives. The Group plans to adopt the following strategies to drive its future growth and enhance shareholder value.

Continue to Focus on Prime Real Estate in Singapore

The Group differentiates itself from other real estate competitors by focusing predominantly on Singapore. As of 31 December 2015 approximately 75.2% of the Group's non-current assets were located in Singapore. The Group plans to continue to focus on prime real estate in prime locations in Singapore and continue to hold the majority of its non-current assets in Singapore. The Group believes this will allow it to continue leveraging its knowledge, experience, and relationships in the Singapore market.

Despite the challenges facing the Singapore economy, the Group believes that Singapore's reputation as a financial centre in Asia and continued increase in visitor arrivals will have a beneficial effect on its income from customers and tenants in Singapore as well as the value of its properties in Singapore.

Although the Group plans to remain predominantly Singapore focused, it remains open to expanding its global footprint by diversifying into new geographic areas if the opportunity arises.

Leverage and Continue to Build the Group's Recurring Income

It is the Group's intention to build up a stable recurring income stream from its hospitality, retail and commercial properties and funds management activities. The Group believes that the expected recurring income from such activities will allow it to build a strong cash flow position.

Maximise Earnings Potential with a Timely Leasing Strategy

The Group leverages its strengths to maximise its earnings potential through active asset management, in order to achieve a consistently high quality tenant base and to enhance and extract value from its assets. The Group's active asset management strategy includes focusing on improving rentals while maintaining high occupancy rates, diversifying tenant base across different industries, delivering quality services to tenants and improving operational efficiency and reducing operating costs. The Group will continue to utilise such active asset management strategies for its properties portfolio to improve yields and maximise returns.

Maintain the Group's Hospitality Services and Consultation Platform

The Group plans to maintain its platform of providing hotel management and marketing services for hotels owned and operated by it, along with technical consultation and project management services for hotels under development or refurbishment. The Group will continue to enhance its brand value and brand recognition to build on its reputation.

For example, the chief focus of Meritus' expansion efforts was on key locations and under-penetrated markets. The Group actively evaluates potential acquisitions or alliances that complement its ability to enhance customer experience by providing a greater selection of locations, properties and services than such acquisitions or allies could provide on their own. The Group is looking to broaden its brand portfolio and grow the number of rooms under its management by securing management agreements in key cities and fast-growing business and tourism hubs around the world.

Funds Management Business Division to Derive Incremental Income Streams

The establishment of OUE H-Trust and OUE C-REIT allows the Guarantor to add funds management as an additional dimension to its overall business strategy and benefit from stability in income streams generated from such a business.

The REIT managers for both OUE H-REIT and OUE C-REIT, which are wholly-owned subsidiaries of the Guarantor, will receive recurring management fees for the provision of assets management, enhancement, investment and capital management strategy for the REITs. In addition, the REIT managers will earn an acquisition fee and a divestment fee for any successful acquisitions and divestment of properties on behalf of the REITs. The management fee, the acquisition fee, the divestment fee and the development management fee to be received by the REIT managers will generate an additional source of income for the Group.

The Group sees a REIT structure as a capital-efficient and tax-efficient asset-owning vehicle and will continue to inject properties into a REIT if it is deemed suitable in the future. The moneys raised can be used for reinvestment by the Guarantor in acquisition of new assets and operations.

6. GENERAL INFORMATION

Intellectual Property

The Group currently has registered and applied to register trademarks in multiple classes in Austria, Australia, Benelux, Belgium, Bulgaria, Canada, China, Cyprus, Czech Republic, Denmark, Estonia, European Union, Finland, France, Germany, Greece, Hong Kong, Hungary, Indonesia, Ireland, Italy, Japan, Jersey, Laos, Latvia, Lithuania, Luxemburg, Malaysia, Malta, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, Spain, Sweden, Taiwan, Thailand, the Netherlands, Turkey, the U.K., the United States and Vietnam.

In Singapore, a registered trademark grants the Group certain rights and remedies under the Trade Marks Act, Chapter 332 of Singapore (the "**Act**"). These rights include an exclusive right to use the trademark and to authorise other persons to use the trademark, in relation to the goods or services for which the trademark is registered. As a registered trademark holder, the Group is entitled to available relief under the Act for infringement of the Group's registered trademark. Such right is generally granted for a period of 10 years and may be available for further renewal for ten-year blocks in accordance with the conditions set out in the Act. Apart from registered trademark rights, the Group's marks may also benefit from common law protection (for applicable countries) that would apply to the goodwill generated from the Group's various businesses in respect of these various trademarks.

The Group recognises the importance of its intellectual property, particularly its trademarks, to its strong brand recognition and its ability to compete successfully in the competitive markets in which the Group participates.

The Group has, pursuant to a settlement agreement, agreed to the following:

- exclusive use of the name "Mandarin" in Singapore in connection with hotel services and use of the name "Singapore Mandarin International" in connection with operating its managed hotels in Singapore (namely Mandarin Orchard Singapore and Marina Mandarin Singapore).
- use of the name "Mandarin" in Hainan island, Shanghai and Marmaris, Turkey in connection with hotels previously managed and operated by the Group. This right is not transferable.

In recent years, the Group has also built up goodwill and trademark value in the "OUE" brand and the "Chatterbox" brand and believes that the brands have achieved sufficient name recognition that they are now two of the Group's key brands. Accordingly, the Group has applied to register the "OUE" trademark and the "Chatterbox" trademarks to ensure that they have the statutory protections accorded to registered trademarks.

Insurance

The Group maintains general insurance coverage for its businesses, including industrial all risks insurance, business interruption insurance, fidelity guarantee, money insurance, public liability insurance, environment insurance and professional indemnity insurance.

Environmental and Safety Features

The Group is subject to the laws of the countries in which it operates. In particular, the Group's operations are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations in Singapore, such as the Control of Vectors and Pesticides Act, Chapter 59 of Singapore on pesticides and vectors control, the Environmental Protection and Management Act, Chapter 94A of Singapore on pollution and noise control, and the Environmental Public Health Act, Chapter 95 of Singapore on cleanliness, sanitation and waste disposal.

Additionally, all URA planning permission submissions after 15 April 2008 in respect of building works with GFA of 2,000 square metres or more must meet the minimum environmental sustainability standard stipulated in the Building Control (Environmental Sustainability) Regulations 2008 under the Building Control Act, Chapter 29 of Singapore. The environmental sustainability standard of a building development is determined by the level of environmental performance and its numerical scores (i.e. Green Mark points) achieved in accordance with the degree of compliance with applicable criteria. The scoring methodology is specified in the Code for Environmental Sustainability of Buildings. The criteria are: (i) energy efficiency; (ii) water efficiency; (iii) design, practises and selection of materials and resources that would reduce the environmental impacts of built structures; (iv) design strategies that would enhance the indoor environmental quality; and (v) adoption of green practises and new technologies that are innovative and have potential environmental benefits.

The BCA Green Mark Scheme was launched by BCA in January 2005 as a green building rating system to evaluate buildings for their environmental impact and performance. It aims to promote a sustainable built environment by incorporating best practises in environmental design and construction, and the adoption of green building technologies.

While the Group has occasional accidents at its construction and development sites, the Group has not had any accidents resulting in any material claims as at the Latest Practicable Date.

Staff

As at the Latest Practicable Date, the Group and its managed hotels have approximately 2,024 full-time employees.

Legal Issues and Proceedings

From time to time, the Group may face various legal issues or be involved in proceedings arising from the ordinary course of the Group's business. Described below are those material issues and proceedings involving the Group as at the Latest Practicable Date.

Easement Rights

The land on which Mandarin Orchard Singapore and Mandarin Gallery are situated, and its neighbouring land, each enjoys and is subject to easement rights over and against the other. Such easement rights were granted by the original lessee of the land and the said neighbouring land. Historically, the rights of use have not been strictly adhered to by all parties. The Guarantor does not rule out any proceedings arising in connection with the easement rights and is of the view that any claim would likely be for damages. Any claim for damages which is to be paid by OUE H-Trust may affect the payment of distributions by OUE H-Trust to the Group.

To the best of the Group's knowledge, there are no other outstanding material legal issues or legal proceedings.

7. MANAGEMENT AND CORPORATE GOVERNANCE

Management Reporting Structure

The Board is entrusted with the responsibility for the Guarantor's overall strategic direction, including establishing goals for management and monitoring the achievement of these goals.

The Guarantor's Articles of Association provide that the number of Directors shall not be less than two Directors. Currently, the Board comprises six members: one Executive Chairman, one Deputy Chairman, one Group Managing Director, two independent Directors and one non-executive, non-independent Director (within the meaning of the Code of Corporate Governance 2012).

The two independent Directors are Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann. The independent Directors have demonstrated the ability to exercise sound and independent judgement in deliberations in the interests of the Guarantor.

The Guarantor's management team is led by Mr. Thio Gim Hock, who is the Guarantor's Chief Executive Officer and the Group Managing Director. The Chief Executive Officer has overall responsibility for the management, organisation, operation and development of the business of the Group and all matters arising therefrom.

The positions of Executive Chairman of the Board and Chief Executive Officer are separately held by two persons in order to maintain an effective cheque and balance. The Guarantor's Executive Chairman, in consultation with the management, sets the agenda for the Board meetings and ensures that they are held regularly and whenever necessary and seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Executive Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Guarantor.

The Board has separate and independent access to senior management and the Guarantor's Company Secretary at all times. The Guarantor's Company Secretary attends to corporate secretarial administration matters and attends all Board meetings to ensure that all Board procedures are followed. The Board also has access to independent professional advice where appropriate.

The principal roles and responsibilities of the Board include:

- providing entrepreneurial leadership, setting strategic aims and ensuring that the necessary financial and human resources are in place for the Guarantor to meet its objectives;
- establishing a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing management performance; and
- setting the Guarantor's values and standards, and ensuring that obligations to shareholders and others are understood and met.

Board of Directors

The Board comprises Directors who, as a group, have the core competencies, such as accounting or finance expertise, business or management experience, legal expertise, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

The Board meets on a quarterly basis at least, or more frequently as required, to review and monitor the Guarantor's financial position and operations.

The following table sets forth information regarding the Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Date of Appointment</u>
Dr. Stephen Riady	56	Executive Chairman	30 November 2006
Mr. Christopher James Williams	57	Deputy Chairman	19 July 2006
Mr. Thio Gim Hock	78	Chief Executive Officer/ Group Managing Director	6 November 2007
Mr. Kelvin Lo Kee Wai	56	Independent Director	19 July 2006
Mr. Sin Boon Ann	58	Independent Director	25 May 2009
Mr. Kin Chan	50	Non-Executive Non-Independent Director	17 March 2010

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

Dr. Stephen Riady

Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of OUE on 9 March 2010. He has been serving as Executive Director since 30 November 2006. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Dr. Riady is also an executive director of Lippo Limited and has been its chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992 and on 25 March 2011, he was appointed as its chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he was appointed as its chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of each of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also appointed a director of Auric Pacific Group Limited, a company listed in Singapore, in 1997. He assumed the role of group managing director of Auric Pacific Group Limited with effect from May 1999 to February 2006 and has since served as executive director of Auric Pacific Group Limited from 2006. He is also a member of the nomination committee of Auric Pacific Group Limited.

His service to society includes such civic engagements as founding honorary advisor of the University of Hong Kong Foundation for Education Development and Research, patron and trustee of The Incorporated Trustees of Volunteer Service Trust, member of the Board of Trustees of The Better Hong Kong Foundation, member of the Advisory Council of One Country, Two Systems Research Institute, fellow of the Duke of Edinburgh's Award World Fellowship and member of the Advisory Board of Sloan School of Management of the Massachusetts Institute of Technology, United States. He was member of the Council and the Court of Hong Kong Baptist University.

In public service, Dr. Riady was a Hong Kong Affairs Advisor from April 1995 to June 1997, appointed by the Hong Kong and Macao Office of the State Council and Xinhua News Agency, Hong Kong Branch of the People's Republic of China ("PRC"). In addition, he is a member of the Committee to Promote Economic Co-operation between Fujian and Hong Kong, a committee established by the Provincial Government of Fujian, PRC.

Accolades he has received include the Chevalier de L'Ordre des Arts et des Lettres awarded by the French government, and the Strategic Investment Entrepreneur of the Year in Ernst & Young's annual Entrepreneur of the Year Awards Singapore 2007. He is an Honorary Citizen of Shenzhen, PRC.

Dr. Riady is a graduate of the University of Southern California, United States and holds a Master of Business Administration from Golden Gate University, United States. He was conferred an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, United Kingdom, and is one of the first Honorary University Fellows installed by the Hong Kong Baptist University.

Mr. Christopher James Williams

Deputy Chairman

Mr. Christopher James Williams was appointed a Non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 30 April 2015.

Mr. Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a Partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richards Butler in Association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richards Butler from January 2011 to December 2011. He was the non-executive chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the chairman and non-executive non-independent director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. on 19 April 2013 as well as the chairman and non-executive non-independent director of OUE Commercial REIT Management Pte. Ltd. in October 2013. He was also appointed as a director of OUB Centre Limited in January 2014, and OUE Lippo Limited in December 2014.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practise encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Merger and Acquisitions Lawyers*, published by Euromoney Publications plc, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, 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. Thio Gim Hock

Chief Executive Officer/Group Managing Director

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was re-appointed a Director at the Annual General Meeting held on 21 April 2016.

Mr. Thio has extensive experience in engineering, real estate (commercial and residential properties, hotels) property development and consultancy. He was the chief executive officer of Target Realty Ltd from 2001 to 2003, an executive director for City Project Management/ Property Development at City Developments Ltd from 1999 to 2003, and an executive director of HPL Properties Pte Ltd from 1988 to 1999.

Mr. Thio holds a Bachelor of Engineering (Civil) from the University of Malaya, Malaysia and attended graduate school at the Massachusetts Institute of Technology, United States.

Mr. Kelvin Lo Kee Wai

Independent Director

Mr. Kelvin Lo Kee Wai was appointed as an Independent Director on 19 July 2006. He also serves as the Chairman of the Audit Committee, and is a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 29 April 2014.

Mr. Lo has been engaged in the funds management business and practicing law in New South Wales, Australia at Alliance Law Group since 2007. He previously served as chief investment officer of Value Creation Inc from 2002 to 2007, chief executive officer of Mreferral Corporation Ltd from 2000 to 2001, chief financial officer of Midland Realty Ltd from 1999 to 2001, and financial controller of Lippo Ltd from 1992 to 1999. Mr. Lo was appointed as a non-executive director of Medtech Group Company Ltd, a company listed in Hong Kong in 2001.

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an Associate of the Hong Kong Institute of Certified Public Accountants, an associate of the Certified Professional Accountants Canada, a chartered financial analyst of the CFA Institute of United States, and an associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Master of Laws at University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales of Australia in 2012.

Mr. Sin Boon Ann

Independent Director

Mr. Sin Boon Ann was appointed as an Independent Director on 25 May 2009 and has since also been serving as the Chairman of the Nominating Committee and the Remuneration Committee. Mr. Sin is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 30 April 2015.

Mr. Sin has been the deputy managing director of the Corporate & Finance Department at Drew & Napier LLC since 2009. Mr. Sin is principally engaged in corporate finance and mergers and acquisitions. He was a Member of Parliament for Tampines GRC from 1996 to 2011. Mr. Sin was a member of the Government Parliamentary Committee for Health and Defence and Foreign Affairs from 2009 to 2011. Mr. Sin taught at the Faculty of Law of National University of Singapore from 1987 to 1992.

Mr. Sin is an independent director of CSE Global Ltd since 2002 and Rex International Holdings Limited since 2013. Mr. Sin also serves as the chairman of both the nominating committee and the remuneration committee for Rex International Holding Limited since 2013. He was also appointed as a board member of Singapore Centre for Social Enterprise Ltd. in April 2015.

Mr. Sin holds a Bachelor of Arts and Bachelor of Laws (Honours) degrees from the National University of Singapore, and a Master of Laws from the University of London.

Mr. Kin Chan

Non-Executive Non-Independent Director

Mr. Kin Chan was appointed as a Non-Executive Director on 17 March 2010. He has been serving as a member of the Audit Committee with effect from 19 October 2011. Mr. Chan has been the chief investment officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of OUE. Details of his deemed shareholdings can be found on page 101 of this Information Memorandum. He was last re-elected as a Director at the Annual General Meeting held on 21 April 2016.

Mr. Chan has been the chairman of TIH Limited, a company listed in Singapore since 2005 and has been appointed as a non-executive director of Mount Gibson Iron Limited, a company listed in Australia since September 2016. He was a non-executive director of Japan Residential Assets Manager Limited, the investment manager of Saizen REIT, a company listed in Singapore from 2010 to 2013, a non-executive director of BTS Group Holdings Public Company Limited, a company listed in Thailand from 2010 to 2012, a non-executive director of Grand Ocean Retail Group Limited, a company listed in Taiwan from 2011 to 2012, a non-executive director of United Fibre System Limited (now known as Golden Energy and Resources Limited), a company listed in Singapore from 2011 to 2015 and a non-executive director of Asia Resource Minerals plc, a company formerly listed in London for the period from July 2015 to August 2015.

Mr. Chan earned an AB degree from Princeton University and a Master's degree in Business Administration from the Wharton School of University of Pennsylvania where he was a Palmer Scholar.

Committees

The Directors are committed to maintaining good standards of corporate governance.

The Guarantor has three Board committees: the Audit Committee, the Remuneration Committee and the Nominating Committee.

Audit Committee ("AC")

The AC consists of three non-executive Directors, namely the Chairman, Mr. Kelvin Lo Kee Wai and Mr. Sin Boon Ann (both independent) and Mr. Kin Chan. All members of the AC have many years of experience in senior management positions. The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities.

The principal functions of the AC include:

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Guarantor and any formal announcements relating to the Guarantor's financial performance;
- reviewing the adequacy of the Guarantor's internal controls, including financial, operational, compliance and information technology controls;
- reviewing the effectiveness of the Guarantor's internal audit and control functions;
- reviewing interested party transactions; and
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

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

The Guarantor has in place a whistle-blowing procedure whereby staff of the Guarantor may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, as well as any breach of the Guarantor's Code of Business Conduct and Ethics, without fear of reprisals in any form. The AC has the responsibility of overseeing this policy which is administered with the assistance of the Head of Internal Audit. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The AC 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 AC has full access to and co-operation from the management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

Remuneration Committee ("RC")

The RC comprises three members, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent) and Mr. Christopher James Williams.

The principal functions of the RC are to, *inter alia*:

- recommend to the Board a general framework of remuneration for Board members and also for key management personnel; and
- develop policies for fixing of, and recommending to the Board, the remuneration packages of individual Directors and key management personnel.

The RC sets compensation to ensure that the Guarantor is competitive and can attract, retain and motivate Directors and key management personnel of the required experience and expertise to run the Guarantor successfully. In setting remuneration packages for Directors and key management personnel, the remuneration and other conditions within the industry and in comparable companies are taken into consideration. While structured to attract and retain highly qualified people, the overall goal is to encourage sustained value-oriented management.

Fees payable to the Directors are proposed as a lump sum. The lump sum, subject to the approval of shareholders of the Guarantor at its forthcoming Annual General Meeting, will be divided among the Directors as the Board deems appropriate. The amount for each Director will take into account the level of responsibilities held. The compensation framework is made up of fixed pay and incentives. The Guarantor links executive remuneration to corporate and individual performance, based on appraisal, performance assessment, competencies and potential of individuals. Incentives are put in place to motivate and reward executive Directors and key executives to compensate them and encourage them to maximise long-term shareholder value. The remuneration of non-executive Directors takes into account their level of contribution and respective responsibilities, including attendance, time and effort at Board meetings and Board committee meetings.

Nominating Committee ("NC")

The NC comprises three non-executive Directors, namely the Chairman, Mr. Sin Boon Ann and Mr. Kelvin Lo Kee Wai (both independent), and Mr. Christopher James Williams.

The principal responsibilities of the NC 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 its Board committees, assessing and being mindful of the independence of the Directors and reviewing the retirement and re-election of Directors. Pursuant to the Guarantor's Articles of Association, one-third of the Directors will retire from office at the Guarantor's upcoming Annual General Meeting.

The NC determines on an annual basis whether or not a Director is independent, taking into account the Code of Corporate Governance 2012's guidance on what constitutes an "independent" director, and as to relationships the existence of which would deem a director not to be independent. A Director who has no relationship with the Guarantor, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement with a view to the best interest of the Guarantor, is considered to be independent.

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

The selection and nomination process involves the following:

- (a) in carrying out this review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;
- (b) the NC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;
- (c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria including the nominee's track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NC and the Board will also consider whether a candidate's skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and
- (d) the NC will make recommendations to the Board on candidates it considers appropriate for appointment.

The NC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board. In evaluating each Director's performance and that of the Board and the Board committees, the NC 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 Guarantor's businesses.

Directors must ensure that they are able to give sufficient time and attention to the affairs of the Guarantor, and as part of its review process, the NC decides whether or not a director is able to do so and whether he has been adequately carrying out his duties as a director of the Guarantor.

The Directors have opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act and listing rules, real estate and hotel industry-related matters and other areas to enhance their performance as Board and Board committee members.

Executive Officers

The Guarantor's executive officers are responsible for the Guarantor's day-to-day management and operations. The following table sets forth information regarding the Guarantor's executive officers:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Dr. Stephen Riady	56	Executive Chairman
Mr. Thio Gim Hock	78	Chief Executive Officer/Group Managing Director

For information about Dr. Stephen Riady, see "Management and Corporate Governance – Board of Directors" on page 95.

For information about Mr. Thio Gim Hock, see "Management and Corporate Governance – Board of Directors" on page 95.

Family relationship

None of the Guarantor's executive officers have a family relationship with one another, any of the Directors or any of the Guarantor's substantial shareholders.

8. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

Interests in Shares

The table below sets out the names of each of the Guarantor's substantial shareholders, being a shareholder who is known by the Guarantor to beneficially own 5% or more of the Guarantor's issued Shares, and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) as of the Latest Practicable Date, as shown in the Guarantor's register of substantial shareholders. Deemed interest is determined in accordance with Section 7(4) of the Companies Act.

The interests of the substantial shareholders in the Shares, based on the information available to the Guarantor and as recorded in the Guarantor's register of substantial shareholders as at the Latest Practicable Date are set out below:

Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
OUE Realty Pte. Ltd. (" OUER ")	502,513,060	55.72 ⁽¹⁹⁾	—	—
Golden Concord Asia Limited (" GCAL ")	116,403,350	12.91 ⁽¹⁹⁾	502,513,060 ⁽¹⁾	55.72 ⁽¹⁹⁾
Fortune Code Limited (" FCL ")	—	—	618,916,410 ⁽²⁾	68.63 ⁽¹⁹⁾
Lippo ASM Asia Property Limited (" LAAPL ")	—	—	618,916,410 ⁽³⁾	68.63 ⁽¹⁹⁾
Pacific Landmark Holdings Limited (" Pacific Landmark ")	—	—	618,916,410 ⁽⁴⁾	68.63 ⁽¹⁹⁾
HKC Property Investment Holdings Limited (" HKC Property ")	—	—	618,916,410 ⁽⁵⁾	68.63 ⁽¹⁹⁾
Hongkong Chinese Limited (" HCL ")	—	—	618,916,410 ⁽⁶⁾	68.63 ⁽¹⁹⁾
Hennessy Holdings Limited (" HHL ")	—	—	618,916,410 ⁽⁷⁾	68.63 ⁽¹⁹⁾
Prime Success Limited (" PSL ")	—	—	618,916,410 ⁽⁸⁾	68.63 ⁽¹⁹⁾
Lippo Limited (" LL ")	—	—	618,916,410 ⁽⁹⁾	68.63 ⁽¹⁹⁾
Lippo Capital Limited (" LCL ")	—	—	618,916,410 ⁽¹⁰⁾	68.63 ⁽¹⁹⁾
Lanius Limited (" Lanius ")	—	—	618,916,410 ⁽¹¹⁾	68.63 ⁽¹⁹⁾
Admiralty Station Management Limited (" Admiralty ")	—	—	618,916,410 ⁽¹²⁾	68.63 ⁽¹⁹⁾
ASM Asia Recovery (Master) Fund (" AARMF ")	—	—	618,916,410 ⁽¹³⁾	68.63 ⁽¹⁹⁾
ASM Asia Recovery Fund (" AARF ")	—	—	618,916,410 ⁽¹⁴⁾	68.63 ⁽¹⁹⁾
Argyle Street Management Limited (" ASML ")	—	—	618,916,410 ⁽¹⁵⁾	68.63 ⁽¹⁹⁾
Argyle Street Management Holdings Limited (" ASMHL ")	—	—	618,916,410 ⁽¹⁶⁾	68.63 ⁽¹⁹⁾
Kin Chan (" KC ")	—	—	618,916,410 ⁽¹⁷⁾	68.63 ⁽¹⁹⁾
V-Nee Yeh (" VY ")	—	—	618,916,410 ⁽¹⁸⁾	68.63 ⁽¹⁹⁾

Notes:

- (1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.
- (2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.
- (3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL has a deemed interest.
- (4) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Shares in which LAAPL has a deemed interest.
- (5) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (6) HKC Property is a wholly-owned subsidiary of HCL. Accordingly, HCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (7) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (8) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (9) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (10) LCL is a holding company of Pacific Landmark. Accordingly, LCL is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (11) Lanius is the holder of the entire issued share capital of LCL, which in turn is a holding company of Pacific Landmark. Accordingly, Lanius is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest. Lanius is the trustee of a discretionary trust the beneficiaries of which include Dr. Stephen Riady and other members of his family.

Dr. Stephen Riady is the Executive Chairman of the Guarantor. Dr. Stephen Riady is also the Chairman of LL and HCL, both of which have a deemed interest in the Shares.

- (12) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.
- (13) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Shares in which Admiralty has a deemed interest.
- (14) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Shares in which AARMF has a deemed interest.
- (15) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Shares in which AARF has a deemed interest.
- (16) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.
- (17) 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 Shares in which ASMHL has a deemed interest.
- (18) 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 Shares in which ASMHL has a deemed interest.
- (19) The shareholding percentage is calculated based on 901,815,860 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Based on the information available to the Guarantor as at the Latest Practicable Date, Mr. Kin Chan, a director of the Guarantor, has a deemed interest of 68.63% in the Shares as at the Latest Practicable Date.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The following tables present the Group's consolidated statement of financial position as at and for the financial years ended 31 December 2014 ("FY 2014") and 31 December 2015 ("FY 2015"). The selected consolidated statement financial data for FY2014 and FY2015 in the tables below are derived from the historical financial statements of the Group, which have been audited by the independent auditors, KPMG LLP. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.

Selected Audited Consolidated Statement of Comprehensive Income Information for FY2015 and FY2014

	The Group (Audited)	
	2015 S\$'000	2014 S\$'000
Revenue		
Hospitality income	204,398	210,647
Investment properties income	193,379	157,761
Development property income	23,644	38,297
Dividend income	1,800	1,840
Others	8,272	7,870
Total Revenue	431,493	416,415
Cost of sales	(280,838)	(236,824)
Gross profit	150,655	179,591
Marketing expenses	(21,952)	(12,274)
Administrative expenses	(65,017)	(55,775)
Other operating expenses	(13,457)	(13,501)
Share of results of equity-accounted investees, net of tax	207,580	87,033
	257,809	185,074
Finance expenses	(89,135)	(68,607)
Finance income	12,175	4,585
Other gains - net	20,257	1,179,732
Profit before tax	201,106	1,300,784
Tax expense	(22,335)	(60,746)
Profit after tax	178,771	1,240,038
Profit attributable to:		
Owners of the Company	156,370	1,094,020
Non-controlling interests	22,401	146,018
	178,771	1,240,038

**Selected Audited Consolidated Statement of Financial Position Information for FY2015 and
FY2014**

	The Group (Audited)	
	2015	2014
	S\$'000	S\$'000
Cash and cash equivalents	172,353	161,957
Other investments	371,399	328,070
Development properties	859,269	875,570
Assets held for sale	—	223,564
Total current assets	1,478,300	1,628,421
Available-for-sale financial assets	174,223	217,324
Investments in equity-accounted investees	812,695	1,150,776
Investment properties	5,627,266	3,671,968
Total assets	8,129,838	6,694,330
Current borrowings	157,195	649,507
Total current liabilities	422,308	815,466
Non-current borrowings	2,767,352	1,416,415
Total liabilities	3,365,646	2,354,883
Share capital	693,315	693,315
Accumulated profits	3,288,829	3,153,798
Non-controlling interests	833,720	486,111
Total equity	4,764,192	4,339,447

Financial Review

FY 2015 versus FY 2014

Revenue

In FY 2015, the Group recorded revenue of S\$431.5 million (FY 2014: S\$416.4 million), an increase of 3.6% over the previous financial year. The increase was mainly due to increased contribution from the Property Investments division; offset by lower revenue from the Hospitality and Development Property divisions.

Hospitality Division

Revenue contributed by the hospitality division declined slightly by 3.0% to S\$204.4 million (FY 2014: S\$210.6 million) due to lower revenue per available room achieved by the Group's hotel properties.

Property Investments Division

Revenue from the property investments division increased S\$35.6 million to S\$193.4 million (FY 2014: S\$157.8 million) in FY 2015. The increase was due to consolidation of revenue of One Raffles Place following the acquisition of additional interests in OUBC in October 2015. Prior to the additional interest acquired, results of OUBC were equity-accounted for as an associate. The increase is also attributable to higher occupancy achieved by U.S. Bank Tower.

Property Development Division

OUE Twin Peaks recorded lower revenue in FY 2015 as a result of lower sales.

Share of results of equity-accounted investees, net of tax

Contribution from equity-accounted investees increased S\$120.5 million year-on-year to S\$207.6 million. The increase was due mainly to the recognition of S\$143.4 million negative goodwill arising

from the acquisition of shares in Gemdale Properties and Investment Corporation Limited (“**Gemdale**”). The negative goodwill represents the excess of the fair value of assets and liabilities acquired over the consideration paid.

Finance expenses

Finance expenses increased S\$20.5 million to S\$89.1 million largely due to increased borrowings to fund the acquisition of OUBC and the consolidation of OUBC’s finance expense. OUBC owns the property, One Raffles Place.

Other gains - net

In 2015, gain on disposal of property, plant and equipment amounting to S\$57.8 million relates to gain recognised on sale of CPCA to OUE H-REIT.

The gain was partially offset by an impairment loss of S\$23.2 million recognised on OUE Twin Peaks, and impairment loss on goodwill arising from the acquisition of additional interest in OUBC. The Group’s investment properties also recorded a lower fair value gain in FY 2015.

In 2014, other gains include recognition of gain (which arises from the disposal of Mandarin Orchard Singapore and Mandarin Gallery to OUE H-REIT) upon deconsolidation of OUE H-Trust as well as fair value gain recognised on the OUE Bayfront Property, the Lippo Plaza Property and U.S. Bank Tower. This is offset by impairment loss recognised on OUE Twin Peaks amounting to S\$105.0 million.

The net change in fair value of investments designated at fair value through profit or loss comprises mainly the fair value change of the Group’s investment in a mutual fund.

EBIT

EBIT increased to S\$257.8 million in FY 2015 from S\$185.1 million in FY 2014 mainly due to the recognition of negative goodwill from acquisition of Gemdale’s shares. This is partially offset by higher operating costs including marketing cost relating to re-launching of OUE Twin Peaks and rental expense incurred under the sale and leaseback arrangements with OUE H-Trust.

Profit attributable to Owners of the Company

At post-tax level, the Group had an attributable profit of S\$156.4 million in FY 2015 (FY 2014: S\$1,094.0 million). The decrease in FY 2015 is mainly attributable to the absence of non-recurring gain arising from the deconsolidation of OUE H-Trust.

Statements of Financial Position

The Group’s “Other investments” of S\$371.4 million as at December 2015 relates mainly to investment in a mutual fund.

“Assets held for sale” of S\$223.6 million as at December 2014 comprised assets relating to CPCA that were classified as held for sale following the signing of the sale and purchase agreement for the sale of CPCA to OUE H-REIT. The sale was completed in January 2015.

The decrease in the Group’s “Available-for-sale financial assets” to S\$174.2 million as at December 2015 relates mainly to fair value loss recognised on the Group’s investment in Marina Centre Holdings.

The decrease in “Investments in equity-accounted investees” of S\$338.1 million to S\$812.7 million was mainly due to the acquisition of additional interest of 33.33% in OUBC in October 2015, resulting in OUBC being consolidated as a subsidiary instead of being equity-accounted for as an associate.

The decrease is offset by the Group’s subscription of shares in Gemdale, an entity listed on The Stock Exchange of Hong Kong Limited, through a joint venture of the Group, which was completed in February 2015. The Group’s joint venture has performed a purchase price allocation (“**PPA**”) exercise on its investment in Gemdale resulting in the recognition of negative goodwill amounting to S\$111.7 million. The negative goodwill represents the excess of the fair value of the assets and liabilities acquired over the consideration paid.

In December 2015, the Group acquired additional interest in Gemdale through the joint venture and recognised negative goodwill of S\$31.7 million based on provisional fair values of identifiable assets and liabilities. The Group is expected to complete the PPA on this acquisition in 2016.

The Group's "Investment properties" increased S\$2.0 billion to S\$5.6 billion as at December 2015 mainly due to the inclusion of One Raffles Place.

The Group's "Borrowings" increased S\$858.6 million to S\$2.9 billion. The increase is mainly due to additional loan taken to partially finance the acquisition of additional interest in OUBC and the inclusion of OUBC's loans upon consolidation.

The increase in "Non-controlling interests" of S\$347.6 million largely relates to the recognition of the non-controlling interest of OUBC arising from consolidation. The increase is also due to rights issue by OUE C-REIT to partially finance the acquisition of OUBC.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer, the Guarantor and their respective subsidiaries (if any) or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer and the Guarantor are currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer, the Guarantor and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected and the investors may lose all or part of their investments in the Securities.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer, the Guarantor or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme

Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer the Guarantor, either of the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any), the Arrangers or any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained therein or any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, the Guarantor and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside the Issuer's and the Guarantor's control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section entitled "FORWARD-LOOKING STATEMENTS" on page 5 of this Information Memorandum.

RISKS RELATING TO THE ISSUER'S, THE GUARANTOR'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND/OR PROSPECTS

The Group's operations are organised into four businesses: (i) hospitality, which includes the development, management and ownership of hospitality properties, (ii) retail, which consists of the development, management and ownership of retail spaces, (iii) commercial, which includes the development, management and ownership of office and mixed-use properties and (iv) residential,

which includes the development and sale of residential properties. Following the establishment of OUE H-Trust and OUE C-REIT, the Group has diversified into the funds management business as well. Each of these segments is subject to risks which could materially and adversely affect the Group's business, financial condition, results of operations and/or prospects.

The Group's operations are susceptible to macro-economic conditions and the policies of the governments in the countries in which it does business

The Group currently has operations in Singapore, PRC, Malaysia and the United States. The Group remains open to potential investment opportunities overseas. However, its operations are primarily concentrated in Singapore. Approximately 75.2% of the Group's non-current assets as of 31 December 2015 were located in Singapore. For the financial year ended 31 December 2015, 79.6% of the Group's revenues were derived from its operations in Singapore. Therefore, the viability and profitability of the Group's business are affected by the general economic conditions in Singapore. Any current or future prolonged deterioration of the economic climate in Singapore may have an adverse effect on the Group's business, financial condition, results of operations or prospects. In addition, the commercial, hospitality, retail and real estate markets may be adversely affected by economic, political, social or regulatory developments globally and in the region and the Group's business may also be adversely affected by changes in inflation, interest rates, taxation, or other regulatory, political, social or economic factors that impact business and leisure travel, in the case of the Group's hospitality and retail businesses. These factors include a reduction in tourist arrivals to Singapore that could affect prices or occupancy rates in the Group's hotels, reduced demand for consumer goods affecting the Group's retail operations, any deterioration of business and economic sentiment which could affect the rental and occupancy of the Group's commercial properties, any adverse developments in supply or demand for housing in the Singapore property market, the price of housing, or intense competition. The Group's business is also subject to the cyclical nature of the property industry in Singapore, and is thus vulnerable to any downturn in the real estate market in Singapore. Concerns over inflation, geopolitical issues, the availability and cost of credit, volatile oil prices and an unstable real estate market in Singapore and in the other countries in which the Group operates have contributed to increased volatility for the global economy and the markets. The recent concerns about the outlook of PRC's economy, Britain's possible exit from the European Union and the uncertainty of the interest rate environment in the United States have impacted global equity markets and commodity prices. In addition, the slide in oil prices has resulted in slowed growth in many resource-dependent economies. There are also still lingering concerns about sovereign debt in certain European nations which have continued to have a significant impact on the global capital markets associated not only with asset-backed securities but also with the global credit and financial markets as a whole. Economic factors including, without limitation, changes in interest rates and inflation, changes in gross domestic product, economic growth, employment levels and consumer spending, consumer and investment sentiment, property market volatility and availability of debt and equity capital have had and may in the future have a significant impact on the commercial, residential and retail property markets.

In addition, from time to time, the Singapore government adjusts its monetary and economic policies to prevent and curtail the overheating of the real estate market. Any action by the Singapore government concerning the economy or the real estate sector in particular could have a material adverse effect on the Group's financial condition and results of operations. For example, as residential real estate prices in Singapore have risen in recent years, the government has over the last few years adjusted its economic policies on several occasions in an effort to curb excessive price increases and discourage residential real estate speculation in Singapore, with the latest round of measures introduced in June 2013. Furthermore, it was stated in the Singapore Budget 2016 Speech that it is premature to relax residential property cooling measures and the Singapore government will continue to monitor developments in the property market closely.¹ Any measures that the Singapore Government may roll out may have an adverse effect on the residential property market in Singapore. Any such policy changes may adversely affect the Group's business, financial condition, results of operations or prospects.

The Group is subject to legislation, regulation and government policies in the countries in which it operates

The Group has operations in Singapore, PRC, Malaysia and the United States. As the Group continues its operations in these countries and, to the extent the Group undertakes any investment in other

¹ Singapore Budget 2016 Speech, "Partnering for the Future"; please refer to the speech at http://www.singaporebudget.gov.sg/budget_2016/BudgetSpeech.aspx

countries overseas, the Group is and will be subject to legislation, regulations and government policies in these countries, which in some cases are nascent. Changes in legislation, regulation and government policies in any of these countries, including changes relating to the business sectors in which the Group operates, foreign investments, tax and foreign exchange currency controls, may adversely affect the Group's business and operations.

The Group may not be successful in implementing its strategies

The Group's strategies include continuing to expand its operations from its hospitality business into retail and commercial sectors through the development, management and ownership of retail and commercial properties. The Group has also expanded its real estate portfolio by developing and selling residential properties. In contrast to hospitality, the management and lease of retail and commercial properties and development and sale of residential properties require different regulatory approvals, types of design, layout and building materials, as well as different development, marketing and management strategies and skills. The Group's external growth strategy and market selection process may not ultimately be successful and may not provide accretive returns. Acquisitions of new properties for development or redevelopment may cause disruptions to the Group's operations and divert management's attention away from day-to-day operations of the Group's existing assets. The Group has a relatively short track record in the marketing of retail, commercial and residential space. It may need to hire or engage additional staff, or enter into joint ventures or other contractual arrangements with third parties with appropriate expertise in particular fields in relation to the development or management or marketing, as the case may be, of particular retail, commercial and residential properties in order to successfully implement its retail, commercial and residential property strategies. If the Group is unable to attract and retain the appropriate skilled personnel, this will impact its ability to implement its business expansion plans.

In addition, property development and renovation or redevelopment of existing property is capital intensive. The availability of adequate financing is crucial to the Group's ability to acquire land and properties and to complete its development projects according to plan. The Group expects to finance future land and property acquisitions for development and redevelopment from a combination of internal funds, bank borrowings and proceeds from debt and equity offerings. As a result, it may increase its gearing. Under Singapore law, for housing developments with more than four units, proceeds from the sale of units before the issuance of temporary occupation permits for such projects may only be used to fund the property development costs of the projects to which they relate and certain other purposes prescribed by the Housing Developers (Project Account) Rules. The Group's ability to arrange adequate financing for land and property acquisitions or property development, redevelopment or renovations on terms that will allow the Group to achieve a commercially acceptable return depends on a number of factors that are beyond the Group's control, including general economic and political conditions, the state of international capital markets, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. The Group may not have sufficient internal funds available for land acquisitions or property development, redevelopment, or renovation and it may not be able to achieve sufficient sales to fund its property development, redevelopment or renovations. In addition, the Group may not be able to secure adequate financing, if at all, or renew credit facilities granted by banks and financial institutions on terms favourable to the Group or at all. As of 30 September 2016, the Group's outstanding borrowings amounted to S\$3.0 billion. Furthermore, the additional incurrence of debt will increase the interest payments required to service the Group's debt obligations and could result in operating and financial covenants that restrict its operations. If the Group does not have adequate resources to finance land acquisitions or property development, redevelopment or renovation, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

The Group's expansion plans will place additional demands on its management and key in-house operating divisions

Rapid growth in the Group's hospitality, retail, commercial, residential and fund management operations will place additional demands on its management team, its marketing team, its in-house project management division and its financial reporting and information systems. The Group's planned expansion will also require it to maintain the consistency of its products and the quality of its services to ensure that its business does not suffer as a result of any deviations, whether actual or perceived. In order to manage and support the Group's growth, the Group must continue to improve its existing

operational, administrative and technological systems and its financial and management controls, and recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel, particularly as it expands into new markets. There is no assurance that the Group will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel and integrate new properties into its operations. Any failure to effectively and efficiently manage the Group's expansion may materially and adversely affect its ability to capitalise on new business opportunities, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group operates in a capital intensive industry that relies on the availability of sizeable amounts of capital

The real estate business is a capital intensive industry. If the Group is unable to access funds to create or maintain a premium condition and appearance for its properties, the attractiveness of its properties and its reputation could suffer and the Group's recurring revenues, development revenues or both may decline. In order to maintain its properties' condition and appearance, ongoing renovations and other improvements, including periodic replacement of furniture, fixtures and equipment, are required.

All aforementioned investments and expenditures require ongoing funding and, to the extent the Group cannot fund these expenditures from its existing cash or cash flow generated from operations, the Group must borrow or raise capital through financing. The Group may not be able to access capital when necessary. If the Group fails to make investments necessary to maintain or improve its properties, the attractiveness of its properties and/or its brands could suffer, it could lose market share to its competitors, its hotel, retail and commercial occupancy rates and profits may decline and the Group's success in selling its residential units may be adversely affected.

The Group faces risks associated with debt financing

The Group is subject to risks associated with debt financing, including the risk that its cash flow will be insufficient to meet required payments of principal and interest under such financing and to make distributions. The Group is also subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. Further, most of the Group's properties are mortgaged. If the Group is unable to meet interest or principal payments, such mortgaged properties could be foreclosed by the lender or the lender could require a forced sale of the mortgaged properties with a consequent loss of income and asset value to the Group.

In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to its shareholders. Such covenants may also restrict its ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make available commercial real estate debt financing) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow and the amount of distributions the Group could make to its shareholders.

The Group's hospitality business is subject to all of the risks common in the hospitality industry

Historically, the Group's operations have been focused on its hospitality business. For the financial year ended 31 December 2015, the Group's hospitality business (including management fees) contributed 47.4% of the Group's revenue. A number of factors, many of which are common to the hospitality industry and beyond the Group's control, could materially and adversely affect the Group's hospitality business unit, including but not limited to the following:

- increased competition from other hotels in the Group's market for guests, meetings and special events such as weddings that could harm occupancy levels and revenue at the Group's hotels;
- increased competition from other accommodation options such as Airbnb which may offer more attractive rates for guests;
- increases in operating costs due to inflation, labour costs, workers' compensation and health-care related costs, utility costs, insurance and unanticipated costs such as acts of nature and their consequences and other factors that may not be offset by increased room rates;

- threats of terrorism, terrorist events, airline strikes, outbreaks of infectious diseases, war, civil unrest, fires, natural disasters or other calamities, increases in supply costs, airline fares and other expenses relating to travel or other factors that may affect travel patterns and reduce the number of business and commercial travellers and tourists, as well as other factors that may not be offset by increased room rates;
- dependence on business and commercial travel, leisure travel and tourism, all of which may fluctuate, tend to be seasonal and are subject to the adverse effects of national and international market conditions;
- success of the Group's F&B operations and spa services;
- increases in maintenance or capital improvements;
- changes in regulations or changes in application of regulations in the countries in which the Group operates, such as health and liquor licencing laws and laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits, which could affect any government licences necessary to operate the Group's hotels, including the preparation and sale of food and beverages; and
- adverse effects of a downturn in the hospitality industry.

Additionally, under the master lease agreements which the Group has entered into in respect of Mandarin Orchard Singapore, CPCA (including CPEX), it has committed to payments of minimum rent irrespective of the performance of the hotels. This may have an adverse impact on the Group's revenue and profits, especially in the event of a downturn in the hospitality industry.

All of these factors could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

If the value of the Group's products or image diminishes, the Group's business and results of operations may be adversely affected

The Group offers high-quality hotel products and services that are designed to target distinct groups of customers. The Group's continued success in maintaining and enhancing its brand and image depends, to a large extent, on its ability to satisfy customer needs by further developing and maintaining its innovative and distinctive products and maintaining the consistency and quality of its services across its hotel chain, as well as its ability to respond to competitive pressures. If the Group is unable to do so, its occupancy rates may decline, which could in turn adversely affect its results of operations. The Group's business may also be adversely affected if its public image or reputation were to be diminished by the operations of any of its hotels, whether due to unsatisfactory service, accidents or otherwise. If the value of the Group's products or image is diminished or if the Group's products do not continue to be attractive to customers, the Group's business and results of operations may be materially and adversely affected.

The Group's revenues include revenues from hotel management contracts and these contracts can be terminated under certain circumstances

Part of the Group's hospitality business is based on hotel management contracts for properties which it does not own or in which the Group has a partial effective ownership interest. The Group currently operates three hotels under this arrangement and intends to expand this business in the future. Such contracts may not be renewed when they expire and in some events can be terminated prior to their expiration. For example, the Group's management contracts may be subject to terms and conditions that, if not met or remedied, as applicable, could allow a management contract to be terminated by the owner prior to the expiration of its term. Failure to meet the other terms and conditions of a management contract could also result in the termination of a management contract. These management contracts expose the Group to the risk of disputes with the relevant property owners.

The Group may not be able to successfully compete for hotel management agreements and, as a result, it may not be able to achieve its planned growth

The Group's hospitality growth strategy includes signing additional hotel management agreements. The Group believes that its ability to compete for management agreements primarily depends on its brand recognition and reputation, the results of its overall operations and the success of the hotels that

it currently manages. Other competitive factors for management agreements include marketing support, the capacity of the hotel manager's central reservations and the Group's ability to operate hotels cost-effectively. The terms of any new management agreements that the Group obtains also depend on the terms that its competitors offer for those agreements. If the hotels that the Group manages perform less successfully than those of its competitors, if the Group is unable to offer terms as favourable as those offered by its competitors or if the availability of suitable properties is limited, the Group may not be able to compete effectively for new management agreements. As a result, it may not be able to achieve its planned growth and its business and results of operations may be materially and adversely affected.

The Group's hospitality business operations require hotel licences, which may be adversely affected by any failure to obtain, renew or obtain the transfer of such licences

The operation of hotels is regulated and the Group is subject to applicable laws and regulations by the authorities in the various countries in which it operates and manages hotels. For example, in Singapore the operation of hotels is generally subject to local laws and regulations such as the Hotels Act, Chapter 127 of Singapore, under which hotels must be registered and hotel managers must be licenced to manage the hotel.

The withdrawal, suspension or non-renewal of any of the certificates of registration and/or licences, or the imposition of any penalties as a result of any infringement of or non-compliance with any laws, rules or regulations applicable to the Group's properties, will have an adverse impact on the businesses at its hotels and their results of operations. Further, any changes in such laws, rules and regulations may also impact the businesses at the Group's managed hotels and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the hotels or otherwise adversely affect their operations.

The hospitality business is seasonal. The Group's costs and expenses may remain constant or increase even if its hotel revenues decline, which would adversely affect its net profit and results of operations

Certain periods in each financial year generally account for a lower portion of the Group's annual revenues than other periods due to seasonal fluctuations in the tourism industry and in the number of overseas visitors to Singapore or other countries in which the Group operates hotels. However, the Group's expenses do not vary significantly with changes in occupancy rates and revenues because a significant portion of operating costs in its hospitality business, including employee base salaries, rental costs, information management system vendor fees, and telephone expenses, is fixed. Accordingly, a decrease in revenues could result in a disproportionately higher decrease in the Group's earnings because its operating costs and expenses are unlikely to decrease proportionately. The Group's costs and expenses may remain constant or increase even if its revenues decline, which would adversely affect its results of operations.

The Group is reliant on effective marketing and branding strategies

The Group relies on its brand recognition and branding strategies to expand its customer base and increase its market share in Singapore and other target markets. The Group may not be able to formulate and implement new and effective branding strategies to promote its brand names in the future. In the event that it fails to promote and enhance its brand names or fails to spend sufficient resources for such purposes, its business and operating results may be adversely affected.

For example, some of the Group's hotels are branded and marketed as a "Meritus" hospitality property. Any degradation or adverse market developments relating to the "Meritus" or "Mandarin" brand name or any negative publicity affecting one or more "Meritus" hospitality properties could adversely affect the results of the Group's operations. In addition, the Group engages and may in future engage third party hotel operators for the Group's other hospitality properties. Any negative publicity in respect of any such operators may also impact the occupancy of such hotels and could adversely affect the Group's results.

The success and continued growth of the Group's business are also dependent on its ability to establish effective marketing strategies to maintain and increase its customer base, to capture a bigger market share and to increase its turnover. Any misjudgement in assessing its customers' needs and changes in its customers' preferences could result in loss of sales. In such event, the Group's profitability will be adversely affected.

Unionisation of the Group's employees may adversely affect its hospitality business

Most of the Group's hospitality staff in Singapore and the hospitality staff of the hotel managed by it in Malaysia belong to labour unions. From time to time, the Group may enter into agreements with the various labour unions in the countries in which it operates and will be subject to the terms of such agreements. No assurance can be given that the Group's employment contracts can be negotiated on the terms agreeable to it nor that contracts with the existing staff can be renewed upon the expiration of the contracts. Furthermore, the inability to negotiate satisfactory terms and renew collective agreements with the unions may impact the Group's ability to hire and retain qualified personnel, which will adversely affect the standards of its hospitality business, and thus the results of its operations and its prospects.

The growth of third party online and other hotel reservation intermediaries and travel consolidators may adversely affect the Group's margins and profitability

Some of the Group's hotel rooms are booked through third party online and other hotel reservation intermediaries and consolidators to whom the Group pays commissions for such services. They may be able to negotiate higher commissions, reduced room rates, or other significant concessions from the Group. The Group believes that such intermediaries and consolidators attempt to develop and increase customer loyalty toward their reservation systems rather than the Group's. As a result, the growth and increasing importance of these travel intermediaries and consolidators may adversely affect the Group's ability to control the supply and price of its room inventory, which would in turn adversely affect its margins and profitability.

Interruption or failure of the Group's information systems could impair its ability to effectively provide its services, which could damage its reputation

The Group's ability to provide consistent and high-quality services and to monitor its operations on a real-time basis across all its hotels depends on the continued operation of its information technology systems, including its online distribution, central reservations and customer relationship management systems. Any damage to or failure of the Group's systems could interrupt its inventory management, affect service efficiency, consistency and quality or reduce its customer satisfaction.

The Group uses a non-proprietary technology platform through a third party vendor. Its technology platform plays an important role in its management of its revenues, inventory and loyalty programmes. Computer viruses, fires, floods, earthquakes, hacking or other attempts to harm this system, or other similar events, all have the potential to cause difficulties with the technology platform. Such difficulties could require that reservation and billing activities be conducted off-line or manually. Some of these third party vendor's systems are not fully redundant, and its disaster-recovery planning does not account for all possible scenarios. Furthermore, the Group's systems and technologies, including its website and database, could contain undetected errors or "bugs" that could adversely affect their performance or could become outdated. The Group may not be able to replace or introduce upgraded systems as quickly as its competitors or within the budgeted costs for such upgrades. If the Group experiences system failures, its quality of service, customer satisfaction, and operational efficiency could be severely harmed, which could also adversely affect its reputation.

Failure to maintain the integrity of internal or customer data could result in harm to the Group's reputation or subject the Group to costs, liabilities, fines or lawsuits

The Group's hospitality business involves collecting and retaining large volumes of internal and customer data, including credit card numbers and other personal information as its various information technology systems enter, process, summarise and report such data. The Group also maintains information about various aspects of its business operations as well as its employees. The integrity and protection of the Group's customer, employee and company data are critical to its business and the Group is required to comply with data protection laws in the countries in which it operates. A theft, loss, fraudulent or unlawful use of customer, employee or company data, or any other breach of applicable data protection laws, could harm the Group's reputation or result in remedial and other costs, liabilities, fines or lawsuits.

Accidents, injuries or prohibited activities in the Group's hotels may adversely affect its reputation and subject it to liability

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests) that may take place in hotels. The occurrence of one or

more accidents, injuries or prohibited activities at any of the Group's hotels could adversely affect its safety reputation among guests, harm its brand, decrease its overall occupancy rates and increase its costs by requiring the Group to implement additional safety measures. In addition, if accidents, injuries or prohibited activities occur at any of the Group's hotels, the Group may be held liable for costs or damages and fines. The Group's current property and liability insurance policies may not provide adequate or any coverage for such losses, and the Group may be unable to renew its insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

The profit earned from, and the value of, the Group's retail and commercial properties may be adversely affected by a number of factors

The revenue earned from, and the value of, the Group's retail and commercial properties may be adversely affected by a number of factors, including:

- vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce the Group's revenue;
- the inability to collect rent from tenants on a timely basis or at all;
- rental rebates given to tenants facing market pressure;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question;
- the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than those of current leases;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, retail and commercial space, changes in market rental rates and operating expenses for the Group's properties);
- the inability to arrange for adequate management and maintenance or to put in place adequate insurance;
- competition for tenants from other properties which may affect rental levels or occupancy levels at the Group's properties and competitors' initiatives to increase shopper traffic (such as advertising campaigns and mall promotions etc.);
- competition from online retailers that may deter existing tenants from renewing their leases or potential tenants from leasing space in the Group's properties;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment. Moreover, recent changes to laws, regulations and policies in respect of anti-money laundering/countering the financing of terrorism have resulted in the increase in costs of compliance for companies;
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the Group's control; and
- higher interest rates.

Downturns in the retail industry and commercial and residential property sectors will likely have a direct impact on the Group's revenues and cash flow

The Group's financial performance will be linked to economic conditions in the Singapore market, and in the other markets in which it operates, for retail, commercial and residential space generally. The demand for retail, commercial and residential space could be adversely affected by any of the following:

- weakness in the national and regional economies;
- a decline in the number of tourist arrivals to the Group's target markets;

- adverse financial condition of certain large corporations and retailing companies;
- supply exceeding demand for retail, commercial or residential space in the Group's target markets;
- an increase in consumer purchases through catalogues or the Internet and reduction in the demand for tenants to occupy the Group's retail properties as a result of the Internet and e-commerce;
- the timing of, and costs associated with, property improvements and rentals;
- any changes in taxation and zoning laws;
- adverse government regulation; and
- higher interest rates.

To the extent that any of these factors occur, they are likely to impact market rents for retail and commercial space and sales of residential units which will then affect the Group's financial condition and results of operations.

The Group's future cash flow may be affected by the Group's exposure to key tenants

Part of the Group's retail and commercial space is leased to tenants considered "key" tenants because of their ability to attract customers and/or to attract other potential tenants. The Group's ability to lease vacant units and the value of such units in the Group's retail and commercial properties could be adversely affected by the loss of a key tenant or in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. Space that has been vacated by a key tenant can reduce the demand for and value of other retail and commercial units in the Group's retail and commercial properties, for example, in the case of retail units, because of the loss of the departed key tenant's customer-drawing power. In addition, the Group may face difficulties in finding suitable replacement tenants for space vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable or satisfactory.

Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, the Group's ability to optimise its revenue and cash flow for such retail and commercial space that has been leased to such key tenants could be adversely affected.

Any of these events could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Risks associated with any asset enhancement works

The asset enhancement initiatives undertaken by the Group, including those relating to OUE Downtown 1 and Downtown Gallery, and the time and costs involved for asset enhancement works, may be adversely affected by various factors, including, but not limited to, delays or inability to obtain all governmental and regulatory licences, permits, approvals and authorisations, construction risks, the need to incur significant capital expenditures without receiving revenue from the property during the course of the asset enhancement and uncertainties as to market demand or a loss of market demand by tenants and consumers after the asset enhancement has begun, whether resulting from a downturn in the economy, a change in the surrounding environment, or otherwise.

No assurance can be given that any asset enhancement initiatives will be completed within the anticipated time frame or budget, if at all, whether as a result of the factors specified above or for any other reason. The inability to implement any asset enhancement initiatives within the anticipated time frame and budget could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, significant pre-operating costs may be incurred and no assurance could be given that these costs can be recovered within a brief period or at all, and there may be a substantial length of time before an asset enhancement generates revenues and positive cash flows. The failure to adequately prepare for pre-operating costs could adversely affect the Group's business, financial condition, results of operations and prospects.

The rental rates the Group earns from its commercial properties will depend on market conditions at the time of the Group's leasing programme

Office rental rates, including rates for prime Grade A office buildings, have experienced significant volatility in recent years due to global and regional economic instability as well as increases or

decreases in the Grade A office buildings that have become or may become available from time to time. Rental rates are also dependent on global and regional economic forces outside the Group's control. If rental rates decline as a result of this increase in supply or due to economic conditions, the Group may be unable to lease its commercial properties on commercially viable terms or at all. If actual market conditions at the time the Group enters into leases are not favourable, the Group's financial performance and results of operations may be materially and adversely affected.

Failure to find replacement tenants may affect the Group's performance

In the event that the Group does not find replacement tenants or the terms of replacement tenancies are less favourable to the Group than current leases, the Group faces the risk that vacancies following non-renewal of leases may lead to reduced occupancy levels or that the terms of replacement tenancies could be less favourable than current leases, which may in turn reduce the Group's revenue. If the leases are not renewed or are renewed on terms less favourable to the Group than current leases in a concentrated manner in a year, this could affect the Group's business, financial condition, results of operations and prospects for that year. In addition, the fact that a concentration of leases expire at the same time might give the Group's existing or prospective tenants leverage in negotiating a lower rental price, which might adversely impact the Group's revenue and business.

The Group's financial performance depends on the ability of its tenants to address challenges in the retail market

Customer demand for many retail products offered for sale in the Group's retail space is subject to decline in recession or other periods in which consumer confidence or purchasing power is negatively affected because such merchandise represent discretionary purchases. Retail market conditions have also historically been, and could in the future be, adversely affected by any of the following:

- a downturn in the tourism industry or in the number of overseas visitors to the Group's target markets;
- adverse developments in the financial condition of any of the large retailing companies;
- the current weak macroeconomic environment or any future recession;
- an increase in consumer purchases through catalogues or the Internet and a reduction in demand for physical purchases of consumer items as a result of the Internet and e-commerce;
- an increase in labour costs arising from changes in government policies on employment, wages and levies;
- the timing and costs associated with property improvements and rentals; and
- adverse government regulation.

To the extent that any of these conditions occur, they are likely to negatively impact the performance of the Group's tenants under the leases and the continuity of its tenant base, and in turn may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The retail industry is subject to changing trends and the Group's success is dependent upon the ability of its tenants to supply goods responsive to such changes

The retail industry is subject to changing trends in fashion and consumer preferences. Selection and timing of merchandise purchases is crucial. The success of tenants in the Group's retail space is to a large degree contingent on their ability to anticipate these trends and to cater to the resulting tastes of their customers. Incorrect forecasting of future demand could result in an excess or shortage of inventory, which could lead to higher interest charges, price reductions or write downs on slow-moving or excess stock, and the risk of alienating consumers who might then seek alternative shopping experiences. In addition, the Group's tenants may suffer a loss of profits if the products they offer are superseded by more modern and popular merchandise and if the increasing speeds of innovation result in significant liabilities to the Group's tenants in the form of obsolete stock that is quickly outdated and difficult to sell. In these circumstances, the Group may be exposed to the risk of tenant defaults under its lease agreements and damage to the image of the Group's retail properties, which would adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's retail rental income may decline if it is unable to successfully market its retail properties

The Group's ability to attract high-end retail vendors, which comprise a substantial portion of the Group's current tenant base, may be affected by the success or failure of the Group's marketing and promotional efforts. Future marketing efforts may be costly. If the Group were to undertake a major marketing campaign without success, it could have a negative impact upon the Group's revenue. In either event, increased costs and decreased margins, accompanied by static or decreased rental income, could materially and adversely impact the Group's business, financial condition, results of operations and prospects.

The Group may be unable to identify or acquire land or properties for development at commercially acceptable prices

The Group may not be able to identify and acquire attractive sites in the future at commercially acceptable prices, or at all. Its inability to identify and acquire attractive new sites at commercially acceptable prices could impair its ability to compete with other property developers and materially and adversely affect its ability to grow its business and maintain its profitability.

Some or all of the Group's existing and planned projects may not be completed or may not be completed on schedule

The Group's success and financial performance will depend on its ability to identify, develop, market and sell its projects in a timely and cost effective manner. The Group's development activities are subject to the risk of delays in obtaining required approvals, availability of raw materials, increases in construction costs, natural disasters, and reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. For example, although the Group currently expects Downtown Gallery to complete by the end of 2016, no assurance can be given that the property will be completed in a timely manner. In addition, any delay in the conversion of the low and mid zones of OUE Downtown 1 into serviced apartments may affect the Group's ability to commence business or procure a quality tenant base to generate a steady income. Non-completion, or a delay in completion, of any of the Group's other developments may have a material and adverse effect on its business, financial condition, results of operations and prospects.

In addition, there is no assurance that the Group will be successful in selling all the units of its residential property development projects and if such units are not sold by the stipulated date, the Group may have to pay Qualifying Certificate penalty which could result in a material adverse effect on the Group's business, results of operations and/or financial condition.

The Group is subject to risks in relation to pre-sold units in the Group's residential development projects

The Group faces risks relating to pre-sale of properties in the event that the Group pre-sells any units in its residential development projects. For example, the Group may fail to complete a fully or partially pre-sold property development, in which case, the Group may be liable for potential losses that buyers may suffer as a result. There can be no assurance that these losses would not exceed the purchase price paid in respect of the pre-sold units. In addition, if a pre-sold property development is not completed on time, the buyers of pre-sold units may be entitled to compensation for late delivery. Failure to complete a property development on time may be attributed to factors such as poor site management by the contractors, delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay extends beyond the contractually specified period, these buyers may be entitled to terminate the pre-sale agreements and claim damages. There is no assurance that the Group will not experience any significant delays in completion or delivery or that the Group will not be subject to any liabilities for any such delays. Further, a high default rate of the buyers under their respective sale agreements could have an adverse effect on the Group's property development business, cashflow and financial position.

Some units of OUE Twin Peaks are subject to sale arrangements under the Group's deferred payment scheme pursuant to which the purchaser of a unit pays a certain deposit and defers the rest of the

payment for a period of two to three years. There is therefore no certainty that the sale of these units will be completed in the stipulated timeframe.

The Group faces significant risks before it realises any benefits from its development properties

The Group's primary business has historically been the management and ownership of hospitality properties. In recent years, the Group has expanded its operations to include the development, lease or sale, as the case may be, of retail, commercial and residential properties. Development properties typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sales of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for several years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales or leasing of the properties. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local political and economic climate, local real estate conditions, the perceptions of property buyers, businesses, retailers or shoppers of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. In addition, there is a higher risk for certain developments like the Land Parcels which have a smaller target market as they are located in Singapore's most exclusive Good Glass Bungalow area and in the White House Park / Nassim Road Conservation Area and such units would be sold at higher prices. If any of the property development risks described above materialises, the Group's returns on investments may be lower than originally expected and the Group's financial performance will be materially and adversely affected.

The property development business is subject to significant governmental regulation and approvals

The Group is subject to numerous laws and regulations in all of the jurisdictions in which it operates, including those relating to property development. The success of the Group's strategy to expand its existing properties, acquire new properties or open newly-constructed properties is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits and environmental, health and safety permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing licence.

Specifically, the Singapore government has sought to regulate or reduce property speculation through measures such as the adoption and enforcement of regulations and the imposition of credit controls, taxes and fees. In recent years, it has implemented a series of measures to cool the Singapore property market and maintain a stable and sustainable property market where prices move in line with economic fundamentals. For instance, on 13 January 2011, the Singapore government announced the extension of the holding period for imposition of the seller's stamp duty ("**SSD**") on residential properties from three years to four years based on new rates. The new SSD rates, ranging from 4% to 16%, will be imposed on residential properties which are acquired (or purchased) on or after 14 January 2011 and disposed of (or sold) within four years of acquisition. In December 2011, the Singapore government introduced the additional buyer's stamp duty ("**ABSD**"), which was further enhanced in January 2013. ABSD ranging from 5% to 15% is to be paid by certain groups of people who buy or acquire residential properties (including residential land). Further, the Group may, where necessary, apply for ABSD remission and if granted, the Inland Revenue Authority of Singapore may impose conditions on the Group which may be more stringent compared to certain Qualifying Certificate conditions. If such conditions are not met by the Group, ABSD with interest will be payable and this could have a material adverse effect on the Group's business, results of operations and financial condition.

The loan-to-value limits on housing loans granted by financial institutions were also tightened for individuals who already have at least one outstanding loan, as well as for non-individuals such as companies. Besides tighter loan-to-value limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan was also raised. In June 2013, the MAS also

introduced a new total debt servicing ratio (“**TDSR**”) framework for all property loans granted by financial institutions to individuals. The new TDSR framework requires financial institutions to take into consideration borrowers’ other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income. The MAS expects that any property loan extended by financial institutions will not exceed a TDSR threshold of 60% and will review the 60% threshold over time, with a view to further encouraging financial prudence.

Such measures and further legislation or policies to encourage financial prudence which may be introduced by the Singapore government to moderate the property market in Singapore may affect the purchasing power of potential buyers of residential properties and may dampen the general sentiments of the residential property market, resulting in reduced demand for and consequently fewer sales of residential property units in Singapore.

There is no assurance that the Singapore government will abolish the existing legislation or policies intended to cool the property market. There is also no assurance that the Singapore government will not introduce further legislation or policies or amend existing legislation or policies to further regulate the growth of the Singapore property market as this was also indicated in the Singapore Budget 2016 Speech. Such changes may have an adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

Intellectual property infringement by or against the Group could seriously harm its business

Because of the complexity and variety of intellectual property laws and regulations, the Group may unintentionally infringe upon the intellectual property rights of others in the course of its business activities. This could result in financial and reputational damage to the Group. Furthermore, even if the Group does not infringe upon such rights, merely receiving an infringement claim could result in distraction to management, high litigation costs, reputational damage and reduced revenue. Any or all of these factors, individually or in the aggregate, could have a material adverse effect on the Group’s business, results of operations and financial condition.

Obtaining intellectual property protection can be a lengthy and expensive process, and such rights may not be granted on a timely basis or at all. The Group’s current trademarks and other rights may be insufficient in scope or strength to provide it with sufficient protection of its intellectual property rights or adequate commercial advantage. Such trademarks or other rights could also be challenged, invalidated or circumvented. Litigation may be necessary to enforce the Group’s intellectual property rights. Such litigation may not succeed in protecting the Group’s rights. The Group may also as a result need to enter into arrangements in respect of intellectual property rights which limit its ability to use the same. The Group has previously had disputes regarding its intellectual property and consequently, is restricted from using the name “Mandarin” in relation to future hotels outside Singapore. Any or all of these factors, individually or in the aggregate, could have a material adverse effect on the Group’s business, results of operations and financial condition.

In addition, it is difficult to monitor and prevent the unauthorised use of the Group’s intellectual property. The measures the Group takes to protect its brands, trade names, trademarks and other intellectual property rights may not be adequate to prevent their unauthorised use by third parties. Not all of the countries in which the Group operates may have established intellectual property laws and the ability to monitor and enforce intellectual property rights. If the Group is unable to adequately protect its brands, trade names, trademarks and other intellectual property rights, it may lose these rights and its business may suffer materially.

Higher interest rates, general government tightening of financing rules and regulations and the lack of access to financing may have a significant impact on the demand for the Group’s residential property developments

An increase in interest rates in Singapore may negatively impact the Group’s residential property developments. High interest rates generally impact the real estate industry by making it costly for consumers to qualify for and secure financing, which can lead to a decrease in the demand for residential sites. Any downturn in the economy or drop in consumer confidence may result in reduced housing demand, which could negatively impact the demand for the residential property that the Group has under development and negatively affect its business, financial condition, results of operations and prospects.

In addition, there have been several rounds of tightening in the home loan financing regulations which impact on the ability of purchasers to obtain financing which in turn may affect the take-up of the Group's residential property development.

Higher interest rates may have a significant impact on the Group's financial performance

The Group currently partially funds, and expects to continue to partially fund, its business and future growth through debt. Some of the Group's existing debt carry floating interest rates and some of the Group's borrowings in future may carry floating interest rates, and consequently, the interest cost to the Group for such debt financing will be subject to fluctuations in interest rates. In addition, the Group is and may in future be subject to market disruption clauses contained in its debt financing agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the Group, notwithstanding the margins agreed. Furthermore, although the Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, such hedging or its hedging policy may not adequately cover its exposure to interest rate fluctuations. Consequently, interest rate fluctuations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks relating to foreign currency exchange rate fluctuations

Because of its geographic diversity, the Group holds assets, receives income and incurs liabilities and expenses in a number of currencies, including Singapore dollars, United States dollars, Indonesian Rupiah, Renminbi and Malaysian Ringgit. The different exchange rates prevailing at the times of payment and receipt may give rise to foreign currency exchange gains and losses. Consequently, the Group's costs, profit margin, cash flows and asset values are affected by fluctuations in the exchange rates of the aforementioned currencies.

In addition, the Group's financial statements are presented in Singapore dollars. Exchange gains or losses may arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for financial reporting or repatriation purposes. If foreign currencies depreciate against the Singapore dollar, it may materially and adversely affect the Group's reported financial results.

The Group is subject to risks inherent in hedging transactions which it has entered into

The Group has entered into certain hedging transactions to partially protect itself against the effects of interest rate fluctuation on floating rate debts and foreign currency exposure. The Group is therefore subject to risks inherent in hedging transactions which it has entered into. There are also costs involved in hedging as there may be upfront fees payable or downward fair value adjustments to the mark-to-market values. In addition, no hedging can completely eliminate risks associated with changes in interest rates and exchange rates.

The Group is subject to credit risk arising from defaulting counterparties

Credit risk may arise when counterparties default on their contractual obligations resulting in financial loss to the Group. Although the Group adopts a policy of only dealing with creditworthy counterparties and the Group regularly reviews its credit exposure to its customers, credit risks may nevertheless arise from events or circumstances that are difficult to anticipate or detect, including, but not limited to, political, social, legal, economic and foreign exchange risks, that may have an impact on its customers' ability to make timely payment and render the Group's enforcement for payments ineffective. Credit risk on cash and bank balances and derivative financial instruments including interest rate hedging is limited as these are placed or transacted with reputable institutions.

The Group is subject to risks relating to the quality and extent of the title or to interests in the properties in the Group's portfolio

The quality, nature and extent of the title to the properties in the Group's portfolio vary, depending on a number of factors, including:

- the stage of development of the property;

- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;
- the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- the manner in which the interest in the property is held, whether through a joint venture, a development agreement, under a master lease, an option to purchase or a sale and purchase agreement, through asset-backed securities or otherwise;
- in the case where the property interests are leasehold interests, the extent of compliance by the Group or any other relevant party (including previous lessees or lessors, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with the terms and conditions of the state or head lease or any other document under which the title of the property is derived;
- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired its interest in the property;
- the laws and regulations that apply to the property; and
- the country and location of the property.

The limitations described above on the quality, nature and extent of the title to the land and properties in the Group's portfolio of property interests could impact the Group's ability to deal with and have control over its property interests, and the conditions under which it may own, develop, operate or manage the property. No assurance can be given that the quality, nature and extent of the title to the Group's property interests will not be challenged or adversely impacted or will not adversely affect the Group's ability to deal with its property interests and in turn the value of its investments in these properties.

Certain construction risks may arise during the development or redevelopment of any new or existing properties

Development or redevelopment of new or existing properties entails significant risks, including shortages of materials or skilled labour, unforeseen engineering, environmental or geological problems, work stoppages, litigation, weather interference, floods and unanticipated cost increases, any of which could give rise to delays or cost overruns. Any significant increase in the price of construction materials, for example, would increase the Group's cost of development.

Difficulties in obtaining any requisite licences, permits, allocations or authorisations from regulatory authorities could also increase the cost of, or delay the construction or opening of, new developments. All of these factors may adversely affect the Group's business, financial condition, results of operations or prospects.

The Group's operating results fluctuate from period to period and the fluctuations make it difficult to predict its future performance

The Group's results of operations have varied significantly in the past and may continue to fluctuate significantly from period to period in the future. In 2013, 2014 and 2015, the Group's revenue was S\$436.6 million, S\$416.4 million and S\$431.5 million, respectively, and net profit/(loss) attributable to the Guarantor's equity holders was S\$(36.6) million, S\$1,094.0 million and S\$156.4 million, respectively. The Group's results of operations will be further affected by the demand for its residential properties and the price at which the Group is able to sell them. It will also be affected by the Group's acquisition and potential redevelopment of commercial properties, including the conversion of the low and mid zones of OUE Downtown 1 into serviced apartments. See also "Risks Relating to the Issuer's, the Guarantor's and the Group's Business, Financial Condition and/or Results of Operations – Risks associated with any asset enhancement works". It is possible that the Group's results of operations will continue to fluctuate significantly or fluctuate more in the future. The demand for and pricing of the properties are in turn affected to a large extent by the general conditions of the property markets. For Singapore's development properties, the Group currently adopts the percentage of completion method for the recognition of development properties' profits. Therefore, the Group's revenue and profit during

any given period will reflect the quantity of properties delivered during that period and will be affected by any peaks or troughs of the Group's property delivery schedule and may not be indicative of the actual demand for the Group's properties or sales achieved during that period. The Group's revenue and profit during any given period will generally reflect property investment decisions made by purchasers of the Group's properties at some time in the past, typically at least in the prior fiscal period. As a result, the Group believes that its operating results for any period will not be necessarily indicative of results that may be expected for any future period.

In addition, the seasonality of the Group's hotel business may cause fluctuations in its quarterly operating results. Therefore, prospective investors should not rely on the Group's operating results for prior quarters as an indication of the Group's results in any future period. As the Group's revenues may vary from quarter to quarter, its business is difficult to predict and its quarterly results could fall below investor expectations.

The Group has incurred losses in the past and may incur losses in the future

The Group has previously incurred losses due to the revaluation losses on its investment properties. As the Group expects its costs to increase as it continues to expand its business and operations, it may incur losses in the future. No assurance can be given that the Group will achieve or sustain profitability in the future.

Acquisition of the Group's real estate portfolio may be subject to risks associated with the acquisition of properties

While the Group believes that reasonable due diligence investigations have been conducted prior to the acquisition of its properties, there can be no assurance that its real estate holdings will not have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses, or payment or other obligations to third parties. The information that the Group relies upon as part of the due diligence investigations of its properties may be subject to inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. In particular, no assurance can be given as to the absence of latent or undiscovered defects or deficiencies, inaccuracies or deficiencies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

In addition, some of the properties may be in breach of laws and regulations (including those in relation to real estate) or may fail to comply with certain regulatory requirements in ways that the Group's due diligence investigations did not uncover. As a result, the Group may incur additional financial or other obligations in relation to such breaches or failures, which will have an adverse effect on its business, financial condition, results of operations and prospects.

The Group's business may be adversely affected by the illiquidity of real estate investments

The Group invests primarily in real estate. This involves a higher level of risk as compared to a portfolio which includes a diverse range of investments. Real estate investments, particularly investments in high value properties such as those in which the Group has invested or may invest in the future, are relatively illiquid. Such illiquidity may affect the Group's ability to vary its investment portfolio or liquidate part of its assets in response to changes in the economy, changes to the real estate market or other conditions. For example, the Group may be unable to liquidate its portfolio's assets at short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's results may fluctuate as a result of fair value gains or losses on its investment properties

The Group's investment properties are stated at their fair value based on the valuation performed by an independent professional valuer. Gains or losses arising from changes in the fair value of investment properties will be recognised directly in the profit or loss statement for the period in which they arise. The Group's policy is to value its properties at the end of each year. The Group may also

value one or more of its properties during a fiscal year to support financing arrangements or otherwise. The consolidated statement of comprehensive income for 2013, 2014 and 2015 reflected a fair value loss of S\$47.0 million, gain of S\$259.2 million and gain of S\$6.9 million, respectively. Therefore, the Group's results showed that the fair value of each of the Group's investment properties is likely to further fluctuate in the future, and the Group's historic results should not be regarded as an indicator of its future fair value gains or losses. The fair value of the Group's investment properties may decrease in the future. Any such decrease in the fair value of the Group's investment properties may reduce its profits, which will have an adverse effect on its business, financial condition, results of operations and prospects.

The market values of the Group's properties may differ from their appraised values as determined in the valuation reports

The valuations of the Group's properties are based on certain assumptions which are subjective and uncertain and may differ materially from actual measures of the market.

Property valuations generally include a subjective determination of certain factors relating to the relevant property, such as the property's relative market position, financial and competitive strengths and physical condition. Accordingly, no assurance can be given to prospective investors that the assumptions are accurate measures of the market or that the valuation of each of the Group's properties is accurate. The market value of the Group's properties or any future acquisitions may, therefore, differ from their appraised values. The appraised value of any of the Group's properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which the Group may sell a property may be lower than the appraised value or the initial acquisition price of that property.

The Group may be involved in disputes, legal and other proceedings arising from its operations from time to time and may be subject to regulatory reviews and queries

The Group may be involved from time to time in disputes with various parties involved in the development, sale, lease and operation of its properties, such as contractors, sub-contractors, suppliers, construction companies, purchasers, lessees, co-tenants and other parties. In addition, there is a possibility that the Group could have disputes in the future with the owners of the hospitality properties which it operates. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of its projects.

In particular, the land on which Mandarin Orchard Singapore and Mandarin Gallery are situated, and its neighbouring land, each enjoys and is subject to easement rights over and against the other. Such easement rights were granted by the original lessee of the land and the said neighbouring land. Historically, the rights of use have not been strictly adhered to by all parties. Accordingly, the possibility of any legal proceedings in relation to such easement rights in the future cannot be ruled out.

In addition, from time to time regulators may subject the Group to reviews, queries, investigations or other regulatory actions. If the outcomes of such regulatory actions are not favourable, this may have a material adverse effect on the Group's business, reputation, financial condition, results of operations and prospects.

The Group relies on independent contractors and operators for its residential, hospitality and development projects

The Group engages independent third party contractors and operators to provide various services in connection with its property management (including management of the Group's serviced apartments and CPCA (including CPEX) and development services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration. The Group invites contractors and operators to tender bids according to their reputation for quality and track record. The services rendered by independent third party contractors and operators may not be satisfactory or match the level of quality that the Group requires. Moreover, contractors and operators may experience financial or other difficulties that may adversely affect their ability to carry out the work for which they were contracted, thus delaying the completion of the Group's property development projects, reducing the service quality of the Group's residential and hospitality

projects or resulting in additional costs for it. Any of these factors could adversely affect the Group's results of business, reputation, financial condition results of operations and prospects.

The Group depends on key personnel for its continued success, and may not be able to replace them if they cease to work for it

The Group places substantial reliance on the experience and the institutional knowledge of members of the current management team. Mr. Thio Gim Hock, the Chief Executive Officer/Group Managing Director, Dr. Stephen Riady, the Executive Chairman, and other members of the management team are particularly important to the Group's future success due to their substantial experience in the hospitality and real estate sectors. Finding suitable replacements for Mr. Thio Gim Hock, Dr. Stephen Riady and other members of the management team could be difficult, and competition for such personnel of similar experience is intense. The loss of the services of one or more members of the management team due to their departures or otherwise could hinder the Group's ability to effectively manage its business and implement its growth strategies.

The Group's performance is subject to its ability to attract, retain and train qualified managerial and other employees

The Group's performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for the management team. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The loss of key employees may have a material adverse effect on the Group's performance. If the Group is not able to retain, hire and train qualified managerial and other employees, its business may be materially and adversely affected.

In the Group's hospitality business, its managerial and other employees are critical to maintaining the quality and consistency of its services as well as its established brands and reputation since they manage the Group's hotels and interact with its customers on a daily basis. In general, employee turnover is relatively high in the hospitality industry, as other hotels commonly seek to lure away employees in this competitive industry. As a result, it is important for the Group to retain as well as attract qualified managerial and specialised employees who are experienced in the hospitality services industry. There is a limited supply of such qualified and specialised individuals in Singapore, and in some of the cities where the Group has operations. In addition, the Group needs to hire and train qualified managerial and other employees on a timely basis to keep pace with its rapid growth while maintaining consistent quality of services across its hotels in various geographic locations. The Group must also provide continuous training to its managerial and other employees so that they have up-to-date knowledge of various aspects of the Group's hotel operations and can meet its demand for high-quality services. If the Group fails to do so, the quality of its services may decrease, which in turn may have a material and adverse effect on its business.

The Group's insurance policies may be insufficient

The Group's properties could suffer physical damage caused by fire or natural disaster or other causes for which the Group may suffer public liability claims, all of which may result in losses that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as the risk of war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. Such factors may adversely affect the Group's business, financial condition, results of operations and prospects.

Potential liability for environmental problems could result in substantial costs

The Group is subject to a variety of laws and regulations concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of

investigation, remediation or removal of these substances may be substantial. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials which also result in an increment of compliance costs. Failure to comply with these laws can result in penalties or other sanctions.

The Group believes that it is in compliance in all material respects with applicable environmental regulations in Singapore, Malaysia, PRC, the United States and other jurisdictions in which it invests and operates. However, if the Group fails to comply with existing or future environmental laws and regulations in the jurisdictions in which it operates, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is subject to investment risks associated with its investment proposals

As the Group looks for suitable investment opportunities, both in Singapore and overseas, the Group is subject to investment risks. These risks may vary depending on the structure of the investment undertaken. There is no assurance that the Group will be successful in any of its investments or that such investments will generate an adequate return. The Group may also face considerable reputational and financial risks if these new investments do not meet the expectations of customers in these new market segments.

The Group may encounter problems with its joint ventures that may adversely affect its business

The Group has, and expects to have in the future, interests in joint ventures in connection with its business plans. Sometimes, its ability to withdraw funds (including dividends) from participation in, and to exercise management control over, joint ventures and investments therein depends on receiving the consent of its joint venture partners. In addition, if there are disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures, the Group might not be able to resolve them in a manner that will be in its best interests. The Group's joint venture partners may (i) have economic or business interests that are inconsistent with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect its financial condition and results of operations.

The Group faces competition that could adversely affect its business and financial position

The hospitality and leisure industry is highly competitive. The Group's hotels compete with international, regional and local resort and hotel companies, some of which have greater name recognition and financial resources than the Group does. The Group's hotels are located in areas where competition is intense. Competitive factors at each hotel destination include room rates, quality of accommodation, name recognition, service levels and convenience of location, and to a lesser extent, the quality and scope of other amenities, including F&B facilities. Competition also exists between destinations and is affected by factors such as political stability, social conditions, market perception, local culture, the ability of the location to successfully promote itself as a tourist destination, accessibility, infrastructure and other macro-level factors. The Group's hotels will compete with existing hotel facilities in their geographic markets, as well as future hotel facilities that may be developed in proximity to the existing hotels. There can be no assurance that existing or new competitors will not offer significantly lower rates than the Group's rates or offer greater convenience, services or amenities or significantly expand or improve facilities in the locations in which the Group operates, thereby adversely affecting its results of operations. There also can be no assurance that demographic, geographic or other changes in markets will not adversely affect the accessibility or attractiveness of the Group's hospitality properties.

With respect to the Group's commercial, retail and residential real estate holdings, its performance may be adversely affected by a number of local real estate market conditions, such as the attractiveness of competing commercial, retail or residential properties, if there is an oversupply of commercial, retail or residential space or reduced demand for commercial, retail or residential space. There are many commercial and retail properties which compete with the Group's properties in attracting tenants and many residential properties which compete with the Group's properties in attracting buyers.

Competition in the property development business is intense. A number of leading international and domestic real estate development and investment groups currently operate in Singapore and in the other markets in which the Group operates. Many of these groups, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties, a decrease in property prices, a decrease in the rate at which new development properties will be approved or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences may adversely affect the Group's business and operations.

In addition, the real estate market in Singapore, and in the other countries in which the Group operates, is dynamic. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, its ability to generate revenue, its financial condition and its results of operations will be adversely affected.

Further, whenever competing properties of a similar type are built in areas where the Group's properties are located or similar properties in their vicinities are substantially upgraded and refurbished, the revenue produced by the Group's properties could be reduced.

The intense competition in all areas of the Group's business may have an adverse effect on its business, financial condition, results of operations and prospects.

The Group's land may be subject to compulsory acquisition

Ownership of land comprises a significant part of the Group's assets and its property development business.

Under the Land Acquisition Act, Chapter 152 of Singapore, the State may compulsorily acquire land whenever any particular land is needed (i) for any public purpose; (ii) by any person, corporation or statutory board, for any work or an undertaking which, in the opinion of the Minister of Law, is of public benefit, public utility, or in the public interest; or (iii) for any residential, commercial or industrial purpose.

In determining the amount of compensation to be awarded for land acquired, only certain matters may be considered and no others. These matters include: (i) the market value of the acquired land as of the date of the publication of the relevant notice or declaration of intention to acquire the land; (ii) any damage caused by the acquisition of the property to the landowner's other property; and (iii) any re-location cost incurred by the landowner.

If the compensation awarded pursuant to a compulsory acquisition of the Group's land is lower than its market value, it could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, real property that the Group owns which is located outside of Singapore may be compulsorily acquired by the respective governments of the countries in which they are located for public use or for public interest. The owner of such real property that has been compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions. In the event that any of the Group's real property located outside of Singapore is compulsorily acquired, the compensation given in respect of the acquired property could be less than the property's market value, which could adversely affect the Group's business, financial condition, results of operations and prospects.

Risk relating to the Group's funds management business

The Group is relatively new to the funds management business, which it has ventured into through the establishment of OUE H-Trust and OUE C-REIT in 2013 and 2014. The value of investments in the Group's funds management business may fall as well as rise and the income derived from them may fluctuate. A fall in such capital values may result in a reduction in the level of income which the Group may derive.

The Group's funds management business is subject to changes in general economic conditions such as fluctuations in the financial and property markets, increases in inflation and changes in investment returns. Adverse effects on the Group resulting from changes to market conditions could include reduced returns on investments. Falls in investment returns could impair the Group's operational capability, including its ability to derive new business. Adverse general movements in the market and consequent reductions in the value of assets under the Group's management may lead to reduced operating profit of the Group.

RISKS RELATING TO THE SECURITIES

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of the Securityholders, or the price at which the Securityholders may be able to sell their Securities.

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

The secondary market generally

Securities may have no established trading market when issued and such a market may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Liquidity may have a severely adverse effect on the market value of Securities.

Fluctuation of the market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results, the financial condition and/or the future prospects of the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results, the financial condition and/or the future prospects of the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any).

Interest rate risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

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

The Securities may not be a suitable investment for all investors

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

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Securities may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification

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

The terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System. While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System.

A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected

The Issuer will pay principal and interest or distributions on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders' financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (a) the Investor's Currency equivalent yield on the Securities, (b) the Investor's Currency equivalent value of the principal payable on the Securities, if any, and (c) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal, interest and/or distributions than expected, or no principal, interest and/or distributions at all.

The Securities are not secured

The Securities and Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Issuer. Accordingly, on a winding-up or insolvency of the Issuer at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of the Issuer or, as the case may be, its subsidiaries and/or associated companies as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders. There can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons, as the case may be, owed to the Securityholders.

The value of the Securities could be adversely affected by a change in Singapore law or administrative practise

The conditions of the Securities are based on Singapore law in effect as at the date of this Information Memorandum. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practise after the date of this Information Memorandum and any such change could materially adversely impact the value of any Securities affected by it.

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

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Paying Agents and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstance, be able to fulfil its obligations to the Securityholders.

The Trustee may request Securityholders to provide an indemnity to its satisfaction

In certain circumstances (pursuant to Condition 11 of the Notes and Condition 9 of the Perpetual Securities, as the case may be), the Trustee may request Securityholders to provide an indemnity to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified to its satisfaction. Negotiating and agreeing to an indemnity can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (a) certain payments from sources within the United States, (b) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (c) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s and the Guarantor’s obligations under the Securities are discharged once they have paid the clearing systems, and the Issuer and the Guarantor have therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

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

RISKS RELATING TO THE NOTES

Singapore taxation risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “SINGAPORE TAXATION”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE PERPETUAL SECURITIES

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

The Perpetual Securities have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have

paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

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

The Perpetual Securities have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

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

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

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may

redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities and the Subordinated Guarantee are subordinated obligations

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

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer and the Guarantor without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer or the Guarantor and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities and/or the Subordinated Guarantee.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “SINGAPORE TAXATION”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the purpose of on-lending to the Group (i) to fund general working capital purposes of the Group, (ii) for general corporate funding (including investments and capital expenditures) purposes of the Group and/or (iii) for refinancing the existing borrowings of the Group.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or a global certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

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

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

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant’s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and

operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Payments of principal, interest or distributions with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited, each of which was a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), at such time, any tranche of the Securities ("**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA, qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require), Qualifying Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (iii) subject to:
 - (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (bb) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:-
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA.

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

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where-
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

- (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived by:

- (aa) any related party of the Issuer; or
- (bb) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

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

2. Gains from the Sale of the Securities

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

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

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

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

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes. Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and/or its affiliates in the ordinary course of the Issuer's or their business. The Issuer may from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Dealers or certain of their respective affiliates may purchase the Securities and be allocated the Securities for asset management and/or proprietary purposes but not with a view to distribution.

In connection with each tranche of Securities issued under the Programme, the Dealers or certain of their affiliates may purchase Securities and be allocated Securities for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Securities for their own account (without a view to distributing such Securities) and such orders and/or allocations of the Securities may be material. Such entities may hold or sell such Securities or purchase further Securities for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Securities or other securities otherwise than in connection with the offering. Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Arrangers, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Securities and the Guarantee have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the relevant Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the relevant Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by the Information Memorandum as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities referred to in paragraphs (i) to (iii) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except for Securities which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**SFO**”)) other than (a) to “professional investors” as defined in the SFO or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance

(Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Singapore

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been registered as a prospectus with the MAS and that the Securities will be offered pursuant to exemptions under the SFA. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document (or any part thereof) or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum or any other document (or any part thereof) or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors of the Issuer are set out below:

<u>Name</u>	<u>Position</u>
Mr. Thio Gim Hock	Director
Mr. Bernard Lim Eng Chuan	Director

2. The name and position of each of the Directors of the Guarantor are set out below:

<u>Name</u>	<u>Position</u>
Dr. Stephen Riady	Executive Chairman
Mr. Christopher James Williams	Deputy Chairman
Mr. Thio Gim Hock	Chief Executive Officer / Group Managing Director
Mr. Kelvin Lo Kee Wai	Independent Director
Mr. Sin Boon Ann	Independent Director
Mr. Kin Chan	Non-Executive Non-Independent Director

3. No Director of the Issuer and no Director of the Guarantor is or was involved in any of the following events:

- a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
- a conviction of any offence, other than a traffic offence, or judgement, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgement, or so far as such person is aware, any criminal investigation pending against him; or
- being the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practise or activity.

4. No option to subscribe for shares in, or debentures of, the Issuer or the Guarantor has been granted to, or was exercised by, any Director or employee of the Group during the financial year ended 31 December 2015.
5. No Director of the Issuer is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer, the Guarantor or any of their respective subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.
6. No Director of the Guarantor is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer, the Guarantor or any of their respective subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid save for any interest in respect of the divestments of properties by the Issuer, the Guarantor or any of their respective subsidiaries to OUE H-Trust and/or OUE C-REIT, and any leasing of properties by OUE H-Trust or OUE C-REIT to the Issuer, the Guarantor or any of their respective subsidiaries or vice versa, arising by virtue of any Director's respective holdings of stapled securities in OUE H-Trust and/or units in OUE C-REIT, or in the case of Mr. Christopher James Williams, his directorships on the boards of OUE Hospitality REIT Management Pte. Ltd., OUE Hospitality Trust Management Pte. Ltd. and OUE Commercial REIT Management Pte. Ltd.

SHARE CAPITAL

7. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the shares are stated in the Constitution of the Issuer.

8. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Guarantor. The rights and privileges attached to the shares are stated in the Constitution of the Guarantor.
9. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

<u>Share Designation</u>	<u>Issued Share Capital</u>	
	<u>(Number of Shares)</u>	<u>Amount</u>
Ordinary Shares	1	S\$1.00

10. The issued share capital of the Guarantor as at the Latest Practicable Date is as follows:

<u>Share Designation</u>	<u>Issued Share Capital</u>	
	<u>(Number of Shares)</u>	<u>Amount</u>
Ordinary Shares	981,601,860	S\$698,885,206

The 981,601,860 shares include 79,786,000 treasury shares held by the Guarantor.

11. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, since the date of its incorporation.
12. No shares in, or debentures of, the Guarantor have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum, save for the S\$300,000,000 3.80% unsecured fixed rate notes due 2020 issued on 15 April 2015.
13. No shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Issuer.
14. No shares in, or debentures of, the Guarantor are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Guarantor.

BORROWINGS

15. Save as disclosed in Appendix II, the Group has, as at 31 December 2015, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

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

CHANGES IN ACCOUNTING POLICIES

17. Save as disclosed in Appendix II, there has been no significant change in the accounting policies of the Guarantor since its audited financial accounts for the financial year ended 31 December 2015.

LITIGATION

18. There are no legal or arbitration proceedings pending or threatened against the Issuer, the Guarantor or any of their respective subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer, the Guarantor or the Group.

MATERIAL ADVERSE CHANGE

19. There has been no material adverse change in the financial condition or business of the Issuer, the Guarantor or the Group since 31 December 2015.

GENERAL

20. Save for the S\$300,000,000 3.80% unsecured fixed rate notes due 2020 issued on 15 April 2015, no commission, discount or brokerage has been paid or other special terms granted by the Issuer or the Guarantor within the two years preceding the date of this Information Memorandum or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the Issuer, the Guarantor or any of their respective subsidiaries.
21. Save as disclosed in this Information Memorandum, the financial condition and operations of the Group are not likely to be affected by any of the following:
 - (a) known trends, demands, commitments or events that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditures;
 - (c) known trends that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income; and
 - (d) any material information which may be relevant to the financial or trading prospects of the Issuer, the Guarantor or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by the Issuer or the Guarantor and which are unlikely to be known to or anticipated by the general public and which could materially and adversely affect the profits of the Issuer, the Guarantor or the Group.

AUDITORS' CONSENT

22. KPMG LLP has given and has not withdrawn its written consent to the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

STATEMENT BY DIRECTORS

23. This Information Memorandum has been approved by the Directors of the Issuer and the Directors of the Guarantor and they collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading, and that this Information Memorandum constitutes full and true disclosure of all material facts about the issue of the Securities, the Issuer, the Guarantor and the Group.

DOCUMENTS AVAILABLE FOR INSPECTION

24. Copies of the following documents may be inspected at the registered office of the Guarantor during normal business hours from the date of this Information Memorandum:
 - (a) the Constitution of the Issuer and the Guarantor;
 - (b) the Trust Deed and the Agency Agreement; and
 - (c) the audited financial statements of the Guarantor and its subsidiaries for the financial years ended 31 December 2015 and the unaudited financial statements announcement of the Guarantor and its subsidiaries for the financial quarter ended 30 September 2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

**AUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

The information in this Appendix II has been reproduced from the annual report of the Guarantor and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.



OUE Limited and its Subsidiaries

Registration Number: 196400050E

Annual Report

Year ended 31 December 2015

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS91 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Stephen Riady
Christopher James Williams
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
OUE Limited		
Kin Chan		
- ordinary shares		
- deemed interest	618,916,410	618,916,410

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The Audit Committee comprises three non-executive directors, two of whom are independent. The members of the Audit Committee during the year and at the date of this statement are:

Kelvin Lo Kee Wai (Chairman)
Sin Boon Ann
Kin Chan

The Audit Committee carried out its functions in accordance with Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 4 meetings since the last directors' statement. In performing its functions, the Audit Committee has met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- annual audit plans and scope of work of the internal and external auditors;
- results of the internal and external audit procedures;
- evaluation of the Group's internal accounting control system;

- assistance given by the Company's officers to the Audit Committee, the internal auditors and external auditors, where applicable;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has conducted an annual review of the non-audit services provided by KPMG LLP and is satisfied that such services did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors of the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Christopher James Williams
Deputy Chairman



Thio Gim Hock
Chief Executive Officer/Group Managing Director

11 March 2016



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Singapore 048581

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Independent auditors' report

Members of the Company
OUE Limited

Report on the financial statements

We have audited the accompanying financial statements of OUE Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS91.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

11 March 2016

Consolidated statement of comprehensive income
Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Revenue	4	431,493	416,415
Cost of sales		<u>(280,838)</u>	<u>(236,824)</u>
Gross profit		150,655	179,591
Marketing expenses		(21,952)	(12,274)
Administrative expenses		(65,017)	(55,775)
Other operating expenses		(13,457)	(13,501)
Share of results of equity-accounted investees, net of tax		<u>207,580</u>	<u>87,033</u>
		257,809	185,074
Finance expenses	7	(89,135)	(68,607)
Finance income	8	12,175	4,585
		<u>180,849</u>	<u>121,052</u>
Other gains – net	9	20,257	1,179,732
Profit before tax		201,106	1,300,784
Tax expense	10	(22,335)	(60,746)
Profit after tax		<u>178,771</u>	<u>1,240,038</u>
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences relating to foreign operations		26,433	11,715
Share of currency translation differences of equity-accounted investees		972	1,242
Share of other reserves of equity-accounted investees		(1,549)	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		–	889
Fair value (loss)/gain on available-for-sale financial assets		(43,875)	18,710
Effective portion of changes in fair value of cash flow hedges		<u>7,250</u>	<u>842</u>
Other comprehensive income, net of tax		<u>(10,769)</u>	<u>34,486</u>
Total comprehensive income for the year		<u>168,002</u>	<u>1,274,524</u>
Profit attributable to:			
Owners of the Company		156,370	1,094,020
Non-controlling interests		22,401	146,018
		<u>178,771</u>	<u>1,240,038</u>
Total comprehensive income attributable to:			
Owners of the Company		136,367	1,126,022
Non-controlling interests		31,635	148,502
		<u>168,002</u>	<u>1,274,524</u>
Earnings per share for profit attributable to the owners of the Company			
Basic and diluted earnings per share (\$)	11	0.17	1.20

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

Statements of financial position
As at 31 December 2015

	Note	Group		Company	
		31 Dec 2015 \$'000	31 Dec 2014 \$'000	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Assets					
Cash and cash equivalents	12	172,353	161,957	83,782	62,788
Trade and other receivables	13	38,931	24,759	789,848	690,258
Inventories	14	727	691	246	192
Other investments	15	371,399	328,070	—	—
Development properties	16	859,269	875,570	—	—
Other assets	17	35,589	13,810	1,753	2,568
Loans to subsidiaries	21	—	—	2,394,206	1,544,693
Derivative assets	25	32	—	—	—
Assets held for sale	18	—	223,564	—	—
Current assets		1,478,300	1,628,421	3,269,835	2,300,499
Available-for-sale financial assets	19	174,223	217,324	157,262	201,624
Investments in equity-accounted investees	20	812,695	1,150,776	391,224	514,202
Investments in subsidiaries	21	—	—	334,792	334,792
Loan to a subsidiary	21	—	—	124,750	80,866
Other assets	17	3,255	1,503	976	1,071
Investment properties	22	5,627,266	3,671,968	—	—
Property, plant and equipment	23	21,337	20,591	14,139	15,173
Intangible asset	24	—	—	—	—
Deferred tax assets	28	6,189	2,269	1,273	—
Derivative assets	25	6,573	1,478	—	—
Non-current assets		6,651,538	5,065,909	1,024,416	1,147,728
Total assets		8,129,838	6,694,330	4,294,251	3,448,227
Liabilities					
Trade and other payables	26	237,740	149,283	67,595	100,181
Borrowings	27	157,195	649,507	152,000	249,665
Provision	30	—	—	4,665	6,894
Loan from a subsidiary	21	—	—	216,702	—
Current tax liabilities		27,373	16,676	1,957	3,562
Current liabilities		422,308	815,466	442,919	360,302
Borrowings	27	2,767,352	1,416,415	795,250	496,523
Deferred tax liabilities	28	119,664	92,704	392	367
Other payables	29	56,142	29,326	390	585
Provision	30	—	—	8,395	5,065
Derivative liabilities	25	180	972	—	—
Non-current liabilities		2,943,338	1,539,417	804,427	502,540
Total liabilities		3,365,646	2,354,883	1,247,346	862,842
Net assets		4,764,192	4,339,447	3,046,905	2,585,385
Equity					
Share capital	31	693,315	693,315	693,315	693,315
Other reserves	32	(51,672)	6,223	(39,769)	16,545
Accumulated profits	33	3,288,829	3,153,798	2,393,359	1,875,525
Equity attributable to owners of the Company		3,930,472	3,853,336	3,046,905	2,585,385
Non-controlling interests	34	833,720	486,111	—	—
Total equity		4,764,192	4,339,447	3,046,905	2,585,385

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

Consolidated statement of changes in equity
Year ended 31 December 2015

Attributable to owners of the Company

	Note	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2015		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447
Total comprehensive income for the year				156,370	156,370	22,401	178,771
Profit for the year							
Other comprehensive income							
Currency translation differences relating to foreign operations			20,890		20,890	5,543	26,433
Share of currency translation differences of equity-accounted investees			972		972		972
Share of other reserves of equity-accounted investees			(1,549)		(1,549)		(1,549)
Fair value loss on available-for-sale financial assets			(43,875)		(43,875)		(43,875)
Effective portion of changes in fair value of cash flow hedges			3,559		3,559	3,691	7,250
Total other comprehensive income, net of tax			(20,003)		(20,003)	9,234	(10,769)
Total comprehensive income for the year			(20,003)	156,370	136,367	31,635	168,002
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Own shares acquired	31		(11,952)		(11,952)		(11,952)
Dividends paid	35			(45,231)	(45,231)	(25,944)	(71,175)
Proceeds from issuance of units in a subsidiary						112,886	112,886
Unit issue costs of a subsidiary			(2,893)		(2,893)	(3,098)	(5,991)
Total contributions by and distributions to owners			(14,845)	(45,231)	(60,076)	83,844	23,768
Changes in ownership interests in subsidiaries							
Changes in ownership interests in a subsidiary with a change in control	41		(25,798)	25,798		232,386	232,386
Changes in ownership interests in a subsidiary without a change in control	42		46	(232)	(186)	(256)	(442)
Total changes in ownership interests in subsidiaries			(25,752)	25,566	(186)	232,130	231,944
Total transactions with owners			(40,597)	(19,665)	(60,262)	315,974	255,712
Share of reserves of an equity-accounted investee			2,705	(1,674)	1,031		1,031
At 31 December 2015		693,315	(51,672)	3,288,829	3,930,472	833,720	4,764,192

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

Consolidated statement of changes in equity (continued)
Year ended 31 December 2015

Attributable to owners of the Company

	Note	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2014		693,315	7,917	2,190,308	2,891,540	623,484	3,515,024
Total comprehensive income for the year							
Profit for the year		—	—	1,094,020	1,094,020	146,018	1,240,038
Other comprehensive income							
Currency translation differences relating to foreign operations		—	9,677	—	9,677	2,038	11,715
Share of currency translation differences of equity-accounted investees		—	1,242	—	1,242	—	1,242
Share of other reserves of equity-accounted investees		—	1,088	—	1,088	—	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control		—	889	—	889	—	889
Fair value gain on available-for-sale financial assets		—	18,710	—	18,710	—	18,710
Effective portion of changes in fair value of cash flow hedges		—	396	—	396	446	842
Total other comprehensive income, net of tax		—	32,002	—	32,002	2,484	34,486
Total comprehensive income for the year							
		—	32,002	1,094,020	1,126,022	148,502	1,274,524
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid	35	—	—	(27,297)	(27,297)	(31,762)	(59,059)
Unit issue costs of a subsidiary		—	(8,237)	—	(8,237)	(8,237)	(16,474)
Total contributions by and distributions							
		—	(8,237)	(27,297)	(35,534)	(39,999)	(75,533)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	41	—	(25,459)	(101,163)	(126,622)	(609,541)	(736,163)
Proceeds from issuance of units by a subsidiary		—	—	—	—	346,400	346,400
Changes in ownership interests in a subsidiary without a change in control	42	—	—	(2,070)	(2,070)	17,265	15,195
Total changes in ownership interests in subsidiaries							
		—	(25,459)	(103,233)	(128,692)	(245,876)	(374,568)
Total transactions with owners							
		—	(33,696)	(130,530)	(164,226)	(285,875)	(450,101)
At 31 December 2014		693,315	6,223	3,153,798	3,853,336	486,111	4,339,447

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

Consolidated statement of cash flows
Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit after tax		178,771	1,240,038
Adjustments for:			
Depreciation of property, plant and equipment		3,952	12,144
Dividend income		(1,800)	(1,840)
Impairment loss on a development property		23,205	105,000
Impairment loss on available-for-sale financial assets		1,000	—
Impairment loss on goodwill arising from acquisition of a subsidiary		12,403	—
Change in fair value of investment properties		(6,860)	(259,245)
Net change in fair value of investments designated at fair value through profit or loss		8,366	(21,662)
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary		(587)	—
Finance expenses		89,135	68,607
Finance income		(12,175)	(4,585)
Gain on disposal of subsidiaries		—	(1,003,825)
(Gain)/Loss on disposal of property, plant and equipment		(57,791)	181
Share of results of equity-accounted investees, net of tax		(207,580)	(87,033)
Tax expense		22,335	60,746
		<u>52,374</u>	<u>108,526</u>
Changes in:			
- trade and other receivables and other assets		2,257	(14,253)
- inventories		15	99
- development properties		17,002	(53,519)
- trade and other payables and provisions		(5,744)	6,394
Cash generated from operations		<u>65,904</u>	<u>47,247</u>
Tax paid		<u>(10,639)</u>	<u>(7,487)</u>
Net cash from operating activities carried forward		<u>55,265</u>	<u>39,760</u>

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

Consolidated statement of cash flows (continued)
Year ended 31 December 2015

	Note	2015 \$'000	2014 \$'000
Net cash from operating activities brought forward		55,265	39,760
Cash flows from investing activities			
Acquisition of associate		(1,376)	—
Acquisition of subsidiaries, net of cash acquired	41	(471,057)	(121,598)
Acquisition of available-for-sale financial assets		(809)	(4,810)
Acquisition of other investments		(288,311)	(324,639)
Additions to property, plant and equipment		(4,161)	(13,288)
Additions to investment properties		(131,398)	(66,305)
Dividends from:			
- equity-accounted investees, net of tax		41,522	34,245
- available-for-sale financial assets, net of tax		1,800	1,840
- other investments, net of tax		607	473
Interest received		1,776	2,162
Loan and advances to joint ventures		(196,686)	—
Proceeds from sale of other investments		236,616	27,708
Proceeds from disposal of property, plant and equipment		290,109	4
Proceeds from disposal of subsidiaries, net of cash disposed	41	—	(58,156)
Proceeds from dilution of interest in a subsidiary	42	—	15,195
Net cash used in investing activities		<u>(521,368)</u>	<u>(507,169)</u>
Cash flows from financing activities			
Acquisition of non-controlling interests	42	(442)	—
Dividends paid		(71,175)	(59,059)
Finance expense paid (including amounts capitalised in development property)		(86,049)	(85,760)
Proceeds from borrowings		1,718,116	778,977
Repayment of borrowings		(1,180,813)	(1,066,811)
Proceeds from issuance of units by a subsidiary		112,886	346,400
Unit issue costs of a subsidiary		(5,991)	(16,474)
Repurchase of own shares		(11,952)	—
Changes in pledged deposits		(383)	(15,077)
Net cash from/(used in) financing activities		<u>474,197</u>	<u>(117,804)</u>
Net increase/(decrease) in cash and cash equivalents		8,094	(585,213)
Cash and cash equivalents at 1 January		146,880	730,613
Effect of exchange rate fluctuations on cash held		1,919	1,480
Cash and cash equivalents at 31 December	12	<u>156,893</u>	<u>146,880</u>

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 11 March 2016.

1 Domicile and activities

OUE Limited (the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321.

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its significant subsidiaries are set out in note 44 to the financial statements.

The consolidated financial statements for the year ended 31 December 2015 relate to the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in equity-accounted investees.

The Company’s immediate holding company is OUE Realty Pte. Ltd., a company incorporated in Singapore. The ultimate holding company is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes below.

2.3 Functional and measurement currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 affected.

Information about critical judgements in applying accounting policies have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 41 Business combinations
- Note 44 Consolidation: whether the Group has control over its investees

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3.17 Estimation of tax liabilities
- Note 16 Measurement of net realisable values of development properties
- Note 19 Determination of fair value of an unlisted equity investment
- Note 22 Determination of fair value of investment properties
- Note 41 Determination of fair value of assets and liabilities in business combinations

Measurement of fair values

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

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

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses 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.

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

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

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

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

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

- Note 19 Available-for-sale financial assets
- Note 22 Investment properties
- Note 38 Financial instruments
- Note 41 Acquisition and disposal of subsidiaries

3 Significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the acquisition date 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 profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

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 acquisition date. 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 FRS.

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 profit or loss. 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.

(ii) 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.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain or loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) 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. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period 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.

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 profit or loss, except for the differences arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss) which are recognised in OCI.

(ii) Foreign operations

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

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. 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 reclassified to profit or loss 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 NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and capitalised borrowing costs. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less 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 as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated annual rates used for the current and comparative years are as follows:

	%
Leasehold improvements	3 ¹ / ₂ – 5
Freehold premises	2
Plant, machinery and office equipment	5 – 33 ¹ / ₃
Furniture and fittings	10 – 20
Motor vehicles	10 – 25

Leasehold land and buildings were depreciated evenly over the remaining lease period ranging from 47 years to 81 years. Construction in progress is not depreciated.

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

(iv) Transfers

When the use of a property changes from owner-occupation to development with a view to sell, the property is transferred from property, plant and equipment to development properties.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly.

3.4 Intangible assets

(i) Measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

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

3.5 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for 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 profit or loss. Investment properties include properties that are being constructed or developed for future use as investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Development properties

Development properties are measured at the lower of cost and net realisable value. Cost includes acquisition costs, development expenditure, capitalised borrowing costs and other costs directly attributable to the development activities.

Borrowing costs that are directly attributable to the acquisition and development of the development property are capitalised as part of development property during the period of development.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Properties under development, the sales of which are recognised using the percentage of completion method

The aggregated costs incurred together with attributable profits and net of progress billings are presented as development properties in the statement of financial position. If progress billings exceed costs incurred plus recognised profits, the balance is presented as deferred income.

Other properties under development

The aggregated costs incurred are presented as development properties while progress billings are presented separately as deferred income in the statement of financial position.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities and interest in an investment fund that otherwise would have been classified as available-for-sale.

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 cash and cash equivalents, trade and other receivables, other assets and loans to subsidiaries.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of changes in their fair values.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in OCI and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and interests in limited partnerships.

(ii) **Non-derivative financial liabilities**

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Other financial liabilities comprise borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which include directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Distribution of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(iv) Derivative financial instruments, including hedge accounting

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

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

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(v) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group’s estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level.

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in OCI.

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.10(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories, development properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication 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 asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

Goodwill that forms part of the carrying amount of an investment in an associate or joint venture is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate or joint venture is tested for impairment as a single asset when there is objective evidence that the investment in an associate or joint venture may be impaired.

3.11 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.12 Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Provision for income support

A provision for income support is recognised when the Group enters into a contractual arrangement to make top-up payments for any shortfall of guaranteed rental amounts in respect of a property disposed of. The provision is measured at the present value of the payments expected to be made under the income support arrangement.

(ii) 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.

3.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the course of the Group's ordinary activities. Revenue is presented, net of goods and services tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Hospitality services

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered to the customer. Revenue from the sale of food and beverage is recognised when the goods are delivered.

(ii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

(iii) Sale of development properties

Revenue from sales of properties under development is recognised by reference to the stage of completion using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) the sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably.

In all other instances, revenue from sales of development properties is only recognised upon the transfer of control and significant risks and rewards of ownership of the property to the buyer. This generally coincides with the point in time when the development unit is delivered to the buyer. No revenue is recognised when there is significant uncertainty as to the collectability of consideration due or the possible return of units sold.

The percentage of completion is measured by reference to the work performed, based on the ratio of construction costs incurred to date to the estimated total construction costs. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.15 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.16 Finance expenses and finance income

Finance expenses comprise interest expense on borrowings and derivatives, and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development.

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

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.

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 or loss;
- temporary differences relating to investments in subsidiaries, associates and joint ventures 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, 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 values at the reporting date unless the property is depreciable and 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 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 its tax liabilities, 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.

3.18 Dividends to Company's shareholders

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the executive committee whose members are responsible for making 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 executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

3.21 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company.

In addition, Singapore-incorporated companies listed on the Singapore Exchange ("SGX") will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Singapore-incorporated companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework.

The Group does not plan to adopt these standards early and is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

4 Revenue

	Group	
	2015 \$'000	2014 \$'000
Hospitality income	204,398	210,647
Investment properties income	193,379	157,761
Development property income	23,644	38,297
Dividend income	1,800	1,840
Others	8,272	7,870
	431,493	416,415

Revenue recognised on development property

In 2014, the Group used the percentage-of-completion method to recognise revenue on a development property under construction. The stage of completion was measured by reference to the development costs incurred to date compared to the estimated total costs of the property.

Significant assumptions were required to estimate the total contract costs that affect the stage of completion and the revenue recognised. In making these estimates, management relied on past experience and the work of specialists.

If the estimated total contract costs of the uncompleted contracts was to increase/decrease by 5% from management's estimates, the Group's profit will decrease/increase by \$5,785,000.

In 2015, the development property obtained its temporary occupation permit.

5 Expenses by nature

	Note	Group	
		2015 \$'000	2014 \$'000
Advertising and promotion expense		12,999	5,279
Allowance for doubtful receivables	38	99	329
Bad debts written off		291	23
Depreciation of property, plant and equipment	23	3,952	12,144
Employee benefits	6	72,523	69,656
Hospitality supplies and services		40,513	42,560
Development costs included in cost of sales		37,917	25,192
(Gain)/Loss on disposal of property, plant and equipment		(7)	181
Operating lease expense		87,875	59,119
Professional and legal services		11,211	6,493
Property tax		26,436	20,953
Repair and maintenance expense		36,749	28,490
Utility charges		14,526	17,085
Others		36,180	30,870
Total cost of sales, marketing, administrative and other operating expenses		381,264	318,374

6 Employee benefits

	Group	
	2015	2014
	\$'000	\$'000
Salaries, bonuses and other costs	65,661	63,445
Contributions to defined contribution plans	6,862	6,211
	72,523	69,656

7 Finance expenses

		Group	
	Note	2015	2014
		\$'000	\$'000
Borrowing costs on:			
- Bank borrowings		87,072	78,110
- Derivatives		2,536	2,541
Less:			
Borrowing costs capitalised in development property	16(b)	(1,804)	(12,044)
		87,804	68,607
Ineffective portion of changes in fair value of cash flow hedges		1,331	-
		89,135	68,607

The above finance expense includes interest expense in respect of liabilities not at fair value through profit or loss amounting to \$85,268,000 (2014: \$66,066,000).

8 Finance income

	Group	
	2015	2014
	\$'000	\$'000
Interest income	1,681	2,183
Ineffective portion of changes in fair value of cash flow hedges	-	361
Net foreign exchange gain	9,444	1,562
Others	1,050	479
	12,175	4,585

The above finance income includes interest income in respect of assets not at fair value through profit or loss amounting to \$1,681,000 (2014: \$2,183,000).

9 Other gains – net

	Note	Group	
		2015 \$'000	2014 \$'000
Impairment loss on a development property	16(c)	(23,205)	(105,000)
Impairment loss on available-for-sale financial assets		(1,000)	–
Impairment loss on goodwill arising from acquisition of a subsidiary	41(a)	(12,403)	–
Change in fair value of investment properties	22	6,860	259,245
Net change in fair value of investments designated at fair value through profit or loss		(8,366)	21,662
Gain on remeasurement of previously held equity interest in an associate which became a subsidiary	41(a)	587	–
Net gain on disposal of subsidiaries	41(b)	–	1,003,825
Gain on disposal of property, plant and equipment	18	57,784	–
		<u>20,257</u>	<u>1,179,732</u>

10 Tax expense

	Group	
	2015 \$'000	2014 \$'000
<i>Tax recognised in profit or loss</i>		
Current tax expense		
Current year	22,008	11,915
Over provision in respect of prior years	(3,954)	(1,262)
	<u>18,054</u>	<u>10,653</u>
Deferred tax expense		
Origination and reversal of temporary differences	4,445	50,093
Over provision in respect of prior years	(164)	–
	<u>4,281</u>	<u>50,093</u>
	<u>22,335</u>	<u>60,746</u>
Reconciliation of effective tax rate		
Profit before tax	201,106	1,300,784
Less:		
Share of results of equity-accounted investees, net of tax	(207,580)	(87,033)
	<u>(6,474)</u>	<u>1,213,751</u>
Tax using the Singapore tax rate of 17% (2014: 17%)	(1,101)	206,338
Effect of tax rates in foreign jurisdictions	4,151	18,933
Non-deductible expenses	11,960	23,980
Income not subject to tax	(17,701)	(191,789)
Effect of taxable distribution from subsidiary and associate	8,078	2,867
Singapore statutory stepped income exemption	(284)	(307)
Current tax losses for which no deferred tax assets are recognised	11,188	–
Change in unrecognised deductible temporary differences	8,463	–
Effect of tax losses not available for carry forward	1,699	1,986
Over provision in respect of prior years	(4,118)	(1,262)
	<u>22,335</u>	<u>60,746</u>

11 Earnings per share

	Group	
	2015	2014
Net profit attributable to owners of the Company (\$'000)	156,370	1,094,020
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	981,602	981,602
Effect of own shares held ('000)	(73,978)	(71,716)
Weighted average number of ordinary shares during the year ('000)	907,624	909,886
Basic and diluted earnings per share (\$ per share)	0.17	1.20

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

12 Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Amount held under the "Project Account Rules – 1997 Ed" withdrawals from which are restricted to payments for expenditure incurred on projects	–	4,224	–	–
Cash at bank and on hand	131,839	132,904	63,782	57,708
Time deposits with financial institutions	40,514	24,829	20,000	5,080
	172,353	161,957	83,782	62,788
Deposits pledged	(15,460)	(15,077)		
Cash and cash equivalents in the statement of cash flows	156,893	146,880		

Deposits pledged relate to bank balances of certain subsidiaries pledged as security to obtain credit facilities (note 27).

Included in cash at bank of the Group is an amount of \$11,000 (2014: \$5,284,000) which is restricted to payments for expenditure incurred on an investment property.

13 Trade and other receivables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables				
- Associates	5,475	7,525	1,018	1,680
- Subsidiaries	—	—	78,290	43,513
- Third parties	22,510	12,396	7,477	8,044
	<u>27,985</u>	<u>19,921</u>	<u>86,785</u>	<u>53,237</u>
Less: Allowance for doubtful receivables				
- Third parties	(691)	(688)	(156)	(88)
Trade receivables - net	<u>27,294</u>	<u>19,233</u>	<u>86,629</u>	<u>53,149</u>
Non-trade receivables				
- Associates	11,519	5,505	11,519	5,505
- Joint venture	75	—	75	—
- Subsidiaries	—	—	695,256	635,235
- Third parties	43	21	—	—
Non-trade receivables	<u>11,637</u>	<u>5,526</u>	<u>706,850</u>	<u>640,740</u>
Less: Allowance for doubtful receivables				
- Subsidiaries	—	—	(3,631)	(3,631)
Non-trade receivables - net	<u>11,637</u>	<u>5,526</u>	<u>703,219</u>	<u>637,109</u>
	<u>38,931</u>	<u>24,759</u>	<u>789,848</u>	<u>690,258</u>

The non-trade receivables due from associates, joint venture and subsidiaries are unsecured, interest-free and repayable on demand. Apart from the allowance for impairment of receivables from subsidiaries, there is no allowance for doubtful receivables on the other outstanding balances.

The exposure of the Group and Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

14 Inventories

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Food and beverage	727	691	246	192

The cost of inventories recognised as expense and included in “cost of sales” amounted to \$15,840,000 (2014: \$15,697,000).

15 Other investments

	Group	
	2015 \$'000	2014 \$'000
Financial assets designated at fair value through profit or loss		
- Equity securities	11,861	59,177
- Mutual fund	359,538	268,893
	371,399	328,070

The performance of the investments designated at fair value through profit or loss are actively monitored and managed on a fair value basis.

Equity securities with a carrying amount of \$11,861,000 (2014: \$59,177,000) are charged to a bank for credit facilities granted to the Group (note 27).

16 Development properties

	Note	Group	
		2015 \$'000	2014 \$'000
<i>Property under development, sold units for which revenue is recognised using percentage of completion method</i>			
Costs incurred		-	1,018,025
Add: Development profits		-	25,860
Less: Progress billings		-	(92,306)
Less: Impairment loss		-	(131,959)
	16(a)	-	819,620
<i>Completed property held for sale</i>			
Completed property		921,929	-
Less: Impairment loss		(153,684)	-
	16(a)	768,245	-
<i>Other properties under development</i>			
Costs incurred	16(e)	91,024	55,950
		859,269	875,570

- (a) The balance relates to the development of OUE Twin Peaks which obtained its temporary occupation permit during the year. OUE Twin Peaks is pledged as security for a banking facility (note 27).
- (b) Finance expense capitalised during the year was \$1,804,000 (2014: \$12,044,000).
- (c) During the year, due to the weak market conditions and the slow take-up rate of OUE Twin Peaks, the Group wrote down OUE Twin Peaks to its net realisable value and recognised an impairment loss of \$23,205,000 (2014: \$105,000,000). The amount is included in "Other gains – net" (note 9).

- (d) In 2014, the amount of revenue recognised on the units in OUE Twin Peaks sold using the percentage of completion method was \$38,297,000.
- (e) The balance represents the costs incurred in relation to the development of the extension of Crowne Plaza Changi Airport (“CPEX”) (notes 18, 23 and 24), which will be disposed of to an associate upon completion of its construction.
- (f) Details of the development properties of the Group are as follows:

Description and location	Purpose of development	Group’s effective interest		Approximate site area (square meter)	Approximate gross floor area (square meter)
		2015	2014		
		%	%		
OUE Twin Peaks A 462-unit leasehold residential project at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521*
CPEX Leasehold land at 75 Airport Boulevard, Singapore	Hotel	100	100	2,600	9,864

* Includes balcony

Measurement of net realisable values of development properties

The Group estimates the net realisable values of the development properties by reference to recent selling prices for the development project or comparable projects, expected net selling prices and the development expenditure incurred or in the case of properties under development, the estimated total construction costs. The estimated total construction costs are based on contracted amounts and, in respect of amounts not contracted for, management’s estimates of the amounts to be incurred, taking into consideration historical trends of the amounts incurred. Market conditions may, however, change which may affect the future selling prices on the remaining unsold units of the development properties and accordingly, the carrying value of development properties for sale may have to be written down in future periods.

17 Other assets

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sundry receivables	14,905	4,251	2,343	2,880
Less: Allowance for doubtful receivables	(1,777)	(1,779)	(1,670)	(1,670)
	13,128	2,472	673	1,210
Rental deposits				
- Subsidiary	-	-	976	1,071
Other deposits				
- Third parties	19,973	8,351	292	415
	33,101	10,823	1,941	2,696
Prepayments	5,743	4,490	788	943
	38,844	15,313	2,729	3,639
Current	35,589	13,810	1,753	2,568
Non-current	3,255	1,503	976	1,071
	38,844	15,313	2,729	3,639

Included in the sundry receivables of the Group and the Company is \$1,670,000 from the sale of the Group's 20% interest in an associate to its joint venture partner in 2006. An impairment loss of \$1,670,000 was recognised in prior years against this receivable due to the uncertainty of its recoverability.

The exposure of the Group and the Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

18 Assets held for sale

Disposal group held for sale

During 2014, the Group, through its wholly-owned subsidiary, OUE Airport Hotel Pte. Ltd., entered into the agreements below with OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"). OUE H-REIT is part of an associate of the Group, OUE Hospitality Trust ("OUE H-TRUST"), being a stapled group comprising OUE H-REIT and OUE Hospitality Business Trust ("OUE H-BT").

- (i) Conditional sale and purchase agreements to dispose of Crowne Plaza Changi Airport ("CPCA") and CPEX for a cash consideration of \$290 million and \$205 million respectively;
- (ii) Put option agreement for CPCA which allows OUE H-REIT to sell CPCA back to the Group in the event the CPCA lease is not (or is not expected to be) received by the trustee of OUE H-REIT (the "REIT Trustee") within the relevant period ("CPCA Put Option"); and
- (iii) Combined put option agreement which allows OUE H-REIT to sell CPCA and CPEX back to the Group in the event the combined CPCA lease is not received by the REIT Trustee within the relevant period.

The assets relating to CPCA within the hospitality segment were presented as a disposal group held for sale as at 31 December 2014. The disposal of CPCA was completed on 30 January 2015, with a gain on disposal of \$57,784,000 recognised in “Other gains – net” in the statement of comprehensive income (note 9).

The CPCA Put Option was terminated on 20 January 2016, following the receipt of CPCA lease by the REIT Trustee.

The Group is currently undertaking the construction of CPEX which is expected to be completed no later than June 2016, after which it would be divested to OUE H-REIT. The costs relating to CPEX are included in development properties (note 16).

Assets of disposal group held for sale

As at 31 December 2014, the disposal group was stated at its carrying amount (being the lower of its carrying amount and its fair value less cost to sell) and comprised the following assets:

	Note	Group 2014 \$'000
Property, plant and equipment	23	222,441
Prepayments		1,123
Assets held for sale		<u>223,564</u>

There were no liabilities associated with the disposal group.

Cumulative income or expense recognised in OCI

There were no cumulative income or expenses included in OCI relating to the disposal group.

19 Available-for-sale financial assets

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Equity securities	157,262	202,624	157,262	201,624
Interests in limited partnerships	16,961	14,700	-	-
	<u>174,223</u>	<u>217,324</u>	<u>157,262</u>	<u>201,624</u>

The fair values of the Group’s investments in equity securities and interests in limited partnerships are estimated based on the net asset values of the investee entities, which take into consideration the fair value of the underlying investments and properties held by these entities. Further details are set out in note 38.

Fair value estimation of unlisted equity investment

The Group has an available-for-sale investment in an unlisted equity security with an estimated fair value of \$157.3 million (2014: \$201.6 million). In estimating the fair value, the Group had estimated the net asset value of the investee entity as at the reporting date, taking into consideration the fair value of the properties held by the investee entity. The fair value of the properties at the reporting date are determined by independent professional valuers based on assumptions and estimates that reflect their market values. The independent professional valuers have relied on widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investment.

20 Investments in equity-accounted investees

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Interests in associates	463,363	1,121,526	433,528	556,773
Interests in joint ventures	150,903	26,874	–	–
Less: Impairment loss	–	–	(44,947)	(44,947)
	614,266	1,148,400	388,581	511,826
Loans to associates and joint venture	231,444	40,310	35,658	40,310
Less: Allowance for doubtful receivables	(33,015)	(37,934)	(33,015)	(37,934)
	198,429	2,376	2,643	2,376
	812,695	1,150,776	391,224	514,202

The loans to associates and joint venture are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses.

These loans are interest-free except for a loan of \$3,876,000 (2014: \$3,484,000) to an associate for which interest is charged at a fixed rate of 1.00% (2014: 1.00%) per annum.

Movement in the allowance for doubtful receivables on loans to associates is as follows:

	Group and Company	
	2015 \$'000	2014 \$'000
Beginning of financial year	37,934	38,634
Currency translation differences	(4,919)	(700)
End of financial year	33,015	37,934

Associates

The Group has two (2014: three) associates that are material and a number of associates that are individually immaterial to the Group. The material associates own commercial, retail and hospitality related real estate assets which are aligned to the Group's principal activities. All are equity accounted. The following are the material associates:

	OUE H-TRUST	OUB Centre Limited ("OUBC")	Aquamarina Hotel Private Limited ("AQHPL")
Principal place of business/Country of incorporation	Singapore	Singapore	Singapore
Ownership interest/voting rights held			
- 2015	33.0%	— ⁽¹⁾	25.0%
- 2014	33.3%	50.0%	25.0%
Fair value of ownership interest (if listed)			
- 2015	\$339.1 million ⁽²⁾	N/A	N/A
- 2014	\$400.8 million ⁽²⁾	N/A	N/A

⁽¹⁾ OUBC became a subsidiary during the year (note 41).

⁽²⁾ Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy).

The following summarises the financial information of each of the Group's material associates, based on their respective (consolidated) unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Summarised statement of comprehensive income

	OUE H-TRUST		OUBC		AQHPL	
	2015 \$'000	2014^(a) \$'000	2015^(b) \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	124,588	87,161	63,809	66,798	86,314	90,261
Profit after tax	77,707	59,119	22,972	119,131	21,738	22,572
Other comprehensive income	6,299	1,791	—	—	—	—
Total comprehensive income	84,006	60,910	22,972	119,131	21,738	22,572
Dividends received	29,201	21,845	9,600	9,600	2,721	2,800

Summarised statement of financial position

	OUE H-TRUST		OUBC		AQHPL	
	2015 \$'000	2014 ^(a) \$'000	2015 ^(b) \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets	2,060,253	1,672,080	–	1,746,372	159,471	161,371
Current assets	40,632	40,570	–	14,167	41,527	31,229
Non-current liabilities	(588,070)	(588,469)	–	(29,567)	(3,936)	(4,234)
Current liabilities	(308,555)	(12,201)	–	(341,747)	(20,500)	(22,656)
Net assets	1,204,260	1,111,980	–	1,389,225	176,562	165,710
Attributable to investee's shareholders	1,204,260	1,111,980	–	1,389,192	176,562	165,710
Attributable to NCI	–	–	–	33	–	–
Group's share of net assets/ carrying amount of investment	397,244	370,623	–	694,596	44,141	41,425

(a) OUE H-TRUST became an associate of the Group on 31 March 2014 (note 41). Accordingly, the financial information presented above is based on OUE H-TRUST's results from 31 March 2014 to 31 December 2014.

(b) On 7 October 2015, the Group increased its equity interest in OUBC and it became a subsidiary from that date (note 41). Accordingly, the information presented in the above table includes the results of OUBC only for the period from 1 January 2015 to 6 October 2015.

Immaterial associates

The Group has interests in a number of individual immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of these associates that are accounted for using the equity method:

	2015 \$'000	2014 \$'000
Carrying amount of interests in immaterial associates	21,978	14,882
Group's share of:		
- Profit after tax	8,698	2,122
- Other comprehensive income	(3,627)	491
- Total comprehensive income	5,071	2,613

On 3 August 2015, the Group acquired 33% of the shares and voting interests in Nuvest Capital Pte. Ltd. ("NCPL") for a cash consideration of US\$1,000,000 (equivalent to \$1,376,000). The purchased shareholding represents 33% of the issued share capital of NCPL and NCPL became an associate of the Group.

At 31 December 2014, the Group's share of its associates' contingent liabilities and commitments amounted to \$1,791,000 and \$151,000, respectively.

Unrecognised share of losses of associates is as follows:

	Group	
	2015	2014
	\$'000	\$'000
At beginning of the year	8,000	8,072
Movement during the year	<u>(1,031)</u>	<u>(72)</u>
At end of the year	<u>6,969</u>	<u>8,000</u>

Details of significant associates are included in note 44.

Financial or other support

OUE H-TRUST

Under the deed of income support entered into by the Company with OUE H-REIT, an associate, the Company would provide income support not exceeding \$7.5 million over a three-year period from the date of completion of the acquisition of CPEX. The Group is currently undertaking the construction of CPEX which is expected to be completed no later than June 2016, after which it would be divested to OUE H-REIT.

Other than as disclosed above, the Group and the Company currently have no intention of providing financial or other support to OUE H-TRUST.

Joint ventures

As at 31 December 2015, the Group has a joint venture that is material and a joint venture that is immaterial to the Group. As at 31 December 2014, the Group had two joint ventures that were not material to the Group. All are equity accounted for.

OUE Lippo Limited (“OUE Lippo”) is an unlisted joint arrangement in which the Group has joint control via a shareholders’ agreement and a 50% (2014: 50%) ownership interest and voting rights. OUE Lippo was incorporated in British Virgin Island and is an investment holding company. OUE Lippo is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in OUE Lippo as a joint venture.

In February 2015 and December 2015, OUE Lippo acquired equity interest in Gemdale Properties and Investment Corporation Limited (“GPI”) which is involved in property development, investment and management of residential, commercial and business park projects in China. As at 31 December 2015, OUE Lippo has an effective equity interest of 25.7% (2014: Nil) in GPI.

Included in the Group’s share of results of equity-accounted investees in the statement of comprehensive income for the year ended 31 December 2015 is the Group’s share of the negative goodwill recognised by OUE Lippo on the acquisition of GPI of \$143,426,000. Of this amount, \$31,745,000 relates to the negative goodwill arising from the OUE Lippo’s acquisition of equity interest made in December 2015 which is based on provisional fair values of the identifiable assets and liabilities of GPI.

The following summarises the financial information of OUE Lippo based on its unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2015 \$'000
Summarised statement of comprehensive income	
Revenue	—
Profit after tax ^(a)	256,447
Other comprehensive income	<u>(20,428)</u>
Total comprehensive income	<u>236,019</u>
Non-current assets	636,108
Current assets ^(b)	19
Non-current liabilities	—
Current liabilities	<u>(391,924)</u>
Net assets	<u>244,203</u>
Group's share of net assets/carrying amount of investment	<u>122,102</u>

^(a) Includes negative goodwill of \$143.4 million arising from acquisition of GPI

^(b) Includes cash and cash equivalents of \$18,000

Immaterial joint venture

The Group has interests in an immaterial joint venture (2014: two immaterial joint ventures). The following table summarises, in aggregate, the carrying amount and share of profit and other comprehensive income of the joint ventures that are accounted for using the equity method:

	2015 \$'000	2014 \$'000
Carrying amount of interests in immaterial joint ventures	<u>28,801</u>	<u>26,874</u>
Group's share of loss after tax	<u>(14)</u>	<u>(2)</u>

21 Investments in subsidiaries and loans to/(from) subsidiaries

	Company	
	2015	2014
	\$'000	\$'000
Investments in subsidiaries		
Equity investment at cost	334,892	334,892
Less: Allowance for impairment of investments	(100)	(100)
	334,792	334,792

Details of significant subsidiaries are included in note 44.

	Company	
	2015	2014
	\$'000	\$'000
Loans to subsidiaries		
Loans to subsidiaries	2,712,430	1,764,984
Less: Allowance for doubtful receivables	(193,474)	(139,425)
	2,518,956	1,625,559
Current	2,394,206	1,544,693
Non-current	124,750	80,866
	2,518,956	1,625,559

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of \$1,749,931,000 (2014: \$1,043,029,000) for which interest is charged at interest rates ranging from 1.00% to 6.50% (2014: 3.36% to 6.50%) per annum.

The non-current loan to a subsidiary is unsecured and bears interest at 1.40% (2014: 1.40%) over the US LIBOR rate. The amount is not expected to be repaid within the next twelve months.

During the year, the Company carried out an impairment assessment on its investment in a subsidiary and its loan to the subsidiary, taking into consideration the estimated selling price of the underlying property held by the subsidiary and the liabilities to be settled. Based on the assessment, the Company recorded an additional impairment loss of \$54,185,000 (2014: \$131,834,000) on the loan to the subsidiary.

	Company	
	2015	2014
	\$'000	\$'000
Loan from a subsidiary		
Loan from a subsidiary	216,702	—

The loan from a subsidiary is unsecured, interest-free and repayable on demand.

The exposure of the Group and the Company to credit and currency risks, and impairment losses for loans and receivables, are disclosed in note 38.

22 Investment properties

	Note	Group	
		2015	2014
		\$'000	\$'000
At 1 January		3,671,968	3,467,003
Acquisition of subsidiaries	41(a)	1,740,000	336,635
Additions		141,740	113,566
Disposal	41(b)	—	(536,000)
Change in fair value (unrealised) recognised in “other gains – net”	9	6,860	259,245
Effect of movements in exchange rates		61,774	28,104
Lease incentives		4,924	3,415
At 31 December		<u>5,627,266</u>	<u>3,671,968</u>

In 2014, the Group deconsolidated OUE H-TRUST (note 41) and derecognised Mandarin Gallery from its financial statements.

- (i) The following amounts are recognised in profit or loss:

	Group	
	2015	2014
	\$'000	\$'000
Rental income	193,379	157,761
Direct operating expenses (including repairs and maintenance expense) arising from investment properties that generate rental income	72,966	57,317

- (ii) Security

As at 31 December 2015, investment properties with a total carrying amount of \$4,150,266,000 (2014: \$2,270,968,000) were pledged as security for banking facilities (note 27).

(iii) The Group's investment properties as at 31 December 2015 are:

	Description and Location	Tenure of Land
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 (comprising of OUE Downtown 1 & 2 and Downtown Gallery)	A 50-storey and a 37-storey commercial tower with 7-storey podium block at Shenton Way, Singapore. OUE Downtown is being redeveloped to convert the podium to a retail mall and part of office space to serviced apartments.	99-year lease from 19 July 1967
US Bank Tower	A 72-storey commercial tower at Los Angeles, United States	Freehold
Lippo Plaza	A 36-storey commercial building with retail podium at Shanghai, China excluding (i) Unit 2 in Basement 1, (ii) the 12 th , 13 th , 15 th and 16 th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994
One Raffles Place	An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall	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: <ul style="list-style-type: none"> - 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

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value	
		2015 \$'000	2014 \$'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	31 December	1,146,000	1,135,000
OUE Downtown	31 December	1,477,000	1,401,000
US Bank Tower	31 December	747,088	640,356
Lippo Plaza	31 December	523,178	495,612
One Raffles Place	31 December	1,734,000	—

The fair value of each investment property at the reporting date is determined by independent professional valuers based on assumptions and estimates that reflect its market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the prevailing market conditions. The valuation methods take into consideration the rent growth rate, a capitalisation rate, discount rate and terminal yield applicable to the nature and type of asset in question, and selling prices of comparable properties.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of one to fifteen (2014: one to twelve) years. Subsequent renewals are negotiated with the lessees.

(iv) Fair value hierarchy

The fair value of investment properties was determined by external, independent valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio annually.

The fair value measurement of all investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

(v) Level 3 fair values

Valuation techniques and significant unobservable inputs

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

Inter-relationship between key unobservable inputs and fair value measurement

Valuation techniques
Significant unobservable inputs

	Country		
	Singapore	United States of America	The People's Republic of China
<p><i>Discounted cash flows:</i> 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</p>	Rent growth rate	3.00% (2014: 3.00%)	0% – 6.00% (2014: 5.00% – 8.00%)
	Discount rate	7.50% (2014: 8.00%)	8.00% (2014: 9.00%)
	Terminal yield	5.75% (2014: 6.00%)	4.50% (2014: 5.00%)
<p><i>Capitalisation approach:</i> The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates</p>	Capitalisation rate	5.25% (2014: 5.25% – 5.75%)	–
	Price per square foot	\$595 – \$709 (2014: \$473 – \$691)	\$1,053 – \$1,700 (2014: \$1,004 – \$1,633)
<p><i>Market comparable approach:</i> The market comparable approach involves the analysis of comparable sales of similar properties and adjusting the sale prices to those reflective of the investment properties</p>			

Significant increases in rent growth rate and price per square foot in isolation would result in a significantly higher fair value measurement. Conversely, significant increases in discount rate, terminal yield and capitalisation rate in isolation would result in a significantly lower fair value measurement.

23 Property, plant and equipment

Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Cost								
At 1 January 2015	—	186	1,944	9,022	13,872	4,931	—	29,955
Exchange differences	—	—	—	8	1	—	—	9
Acquisition of a subsidiary (note 41)	—	—	—	481	190	—	—	671
Additions	—	133	—	2,767	116	1,126	—	4,142
Disposals	—	—	—	(43)	—	(421)	—	(464)
Reclassifications	—	4,953	—	1,548	(6,501)	—	—	—
At 31 December 2015	—	5,272	1,944	13,783	7,678	5,636	—	34,313
Accumulated depreciation								
At 1 January 2015	—	183	355	1,725	4,014	3,087	—	9,364
Exchange differences	—	—	—	3	—	—	—	3
Depreciation charge	—	1,028	42	1,348	867	667	—	3,952
Disposals	—	—	—	(15)	—	(328)	—	(343)
Reclassifications	—	1,787	—	573	(2,360)	—	—	—
At 31 December 2015	—	2,998	397	3,634	2,521	3,426	—	12,976

Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
At 1 January 2014	336,300	80,443	1,944	70,598	54,580	4,476	2,649	550,990
Exchange differences	-	-	-	4	-	-	-	4
Additions	-	2,811	-	1,646	2,710	455	10,270	17,892
Disposals	(104,058)	(83,113)	-	(49,886)	(39,080)	-	(392)	(276,529)
Reclassification to:								
- development properties (note 16)	-	-	-	-	-	-	(12,000)	(12,000)
- assets held for sale (note 18)	(232,242)	-	-	(13,803)	(4,357)	-	-	(250,402)
Other reclassifications	-	45	-	463	19	-	(527)	-
At 31 December 2014	-	186	1,944	9,022	13,872	4,931	-	29,955
Accumulated depreciation								
At 1 January 2014	59,644	39,443	309	47,517	34,956	2,326	-	184,195
Exchange differences	-	-	-	1	-	-	-	1
Depreciation charge	5,271	543	46	3,067	2,456	761	-	12,144
Disposals	(48,007)	(39,803)	-	(41,329)	(29,876)	-	-	(159,015)
Reclassification to assets held for sale (note 18)	(16,908)	-	-	(7,531)	(3,522)	-	-	(27,961)
At 31 December 2014	-	183	355	1,725	4,014	3,087	-	9,364
Carrying amounts								
At 1 January 2014	276,656	41,000	1,635	23,081	19,624	2,150	2,649	366,795
At 31 December 2014	-	3	1,589	7,297	9,858	1,844	-	20,591
At 31 December 2015	-	2,274	1,547	10,149	5,157	2,210	-	21,337

In 2014, the Group disposed of Mandarin Orchard Singapore (which was held through OUE H-TRUST), with a carrying amount of \$117,319,000 (note 41).

	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company Cost					
At 1 January 2015	1,944	8,261	6,014	4,930	21,149
Additions	-	49	25	1,127	1,201
Disposals	-	(7)	-	(421)	(428)
At 31 December 2015	1,944	8,303	6,039	5,636	21,922
Accumulated depreciation					
At 1 January 2015	354	1,353	1,182	3,087	5,976
Depreciation charge	42	831	602	666	2,141
Disposals	-	(6)	-	(328)	(334)
At 31 December 2015	396	2,178	1,784	3,425	7,783

	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Total \$'000
Company					
Cost					
At 1 January 2014	1,944	13,898	10,240	4,475	30,557
Additions	—	797	483	455	1,735
Disposals	—	(6,434)	(4,709)	—	(11,143)
At 31 December 2014	1,944	8,261	6,014	4,930	21,149
Accumulated depreciation					
At 1 January 2014	308	6,902	5,180	2,326	14,716
Depreciation charge	46	825	609	761	2,241
Disposals	—	(6,374)	(4,607)	—	(10,981)
At 31 December 2014	354	1,353	1,182	3,087	5,976
Carrying amounts					
At 1 January 2014	1,636	6,996	5,060	2,149	15,841
At 31 December 2014	1,590	6,908	4,832	1,843	15,173
At 31 December 2015	1,548	6,125	4,255	2,211	14,139

24 Intangible asset

	Note	Group	
		2015 \$'000	2014 \$'000
Cost			
At 1 January		–	43,200
Reclassification to development properties	16	–	(43,200)
At 31 December		–	–
Carrying amounts			
At 1 January		–	43,200
At 31 December		–	–

The intangible asset in 2014 represented the amount paid to the vendors of CPCA for the potential development of the site adjacent to CPCA, now known as CPEX (note 16), which was subject to a conditional sub-lease to be granted upon the completion of construction of CPEX.

Following the sale and purchase agreement entered into by the Group to dispose of CPEX upon completion of its construction, the intangible asset was reclassified to development properties (note 16) in 2014.

Prior to the reclassification, the intangible asset was not subject to amortisation as it was not yet available for use.

25 Derivatives

	Group	
	2015 \$'000	2014 \$'000
Current		
<i>Derivative assets</i>		
Interest rate swaps	32	–
Non-current		
<i>Derivative assets</i>		
Interest rate swaps	6,573	1,478
<i>Derivative liabilities</i>		
Interest rate swaps	(180)	(972)

The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. As at 31 December 2015, the Group has interest rate swap contracts with a total notional amount of \$880.0 million (2014: \$520.0 million) and tenors of between 2 years to 5 years (2014: 2 years to 5 years), of which \$110.0 million (2014: \$110.0 million) relate to forward start interest rate swaps which will be effective in 2016. Under the contracts, the Group pays fixed interest rates of 0.83% to 2.55% (2014: 0.83% to 2.45%) and receives interest at the three-month Singapore Dollar swap offer rate.

26 Trade and other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade payables				
- Subsidiaries	—	—	1,764	1,970
- Associates	7,602	6,377	6,338	6,371
- Third parties	33,155	17,805	2,694	2,481
	40,757	24,182	10,796	10,822
Non-trade payables				
- Subsidiaries	—	—	10,608	44,472
- Associates	46	—	—	—
- Third parties	28,647	16,486	10,504	7,651
Interest payable	18,484	15,110	10,966	9,880
Accruals	125,552	84,298	24,185	26,562
Retention sums payable	7,366	675	208	517
Rental deposits	16,888	8,532	328	277
	237,740	149,283	67,595	100,181

Non-trade payables to subsidiaries and associates are unsecured, interest-free and repayable on demand.

27 Borrowings

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current				
Unsecured bank loans	152,000	50,000	152,000	50,000
Secured bank loans	5,195	399,842	—	—
Unsecured notes	—	199,665	—	199,665
	157,195	649,507	152,000	249,665
Non-current				
Secured bank loans	1,972,102	919,892	—	—
Unsecured notes	795,250	496,523	795,250	496,523
	2,767,352	1,416,415	795,250	496,523
Total	2,924,547	2,065,922	947,250	746,188

Terms and debts repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Group		Company	
			2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Unsecured bank loans						
- SGD	3.22% – 4.74% (2014: 2.43%)	2016 (2014: 2015)	152,000	50,000	152,000	50,000
Secured bank loans						
- USD	2.45% (2014: 1.33% – 2.41%)	2018 (2014: 2015 – 2018)	308,421	317,512	–	–
- HKD	1.41% (2014: 1.29%)	2016 (2014: 2015)	3,463	2,248	–	–
- SGD	1.88% – 3.64% (2014: 0.89% – 2.98%)	2017 – 2019 (2014: 2015 – 2019)	1,624,610	936,197	–	–
- RMB	5.23% (2014: 6.77%)	2017 (2014: 2017)	40,803	63,777	–	–
Unsecured notes						
- SGD	3.80% – 4.95% (2014: 3.95% – 4.95%)	2017 – 2020 (2014: 2015 – 2019)	795,250	696,188	795,250	696,188
			2,924,547	2,065,922	947,250	746,188

The secured bank loans of the Group are secured on the following:

- bank deposits of \$15,460,000 (2014: \$15,077,000) (note 12);
- investments with carrying amounts of \$11,861,000 (2014: \$59,177,000) (note 15);
- development property with a carrying amount of \$768,245,000 (2014: \$819,620,000) (note 16);
- investment properties with carrying amount of \$4,150,266,000 (2014: \$2,270,968,000) (note 22); and
- assignment of all rights, titles, benefits and interests in connection with the sale, lease and insurance proceeds of certain property, plant and equipment, investment properties and a development property.

Unsecured notes of \$795,250,000 (2014: \$696,188,000) comprise 3 series (2014: 3 series) of notes issued by the Company at various interest rates as part of an unsecured \$3 billion Multicurrency Debt Issuance programme. Unless previously redeemed or purchased and cancelled, the unsecured notes are redeemable at their principal amounts on their respective maturity dates from February 2017 to April 2020 (2014: September 2015 to October 2019).

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities granted to wholly-owned subsidiaries. The maximum exposure of the Company is \$362,238,000 (2014: \$317,692,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

The periods in which the financial guarantees will expire are as follows:

	2015	2014
	\$'000	\$'000
Within one year	33,111	8,713
Between one and five years	329,127	308,979
	362,238	317,692

28 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the year is as follows:

	Property, plant and equipment \$'000	Investment properties \$'000	Development property \$'000	Others \$'000	Total \$'000
Group					
Deferred tax liabilities					
At 1 January 2015	2,850	84,903	4,680	271	92,704
Acquisition of a subsidiary (note 41(a))	110	14,223	–	–	14,333
Recognised in profit or loss	865	11,649	(4,680)	112	7,946
Effects of movements in exchange rates	37	4,647	–	(3)	4,681
At 31 December 2015	3,862	115,422	–	380	119,664
At 1 January 2014	1,522	33,062	558	3,180	38,322
Recognised in profit or loss	1,328	49,741	4,122	(2,909)	52,282
Effects of movements in exchange rates	–	2,100	–	–	2,100
At 31 December 2014	2,850	84,903	4,680	271	92,704

	Tax losses \$'000
Group	
Deferred tax assets	
At 1 January 2015	2,269
Recognised in profit or loss	3,665
Effects of movements in exchange rates	255
At 31 December 2015	<u>6,189</u>
At 1 January 2014	-
Recognised in profit or loss	2,189
Effects of movements in exchange rates	80
At 31 December 2014	<u>2,269</u>

Unrecognised deferred tax assets

At 31 December 2015, deferred tax assets have not been recognised in respect of tax losses and other deductible temporary differences of \$65,811,000 (2014: \$Nil) and \$161,739,000 (2014: \$111,959,000) respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. Tax losses and other deductible temporary differences do not expire under current tax legislation.

Unrecognised deferred tax liabilities

At 31 December 2015, a deferred tax liability of \$28,236,000 (2014: \$20,330,000) for temporary differences of \$100,343,000 (2014: \$67,766,000) related to the Group's investments in certain subsidiaries were not recognised because the Group controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

	At 1 January 2014 \$'000	Recognised in profit or loss \$'000	At 31 December 2014 \$'000	Recognised in profit or loss \$'000	At 31 December 2015 \$'000
Company					
Deferred tax liabilities/(assets)					
Property, plant and equipment	113	254	367	25	392
Distribution from an associate	-	-	-	(1,273)	(1,273)
Total	<u>113</u>	<u>254</u>	<u>367</u>	<u>(1,248)</u>	<u>(881)</u>

The Group's and Company's deferred tax assets and liabilities have been computed based on the corporate tax rate and tax laws prevailing at the reporting date.

29 Other payables

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Retention sums payable	9,993	6,523	–	–
Rental deposits	46,149	22,803	390	585
	<u>56,142</u>	<u>29,326</u>	<u>390</u>	<u>585</u>

30 Provision

	Company	
	2015 \$'000	2014 \$'000
Provision for income support		
At 1 January	11,959	–
Provision made during the year	8,931	18,745
Provision used during the year	(8,347)	(7,863)
Unwinding of discount	517	1,077
At 31 December	<u>13,060</u>	<u>11,959</u>
Current	4,665	6,894
Non-current	8,395	5,065
	<u>13,060</u>	<u>11,959</u>

The provision for income support relates to top-up payments to be made by the Company to OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), a subsidiary, for any shortfall of guaranteed rental income amount in respect of OUE Bayfront which another subsidiary had disposed of to OUE C-REIT. Pursuant to the terms of the deed of income support agreement entered into, the Company will provide income support on OUE Bayfront for 5 years from 27 January 2014, of up to \$50 million. The provision has been estimated based on the expected payments to be made under the income support arrangement, taking into consideration the estimated rental income expected to be derived from the property over the income support period.

31 Share capital

	Company			
	Number of shares		Amount	
	2015 '000	2014 '000	2015 \$'000	2014 \$'000
At 1 January and 31 December	<u>981,602</u>	<u>981,602</u>	<u>693,315</u>	<u>693,315</u>

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company’s residual assets.

During the year, the Company acquired 6,589,000 (2014: Nil) of its own shares for a total consideration of \$11,952,000 (2014: Nil).

At 31 December 2015, the Group held 78,305,000 (2014: 71,716,000) of the Company’s shares as treasury shares (note 32).

32 Other reserves

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	9,993	9,993	965	965
Currency translation reserve	(16,080)	(37,983)	—	—
Hedging reserve	6,482	840	—	—
Fair value reserve	124,354	171,856	127,262	171,624
Reserve for own shares	(167,996)	(156,044)	(167,996)	(156,044)
Capital reserve	(8,425)	17,561	—	—
	(51,672)	6,223	(39,769)	16,545

The movement of other reserves is as follows:

	Note	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Hedging reserve \$'000	Group Fair value reserve \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Total \$'000
At 1 January 2015		9,993	(37,983)	840	171,856	(156,044)	17,561	6,223
Other comprehensive income								
Currency translation differences relating to foreign operations		—	20,890	—	—	—	—	20,890
Share of currency translation differences of equity-accounted investees		—	972	—	—	—	—	972
Share of other reserves of equity-accounted investees		—	—	2,078	(3,627)	—	—	(1,549)
Fair value loss on available-for-sale financial assets		—	—	—	(43,875)	—	—	(43,875)
Effective portion of changes in fair value of cash flow hedges		—	—	3,559	—	—	—	3,559
Total other comprehensive income, net of tax		—	21,862	5,637	(47,502)	—	—	(20,003)
Total other comprehensive income for the year		—	21,862	5,637	(47,502)	—	—	(20,003)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Own shares acquired	31	—	—	—	—	(11,952)	—	(11,952)
Unit issue costs of a subsidiary		—	—	—	—	—	(2,893)	(2,893)
Total contributions by and distributions to owners		—	—	—	—	(11,952)	(2,893)	(14,845)
Changes in ownership interests in subsidiaries								
Changes in ownership interests in a subsidiary with a change in control	41	—	—	—	—	—	(25,798)	(25,798)
Change in ownership interests in a subsidiary without a change in control	42	—	41	5	—	—	—	46
Total changes in ownership interests in subsidiaries		—	41	5	—	—	(25,798)	(25,752)
Total transactions with owners		—	41	5	—	(11,952)	(28,691)	(40,597)
Share of reserves of an equity-accounted investee		—	—	—	—	—	2,705	2,705
At 31 December 2015		9,993	(16,080)	6,482	124,354	(167,996)	(8,425)	(51,672)

	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Hedging reserve \$'000	Group Fair value reserve \$'000	Reserve for own shares \$'000	Capital reserve \$'000	Total \$'000
At 1 January 2014	46,135	(48,902)	(1,042)	152,655	(156,044)	15,115	7,917
Other comprehensive income							
Currency translation differences relating to foreign operations	-	9,677	-	-	-	-	9,677
Share of currency translation differences of equity-accounted investees	-	1,242	-	-	-	-	1,242
Share of other reserves of equity-accounted investees	-	-	597	491	-	-	1,088
Hedging reserve of subsidiary reclassified to profit or loss upon loss of control	41	-	889	-	-	-	889
Fair value gain on available-for-sale financial assets	-	-	-	18,710	-	-	18,710
Effective portion of changes in fair value of cash flow hedges	-	-	396	-	-	-	396
Total other comprehensive income, net of tax	-	10,919	1,882	19,201	-	-	32,002
Total other comprehensive income for the year	-	10,919	1,882	19,201	-	-	32,002
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners	-	-	-	-	-	(8,237)	(8,237)
Unit issue costs of a subsidiary	-	-	-	-	-	(8,237)	(8,237)
Total contributions by and distributions to owners	-	-	-	-	-	(16,474)	(16,474)
Changes in ownership interests in subsidiaries							
Disposal of interests in subsidiaries	41	(36,142)	-	-	-	10,683	(25,459)
Total changes in ownership interests in subsidiaries	41	(36,142)	-	-	-	10,683	(25,459)
Total transactions with owners	9,993	(37,983)	840	171,856	(156,044)	17,561	6,223
At 31 December 2014							

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain land and building.

Currency translation reserve

The currency translation reserve comprises:

- (a) exchange differences arising from the translation of financial statements of foreign operations;
- (b) share of currency translation reserves of foreign equity-accounted investees; and
- (c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the available-for-sale financial assets until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2015, the Group held 78,305,000 (2014: 71,716,000) of the Company's shares as treasury shares. These shares were purchased from the open market for \$167,996,000 (2014: \$156,044,000).

Capital reserve

As at 31 December 2015, the reserve mainly relates to the Group's share of unit issue costs of a subsidiary of \$11,130,000 (2014: \$8,237,000). During the year, the Group's share of the share premium of an associate of \$25,798,000 was reclassified to accumulated profits following the Group's step-acquisition of the associate (note 41(a)).

33 Accumulated profits

Movements in the accumulated profits of the Company are as follows:

	Company	
	2015	2014
	\$'000	\$'000
At 1 January	1,875,525	1,756,605
Net profit for the year	563,065	272,839
Distribution <i>In Specie</i> (note 35)	-	(126,622)
Dividends paid (note 35)	(45,231)	(27,297)
At 31 December	2,393,359	1,875,525

Movements in the accumulated profits of the Group are shown in the consolidated statement of changes in equity.

34 Non-controlling interests

The following subsidiary has material NCI:

Name	Principal place of business/Country of incorporation	Ownership interests held by NCI	
		2015	2014
OUE C-REIT	Singapore	50.92%	51.94%

The following summarises the financial information of the Group's subsidiary with material NCI, based on its respective (consolidated) unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUE C-REIT \$'000
2015	
Revenue	101,038
Profit after tax	42,958
Other comprehensive income	18,137
Total comprehensive income	61,095
Attributable to NCI:	
- Profit for the year	22,401
- Other comprehensive income	9,234
- Total comprehensive income	31,635
Non-current assets	3,372,615
Current assets	39,543
Non-current liabilities	(1,402,122)
Current liabilities	(69,145)
Net assets	1,940,891
Net assets attributable to NCI	833,720
Cash flows from operating activities	77,613
Cash flows used in investing activities	(595,224)
Cash flows from financing activities (dividends to NCI: \$25,944,000)	512,288
Net decrease in cash and cash equivalents	(5,323)

	OUE OUE C-REIT \$'000	OUE H-TRUST ^(a) \$'000	Total \$'000
2014			
Revenue	71,545	28,729	
Profit after tax	268,309	12,194	
Other comprehensive income	4,430	336	
Total comprehensive income	272,739	12,530	
Attributable to NCI:			
- Profit for the year	139,365	6,653	146,018
- Other comprehensive income	2,301	183	2,484
- Total comprehensive income	141,666	6,836	148,502
Non-current assets	1,624,378	-	
Current assets	36,249	-	
Non-current liabilities	(688,716)	-	
Current liabilities	(36,038)	-	
Net assets	935,873	-	
Net assets attributable to NCI	486,111	-	486,111
Cash flows from operating activities	74,503		
Cash flows used in investing activities	(780,110)		
Cash flows from financing activities (dividends to NCI: \$10,983,000)	733,914		
Net increase in cash and cash equivalents	28,307		

^(a) OUE H-TRUST became an associate of the Group on 31 March 2014 (note 41(b)). Accordingly, the financial information presented above is based on OUE H-TRUST's results for the period from 1 January 2014 to 30 March 2014.

Significant restrictions

Other than the restrictions resulting from the regulatory framework within which OUE C-REIT operates, there is no significant restriction on the Group's ability to access or use the assets and settle the liabilities of OUE C-REIT. OUE C-REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with OUE C-REIT are either subject to review by OUE C-REIT's trustee or must be approved by a majority of votes by the minority security holders of OUE C-REIT's at a meeting of security holders.

The consolidated assets of OUE C-REIT are held in trust by its trustee for the unitholders. As at 31 December 2015, the carrying amounts of OUE C-REIT's consolidated assets and liabilities are \$3,412,158,000 (2014: \$1,660,627,000) and \$1,471,267,000 (2014: \$724,754,000), respectively.

35 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December	Group and Company	
	2015	2014
	\$'000	\$'000
Paid by the Company to owners of the Company		
Interim dividend of 1 cent (2014: 1 cent) per ordinary share in respect of current year	9,033	9,099
Special dividend of 3 cents (2014: Nil) per ordinary share in respect of current year	27,099	–
Distribution <i>In Specie</i> of Nil cents (2014: 13.9 cents) in respect of current year	–	126,622*
Final dividend of 1 cent (2014: 2 cents) per ordinary share in respect of prior year	9,099	18,198
	45,231	153,919

* In 2014, the Group made a distribution *in specie* of part of the stapled securities it held in a subsidiary, OUE H-TRUST, to all the shareholders of the Company in proportion to their shareholdings in the Company (the “Distribution *In Specie*”). Shareholders who were entitled to the Distribution *In Specie* received one stapled security for every six ordinary shares in the Company.

Paid by subsidiaries to NCI	Group	
	2015	2014
	\$'000	\$'000
Distribution of 2.00 cents (2014: 2.43 cents) per qualifying unit in respect of current year	13,107	10,983
Distribution of 2.84 cents (2014: 2.90 cents) per qualifying stapled security in respect of prior year	12,837	20,779
	25,944	31,762

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2015	2014
	\$'000	\$'000
Final dividend of 1 cent (2014: 1 cent) per ordinary share	9,033**	9,099**

** The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 903,296,860 (2014: 909,885,860) as at 31 December 2015.

36 Commitments

Capital commitments

As at 31 December 2015, other than as disclosed elsewhere in the financial statements, the Group have the following capital commitments:

	Group	
	2015 \$'000	2014 \$'000
Investment properties	196,072	221,027
Development properties	30,799	102,482
	720,477	627,332

37 Operating leases

Leases as lessees

- (a) The Group has entered into master lease agreements with OUE H-REIT, an associate, to lease and operate Mandarin Orchard Singapore and CPCA (2014: Mandarin Orchard Singapore), together with the plant and equipment and all fixtures, fittings, finishings and other property therein, excluding the excluded commercial premises under non-cancellable operating lease agreements. Under the terms of the master lease agreement, the annual lease rental comprise fixed rent component and a variable rent component which is pegged to the underlying performance of the respective hotel.
- (b) In 2014, the Group and Company lease office equipment, office and a site at Terminal 3 of Changi International Airport under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At the reporting date, non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Within one year	57,500	45,013	48,803	49,185
Between one and five years	230,000	181,000	191,409	194,209
More than five years	432,977	401,319	340,403	385,403
	720,477	627,332	580,615	628,797

The operating lease rentals payable in respect of Mandarin Orchard Singapore and CPCA included above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the master lease agreements.

During the year, contingent rent recognised as an expense in profit or loss in respect of operating leases amounted to \$31,349,000 and \$28,493,000 (2014: \$26,739,000 and \$33,647,000) by the Group and the Company, respectively.

Leases as lessors

The Group leases out its investment properties (see note 22) under non-cancellable leases. The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Within one year	211,200	122,609	2,538	3,043
Between one and five years	442,254	258,004	1,225	2,919
More than five years	175,494	67,171	-	-
	828,948	447,784	3,763	5,962

The lessees are required to pay fixed rent payments and a contingent rent computed based on their sales achieved during the lease period. The lease payments receivable disclosed above are based on the fixed rent component, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Contingent rents, generally determined based on a percentage of tenants' revenue, of \$1,294,000 (2014: \$1,153,000) has been recognised as income by the Group in profit or loss during the year.

38 Financial instruments

Financial risk management

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 Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks, and the Group's management of capital.

Risk management framework

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of the above risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on quarterly basis and independent internal audit reporting.

Credit risk

Credit risk is the risk of loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers and investment securities.

Rental deposits are received, where appropriate, to reduce credit risk.

The carrying amounts of financial assets in the statements of financial position represent the Group and the Company's maximum exposures to credit risk.

Guarantees

The Group provides financial guarantees to subsidiaries, where appropriate. The maximum exposure of the Company in respect of the intra-group financial guarantees is disclosed in note 27.

Risk management policy

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For investments in equity securities, cash and cash equivalents and derivatives, the Group and the Company minimise credit risk by dealing exclusively with financial institutions that are licensed and with acceptable credit ratings.

Exposure to credit risk

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region and type of counterparty was:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
By geographical areas				
Singapore	55,058	26,825	2,872,213	1,881,937
Indonesia	526	827	512	823
The People's Republic of China	352	330	40	28
Malaysia	1,178	645	48	74
United States of America	1,563	1,085	15,124	13,599
Others	13,355	5,870	422,808	422,052
	<u>72,032</u>	<u>35,582</u>	<u>3,310,745</u>	<u>2,318,513</u>
By type of counterparty				
Related parties	17,069	15,392	3,302,459	2,311,273
Non-related parties				
- Multi-national companies	3,451	3,095	2,221	1,794
- Other companies	44,850	16,775	6,065	5,446
- Individuals	6,662	320	-	-
	<u>72,032</u>	<u>35,582</u>	<u>3,310,745</u>	<u>2,318,513</u>

At 31 December 2015, the Group's most significant counterparty accounts for \$5,804,000 (2014: \$5,386,000) of the loans and receivables carrying amount. Other than balances with related parties, there is no concentration of customer risk at the Company level.

Impairment

The ageing of loans and receivables that were past due but not impaired at the reporting date was:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Past due 1 - 30 days	3,837	3,894	5,833	3,099
Past due 31 - 60 days	1,683	1,241	4,564	1,583
Past due over 60 days	4,873	6,087	66,351	37,952
	<u>10,393</u>	<u>11,222</u>	<u>76,748</u>	<u>42,634</u>

The Group and the Company believe that the unimpaired amounts that are past due are still collectible based on historic payment behaviour or have sufficient deposits as collateral.

Movement in the allowance for doubtful receivables on loans and receivables are as follows:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
At 1 January	2,467	2,119	144,814	9,305
Impairment loss recognised	99	329	54,341	135,509
Utilised	(88)	—	(88)	—
Reversal of impairment loss	—	—	(136)	—
Effects of movements in exchange rates	(10)	19	—	—
At 31 December	<u>2,468</u>	<u>2,467</u>	<u>198,931</u>	<u>144,814</u>

Loans and receivables that are neither past due nor impaired are mainly related to companies with a good payment track record with the Group.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of \$172,353,000 and \$83,782,000 respectively at 31 December 2015 (2014: \$161,957,000 and \$62,788,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

Risk management policy

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 Group's approach to managing liquidity is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group has contractual commitments to incur capital expenditure with regard to its investment properties, development properties and available-for-sale investments.

Exposure to liquidity risk

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

Group	Carrying amount \$'000	Contractual cash flows \$'000	Within		More than 5 years \$'000
			1 year \$'000	1 - 2 years \$'000	
2015					
Non-derivative financial liabilities					
Trade and other payables	293,882	(293,882)	(237,740)	(24,718)	(24,951)
Borrowings	2,924,547	(3,208,199)	(268,473)	(774,827)	(2,164,899)
	3,218,429	(3,502,081)	(506,213)	(799,545)	(2,189,850)
					(6,473)
					(6,473)
Derivative financial instruments					
Interest rate swaps (net-settled)	180	(142)	(890)	(222)	970
Interest rate swaps (net-settled)	(6,605)	7,073	(546)	1,698	5,921
	(6,425)	6,931	(1,436)	1,476	6,891
Capital commitments for available-for-sale investments	–	(4,472)	(4,472)	–	–
	3,212,004	(3,499,622)	(512,121)	(798,069)	(2,182,959)
					(6,473)
					(6,473)
2014					
Non-derivative financial liabilities					
Trade and other payables	178,609	(178,609)	(149,283)	(10,142)	(14,800)
Borrowings	2,065,922	(2,241,028)	(702,036)	(360,137)	(1,178,855)
	2,244,531	(2,419,637)	(851,319)	(370,279)	(1,193,655)
					(4,384)
					(4,384)
Derivative financial instruments					
Interest rate swaps (net-settled)	972	(893)	(684)	(840)	631
Interest rate swaps (net-settled)	(1,478)	1,644	(1,273)	476	2,441
	(506)	751	(1,957)	(364)	3,072
Capital commitments for available-for-sale investments	–	(4,681)	(4,681)	–	–
	2,244,025	(2,423,567)	(857,957)	(370,643)	(1,190,583)
					(4,384)
					(4,384)

Company	Carrying amount \$'000	Contractual cash flows \$'000	Within		
			1 year \$'000	1 - 2 years \$'000	2 - 5 years \$'000
2015					
Trade and other payables	67,985	(67,985)	(67,595)	–	(390)
Borrowings	947,250	(1,053,803)	(191,030)	(321,161)	(541,612)
	<u>1,015,235</u>	<u>(1,121,788)</u>	<u>(258,625)</u>	<u>(321,161)</u>	<u>(542,002)</u>
2014					
Trade and other payables	100,766	(100,766)	(100,181)	(183)	(402)
Borrowings	746,188	(830,295)	(280,387)	(323,350)	(226,558)
	<u>846,954</u>	<u>(931,061)</u>	<u>(380,568)</u>	<u>(323,533)</u>	<u>(226,960)</u>

All the interest rate swaps 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 profit or loss.

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Market risk

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

When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings for the purposes of managing certain financial risks.

Currency risk

Risk management policy

Foreign currency risk arises from transactions denominated or settled in foreign currencies, borrowings and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from sales, purchases and borrowings, that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk includes United States Dollars ("USD"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in the United States of America.

The Group management monitors the Group's foreign currency risk exposure and, when appropriate, uses financial derivatives such as forward contracts and cross currency swaps to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

Exposure to currency risk

The Group's exposure to currency risk (expressed in Singapore Dollar ("SGD") equivalent) based on the information provided to key management is as follows:

	USD S'000
Group	
2015	
Cash and cash equivalents	7,540
Other assets *	11,932
Other investments	359,538
Available-for-sale financial assets	2,998
Net exposure	382,008

	USD \$'000
Group	
2014	
Cash and cash equivalents	1,248
Other assets *	5,260
Other investments	317,139
Available-for-sale financial assets	1,787
Trade and other payables	(1,463)
Borrowings	(30,350)
Net exposure	293,621

* *Excluding prepayments*

At the reporting date, the Company is exposed to currency risk on its USD loans and receivables due from subsidiaries amounting to \$518,532,000 (2014: \$355,224,000).

Sensitivity analysis

A reasonably possible strengthening of USD, as indicated below, against SGD at 31 December would have increased profit or loss and equity (excluding tax effects) by the amounts shown below. A similar weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000	Equity \$'000
2015				
USD (7% strengthening)	26,531	210	36,297	=
2014				
USD (4% strengthening)	11,673	71	14,209	-

Interest rate risk

Risk management policy

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash at bank, fixed deposits with financial institutions, non-trade receivables from associates and subsidiaries and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to management, was as follows:

	Group		Company	
	Notional amount		Notional amount	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Cash and cash equivalents	11,537	15,827	—	—
Loans to subsidiaries	—	—	1,749,931	1,043,029
Loan to associate	3,876	3,484	3,876	3,484
Borrowings	(800,000)	(700,000)	(800,000)	(700,000)
Interest rate swaps	(770,000)	(410,000)	—	—
	<u>(1,554,587)</u>	<u>(1,090,689)</u>	<u>953,807</u>	<u>346,513</u>
Variable rate instruments				
Cash and cash equivalents	28,977	9,002	20,000	5,080
Loans to subsidiaries	—	—	124,750	80,866
Borrowings	(2,149,511)	(1,383,483)	(152,000)	(50,000)
Interest rate swaps	770,000	410,000	—	—
	<u>(1,350,534)</u>	<u>(964,481)</u>	<u>(7,250)</u>	<u>35,946</u>

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less (2014: 6 months or less).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Sensitivity analysis for variable rate instruments

A change of 50 (2014: 10) basis points ("bp") in interest rates at the reporting date would have increased/(decreased) equity and profit or loss (excluding tax effects) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the effect of qualifying borrowing costs allowed for capitalisation.

	Profit or loss		Equity	
	50 bp	50 bp	50 bp	50 bp
	increase	decrease	increase	decrease
	\$'000	\$'000	\$'000	\$'000
2015				
Group				
Variable rate instruments	(10,603)	10,603	—	—
Interest rate swaps	3,850	(3,850)	331	(363)
	<u>(6,753)</u>	<u>6,753</u>	<u>331</u>	<u>(363)</u>

	Profit or loss		Equity	
	50 bp increase \$'000	50 bp decrease \$'000	50 bp increase \$'000	50 bp decrease \$'000
2015				
Company				
Variable rate instruments	(36)	36	-	-
	10 bp increase \$'000	10 bp decrease \$'000	10 bp increase \$'000	10 bp decrease \$'000
2014				
Group				
Variable rate instruments	(1,374)	1,374	-	-
Interest rate swaps	410	(410)	(14)	(73)
	(964)	964	(14)	(73)
Company				
Variable rate instruments	36	(36)	-	-

Other market price risk

Risk management policy

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk arises from available-for-sale financial assets as well as investments at fair value through profit or loss. Management monitors the mix of debt and equity securities in its investment portfolio based on its fair value and responds to fluctuation in market prices as and when necessary to optimise the Group's returns.

- (a) The Group and the Company have available-for-sale investments in unlisted equity securities and interests in limited partnerships. The fair values of these investments are estimated based on the net asset value of the investee entities.

If the adjusted net asset value of the investee entities were to increase/decrease by 10% (2014: 10%), the Group's and Company's fair value reserve will increase/decrease by approximately \$17.4 million (2014: \$21.7 million) and \$15.7 million (2014: \$20.2 million) respectively.

- (b) The Group is exposed to price changes from its quoted equity investments and investment in a mutual fund. If the fair value of the investments were to increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately \$37.1 million (2014: \$32.8 million).

Offsetting financial assets and financial liabilities

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

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

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

	Note	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						
2015						
Financial assets						
Interest rate swaps used for hedging	25	6,605	–	6,605	(180)	6,425
Financial liabilities						
Interest rate swaps used for hedging	25	(180)	–	(180)	180	–
2014						
Financial assets						
Interest rate swaps used for hedging	25	1,478	–	1,478	(722)	756
Financial liabilities						
Interest rate swaps used for hedging	25	(972)	–	(972)	722	(250)

There were no financial assets and financial liabilities offset in the statements of financial position of the Company as at 31 December 2015 and 31 December 2014.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of all components of equity, including non-controlling interests.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Borrowings	2,924,547	2,065,922	947,250	746,188
Less: Cash and cash equivalents	(172,353)	(161,957)	(83,782)	(62,788)
	<u>2,752,194</u>	<u>1,903,965</u>	<u>863,468</u>	<u>683,400</u>
Total equity	<u>4,764,192</u>	<u>4,339,447</u>	<u>3,046,905</u>	<u>2,585,385</u>
Gearing ratio	<u>57.8%</u>	<u>43.9%</u>	<u>28.3%</u>	<u>26.4%</u>

OUE C-REIT and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 35.0% of its Deposited Property except that the Aggregate Leverage of a property fund may exceed 35.0% of its Deposited Property (up to a maximum of 60.0%) if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public. The property fund should continue to maintain and disclose a credit rating so long as its Aggregate Leverage exceeds 35.0% of its Deposited Property. With effect from 1 January 2016, the Aggregate Leverage of a property fund shall not exceed 45%.

The Aggregate Leverage of OUE C-REIT and its subsidiaries as at 31 December 2015 was 40.1% (2014: 38.3%) of its Deposited Property. OUE C-REIT has a corporate rating of Ba1 from Moody's. This complied with the Aggregate Leverage limit as described above.

Apart from that disclosed above, neither the Company nor its other subsidiaries are subject to externally imposed capital requirements.

Accounting classifications and fair values

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

Group	Note	Loans and receivables \$'000	Carrying amount				Fair value			
			Designated at fair value \$'000	Fair value – hedging instruments \$'000	Available-for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2015										
Financial assets measured at fair value										
Other investments	15	–	371,399	–	–	–	11,861	359,538	–	371,399
Available-for-sale financial assets	19	–	–	–	174,223	–	–	–	174,223	174,223
Derivative assets	25	–	–	6,605	–	–	–	6,605	–	6,605
			371,399	6,605	174,223	–				552,227
Financial assets not measured at fair value										
Cash and cash equivalents	12	172,353	–	–	–	–	–	–	–	172,353
Trade and other receivables	13	38,931	–	–	–	–	–	–	–	38,931
Other assets *	17	33,101	–	–	–	–	–	–	–	33,101
		244,385	–	–	–	–	–	–	–	244,385
Financial liabilities measured at fair value										
Derivative liabilities	25	–	–	(180)	–	–	–	(180)	–	(180)
Financial liabilities not measured at fair value										
Trade and other payables	26	–	–	–	–	–	–	–	–	(237,740)
Borrowings	27	–	–	–	–	–	–	–	–	(2,924,547)
Other payables	29	–	–	–	–	–	–	–	–	(56,142)
		–	–	–	–	–	–	–	–	(3,218,429)

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Group	Note	Carrying amount					Fair value				
		Loans and receivables \$'000	Designated at fair value \$'000	Fair value -- hedging instruments \$'000	Available-for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2014											
Financial assets measured at fair value											
Other investments	15	—	328,070	—	—	—	328,070	59,177	268,893	—	328,070
Available-for-sale financial assets	19	—	—	—	217,324	—	217,324	—	—	217,324	217,324
Derivative assets	25	—	—	1,478	—	—	1,478	—	1,478	—	1,478
		—	328,070	1,478	217,324	—	546,872	—	—	—	546,872
Financial assets not measured at fair value											
Cash and cash equivalents	12	161,957	—	—	—	—	161,957	—	—	—	161,957
Trade and other receivables	13	24,759	—	—	—	—	24,759	—	—	—	24,759
Other assets *	17	10,823	—	—	—	—	10,823	—	—	—	10,823
		197,539	—	—	—	—	197,539	—	—	—	197,539
Financial liabilities measured at fair value											
Derivative liabilities	25	—	—	(972)	—	—	(972)	—	(972)	—	(972)
Financial liabilities not measured at fair value											
Trade and other payables	26	—	—	—	—	(149,283)	(149,283)	—	—	—	(149,283)
Borrowings	27	—	—	—	—	(2,065,922)	(2,065,922)	—	(2,089,979)	—	(2,089,979)
Other payables	29	—	—	—	—	(29,326)	(29,326)	—	—	(28,145)	(28,145)
		—	—	—	—	(2,244,531)	(2,244,531)	—	—	(28,145)	(2,272,676)

Company	Carrying amount				Fair value			Total \$'000
	Loans and receivables \$'000	Available-for-sale \$'000	Other financial liabilities \$'000	Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
2015								
Financial asset measured at fair value								
Available-for-sale financial assets		157,262		157,262			157,262	157,262
Financial assets not measured at fair value								
Cash and cash equivalents	83,782			83,782				
Trade and other receivables	789,848			789,848				
Other assets *	1,941			1,941				
Loans to subsidiaries	2,518,956			2,518,956				
	3,394,527			3,394,527				
Financial liabilities not measured at fair value								
Trade and other payables			(67,595)	(67,595)				
Borrowings			(947,250)	(947,250)		(960,193)		(960,193)
Other payables			(390)	(390)			(364)	(364)
			(1,015,235)	(1,015,235)				
2014								
Financial asset measured at fair value								
Available-for-sale financial assets		201,624		201,624			201,624	201,624
Financial assets not measured at fair value								
Cash and cash equivalents	62,788			62,788				
Trade and other receivables	690,258			690,258				
Other assets *	2,696			2,696				
Loans to subsidiaries	1,625,559			1,625,559				
	2,381,301			2,381,301				
Financial liabilities not measured at fair value								
Trade and other payables			(100,181)	(100,181)		(770,245)		(770,245)
Borrowings			(746,188)	(746,188)				
Other payables			(585)	(585)			(539)	(539)
			(846,954)	(846,954)				

* Excluding prepayments

(i) **Valuation techniques and significant unobservable inputs**

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group and Company Available-for-sale investments	The fair value is calculated using the net asset values of the investee entities adjusted for the fair value of the underlying properties, where applicable. A discount is applied to take into consideration of the non-marketable nature of the investments, where appropriate.	Discount rate of 0% - 35% (2014: 0% - 15%)	A significant increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a significant decrease in the discount rate would result in a significantly higher fair value measurement.
Group Other investments	The fair value is calculated using the net asset value of the investee entity, where the net assets comprise mainly of marketable securities traded in active markets.	N/A	N/A
Derivatives – interest rate swaps	The fair values are based on broker quotes.	N/A	N/A

Financial instruments not measured at fair value

Type	Valuation technique
Group and Company Borrowings	Discounted cash flows
Other payables	Discounted cash flows

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Available-for-sale financial assets				
At beginning of the year	217,324	193,304	201,624	182,716
Purchases	809	4,810	—	—
Fair value (loss)/gain on available-for-sale financial assets included in other comprehensive income	(43,875)	18,710	(44,362)	18,908
Impairment loss	(1,000)	—	—	—
Effect of movements in exchange rates	965	500	—	—
At end of the year	<u>174,223</u>	<u>217,324</u>	<u>157,262</u>	<u>201,624</u>

Sensitivity analysis

For the Group's available-for-sale financial assets, a 10% increase in the discount rate applied, where applicable, would have decreased the Group's and the Company's other comprehensive income by \$24,194,000 (2014: \$23,721,000) after tax; an equal change in the opposite direction would have increased the Group's and the Company's other comprehensive income by \$24,194,000 (2014: \$23,721,000) after tax.

39 Related parties

Key management personnel remuneration

Key management personnel remuneration comprised:

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	4,887	4,469
Post-employment benefits (including contributions to defined contribution plans)	58	33
	4,945	4,502

Other related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the year on terms agreed between the parties:

	Group Transaction value for the year	
	2015 \$'000	2014 \$'000
Associates and joint ventures		
Rental expense	87,924	59,118
Rental and rental related income	812	608
Management fees earned	6,029	6,139
Interest income from loans	38	35
Reimbursement of expenses	12	—
Professional fees paid/payable	45	326
Other related parties		
Acquisition of subsidiaries from a related party	—	143,500
Purchase of food and beverage products	395	461
Rental and rental related income	1,455	1,306
Hotel services income	50	49
Professional fees paid/payable	126	16
Purchase of property, plant and equipment	—	2
Management fee expenses	—	150
Reimbursement of expenses to related parties	15	5

Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and their close family members.

The Company made loans and advances to subsidiaries, associates and joint ventures as disclosed in notes 13, 20 and 21 of the financial statements. None of the outstanding balances with the related parties is secured.

40 Operating segments

The Group has the following five (2014: four) strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's executive committee (the chief operating decision makers) review internal management reports of each division at least quarterly. The executive committee comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business segment.

The following summary describes the operations in each of the Group's reportable segments:

- (i) Hospitality (Singapore and Others) - operation of hotels and hotel management in the respective countries.
- (ii) Property investments (Singapore, United States of America and The People's Republic of China) - rental income from investment properties owned by the Group.
- (iii) Property development - sale of residential properties and other properties under development.
- (iv) Fund management - management of real estate investment trusts.
- (v) Investment holding

Other operations include mainly restaurant and investment trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 and 2015.

The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the statement of comprehensive income.

Information regarding the results of each reportable segment is included below. The executive committee assesses the performance of the operating segments based on a measure of profit before interest, tax and other gains/(losses), as included in the internal management reports that are reviewed by the executive committee.

QUE Limited and its Subsidiaries
Financial statements
Year ended 31 December 2015

	Property investments										Elimination and unallocated items \$'000	Total \$'000
	Hospitality			United States of America			The People's Republic of China	Property development	Fund management	Investment holding		
2015	Singapore \$'000	Others \$'000	Singapore \$'000	United States of America \$'000	The People's Republic of China \$'000	Property development \$'000	Fund management \$'000	Investment holding \$'000	Others \$'000	Segment total \$'000	Elimination and unallocated items \$'000	Total \$'000
Revenue	202,127	2,271	107,704	57,611	28,064	23,644	1,498	-	8,158	431,077	416	431,493
External revenue	107	-	5,611	8,454	-	-	19,254	-	32	33,458	(33,458)	-
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	-
Segment revenue (including inter-segment revenue)	202,234	2,271	113,315	66,065	28,064	23,644	20,752	-	8,190	464,535	(33,042)	431,493
Segment profit/(loss) ¹	4,094	1,782	131,604	28,099	21,149	(25,407)	22,620	128,224	(11,462)	300,703	(42,894)	257,809
Depreciation	(147)	-	(86)	(14)	(7)	-	(165)	-	(1,475)	(1,894)	(2,058)	(3,952)
Finance expenses	(246)	-	(38,914)	(11,069)	(3,854)	(10,808)	(54)	-	(16,160)	(81,105)	(8,030)	(89,135)
Finance income	135	(222)	364	38	260	-	8	-	(26,380)	(25,797)	37,972	12,175
Share of results of equity-accounted investees, net of tax	5,435	(50)	65,231	-	-	-	8,747	128,224	-	207,587	(7)	207,580
Other material items												
Change in fair value of investment properties	-	-	(17,188)	12,651	11,397	-	-	-	-	6,860	-	6,860
Impairment loss on goodwill arising from acquisition of a subsidiary	-	-	(12,403)	-	-	-	-	-	-	(12,403)	-	(12,403)
Net gain on disposal of property, plant and equipment	57,784	-	-	-	-	-	-	-	-	57,784	-	57,784
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	(8,366)	(8,366)	-	(8,366)
Impairment loss on a development property	-	-	-	-	-	(23,205)	-	-	-	(23,205)	-	(23,205)
Reportable segment assets	38,843	4,746	4,395,840	768,743	539,192	880,297	3,683	-	561,273	7,192,617	124,526	7,317,143
Investment in equity-accounted investees	44,141	12,459	397,244	-	-	-	12,163	317,888	-	783,895	28,800	812,695
Reportable segment liabilities	62,394	245	1,373,577	344,690	66,582	391,777	2,164	-	4,474	2,245,903	1,119,743	3,365,646
Capital expenditure	95	-	99,619	43,240	1,360	-	5	-	311	144,630	1,252	145,882

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QUE Limited and its Subsidiaries
Financial statements
Year ended 31 December 2015

	Hospitality		Property investments					Elimination and unallocated items \$'000	Total \$'000
	Singapore \$'000	Others \$'000	Singapore \$'000	United States of America \$'000	The People's Republic of China \$'000	Property development \$'000	Fund management \$'000		
2014									
Revenue	208,014	2,633	90,281	44,539	22,941	38,297	1,123	8,394	416,222
Inter-segment revenue	319	-	25,418	2,174	-	-	9,837	21	37,769
Segment revenue (including inter-segment revenue)	208,333	2,633	115,699	46,713	22,941	38,297	10,960	8,415	453,991
Segment profit/(loss) ¹	14,289	1,637	162,910	19,315	16,689	12,563	6,547	(2,162)	231,788
Depreciation	(8,344)	-	(14)	(13)	-	-	(144)	(1,447)	(9,962)
Finance expenses	(2,893)	-	(35,625)	(9,260)	(4,282)	-	-	(3,467)	(55,527)
Finance income	163	9	(640)	22	174	-	5	(9,093)	(9,360)
Share of results of equity-accounted investees, net of tax	5,643	(36)	79,270	-	-	-	2,158	-	87,035
Other material items	-	-	-	-	-	-	-	-	(2)
Change in fair value of investment properties	-	-	88,496	17,086	153,663	-	-	-	259,245
Net gain on disposal of subsidiaries	1,003,825	-	-	-	-	-	-	-	1,003,825
Net change in fair value of investments designated at fair value through profit or loss	-	-	-	-	-	-	-	21,662	21,662
Impairment loss on a development property	-	-	-	-	-	(105,000)	-	-	(105,000)
Reportable segment assets	258,313	3,245	2,548,366	662,202	520,609	892,808	3,761	557,689	5,446,993
Investment in equity-accounted investees	41,427	11,592	1,065,217	-	-	-	5,667	-	1,123,903
Reportable segment liabilities	38,994	290	613,278	326,776	87,127	372,061	867	33,259	1,472,652
Capital expenditure	14,721	1	61,753	51,390	487	-	840	529	129,721

¹ Segment profit/(loss) is defined as profit/(loss) before interest, tax and other gains/(losses)

Reconciliation of reportable segment revenue and profit/(loss) before interest and tax

	2015	2014
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	456,345	445,576
Revenue for other segment	8,190	8,415
Unallocated amounts	11,751	4,169
Elimination of inter-segment revenue	(44,793)	(41,745)
Consolidated total revenue	431,493	416,415
Profit or loss		
Total profit or loss before interest, tax and other gains/(losses) for:		
- Reportable segments	312,165	233,950
- Other segment	(11,462)	(2,162)
Elimination of inter-segment profits	(132)	(780)
Finance expense	(89,135)	(68,607)
Finance income	12,175	4,585
Other gains – net	20,257	1,179,732
Unallocated corporate expenses	(42,762)	(45,934)
Consolidated profit before tax	201,106	1,300,784

Reconciliations of reportable segment assets and liabilities

	2015	2014
	\$'000	\$'000
Assets		
Total assets for reportable segments	6,631,344	4,889,304
Assets for other segment	561,273	557,689
Investment in equity-accounted investees	783,895	1,123,903
	7,976,512	6,570,896
Elimination of inter-segment balances	(11,663)	(11,840)
Other unallocated amounts		
- Property, plant and equipment	14,196	15,185
- Investment in equity-accounted investees	28,800	26,873
- Cash and cash equivalents	88,210	75,757
- Trade and other receivables	12,698	7,270
- Other assets	14,896	7,920
- Deferred tax assets	6,189	2,269
Consolidated total assets	8,129,838	6,694,330
Liabilities		
Total liabilities for reportable segments	2,241,429	1,439,393
Liabilities for other segments	4,474	33,259
Other unallocated amounts		
- Borrowings	947,250	746,188
- Trade and other payables	25,398	26,609
- Current tax liabilities	27,373	16,676
- Deferred tax liabilities	119,664	92,704
- Other liabilities	58	54
Consolidated total liabilities	3,365,646	2,354,883

Geographical information

	Revenue		Non-current assets *	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Singapore	343,547	346,302	4,858,647	3,695,715
The People's Republic of China	28,064	23,078	535,668	507,205
United States of America	57,611	44,538	747,184	640,415
Others	2,271	2,497	319,799	—
	<u>431,493</u>	<u>416,415</u>	<u>6,461,298</u>	<u>4,843,335</u>

* Non-current assets relate to the carrying amounts of investments in equity-accounted investees, investment properties and property, plant and equipment.

There is no single external customer who contributes more than 10% of the Group's revenue during the years ended 31 December 2014 and 2015.

41 Acquisition and disposal of subsidiaries

(a) Acquisition of subsidiaries

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property and together, they are capable of being managed to provide returns to the Group. When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities.

Financial year ended 31 December 2015

On 7 October 2015, the Group acquired 33.33% shares and voting rights in OUB Centre Limited and its subsidiaries ("OUBC") for a cash consideration of \$477.1 million. The acquisition will enable the Group to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place ("ORP"), while continuing to enjoy rental income. OUBC owns an 81.54% interest in ORP. Following the acquisition, the Group's equity interest increased from 50% to 83.33%, and OUBC became a subsidiary of the Group.

For the period from the acquisition date to 31 December 2015, OUBC contributed revenue of \$19,671,000 and profit after tax of \$3,147,000 to the Group's results. If the acquisition had occurred on 1 January 2015, the Group estimates that the consolidated revenue would have been \$514,973,000 and the consolidated profit for the year would have been \$204,888,000. In determining these amounts, the Group has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Identifiable assets acquired and liabilities assumed

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

	Note	\$'000
Plant and equipment	23	671
Investment property	22	1,740,000
Inventories		51
Trade and other receivables		10,753
Cash and cash equivalents		6,059
Trade and other payables		(44,837)
Borrowings		(301,036)
Current tax liabilities		(3,160)
Deferred tax liabilities	28	(14,333)
Net identifiable assets and liabilities acquired		<u>1,394,168</u>

The trade receivables comprise gross contractual amounts due of \$10.9 million, of which \$0.1 million was expected to be uncollectible at the date of acquisition.

Measurement of fair values

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

Assets acquired	Valuation technique
Investment property	Direct comparison method and investment method

The fair value of the investment property was based on independent valuation undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	\$'000
Total consideration transferred	477,116
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of acquiree	232,386
Fair value of pre-existing interest in the acquiree	697,069
Fair value of identifiable net assets	<u>(1,394,168)</u>
Goodwill	12,403
Impairment loss on goodwill (note 9)	<u>(12,403)</u>
	<u>–</u>

The remeasurement to fair value of the Group's existing 50% interest in OUBC resulted in a gain of \$587,000. This amount has been recognised in 'Other gains – net' in profit or loss (note 9). In addition, arising from the step-acquisition, capital reserve of \$25.8 million was reclassified to accumulated profits.

The Group has undertaken an impairment assessment of the goodwill arising from the acquisition which was allocated to OUBC. The recoverable amount was estimated using the fair value less costs to sell approach, taking into consideration the fair value of the underlying property held by OUBC. Based on this assessment, the goodwill was fully impaired. The impairment loss was recognised in “Other gains – net” in the statement of comprehensive income.

Cash flows relating to the acquisition

	\$'000
Purchase consideration	477,116
Less: Cash acquired	(6,059)
Net cash outflow	471,057

The Group incurred acquisition-related costs of \$5,571,000 related to external professional fees. These costs were included in “Administrative expenses” in the Group’s statement of comprehensive income.

Financial year ended 31 December 2014

On 27 January 2014, in conjunction with the listing of OUE C-REIT, a subsidiary, on the Main Board of SGX-ST, the Group acquired a 100% of equity interest in Tecwell Limited and its subsidiary, Lippo Realty (Shanghai) Limited (the “Tecwell Group”). The Tecwell Group owns Lippo Plaza in Shanghai, People’s Republic of China. For the period from the acquisition date to 31 December 2014, the Tecwell Group contributed revenue of \$22,941,000 and net attributable profit of \$59,714,000 to the Group. There is no significant effect on the Group’s consolidated revenue had the acquisition occurred on 1 January 2014.

The assets acquired, liabilities assumed and cash flows relating to the Tecwell Group acquired were as follows:

	Note	2014 \$'000
Plant and equipment		63
Investment property	22	336,635
Trade and other receivables		368
Cash and cash equivalents		16,228
Trade and other payables		(15,024)
Borrowings		(191,777)
Tax payable		(2,993)
Net identifiable assets and liabilities acquired		143,500
Purchase consideration		143,500
Acquisition costs		392
Less: Amount not yet paid		(6,066)
		137,826
Less: Cash acquired		(16,228)
Net cash outflow		121,598

(b) Disposal of subsidiaries

Financial year ended 31 December 2014

On 31 March 2014, following the Distribution *In Specie* which reduced the Group's effective interest in OUE H-TRUST from 45.3% to 33.5%, the Group lost its control over OUE H-TRUST. OUE H-TRUST became an associate of the Group on the same day.

The disposed subsidiary contributed a net attributable loss of \$4,035,000 to the Group from 1 January 2014 to the date of loss of control.

The cash flows relating to the disposal of OUE H-TRUST arising from Distribution *In Specie* were as follows:

	Note	2014 \$'000
Investment properties	22	536,000
Property, plant and equipment	23	117,319
Cash and cash equivalents		58,156
Trade and other receivables and other assets		11,084
Trade and other payables and other liabilities		(28,739)
Derivatives		(5,031)
Borrowings		(581,851)
Tax liabilities		(305)
Carrying amount of net assets distributed		<u>106,633</u>
Distribution <i>In Specie</i>	35	126,622
NCI, based on their proportionate interest in the net assets distributed		609,541
Fair value of retained equity interest		<u>375,184</u>
		1,111,347
Carrying amount of net assets distributed		(106,633)
Realisation of hedging reserve		(889)
Gain on disposal of subsidiaries		<u>1,003,825</u>

Arising from the Distribution *In Specie*, capital reserve and asset revaluation reserve amounting to \$10.7 million and \$36.1 million, respectively, were reclassified to accumulated profits.

42 Changes in ownership interests in a subsidiary without a change in control

Financial year ended 31 December 2015

In 2015, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The Group also acquired additional interests in OUE C-REIT for \$442,000 in cash. The additional units received and acquisition during the year resulted in the Group's interest in OUE C-REIT being increased from 48.1% to 49.1%.

The Group recognised a decrease in NCI and accumulated profits of \$256,000 and \$232,000, respectively and an increase in other reserves of \$46,000.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT.

	\$'000
Consideration paid for acquisition of non-controlling interests	442
Decrease in equity attributable to non-controlling interests	(256)
Decrease in equity attributable to owners of the Company	186

Financial year ended 31 December 2014

In February 2014, the Group disposed 2.2% interest in OUE C-REIT for \$15.2 million in cash. Subsequent to the disposal, the Group received units in OUE C-REIT in return for management services provided to OUE C-REIT. The disposal and additional units received during the year resulted in the Group's interest in OUE C-REIT being reduced from 50.0% to 48.1%.

The Group recognised an increase in NCI of \$17.3 million and a decrease in accumulated profits of \$2.1 million.

The following summarises the effect of changes in the Group's ownership interest in OUE C-REIT.

	\$'000
Consideration received for disposal of non-controlling interests	(15,195)
Increase in equity attributable to non-controlling interests	17,265
Decrease in equity attributable to owners of the Company	2,070

43 Subsequent event

Subsequent to the reporting date, the Group acquired an additional 203,145,000 units in OUE C-REIT for \$165,970,000 in cash. Following the completion of the acquisition, the Group's interest in OUE C-REIT increased to 64.98%.

The change in ownership interest in OUE C-REIT did not result in a change of control. The Group expects to recognise a decrease in NCI of \$186.4 million* and increase in equity attributable to owners of the Company of \$20.5 million*.

* *Estimated based on OUE C-REIT's 31 December 2015 financial information.*

44 Listing of entities in the Group

The following are the Group's significant subsidiaries, associates and joint venture:

Name of company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2015 %	2014 %	2015 %	2014 %
Subsidiaries						
Alkas Realty Pte. Ltd.	Property investment	Singapore	—	—	100	100
Beringia Central LLC ^(a)	Property holding	Delaware, The United States of America	—	—	100	100
Cove Development Pte. Ltd.	Property development	Singapore	—	—	100	100
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	—	—	100	100
OUE Commercial Real Estate Investment Trust ^(c)	Real estate investment trust	Singapore	—	—	49.1	48.1
OUB Centre Limited ^(b)	Property investment	Singapore	—	—	83.3 ^(d)	—
Associates						
Aquamarina Hotel Private Limited ^(b)	Hotel operation	Singapore	—	—	25.0	25.0
OUB Centre Limited ^(b)	Property investment	Singapore	—	50.0 ^(d)	—	—
OUE Hospitality Trust ^(e)	Real estate investment trust/ property business trust	Singapore	33.0	33.3	—	—
Joint Venture						
OUE Lippo Limited	Investment holding	British Virgin Island	—	—	50.0	50.0

All significant subsidiaries, associates and joint venture are audited by KPMG LLP, Singapore except as indicated below.

^(a) Audited by member firms of KPMG International.

- (b) Audited by PricewaterhouseCoopers LLP, Singapore.
- (c) The Group has assessed that it controls OUE C-REIT. OUE C-REIT's activities are managed by OUE Commercial REIT Management Pte. Ltd. (the "C-REIT Manager"), a wholly-owned subsidiary of the Company. The C-REIT Manager has decision-making authority over OUE C-REIT, subject to oversight by the trustee of OUE C-REIT. The Group's overall exposure to variable returns, both from the C-REIT Manager's remuneration and its interest in OUE C-REIT, is significant and any decisions made by the C-REIT Manager affect the Group's overall exposure. Accordingly, the Group concluded that it controls OUE C-REIT.
- (d) In 2014, the Group had assessed that it had significant influence over this company as the parties that collectively control it do so through decisions that are determined on an aggregate voting interest that can be achieved by several combinations of the parties. On 7 October 2015, the Group acquired an additional 33.33% shares and voting rights in the company (note 41), thereby gaining control. As at the reporting date, the Group consolidated the company via OUE C-REIT and owns an effective equity interest of 40.9% in the company.
- (e) On 31 March 2014, the Group distributed in specie part of the stapled securities that it held in OUE H-TRUST to the shareholders of the Company (note 35), thereby reducing its interest in OUE H-TRUST to 33.5%. A deed of undertaking was signed between the Company, OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. (collectively known as "the Managers"), the Managers of OUE H-TRUST, whereby the Company procured that the Managers will seek the approval of OUE H-TRUST's stapled security holders at its annual general meeting for the endorsement or re-endorsement of the appointment of directors of the Managers. The Group assessed that the reduction in interest in OUE H-TRUST, coupled with changes to the governance structures of the Managers, resulted in the Group no longer having control of OUE H-TRUST. Accordingly, OUE H-TRUST was deconsolidated and accounted for as an associate thereafter.

**UNAUDITED FINANCIAL STATEMENTS OF THE GUARANTOR AND ITS SUBSIDIARIES FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

The information in this Appendix III has been reproduced from the announcement of the unaudited third quarter financial statements of the Guarantor and its subsidiaries made by the Guarantor on 2 November 2016 and has not been specifically prepared for inclusion in this Information Memorandum.



OUE LIMITED

(Company Registration No. 196400050E)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2016 (UNAUDITED)

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OUE LIMITED
Third Quarter Ended 30 September 2016

1(a)(i) Statement of Comprehensive Income

	Notes	The Group					
		Third Quarter ended 30/9/16	Third Quarter ended 30/9/15	Change	Nine Months ended 30/9/16	Nine Months ended 30/9/15	Change
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	A	419,119	98,975	>100.0	675,869	302,612	>100.0
Cost of sales		(280,614)	(61,672)	>100.0	(425,378)	(188,341)	>100.0
Gross profit		138,505	37,303	>100.0	250,491	114,271	>100.0
Marketing expenses	B	(12,744)	(3,981)	>100.0	(28,635)	(11,996)	>100.0
Administrative expenses		(16,507)	(16,000)	3.2	(39,104)	(44,490)	(12.1)
Other operating expenses		(4,210)	(4,064)	3.6	(11,243)	(9,923)	13.3
Share of results of equity-accounted investees, net of tax	C	13,383	26,215	(48.9)	53,648	56,618	(5.2)
		118,427	39,473	>100.0	225,157	104,480	>100.0
Finance expenses	D	(31,849)	(22,588)	41.0	(99,183)	(59,825)	65.8
Finance income	E	4,972	8,795	(43.5)	2,587	12,274	(78.9)
Other gains/(losses) - net	F	28,988	(1,332)	n.m.	51,851	50,579	2.5
Profit before tax	G	120,538	24,348	>100.0	180,412	107,508	67.8
Tax expense	H	(6,973)	(4,654)	49.8	(19,999)	(16,665)	20.0
Profit after tax		113,565	19,694	>100.0	160,413	90,843	76.6
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences relating to foreign operations		4,547	17,006	(73.3)	(38,432)	30,902	n.m.
Share of currency translation differences of equity-accounted investees		(1,466)	3,837	n.m.	(26,066)	418	n.m.
Share of other reserves of equity-accounted investees		(383)	(1,815)	(78.9)	(4,861)	(1,499)	>100.0
Available-for-sale financial assets:							
- net change in fair value, net of tax		4,241	(94)	n.m.	3,771	(31)	n.m.
- reclassified to profit or loss on disposal, net of tax		(3,932)	-	n.m.	(3,932)	-	n.m.
Cash flow hedges:							
- effective portion of changes in fair value of cash flow hedges		(3,147)	3,093	n.m.	(23,017)	3,857	n.m.
- hedging reserve reclassified to profit or loss		4,029	-	n.m.	4,029	-	n.m.
Other comprehensive income, net of tax		3,889	22,027	(82.3)	(88,508)	33,647	n.m.
Total comprehensive income for the period		117,454	41,721	>100.0	71,905	124,490	(42.2)
Profit attributable to:							
Owners of the Company		107,614	15,003	>100.0	141,631	75,897	86.6
Non-controlling interests		5,951	4,691	26.9	18,782	14,946	25.7
		113,565	19,694	>100.0	160,413	90,843	76.6
Total comprehensive income attributable to:							
Owners of the Company		111,080	31,687	>100.0	68,907	99,167	(30.5)
Non-controlling interests		6,374	10,034	(36.5)	2,998	25,323	(88.2)
		117,454	41,721	>100.0	71,905	124,490	(42.2)

n.m.: Not meaningful

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

A) Revenue

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
Hospitality income	52,375	52,449	(0.1)	148,840	149,226	(0.3)
Investment properties income	65,558	43,678	50.1	197,439	128,892	53.2
Development property income						
- OUE Twin Peaks	89,172	-	n.m.	112,566	16,661	>100.0
- Crowne Plaza Changi Airport Extension	205,000	-	n.m.	205,000	-	n.m.
Dividend income	900	900	-	1,800	1,800	-
Others	6,114	1,948	>100.0	10,224	6,033	69.5
	<u>419,119</u>	<u>98,975</u>	>100.0	<u>675,869</u>	<u>302,612</u>	>100.0

On 1 August 2016, the Group completed the divestment of the extension to Crowne Plaza Changi Airport ("CPEX") to OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") under a sale and leaseback arrangement for a consideration of \$205.0 million. The consideration was agreed as per the sale and purchase agreement entered on 28 November 2014 and was recorded as revenue under the property development segment of the Group. A corresponding \$138.3 million development and related cost of CPEX was recorded under "cost of sales" and the net gain on divestment of CPEX was approximately \$66.7 million.

B) Marketing expenses

Marketing expenses increased \$8.8 million to \$12.7 million for 3Q 2016. The increase was mainly attributable to sales commission expenses incurred on the OUE Twin Peaks units sold. Higher marketing expenses were also incurred with the opening of the extension to Crowne Plaza Changi Airport and the newly-operational OUE Skyspace, LA.

C) Share of results of equity-accounted investees, net of tax

Contribution from equity-accounted investees decreased \$12.8 million to \$13.4 million for 3Q 2016 mainly due to lower share of results recognised by a joint venture and the absence of contribution from OUB Centre Limited ("OUBC"), which owns One Raffles Place. The Group acquired additional interest in OUBC in October 2015 and has since consolidated the results of OUBC as a subsidiary. Results of OUBC was previously equity-accounted for in 3Q 2015.

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

D) Finance expenses

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
Borrowing costs	27,820	21,436	29.8	86,307	60,477	42.7
Less: Borrowing costs capitalised in development property	-	-	-	-	(1,804)	(100.0)
	27,820	21,436	29.8	86,307	58,673	47.1
Net foreign exchange loss	-	-	-	6,178	-	n.m.
Ineffective portion of changes in fair value of cash flow hedges	-	-	-	2,669	-	n.m.
Change in fair value of financial derivatives	-	1,152	(100.0)	-	1,152	(100.0)
Hedging reserve reclassified from equity	4,029	-	n.m.	4,029	-	n.m.
	31,849	22,588	41.0	99,183	59,825	65.8

The increase in borrowing cost in 3Q 2016 was largely attributable to borrowings drawn down in October 2015 to fund the acquisition of OUBC.

E) Finance income

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
Interest income	1,080	546	97.8	2,279	1,752	30.1
Net foreign exchange gain	2,229	7,977	(72.1)	-	9,865	(100.0)
Ineffective portion of changes in fair value of cash flow hedges	1,500	175	>100.0	-	175	(100.0)
Change in fair value of financial derivatives	64	-	n.m.	64	-	n.m.
Others	99	97	2.1	244	482	(49.4)
	4,972	8,795	(43.5)	2,587	12,274	(78.9)

F) Other gains/(losses) – net

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
Reversal of impairment loss on a development property	15,076	-	n.m.	42,907	-	n.m.
Net change in fair value of investments designated at fair value through profit or loss	9,240	(1,332)	n.m.	4,272	(7,205)	n.m.
Gain on disposal of property, plant and equipment	-	-	-	-	57,784	(100.0)
Gain on sale of available-for-sale financial asset	4,672	-	n.m.	4,672	-	n.m.
	28,988	(1,332)	n.m.	51,851	50,579	2.5

The gain on disposal of property, plant and equipment of \$57.8 million relates to the gain recognised on sale of Crowne Plaza Changi Airport in 1Q 2015.

1 (a)(ii) Explanatory Notes to Statement of Comprehensive Income

G) Profit before tax

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
Profit before tax is stated after charging/(crediting):						
Depreciation of property, plant and equipment	1,119	962	16.3	3,298	2,905	13.5
Allowance for impairment on trade and other receivables	282	57	>100.0	218	21	>100.0
Bad debts written off	30	1	>100.0	207	1	>100.0
Loss/(Gain) on disposal of property, plant and equipment	-	5	(100.0)	(101)	(7)	>100.0
	<u>-</u>	<u>5</u>	<u>(100.0)</u>	<u>(101)</u>	<u>(7)</u>	<u>>100.0</u>

H) Tax expense

	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Change %	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000	Change %
The charge for income tax expense includes the following:						
Under/(Over) provision in respect of prior years						
- Current tax	4	(24)	n.m.	(8)	(111)	(92.8)
	<u>4</u>	<u>(24)</u>	<u>n.m.</u>	<u>(8)</u>	<u>(111)</u>	<u>(92.8)</u>

n.m.: Not meaningful

OUE LIMITED
Third Quarter Ended 30 September 2016

1(b)(i) Statements of Financial Position

	Notes	The Group		The Company	
		30/09/16 \$'000	31/12/15 \$'000	30/09/16 \$'000	31/12/15 \$'000
ASSETS					
Current assets					
Cash and cash equivalents		213,063	172,353	74,208	83,782
Trade and other receivables		41,449	38,931	939,454	789,848
Inventories		1,133	727	268	246
Other investments	A	279,202	371,399	-	-
Development properties	B	716,903	859,269	-	-
Other assets		40,174	35,589	1,675	1,753
Loans to subsidiaries		-	-	2,172,269	2,394,206
Derivative assets	C	-	32	-	-
		<u>1,291,924</u>	<u>1,478,300</u>	<u>3,187,874</u>	<u>3,269,835</u>
Non-current assets					
Available-for-sale financial assets	D	164,666	174,223	157,262	157,262
Investments in equity-accounted investees	E	908,709	812,695	469,621	391,224
Investments in subsidiaries		-	-	334,792	334,792
Loan to a subsidiary		-	-	173,732	124,750
Other investments	A	13,395	-	-	-
Other assets		3,720	3,255	-	976
Investment properties		5,678,813	5,627,266	-	-
Property, plant and equipment		19,707	21,337	13,055	14,139
Deferred tax assets		10,399	6,189	-	1,273
Derivative assets	C	-	6,573	-	-
		<u>6,799,409</u>	<u>6,651,538</u>	<u>1,148,462</u>	<u>1,024,416</u>
Total assets		<u>8,091,333</u>	<u>8,129,838</u>	<u>4,336,336</u>	<u>4,294,251</u>
LIABILITIES					
Current liabilities					
Trade and other payables		236,698	237,740	263,979	67,595
Borrowings	F	703,374	157,195	299,749	152,000
Provision		-	-	5,079	4,665
Loans from subsidiaries		-	-	261,702	216,702
Current tax liabilities		32,071	27,373	3,229	1,957
Derivative liabilities	C	34	-	-	-
		<u>972,177</u>	<u>422,308</u>	<u>833,738</u>	<u>442,919</u>
Non-current liabilities					
Borrowings	F	2,267,846	2,767,352	496,787	795,250
Deferred tax liabilities		120,701	119,664	195	392
Deferred income	G	58,832	-	-	-
Other payables		60,014	56,142	405	390
Provision		-	-	6,528	8,395
Derivative liabilities	C	19,164	180	-	-
		<u>2,526,557</u>	<u>2,943,338</u>	<u>503,915</u>	<u>804,427</u>
Total liabilities		<u>3,498,734</u>	<u>3,365,646</u>	<u>1,337,653</u>	<u>1,247,346</u>
Net Assets		<u>4,592,599</u>	<u>4,764,192</u>	<u>2,998,683</u>	<u>3,046,905</u>
EQUITY					
Share capital		693,315	693,315	693,315	693,315
Other reserves		(124,534)	(51,672)	(42,117)	(39,769)
Accumulated profits		3,409,923	3,288,829	2,347,485	2,393,359
Equity attributable to owners of the Company		<u>3,978,704</u>	<u>3,930,472</u>	<u>2,998,683</u>	<u>3,046,905</u>
Non-controlling interests	H	613,895	833,720	-	-
Total equity		<u>4,592,599</u>	<u>4,764,192</u>	<u>2,998,683</u>	<u>3,046,905</u>

Notes:

- A) The decrease in “Other investments” of \$78.8 million was mainly due to the partial redemption of the Group’s investment in a mutual fund amounting to \$95.4 million, offset by additional investments during the financial period.
- B) The decrease in “Development properties” of \$142.4 million was due to the divestment of CPEX to OUE H-REIT and sale of units of OUE Twin Peaks.
- C) “Derivative assets” and “derivative liabilities” relate to the fair value of the interest rate swaps entered into to hedge the Group’s exposure to floating interest rates on its borrowings.
- D) The decrease in “Available-for-sale financial assets” of \$9.6 million was mainly due to the divestment of an interest in a limited partnership in United States of America in 3Q 2016.
- E) The increase in “Investments in equity-accounted investees” of \$96.0 million was mainly due to the Group’s subscription of new stapled securities in OUE Hospitality Trust via a rights issue in April 2016 amounting to \$78.5 million. The increase was also contributed by the acquisition of additional shares in Gemdale, through a joint venture of the Group in March 2016.
- F) The increase in “Borrowings” of \$46.7 million was due to additional loans drawn down mainly for the Group’s asset enhancement initiatives and acquisition of additional investment in equity-accounted investees; offset by repayments made during the financial period.
- G) “Deferred income” relates to the non-refundable deposits received from the OUE Twin Peaks units sold under deferred payment schemes. Revenue from units sold under deferred payment schemes are deferred and will be recognised on completion of the sale of the unit.
- H) The decrease in “Non-controlling interests” of \$219.8 million was largely due to the Group’s acquisition of additional unitholdings in OUE Commercial Real Estate Investment Trust in February 2016.

1(b)(ii) Aggregate amount of group’s borrowings and debt securities

	As at 30/9/16			As at 31/12/15		
	Secured \$'000	Unsecured \$'000	Total \$'000	Secured \$'000	Unsecured \$'000	Total \$'000
Amount repayable in one year or less, or on demand	403,625	299,749	703,374	5,195	152,000	157,195
Amount repayable after one year	1,771,059	496,787	2,267,846	1,972,102	795,250	2,767,352

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

OUE LIMITED
Third Quarter Ended 30 September 2016

1(c) Consolidated Statement of Cash Flows

	The Group			
	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000
Cash flows from operating activities				
Profit after tax	113,565	19,694	160,413	90,843
Adjustments for:				
Depreciation of property, plant and equipment	1,119	962	3,298	2,905
Dividend income	(900)	(900)	(1,800)	(1,800)
Reversal of impairment loss on a development property	(15,076)	-	(42,907)	-
Net change in fair value of investments designated at fair value through profit or loss	(9,240)	1,332	(4,272)	7,205
Finance expenses	31,849	22,588	99,183	59,825
Finance income	(4,972)	(8,795)	(2,587)	(12,274)
Gain on sale of available-for-sale financial asset	(4,672)	-	(4,672)	-
Loss/(Gain) on disposal of property, plant and equipment	-	5	(101)	(57,791)
Share of results of equity-accounted investees, net of tax	(13,383)	(26,215)	(53,648)	(56,618)
Tax expense	6,973	4,654	19,999	16,665
	<u>105,263</u>	<u>13,325</u>	<u>172,906</u>	<u>48,960</u>
Changes in:				
- trade and other receivables and other assets	(6,173)	236	(2,849)	(35,450)
- inventories	(122)	(47)	(406)	(1)
- development properties	228,150	(2,571)	185,273	18,294
- trade and other payables and provisions	(2,740)	3,980	4,656	11,710
- deferred income	20,981	-	58,832	-
Cash generated from operations	<u>345,359</u>	<u>14,923</u>	<u>418,412</u>	<u>43,513</u>
Tax paid	<u>(6,562)</u>	<u>(5,762)</u>	<u>(13,442)</u>	<u>(13,804)</u>
Net cash from operating activities	<u>338,797</u>	<u>9,161</u>	<u>404,970</u>	<u>29,709</u>
Cash flows from investing activities				
Acquisition of additional investment in an associate	-	(1,376)	(78,486)	(1,376)
Acquisition of available-for-sale financial assets	(2,254)	(69)	(4,943)	(409)
Acquisition of other investments	-	(40,489)	(13,309)	(288,311)
Additions to property, plant and equipment	(710)	(1,207)	(1,989)	(4,034)
Additions to investment properties	(43,542)	(25,263)	(116,870)	(85,794)
Dividends from:				
- equity-accounted investees, net of tax	5,389	6,695	20,205	32,122
- available-for-sale financial assets, net of tax	900	900	1,800	1,800
- other investments, net of tax	100	68	244	453
Interest received	205	310	833	1,146
Loan to joint venture	-	(56)	(25,247)	(131,833)
Repayment of loan from a joint venture	8,837	-	8,837	-
Proceeds from sale of other investments	1,096	146,857	96,469	237,611
Proceeds from sale of available-for-sale financial asset	18,576	-	18,576	-
Proceeds from disposal of property, plant and equipment	-	3	31	290,109
Net cash (used in)/from investing activities	<u>(11,403)</u>	<u>86,373</u>	<u>(93,849)</u>	<u>51,484</u>

OUE LIMITED
Third Quarter Ended 30 September 2016

	The Group			
	Third Quarter ended 30/9/16 \$'000	Third Quarter ended 30/9/15 \$'000	Nine Months ended 30/9/16 \$'000	Nine Months ended 30/9/15 \$'000
Cash flows from financing activities				
Acquisition of non-controlling interests	-	(442)	(165,970)	(442)
Dividends paid	(39,165)	(13,107)	(73,780)	(35,043)
Finance expense paid (including amounts capitalised in development property)	(25,229)	(21,839)	(85,513)	(60,213)
Proceeds from borrowings	62,356	169,000	541,856	851,000
Repayment of borrowings	(281,726)	(208,829)	(484,656)	(678,362)
Proceeds from issuance of units by a subsidiary	-	112,886	-	112,886
Unit issue costs of a subsidiary	-	(2,752)	-	(2,752)
Repurchase of own shares	(2,348)	(11,952)	(2,348)	(11,952)
Changes in pledged deposits	765	(624)	2,215	(338)
Net cash (used in)/from financing activities	(285,347)	22,341	(268,196)	174,784
Net increase in cash and cash equivalents	42,047	117,875	42,925	255,977
Cash and cash equivalents at beginning of the financial period	157,771	284,982	156,893	146,880
Cash and cash equivalents at the end of the financial period¹	199,818	402,857	199,818	402,857

¹ Cash and cash equivalents as at 30 September 2016 excludes the Group's pledged deposits of \$13,245,000 (31/12/15: \$15,460,000).

1(d)(i) Statement of Changes in Equity

	Attributable to Owners of the Company				Non-controlling interests	Total Equity
	Share Capital	Other Reserves	Accumulated Profits	Total		
THE GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	693,315	(125,649)	3,328,202	3,895,868	620,809	4,516,677
Total comprehensive income for the period						
Profit for the period	-	-	107,614	107,614	5,951	113,565
Other comprehensive income						
Currency translation differences relating to foreign operations	-	4,593	-	4,593	(46)	4,547
Share of currency translation differences of equity-accounted investees	-	(1,466)	-	(1,466)	-	(1,466)
Share of other reserves of equity-accounted investees	-	(383)	-	(383)	-	(383)
Available-for-sale financial assets:						
- net change in fair value	-	4,241	-	4,241	-	4,241
- reclassified to profit or loss on disposal	-	(3,932)	-	(3,932)	-	(3,932)
Cash flow hedges:						
- effective portion of changes in fair value of cash flow hedges	-	(1,990)	-	(1,990)	(1,157)	(3,147)
- hedging reserve reclassified to profit or loss	-	2,403	-	2,403	1,626	4,029
Total other comprehensive income, net of tax	-	3,466	-	3,466	423	3,889
Total comprehensive income for the period	-	3,466	107,614	111,080	6,374	117,454
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Dividends paid	-	-	(27,064)	(27,064)	(12,101)	(39,165)
Own shares acquired	-	(2,348)	-	(2,348)	-	(2,348)
Total contributions by and distributions to owners	-	(2,348)	(27,064)	(29,412)	(12,101)	(41,513)
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	16	1,171	1,187	(1,187)	-
Total changes in ownership interests in subsidiaries	-	16	1,171	1,187	(1,187)	-
Total transactions with owners	-	(2,332)	(25,893)	(28,225)	(13,288)	(41,513)
Share of reserves of an equity-accounted investee	-	(19)	-	(19)	-	(19)
At 30 September 2016	693,315	(124,534)	3,409,923	3,978,704	613,895	4,592,599
At 1 July 2015	693,315	13,213	3,206,222	3,912,750	487,924	4,400,674
Total comprehensive income for the period						
Profit for the period	-	-	15,003	15,003	4,691	19,694
Other comprehensive income						
Currency translation differences relating to foreign operations	-	13,258	-	13,258	3,748	17,006
Share of currency translation differences of equity-accounted investees	-	3,837	-	3,837	-	3,837
Share of other reserves of equity-accounted investees	-	(1,815)	-	(1,815)	-	(1,815)
Fair value loss on available-for-sale financial assets	-	(94)	-	(94)	-	(94)
Effective portion of changes in fair value of cash flow hedges	-	1,498	-	1,498	1,595	3,093
Total other comprehensive income, net of tax	-	16,684	-	16,684	5,343	22,027
Total comprehensive income for the period	-	16,684	15,003	31,687	10,034	41,721
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owners						
Own shares acquired	-	(11,952)	-	(11,952)	-	(11,952)
Dividends paid	-	-	-	-	(13,107)	(13,107)
Proceeds from issuance of units in a subsidiary	-	-	-	-	112,886	112,886
Unit issue costs of a subsidiary	-	(2,897)	-	(2,897)	(3,103)	(6,000)
Total contributions by and distributions to owners	-	(14,849)	-	(14,849)	96,676	81,827
Changes in ownership interests in subsidiaries						
Changes in ownership interests in a subsidiary without a change in control	-	5	256	261	(703)	(442)
Total changes in ownership interests in subsidiaries	-	5	256	261	(703)	(442)
Total transactions with owners	-	(14,844)	256	(14,588)	95,973	81,385
Share of reserves of an equity-accounted investee	-	280	-	280	-	280
At 30 September 2015	693,315	15,333	3,221,481	3,930,129	593,931	4,524,060

OUE LIMITED
Third Quarter Ended 30 September 2016

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 July 2016	693,315	(39,769)	2,369,390	3,022,936
Total comprehensive income for the period				
Profit for the period	-	-	5,159	5,159
Total comprehensive income for the period	-	-	5,159	5,159
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(27,064)	(27,064)
Own shares acquired	-	(2,348)	-	(2,348)
Total transactions with owners of the Company	-	(2,348)	(27,064)	(29,412)
At 30 September 2016	<u>693,315</u>	<u>(42,117)</u>	<u>2,347,485</u>	<u>2,998,683</u>
At 1 July 2015	693,315	16,545	2,416,111	3,125,971
Total comprehensive income for the period				
Profit for the period	-	-	101,042	101,042
Total comprehensive income for the period	-	-	101,042	101,042
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Own shares acquired	-	(11,952)	-	(11,952)
Total transactions with owners of the Company	-	(11,952)	-	(11,952)
At 30 September 2015	<u>693,315</u>	<u>4,593</u>	<u>2,517,153</u>	<u>3,215,061</u>

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital in 3Q 2016.

As at 30 September 2016, the Company held 79,786,000 (31/12/15: 78,305,000) treasury shares.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2016, the Company's total number of issued shares excluding treasury shares is 901,815,860 (31/12/15: 903,296,860).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2015.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2016. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	The Group			
	Third Quarter Ended 30/9/16	Third Quarter Ended 30/9/15	Nine Months Ended 30/9/16	Nine Months Ended 30/9/15
Weighted average number of ordinary shares in issue	902,753,143	907,501,644	903,114,298	909,082,388
Basic and diluted earnings per share (cents per share) ^(a)	11.92	1.65	15.68	8.35

(a) Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

- 7 Net asset value (for the issuer and group) per ordinary share based on issue share capital of the issuer at the end of the:-**

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	The Group		The Company	
	30/09/16	31/12/15	30/09/16	31/12/15
Number of issued shares (excluding treasury shares)	901,815,860	903,296,860	901,815,860	903,296,860
Net asset value per ordinary share (\$)	4.41	4.35	3.33	3.37

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

FINANCIAL HIGHLIGHTS	3Q 2016 \$'000	3Q 2015 \$'000	Change %
Revenue	419,119	98,975	>100.0
Earnings before interest and tax (EBIT)	118,427	39,473	>100.0
Profit attributable to Owners of the Company	107,614	15,003	>100.0

Revenue

In 3Q 2016, the Group recorded revenue of \$419.1 million (3Q 2015: \$99.0 million). The increase was mainly contributed by property investments and property development divisions.

Hospitality Division

Revenue from the hospitality division remained in line at \$52.4 million.

Property Investments Division

Revenue from property investments division increased \$21.9 million to \$65.6 million in 3Q 2016 (3Q 2015: \$43.7 million). The increase was mainly due to the consolidation of revenue of One Raffles Place ("ORP") following the acquisition of additional interests in OUBC in October 2015. Prior to the additional interest acquired, results of OUBC were equity-accounted.

Property Development Division

OUE Twin Peaks recorded revenue of \$89.2 million in 3Q 2016. The revenue recognised in the current quarter relates only to the units sold where completion of the sale had occurred. The revenue relating to the units sold under deferred payment schemes are deferred until completion of the sale of the unit although non-refundable deposits were collected.

With the completion of the divestment of CPEX to OUE H-REIT in August 2016, the Group recorded \$205.0 million revenue in 3Q 2016 based on the consideration amount agreed as per the sales and purchase agreement entered on 28 November 2014. A corresponding \$138.3 million development and related cost of CPEX was recorded under "cost of sales" and the net gain on divestment of CPEX was approximately \$66.7 million.

Others

The increase in other revenue of \$4.2 million was mainly contributed by OUE Skyspace, LA which opened in June 2016.

EBIT

EBIT increased \$79.0 million to \$118.4 million in 3Q 2016 (3Q 2015: \$39.5 million). The increase was mainly contributed by the gain on divestment of CPEX and higher contribution from ORP.

Profit attributable to owners of the Company

At post-tax level, profit attributable to owners of the Company increased \$92.6 million to \$107.6 million (3Q 2015: \$15.0 million) on back of higher EBIT. The increase was also contributed by reversal of impairment loss on OUE Twin Peaks slightly offset by higher finance expenses.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The outlook for the global economy points to subdued economic growth¹. In Singapore, based on advanced estimates released by the Ministry of Trade and Industry, the economy grew just 0.6% in 3Q 2016 on year-on-year basis, the weakest rate of growth since 2009 in the wake of the global financial crisis².

Singapore tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased rooms supply in Singapore had created a highly competitive market environment for the hospitality business and this would likely persist.

The Singapore office market fundamentals remained subdued in 3Q 2016. Although leasing activity had picked up remarkably in this quarter, recording a positive net absorption of 820,417 square feet³, this was mainly driven by “flight to quality” movement and increased pre-commitment levels at new office projects rather than by expansion. Grade A CBD Core office rents declined 2.1% quarter-on-quarter to S\$9.30 per square foot per month whereas vacancy rate for Core CBD offices remained low at 4.1%³. However, vacancy levels are expected to rise when occupiers vacate their existing office to relocate to the pre-committed space in the coming quarters.

In Downtown Los Angeles, vacancy rate dropped 10 basis point to 16.8%⁴ in 3Q 2016. Annual rent growth for overall U.S. downtown markets slowed for the second straight quarter to 6.3%, but exceeded the suburban rate of 4%⁴. In Shanghai, the average vacancy rate for CBD Grade A office market increased by 2.6% quarter-on-quarter to 9.8%⁵ primarily due to increase in supply. While demand for office space should continue to grow as it is supported by the city’s stable economic fundamentals, the influx of new supply will lead the average vacancy rate to further increase in the immediate term.

Buying activity in the Singapore residential market continued in 3Q 2016. Prices of non-landed private residential properties in Core Central Region declined by 1.8%⁶ compared to the 0.3% increase in the previous quarter. The Group recorded higher sales of OUE Twin Peaks from active marketing activities; a total of 268 units were sold as at 30 September 2016. The Group will continue to drive the sale in current challenging market.

Asset enhancement initiatives continue at OUE Downtown. In October 2016, the Group signed a management agreement with Oakwood Asia Pacific Ltd (“Oakwood”), to manage the new Oakwood Premier OUE Singapore at OUE Downtown. The management agreement will see Oakwood, which operates an award-winning portfolio of the finest serviced residences in the world, running the new 268-unit serviced residences at the upcoming OUE Downtown when it opens in 2017.

On 17 October 2016, the Group completed the acquisition of the Nassim Land Parcels which are located along Nassim Road within Singapore’s most exclusive Good Class Bungalow enclave and is within the approved White House Park / Nassim Road Conservation Area.

¹ International Monetary Fund, World Economic Outlook Update, July 2016

² The Straits Times, Non-oil exports fall 4.8%, outlook still gloomy, 18 October 2016

³ CBRE Research, Singapore MarketView, Q3 2016

⁴ CBRE Research, U.S. MarketView Snapshot, Q3 2016

⁵ Colliers International, Shanghai Office Research and Forecast Report, Q3 2016

⁶ URA, Flash estimates of 3rd Quarter 2016 private residential property price index, 3 October 2016

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

14 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
2 November 2016

15 Confirmation Pursuant to Rule 705(5) of the Listing Manual

Pursuant to SGX-ST Rule 705(5), the Directors confirm that, to the best of their knowledge, nothing has come up the attention of the Board of Directors which may render the financial results of the Company and the Group for the quarter ended 30 September 2016 to be false or misleading.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer

