

## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

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**Confirmation of your Representation:** This Offering Circular is being sent at your request and by accepting the e-mail and accessing this Offering Circular, you shall be deemed to have represented to us that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States and that you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you on the basis that you are a person into whose possession this Offering Circular 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 Offering Circular to any other person.

The materials relating to the offering of securities to which this Offering Circular relates 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 licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer (as defined in this Offering Circular) in such jurisdiction.

This Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of OUE H-T Treasury Pte. Ltd., RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust), DBS Bank Ltd. and Standard Chartered Bank (the “**Arrangers**”), the Dealers (as defined in this Offering Circular), any person who controls any of them, or any director, officer, employee or agent of any of them, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger and the Dealers.

You are responsible for protecting against viruses and other destructive items. 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.



**OUE H-T TREASURY PTE. LTD.**

*(incorporated with limited liability in the Republic of Singapore)  
Company Registration Number: 201408412C*

**U.S.\$1,000,000,000**

**Guaranteed Euro Medium Term Note Programme  
Unconditionally and irrevocably guaranteed by**

**RBC Investor Services Trust Singapore Limited (in its capacity as trustee of  
OUE Hospitality Real Estate Investment Trust)**

*(incorporated with limited liability in the Republic of Singapore)  
Company Registration Number: 199504677Z*

Under the Guaranteed Euro Medium Term Note Programme described in this Offering Circular (the “**Programme**”), OUE H-T Treasury Pte. Ltd. (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue guaranteed euro medium term notes (the “**Notes**”) guaranteed (the “**Guarantee**”) by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”)) (the “**Guarantor**”). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$1,000,000,000 (or the equivalent in other currencies), subject to increase as described herein.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for the listing of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. Unlisted series of Notes may also be issued pursuant to the Programme and Notes may also be listed on stock exchanges other than the SGX-ST. The relevant Pricing Supplement (as defined herein) in respect of any series of Notes will specify whether or not such Notes will be listed on the SGX-ST or on any other stock exchange. There is no assurance that the application to the Official List of the SGX-ST for the listing of the Notes will be approved. Admission to the Official List of the SGX-ST and listing of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group (as defined herein) or such Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Offering Circular.

Each Series (as defined in “Summary of the Programme – Method of Issue”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”). Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) or with The Central Depository (Pte) Limited (“**CDP**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

Unless otherwise stated in a relevant Pricing Supplement, Tranches of Notes to be issued under the Programme will be unrated.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer, see “Subscription and Sale”.

**Investing in Notes issued under the Programme involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Circular.**

**Arrangers and Dealers**



*The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. The Issuer and the Guarantor, having made all reasonable enquiries, confirm that (i) this Offering Circular contains all information with regard to the Issuer, the Guarantor and the Group and to the Notes and the Guarantee which is material in the context of the issue and offering of the Notes and the giving of the Guarantee, (ii) such information is true and accurate in all material respects, (iii) the opinions, expectations and intentions expressed in the Offering Circular have been carefully considered, are and will be based on all relevant considerations and facts known to the Issuer and the Guarantor existing at the date of its issue and are and will be fairly, reasonably and honestly held by the directors of the Issuer and/or the Guarantor, as the case may be, and (iv) there are no other facts the omission of which would make any such information or material expressions of opinion, expectation or intention misleading in any material respect.*

*This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). This Offering Circular shall be read and construed on the basis that such documents are incorporated in, and form part of, this Offering Circular.*

**This Offering Circular has been prepared by the Issuer and the Guarantor for use in connection with the offer and sale of the Notes outside the United States. The Issuer, the Guarantor, the Arrangers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer and the Guarantor of any of its contents to any such U.S. person or other person within the United States, is prohibited.**

**No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers or the Arrangers, the Trustee or any of the Agents (as defined in “Summary of the Programme”). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and/or associated companies since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or their respective subsidiaries and/or associated companies since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the United States Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer, see “Subscription and Sale”.**

**This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.**

**To the fullest extent permitted by law, none of the Dealers, the Arrangers, the Trustee or the Agents accepts any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Dealers, the Trustee or the Agents or on their behalf in connection with the Issuer, the Guarantor, or the issue and offering of the Notes.**

Each of the Arrangers, each Dealer, the Trustee and each Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

Neither this Offering Circular nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arrangers, the Dealers, the Trustee or the Agents that any recipient of this Offering Circular or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers, the Arrangers, the Trustee or the Agents undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers, the Arrangers, the Trustee or the Agents.

In connection with the issue of any Tranche (as defined in “Summary of the Programme – Method of Issue”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may be discontinued at any time and must in any event be brought to an end after a limited time that is no later than the earlier of 30 days after the issue date of the notes and 60 days after the date of allotment of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “Singapore” are to the Republic of Singapore, to the “U.S.” and “United States” are to the United States of America, to “China” or the “PRC” are to the People’s Republic of China excluding Hong Kong, Macau and Taiwan, to “S\$” or “Singapore dollars” are to the lawful currency of Singapore, to “U.S. Dollars” or “U.S.\$” are to the lawful currency of the United States, to “RMB” or “Renminbi” are to the lawful currency of the PRC, to “£” or “Sterling” are to the lawful currency of the United Kingdom and to “€” or “euro” are to the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty establishing the European Community, as amended from time to time. Such transactions should not be construed as representations that the U.S. Dollars amounts referred to could have been, or could be, converted into Singapore dollars at that or any other rate or at all.

All references to “Group” herein are to OUE H-REIT, its subsidiaries and associated companies (as defined in the SGX-ST Listing Manual), except where such references are made in the context of the financial information, whereupon the references to “Group” shall mean the Guarantor and its subsidiaries. All references to “sq ft” are to square feet. All references to “Government” herein are references to the government of the Republic of Singapore.

References in this Offering Circular to a particular “FY” are to the fiscal year ended on 31 December. Unless otherwise indicated, references in this Offering Circular to a “Condition” are to the conditions set out in “Terms and Conditions of the Notes”.

Certain monetary amounts and percentages in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Arrangers or the Dealers makes any representation as to the accuracy of that information.

## SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

Certain statements under “Risk Factors”, “Description of the Group” and elsewhere in this Offering Circular constitute “forward-looking statements”. The words including “believe”, “expect”, “plan”, “anticipate”, “schedule”, “estimate” and similar words or expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in this Offering Circular, including, but without limitation, those regarding the financial position, business strategy, prospects, capital expenditure and investment plans of the Group and the plans and objectives of the Group’s management for its future operations (including development plans and objectives relating to the Group’s operations), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or performance of the Group to differ materially from those expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Each of the Issuer and the Guarantor expressly disclaims any obligation or undertaking to release any updates or revisions to any forward-looking statements contained herein to reflect any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statements were based. This Offering Circular discloses, under “Risk Factors” and elsewhere, important factors that could cause actual results to differ materially from the Issuer’s or the Guarantor’s expectations. All subsequent written and forward-looking statements attributable to the Issuer or the Guarantor or persons acting on behalf of the Issuer or the Guarantor are expressly qualified in their entirety by such cautionary statements.

### FINANCIAL STATEMENTS

OUE H-REIT has prepared unaudited *pro forma* financial information as at and for the years ended 31 December 2011 and 2012 and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013 and OUE Hospitality Trust has prepared audited financial statements as at 31 December 2013 and for the period from 10 July 2013 to 31 December 2013. The unaudited *pro forma* financial statements of OUE H-REIT have been extracted from the Prospectus dated 18 July 2013 relating to the initial public offering of OUE Hospitality Trust (the “**Prospectus**”).

The unaudited *pro forma* financial information as at and for the years ended 31 December 2011 and 2012 and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013 of OUE H-REIT and the audited financial statements of OUE Hospitality Trust as at 31 December 2013 and for the period from 10 July 2013 to 31 December 2013 are included in this Offering Circular and are prepared in conformity with the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants and the provisions of the OUE H-REIT Trust Deed and the Stapling Deed (each as defined below). See “Index to Financial Statements” and “Summary Financial Information”.

## **SUPPLEMENTARY OFFERING CIRCULAR**

The Issuer has given undertakings to the Arrangers that, if the Issuer has notified the Arrangers in writing that it intends to issue Notes under the Programme, the Issuer shall prepare an amendment or supplement to the Offering Circular or a replacement Offering Circular in the event of (i) a significant new factor, material mistake or inaccuracy relating to the information included in the Offering Circular which is capable of affecting the assessment of the Notes arising or being noted; (ii) a change in the condition of the Issuer, the Guarantor and/or the Group which is material in the context of the Programme or the issue of any Notes; (iii) the Offering Circular otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading; or (iv) if it is necessary at any time to amend the Offering Circular to comply with, or reflect changes in, the laws or regulations of Singapore or any other relevant jurisdiction.

## DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with (i) each relevant Pricing Supplement, (ii) the most recently published audited annual financial statements, and any interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements, of the Guarantor from time to time, and (iii) all amendments and supplements from time to time to this Offering Circular, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents. Such documents shall be incorporated in and form part of this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of all such documents which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Trustee set out at the end of this Offering Circular.

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## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Offering Circular have the same meanings in this summary.*

<b>Issuer:</b>	OUE H-T Treasury Pte. Ltd.
<b>Guarantor:</b>	RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust).
<b>Description:</b>	Guaranteed Euro Medium Term Note Programme.
<b>Size:</b>	Up to U.S.\$1,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
<b>Arrangers:</b>	DBS Bank Ltd. and Standard Chartered Bank.
<b>Dealers:</b>	DBS Bank Ltd., Standard Chartered Bank and/or other persons that are appointed as dealers under the Programme.  The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to " <b>Dealers</b> " are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee:</b>	DB International Trust (Singapore) Limited.
<b>Issuing and Paying Agent:</b>	Deutsche Bank AG, Hong Kong Branch.
<b>Registrar and Transfer Agent in respect of CDP Notes:</b>	Deutsche Bank AG, Singapore Branch.
<b>Registrar in respect of Registered Notes other than CDP Notes:</b>	Deutsche Bank Luxembourg S.A.
<b>Transfer Agent in respect of Registered Notes other than CDP Notes:</b>	Deutsche Bank AG, Hong Kong Branch.
<b>CDP Paying Agent:</b>	Deutsche Bank AG, Singapore Branch.

**Method of Issue:**

The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the pricing supplement (the “**Pricing Supplement**”).

**Issue Price:**

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.

**Form of Notes:**

The Notes may be issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) only. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “**Global Certificates**”.

**Clearing Systems:**

Clearstream, Luxembourg, Euroclear, CDP and, in relation to any Tranche, such additional or alternative clearing system approved by the Issuer and the Guarantor, and notified to the Trustee, the relevant Registrar and the Issuing and Paying Agent.

**Initial Delivery of Notes:**

On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg, or with CDP. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Trustee, the Issuing and Paying Agent and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

**Currencies:**

Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies as may be agreed between the Issuer and the relevant Dealer(s).

<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer.
<b>Specified Denomination:</b>	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA (as defined below) will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) (in the case of Notes denominated in Singapore dollars) by reference to SIBOR or Swap Rate (or such other benchmark as may be specified in the relevant Pricing Supplement), as adjusted for any applicable margin;</li> <li>(ii) (in the case of Notes denominated in a currency other than in Singapore dollars) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or</li> <li>(iii) (in the case of Notes denominated in a currency other than in Singapore dollars) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.</li> </ul> <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
<b>Dual Currency Notes:</b>	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange as may be specified in the relevant Pricing Supplement.
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.

<b>Interest Periods and Interest Rates:</b>	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
<b>Redemption:</b>	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
<b>Redemption by Instalments:</b>	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Guarantor, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Pricing Supplement and the supplementary Offering Circular.
<b>Optional Redemption:</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or at the option of the holders, and if so the terms applicable to such redemption.
<b>Status of Notes and the Guarantee:</b>	The Notes and the Guarantee will constitute direct, unconditional, unsubordinated and (subject to the negative pledge discussed below) unsecured obligations of the Issuer and the Guarantor respectively, all as described in “Terms and Conditions of the Notes – Guarantee and Status”.
<b>Negative Pledge:</b>	The Notes will contain a negative pledge provision as described in “Terms and Conditions of the Notes – Negative Pledge”.
<b>Cross Default:</b>	The Notes will contain a cross default provision as described in “Terms and Conditions of the Notes – Events of Default”.
<b>Ratings:</b>	Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.  A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.
<b>Tax Redemption:</b>	Notes will be redeemable (in whole but not in part) at the option of the Issuer prior to maturity for tax reasons as described in “Terms and Conditions of the Notes – Redemption for Taxation Reasons”.

**Redemption on Change of Control:**

Notes will be redeemable in whole but not in part at the option of the Noteholder prior to maturity if a Change of Control Put Event occurs, as described in “Terms and Conditions of the Notes – Redemption on Change of Control”.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Singapore, unless the withholding is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (subject to certain customary exceptions as described in “Terms and Conditions of the Notes – Taxation”) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes or, as the case may be, the Guarantee had no such withholding been required.

**Listing and Admission to Trading:**

Application has been made to the SGX-ST for permission to deal in and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. There is no assurance that the application to the Official List of the SGX-ST will be approved. If the application to the SGX-ST to list a particular series of Notes is approved, such Notes listed on the SGX-ST will be traded on the SGX-ST in a board lot size of at least U.S.\$200,000 (or its equivalent in other currencies).

Unlisted Series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each series of Notes. The Pricing Supplement relating to each Series of Notes will state whether or not the Notes of such Series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.

**Selling Restrictions:**

The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom, Singapore, Hong Kong, Japan. See “Subscription and Sale”.

For the purposes of Regulation S, Category 1 selling restrictions shall apply.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

## SUMMARY FINANCIAL INFORMATION

The following tables present selected financial information of OUE H-REIT and OUE Hospitality Trust as of and for the periods indicated.

The selected pro forma financial information as at 31 December 2011 and 2012 and for the years then ended (“FY2011” and “FY2012” respectively) and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013 (“1Q2013”) has been derived from OUE H-REIT’s pro forma financial information as at and for the year ended 31 December 2011 and 2012 and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013, and should be read in conjunction with such published unaudited pro forma financial information and the notes thereto. The unaudited pro forma financial information of OUE H-REIT have been extracted from the Prospectus.

The selected financial information as at 31 December 2013 and for the period from 10 July 2013 to 31 December 2013 has been derived from OUE H-REIT’s and OUE Hospitality Trust’s audited financial statements, and should be read in conjunction with such published audited financial statements and the notes thereto.

The selected pro forma financial information as at and for the years ended 31 December 2011 and 2012 and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013 of OUE H-REIT included in this Offering Circular have not been audited or reviewed by the auditors of OUE H-REIT. Consequently, such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors should exercise caution when using such data to evaluate OUE H-REIT’s financial condition, results of operations and results.

### Unaudited Pro Forma Statement of Total Return for OUE H-REIT

(in S\$'000)	FY2011	FY2012	1Q2013
Gross Revenue.....	107,593	107,811	26,633
Property expenses .....	(13,524)	(12,886)	(3,022)
<b>Net property income</b> .....	<b>94,069</b>	<b>94,925</b>	<b>23,611</b>
REIT Manager’s base management fees.....	(5,358)	(5,353)	(1,338)
REIT Manager’s performance fees.....	(3,763)	(3,797)	(944)
REIT Trustee’s fee .....	(338)	(337)	(84)
Other trust expenses .....	(2,161)	(2,161)	(540)
Finance income .....	53	49	12
Finance expense .....	(14,597)	(14,597)	(3,405)
<b>Total return for the year</b> .....	<b>67,905</b>	<b>68,729</b>	<b>17,312</b>
Add: Net tax adjustments .....	12,895	13,010	2,553
<b>Income available for distribution</b> .....	<b>80,800</b>	<b>81,739</b>	<b>19,865</b>

## Statement of Total Return for OUE H-REIT

	Period from 10 July to 31 December
	audited
(in S\$'000)	2013
Gross Revenue.....	50,612
Property tax.....	(3,156)
Insurance.....	(72)
Other property expenses.....	(2,563)
<b>Net Property Income</b> .....	<b>44,821</b>
REIT Manager's base management fees.....	(2,405)
REIT Manager's performance fees.....	(1,793)
REIT Trustee's fee .....	(121)
Other trust expenses.....	(865)
Finance income .....	11
Finance expense .....	(10,107)
<b>Net income</b> .....	<b>29,541</b>
Gain on revaluation of investment properties.....	50,923
<b>Total return for the period</b> .....	<b>80,464</b>
Less: Net tax adjustments .....	(42,276)
<b>Income available for distribution</b> .....	<b>38,188</b>

## Statement of Financial Position for OUE H-REIT

	As at 31 December
	audited
(in S\$'000)	2013
Non-current assets .....	1,756,000
Current assets .....	78,191
Less:	
Current liabilities.....	9,186
Net current assets .....	69,005
Less:	
Non-current liabilities.....	613,397
<b>Net Assets</b> .....	<b>1,211,608</b>
Represented by:	
Unitholders' funds of OUE H-REIT .....	1,211,608

## Financial Ratios for OUE Hospitality Trust

	<b>As at or for the year ended 31 December</b>
	<b>Unaudited <i>pro forma</i></b>
	<b>2012</b>
Distribution per Stapled Security (as defined below) (cents) .....	Not applicable
Net asset value per Stapled Security (S\$) <sup>(1)</sup> .....	0.903
Aggregate Leverage <sup>(2)</sup> .....	33%
Interest service (times) <sup>(3)</sup> .....	6.4
	<b>As at or for the period from 10 July to 31 December</b>
	<b>audited</b>
	<b>2013</b>
Earnings per Stapled Security (cents) .....	6.14
Distribution per Stapled Security (cents) .....	2.90
Net asset value per Stapled Security (S\$) <sup>(1)</sup> .....	0.92
Aggregate Leverage <sup>(2)</sup> .....	32%
Interest service (times) <sup>(3)</sup> .....	6.7

Notes:

(1) Net asset value per Stapled Security is calculated by dividing total net asset value by the total number of issued and issuable Stapled Security.

(2) Aggregate Leverage based on the Property Fund Guidelines is calculated using the following formula:

$$\frac{\text{Total Borrowings} + \text{Deferred Payments}}{\text{Deposited Properties}}$$

where "Deposited Properties" refer to the total assets of OUE H-REIT

(3) Interest service is calculated using the following formula:

$$\frac{\text{Net income} + \text{Finance expense} - \text{Finance income}}{\text{Interest expense}}$$

## RISK FACTORS

*Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Risks relating to the Group**

#### **RISKS RELATING TO THE HOSPITALITY AND HOSPITALITY-RELATED INDUSTRIES**

***The financial performance of OUE H-REIT is dependent on the conditions and outlook of the hospitality and hospitality-related industries in the countries in which OUE H-REIT has assets and/or operates and/or in which OUE H-REIT will have assets and/or operate.***

As at the date of this Offering Circular, the existing portfolio of OUE H-REIT comprises Mandarin Orchard Singapore and Mandarin Gallery (the “**Existing Portfolio**”), both of which are located in Singapore. OUE Hospitality Business Trust (“**OUE H-BT**”) is presently dormant and does not own any assets as at the date of this Offering Circular.

Mandarin Orchard Singapore is leased to OUE Limited as master lessee (the “**Master Lessee**”) pursuant to a master lease agreement dated 25 July 2013 between the Master Lessee and the RBC Investor Services Trust Singapore Limited, as trustee of OUE H-REIT (the “**REIT Trustee**”) (the “**Master Lease Agreement**”) under which OUE H-REIT receives revenue in the form of rental payments with both fixed and variable rent components. However, any deterioration in the general economic outlook for the hospitality and hospitality-related industries in Singapore may affect the profitability of the Existing Portfolio, and this could affect (i) the ability of the Master Lessee to pay the variable rent calculated in accordance with the Master Lease Agreement or to pay the fixed rent; (ii) the property values of the Existing Portfolio; (iii) the ability of OUE H-REIT to enter into new master lease agreements on favourable terms following the termination or expiration of the Master Lease Agreement; and (iv) OUE Hospitality REIT Management Pte. Ltd.’s (the “**REIT Manager**”) ability to successfully pursue its long-term growth strategies. Any deterioration in the amount of the rental payments to OUE H-REIT or any impairment to the ability of the Master Lessee to pay rent could have a material adverse effect on the business, financial condition, results of operations and prospects of OUE H-REIT and its ability to make payments on the Notes.

Although the Existing Portfolio comprises properties located in Singapore, OUE H-REIT’s investment mandate envisages investments in income-producing real estate and real estate-related assets. Any deterioration in the general economic outlook of the hospitality and hospitality-related industries in the countries in which OUE H-REIT has assets and/or operates and/or in which OUE H-REIT will have assets and/or operates could affect the profitability of any future properties and may have a material adverse effect on the business, financial condition, results of operations and prospects of OUE H-REIT and its ability to make payments on the Notes.

***The hospitality and hospitality-related industries are susceptible to cyclicity and other factors outside the control of OUE H-REIT and the REIT Manager.***

Both the hospitality and hospitality-related industries are cyclical and sensitive to external and economic changes. There are a number of factors which are common to the regional hospitality and hospitality-related industries and are wholly or partly beyond the control of OUE H-REIT and the REIT Manager. These factors, which could affect the financial performance of OUE H-REIT, include but are not limited to, changes in travel patterns, adverse weather patterns, the condition and changes in the domestic, regional and global economic and political landscapes, outbreak of viral epidemics (including avian flu, Severe Acute Respiratory Syndrome (“SARS”) and Middle East Respiratory Syndrome (“MERS”)), increased threat of terrorism, natural disasters, war, strikes in the relevant travel and hospitality industries, changes in fiscal policies and laws, increases in transportation and fuel costs, and increases in operating costs. Additionally, slowdown in meetings, incentives, conferences and exhibitions (“MICE”) in places where the Existing Portfolio and any other future hospitality or hospitality-related assets are located may adversely affect the length of a traveller’s stay which may in turn result in reduced demand for the hospitality and hospitality-related assets of OUE H-REIT.

These factors may all result in reduced occupancy rates, revenue per available room (“RevPAR”) and demand for the hospitality and hospitality-related assets of OUE H-REIT which in turn could have adverse effects on OUE H-REIT’s business, financial condition, results of operations and prospects and its ability to make payments on the Notes.

***The hospitality industry is highly competitive and the performance of OUE H-REIT may be affected by increasing supply of hospitality assets in Singapore.***

The hospitality industry in Singapore is highly competitive and the completion of new hotels or renovations of competing hotel properties may reduce the competitiveness of older or existing properties. Mandarin Orchard Singapore experiences competition primarily from other similar grade hotels in its immediate vicinity as well as from other hotels and serviced apartments in Singapore. The level of competition in the Singapore hospitality industry is affected by various factors, including changes in local, regional and global economic conditions, changes in local, regional and global populations, the supply and demand for hotel rooms and changes in patterns and preferences. The success of a hotel, including Mandarin Orchard Singapore, in its market will largely depend on its ability to brand and compete in areas such as quality of accommodation, room rates, level of service and service experiences, brand recognition, convenience of location and the quality of lobby areas, food and beverage facilities and other amenities. Competing hotels may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at Mandarin Orchard Singapore. Competitors may also significantly lower their rates or offer greater convenience, services or amenities, to attract more customers. If these efforts by competitors are successful, the results of operations at Mandarin Orchard Singapore may be adversely affected.

The new supply of hotels, serviced residences or other accommodation options in Singapore could adversely impact the occupancy rates and revenues of the Existing Portfolio or future hospitality and/or hospitality-related assets of OUE H-REIT, which would in turn have adverse effects on OUE H-REIT’s financial condition, results of operations and its ability to make payments on the Notes.

***The hospitality industry is service-oriented and OUE H-REIT may be adversely affected if it is unable to compete effectively for skilled hospitality employees.***

The hospitality industry is a service-oriented industry and is very labour-intensive. Competitors may compete aggressively for skilled hospitality employees, which would increase the operating cost of Mandarin Orchard Singapore. In addition, changes in foreign labour regulations may impact the availability of hospitality staff and increase the operating costs of Mandarin Orchard Singapore. A shortage of manpower and compressed work procedures may translate to lower service quality, which may in turn affect guests’ lodging experience and lead existing customers to prefer alternative accommodation from competitors of Mandarin Orchard Singapore.

***Acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases, adverse weather conditions and other events beyond the control of OUE H-REIT may adversely affect the financial performance of OUE H-REIT.***

OUE H-REIT may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions, adverse weather conditions such as smog from forest fires, widespread infectious and/or communicable diseases (including avian flu (including H1N1, H5N1 or H7N9), SARS or MERS) and other events beyond the control of OUE H-REIT which may impact the hospitality and hospitality-related industries. The REIT Manager cannot predict the extent to which these factors will, directly or indirectly, impact the hospitality and hospitality-related industries or the operating results and overall financial performance of OUE H-REIT in the future.

Accordingly, the occurrence of any such events may adversely affect the business of any hospitality properties in OUE H-REIT's portfolio, which may in turn adversely affect OUE H-REIT's financial condition and results of operations and the ability to make payments on the Notes.

***OUE H-REIT's financial performance may be affected by changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns.***

Changes in travel patterns can be erratic and this may adversely affect the revenue and gross operating profit of the hospitality and hospitality-related assets in OUE H-REIT's portfolio, with a consequential impact on the revenue of OUE H-REIT.

Increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns may deter travellers and the financial performance of OUE H-REIT may be adversely affected as a consequence. These travellers represent a crucial source of income for the hospitality and hospitality-related assets of OUE H-REIT. Any sustained or material decline in traveller numbers may adversely affect OUE H-REIT's financial condition and results of operations.

***The hospitality business is a regulated business.***

The operation of hospitality properties in Singapore is subject to various laws and regulations, such as the Hotels Act, Chapter 127 of Singapore and the Innkeepers Act, Chapter 139 of Singapore, which hotels in Singapore are required to be licensed under. The withdrawal, suspension or non-renewal of any of these licences, or the imposition of any penalties as a result of any infringement or non-compliance with any requirement of any of these licences, will have an adverse impact on the business and results of operations of Mandarin Orchard Singapore. Further, any changes in such laws and regulations, or the imposition of any new laws and regulations, may also have an impact on the businesses at Mandarin Orchard Singapore and result in higher costs of compliance. In addition, any failure to comply with these laws 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 Mandarin Orchard Singapore or otherwise adversely affect Mandarin Orchard Singapore's operations and the ability of OUE H-REIT to make payments on the Notes.

## **RISKS RELATING TO THE RETAIL INDUSTRY**

***The profit earned from, and the value of, the retail assets in OUE H-REIT's portfolio may be adversely affected by a number of factors.***

The revenue earned from, and the value of, the retail assets in OUE H-REIT's portfolio may be adversely affected by a number of factors, including:

- vacancies following the expiry or termination of leases that lead to lower occupancy rates;
- the inability to collect rent from tenants on a timely basis or at all;
- 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, 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 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 OUE H-REIT's properties);
- competition for tenants from other 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;
- acts of God, wars, terrorist attacks, riots, civil commotions, adverse weather conditions such as smog from forest fires and other events beyond OUE H-REIT's control; and
- higher interest rates.

To the extent that any of these factors occur, they may impact the revenue earned from, and the value of, the retail assets in OUE H-REIT's portfolio and the Existing Portfolio, which may in turn adversely affect the business, financial condition, results of operations and prospects of OUE H-REIT and its ability to make payments on the Notes.

***Downturns in the retail industry will likely have a direct impact on OUE H-REIT's revenues and cash flow.***

OUE H-REIT's financial performance is linked to economic conditions in the Singapore market for retail space generally. The demand for retail space in Singapore could be adversely affected by a downturn in national and regional economies, decline in tourism in Singapore, increased consumer preference for online shopping, changes in laws and regulations affecting retail industry (including without limitation changes in taxation and zoning laws) and higher cost of operating generally.

To the extent that any of these factors occur, they are likely to impact market rental rates for retail space which will then affect the financial condition and results of operations of OUE H-REIT and the valuation of the assets in the Existing Portfolio and its ability to make payments on the Notes.

***The retail industry is subject to changing trends and OUE H-REIT's success is dependent upon the ability of Mandarin Gallery's tenants to supply goods responsive to such changes.***

The retail industry is subject to changing trends in consumer preferences. The selection and timing of merchandise purchases is crucial. The success of tenants in Mandarin Gallery is largely contingent on their ability to anticipate these trends and to cater to the 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, Mandarin Gallery's tenants may suffer a loss of profits if the products they offer are superseded by more modern or popular merchandise and if the increasing speeds of innovation result in significant liabilities to Mandarin Gallery's tenants in the form of obsolete stock that is quickly outdated and difficult to sell. In these circumstances, OUE H-REIT may be exposed to the risk of tenant default under its lease agreements and damage to the image of Mandarin Gallery, which will adversely affect the business, financial condition, results of operations and prospects of OUE H-REIT and its ability to make payments on the Notes.

## RISKS RELATING TO MANDARIN ORCHARD SINGAPORE

### ***OUE H-REIT is reliant on Mandarin Orchard Singapore for a substantial portion of its revenue.***

Although the Existing Portfolio comprises Mandarin Gallery, OUE H-REIT is reliant on Mandarin Orchard Singapore for 68.0% of its Gross Revenue<sup>1</sup>.

Any circumstance which adversely affects the operations or business of Mandarin Orchard Singapore or its attractiveness to customers may reduce Mandarin Orchard's contribution to the revenue of OUE H-REIT. This in turn may adversely affect the financial condition and results of operations of OUE H-REIT and its ability to make payments on the Notes.

### ***There is no assurance that a new leasehold title to Mandarin Orchard Singapore and Mandarin Gallery will be granted.***

The leasehold title to Mandarin Orchard Singapore and Mandarin Gallery, which is currently held under a single title, is for a period of 99 years commencing from 1 July 1957, such that the Existing Portfolio has a remaining leasehold tenure of approximately 42 years.

OUE H-REIT may have to incur a substantial cost in order to obtain a grant of a new leasehold title to the Existing Portfolio. If OUE H-REIT is not able to obtain a grant of a new leasehold title to the Existing Portfolio on commercially acceptable terms or at all, OUE H-REIT will have to surrender the Existing Portfolio to the lessor, The Ngee Ann Kongsi, upon expiration of the lease. The value of the Existing Portfolio will be lost upon such surrender. This will consequently have an adverse effect on the net income of OUE H-REIT and its ability to make payments on the Notes.

### ***The loss of the Master Lessee, or a downturn in the business of the Master Lessee or any breach by the Master Lessee of its obligations under the Master Lease Agreement could have an adverse effect on the financial condition and results of operations of OUE H-REIT.***

Mandarin Orchard Singapore is entirely leased to the Master Lessee. OUE H-REIT is dependent upon rental payments from the Master Lessee as OUE H-REIT cannot directly operate Mandarin Orchard Singapore, under Appendix 6 of the Collective Investment Scheme Code issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"). The Master Lessee will contract with the Singapore Mandarin International Hotels Pte Ltd (the "**Hotel Manager**") to manage OUE H-REIT's hospitality and hospitality-related assets. OUE H-REIT's financial condition and results of operations will therefore depend substantially upon the ability of the Master Lessee to make timely rental payments under the Master Lease Agreement. As such, the financial condition and results of operation of OUE H-REIT may be adversely affected by the bankruptcy, insolvency or downturn in the business of the Master Lessee.

The performance of the Master Lessee and its ability to pay rent in accordance with the Master Lease Agreement may be affected by factors beyond its control, such as changes in general economic conditions, the level of demand for Mandarin Orchard Singapore, the performance of the Hotel Manager, competition in the hospitality and hospitality-related industries, and other factors relating to the operations of Mandarin Orchard Singapore. There can be no assurance that the Master Lessee will have sufficient assets, income and access to financing to enable it to satisfy its obligations under the Master Lease Agreement. If the Master Lessee fails to meet its obligations, the business, financial condition, results of operations and prospects of OUE H-REIT may be adversely affected and its ability to make payments on the Notes.

If the Master Lessee terminates or defaults on the Master Lease Agreement or does not renew the Master Lease Agreement on expiry, the financial performance of OUE H-REIT may be adversely affected. The amount of rental and the terms on which the Master Lease Agreement is renewed and a new master lease agreement is agreed upon may be less favourable than the current Master Lease Agreement. The replacement of a master lessee on satisfactory terms may not be carried out in a timely manner or at all. Notwithstanding that as a last resort, OUE H-BT will step in as the master lessee, there can be no assurance that OUE H-BT will be able to provide a similar amount of income from Mandarin Orchard Singapore. In such event, OUE H-REIT's revenue, financial performance may be adversely affected.

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<sup>1</sup> "**Gross Revenue**" means gross rental payments under the Master Lease Agreement, which comprise fixed and variable rent components, and the retail income from Mandarin Gallery

***The Master Lessee and the Hotel Manager may not properly maintain Mandarin Orchard Singapore.***

The Master Lessee and the Hotel Manager may not properly maintain Mandarin Orchard Singapore, resulting in substantial deferred capital expenditure. Lack of capital or insufficient cash flow may adversely impact future operations and the profitability of Mandarin Orchard Singapore, thereby adversely affecting the ability of the Master Lessee to fund costs of repairs, maintenance, renewals of furniture, fixtures and equipment, operating equipment and inventories and/or to make rental payments to OUE H-REIT.

In addition, should the Master Lessee or the Hotel Manager fail to provide adequate management and maintenance, the value of Mandarin Orchard Singapore may be adversely affected. Inadequate management and maintenance of Mandarin Orchard Singapore may also result in a loss of guests and rental income from Mandarin Orchard Singapore and OUE H-REIT's ability to make payments on the Notes.

***Renovation work, repair and maintenance or physical damage to Mandarin Orchard Singapore may disrupt the operations of OUE H-REIT.***

Mandarin Orchard Singapore may need to undergo renovation works from time to time to retain its attractiveness to guests, and may also require *ad hoc* maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or there may be periodic capital expenditure beyond the REIT Manager's current estimates for refurbishment, renovation and improvements. The business and operations of Mandarin Orchard Singapore may be disrupted as a result of renovation works and it may not be possible to collect the full rate of or, as the case may be, any rental income on the space affected by such renovation works. This may affect the performance of the Master Lessee and its ability to make timely rental payments under the Master Lease Agreement.

***In the event that the Master Lease Agreement is terminated, OUE H-REIT may have to pay a termination fee to the Master Lessee.***

OUE H-REIT may sell its interests in Mandarin Orchard Singapore subject to the terms of the Master Lease Agreement. As part of OUE H-REIT's investment strategies and growth plans, OUE H-REIT may acquire hospitality assets in the future and, if there are no other suitable master lessees, OUE H-REIT will lease these acquired hospitality assets to OUE H-BT. OUE H-BT will then become a master lessee for that acquired hospitality asset and will appoint a professional manager to manage that acquired hospitality asset. OUE H-REIT may also sell the acquired assets in the future. If the REIT Trustee requires such sale to be free and clear of the Master Lease Agreement, the REIT Trustee may terminate the Master Lease Agreement whereupon the REIT Trustee shall pay the Master Lessee a termination fee equal to the fair market value of the Master Lessee's leasehold interest in the remaining term and the option term.

The payment of a termination fee upon the termination of the Master Lease Agreement may adversely affect OUE H-REIT's business, financial condition, results of operations and prospects and affect OUE H-REIT's ability to make payments on the Notes.

## **RISKS RELATING TO MANDARIN GALLERY**

***The loss of key tenants or a downturn in the businesses of the tenants in Mandarin Gallery could have an adverse effect on the financial performance of OUE H-REIT.***

Mandarin Gallery is dependent upon its key tenants for a significant portion of its income. If these leases are terminated for any reason, or the tenants do not renew their leases at expiry or reduce their leased space or renew their leases at lower rentals or are unable to pay the rental, the income of Mandarin Gallery may be adversely affected. In addition, replacement tenants on satisfactory terms may not be found in time or at all.

Further, certain key tenants in Mandarin Gallery help generate shopper traffic. The loss of one or more of these key tenants may reduce shopper traffic, thereby reducing the attractiveness of Mandarin Gallery to potential tenants and affecting the ability of Mandarin Gallery to retain existing tenants. This may adversely impact OUE H-REIT's operating results.

***Mandarin Gallery faces competition from other retail properties and also from new retail development projects in the Orchard area.***

Competition for shopper traffic among malls in the Orchard Road area is intense. Mandarin Gallery faces competition from the surrounding shopping malls in the Orchard Road area. Shopper traffic may be attracted to other popular shopping malls such as Ngee Ann City, Wisma Atria and Paragon, which are all located close to each other and Mandarin Gallery. This could lure shopper traffic away from the vicinity of Mandarin Gallery, leading to a drop in demand for tenancy.

Any new supply of retail projects in the Orchard Road area could adversely impact the occupancy rates and revenues of the Existing Portfolio or future hospitality and/or hospitality-related assets of OUE H-REIT, which would in turn have adverse effects on OUE H-REIT's financial condition, results of operations and its ability to make payments on the Notes. Factors that affect the ability of shopping malls to attract or retain tenants include the attractiveness of the building and the surrounding areas to prospective tenants and their customers or clients and the quality of the building's existing tenants. The income from, and market value of, Mandarin Gallery will be largely dependent on its ability to compete against other shopping malls in Singapore in attracting and retaining tenants.

Where competing properties in the Orchard Road area are developed or substantially upgraded and refurbished, the attractiveness of Mandarin Gallery may be affected, which may adversely impact the rental rates and hence reduce its income.

***Historical rental rates achieved by Mandarin Gallery may not be indicative of its future rental rates.***

There is no guarantee that Mandarin Gallery will be able to consistently charge the same level of rental rates as it has historically charged. Any reduction or diminution in the rental rates enjoyed by Mandarin Gallery may be able to command may have an adverse effect on OUE H-REIT's income, profitability and its ability to make payments on the Notes.

***Adverse developments or negative publicity affecting Mandarin Gallery may have an impact on OUE H-REIT.***

Any adverse developments or negative publicity affecting Mandarin Gallery may have an impact on the ability of Mandarin Gallery to attract quality tenants and impact its ability to charge the type of rental rates enjoyed by Mandarin Gallery and may affect OUE H-REIT's income and profitability and its ability to make payments on the Notes.

## **RISKS RELATING TO OUE H-REIT'S OPERATIONS**

***OUE H-REIT and the REIT Manager have little operating history or track record which may make it more difficult for investors to assess OUE H-REIT's future performance.***

OUE H-REIT was constituted on 10 July 2013, and the REIT Manager was incorporated on 17 April 2013, under the laws of the Republic of Singapore. Both OUE H-REIT and the REIT Manager were inactive since their constitution and incorporation respectively up to 25 July 2013 (the "**Listing Date**"). As such, the operating history of OUE H-REIT and track record of the REIT Manager are not sufficiently established for their past performance to be judged. The lack of operating history and track record may make it difficult for investors to assess OUE H-REIT's future performance and prospects.

***The pro forma financial information included in this Offering Circular may not accurately reflect the financial position, results and cash flows of OUE H-REIT.***

OUE H-REIT was constituted on 10 July 2013. As such, there are no audited financial statements prepared for OUE H-REIT for the financial years ended 31 December 2011 and 2012. The Offering Circular contains the OUE H-REIT unaudited *pro forma* financial information as at and for the years ended 31 December 2011 and 2012 and as at 31 March 2013 and for the period from 1 January 2013 to 31 March 2013 of OUE H-REIT (the "**unaudited pro forma financial information**") on the assumption that OUE H-REIT had been in existence throughout the financial periods under review. The unaudited *pro forma* financial information of OUE H-REIT have been extracted from the Prospectus.

As the unaudited *pro forma* financial information was prepared for illustrative purposes only and have not been audited by the auditors of OUE H-REIT or at all, such information, because of its nature, may not give a true picture of the financial position, results of operations and cash flows of OUE H-REIT that would have occurred had OUE H-REIT existed on the dates which its existence was assumed. The unaudited *pro forma* financial information does not purport to predict the future financial position, results of operations and cash flows of OUE H-REIT.

***OUE H-REIT has no direct control over the Master Lessee and the Hotel Manager.***

The financial performance of OUE H-REIT is dependent upon the gross operating revenue and gross operating profit of Mandarin Orchard Singapore. In respect of Mandarin Orchard Singapore, the Master Lessee enjoys, subject to certain limitations, full discretion in the operation of Mandarin Orchard Singapore. Although OUE H-REIT has the right, under certain limited circumstances, to approve the replacement of the Hotel Manager, there is no direct contractual relationship between OUE H-REIT and the Hotel Manager and OUE H-REIT has no control over the operations, management, branding or marketing of Mandarin Orchard Singapore. Accordingly, the financial performance of OUE H-REIT is dependent on the performance of the Master Lessee and the Hotel Manager in respect of Mandarin Orchard Singapore, even though OUE H-REIT has no control over the operations, management, branding or marketing of Mandarin Orchard Singapore. There is therefore no assurance that Mandarin Orchard Singapore will continue to be operated, managed, maintained, branded or marketed well in the future.

***The approval thresholds for the removal of the REIT Manager and OUE Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”) are different.***

The circumstances in which the REIT Manager and the Trustee-Manager may be removed differ:

Under the trust deed dated 10 July 2013 made between the REIT Manager and the REIT Trustee constituting OUE H-REIT (the “**OUE H-REIT Trust Deed**”), the REIT Manager may be removed by the REIT Trustee upon the occurrence of certain events, including the passing of a resolution by a majority consisting of more than 50.0% of the total number of votes present and voting (with no participants being disenfranchised) at a meeting of the holders of units in OUE H-REIT (the “**OUE H-REIT Units**”) duly convened and held. The threshold of approval of holders of OUE H-REIT Units for the removal of the REIT Manager, as well as the existence of other grounds for removal, gives rise to a possibility of the REIT Manager being removed and replaced.

The trust deed constituting OUE H-BT dated 10 July 2013 however provides that the Trustee-Manager may be removed only by a resolution duly passed by a majority of holders of units in OUE H-BT (the “**OUE H-BT Units**”) consisting of more than 75.0% of the total number of votes present and voting (with no participants being disenfranchised) at a meeting of holders of OUE H-BT Units duly convened and held.

The lower threshold of approval of holders of OUE H-REIT Units for the removal of the REIT Manager, as well as the existence of other grounds for removal, gives rise to a higher possibility of the REIT Manager being removed and replaced as compared to the Trustee-Manager. In the event that only the REIT Manager is removed and replaced, the Trustee-Manager will be required to cooperate with the new manager of OUE H-REIT (which will have a different board of directors from the Trustee-Manager) in the management of OUE Hospitality Trust (“**OUE H-Trust**”). This may adversely affect OUE H-REIT’s financial condition, results of operations and ability to make payments on the Notes.

***The potential removal of the REIT Trustee may impact the assets of OUE H-REIT.***

One of the duties of the REIT Trustee is to hold the assets of OUE H-REIT on trust for the benefit of the holders of OUE H-REIT Units in accordance with the OUE H-REIT Trust Deed. The REIT Trustee also safeguards the rights and interests of the holders of OUE H-REIT Units and exercises all the powers of a trustee and the powers accompanying ownership of the properties in OUE H-REIT. The potential removal of the REIT Trustee may impact the assets of OUE H-REIT and the interests of the holders of OUE H-REIT which in turn may adversely affect OUE H-REIT’s financial condition, results of operations and ability to make payments on the Notes.

***If the capital markets services licence (“CMS Licence”) of the REIT Manager is cancelled or the authorisation of OUE H-REIT as a collective investment scheme under Section 286 of the Securities and Futures Act (Cap. 289) of Singapore (“SFA”) is suspended, revoked or withdrawn, the operations of OUE H-REIT will be adversely affected.***

The CMS Licence issued to the REIT Manager is subject to conditions. If the REIT Manager fails to satisfy or comply with these conditions, the CMS licence of the REIT Manager may be cancelled by the Monetary Authority of Singapore (“**Authority**”) and the operations of OUE H-REIT will be adversely affected as the REIT Manager would no longer be able to act as the manager of OUE H-REIT.

OUE H-REIT was authorised as a collective investment scheme on 18 July 2013 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of OUE H-REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

***The termination or retirement of the REIT Manager and/or the Hotel Manager could have an adverse effect on the financial condition and results of operations of OUE H-REIT.***

The REIT Manager is responsible for, among other things, formulating and executing OUE H-REIT’s investment strategy and making recommendations to the REIT Trustee on the acquisition and disposal of hospitality and/or hospitality-related assets. The Hotel Manager is engaged by the Master Lessee under the hotel management agreement in respect of Mandarin Orchard Singapore (the “**Hotel Management Agreement**”) and will provide, among other things, hotel management services such as the daily running and managing of Mandarin Orchard Singapore and its related activities. As such, OUE H-REIT’s financial condition, results of operations and ability to make payments on the Notes will depend on the performance of the REIT Manager and the Hotel Manager.

***OUE Limited (the “Sponsor”) is a controlling holder of the stapled securities of OUE H-Trust (the “Stapled Securities”), and consequently, is able to exercise influence over certain activities of OUE H-Trust.***

The Sponsor and its subsidiaries, related corporations and associates (“**Sponsor Group**”) are engaged in, among other things, hotel management and operation as well as investing in real estate and real estate-related assets which are used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially. As at the date of this Offering Circular, the Sponsor holds approximately 33.9% of the Stapled Securities.

The Sponsor is therefore in a position to exercise influence in matters which require the approval of the holders of the Stapled Securities. However, it should be noted that the Sponsor’s influence can only be exercised through the REIT Manager.

***Potential competition may arise in the future between OUE H-Trust and the Sponsor Group.***

The Sponsor is a diversified real estate owner, developer and operator which focuses its business across the hospitality, retail, commercial and residential property segments, and the Sponsor Group operates its hospitality business under the brands “Meritus”, “Mandarin” and “Meritus Mandarin”.

To demonstrate the commitment of the Sponsor and as a means to mitigate any potential conflicts of interests which may arise in the future, the Sponsor has granted a right of first refusal (“**Sponsor ROFR**”) to OUE H-Trust in respect of any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset owned by the Relevant Entity (each as defined below) (see “Description of the Group – The Sponsor – Sponsor ROFR” for further details).

Notwithstanding this, potential competition may arise between OUE H-REIT and the Sponsor in relation to any future acquisition of additional properties or property-related investments or in relation to competition for customers and tenants.

***OUE H-REIT’s initial strategy of investing in real estate located in the same development may entail a higher level of risk compared to some other real estate investment trusts that have properties spread over diverse locations.***

The Existing Portfolio consists of Mandarin Orchard Singapore and Mandarin Gallery. This initial investment strategy of investing in properties in the same development may entail a higher level of risk compared to some other real estate investment trusts that have properties spread over diverse locations.

Any circumstance which adversely affects the operations or business of Mandarin Orchard Singapore may affect Mandarin Gallery and *vice versa*, and OUE H-REIT will not have income from other properties to mitigate any ensuing loss of income arising from such circumstance.

A concentration of investments in the same development will cause OUE H-REIT to be susceptible to a downturn in the micro-property market in which the Existing Portfolio is comprised and may affect its ability to make payments on the Notes, such as where there is a decline in RevPAR for hospitality properties or a decline in rental rates or capital value for retail properties in the micro-property market.

***OUE H-REIT's strategy of investing mainly in hospitality and hospitality-related assets may entail a higher level of risk compared to trusts with a more diverse range of investments.***

OUE H-REIT is established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

A concentration of investments in a portfolio of such a specific class of real estate assets may cause OUE H-REIT to be susceptible to a downturn in the hospitality and hospitality-related industries in Singapore or any other countries in which the hospitality and hospitality-related assets of OUE H-REIT may be located in the future. Any decline in occupancy rates may have an adverse effect on the RevPAR of Mandarin Orchard Singapore and/or a decline in the capital value of OUE H-REIT's portfolio, which may in turn have an adverse impact on the results of operations and financial condition of OUE H-REIT.

***The REIT Manager may not be able to successfully implement its investment strategy.***

OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate, which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. However, there can be no assurance that the REIT Manager will be able to implement its investment policies successfully or that it will be able to expand OUE H-REIT's portfolio at all, or at any specified rate or to any specified size. Acquisitions may cause disruptions to the operations of OUE H-REIT and divert management's attention away from day-to-day operations. Further, there may be significant competition for attractive investment opportunities from other real estate investors. There is no assurance that the REIT Manager will be able to make any acquisitions or investments on favourable terms or within a desired time frame. OUE H-REIT may also rely on external sources of funding for acquisitions, which may not be available on favourable terms or at all.

***The REIT Manager may change OUE H-REIT's investment strategy.***

OUE H-REIT's policy with respect to certain activities, including investment and acquisitions, will be determined by the REIT Manager. OUE H-REIT's principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and hospitality-related purposes, whether wholly or partially, as well as real estate-related assets, may not be changed for a period of three years commencing from the Listing Date (as the Listing Manual of the SGX-ST (the "**Listing Manual**") prohibits a departure from the REIT Manager's stated investment strategies for OUE H-REIT for the stated period unless otherwise approved by an Extraordinary Resolution of holders of the OUE H-REIT Units). However, after this initial three-year period, the REIT Manager may change OUE H-REIT's investment strategy without the approval of holders of OUE H-REIT Units, and the OUE H-REIT Trust Deed gives the REIT Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets, as well as listed and unlisted securities in Singapore and other jurisdictions. There are risks and uncertainties with respect to the selection of investments and with respect to the investments themselves.

***OUE H-REIT may be affected by adverse developments or negative publicity affecting the "OUE", "Mandarin" or "Meritus" brand names.***

OUE H-REIT is closely associated with the "OUE", "Mandarin" and "Meritus" brand names. Any degradation or adverse market developments relating to the "OUE", "Mandarin" or "Meritus" brand names or any negative publicity affecting the "Mandarin" and/or "Meritus" hospitality properties could adversely affect the results of operations of the Existing Portfolio. Furthermore, any adverse developments, negative publicity and future financial challenges experienced by the Sponsor Group may indirectly result in

negative perceptions of OUE H-REIT due to OUE H-REIT's close association with the Sponsor, which could have a material adverse effect on OUE H-REIT's financial condition, results of operations and its ability to make payments on the Notes.

***The hospitality and hospitality-related industries are capital-intensive and the growth of OUE H-REIT may be affected if it is unable to obtain financing on favourable terms or at all.***

The assets of OUE H-REIT will require periodic capital expenditures for purposes of refurbishments, renovation and improvements to remain competitive. Acquisitions or development of additional hospitality and/or hospitality-related assets may also require significant funding. There is no assurance that OUE H-REIT will be able to fund the foregoing capital requirements solely from cash provided from its operating activities. Additional equity or debt financing is subject to prevailing conditions in the equity and debt markets, and may not be available on favourable terms or at all.

***The amount OUE H-REIT may borrow is subject to the aggregate leverage limit set out in the Property Funds Appendix, which may affect its operations.***

Under the Property Funds Appendix, OUE H-REIT's total borrowings and deferred payments, including deferred payments for assets whether to be settled in cash, OUE H-REIT Units or, as the case may be, Stapled Securities, should not exceed 35.0% of the value of the OUE H-REIT Deposited Property<sup>2</sup> (as defined in the Property Funds Appendix) at the time the borrowing is incurred (the "**Aggregate Leverage**"). The Aggregate Leverage limit may be increased up to a maximum of 60.0% only if OUE H-REIT obtains and discloses to the public a credit rating from Fitch Inc., Moody's or Standard & Poor's. This limitation on borrowing may have adverse business consequences as it can result in an inability to easily fund capital expenditure requirements, cash flow shortages and an inability to incur further borrowings (particularly if there is a decline in the value of the Deposited Properties).

***OUE H-REIT faces risks associated with debt financing.***

OUE H-REIT will be 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 or the risk that they will be unable to maintain certain financial covenants or security ratios under such debt facilities. (See "Capitalisation and Indebtedness" for details on the capital structure of OUE Hospitality Trust.)

OUE H-REIT will also be subject to the risk that the terms of any refinancing of borrowings may not be as favourable and this may include an increase in interest expense. This may adversely affect both OUE H-REIT's cash flow and its ability to make payments on the Notes.

***OUE H-REIT may engage in interest rate and/or foreign exchange hedging transactions, which can limit gains and increase exposure to losses.***

OUE H-REIT has entered into hedging transactions and may continue to enter into hedging transactions to protect itself from the effects of interest rate fluctuations on floating rate debt and also to protect its portfolios from interest rate and prepayment fluctuations.

Interest rate hedging could fail to protect OUE H-REIT or adversely affect OUE H-REIT, including without limitation, as a result of counter party default and downward adjustments to the value of the hedging instruments.

The REIT Manager will regularly monitor the feasibility of engaging in hedging transactions while taking into account the cost of such transactions. These costs will increase as the period covered by the hedging increases and during periods of rising and volatile interest rates and/or foreign exchange rates.

Interest rate hedging involves risks and transaction costs, which may reduce the overall cash flow of OUE H-REIT and affect its ability to make payments on the Notes.

See "Capitalisation and Indebtedness" and "Strategy" for further details.

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<sup>2</sup> "OUE H-REIT Deposited Property" means the gross assets of OUE H-REIT, including all the authorised investments of OUE H-REIT for the time being held or deemed to be held by OUE H-REIT under the OUE H-REIT Trust Deed.

***OUE H-REIT does not have an established operating history.***

OUE H-REIT was constituted on 10 July 2013. The REIT Manager was incorporated on 17 April 2013. As such, OUE H-REIT and the REIT Manager have only operated for a relatively short period of time, and do not have reasonable lengths of operating histories by which their respective past performances may be judged. This will make it more difficult for prospective investors to assess their likely future performance. There can be no assurance that OUE H-REIT will be able to generate sufficient revenue from operations to make payments on the Notes.

***OUE H-REIT may depend on certain key personnel, and the loss of any key personnel may adversely affect its operations.***

OUE H-REIT's performance may depend, in part, upon the continued service and performance of members of the senior management team and certain key senior personnel of the REIT Manager. These key personnel may leave the REIT Manager in the future or compete with the REIT Manager and OUE H-REIT. The loss of any of these individuals or of one or more of the REIT Manager's other key employees and the inability to find suitable replacements on a timely basis could have a material adverse effect on OUE H-REIT's financial condition, results of operations and its ability to make payments on the Notes.

***OUE H-REIT may be adversely affected by a delay in the completion of asset enhancement works currently in progress or contemplated.***

From time to time, asset enhancement works may need to be carried out of the portfolio properties including the asset enhancement works currently being carried out on Mandarin Orchard Singapore as at the date of this Offering Circular. Any delay in the completion of such asset enhancement works may result in a potential loss in revenue. These will in turn affect OUE H-REIT's financial condition, results of operations and its ability to make payments on the Notes.

Additionally there may also be future asset enhancement plans. There is no assurance that such plans for asset enhancement will materialise, and even if they do materialise, they may incur substantial costs to OUE H-REIT and yet not achieve their desired results.

***The Sponsor ROFR will be terminated if the conditions to the Sponsor ROFR remaining in full force and effect are not satisfied.***

To facilitate acquisition growth, the Sponsor has granted the Sponsor ROFR to OUE H-Trust over any future sales by a Relevant Entity<sup>3</sup> of income-producing properties which are used primarily for hospitality and/or hospitality-related purposes.

The rights under the Sponsor ROFR are granted to OUE H-Trust with effect from the Listing Date and will cease immediately upon the occurrence of any of the following events: (i) the REIT Manager or any of its related corporations (as defined in the Companies Act (Cap. 50) of Singapore ("**Companies Act**")) ceasing to be the manager of OUE H-REIT; (ii) the Trustee-Manager or any of its related corporations ceasing to be the Trustee-Manager of OUE H-BT; (iii) the Sponsor and/or any of its related corporation, alone or in aggregate, ceasing to own 15.0% or more of the total issued share capital of each of the REIT Manager or the Trustee-Manager; or (iv) the Sponsor and/or any of its related corporation, alone or in aggregate, ceasing to own 15.0% or more of the OUE H-REIT Units and OUE H-BT Units.

If any of the conditions to the Sponsor ROFR ceases to be fulfilled, the Sponsor ROFR will terminate and OUE H-Trust will not be able to benefit from the Sponsor ROFR. This may adversely affect OUE H-Trust's ability to implement its acquisition growth strategy.

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<sup>3</sup> "**Relevant Entity**" means the Sponsor or any of its existing or future subsidiaries or existing or future private funds managed by the Sponsor ("**Sponsor Private Funds**").

## RISKS RELATING TO INVESTING IN REAL ESTATE

***Legal proceedings may arise in connection with the easement rights granted by the original lessee of the land on which Mandarin Orchard Singapore and Mandarin Gallery are situated and its neighbouring land.***

The land on which each of Mandarin Orchard Singapore and Mandarin Gallery are situated, and its neighbouring land, 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. OUE H-REIT 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 and affect its ability to make payments on the Notes.

***The operations of OUE H-REIT may be adversely affected by economic and real estate market conditions and changes in regulatory, fiscal and other governmental policies in the countries in which the assets of OUE H-REIT are located.***

While the assets in OUE H-REIT's Existing Portfolio are located in Singapore, OUE H-REIT's investment strategy envisages extending the investments of OUE H-REIT to other countries apart from Singapore. As a result, OUE H-REIT's results of operations depend, to a large extent, on the performance of the local, regional and/or global economy.

An economic decline in Singapore could adversely affect OUE H-REIT's results of operations and future growth. Political upheavals, natural disasters, insurgency movements, riots and governmental policies all play a pivotal role in the performance of OUE H-REIT's hospitality and hospitality-related assets. See "Risk Factors – The hospitality and hospitality-related industries are susceptible to cyclicity and other factors outside the control of OUE H-REIT and the REIT Manager.". Investment in hospitality and hospitality-related assets in other countries will expose OUE H-REIT to additional real estate market conditions in those countries.

Other real estate market conditions which may adversely affect the performance of OUE H-REIT include the attractiveness of competing hospitality and hospitality-related assets or an oversupply or reduced demand for such hospitality and hospitality-related assets. OUE H-REIT may also be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and foreign currencies.

Further, OUE H-REIT will be subject to foreign real estate laws, regulations and policies as a result of its property investments in foreign countries. Measures and policies adopted by the relevant foreign governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or regulations in relation to foreign exchange, might negatively impact OUE H-REIT's overseas properties. Legal protection and recourse available to OUE H-REIT in certain countries may be limited.

In addition, the income and gains derived from investment in hospitality and/or hospitality-related assets in other countries will be subject to various types of taxes in Singapore as well as in other foreign countries. All of these taxes are subject to changes in laws and regulations that may lead to an increase in tax rates, or the introduction of new taxes could adversely affect and erode the returns from these hospitality and hospitality-related assets. There is also no assurance that OUE H-REIT will be able to repatriate to Singapore the income and gains derived from investment in hospitality and/or hospitality-related assets outside Singapore on a timely and regular basis, and as such, may affect its ability to make payments on the Notes.

***The value of OUE H-REIT's assets might be adversely affected by uninsurable loss or if any of the Sponsor, the REIT Manager, the Master Lessee and/or other master lessees (as the case may be) do not provide adequate management and maintenance or purchase or put in place adequate insurance in relation to the assets of OUE H-REIT and its potential liabilities to third parties (including potential liability claims).***

Should the Sponsor, the REIT Manager, the Master Lessee and/or other master lessees fail to provide adequate management and maintenance, or fail to establish and maintain adequate insurance in relation to physical damage to any of the assets of OUE H-REIT by fire or other causes and its potential liabilities to third parties (including public liability claims), OUE H-REIT may be exposed to various liabilities and losses to the extent that such assets and liabilities are not fully compensated by insurance proceeds.

Certain types of risks (including war risk, losses caused by the withholding of supply of, e.g. utilities, by a supply authority and contamination or other environmental breaches) may be uninsurable or become 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, OUE H-REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. OUE H-REIT 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.

***OUE H-REIT may suffer losses and be liable for the damage suffered by third parties as a result of contamination or other environmental issues in the event that contaminants are found on the land on which the Existing Portfolio or other assets of OUE H-REIT are located.***

The Existing Portfolio and other assets acquired in the future by OUE H-REIT may be affected by contamination or other environmental issues which may not previously have been identified and/or rectified at the time of acquisition or which may subsequently occur after acquisition. An inability to deal with these issues timely and appropriately may result in substantial costs including penalties imposed by regulators and expenses to remedy such issues.

OUE H-REIT may be liable to bear the costs of remedying or removing such contamination and there is no guarantee that OUE H-REIT will be able to recover such costs from other parties which might have contributed to or are responsible for such contamination, which in turn may affect its ability to make payments on the Notes.

***OUE H-REIT may be subject to increases in property expenses and other operating expenses.***

Factors that could increase property expenses and other operating expenses include changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies, increases in insurance premiums, rate of inflation, environmental issues requiring rectification to the assets of OUE H-REIT and increase in management fees.

There can be no assurance that, if property and other operating expenses increase, such increases will not have a significant impact on OUE H-REIT's financial condition, total returns and its ability to make payments on the Notes.

***OUE H-REIT may be adversely affected by the illiquidity of real estate investments.***

OUE H-REIT's investment strategy is to invest, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. Real estate investments, particularly investments in high value properties such as those in the Existing Portfolio and those in which OUE H-REIT intends to invest, are relatively illiquid. Such illiquidity may affect OUE H-REIT's ability to optimise its investment portfolio or liquidate assets in response to changes in economic, real estate market or other conditions.

***The Ngee Ann Kongsi may, as lessor, terminate the land lease for the Existing Portfolio upon breach of such land lease.***

The Ngee Ann Kongsi may, as lessor, terminate the land lease for the Existing Portfolio in the event OUE H-REIT, as lessee, fails to observe or perform the terms and conditions of such land lease. This may result in OUE H-REIT incurring substantial cost in obtaining a fresh lease for the Existing Portfolio, which could in turn adversely affect OUE H-REIT's cashflow and its ability to make payments on the Notes.

***OUE H-REIT may be adversely affected by any compulsory acquisition of the assets of the Issuer.***

In the event that any government authority or agency compulsorily acquires, expropriates or nationalises all or any of the assets of the Issuer or OUE H-REIT and the compensation awarded pursuant to such compulsory acquisition, expropriation or nationalisation is lower than such asset's market value, OUE H-REIT's financial condition, results of operations and ability to make payments on the Notes may be adversely affected.

## **Risks relating to the Notes issued under the Programme**

### ***The Notes may not be a suitable investment for all investors.***

Each potential investor in any Notes 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 Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes 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 relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes 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 Notes may be 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 the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it; (ii) the Notes can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### ***Modification and waivers.***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders or Couponholders agree, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CDP, 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 that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

### ***Singapore taxation.***

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to December 31, 2018 are "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore ("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 should the relevant tax laws be amended or revoked prior to maturity of each Series of such Notes.

***EU Directive on the taxation of savings income.***

EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”) requires Member States of the European Union to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

***A change in the law which governs the Notes may adversely affect Noteholders.***

The conditions of the Notes are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of the date of issue of the relevant Tranche of Notes.

***The Guarantee provided by the Guarantor will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability.***

The Guarantee given by the Guarantor provides holders of Notes with a direct claim against the Guarantor in respect of the Issuer’s obligations under the Notes. Enforcement of the Guarantee would be subject to certain generally available defences. Local laws and defences may vary, and may include those that relate to corporate benefit (*ultra vires*), fraudulent conveyance or transfer (*actio pauliana*), voidable preference, financial assistance, corporate purpose, liability in tort, subordination and capital maintenance or similar laws and concepts. They may also include regulations or defences which affect the rights of creditors generally.

If a court were to find the Guarantee given by the Guarantor, or a portion thereof, void or unenforceable as a result of such local laws or defence, or to the extent that agreed limitations on guarantees apply, holders would cease to have any claim in respect of the Guarantor and would be creditors solely of the Issuer(s) and, if payment had already been made under the Guarantee, the court could require that the recipient return the payment to the Guarantor.

***Enforcement of the Guarantee.***

Noteholders should note that the Guarantee is issued by the Guarantor, and not OUE H-REIT, since OUE H-REIT is not a legal entity. Noteholders should note that under the terms of the Guarantee, Noteholders shall only have recourse in respect of the Guarantee to the assets comprised in OUE H-REIT which the Guarantor has recourse to under the OUE H-REIT Trust Deed and not to the Guarantor personally nor any other properties held by the Guarantor as trustee of any trust (other than OUE H-REIT). Further, Noteholders do not have direct access to the assets comprised in OUE H-REIT but can only gain access to such assets through the Guarantor and if necessary seek to subrogate to the Guarantor’s right of indemnity out of such assets, and accordingly, any claim of the Noteholders to the assets comprised in OUE H-REIT is derivative in nature. A Noteholder’s right of subrogation therefore could be limited by the OUE H-REIT Trustee’s right of indemnity under the OUE H-REIT Trust Deed. Noteholders should also note that such right of indemnity of the Guarantor may be limited or lost through fraud, negligence, wilful default, breach of trust or breach of the OUE H-REIT Trust Deed.

***Performance of contractual obligations.***

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of the obligations thereunder including the performance by the Issuing and Paying Agent, the CDP Paying Agent, a Transfer Agent, the relevant Registrar, 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 Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and the Couponholders.

***The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).***

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or the CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “**Clearing System**”). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, failing which the Guarantor, will discharge its payment obligations under the Notes by making payments to or to the order of the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates (as the case may be).

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

***Noteholders should be aware that definitive Notes and Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.***

In relation to any issue of Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note or Certificate in respect of such holding (should definitive Notes or Certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations. If definitive Notes or Certificates are issued, holders should be aware that definitive Notes or Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade. Definitive Notes will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the relevant Issuer (including rights to receive principal or interest or to vote or attend meetings of Noteholders) in respect of such Notes.

***The Issuer is a special purpose company with no business activities of its own and will be dependent on funds from the Group to make payments under the Notes.***

The Issuer was established by the Group specifically for the purpose of issuing Notes under the Programme and will on-lend the entire proceeds from the issue of the Notes to the Guarantor and/or other members of the Group. The Issuer does not and will not have any assets other than such loan receivables and its ability to make payments under the Notes will depend on its receipt of timely payments under such loan agreement or other financing arrangements with the Guarantor and/or other members of the Group.

***The Issuer may be unable to pay interest on, or redeem, the Notes.***

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to pay interest on, or redeem, all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on hand (whether due to a serious decline in net operating cash flows or otherwise) and may not be able to arrange financing to make such payment or redeem the Notes in time, or on acceptable terms, or at all. The ability to make interest payments or redeem the Notes in such event may also be limited by the terms of other debt instruments. Failure to pay interest on the Notes or to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

***The Trustee may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances (including without limitation the giving of notice to the Issuer and the Guarantor pursuant to Condition 10 and the taking of enforcement steps pursuant to Condition 12), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security, and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured, and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security, and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed constituting the Notes 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 Noteholders to take such actions directly.

***Risks relating to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

***Notes subject to optional redemption by the Issuer may have a lower market value than Notes that cannot be redeemed.***

In the case of Non-Singapore Dollar Notes, unless in the case of any particular Tranche of Notes the relevant Pricing Supplement specifies otherwise, in the event that the Issuer or the Guarantor would be obliged to increase the amounts payable in respect of any Notes due to any 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 on behalf of Singapore or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

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 those 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.

***Dual Currency Notes have features which are different from single currency issues.***

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;

- (iii) payment of principal or interest may occur at a different time or in a different currency than expected; and
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

***Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.***

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

***The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.***

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

***Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.***

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as the London Interbank Offered Rate (“LIBOR”). The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

***Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice-versa, may have lower market values than other Notes.***

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

***The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.***

The market values of securities issued at a substantial discount or premium to their nominal 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.

***Investors may lose part or all of their investment in any Index-Linked Notes issued.***

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

**Risks relating to the market generally**

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and/or the Guarantor. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at all or at their fair market value. Although an application has been made for the Notes issued under the Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

***Exchange rate risks and exchange controls may result in investors receiving less interest or principal than expected.***

The Issuer will pay principal and interest on the Notes in the currency specified in the relevant Pricing Supplement (the “**Specified Currency**”). This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (1) the Investor’s Currency equivalent yield on the Notes; (2) the Investor’s Currency equivalent value of the principal payable on the Notes; and (3) the Investor’s Currency equivalent market value of the Notes.

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, investors may receive less interest or principal than expected, or no interest or principal.

***Changes in market interest rates may adversely affect the value of Fixed Rate Notes.***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

***The credit ratings assigned to the Notes may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***Interest rate risk.***

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

***Inflation risk.***

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

## **Risks relating to Renminbi-denominated Notes**

Notes denominated in Renminbi (“**Renminbi Notes**”) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

### ***Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.***

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the U.S. Dollar and the Hong Kong dollar, despite the significant reduction over the years by the PRC Government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 and August 2011 to cover all provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

On 3 December 2013, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the Circular on Issues in relation to Cross-Border Renminbi Foreign Direct Investment (“**MOFCOM Renminbi FDI Circular**”) to further facilitate foreign direct investment (“**FDI**”) by simplifying and streamlining the applicable regulatory framework. On 13 October 2011, the People’s Bank of China promulgated the Administrative Measures on Renminbi Settlement for Foreign Direct Investment (PBOC Announcement 2011 No. 23) (the “**PBOC RMB FDI Measures**”) to set forth rules for settlements of Renminbi inbound direct investments. The MOFCOM Renminbi FDI Circular and PBOC RMB FDI Measures provide more detailed rules for cross-border Renminbi direct investments and settlements. See “Remittance of Renminbi into and outside the PRC”.

As the above measures and circulars are still relatively new, how they will be applied in practice still remain subject to the interpretation by the relevant PRC authorities.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In the event that the Group is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi offshore to finance their respective obligations under Renminbi Notes, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

### ***There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer’s and the Guarantor’s ability to source Renminbi outside the PRC to service such Renminbi Notes.***

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licenced banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. The PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the “**Settlement Agreement**”) between the PBOC and Bank of China (Hong Kong) Limited (the “**RMB Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong.

Pursuant to the revised arrangements, (i) all corporations are allowed to open Renminbi accounts in Hong Kong; (ii) there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert Renminbi; and (iii) there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. In addition, participating banks are also required by the Hong Kong Monetary Authority to maintain a total amount of Renminbi (in the form of cash and its settlement account balance with the RMB Clearing Bank) of no less than 25 per cent. of their Renminbi deposits, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. The RMB Clearing Bank only has

access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement and for individual customers with accounts in Hong Kong of up to RMB20,000 per person per day. The RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

***Investment in Renminbi Notes is subject to exchange rate risks.***

The value of the Renminbi against the U.S. Dollars and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal will be made with respect to Renminbi Notes in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the Renminbi Notes below their stated coupon rates and could result in a loss when the return on the Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

***Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.***

All payments to investors in respect of Renminbi Notes will be made solely by (i) when Renminbi Notes are represented by Global Notes, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing Central Moneymarkets Unit Service rules and procedures; or (ii) when Renminbi Notes are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer and the Guarantor cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant 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 Bearer Notes or on the Certificates relating to such Registered Notes. 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 the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 2 April 2014 between OUE H-T Treasury Pte. Ltd. (the “**Issuer**”), RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”)) (the “**Guarantor**”) and DB International Trust (Singapore) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). 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, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 2 April 2014 has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, Deutsche Bank AG, Hong Kong Branch as initial issuing and paying agent, Deutsche Bank AG, Singapore Branch as initial CDP paying agent and the other agents named in it. The issuing and paying agent, the CDP paying agent, the paying agents, the registrars, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CDP Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CDP Paying Agent), the “**Registrars**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the computerised system operated by The Central Depository (Pte) Limited (“**CDP**”), be deemed to be a reference to the CDP Paying Agent, and all such references shall be construed accordingly. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at One Raffles Quay # 16-00 South Tower Singapore 048583) and at the specified offices of the Paying Agents and the Transfer Agents.

Notes may be denominated in Singapore dollars (“**Singapore Dollar Notes**”) or in other currencies (“**Non-Singapore Dollar Notes**”). The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

As used in these Conditions, “**Series**” means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number and “**Tranche**” means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical.

### 1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

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.

Title to the Bearer Notes and the Receipts, Coupons and Talons 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**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 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 Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** 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 Transfer Agent may require. 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 Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of 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, or by the Registrar, with the prior approval of 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 an 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 Conditions 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(f)) and surrender of the Certificate for transfer, exercise or redemption. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (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 relevant Transfer Agent or the Registrar 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 relevant Transfer Agent or the Registrar (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 Registrar or the Transfer Agents, but upon payment by the Noteholder of any tax or other governmental charges that may be imposed in relation to it.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) 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(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

### 3 Guarantee and Status

- (a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons. Its obligations in that respect (the “**Guarantee**”) are contained in the Trust Deed.
- (g) **Status of Notes and Guarantee:** The Notes and the Receipts and Coupons relating to them constitute direct, unconditional, unsubordinated and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

### 4 Covenants

- (a) **Negative Pledge:** So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to subsist, and the Guarantor will procure that no Principal Subsidiary (as defined below) of OUE H-REIT will create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any International Investment Securities (as defined below) issued by the Issuer or the Guarantor or to secure any guarantee or indemnity provided by the Issuer or the Guarantor of, or in respect of, any International Investment Securities unless, at the same time or prior thereto, the Issuer’s obligations under the Notes, the Receipts, the Coupons and the Trust Deed or, as the case may be, the Guarantor’s obligations under the Guarantee, (a) are secured equally and rateably therewith to the satisfaction of the Trustee,

or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

- (b) **Financial Covenants:** Until such time as OUE Hospitality Trust receives an Investment Grade Rating, the Guarantor shall ensure that:
- (i) the Consolidated Tangible Net Worth (as defined below) of the Group (as defined below) shall not be less than S\$750,000,000;
  - (ii) the ratio of Consolidated Total Borrowings (as defined below) to Consolidated Total Assets (as defined below) of the Group shall not exceed:
    - (A) 0.5 times (if OUE Hospitality Trust is assigned a credit rating from any Rating Agency (as defined below)); or
    - (B) 0.35 times (if OUE Hospitality Trust is not assigned a credit rating from any Rating Agency); and
  - (iii) the ratio of Consolidated Net Property Income (as defined below) to Consolidated Interest Expense (as defined below) for each Test Period (as defined below) shall not be less than 2.5 times.

For the avoidance of doubt, for so long as OUE Hospitality Trust has an Investment Grade Rating, the covenants set out in this Condition 4(b) shall not apply, provided that if at any time OUE Hospitality Trust is assigned a published credit rating from more than one Rating Agency, all such credit ratings must be Investment Grade Ratings for the covenants set out in this Condition 4(b) not to apply.

- (c) In this Condition 4 and for the purposes of these Conditions:

**“Consolidated Interest Expense”** means, in relation to any Test Period, the aggregate amount of interest accrued, paid or payable (including any capitalised interest and commissions paid or payable which are amortised over the tenure of the relevant debt) by the Group during that Test Period, as determined from the financial statements of the Group delivered to the Trustee under the Trust Deed.

**“Consolidated Net Property Income”** means, in relation to any period, the net property income of the Group determined on a consolidated basis.

**“Consolidated 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 unitholders’ funds of OUE H-REIT less (but without double counting) any amount included in the above which is attributable to:

- (i) goodwill or other intangible assets;
- (ii) amounts set aside for tax;
- (iii) minority interests; and
- (iv) any distribution declared or made by the Group.

**“Consolidated Total Assets”** means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore.

**“Consolidated Total Borrowings”** means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

- (i) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
- (ii) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (iii) the liabilities of the Issuer under the Trust Deed or the Notes;
- (iv) all other indebtedness whatsoever of the Group for borrowed moneys; and
- (v) any redeemable preference shares or units issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liabilities of the Group (other than those shares or units which are regarded as equity as reflected in the most recently published consolidated balance sheet of the Group prepared in accordance with generally accepted accounting principles in Singapore).

**“Fitch”** means Fitch Ratings and its successors.

**“Group”** means OUE H-REIT and its Subsidiaries.

**“International Investment Securities”** means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are intended to be, or are capable of being quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market.

**“Investment Grade Rating”** means a credit rating, (i) in the case of Fitch, of BBB- or better, (ii) in the case of Moody’s, of Baa3 or better, and (iii) in the case of S&P, of BBB- or better.

**“Moody’s”** means Moody’s Investors Service, Inc. and its successors.

**“Principal Subsidiary”** means, at any particular time, any Subsidiary of OUE Hospitality Trust whose total assets or total income available for distribution of the Group, as shown by the accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 20 per cent. of the total assets of the Group or, as the case may be, 20 per cent. of the total income available for distribution of the Group as shown by such audited consolidated accounts, or 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 of OUE H-REIT or OUE H-REIT itself (the **“transferee”**) then:

- (i) 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 OUE H-REIT) shall thereupon become a Principal Subsidiary; and
- (ii) 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 OUE H-REIT) shall thereupon become a Principal Subsidiary.

Any Subsidiary which becomes a Principal Subsidiary by virtue of paragraph (i) above of this definition or which remains or becomes a Principal Subsidiary by virtue of paragraph (ii) above of this definition shall continue to be a Principal Subsidiary until the earlier of the date of issue of:

- (a) 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 or total income available for distribution of such Subsidiary, as shown by the accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 20 per cent. of the total assets of the Group or, as the case may be, 20 per cent. of the total income available for distribution of the Group, as shown by such audited consolidated accounts; and
- (b) a report by the auditors for the time being of the Group (the “**Auditors**”) dated on or after the date of the relevant transfer which shows the total assets or total income available for distribution of such Subsidiary to be less than 20 per cent. of the total assets of the Group or, as the case may be, 20 per cent. of the total income available for distribution 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.

“**Rating Agency**” means any of Fitch, Moody’s and S&P.

“**S&P**” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies Inc.

“**Subsidiary**” means any company which is for the time being, a subsidiary (within the meaning of section 5 of the Companies Act, Chapter 50 of Singapore), and in relation to OUE H-REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate):

- (i) which is controlled, directly or indirectly, by OUE H-REIT; or
- (ii) more than half the interests of which are beneficially owned, directly or indirectly, by OUE H-REIT; or
- (iii) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) of this definition applies,

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

“**Test Period**” means each period of 12 months (on a rolling 12-month basis) ending on the last day of each quarter of each of the financial years of OUE H-REIT.

## 5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(i).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes (for Non-Singapore Dollar Notes only):** This Condition 5(b) applies in respect of Floating Rate Notes and Index Linked Interest Notes which are Non-Singapore Dollar Notes:
  - (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note which is a Non-Singapore Dollar Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined, in the case of Floating Rate Notes, by the Calculation Agent in accordance with this Condition 5(b) or, in the case of Index Linked Interest Notes, the Calculation Agent in accordance with

Conditions 5(h) and 5(i). The Issuing and Paying Agent, the CDP Paying Agent and each other Paying Agent shall be entitled to rely on all determinations and calculations made by the Calculation Agent without any responsibility to verify any of the same and without liability to Noteholders or any other person for doing so. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any 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 (A) the Floating Rate 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) 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, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) 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 (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes which are Non-Singapore Dollar Notes:* The Rate of Interest in respect of Floating Rate Notes which are Non-Singapore Dollar Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this Condition 5(b)(iii)(A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this Condition 5(b)(iii)(A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) of Condition 5(b)(iii)(B) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) of Condition 5(b)(iii)(B) applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) of Condition 5(b)(iii)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels

time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 5(b)(iii)(B), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (iv) *Rate of Interest for Index Linked Interest Notes which are Non-Singapore Dollar Notes:* The Rate of Interest in respect of Index Linked Interest Notes which are Non-Singapore Dollar Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) **Interest on Floating Rate Notes and Index Linked Interest Notes (for Singapore Dollar Notes only):** This Condition 5(c) applies in respect of Floating Rate Notes and Index Linked Interest Notes which are Singapore Dollar Notes:

- (i) *Interest Payment Dates:* Each Floating Rate Note or Index Linked Interest Note which is a Singapore Dollar Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period specified hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any 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 (A) 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) 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, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) 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 (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes which are Singapore Dollar Notes:* Each Floating Rate Note which is a Singapore Dollar Note bears interest at a floating rate determined by reference to the Reference Rate as stated hereon, including the Swap Rate (in which case such Note will be a Swap Rate Note). A “**Swap Rate Note**” means a Note which bears interest calculated in the manner set out in Condition 5(c)(iv)(B).

- (iv) *Determination of Rate of Interest:* The Rate of Interest payable from time to time in respect of each Floating Rate Note which is a Singapore Dollar Note will be determined by the Calculation Agent on the basis of the following provisions:
- (A) In the case of Floating Rate Notes which are not Swap Rate Notes, and where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, and such Reference Rate is specified as being SIBOR, the Calculation Agent will determine the Rate of Interest in respect of any Interest Accrual Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period as follows:
- (1) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Accrual Period which appears on the Reuters Screen ABSIRFIX01 page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);
  - (2) if no such rate appears on the Reuters Screen ABSIRFIX01 page (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Accrual Period which shall be the rate which appears on the Reuters Screen SIBP page under the caption "SINGAPORE DOLLAR INTER-BANK OFFERED RATES — 11:00 A.M." and the row headed "SIBOR SGD" (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Accrual Period;
  - (3) if no such rate appears on the Reuters Screen SIBP page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen SIBP page (or such other replacement page thereof or such other Relevant Screen Page) 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 inter-bank market for a period equivalent to the duration of such Interest Accrual Period commencing on such Interest Payment Date in an amount comparable to the aggregate nominal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Accrual Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of such offered quotations, as determined by the Calculation Agent;
  - (4) 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 Accrual Period shall be determined in accordance with paragraph (3) of Condition 5(c)(iv)(A) on the basis of the quotations of those Reference Banks providing such quotations; and
  - (5) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Accrual Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time

on 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 Accrual Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date;

(B) In the case of Floating Rate Notes which are Swap Rate Notes:

- (1) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Accrual Period, determine the Rate of Interest for such Interest Accrual Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 A.M. SINGAPORE TIME" 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 Accrual Period;
- (2) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest (which shall be rounded up, if necessary, to the nearest 5 decimal places) for such Interest Accrual Period in accordance with the following formula:

In the case of Premium:

$$\text{Rate of Interest} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Rate of Interest} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears under the caption "SINGAPORE INTERBANK OFFER RATES (DOLLAR DEPOSITS) AT 11:00 A.M." and the row headed "SIBOR USD" on the Reuters Screen SIBO Page of the Reuters Monitor Money Rates Service (or such other page as may replace the Reuters Screen SIBO Page for the purpose

of displaying Singapore inter-bank US Dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Spot Rate = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" and the column headed "SPOT" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Accrual Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned; and

T = the number of days in the Interest Accrual Period concerned;

- (3) if on any Interest Determination Date any one of the components for the purposes of calculating the Rate of Interest under Condition 5(c)(iv) (B) is not quoted on the relevant Reuters Screen Page (or such other replacement page as aforesaid) or the relevant Reuters Screen Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent with quotations of their Swap Rates for the Interest Accrual Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the Swap Rates quoted by the Reference Banks to the Calculation Agent. The "**Swap Rate**" of a Reference Bank means the rate at which that Reference Bank can generate Singapore Dollars for the Interest Accrual Period concerned in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined as follows:

In the case of Premium:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate per annum at which US Dollar deposits for a period equal to the duration of the Interest Accrual Period concerned are being offered by that Reference Bank to prime banks in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells US Dollars spot in exchange for Singapore Dollars in the Singapore inter-bank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium or Discount = the rate (determined by the Calculation Agent) to be the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Accrual Period concerned which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE — SGD SPOT AND SWAP OFFER RATES AT 11:00 A.M. SINGAPORE" (or such other replacement page thereof for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Accrual Period concerned; and

T = the number of days in the Interest Accrual Period concerned; and

- (4) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with quotations of their Swap Rate(s), 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 nearest 5 decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on 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 an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Accrual Period by whatever

means they determine to be most appropriate, or if on such 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 Accrual Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 5 decimal places) of the prime lending rates for Singapore Dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date;

- (C) On the last day of each Interest Accrual Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Accrual Period relates at the Rate of Interest for such Interest Accrual Period.
- (v) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes which are Singapore Dollar Notes for each Interest Accrual Period shall be determined by the Calculation Agent in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (d) **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. 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 described in Condition 6(b)(i)).
- (e) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined by the Calculation Agent in the manner specified hereon.
- (f) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (g) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (h) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with this Condition 5 by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to Condition 5(h)(ii).
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being

rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.

- (i) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
  
- (j) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii) or Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall be final and binding upon all parties (including the Noteholders).
  
- (k) **Determination or Calculation by an agent appointed by the Trustee:** If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Trustee shall (at the cost of the Issuer, failing whom the Guarantor) appoint an agent to do so and such determination or calculation by such agent shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5, 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. The Trustee shall not be responsible to liable to any Noteholder, any Couponholder, the Issuer, the Guarantor or any other

person for the accuracy of any determination or calculation made by any agent pursuant to this Condition 5(k) or in the event that any such agent fails to make any determination or calculation contemplated in this Condition 5(k) or for any loss suffered by any Noteholder, any Couponholder, the Issuer, the Guarantor or any other person arising directly or indirectly as a result of any determination or calculation made by any such agent hereunder.

- (l) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**“Business Day”** means:

- (i) in the case of Notes denominated in a currency other than Singapore Dollars, euros or Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of Notes denominated in euros, a day on which the TARGET system is operating (a **“TARGET Business Day”**); and/or
- (iii) in the case of Notes denominated in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong; and/or
- (v) in the case of Singapore Dollar Notes, a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments to Singapore; and/or
- (v) in the case of Notes denominated in any other currency and/or having one or more Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

**“Day Count Fraction”** means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the **“Calculation Period”**):

- (i) if “Actual/Actual” or “Actual/Actual — ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“ $Y_2$ ” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $M_1$ ” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“ $M_2$ ” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“ $D_1$ ” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

“ $D_2$ ” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $D_2$  will be 30

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“ $Y_1$ ” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

- (vii) if “Actual/Actual-ICMA” is specified hereon,
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

**“Interest Commencement Date”** means the Issue Date or such other date as may be specified hereon.

**“Interest Determination Date”** means (x) in the case of Non-Singapore Dollar Notes, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro; or (y) in the case of Singapore Dollar Notes, in respect of any Interest Accrual Period, that number of Business Days in Singapore prior to the first day of the Interest Accrual Period as specified hereon.

**“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.

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified hereon.

**“ISDA Definitions”** means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

**“Rate of Interest”** means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

**“Reference Banks”** means (i) in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market; (ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and (iii) in the case of a determination of the relevant Reference Rate, SIBOR or Swap Rate, the principal Singapore office of three major banks in the Singapore inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

**“Reference Rate”** means the rate specified as such hereon.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**“Relevant Time”** means 11.00 a.m. (Singapore time).

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (m) **Calculation Agent(s):** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for it or them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under

these Conditions. If 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 an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place and notify the Trustee in writing. No Calculation Agent appointed in respect of the Notes may resign its duties without a successor having been appointed as aforesaid.

## **6 Redemption, Purchase and Options**

### **(a) Redemption by Instalments and Final Redemption:**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i), its final Instalment Amount.

### **(b) Early Redemption:**

#### **(i) *Zero Coupon Notes:***

- (A) 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 a formula, upon redemption of such Note pursuant to Condition 6(c) 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 hereon.
- (B) Subject to the provisions of Condition 6(b)(i)(C), the Amortised Face Amount of any such Note shall be the scheduled Final 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.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) 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 Condition 6(b)(i)(B), except that Condition 6(b)(i)(B) 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 Condition 6(b)(i)(C) shall continue to be made (both before and after 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 Final Redemption Amount of such Note on the Maturity

Date together with any interest that may accrue in accordance with Condition 5(d). 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 hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i)), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer (or if the Guarantee was called, the Guarantor) satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision of a court of competent jurisdiction), or the Notes do not qualify as "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) 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 the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories of the Issuer (or as the case may be, two authorised signatories of the Guarantor) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and an opinion, addressed to the Trustee and in form and substance satisfactory to the Trustee, of independent legal or tax advisors of recognised international standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled without further enquiry and without liability to any Noteholder or any other person to rely on such certificate and opinion and it shall be conclusive evidence of the satisfaction of the conditions precedent set out in (i) and (ii) of this Condition 6(c). Each such certificate and opinion shall be conclusive and binding on the Issuer, the Guarantor, the Noteholders and the Couponholders.
- (d) **Redemption on Change of Control:** If, at any time while any of the Notes remains outstanding, a Change of Control Put Event (as defined below) occurs, the holder of each such Note will have the option (a "**Change of Control Put Option**") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Conditions 6(c) or 6(e)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the date which is seven days after the expiration of the Put Period (as defined below) (or such other date as may be specified hereon, the "**Put Date**") at the Optional Redemption Amount specified hereon together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

A "**Change of Control Put Event**" occurs when any person or persons (other than OUE Limited and/or its direct and indirect subsidiaries or any entity controlled by or under common control with OUE Limited), acting together, acquires more than 49 per cent., directly or indirectly, of OUE Hospitality REIT Management Pte. Ltd. (the "**REIT Manager**").

Promptly upon, and in any event within 14 days after, the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of the Note must (in the case of Bearer Notes) deposit such Note with any Paying Agent or (in the case of Registered Notes) deposit the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, in each case at any time during normal business hours of such Paying Agent, Registrar or Transfer Agent, as the case may be, falling within the period (the “**Put Period**”) of 30 days after a Change of Control Put Event Notice is given or such other date as may be specified hereon, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent, Registrar or Transfer Agent, as the case may be (a “**Change of Control Put Notice**”). No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (e) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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 6(e).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (f) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 30 nor more than 60 days’ notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional 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 Receipts and Coupons and unexchanged Talons) with any Paying Agent 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 (an “**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6(g) and the provisions specified hereon.
- (h) **Purchases:** Each of the Issuer, the Guarantor and the Subsidiaries of OUE H-REIT may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or OUE H-REIT's Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all 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 and, in each case, if so surrendered, the same shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

## 7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be:
  - (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank; and
  - (ii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

In Conditions 7(a) and 7(b), “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

- (b) **Registered Notes:**
  - (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall 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 (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business (i) on the fifteenth day before the due date for payment thereof or (ii) in the case of Notes denominated in Renminbi, on the fifth day before the due date for payment thereof (in each case, the “**Record Date**”). Payments of interest on each Registered Note shall be made:
    - (A) in the case of a currency other than Renminbi, in the relevant currency by cheque drawn on a Bank 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 in the relevant currency maintained by the payee with a Bank; and
    - (B) in the case of Renminbi, by transfer to the Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer agrees to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer pursuant to the Agency Agreement and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CDP Paying Agent in relation to Notes cleared through CDP, (v) one or more Calculation Agent(s) where the Conditions so require, (vi) a Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Notes are exchanged for Definitive Notes, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, (vii) such other agents as may be required by any other stock exchange on which the Notes may be listed and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. Dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

- (f) **Unmatured Coupons and Receipts and unexchanged Talons:**
- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, 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 that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender

of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (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 unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
  - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
  - (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer or the Issuing and Paying Agent may require.
  - (vi) If the due date for redemption 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 representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **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 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).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), “**business day**” means a day (other than a Saturday or a Sunday) on which, in the case of Notes to be cleared through Euroclear and Clearstream, Luxembourg, Euroclear and Clearstream, Luxembourg are operating or, in the case of Notes to be cleared through CDP, CDP is operating and, in each case, on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:
- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
  - (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
  - (iii) (in the case of Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

## 8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders, Receiptholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is (i) treated as a resident of Singapore or as having a permanent establishment in Singapore for tax purposes or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Singapore other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or
- (c) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 – 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) **Payment by another Paying Agent:** (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it 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 seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## 9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or 5 years (in the case of interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, 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 (subject in each

case to first being indemnified and/or secured and/or prefunded to its satisfaction), give written notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) a default in the payment of any principal, premium or interest due in respect of the Notes and, in the case of interest, such default continues for a period of five business days after its due date;
- (b) the Issuer or the Guarantor does not perform or comply with one or more of its other obligations in the Notes, the Trust Deed or the Agency Agreement which default is incapable of remedy or, if in the opinion of the Trustee, is capable of remedy and is not remedied within 45 days after the date written notice of such default shall have been given to the Issuer by the Trustee;
- (c) the Issuer, the Guarantor or any Principal Subsidiary of OUE H-REIT (i) is (or admits it is or is presumed or deemed by law or by a court to be) insolvent or bankrupt or unable to pay its debts, or (ii) stops, suspends or threatens to stop or suspend, payment of all or a material part of (or of a particular type of) its debts (other than such debts, the payment of which are being contested by it in good faith and by appropriate proceedings), proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any material part which it will or might otherwise be unable to pay when due), commences negotiations with one or more of its creditors with a view to rescheduling all or a material part of its indebtedness, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of all or a material part of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer, the Guarantor or any Principal Subsidiary of OUE H-REIT or the value of the assets of the Issuer, the Guarantor or any Principal Subsidiary of OUE H-REIT, as the case may be, (on a consolidated basis) is less than its respective liabilities (taking into account contingent and prospective liabilities);
- (d) (i) any other present or future indebtedness of the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(d) have occurred equals or exceeds S\$50,000,000 or its equivalent;
- (e) a distress, attachment, execution or other legal process is levied, enforced or sued on or against any part of the property, assets or revenues of the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT and is not discharged or stayed within 45 days;
- (f) an order is made or an effective resolution passed for the winding-up, dissolution, liquidation, judicial management or administration of the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT (except, in the case of any Principal Subsidiary of OUE H-REIT only, pursuant to or following a reorganisation, reconstruction, merger, amalgamation or consolidation not involving insolvency or, in the case of the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT, on terms approved by an Extraordinary Resolution of the Noteholders);
- (g) an encumbrancer takes possession or a receiver, administrator, administrative receiver, judicial manager or other similar officer is appointed in respect of the whole or any substantial part of the property, assets or revenues of the Issuer, OUE H-REIT or any Principal Subsidiary of OUE H-REIT (as the case may be) and is not discharged within 45 days;

- (h) 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 Notes, the Trust Deed or the Agency Agreement or any consent or approval required to make the Issuer's or the Guarantor's obligations under the Notes, the Trust Deed or the Agency Agreement legally binding and enforceable is not obtained or any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order to ensure that those obligations are legally binding and enforceable and to make the Notes, the Trust Deed or the Agency Agreement admissible in evidence in the courts of Singapore is not taken, fulfilled or done;
- (i) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (j) the Issuer ceases to be a Subsidiary owned, directly or indirectly, by OUE H-REIT;
- (k) (i)(1) the Guarantor resigns or is removed from the position of trustee for OUE H-REIT, (2) an order is made for the winding-up of the Guarantor, a receiver, judicial manager, administrator, agent or similar officer of the Guarantor is appointed, and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of the Guarantor which prevents or restricts the ability of the Guarantor to perform its obligations under any of the Notes, the Trust Deed or the Agency Agreement and (ii) a replacement or substitute trustee of OUE H-REIT is not appointed in accordance with the terms of the trust deed dated 10 July 2013 constituting OUE H-REIT and as amended from time to time (the "**OUE H-REIT Trust Deed**");
- (l) (i) the REIT Manager resigns or is removed from the position of manager for OUE H-REIT and (ii) a replacement or substitute manager of OUE H-REIT is not appointed in accordance with the terms of the OUE H-REIT Trust Deed;
- (m) the Issuer, the Guarantor or any Principal Subsidiary of OUE H-REIT ceases or threatens to cease to carry on all or any substantial part of its business (except where such cessation of business does not have a material adverse effect on the financial condition, assets, properties, business, results of operations or financial prospects of the Issuer, OUE H-REIT and/or the Group taken as a whole, or would not adversely affect the ability of the Issuer or the Guarantor to perform their respective payment obligations under these Conditions);
- (n) the Issuer, the Guarantor or any Principal Subsidiary of OUE H-REIT 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;
- (o) the Guarantor loses its right to be indemnified out of the assets of OUE H-REIT in respect of all liabilities, claims, demands and actions under or in connection with any of the Notes, the Trust Deed or the Agency Agreement; and
- (p) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Condition 10(c) or Conditions 10(e) to 10(g).

## **11 Meetings of Noteholders, Modification, Waiver and Substitution**

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 15 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than fifty per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any

Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) 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 or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the Noteholders of not less than 90 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

*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.*

- (b) **Modification and Waiver of the Trust Deed:** The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed and/or the Agency Agreement that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or as required by Euroclear and/or Clearstream, Luxembourg and/or CDP, 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 and/or the Agency Agreement that 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 Issuer, the Guarantor, the Noteholders and the Couponholders and, unless the Trustee otherwise requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable.
- (c) **Substitution:** The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and/or the Agency Agreement and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business or the substitution of the Guarantor's successor in business or any Subsidiary of OUE H-REIT or its successor in business in place of the Issuer or the Guarantor, as the case may be, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) 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 and the Trustee, acting for and on behalf of Noteholders, shall not be entitled to require, nor shall

any Noteholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## **12 Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least 25 per cent. in principal amount of the Notes outstanding, and (b) it shall have first been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder, Receiptholders or Couponholder may proceed directly against the Issuer or the Guarantor to enforce the performance of any of the provisions of the Notes or the Trust Deed unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## **13 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor, any Subsidiary of the Issuer, the Guarantor or OUE H-REIT and any entity related to the Issuer, the Guarantor or OUE H-REIT without accounting for any profit.

The Trustee may rely without liability to Noteholders or Couponholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice, in which case the same shall be binding on the Issuer, the Guarantor, the Trustee, the Noteholders and the Couponholders.

## **14 Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or 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 each case 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, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer, the Guarantor, the Issuing and Paying Agent and/or the Registrar may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **15 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities

may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## 16 Notices

Notices to the holders of Registered Notes shall be 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. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be *The Business Times*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

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

*So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is (i) held on behalf of Euroclear or Clearstream, Luxembourg, or any other clearing system (except as provided in (ii) below of this Condition), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by these Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate or (ii) by CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in the list of Noteholders provided by CDP.*

## 17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

## 18 Acknowledgement

- (a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders, the Receiptholders and the Couponholders acknowledge and agree that RBC Investor Services Trust Singapore Limited ("**RBC**") has entered into the Trust Deed only in its capacity as trustee of OUE H-REIT and not in its personal capacity and all references to the Guarantor in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, RBC has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee of OUE H-REIT and not in its personal capacity

and any liability of or indemnity, covenant, undertaking, representation and/or warranty given by the Guarantor under the Trust Deed, the Notes and the Coupons is given by RBC only in its capacity as trustee of OUE H-REIT and not in its personal capacity and any power and right conferred on any receiver, attorney, agent and/or delegate under the Trust Deed, the Notes and the Coupons is limited to the assets of OUE H-REIT over which RBC, in its capacity as trustee of OUE H-REIT, has recourse and shall not extend to any personal or other assets of RBC or any assets held by RBC as trustee of any other trust (other than OUE H-REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken by RBC under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to OUE H-REIT (and shall not extend to the obligations of RBC in respect of any other trust or real estate investment trust of which it is a trustee). The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in respect of any gross negligence, fraud, wilful breach or breach of trust of the Guarantor in relation to the OUE H-REIT Trust Deed.

- (b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the Guarantor's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Guarantor and there shall be no recourse against the shareholders, directors, officers or employees of RBC for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in respect of any gross negligence, fraud, wilful breach or breach of trust of the Guarantor in relation to the OUE H-REIT Trust Deed.
- (c) For the avoidance of doubt, any legal action or proceedings commenced against the Guarantor whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought against RBC in its capacity as trustee of OUE H-REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in respect of any gross negligence, fraud, wilful breach or breach of trust of the Guarantor in relation to the OUE H-REIT Trust Deed.

## 19 Rights of Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## 20 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, 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 the courts of England and waived any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Trustee and each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

- (c) **Service of Process:** Each of the Issuer and the Guarantor has in the Trust Deed irrevocably appointed Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London EC2V 7EX as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 16 and the Trustee. Nothing shall affect the right to serve process in any manner permitted by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1 Initial Issue of Notes

Global Notes and Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below).

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”), CDP, or registration of Registered Notes in the name of (i) any nominee for the Common Depositary and/or (ii) CDP, the relevant clearing system will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### 2 Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### 3 Exchange

#### 3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

#### 3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

- (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
- (ii) if the permanent Global Note is cleared through the CDP System (as defined in “Clearance and Settlement – CDP”) and (a) an Event of Default (as defined in “Terms and Conditions of the Notes”) has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the depository agreement made between the Issuer and CDP and no alternative clearing system is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### **3.3 Global Certificates**

If the Pricing Supplement states that the Notes are to be represented by a Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) with the consent of the Issuer; or
- (iii) if the Global Certificate is cleared through CDP and:
  - (a) an Event of Default has occurred and is continuing; or
  - (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or
  - (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or
  - (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the depository agreement made between the Issuer and CDP and no alternative clearing system is available,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(i) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

### 3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

### 3.5 Delivery of Notes

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. In this Offering Circular, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

### 4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(viii) and Condition 8(c) of the Terms and Conditions of the Notes will apply to the Definitive Notes only.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of “business day” set out in Condition 7(h) of the Terms and Conditions of the Notes.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through CDP) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

#### **4.2 Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes).

#### **4.3 Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder’s holding, whether or not represented by a Global Certificate.)

#### **4.4 Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

#### **4.5 Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### **4.6 Issuer’s Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (as the case may be).

#### **4.7 Noteholders’ Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits

relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of such permanent Global Note, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Certificate may be exercised in respect of the whole or any part of the holding of Notes represented by such Global Certificate.

#### **4.8 Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.9 Notices**

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of:

- (i) Euroclear and/or Clearstream, Luxembourg or any other clearing system (except as provided in (ii) below of this paragraph 4.9), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or
- (ii) CDP, subject to the agreement of CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to CDP for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

### **5 Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds from the issue of each Tranche of Notes will be applied by the Issuer and the Guarantor for general corporate purposes of the Group. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

## CAPITALISATION AND INDEBTEDNESS

### Capitalisation of OUE Hospitality Trust

As of 31 December 2013, OUE Hospitality Trust had total unitholders' funds of S\$1,211,626,000 consisting of 1,310,627,000 units of Stapled Securities.

The table below sets forth the capitalisation of OUE Hospitality Trust as at 31 December 2013. This table should be read in conjunction with the audited financial statements and related notes appearing elsewhere in this Offering Circular.

	<b>As at 31 December 2013</b>
	<u>S\$'000</u>
<b>Total borrowings</b> .....	587,000
<b>Total unitholders' funds</b> .....	1,211,626
<b>Total capitalisation</b> <sup>(1)</sup> .....	<u>1,798,626</u>

Note:

- (1) Total capitalisation is calculated as the aggregate of total borrowings and total funds attributable to unitholders of OUE Hospitality Trust.

There has been no material change in the capitalisation of OUE Hospitality Trust since 31 December 2013.

## DESCRIPTION OF THE ISSUER

### **History and Background**

The Issuer was incorporated under the Companies Act on 24 March 2014. It is a wholly-owned subsidiary of the Guarantor. All of the issued share capital of the Issuer is owned by the Guarantor.

Its principal activities are the provision of financial services for and on behalf of OUE H-REIT. Since its incorporation, the Issuer had not engaged in any material activities other than the establishment of the Programme and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

### **Registered Office**

The registered office of the Issuer as at the date of this Offering Circular is 333 Orchard Road, #33-00 Mandarin Orchard Singapore, Singapore 238867.

### **Shareholding and Capital**

As at the date of this Offering Circular, the issued share capital of the Issuer is S\$1.00, comprising one ordinary share.

### **Directors**

As at the date of this Offering Circular, the Directors of the Issuer are Mr Chong Kee Hiong and Mr Chuan Hwee Hiow.

## DESCRIPTION OF THE GROUP

### OVERVIEW

OUE H-REIT is a Singapore-based real estate investment trust established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets. In this Offering Circular, real estate which is used for “hospitality” purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, which may include commercial, entertainment, retail and leisure facilities. Properties which are used for “hospitality-related purposes” include retail and/or commercial assets which are either complementary to or adjoining hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy. The REIT Manager is a wholly-owned subsidiary of the Sponsor.

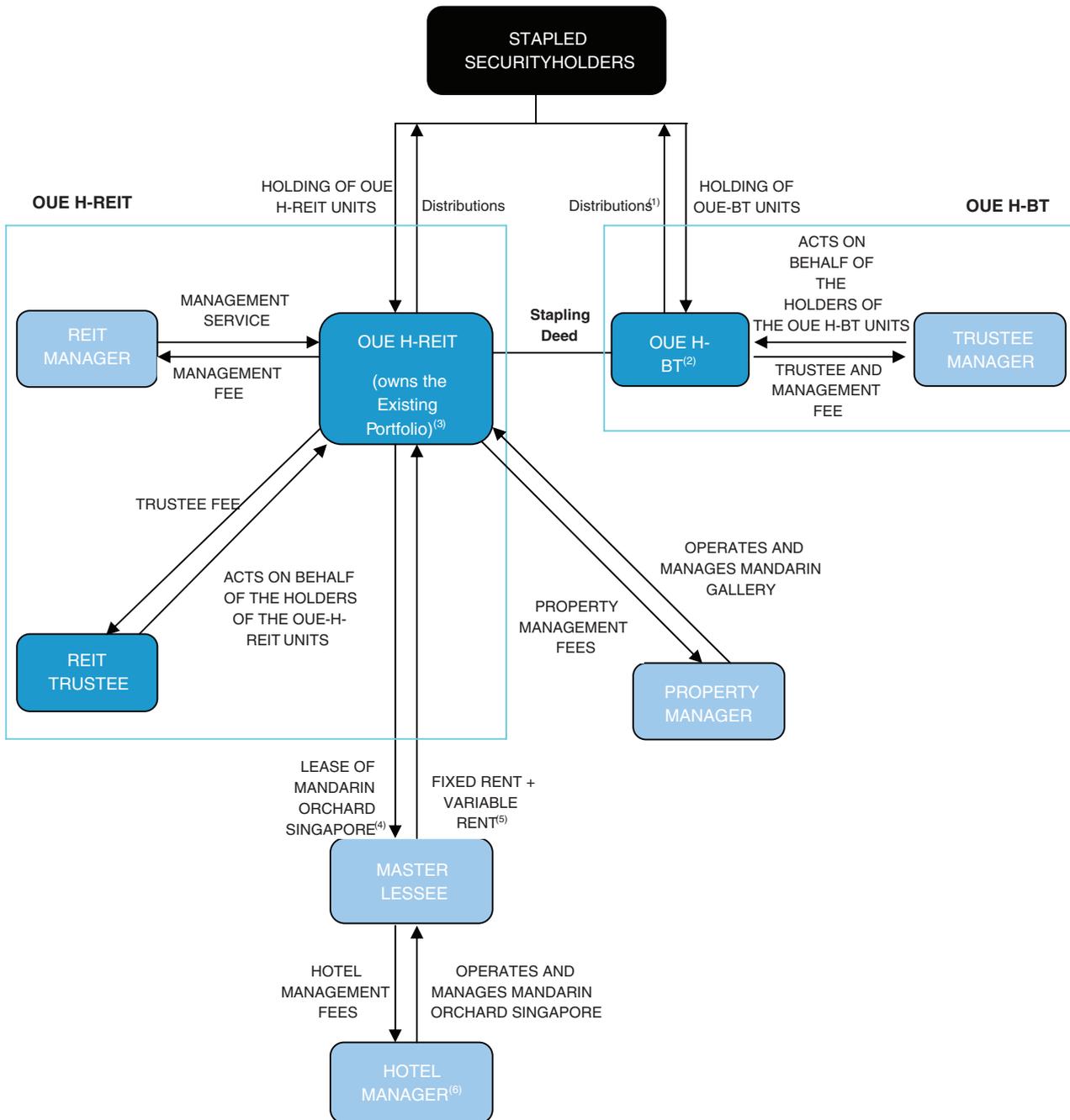
OUE H-REIT Units and OUE H-BT Units are stapled together and form OUE H-Trust under the terms of a stapling deed dated 10 July 2013 entered into among the REIT Manager, the REIT Trustee and the Trustee-Manager (the “**Stapling Deed**”), and cannot be traded separately. OUE H-REIT will not guarantee any debt of OUE H-BT, and *vice versa*. This will help shield each entity from the other’s financial obligations because each entity’s creditors will not have recourse to the other.

As at the date of this Offering Circular, notwithstanding that the OUE H-REIT Units and OUE H-BT Units are stapled, OUE H-BT, a Singapore-based business trust, is dormant. It will, however, become active if OUE H-REIT is unable to appoint a master lessee for Mandarin Orchard Singapore at the expiry or termination of the Master Lease Agreement (as defined herein), or for a newly acquired hospitality asset. In such circumstances, OUE H-BT will be appointed by OUE H-REIT as a master lessee for that hospitality asset, and OUE H-BT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hospitality asset. OUE H-BT exists primarily as “a master lessee of last resort”. The Trustee-Manager is a wholly-owned subsidiary of the Sponsor.

### THE FORMATION AND STRUCTURE OF OUE H-REIT

OUE H-REIT was constituted as a REIT on 10 July 2013 by a declaration of trust made between the REIT Trustee and the REIT Manager, and is principally regulated by the SFA and the Code on Collective Investment Schemes (the “**CIS Code**”) (including the Property Funds Appendix). OUE H-REIT was authorised as a collective investment scheme by the Authority on 18 July 2013.

The structure of OUE H-Trust (including OUE H-REIT) is set out below:



Notes:

- (1) Distributions (if any) to be made by OUE H-BT, when activated, will be determined by the board of the Trustee-Manager at its sole discretion.
- (2) Dormant as at the Listing Date.
- (3) The properties of OUE H-REIT are owned directly by OUE H-REIT.
- (4) See "Business Description – The Sponsor – The Sponsor ROFR" for further details.
- (5) The Master Lessor will lease the Hotel to the Master Lessee and in return the Master Lessee will pay rent in accordance with the Master Lease Agreement to the Master Lessor.
- (6) The Master Lessee will appoint the Hotel Manager to manage the day-to-day operations and marketing of Mandarin Orchard Singapore leased from OUE H-REIT. The Hotel Manager will typically be entitled to fees including hotel management fees and marketing fees.

## **Operational Structure**

OUE H-REIT is constituted to invest in real estate and real estate-related assets and the REIT Manager must manage OUE H-REIT so that the principal investments of OUE H-REIT are real estate and real estate-related assets (including ownership of companies or other legal entities whose primary purpose is to hold or own real estate or real estate-related assets). OUE H-REIT is a Singapore-based REIT established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

OUE H-REIT aims to generate returns for the holders of OUE H-REIT Units by owning, buying and managing such properties in line with its investment strategy (including selling any property that has reached a stage that offers only limited scope for growth).

Subject to the restrictions and requirements in the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager is also authorised under the OUE H-REIT Trust Deed to invest in investments other than real estate. Although the REIT Manager may use certain financial derivative instruments to the extent permitted by such laws, rules and regulations as may be applicable including, but not limited, to the CIS Code (including the Property Funds Appendix) and the Listing Manual, the REIT Manager presently does not have any intention for OUE H-REIT to invest in options, warrants, commodities, futures contracts and precious metals.

## **COMPETITIVE STRENGTHS**

The REIT Manager is of the view that OUE H-REIT enjoys the following competitive strengths:

### **(1) Strong Sponsor support and ROFR**

OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Singapore and hotels in Singapore and the region. The Sponsor Group focuses its business across the hospitality, retail, commercial and residential property segments. It operates its hospitality business under the brands “Meritus”, “Mandarin” and “Meritus Mandarin” which are known for developing quality hospitality services. It develops and holds commercial and retail properties for investment and rental income purposes while it develops residential properties for sale.

The Sponsor has extensive experience in the hospitality and hospitality-related industry and the Sponsor has also granted the Sponsor ROFR which provides an additional pipeline to OUE H-Trust. See section on “The Sponsor – The Sponsor” and “The Sponsor – Sponsor ROFR”.

### **(2) Central location in Singapore’s prime shopping and tourism district**

The Existing Portfolio which comprises Mandarin Orchard Singapore and Mandarin Gallery offers a unique combination of upscale lodging and high-end retail in the heart of the Orchard Road shopping district.

Orchard Road is Singapore’s premier shopping district which both Mandarin Orchard Singapore and Mandarin Gallery are well-placed to benefit from. Orchard Road is also located in the core central region of Singapore in close proximity to key business districts, resulting in a strong flow of pedestrians, tourists and business travellers. It is also host to a variety of popular lifestyle and entertainment events and festive activities such as the annual Great Singapore Sale, Fashion Season Orchard and Christmas Light-up. The Government has been active in implementing initiatives to make Orchard Road increasingly pedestrian-friendly over time by linking buildings and shopping centres on the street with underpass walkways. As such, Mandarin Orchard Singapore and Mandarin Gallery are both expected to benefit from infrastructure improvement and enhanced positioning.

Mandarin Orchard Singapore is also located next to a major medical cluster which includes leading medical facilities such as the Paragon Medical Centre and Mount Elizabeth Hospital and hence would benefit from the increasing arrival of medical travellers.

**(3) Excellent connectivity and accessibility**

The Existing Portfolio is easily accessible via public transport and is well served by a network of major roads. The Somerset and Orchard Mass Rapid Transit (“MRT”) stations are within walking distance, with both stations being two to three stops away from the key interchange stations of Dhoby Ghaut and City Hall, as well as the upcoming interchange station of Newton in 2015. This allows shoppers to conveniently reach Mandarin Orchard Singapore and Mandarin Gallery from all parts of Singapore by using the nationwide MRT network.

The Orchard Road area is generally well served by a network of major roads and bus routes, facilitating easy access to other parts of Singapore. Popular tourist attractions such as Marina Bay Sands and Gardens by the Bay, as well as key business districts such as the Central Business District and the Marina Bay area, are approximately a 10- to 15-minute drive away.

**(4) Large and reputable customer and tenant bases**

The prominent and strong branding of Mandarin Orchard Singapore allows it to capture a more diversified customer profile ranging from leisure to corporate customers. For the period from 25 July 2013 to 31 December 2013, 76% of Mandarin Orchard Singapore’s customers were transient and corporate customers who are typically more profitable given their preference and propensity to pay for executive-style hotel rooms with higher room rates.

Mandarin Gallery is positioned as a high-end fashion mall and a tailored destination for its specific target audience. Its unique positioning has attracted like-minded premium brands such as Paul Smith, Y-3, Fred Perry Laurel Wreath and Bathing Ape. Mandarin Gallery has a total of 87 local and international tenants occupying 97 shops as at 31 December 2013. The leasing strategy to minimise brand duplication with neighbouring malls creates a distinct identity which is a source of competitive advantage for the mall.

**(5) Unique Strengths of Mandarin Orchard Singapore and Mandarin Gallery**

***Mandarin Orchard Singapore***

Mandarin Orchard Singapore is a renowned upscale hotel with strong brand recognition given its relatively long history of operations in Singapore. As at the date of this Offering Circular, it features 1,077 rooms, five food and beverage (“F&B”) outlets, and approximately 25,511 sq ft of meeting and function space with a capacity of up to 1,840 people. Mandarin Orchard Singapore is one of the top accommodation choices in Singapore for leisure and business travellers globally.

Mandarin Orchard Singapore has won numerous internationally recognised awards and accolades in recent years for both its excellent hospitality services and award-winning F&B outlets, including Asia Pacific Hotel Awards – Best Hotel, Singapore (2013-2014), Asia Pacific Hotel Awards – Best Hotel Asia Pacific (2013-2014), 24th Annual TTG Travel Awards – Best City Hotel, Singapore (2013) and Singapore Prestige Brand Award – Chatterbox, Heritage Brand (2013), which further boosts its already established reputation in the local hospitality market.

Mandarin Orchard Singapore also actively seeks to cater to both transient and corporate travellers and is therefore well-positioned to capture what the REIT Manager believes to be the relatively more profitable segment of the hospitality market. Focusing on this target market also allows for more repeat business given that transient and corporate customers tend to return.

Mandarin Orchard Singapore will also be able to leverage the Sponsor’s experience, in-depth knowledge and understanding of Mandarin Orchard Singapore cultivated over the years, and the owner-operator model further incentivises the Sponsor to continually improve the performance of Mandarin Orchard Singapore. The synergistic pairing of Mandarin Orchard Singapore and Mandarin Gallery also allows guests to revel in an all-encompassing hospitality and retail experience, thereby generating significant cross-selling opportunities.

***Mandarin Gallery***

Mandarin Gallery is a retail mall which boasts a wide frontage of 152 metres along Orchard Road, providing the mall with a high degree of prominence. Featuring six duplexes and six street front shop units facing Orchard Road, Mandarin Gallery comprises four levels of high-end boutiques,

shops and restaurants and is a choice location for flagship stores of international brands. The ground floor of this high-end fashion mall benefits from high street visibility due to its direct access to Orchard Road and connection to the lobby of Mandarin Orchard Singapore.

## **KEY STRATEGIES**

### **OUE H-REIT's Strategies**

The REIT Manager's business strategies are as follows:

- *Optimising assets and delivering operational excellence* – The REIT Manager intends to leverage its relationship with the Sponsor, which has extensive experience in the hospitality industry, and work jointly with the Master Lessee, Hotel Manager and Property Manager, to enhance operational performance to deliver disciplined growth, and maximise hotel and retail revenues and returns through asset enhancements and growth opportunities.
- *Growth through acquisitions* – The REIT Manager will pursue opportunities that meet its investment criteria on yield requirements, location, strong fundamentals, organic growth potential and value-adding opportunities. These opportunities will be supported by OUE H-REIT's relationship with the Sponsor.
- *Active capital and risk management* – OUE H-REIT's capital funding objectives are to maintain a strong balance sheet, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and potentially implement hedging strategies.

## **INDUSTRY**

### **The Hospitality Sector in Singapore**

The REIT Manager considers that the Existing Portfolio and OUE H-REIT's investment strategy will benefit from the strength of Singapore's economy. Singapore remains a strong business and tourism destination, with multiple demand drivers and solid growth prospects.

The REIT Manager believes that the three main drivers of growth for the hospitality market in Singapore are:

- (i) business travel, given Singapore's rising reputation as a key regional financial centre and its increased profile as a global MICE destination;
- (ii) the continued growth of the travel and tourism industry; and
- (iii) medical tourism, which is one of the fastest-growing industries in Singapore.

### ***Growth of business travellers and the MICE sector***

The opening of the two integrated resorts has reinforced Singapore's reputation as a leading MICE destination in Asia in terms of venue supply. Currently there are six existing convention and exhibition venues in the market, namely Marina Bay Sands, Resorts World Sentosa, Raffles City Convention Centre, Changi Exhibition Centre, Suntec Singapore International Convention and Exhibition Centre and Singapore Expo. Singapore offers first class infrastructure, excellent transportation access and a central location in Southeast Asia, compared to other Asian convention cities.

### ***Continued development as a premier tourist destination***

The success of inaugural milestone events such as the Singapore Airshow, Singapore International Water Week, the Summer Youth Olympic Games and the Formula One Singapore Grand Prix in the last five years, as well as annual signature events such as the Great Singapore Sale, Christmas in the Tropics and ZoukOut have marked a turning point for Singapore as a tourist destination. According to the independent Hotel and Retail Market Report dated 11 June 2013 as prepared by CBRE Pte. Ltd., tourist arrivals in Singapore are expected to increase from 14.4 million in 2012 to 18.3 million in 2017. Tourism receipts are expected to increase from S\$23.0 billion in 2012 to the Singapore Tourism Board's target of S\$30.0 billion in 2015.

In order to remain competitive, the Government has been putting much effort into diversifying its offering in terms of cultural and business events, attractions, medical facilities, gaming facilities, shopping and exhibitions. In addition, Singapore's tourism industry was granted an additional S\$905.0 million in funds in 2012 to promote growth over the next five years, of which about one-third will be set aside to develop lifestyle events and the MICE sector through the Tourism Events Development Scheme. Another one-third of the funds will be channelled to develop new tourism products and concepts, while the remaining funds will be used primarily for improving capabilities in tourism-related businesses. On 28 February 2014, Prime Minister Lee Hsien Loong announced that the Government has set aside almost S\$1.0 billion in a Tourism Development Fund to help develop new tourism projects, to fund new events for leisure and business and to upgrade the whole industry.

For the nine months ended 30 September 2013, the top five countries by visitor arrivals, namely Indonesia, the PRC, Malaysia, Australia and India, contributed approximately 56.2% of total visitor arrivals to Singapore. For the period from 25 July 2013 to 31 December 2013, approximately 77.0% (based on room revenue) of Mandarin Orchard Singapore's hotel customers originated from Asian countries. The REIT Manager and the Trustee-Manager (together, the "**Managers**") believe that OUE H-Trust will be able to benefit from the expected growth in arrivals from these regions.

### ***Growth in Medical Tourism***

Singapore is one of the leading medical tourism destinations in Southeast Asia for complex treatment in the field of cardiology, ophthalmology, oncology, neurological surgery and organ transplant.

Due to its reputation of having a high quality health care system and state of the art infrastructure, many foreign patients travel to Singapore to seek medical treatment. Indonesia, Malaysia and Bangladesh accounted for more than 55.0% of total foreign patient arrivals, with a number of others coming from other South Asian countries and the Middle East.

Orchard Road, apart from being a prime shopping location, has gradually become a medical centre, especially for private patients. Currently, there are six medical providers that operate in the Orchard Road area, including Orchard Medical Specialist Centre, Gleneagles Hospital, Paragon Medical Centre, Healthway Screening & Wellness Centre, Camden Medical Centre and Mount Elizabeth Hospital. The Existing Portfolio is located next to a major medical cluster which includes leading medical facilities such as the Paragon Medical Centre and Mount Elizabeth Hospital and hence could benefit from the increasing arrival of medical travellers.

### **The Retail Sector in Singapore**

The increase in retail space within Orchard Road corresponds with Singapore's population growth.

Orchard Road is Singapore's premier shopping district, one of the most visited tourist destinations in Singapore and is host to a variety of popular lifestyle and entertainment events and festive activities. Its retail space has increased as a result of the commencement of operations of Mandarin Gallery, 313@Somerset, Knightsbridge, Scape, ION Orchard and Orchard Central. This has in turn increased the competitiveness of the retail industry, providing shoppers with a greater choice of retail offering and changing the shopping behaviour of consumers along Orchard Road. It is also expected that by the end of 2014, Orchard Gateway and 268 Orchard would be completed and this would in turn further increase the competitiveness of the retail industry.

The Orchard Road area has and will undergo rejuvenation from time to time through efforts by both the public as well as the private sectors. Further, with the Government's announcement of plans to expand the rail network, island-wide connectivity will be enhanced, effectively facilitating island-wide mobility and possibly further increasing Orchard Road's accessibility.

## CERTAIN INFORMATION ON THE EXISTING PORTFOLIO

A summary of the details of Mandarin Orchard Singapore and Mandarin Gallery as at 21 March 2014 (the “Latest Practicable Date”) is as follows:

	<b>Mandarin Orchard Singapore</b>	<b>Mandarin Gallery</b>	<b>Total</b>
<b>Location</b>	333 Orchard Road, Singapore 238867	333A Orchard Road, Singapore 238897	N.A.
<b>Completion Date</b>	1971	2009 <sup>(1)</sup>	N.A.
<b>Market Segment/ Property Type</b>	Upscale hotel	Retail mall with high-end fashion, lifestyle, services and F&B tenants	N.A.
<b>Leasehold Tenure<sup>(2)</sup></b>	99-year lease commencing from 1 July 1957	99-year lease commencing from 1 July 1957	N.A.
<b>Approximate gross floor area (“GFA”) (sq ft)</b>	990,277 <sup>(3)</sup>	196,336	1,186,613
<b>Retail net lettable area (“NLA”) (sq ft)</b>	N.A.	125,293	125,293
<b>Number of Rooms</b>	1,077	N.A.	1,077
<b>Carpark Lots</b>	441 <sup>(4)</sup>	N.A.	441 <sup>(4)</sup>

	<b>Mandarin Orchard Singapore</b>	<b>Mandarin Gallery</b>	<b>Total</b>
<b>Master Lessee</b>	The Sponsor	N.A.	N.A.
<b>Term of Master Lease (years)</b>	Initial term of 15 years with an option to obtain an additional lease for a further term of 15 years	N.A.	N.A.

N.A. – Not Applicable

Notes:

- (1) This refers to the year of completion of the refurbishment of Mandarin Gallery.
- (2) This refers to the length of leasehold title acquired directly or indirectly by OUE H-REIT under the property sale and purchase agreement for the sale of Mandarin Orchard Singapore and Mandarin Gallery to the REIT Trustee.
- (3) Out of the 990,277 sq ft of GFA of Mandarin Orchard Singapore, 166,910 sq ft of GFA is for commercial use which is not exclusively for hotel guests only.
- (3) It should be noted that the owner of the property known as 8 Grange Road, Singapore 239695 (being TS-21 Lot 542A) enjoys certain rights to use carparks in the Existing Portfolio.

## ***Mandarin Orchard Singapore***

333 Orchard Road  
Singapore 238867



### ***General Description***

Mandarin Orchard Singapore is OUE H-REIT's flagship hotel. It is strategically located at 333 Orchard Road, Singapore 238867, next to the junction of Orchard Link and close to Mount Elizabeth Hospital, in the heart of Orchard Road, and approximately three kilometres from the city centre. OUE H-REIT has a 100% ownership of Mandarin Orchard Singapore.

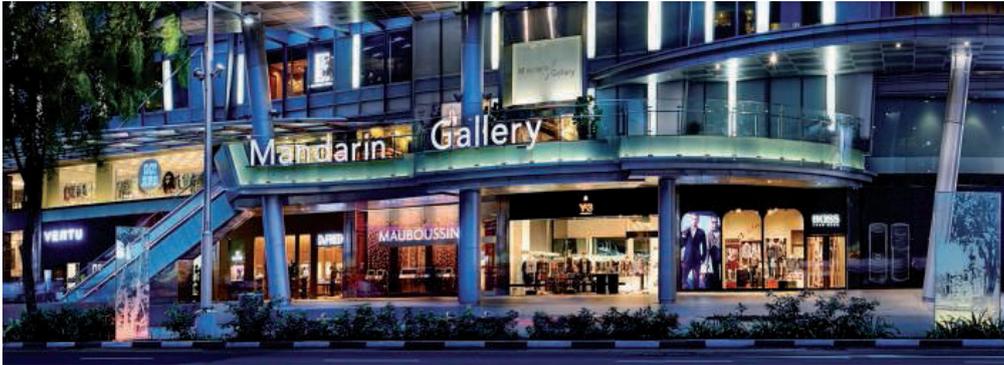
The property is held on a 99-year lease on the land from 1 July 1957, and comprises a total GFA of 990,277 sq ft. Out of the 990,277 sq ft of GFA of Mandarin Orchard Singapore, 166,910 sq ft of GFA is for commercial use. With a 38-storey Orchard Wing and a 37-storey Main Tower, Mandarin Orchard Singapore presently contains 1,077 rooms and approximately 25,511 sq ft of meeting and function space, including a grand ballroom and has a multi-level carpark and basement levels with 441 car parking spaces which it shares with Mandarin Gallery.

In November 2009, the Sponsor Group completed a major refurbishment of Mandarin Orchard Singapore which included a new facade, new F&B outlets, a fitness centre, a business centre and new meeting rooms. This refurbishment programme was undertaken to complement the launch of the adjacent Mandarin Gallery to create an integrated hospitality and retail experience. Further renovation works in common areas and hotel rooms were also carried out in 2011 and 2012.

Mandarin Orchard Singapore is highly accessible to other parts of Singapore due to its close proximity to main arterial roads, nearby expressway and being within walking distance to the Somerset and Orchard Mass Rapid Transit stations which are two to three stops away from the key interchange stations of Dhoby Ghaut and City Hall, as well as the upcoming interchange station of Newton in 2015. Key business districts such as the Marina Bay area are approximately a 10- to 15-minute drive away.

## **Mandarin Gallery**

333A Orchard Road,  
Singapore 238897



### **General Description**

Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore at 333A Orchard Road, Singapore 238897. Mandarin Gallery features upscale international fashion, lifestyle, services and food and beverage tenants. The property is situated along Orchard Road between the intersections of Orchard Link and Grange Road, in the heart of Singapore's premier hotel, shopping and entertainment district. Mandarin Gallery comprises a total GFA of 196,336 sq ft with an NLA of 125,293 sq ft and has a wide main frontage of 152 metres along Orchard Road, providing a high degree of visibility. Car parking spaces are located in the multi-level carpark and basement levels, and are shared with and operated by Mandarin Orchard Singapore. Mandarin Gallery commenced operations in November 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.

As at 31 December 2013, Mandarin Gallery is fully leased and has 101 committed tenancies. The REIT Manager negotiates leases individually with each tenant, using its standard set of lease terms as the starting point. Generally, the typical lease terms range from two to five years, and incorporate annual rent revisions and renewal option periods. Typical leases provide for payment of basic rent, service charge and advertising and promotion charges. In addition, most tenancies include payment of a component of rent based on gross sales turnover.

As at 31 December 2013, Mandarin Gallery has 87 tenants.

## **OTHER GENERAL INFORMATION ABOUT THE EXISTING PORTFOLIO**

### **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 Sponsor 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.

### **Encumbrances**

As at the date of this Offering Circular, Mandarin Orchard Singapore and Mandarin Gallery are encumbered by a registered first legal mortgage in connection with the Term Loan Facilities<sup>4</sup> and Revolving Credit Facility<sup>5</sup>.

<sup>4</sup> "Term Loan Facilities" refers to the term loan facilities of an amount of S\$587.0 million consisting of S\$294.0 million for a five-year tenure and S\$293.0 million for a three-year tenure obtained from Standard Chartered Bank, Singapore Branch, by the REIT Trustee, as Borrower on behalf of OUE H-REIT

<sup>5</sup> "Revolving Credit Facility" refers to a revolving credit facility obtained from Standard Chartered Bank, Singapore Branch, by the REIT Trustee as Borrower on behalf of OUE H-REIT

## **Legal Proceedings**

None of OUE H-Trust, OUE H-REIT, OUE H-BT, the REIT Manager, the Trustee-Manager, the Property Manager or the Master Lessee are currently involved in any material litigation nor, to the best of the knowledge of the REIT Manager and the Trustee-Manager, is any material litigation currently contemplated or threatened against OUE H-Trust, OUE H-REIT, OUE H-BT, the REIT Manager, the Trustee-Manager, the Property Manager or the Master Lessee.

## **Environment**

OUE H-REIT is subject to the laws of Singapore. In particular, OUE H-REIT'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 Urban Redevelopment Authority planning permissions 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 2009 under the Building Control Act, Chapter 29 of Singapore.

## **RECENT OR UPCOMING REFURBISHMENTS CARRIED OUT ON THE EXISTING PORTFOLIO**

The Property Manager and the Hotel Manager intend to conduct refurbishment programmes in phases in order to ensure income stability. The Sponsor periodically evaluates refurbishment and repositioning works in its properties on a regular basis, in order to ensure that they are in a good state of upkeep and are able to meet the changing demands of their target markets. The refurbishments will be aimed at maintaining and improving the image and attractiveness of the Existing Portfolio to increase patronage, optimising the Existing Portfolio's revenue-generating capabilities.

The Sponsor has committed more than S\$27.0 million to fund refurbishment works at Mandarin Orchard Singapore which includes the addition of 26 new hotel rooms (bringing the total number of hotel rooms to 1,077 rooms), refurbishment of 430 hotel rooms and relocation/renovation of the club lounge and the Chinese restaurant. The 26 new hotel rooms and the relocation/renovation of the club lounge and the Chinese restaurant were completed at the end of 2013. The refurbishment of 430 hotel rooms which commenced at the end of 2013 will be completed in phases in 2014 and 2015.

### **Upcoming refurbishments on the Existing Portfolio**

#### ***Mandarin Gallery***

The projected capital expenditure for upcoming refurbishment works at Mandarin Gallery is budgeted to be in the region of S\$2.0 million. Upcoming refurbishments include changing the floor tiles for the first and second levels and upgrading the restroom finishing on all four levels. These refurbishments are expected to be carried out in 2014 and mainly at night to facilitate the normal operation of Mandarin Gallery.

## **THE SPONSOR**

### **The Sponsor**

The Sponsor was incorporated in Singapore on 8 February 1964 under the Companies Ordinance as a limited liability company. The Sponsor is listed on the Main Board of SGX-ST. The Sponsor is diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Singapore, and hotels in Singapore and the region. The Sponsor Group focuses its business across the hospitality, retail, commercial and residential property segments. It operates its hospitality business under the brands "Meritus", "Mandarin" and "Meritus Mandarin" which are known for developing quality hospitality services. It develops and holds commercial and retail properties for investment and rental income purposes while it develops residential properties for sale.

The Sponsor is one of the largest publicly-listed property companies in Singapore with a market capitalisation of S\$2,198.8 million as at the Latest Practicable Date. The Sponsor has an experienced management team and established track record of operations dating back to 1964. As at the Latest

Practicable Date, the Sponsor's hospitality businesses include approximately 2,300 hotel rooms operating in Singapore and the region. The Sponsor's substantial size is also evidenced by its profitability and balance sheet strength, with the Sponsor reporting a total net profit of S\$14.1 million for the financial year ended 31 December 2013 and total assets of S\$6.4 billion and total shareholders' equity of S\$3.5 billion.

### Sponsor ROFR

The Sponsor has granted a right of first refusal dated 10 July 2013 to the REIT Trustee and the Trustee-Manager for so long as:

- OUE Hospitality REIT Management Pte. Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of OUE H-REIT;
- OUE Hospitality Trust Management Pte. Ltd. or any of its related corporations remains the trustee-manager of OUE H-BT;
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder<sup>6</sup> of the manager of OUE H-REIT or of the trustee-manager of OUE H-BT; and
- the Sponsor and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder<sup>7</sup> of OUE H-REIT and OUE H-BT.

The Sponsor ROFR shall cover any proposed offer by a Relevant Entity<sup>8</sup> to dispose of any interest in any Relevant Asset<sup>9</sup> which is owned by the Relevant Entity ("**Proposed Disposal**"). If the Relevant Asset (i) is owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to OUE H-REIT or OUE H-BT is required; or (ii) is owned by the Sponsor's subsidiaries or Sponsor Private Funds which are not wholly-owned by the Sponsor and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund investor(s) to offer the Relevant Asset to OUE H-REIT or OUE H-BT is required, the Sponsor shall use its best endeavours to obtain the consent of the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the Sponsor ROFR will exclude the disposal of such Relevant Asset.

The Sponsor ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;

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<sup>6</sup> A "**controlling shareholder**" as defined in the Listing Manual, means a person who:

- (i) holds directly or indirectly 15.0% or more of the total number of issued shares (excluding treasury shares) of a company; or
- (ii) in fact exercises control over a company, where "control" refers to the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

<sup>7</sup> A "**controlling unitholder**" in relation to a REIT or business trust means:

- (i) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the REIT or business trust; or
- (ii) a person who in fact exercises control over the REIT or business trust.

<sup>8</sup> "**Relevant Entity**" means the Sponsor or any of its existing or future subsidiaries or existing or future private funds managed by the Sponsor ("**Sponsor Private Funds**")

<sup>9</sup> a "**Relevant Asset**" refers to a completed income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, where real estate used for "**hospitality**" purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, which may include commercial, entertainment, retail and leisure facilities, and properties which are used for "**hospitality-related**" purposes include retail and/or commercial assets which are either complementary or adjoining to hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy. Where such real estate is held by a Relevant Entity through a special purpose company, vehicle or entity (a "**SPV**") established solely to own such real estate, the term "**Relevant Asset**" shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term "**Relevant Asset**" shall refer to the ownership share of the Relevant Entity in such real estate.

- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and
- be subject to the applicable laws, regulations and government policies and the listing rules of the SGX-ST.

In the event that the REIT Trustee (or the Trustee-Manager, as the case may be), fails or does not wish to exercise the Sponsor ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the REIT Trustee or the Trustee-Manager, as the case may be.

However, if the completion of the disposal of the Relevant Assets by the Relevant Entity to the third party does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor ROFR.

As at the date of this Offering Circular, the Sponsor ROFR Properties include Crowne Plaza Changi Airport which the Sponsor would be obliged to offer to OUE H-REIT should the Sponsor decide to divest<sup>10</sup>.

### **Crowne Plaza Changi Airport**

Crowne Plaza Changi Airport is a business hotel located at 75 Airport Boulevard, Singapore 819664.

The global brand name hotel is the first and only hotel situated within the vicinity of the passenger terminals of Singapore's Changi Airport. Crowne Plaza Changi Airport is seamlessly 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 to Changi Business Park and Singapore Expo and is connected to the city by expressway and MRT.

Crowne Plaza Changi Airport comprises a total GFA of 336,943 sq ft. The building, designed by award-winning architectural firm WOHA, contains 320 hotel rooms, including 27 suites. It also has eight meeting rooms and a ballroom, its location being particularly suited for business travellers. Construction commenced in December 2006 and the hotel officially opened in May 2008. The Sponsor Group completed its acquisition of Crowne Plaza Changi Airport in July 2011.

Crowne Plaza Changi Airport received the "World's Top 10 Airport Hotels" – Skytrax World Airport Awards in 2011, and was voted "Best Airport Hotel in Asia Pacific – ranked 2nd" during the Business Traveller Asia-Pacific Awards 2010.

## **MANAGEMENT AND CORPORATE GOVERNANCE**

### **OUE H-REIT**

OUE H-REIT is a Singapore-based REIT. The REIT Manager is the responsible entity of OUE H-REIT and has its board of directors and their own set of procedures in relation to corporate governance.

### **The REIT Manager**

The REIT Manager, OUE Hospitality REIT Management Pte. Ltd., was incorporated in Singapore under the Companies Act on 17 April 2013. The REIT Manager has an issued and paid-up share capital of S\$1,000,000. Its registered office is at 333 Orchard Road #33-00, Singapore 238867 and its telephone and fax numbers are +65 6831 6000 and +65 6880 2422 respectively. The REIT Manager is a wholly-owned subsidiary of the Sponsor.

The REIT Manager has been issued a CMS Licence for REIT management pursuant to the SFA on 2 July 2013.

<sup>10</sup> Excludes the proposed additional 200 hotel rooms expected to be developed on the plot of land adjacent to Crowne Plaza Changi Airport. The proposed additional 200 hotel rooms are expected to be completed by the end of 2015.

## Board of Directors of the REIT Manager

The following table sets forth information regarding the Directors of the REIT Manager:

Name	Address	Position
Mr Christopher James Williams	c/o 333 Orchard Road #33-00, Singapore 238867	Chairman and Non-Executive Director
Mr Chong Kee Hiong	c/o 333 Orchard Road #33-00, Singapore 238867	Executive Director and Chief Executive Officer
Mr Sanjiv Misra	c/o 333 Orchard Road #33-00, Singapore 238867	Independent Director
Mr Liu Chee Ming	c/o 333 Orchard Road #33-00, Singapore 238867	Independent Director
Professor Neo Boon Siong	c/o 333 Orchard Road #33-00, Singapore 238867	Independent Director
Mr Ong Kian Min <sup>11</sup>	c/o 333 Orchard Road #33-00, Singapore 238867	Independent Director

As at the Latest Practicable Date, none of the Directors of the REIT Manager has any family relationship with or is related to one another, with any Executive Officers of the REIT Manager, or with any employee of the REIT Manager upon whose work OUE H-REIT is dependent on.

None of the independent directors of the REIT Manager sits on the boards of the principal subsidiaries of OUE H-REIT that are based in Singapore or other jurisdictions.

### Experience and Expertise of the Board of Directors of the REIT Manager

Information on the business and working experience of the Directors of the REIT Manager are set out below.

#### Mr Christopher James Williams – Chairman and Non-Executive Director

Mr. Christopher James Williams was appointed as the Chairman and Non-Executive Director of the Board of Directors of the Managers on 19 April 2013.

Mr. Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of 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 is presently the Deputy Chairman of OUE Limited and was a non-Executive Chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the Chairman and non-Executive Director of OUE Commercial REIT Pte. Ltd. in October 2013.

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

<sup>11</sup> Mr Ong is the Chief Executive Officer of Kanesaka Sushi Private Limited although this is not on a full-time basis as his role is to oversee the major strategic and financial issues. The day-to-day operations of Kanesaka Sushi Private Limited are managed by a dedicated managing director with full complement of a restaurant service manager, chefs, waitresses and other staff.

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 Chong Kee Hiong** – Chief Executive Officer and Executive Director

Mr. Chong Kee Hiong was appointed as Executive Director of the Managers on 11 June 2013 as well as Chief Executive Officer of the Managers on 25 July 2013.

Mr. Chong has over 20 years of financial and management experience. Prior to joining the Managers, Mr. Chong was the Chief Executive Officer of The Ascott Limited from February 2012 to May 2013 where he was responsible for determining the overall business, investment and operational strategies for The Ascott Limited.

He was the Chief Executive Officer of Ascott Residence Trust Management Limited from 2005 to February 2012. From May 2001 to September 2004, he was with Raffles Holdings Limited (“**Raffles Holdings**”) as their Chief Financial Officer where he was a member of the Management Committee responsible for charting the company’s growth and development strategies. Raffles Holdings was a leading international hotel chain headquartered in Singapore, which owned and managed a chain of luxury and business hotels within and beyond Singapore.

Mr Chong is currently the President of the Orchid Country Club General Committee and Chairman and non-Executive Director of NTUC Foodfare Co-operative Ltd. He is a non-Executive Director of SLF Leisure Enterprises (Pte) Ltd, Pasir Ris Resort Pte Ltd and Aquamarina Hotel Private Limited. He is also the representative of Mandarin Orchard Singapore as a Board member of the Singapore Hotel Association and as a corporate member of Singapore Chinese Chamber of Commerce & Industry.

Mr. Chong holds a Bachelor of Accountancy degree from the National University of Singapore and completed Harvard Business School’s Advanced Management Program in 2008. He is a member of the Institute of Singapore Chartered Accountants.

**Mr Sanjiv Misra** – Independent Director

Mr. Sanjiv Misra was appointed as independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as the Chairman of the Audit and Risk Committee of the REIT Manager.

Mr. Misra is the Chairman of the Asia Pacific Advisory Board for Apollo Management, a global private equity and alternative asset management firm. He is the President of Phoenix Advisers Pte. Ltd., a boutique advisory and principal investing firm. He is also a member of the Board of Trustees of Singapore Management University (“**SMU**”), the SMU Enterprise Board, the Board of Directors of the National University Health System (“**NUHS**”), the executive committee and audit and risk committees of NUHS, and the Investment Committee of SMU. Mr. Misra is an independent and non-Executive Director of Edelweiss Financial Services Limited, a company listed on Bombay Stock Exchange, Olam International Limited, a company listed on the SGX-ST, and Invenio Holdings Pte. Ltd., a subsidiary of Olam International Limited.

Mr. Misra spent 11 years at Citigroup from February 1997 to May 2008 and was the Head of the Asia Pacific Corporate Bank from June 2004 till May 2008. Prior to his appointment to this position, Mr. Misra was the Chief Executive Officer of Citigroup’s Global Corporate and Investment Banking Group in Singapore and Brunei and Citigroup Country Officer for Singapore.

Between 1986 and 1997, Mr. Misra worked in the Investment Banking Division at Goldman Sachs & Co., in New York, Hong Kong and Singapore.

Mr. Misra holds a Bachelor of Arts degree in economics from St. Stephen’s College, Delhi University, a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad, and a Master of Management from the J.L. Kellogg Graduate School of Management at Northwestern University, USA.

**Mr Liu Chee Ming** – Independent Director

Mr. Liu Chee Ming was appointed as independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as a member of the Audit and Risk Committee of the REIT Manager.

Mr. Liu has been a member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission since May 1995, and the Deputy Chairman of the Takeovers and Mergers Panel since April 2008, where his duties include reviewing mergers and acquisition cases and dealing with the relevant appeals.

Mr. Liu is currently the Managing Director of Platinum Holdings Company Limited, which he established in March 1996, and oversees its stock broking, corporate finance and asset management businesses. He has been an independent non-Executive Director of Kader Holdings Company Limited (a company listed on the Hong Kong Stock Exchange) since June 1998 and an independent non-executive director of StarHub Ltd. (a company listed on the SGX-ST) since August 2004. He has been an independent non-Executive Director of Haitong Securities Co., Ltd. (a company listed on the Hong Kong and Shanghai stock exchanges) since November 2011. He has been an independent non-Executive Director of Founder BEA Trust Co., Ltd. since November 2013. Founder BEA Trust Co., Ltd. is an associate company of The Bank of East Asia, Limited (a company listed on the Hong Kong Stock Exchange).

Mr. Liu holds a Bachelor's degree in Business Administration from the former University of Singapore.

**Professor Neo Boon Siong – Independent Director**

Professor Neo Boon Siong was appointed as independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as a member of the Audit and Risk Committee of the REIT Manager.

Professor Neo is also a Professor and formerly served as Dean of the Nanyang Business School of Nanyang Technological University, Singapore from 1998 to 2004. After his appointment as Dean, Professor Neo remained as a Professor at the Nanyang Business School from 2004 to 2005 before accepting an appointment as the Director of Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy in the National University of Singapore from 2005 to 2010. He returned to the Nanyang Business School as a Professor in 2011. During these appointments, his duties covered areas of education, research and consultancy.

Professor Neo currently serves as a non-Executive Director of k1 Ventures Limited, Keppel Telecommunications & Transportation Ltd, and J. Lauritzen Singapore Pte. Ltd. He was a non-Executive Director of Oversea-Chinese Banking Corporation Limited from 2005 to 2013, and a non-Executive Director of Great Eastern Holdings Limited from 2000 to 2010.

Professor Neo holds a Bachelor of Accountancy with Honours from the National University of Singapore and a Master of Business Administration and Ph.D from University of Pittsburgh. He is a Certified Public Accountant (Singapore).

**Mr Ong Kian Min – Independent Director**

Mr. Ong Kian Min was appointed as independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as a member of the Audit and Risk Committee of the REIT Manager.

Mr. Ong is an advocate and solicitor practising as a consultant with Singapore law firm Drew & Napier LLC, which he joined in October 2000. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 20 years of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is a senior adviser of Alpha Advisory Pte. Ltd., a boutique financial and corporate advisory firm, which he joined in January 2010. He is also the Chief Executive Officer of Kanesaka Sushi Private Limited, a company which he set up in January 2010 and which owns and operates two fine dining Japanese restaurants in Singapore.

Mr. Ong is currently the non-Executive Chairman of HUPSteel Limited and an independent non-Executive Director of several other companies listed on the SGX-ST, namely BreadTalk Group Limited, China Energy Limited, Food Empire Holdings Limited, GMG Global Ltd, Jaya Holdings Limited, Penguin International Limited and Silverlake Axis Ltd. He chairs the audit committee of five of these listed companies, namely BreadTalk Group Limited, Food Empire Holdings Limited, Jaya Holdings Limited, Penguin International Ltd and Silverlake Axis Ltd and is the lead independent Director of BreadTalk Group Limited, China Energy Limited and Penguin International Ltd.

Mr. Ong was an elected Member of Parliament in Singapore from January 1997 to April 2011. In 1979, he was awarded the President's Scholarship and the Singapore Police Force Scholarship. He holds a Bachelor of Laws (Honours) external degree from the University of London in England and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology, England.

## **OUE H-REIT**

### **The REIT Manager Executive Officers**

The REIT Manager Executive Officers are entrusted with the responsibility for the daily operations of the REIT Manager. The following table sets forth information regarding the REIT Manager Executive Officers:

<b>Name</b>	<b>Address</b>	<b>Position</b>
Mr Chong Kee Hiong	c/o 333 Orchard Road #33-00, Singapore 238867	Chief Executive Officer
Mr Rudi Chuan Hwee Hiow	c/o 333 Orchard Road #33-00, Singapore 238867	Chief Financial Officer
Ms Goh Lilian	c/o 333 Orchard Road #33-00, Singapore 238867	Senior Vice President, Investor Relations
Mr Chen Yi Chung	c/o 333 Orchard Road #33-00, Singapore 238867	Vice President, Investments
Mr Jeffrey Wong Yew Cheong	c/o 333 Orchard Road #33-00, Singapore 238867	Vice President, Asset and Investment Manager

### **Experience and Expertise of the REIT Manager Executive Officers**

Information on the working experience of the REIT Manager Executive Officers is set out below.

**Mr Chong Kee Hiong** is the Chief Executive Officer of the REIT Manager. Details of his working experience are set out in the section "Management and Corporate Governance – OUE H-REIT – Board of Directors of the REIT Manager – Experience and Expertise of the Boards of the REIT Manager".

#### **Mr Rudi Chuan Hwee Hiow – Chief Financial Officer**

Mr Chuan has over 20 years of financial and REIT management experience, with his most recent position being the Chief Financial Officer of the Sponsor, where he was responsible for the OUE Group's corporate finance and planning. During his tenure at the Sponsor Group, he executed the S\$870 million acquisition of the DBS Building Towers One and Two (presently known as 6 Shenton Way Towers One and Two) in September 2010 and secured the S\$800.0 million debt financing for the acquisition. He also executed the acquisition of Crowne Plaza Changi Airport in June 2011.

Prior to joining the OUE Group in July 2009, Mr Chuan was the Chief Financial Officer at Lippo-Mapletree Indonesia Retail Trust Management Ltd (presently known as LMIRT Management Ltd). From 2005 to 2007, he was the Senior Vice President, Finance & Accounting, of Macquarie Pacific Star Prime REIT Management Limited (presently known as Starhill Global REIT Management Limited). From 2000 to 2005, he was the Financial Controller of Suntec City Development Pte Ltd.

Mr Chuan holds a Bachelor of Commerce degree from the University of Otago, New Zealand, and a Master's degree in Business Administration from the State University of New York. He is a member of the Institute of Singapore Chartered Accountants.

#### **Ms Goh Lilian – Senior Vice President, Investor Relations**

Ms Goh has more than 10 years of experience in marketing and corporate communications and investor relations.

Prior to joining the REIT Manager, she was with The Ascott Limited for more than nine years from June 2004 to August 2013. She was part of the team that listed Ascott Residence Trust (“**Ascott REIT**”) in 2006. In her capacity as head of Investor Relations, she was a key member of the team that managed subsequent equity fund raising exercises for Ascott REIT which included overnight placements to institutional investors, preferential offers to existing unitholders and offers to the general public. Ms Goh was also responsible for managing communication of Ascott REIT’s mergers and acquisitions activities. Ms Goh was also the investor relations manager for The Ascott Group until April 2008 when it was privatised by CapitaLand Limited.

Ms Goh holds a Master of Business Administration degree and an Honours degree in Communication Studies, both from Singapore’s Nanyang Technological University.

**Mr Chen Yi Chung** – Vice President, Investments

Mr Chen has more than 10 years of experience in the investment and consultancy industries.

Prior to joining the REIT Manager, Mr Chen was with the Sponsor from November 2008, where his last held position was Vice President, Investments. From February 2008 to October 2008, Mr Chen was with Lippo-Mapletree Indonesia Retail Trust Management Ltd, the manager for LMIR Trust, where his last held position was Manager, Projects.

Mr Chen holds a Bachelor’s degree in business administration from Fu Jen Catholic University in Taiwan, a Master’s degree in computer science from the University of Texas at Arlington and a Master’s degree in business administration from the University of Chicago, Booth School of Business.

**Mr Jeffrey Wong Yew Cheong** – Vice President, Asset and Investment Management

Mr. Wong has over 27 years of experience in the hospitality management industry.

Prior to joining the REIT Manager, Mr. Wong was with the Sponsor from November 2012, where his last held position was Head – Organisational Development overseeing the review and alignment of organisational systems and processes. From October 2011 to September 2012, Mr. Wong was with Grand Park Wuxi in Jiangsu Province, PRC, where his last held position was General Manager. From April 2010 to September 2011, Mr. Wong was with Frasers Centrepoint, a subsidiary of F&N which owns and operates retail malls where his last held position was Head of Service Quality.

From January 1997 to March 2010, Mr Wong was with Frasers Hospitality, also a subsidiary of F&N, where his last held position was Regional Director. He was principally engaged in serviced apartment management as well as setting up and managing operations of Fraser’s new brand of serviced apartments in China as Chief Operating Officer.

Mr Wong holds a Bachelor’s degree in hotel administration from the University of Nevada, Las Vegas and a post graduate diploma in business administration from the University of Surrey.

**Property Manager**

The Property Manager of Mandarin Gallery is OUE Property Management Pte. Ltd. The Property Manager is incorporated in Singapore under the Companies Act and is a wholly-owned subsidiary of the Sponsor.

The Property Manager is, subject to the overall management and supervision of the REIT Manager, responsible for providing property management, lease management and marketing services for Mandarin Gallery.

As at the date of this Offering Circular, the Property Manager will not have its own employees. The services of the Property Manager will be performed by staff seconded from the Sponsor on a part-time basis. The staff of the Property Manager also includes concierge staff who manage Mandarin Gallery exclusively.

The REIT Manager is of the view that the Property Manager will be able to perform its duties satisfactorily as the staff seconded to the Property Manager will be from the Sponsor’s experienced pool of staff. Whilst seconded to the Property Manager, there will be appropriate Chinese walls in place from the retail leasing team of the Sponsor.

## **The Key Roles of the REIT Manager Board**

The key roles of the board of directors of the REIT Manager (the “**REIT Manager Board**”) are to:

- guide the corporate strategy and directions of the REIT Manager;
- ensure that senior management discharges business leadership and demonstrates the highest quality of management skills with integrity and enterprise;
- oversee the proper conduct of the REIT Manager; and
- ensure that measures relating to corporate governance, financial regulations and other required policies are in place and enforced.

The REIT Manager Board will meet to review the key activities and business strategies of OUE H-REIT. The REIT Manager Board intends to meet regularly, at least once every three months, to deliberate the strategic policies of OUE H-REIT, including acquisitions and disposals, approval of the annual budget and review of the performance of OUE H-REIT.

Each Director of the REIT Manager has been appointed on the basis of his professional experience and his potential to contribute to the proper guidance of OUE H-REIT. The Directors of the REIT Manager will contribute in different ways to further the interests of OUE H-REIT. The majority of the Directors of the REIT Manager are non-executive and independent of the management. This enables the management to benefit from their external, diverse and objective perspectives on issues that are brought before the REIT Manager Board. Effective checks and balances are also maintained by having separate individuals holding the position of Chairman and Chief Executive Officer of the REIT Manager.

The Chairman is responsible for the overall management of the REIT Manager Board as well as ensuring that the members of the REIT Manager Board and the management work together with integrity and competency, and that the REIT Manager Board engages the management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the REIT Manager.

The REIT Manager Board has separate and independent access to senior management and the Company Secretary at all times.

## **Roles and Responsibilities of the REIT Manager in relation to the management of OUE H-REIT**

The REIT Manager has general powers of management over the assets of OUE H-REIT. The REIT Manager’s main responsibility is to manage OUE H-REIT’s assets and liabilities for the benefit of the holders of OUE H-REIT Units.

The REIT Manager is responsible for formulating the business plans in relation to OUE H-REIT’s properties. The REIT Manager will work closely with the Hotel Manager through the Master Lessee to implement OUE H-REIT’s strategies. Further, the REIT Manager will set the strategic direction of OUE H-REIT and give recommendations to the REIT Trustee on the acquisition, divestment or enhancement of assets of OUE H-REIT in accordance with its stated investment strategy.

The REIT Manager will also be responsible for ensuring that OUE H-REIT complies with the applicable provisions of the SFA and all other relevant legislation, the Listing Manual, the CIS Code (including the Property Funds Appendix), the CMS Licence, the Tax Ruling<sup>12</sup> and all relevant contracts.

The REIT Manager may, in managing OUE H-REIT and in carrying out and performing its duties and obligations under the OUE H-REIT Trust Deed, with the written consent of the REIT Trustee, appoint such persons to exercise any or all of its powers and discretions and to perform all or any of its obligations under the OUE H-REIT Trust Deed, provided always that the REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

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<sup>12</sup> “**Tax Ruling**” means the tax ruling dated 6 June 2013 issued by the Inland Revenue Authority of Singapore on the taxation of OUE H-REIT and its Stapled Securityholders

## **Retirement or Removal of the REIT Manager**

The REIT Manager shall have the power to retire in favour of a corporation approved by the REIT Trustee to act as the manager of OUE H-REIT.

Also, the REIT Manager may be removed by notice given in writing by the REIT Trustee if:

- the REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the REIT Manager;
- the REIT Manager ceases to carry on business;
- the REIT Manager fails or neglects after reasonable notice from the REIT Trustee to carry out or satisfy any material obligation imposed on the REIT Manager by the OUE H-REIT Trust Deed;
- the holders of OUE H-REIT Units, by a resolution duly passed by a majority greater than 50.0% of the total number of votes cast for and against such resolution with no participants being disenfranchised at a meeting of holders of OUE H-REIT Units duly convened and held in accordance with the provisions of the OUE H-REIT Trust Deed, shall so decide;
- for good and sufficient reason, the REIT Trustee is of the opinion, and so states in writing, that a change of the REIT Manager is desirable in the interests of the holders of OUE H-REIT Units provided that where the REIT Manager is removed on the basis that a change of the REIT Manager is desirable in the interests of the holders of OUE H-REIT Units, the REIT Manager has a right under the OUE H-REIT Trust Deed to refer the matter to arbitration. Any decision made pursuant to such arbitration proceedings is binding upon the REIT Manager, the REIT Trustee and all the holders of OUE H-REIT Units; or
- the Authority directs the REIT Trustee to remove the REIT Manager.

## **The REIT Trustee**

The trustee of OUE H-REIT is RBC Investor Services Trust Singapore Limited. The REIT Trustee is a company incorporated in Singapore and is registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the date of this Offering Circular, the REIT Trustee has a paid-up capital of S\$6,000,000. The REIT Trustee has a place of business in Singapore at 20 Cecil Street, #28-01 Equity Plaza, Singapore 049705.

## **The OUE H-REIT Trust Deed**

The provisions of the SFA and the CIS Code (including the Property Funds Appendix) prescribe certain terms of the OUE H-REIT Trust Deed and certain rights, duties and obligations of the REIT Manager, the REIT Trustee (amongst others) under the OUE H-REIT Trust Deed. The Property Funds Appendix also imposes certain restrictions on real estate investment trusts in Singapore, including a restriction on the types of investments which real estate investment trusts in Singapore may hold, a general limit on their level of borrowings and certain restrictions with respect to interested party transactions. To the extent of any inconsistency between the obligations of the REIT Manager under the OUE H-REIT Trust Deed and the Stapling Deed, the provisions of the Stapling Deed will prevail.

## **Powers, Duties and Obligations of the REIT Trustee**

The REIT Trustee's powers, duties and obligations are set out in the OUE H-REIT Trust Deed. The powers and duties of the REIT Trustee include:

- acting as trustee of OUE H-REIT and, in such capacity, safeguarding the rights and interests of the holders of OUE H-REIT Units, for example, by satisfying itself that transactions it enters into for and on behalf of OUE H-REIT with a related party of the REIT Manager or OUE H-REIT are conducted

on normal commercial terms, are not prejudicial to the interests of OUE H-REIT and the holders of OUE H-REIT Units, and in accordance with all applicable requirements under the Property Funds Appendix and/or the Listing Manual relating to the transaction in question;

- holding the assets of OUE H-REIT on trust for the benefit of the holders of OUE H-REIT Units in accordance with the OUE H-REIT Trust Deed;
- lending monies out of the assets of OUE H-REIT for the benefit of Stapled Securityholders as a whole in accordance with the OUE H-REIT Trust Deed and subject to compliance with the applicable laws, regulations and guidelines; and
- exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of OUE H-REIT.

In the exercise of its powers, the REIT Trustee may (on the recommendation of the REIT Manager) and subject to the provisions of the OUE H-REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

Although the REIT Trustee may borrow money and obtain other financial accommodation for the purposes of OUE H-REIT, both on a secured and unsecured basis, the REIT Manager must not direct the REIT Trustee to incur a liability if to do so would mean that total liabilities of OUE H-REIT exceed 35.0% of the value of the OUE H-REIT Deposited Property (or such other limit as may be stipulated by the Property Funds Appendix or other limit prescribed by the Authority) unless a credit rating from Fitch Inc., Moody's Investors Service or Standard & Poor's Financial Services LLC is obtained and disclosed to the public. The Property Funds Appendix allows OUE H-REIT to borrow up to 60.0% of the value of the OUE H-REIT Deposited Property only if such credit rating is obtained and disclosed to the public.

The REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the OUE H-REIT Trust Deed, the Listing Manual, the SFA, the CIS Code (including the Property Funds Appendix), the Tax Ruling and all other applicable laws, regulations and guidelines. It must retain OUE H-REIT's assets, or cause OUE H-REIT's assets to be retained, in safe custody and cause OUE H-REIT's accounts to be audited. It can appoint valuers to value the real estate assets and real estate-related assets of OUE H-REIT.

The OUE H-REIT Trust Deed contains certain indemnities in favour of the REIT Trustee under which it will be indemnified out of the assets of OUE H-REIT for liability arising in connection with certain acts or omissions. These indemnities are subject to any applicable laws.

#### **Retirement and Replacement of the REIT Trustee**

The REIT Trustee may retire or be replaced under the following circumstances:

- the REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the OUE H-REIT Trust Deed); and
- the REIT Trustee may be removed by notice in writing to the REIT Trustee by the REIT Manager:
  - if the REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Trustee;
  - if the REIT Trustee ceases to carry on business;
  - if the REIT Trustee fails or neglects after reasonable notice from the REIT Manager to carry out or satisfy any material obligation imposed on the REIT Trustee by the OUE H-REIT Trust Deed;

- if the holders of OUE H-REIT Units by extraordinary resolution duly passed at a meeting of holders of OUE H-REIT Units held in accordance with the provisions of the OUE H-REIT Trust Deed, and of which not less than 21 days' notice has been given to the REIT Trustee and the REIT Manager, shall so decide; or
- if the Authority directs that the REIT Trustee be removed.

### **Termination of OUE H-REIT**

Under the provisions of the OUE H-REIT Trust Deed, the duration of OUE H-REIT shall end on the earliest of:

- the date on which OUE H-REIT is terminated by the REIT Manager in such circumstances as set out under the provisions of the OUE H-REIT Trust Deed, as described below; or
- the date on which OUE H-REIT is terminated by the REIT Trustee in such circumstances as set out under the provisions of the OUE H-REIT Trust Deed, as described below.

The REIT Manager may in its absolute discretion terminate OUE H-REIT by giving notice in writing to all the holders of OUE H-REIT Units and the REIT Trustee not less than three months in advance and to the Authority not less than seven days before the termination in any of the following circumstances:

- if any law shall be passed which renders it illegal or in the opinion of the REIT Manager impracticable or inadvisable to continue OUE H-REIT;
- if the net asset value of the OUE H-REIT Deposited Property shall be less than S\$50.0 million after the end of the first anniversary of the date of the OUE H-REIT Trust Deed or any time thereafter; and
- if at any time OUE H-REIT becomes unlisted after it has been listed.

Subject to the SFA and any other applicable laws or regulations, OUE H-REIT may be terminated by the REIT Trustee by notice in writing in any of the following circumstances, namely:

- if the REIT Manager shall go into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the REIT Trustee) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the REIT Manager or if any encumbrancer shall take possession of any of its assets or if it shall cease business and the REIT Trustee fails to appoint a successor manager in accordance with the provisions of the OUE H-REIT Trust Deed;
- if any law shall be passed which renders it illegal or in the opinion of the REIT Trustee impracticable or inadvisable to continue OUE H-REIT; and
- if within the period of three months from the date of the REIT Trustee expressing in writing to the REIT Manager the desire to retire the REIT Manager fails to appoint a new trustee in accordance with the provisions of the OUE H-REIT Trust Deed.

In addition to the above, the holders of the OUE H-REIT Units may, by extraordinary resolution duly passed at a meeting of the holders of the OUE H-REIT Units held in accordance with Section 295 of the SFA, terminate OUE H-REIT.

Generally, upon the termination of OUE H-REIT, the REIT Trustee shall, subject to any authorisations or directions given to it by the REIT Manager or the holders of OUE H-REIT Units pursuant to the OUE H-REIT Trust Deed, sell the OUE H-REIT Deposited Property and repay any borrowings incurred on behalf of OUE H-REIT in accordance with the OUE H-REIT Trust Deed (together with any interest accrued but remaining unpaid) as well as all other debts and liabilities in respect of OUE H-REIT before distributing the balance of the OUE H-REIT Deposited Property to the holders of OUE H-REIT Units in accordance with their proportionate interests in the OUE H-REIT Deposited Property.

## TAXATION

### Singapore taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Notes 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 Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that neither the Issuer, the Guarantor, the Arrangers nor any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of the Notes.

### *Interest and Other Payments*

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (“ITA”), the following payments are deemed to be derived from Singapore:

- (d) 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
- (e) 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 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0 per cent. with effect from year of assessment 2010. The applicable rate for non-resident individuals is 20.0 per cent. 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 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (f) interest from debt securities derived on or after January 1, 2004;
- (g) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- (h) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 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.

The terms “break cost”, “prepayment fee” and “redemption premium” are defined in the ITA as follows:

“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;

“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; and

“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.

References to “break cost”, “prepayment fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the ITA.

The Programme as a whole is arranged by DBS Bank Ltd. and Standard Chartered Bank, Singapore Branch, both of which are Financial Sector Incentive (Standard Tier) Companies as defined under the refined Financial Sector Incentive Scheme outlined in the MAS Circular No. FDD Cir 03/2013, “Extension and Refinement of the Financial Sector Incentive Scheme (“FSI Scheme”)” issued on 28 June 2013 (the “**MAS FDD Circular**”). On the assumption that the changes introduced in the MAS FDD Circular and in the MAS Circular No. FSD Cir 02/2013, “Extensions and Refinement of Tax Concessions for Promoting the Debt Market” issued on 28 June 2013 (the “**MAS FSD Circular**”) will be duly legislated, the Notes issued during the period from the date of this Offering Circular to December 31, 2018 (the “**Relevant Notes**”) would be “qualifying debt securities” for the purposes of the ITA, to which the following treatments shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Monetary Authority of Singapore (the “**MAS**”) may direct, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost 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 shall not apply if the non-resident person acquires the Relevant Notes using funds from that 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 “**Specified Income**”) from the Relevant Notes, derived by a holder who is not resident in Singapore and (aa) who does not have any permanent establishment in Singapore or (bb) who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used by that person to acquire the Relevant Notes are not obtained from the operation, 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, of a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0 per cent.; and
- (iii) subject to:
  - (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

- (bb) the Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

Specified Income derived from the Relevant Notes is not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes 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 Notes 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.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

There is an enhancement to the Qualifying Debt Securities Scheme known as the Qualifying Debt Securities Plus Scheme (the “**QDS Plus Scheme**”). Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the Issuer or such other person as the MAS may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the MAS may specify and such other particulars in connection with the qualifying debt securities as the MAS may require to the MAS), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from February 16, 2008 to December 31, 2018;
- (b) have an original maturity date of not less than 10 years;
- (c) cannot be redeemed, converted, exchanged or called within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

Pursuant to the MAS FSD Circular, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow debt securities with the standard early termination clauses as prescribed in the MAS FSD Circular to qualify for the QDS Plus Scheme at the point of issuance. Should the debt securities be redeemed prematurely before the 10<sup>th</sup> year under the standard early termination clauses, the tax benefits granted pursuant to the QDS Plus Scheme on Specified Income accrued prior to the redemption will not be clawed back. The QDS Plus status of the debt securities would instead be revoked prospectively for outstanding debt securities (if any). The outstanding debt securities may still enjoy the QDS tax benefits as outlined above if the conditions for tax benefits under the QDS scheme are met.

Notwithstanding the above, debt securities with embedded options with economic value (e.g. call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the bond's pricing at the onset) which can be exercised within ten years from the date of issuance will continue to be excluded from the QDS Plus Scheme.

In determining an investor's income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor's losses, expenses, capital allowances and donations which are attributable to exempt income are to be treated.

However, even if a particular tranche of the Relevant Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Notes 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.

### **Capital Gains**

Any gains considered to be in the nature of capital arising from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes 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 Notes who are adopting Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement ("**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 Notes, irrespective of disposal. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

### **Adoption of FRS 39 treatment for Singapore income tax purposes**

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39—Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes. Under FRS 39, the holder of a financial instrument with an embedded derivative may be required to separately account for the embedded derivative if certain conditions are fulfilled. This would typically include the equity conversion option in a convertible bond although a derivative which is embedded in a financial asset which is itself reported at fair value through profit or loss is generally not required to be separately accounted for.

According to the FRS 39 Circular, for financial assets on revenue account classified as:

- (a) "fair value through profit or loss", gains or losses recognised in the profit and loss account will be taxed or allowed as a deduction even though they are unrealised;
- (b) "available-for-sale", only the cumulative gains or losses (which had been recognised in equity) that are transferred to the profit and loss account upon derecognition will be taxed or allowed as a deduction;
- (c) "held-to-maturity" and "loans", the interest income based on the amount shown in the accounts, which is calculated under the effective interest method under FRS 39, will be taxed.

The FRS 39 Circular refers to the definition of the effective interest method under FRS 39 and states that the “effective interest method” is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The “effective interest rate” is the rate that exactly discounts estimated future cash payments of receipts through the expected life of the financial instruments. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

However, for debt securities which are on capital account, the FRS 39 Circular indicates that interest income reflected in the profit and loss account under FRS 39 will be adjusted to that based on the coupon/contractual rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. In this section, “contractual interest rate” in relation to any financial instrument means the interest rate specified in the financial instrument. A gain from discounts or premiums on debt securities, being a gain chargeable to tax under Section 10(1)(d) of the ITA, shall be deemed to accrue only on the maturity or redemption of the debt securities and to be equal to the difference between the amount received on the maturity or redemption of the debt securities and the amount for which the debt securities were issued.

Holders of the Notes 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 Notes.

### ***Estate Duty***

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

### **EU Directive on the Taxation of Savings Income**

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual or certain other persons in that other EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

## REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

### Current Account Items

Under the PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a pilot scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated cities in the PRC including Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. In June 2010 and August 2011 respectively, the PRC government promulgated the *Circular on Issues concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades* and the *Circular on Expanding the Regions of Cross-border Trade Renminbi Settlement*, two Circulars with regard to the expansion of designated cities and offshore jurisdictions implementing the pilot Renminbi settlement scheme for cross-border trades. Pursuant to these Circulars, (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts were expanded to cover all provinces and cities in the PRC, and (iii) the restriction on designated offshore districts has been lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle imports of goods and services and other current account items between them. Renminbi remittance for exports of goods from the PRC may only be effected by approved pilot enterprises in designated pilot districts in the PRC.

As new regulations, the circulars will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these circulars and impose conditions for settlement of current account items.

### Capital Account Items

Under the applicable PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

On 7 April 2011, the State Administration of Foreign Exchange (“SAFE”) issued the *Notice on Relevant Issues regarding Streamlining the Business Operation of Cross-border RMB Capital Account Items*, which clarifies that the borrowing by an onshore entity (including a financial institution) of Renminbi loans from an offshore creditor shall in principle follow the current regulations on borrowing foreign debts and the provision by an onshore entity (including a financial institution) of external guarantees in Renminbi shall in principle follow the current regulations on the provision of external guarantees in foreign currencies.

On 13 October 2011, the PBOC issued the PBOC RMB FDI Measures which set out operating procedures for PRC banks to handle RMB settlement relating to RMB FDI and borrowing by foreign invested enterprises of offshore RMB loans. Prior to the PBOC RMB FDI Measures, cross-border RMB settlement for RMB FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post-event registration and filing requirements. Foreign invested enterprises, whether established or acquired by foreign investors, shall complete the corporate information registration within 10 business days after obtaining its Business Licence, and shall make post-event registration or filing with the PBOC of increases or decreases in registered capital, equity transfers or swaps, merger or acquisition or other changes to registered information.

On 5 July 2013, the PBOC promulgated the Notice on Simplifying the Procedures of Cross-border Renminbi Business and Improving Relevant Policies (the “Notice”), which simplifies the operating procedures on current account cross-border Renminbi settlement and further publishes policies with

respect to issuance of offshore Renminbi bonds by onshore non-financial institutions. The Notice intends to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

On 3 December 2013, MOFCOM promulgated the MOFCOM Renminbi FDI Circular, which became effective on 1 January 2014, to further facilitate Renminbi FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Renminbi FDI Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each Renminbi FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on Renminbi FDI, the MOFCOM Renminbi FDI Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Renminbi FDI Circular also clearly prohibits the Renminbi FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As new regulations, such notices will be subject to interpretation and application by the relevant PRC authorities. There is no assurance that approval of such remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant MOFCOM, SAFE and PBOC rules.

## CLEARANCE AND SETTLEMENT

### **Bearer Notes**

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. The Issuer may also apply to have Bearer Notes accepted for clearance through CDP. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with CDP. Transfers of interests in a temporary Global Note or a permanent Global Note will be made in accordance with the normal market debt securities operating procedures of CDP, Euroclear and Clearstream, Luxembourg. Each Global Note will have an International Securities Identification Number (“**ISIN**”) and a Common Code. Investors in Notes of such Series may hold their interests in a Global Note through Euroclear or Clearstream, Luxembourg or CDP, as the case may be.

### **Registered Notes**

The Issuer may make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Certificate. The Issuer may also apply to have Notes represented by a Global Certificate accepted for clearance through CDP. Each Global Certificate will have an ISIN and a Common Code. Investors in Notes of such Series may hold their interests in a Global Certificate only through Euroclear or Clearstream, Luxembourg or CDP, as the case may be.

### **Individual Certificates**

Registration of title to Registered Notes in a name other than a depository or its nominee for Euroclear and Clearstream, Luxembourg or CDP will be permitted only in the circumstances set forth in “Summary of Provisions Relating to the Notes while in Global Form – Exchange”. In such circumstances, the Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Certificates.

### **Clearance and Settlement**

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg and CDP (together, the “**Clearing Systems**”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Guarantor and the Issuer believe to be reliable, but none of the Issuer, the Guarantor, OUE H-REIT, the Arrangers, the Trustee, any Agent nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

### **The Clearing Systems**

The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

#### ***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 accounts of such participants. 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 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 others, 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.

Distributions of principal and interest with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant Clearing System's rules and procedures.

### **CDP**

In respect of Notes 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 ("**CDP System**") maintained by 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 Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or Global Certificate for persons holding the Notes in securities accounts with CDP (the "**Depositors**"). Delivery and transfer of Notes 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 Notes through the CDP System may only be effected through certain corporate depositors (the "**Depository Agents**") approved by CDP under the Companies Act, to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes 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 payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes 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, OUE H-REIT, the Trustee, the Paying Agent in Singapore or any other Agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

## SUBSCRIPTION AND SALE

### Summary of Dealer Agreement

Subject to the terms and on the conditions contained in a dealer agreement dated 2 April 2014 (the “**Dealer Agreement**”) between the Issuer, the Guarantor, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arrangers for their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective 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, the Guarantor and/or their respective affiliates in the ordinary course of their business and receive fees for so acting.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, any of the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

### Selling Restrictions

#### *United States*

The Notes and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, the Notes may not be offered or sold within the United States. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes within the United States, except as permitted by the Dealer Agreement.

**Bearer Notes 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 and regulations thereunder.**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer, or sell or, in the case of Bearer Notes, deliver (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 Notes are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Notes sold to or

through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal 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 Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

#### ***Public Offer Selling Restriction Under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed 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 Notes which are the subject of the offering contemplated by this Offering Circular 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 Notes to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such offering circular has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a offering circular pursuant to Article 3 of the Prospectus Directive or supplement a offering circular pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes 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 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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 and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

### **United Kingdom**

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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 Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Notes 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 Notes in, from or otherwise involving the United Kingdom.

### **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Notes to be issued from time to time by the Issuer and/or the Guarantor pursuant to the Programme have not been and will not be circulated or distributed, nor the Notes offered or sold, or 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 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 Notes 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 Notes 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.

### **Hong Kong**

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; 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 Notes, 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan.

### **General**

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement therefore in all cases at its own expense.

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

### Pricing Supplement dated [●]

#### OUE H-T Treasury Pte. Ltd.

**Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the U.S.\$1,000,000,000 Guaranteed Euro Medium Term Note Programme  
unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in  
its capacity as trustee of OUE Hospitality Real Estate Investment Trust)**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated 2 April 2014 [and the supplemental Offering Circular dated [●]]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated 2 April 2014. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated 2 April 2014 and are attached hereto.]

*[The following language applies if the Notes are intended to be Qualifying Debt Securities for the purposes of the Income Tax Act, Chapter 134 of Singapore.]*

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes 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 qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”), shall not apply if such person acquires such Notes 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 derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

- |   |        |  |  |
|---|--------|--|--|
| 1 | (i)    | Issuer:  | OUE H-T Treasury Pte. Ltd.   |
|   | (ii)   | Guarantor:   | RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust) |
| 2 | [(i)]  | Series Number:   | [●]  |
|   | [(ii)] | Tranche Number: <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes became fungible.)</i> | [●]  |

- 3 Specified Currency or Currencies:
- 4 Aggregate Principal Amount:  
 [(i)] Series:   
 [(ii)] Tranche:
- 5 (i) Issue Price:  per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]  
 (ii) Net Proceeds:
- 6 (i) Specified Denominations:   
 (ii) Calculation Amount:
- 7 (i) Issue Date:   
 (ii) Interest Commencement Date: *[Specify/Issue date/Not Applicable]*
- 8 Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]<sup>1</sup>*
- 9 Interest Basis:  per cent. Fixed Rate]  
 *[specify reference rate]* +/-  per cent. Floating Rate]  
 Zero Coupon] Index Linked Interest] Other (*specify*)]  
 (further particulars specified below)
- 10 Redemption/Payment Basis:  Redemption at par]  
 Index Linked Redemption]  
 Dual Currency] Partly Paid]  
 Instalment]  
 Other (*specify*)]
- 11 Change of Interest or Redemption/  
 Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options:  Investor Put]  
 Change of Control Put]  
 Issuer Call]  
 (further particulars specified below)]
- 13 Status of the Notes: Senior
- 14 Listing and admission to trading:  (*specify*)/None]
- 15 Method of distribution:  Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- 16 Fixed Rate Note Provisions  Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

<sup>1</sup> Note that Hong Kong Dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option.

- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Center(s) for the definition of "Relevant Business Day"]/ [not adjusted]]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount<sup>2</sup>
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [30/360/Actual/Actual(ICMA/ISDA)/other]
- (vi) [Determination Dates: [●] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
- 17 Floating Rate Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]
- (iii) Interest Period Date: [●]  
*(Not applicable unless different from Interest Payment Date)*
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (give details)]
- (v) Business Centre(s): [●]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ other (give details)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (viii) Screen Rate Determination:
- Reference Rate: [●]  
*(Either LIBOR, EURIBOR or SIBOR or other, although additional information is required if other)*

<sup>2</sup> For Hong Kong Dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong Dollar denominated Fixed Rate Notes, being rounded upwards".

- Reference Rate: [●]  
*(Either LIBOR, EURIBOR or SIBOR or other, although additional information is required if other)*
  - Interest Determination Date(s): [●]  
*(the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro or Hong Kong Dollars or first day of each Interest Accrual Period if the Specified Currency is Sterling or Hong Kong Dollars or the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro)*
  - Relevant Screen Page: [●]  
*[(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)]*
- (ix) ISDA Determination:
- Floating Rate Option: [●]
  - Designated Maturity: [●]
  - Reset Date: [●]
  - ISDA Definitions: 2006 (if different to those set out in the Conditions, please specify)
- (x) Margin(s): [+/-][●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [●] per cent. per annum
  - (ii) Any other formula/basis of determining amount payable: [●]
- 19 Index Linked Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula: [give or annex details]
  - (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]): [●]
  - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [●]
  - (iv) Interest Period(s): [●]
  - (v) Specified Interest Payment Dates: [●]
  - (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
  - (vii) Business Centre(s): [●]
  - (viii) Minimum Rate of Interest: [●] per cent. per annum
  - (ix) Maximum Rate of Interest: [●] per cent. per annum
  - (x) Day Count Fraction: [●]
- 20 Dual Currency Note Provisions [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
  - (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): [●]
  - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

**PROVISIONS RELATING TO REDEMPTION**

- 21 Call Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount(s) of each Note and specified denomination method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- 22 Change of Control Put Option [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Put Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation amount
- (iii) Put Period: [30 days from giving of Change of Control Put Event Notice/[●]]
- 23 Final Redemption Amount of each Note [●] per Calculation Amount
- 24 Early Redemption Amount
- (i) Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Bearer Notes/Registered Notes]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice] *(For this option to be available, such Notes shall only be issued in denominations that are equal to, or greater than, EUR100,000 (or its equivalent in other currencies) and integral multiples thereof)*
- [Permanent Global Note/Global Certificate exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note/Global Certificate]

		[Definitive Notes]
26	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/ <i>give details</i> . Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 16(ii), 17(v) and 19(vii) relate]
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, <i>give details</i> ]
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/ <i>give details</i> ]
29	Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:	[Not Applicable/ <i>give details</i> ]
	(a) Instalment Amount(s):	[Not Applicable/ <i>give details</i> ]
	(b) Instalment Date(s):	[Not Applicable/ <i>give details</i> ]
30	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/The provisions [annexed to this Pricing Supplement] apply]
31	Consolidation provisions:	[Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
32	Private Banking Rebate:	[Applicable/Not Applicable]
32	Other terms or special conditions:	[Not Applicable/ <i>give details</i> ]

#### **DISTRIBUTION**

33	(i) If syndicated, names of Managers:	[Not Applicable/ <i>give name</i> ]
	(ii) Stabilising Manager (if any):	[Not Applicable/ <i>give name</i> ]
34	If non-syndicated, name of Dealer:	[Not Applicable/ <i>give name</i> ]
35	U.S. selling restrictions:	[Reg. S Category 1/2; TEFRA D/TEFRA C/TEFRA Not Applicable] The Notes are being offered and sold only in accordance with Regulation S.
36	Additional selling restrictions:	[Not Applicable/ <i>give details</i> ]

#### **OPERATIONAL INFORMATION**

37	ISIN Code:	[●]
38	Common Code:	[●]

- 39 Any clearing system(s) other than Euroclear, Clearstream, Luxembourg or CDP and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- 40 Delivery: Delivery [against/free of] payment
- 41 Additional Paying Agent(s) (if any): [●]

## GENERAL

- 42 The aggregate principal amount of Notes in the Specified Currency issued has been translated into U.S. Dollars at the rate specified, producing a sum of: [Not applicable/Exchange rate of Specified Currency: U.S. Dollar/U.S. Dollar equivalent: [●]]
- 43 In the case of Registered Notes, specify the location of the office of the Registrar if other than Luxembourg/Singapore: [●]
- 44 In the case of Bearer Notes, specify the location of the office of the Issuing and Paying Agent if other than London or Singapore: [●]
- 45 Ratings: The Notes to be issued are unrated.
- 46 Governing Law: English law

## PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Notes described herein pursuant to the U.S.\$1,000,000,000 Guaranteed Euro Medium Term Note Programme of OUE H-T Treasury Pte. Ltd. unconditionally and irrevocably guaranteed by RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust).

## [STABILISATION

In connection with this issue, [insert name of Stabilising Manager] (the “**Stabilising Manager**”) (or persons acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.]

## INVESTMENT CONSIDERATIONS

There are significant risks associated with the Notes including, but not limited to, counterparty risk, country risk, price risk and liquidity risk. Investors should contact their own financial, legal, accounting and tax advisers about the risks associated with an investment in these Notes, the appropriate tools to analyse that investment, and the suitability of the investment in each investor’s particular circumstances. No investor should purchase the Notes unless that investor understands and has sufficient financial resources to bear the price, market liquidity, structure and other risks associated with an investment in these Notes.

Before entering into any transaction, investors should ensure that they fully understand the potential risks and rewards of that transaction and independently determine that the transaction is appropriate given their objectives, experience, financial and operational resources and other relevant circumstances. Investors should consider consulting with such advisers as they deem necessary to assist them in making these determinations.

**MATERIAL ADVERSE CHANGE STATEMENT**

[Except as disclosed in this document, there/There] has been no significant change in the financial or trading position of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Group since [*insert date of last published annual accounts.*]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of OUE H-T Treasury Pte. Ltd.:

By: \_\_\_\_\_  
Duly authorised

Signed on behalf of RBC Investor Services Trust Singapore Limited (in its capacity as trustee of OUE Hospitality Real Estate Investment Trust):

By: \_\_\_\_\_  
Duly authorised

## GENERAL INFORMATION

- (1) Application has been made for permission to deal in, and for quotation of, any Notes which are agreed at the time of issue to be listed on the SGX-ST. There can be no assurance that the application to the SGX-ST will be approved. So long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where such Notes may be presented or surrendered for payment or redemption, in the event that that Global Note representing such Notes is exchanged for definitive Notes. In addition, an announcement of such exchange will be made through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.
- (2) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Singapore in connection with the establishment of the Programme and the giving of the Guarantee. The establishment of the Programme was authorised by resolutions of the Board of Directors of the Issuer passed on 2 April 2014 and the giving of the Guarantee by the Guarantor was authorised by resolutions of the Board of Directors of the Guarantor passed on 1 December 2010.
- (3) Except as disclosed in this Offering Circular, there has been no significant change in the financial or trading position of (i) the Issuer since 24 March 2014 and (ii) the Guarantor or the Group since 31 December 2013 and no material adverse change in the prospects of (a) the Issuer since 24 March 2014 and (ii) the Guarantor or the Group since 31 December 2013.
- (4) Except as disclosed in this Offering Circular, there are no legal or arbitration proceedings pending or, so far as the directors are aware, threatened against the Issuer, the Guarantor or any of the subsidiaries of OUE H-REIT the outcome of which, in the opinion of the directors, may have or have had during the 12 months prior to the date of this Offering Circular a material adverse effect on the financial position of the Issuer or the Guarantor.
- (5) Each Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (6) The Notes may be accepted for clearance through Euroclear, Clearstream, Luxembourg and CDP. The appropriate ISIN and common code in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.
- (7) There are no material contracts entered into other than in the ordinary course of the Issuer's or Guarantor's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or Guarantor's ability to meet its obligations to noteholders in respect of the Notes being issued.
- (8) Where information in this Offering Circular has been sourced from third parties this information has been accurately reproduced and as far as each of the Issuer and the Guarantor is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
- (9) For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Issuing and Paying Agent (with reasonable prior notification being given) set out at the end of this Offering Circular:
  - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

- (ii) the Agency Agreement;
  - (iii) the Memorandum and Articles of Association of the Issuer and the Guarantor;
  - (iv) the OUE H-REIT Trust Deed and the Stapling Deed;
  - (v) the most recently published annual report and audited consolidated financial statements of OUE Hospitality Trust and the most recently published interim accounts of OUE Hospitality Trust;
  - (vi) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, the Guarantor or the Trustee as to its holding of Notes and identity);
  - (vii) a copy of this Offering Circular together with any Supplement to this Offering Circular or further Offering Circular; and
  - (viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
- (10) Copies of the Trust Deed and the Agency Agreement will be available for inspection at the principal office of the Trustee and at the specified offices of the Paying Agents and the Transfer Agents during usual business hours, so long as any of the Notes is outstanding.

## INDEX TO FINANCIAL STATEMENTS

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The unaudited *pro forma* financial information of OUE H-REIT have been extracted from the Prospectus.

## INDEPENDENT AUDITORS' REPORT

Unitholders  
OUE Hospitality Business Trust  
OUE Hospitality Real Estate Investment Trust

### Report on the financial statements

We have audited:

- (i) the financial statements of OUE Hospitality Business Trust ("OUE H-BT") (constituted in the Republic of Singapore pursuant to a trust deed dated 10 July 2013) for the financial period from 10 July 2013 (date of constitution) to 31 December 2013;
- (ii) the financial statements of OUE Hospitality Real Estate Investment Trust (constituted in the Republic of Singapore pursuant to a trust deed dated 10 July 2013 (the "OUE H-REIT Trust Deed")) for the financial period from 10 July 2013 (date of constitution) to 31 December 2013; and
- (iii) the consolidated financial statements of OUE Hospitality Trust (constituted in the Republic of Singapore pursuant to a stapling deed dated 10 July 2013 (the "Stapling Deed")) for the financial period from 10 July 2013 (date of constitution) to 31 December 2013,

as set out on pages 71 to 106. OUE Hospitality Trust, which comprises OUE H-BT and OUE H-REIT, is hereinafter referred to as the "Stapled Group".

The accompanying financial statements comprise the statements of financial position of OUE H-BT, OUE H-REIT and the Stapled Group as at 31 December 2013; the statement of comprehensive income of OUE H-BT, statements of total return of OUE H-REIT and the Stapled Group, distribution statements of OUE H-REIT and the Stapled Group, statements of movements in unitholders' funds of OUE H-BT, OUE H-REIT and the Stapled Group and statements of cash flows of OUE H-BT, OUE H-REIT and the Stapled Group, all for the period ended 31 December 2013; portfolio statements of OUE H-REIT and the Stapled Group as at 31 December 2013; and a summary of significant accounting policies and other explanatory information, as set out on pages 71 to 106.

### *Trustee-Manager's responsibilities for the financial statements*

OUE Hospitality Trust Management Pte. Ltd., the Trustee-Manager of OUE H-BT (the "Trustee-Manager"), is responsible for the preparation of financial statements of OUE H-BT that gives a true and fair view in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (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 that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

## REIT Manager's responsibilities for the financial statements

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

### *Auditors' responsibility*

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

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

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

### *Opinion*

In our opinion:

- (a) the financial statements of OUE H-BT are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of OUE H-BT as at 31 December 2013 and the results, movements in unitholders' funds and cash flows of OUE H-BT for the period then ended; and
- (b) the financial statements of OUE H-REIT and the Stapled Group present fairly, in all material respects, the financial positions of OUE H-REIT and the Stapled Group as at 31 December 2013 and the total return, distributable income, movements in unitholders' funds and cash flows of OUE H-REIT and of the Stapled Group for the period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the OUE H-REIT Trust Deed and the Stapling Deed.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of OUE H-BT have been properly kept in accordance with the provisions of the Act.

**KPMG LLP**

Public Accountants and  
Chartered Accountants

**Singapore**

28 February 2014

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Non-current assets</b>				
Investment properties	4	–	1,756,000	1,756,000
<b>Current assets</b>				
Trade and other receivables	5	–	17,382	17,382
Cash and cash equivalents	6	20	60,809	60,829
		20	78,191	78,211
<b>Total assets</b>		20	1,834,191	1,834,211
<b>Non-current liabilities</b>				
Borrowings	7	–	581,431	581,431
Financial derivatives	8	–	5,728	5,728
Rental deposits		–	26,238	26,238
		–	613,397	613,397
<b>Current liabilities</b>				
Rental deposits		–	1,082	1,082
Trade and other payables	9	2	8,104	8,106
		2	9,186	9,188
<b>Total liabilities</b>		2	622,583	622,585
<b>Net assets</b>		18	1,211,608	1,211,626
Represented by:				
<b>Unitholders' funds</b>				
Unitholders' funds of OUE H-REIT		–	1,211,608	1,211,608
Unitholders' funds of OUE H-BT		18	–	18
		18	1,211,608	1,211,626
<b>Units/Stapled Securities in issue ('000)</b>	10	1,310,627	1,310,627	1,310,627
<b>Net asset value per Unit/ Stapled Security (\$)</b>	11	*	0.92	0.92

\* less than \$0.01

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

**STATEMENT OF COMPREHENSIVE  
INCOME OF OUE H-BT  
STATEMENTS OF TOTAL RETURN OF  
OUE H-REIT AND THE STAPLED GROUP**

For the period from 10 July 2013 (date of constitution)  
to 31 December 2013

	Note	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
Gross revenue	12	–	50,612	50,612
Property expenses	13	–	(5,791)	(5,791)
<b>Net property income</b>		–	44,821	44,821
REIT Manager's fees	14	–	(4,198)	(4,198)
REIT Trustee's fees		–	(121)	(121)
Other trust expenses	15	(2)	(865)	(867)
Finance income		–	11	11
Finance expenses		–	(10,107)	(10,107)
<b>Net finance expenses</b>	16	–	(10,096)	(10,096)
<b>Net (loss)/income</b>		(2)	29,541	29,539
Net change in fair value of investment properties		–	50,923	50,923
<b>Total return for the period</b>		(2)	80,464	80,462
Other comprehensive income for the year, net of tax		–		
<b>Total comprehensive income for the period</b>		(2)		
<b>Earnings per Stapled Security (cents)</b>	18			
Basic and Diluted				6.14

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

## DISTRIBUTION STATEMENTS

For the period from 10 July 2013 (date of constitution)  
to 31 December 2013

	<b>OUE H-REIT and Stapled Group \$'000</b>
Income available for distribution to holders of Stapled Securities at the date of constitution	—
Total return of OUE H-REIT	80,464
Net tax adjustments (Note A)	(42,276)
Income available for distribution for the current period	38,188
Income available for distribution to holders of Stapled Securities at the end of the period	<u>38,188</u>

**Note A – Net tax adjustments comprise:**

Non-tax deductible/(chargeable) items:	
- Amortisation of debt-related transaction costs	731
- Ineffective portion of changes in fair value of cash flow hedges	3,429
- REIT Manager's fees paid/payable in Stapled Securities	4,198
- REIT Trustee's fee	121
- Net change in fair value of investment properties	(50,923)
- Other items	168
Net tax adjustments	<u>(42,276)</u>

Distributions of the Stapled Group represent the aggregate of distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the year is contributed solely by OUE H-REIT as OUE H-BT was dormant during the period. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

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

## STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the period from 10 July 2013 (date of constitution)  
to 31 December 2013

	— Unitholders' funds of OUE H-BT —		
	Units in issue \$'000	Accumulated profits \$'000	Total \$'000
<b>At 10 July 2013 (date of constitution)</b>	–	–	–
<b>Operations</b>			
Increase in net assets resulting from operations	–	(2)	(2)
<b>Hedging reserve</b>			
Effective portion of changes in fair value of cash flow hedges	–	–	–
<b>Unitholders' transactions</b>			
Issue of Stapled Securities	20	–	20
Units/Stapled Securities issued/to be issued as payment of REIT Manager's management fees	–	–	–
Issue costs (Note 19)	–	–	–
<b>Net increase in net assets resulting from unitholders' transactions</b>	20	–	20
<b>At 31 December 2013</b>	20	(2)	18

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

Unitholders' funds of OUE H-REIT				Stapled Group	
Units in issue and to be issued \$'000	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total \$'000	Total \$'000
–	–	–	–	–	–
–	–	–	80,464	80,464	80,462
–	–	(2,299)	–	(2,299)	(2,299)
1,151,548	–	–	–	1,151,548	1,151,568
4,198	–	–	–	4,198	4,198
–	(22,303)	–	–	(22,303)	(22,303)
1,155,746	(22,303)	–	–	1,133,443	1,133,463
1,155,746	(22,303)	(2,299)	80,464	1,211,608	1,211,626

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

## PORTFOLIO STATEMENTS

As at 31 December 2013

Description of Property	Leasehold tenure	Location
<b>Singapore</b>		
Mandarin Orchard Singapore	99-year lease from 1 July 1957	333 Orchard Road
Mandarin Gallery	99-year lease from 1 July 1957	333A Orchard Road
<b>Investment properties, at valuation</b>		
<b>Other assets and liabilities (net)</b>		
<b>Net assets</b>		

Mandarin Orchard Singapore is leased to a related party of the REIT Manager under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years. The leases for Mandarin Gallery generally contain an initial term of one to three years. Subsequent renewals are renegotiated with the lessees.

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

Existing Use	OUE H-REIT		Stapled Group	
	Carrying value at 31/12/2013 \$'000	Percentage of total net assets at 31/12/2013 %	Carrying value at 31/12/2013 \$'000	Percentage of total net assets at 31/12/2013 %
Hotel	1,220,000	100.7	1,220,000	100.7
Retail	536,000	44.2	536,000	44.2
	1,756,000	144.9	1,756,000	144.9
	(544,392)	(44.9)	(544,374)	(44.9)
	1,211,608	100.0	1,211,626	100.0

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

## STATEMENTS OF CASH FLOWS

For the period from 10 July 2013 (date of constitution)  
to 31 December 2013

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Cash flows from operating activities</b>			
Total return for the period	(2)	80,464	80,462
Adjustments for:			
REIT Manager's fees paid/ payable in Stapled Securities	–	4,198	4,198
Finance income	–	(11)	(11)
Finance expenses	–	10,107	10,107
Net change in fair value of investment properties	–	(50,923)	(50,923)
<b>Operating (loss)/income before working capital changes</b>	<b>(2)</b>	<b>43,835</b>	<b>43,833</b>
Changes in working capital:			
Trade and other receivables	–	(17,382)	(17,382)
Trade and other payables	2	4,202	4,204
Rental deposits	–	22,568	22,568
<b>Cash generated from operating activities</b>	<b>–</b>	<b>53,223</b>	<b>53,223</b>
<b>Cash flows from investing activities</b>			
Interest received	–	11	11
Acquisition of investment properties, net of cash acquired (see Note A below)	–	(1,148,537)	(1,148,537)
<b>Net cash used in investing activities</b>	<b>–</b>	<b>(1,148,526)</b>	<b>(1,148,526)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units/Stapled Securities	20	599,980	600,000
Issue costs paid	–	(21,586)	(21,586)
Proceeds from borrowings	–	587,000	587,000
Payment of transaction costs on borrowings	–	(6,300)	(6,300)
Finance expenses paid	–	(2,982)	(2,982)
<b>Net cash from financing activities</b>	<b>20</b>	<b>1,156,112</b>	<b>1,156,132</b>
<b>Net increase in cash and cash equivalents</b>	<b>20</b>	<b>60,809</b>	<b>60,829</b>
Cash and cash equivalents at 10 July 2013 (date of constitution)	–	–	–
<b>Cash and cash equivalents at end of the period (Note 6)</b>	<b>20</b>	<b>60,809</b>	<b>60,829</b>

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

**Notes:****(A) Acquisition of investment properties, net of cash acquired**

Acquisition of investment properties, net of cash acquired is set out below:

	<b>OUE H-REIT and Stapled Group 2013 \$'000</b>
Investment properties	1,705,000
Other deposits	(220)
Rental deposits	(4,752)
Net identifiable assets and liabilities acquired	1,700,028
Partial satisfaction of the purchase consideration in Stapled Securities	(551,568)
	1,148,460
Acquisition charges	77
Net cash outflow	1,148,537

**(B) Significant Non-Cash Transactions**

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

- 626,781,999 Stapled Securities were issued at \$0.88 per Stapled Security, amounting to \$551,568,000, as partial satisfaction of the purchase consideration for the acquisition of investment properties; and
- a total of 4,763,241 Stapled Securities amounting to \$4,198,000 were or would be issued to the REIT Manager as satisfaction of the REIT Manager's management fees for the financial period.

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 Trustee-Manager, the REIT Manager and the REIT Trustee on 28 February 2014.

### 1 GENERAL

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and OUE Hospitality Business Trust ("OUE H-BT") (collectively, the "Stapled Group").

OUE H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 July 2013 (the "OUE H-REIT Trust Deed") between OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager") and RBC Investor Services Trust Singapore Limited (the "REIT Trustee"). The OUE H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of OUE H-REIT held by it in trust for the holders of units in OUE H-REIT. OUE H-BT is a business trust constituted by a trust deed dated 10 July 2013 ("OUE H-BT Trust Deed") and is managed by OUE Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager"). The securities in each of OUE H-REIT and OUE H-BT are stapled together under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in OUE Hospitality Trust (the "Stapled Security") comprises a unit in OUE H-REIT (the "OUE H-REIT Unit") and a unit in OUE H-BT (the "OUE H-BT Unit").

OUE Hospitality Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 July 2013 (the "Listing Date").

The principal activity of OUE H-REIT is to invest in income producing real estate and real estate related assets, which are used or substantially used for hospitality and hospitality related purposes, with the primary objective to deliver regular and stable distributions to the holders of Stapled Securities and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure.

As at the reporting date, OUE H-BT is dormant.

The consolidated financial statements of the Stapled Group relate to OUE H-BT and OUE H-REIT.

Several service agreements were entered into in relation to management of OUE H-BT and OUE H-REIT and its property operations. The fee structures of these services are as follows:

*(i) Trustee-Manager's fees*

Pursuant to the OUE H-BT Trust Deed dated 10 July 2013, the Trustee-Manager is entitled to the following:

- a trustee fee of not exceeding 0.1% per annum of the value of OUE H-BT's Trust Property (as defined in the OUE H-BT Trust Deed), subject to a minimum fee of \$10,000 per month, provided that the value of OUE H-BT's Trust Property is at least \$50.0 million and OUE H-BT has become active. The trustee fee is payable in arrears on a quarterly basis in the form of cash.
- a management fee of 10.0% of OUE H-BT's profit before interest and tax in the relevant financial year (calculated before accounting for the management fee in that financial year).

The management fee is payable in the form of cash or Stapled Securities as Trustee-Manager may elect.

Any portion of the management fee payable in the form of Stapled Securities is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

- an acquisition fee at a rate of 0.75% for acquisitions from related parties and at a rate of 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager's absolute discretion). The acquisition fee is payable in the form of cash and/or Stapled Securities as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

*(ii) REIT Manager's fees*

Pursuant to the OUE H-REIT Trust Deed dated 10 July 2013, the REIT Manager's management fees comprise a base fee of not exceeding 0.3% per annum of the value of OUE H-REIT's Deposited Property (as defined in the OUE H-REIT Trust Deed) and a performance fee of 4.0% per annum of OUE H-REIT's net property income (as defined in the OUE H-REIT Trust Deed).

For a period from Listing Date to the financial year ending 31 December 2014, 100.0% of the management fees payable to the REIT Manager would be paid in the form of Stapled Securities at the market price (as defined in the OUE H-REIT Trust Deed) prevailing at the date of the management fees accrue. Thereafter, the management fees shall be payable in the form of cash or Units (or Stapled Securities, where the Trust is part of the Stapled Group), or a combination of both, as the REIT Manager may elect. Any portion of the management fee payable in the form of Units is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

The REIT Manager is also entitled to receive an acquisition fee of 0.75% of the acquisition price for acquisitions from related parties and 1.0% for all other cases. A divestment fee of 0.5% of the sale price will also be entitled on all future disposals of properties. The acquisition or divestment fee is payable in the form of Stapled Securities and/or cash as the REIT Manager may elect, and such proportion as may be determined by the REIT Manager.

*(iii) Property Manager's fee*

Under the property management agreement between OUE H-REIT and OUE Property Management Pte. Ltd. (the "Property Manager") in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the property management fees are payable as follows:

- 2.0% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore;

- 2.0% per annum of the net property income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial period); and
- 0.5% per annum of the net property income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in lieu of leasing commissions otherwise payable to the property manager and/or third party agents.

The property management fees are payable monthly in arrears.

(iv) *REIT Trustee's fee*

Pursuant to the OUE H-REIT Trust Deed, the REIT Trustee's fee shall not exceed 0.1% per annum of the value of OUE H-REIT's Deposited Property. The REIT Trustee's fee is payable out of OUE H-REIT's Deposited Property on a monthly basis, in arrears. The REIT Trustee's fees are presently charged at a flat fee of 0.015% per annum of the value of OUE H-REIT's Deposited Property (subject to a minimum of \$20,000 per month). The REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the OUE H-REIT Trust Deed.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of OUE H-BT are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

### 2.2 Basis of measurement

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

### 2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of OUE H-BT and OUE H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

### 2.4 Use of estimates and judgments

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

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

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

- Note 4 – valuation of investment properties
- Note 24 – valuation of financial instruments

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by OUE H-BT, OUE H-REIT and the Stapled Group consistently to the period presented in these financial statements.

#### 3.1 Consolidation

##### ***Stapling***

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the purchase method.

##### ***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 of the Stapled Group.

#### 3.2 Foreign currencies

##### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of the Stapled Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

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

#### 3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return. The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. Fair value is determined in accordance with the OUE H-REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by MAS.

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

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

### 3.4 Financial instruments

#### ***Non-derivative financial assets***

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

The Stapled 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. Any interest in transferred financial assets that is created or retained by the Stapled 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 Stapled Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

#### ***Loans and receivables***

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

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less.

#### ***Non-derivative financial liabilities***

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

The Stapled Group derecognises a financial liability 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 Stapled 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 Stapled 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, trade and other payables, and rental deposits.

### ***Derivative financial instruments, including hedge accounting***

The Stapled Group holds derivative financial instruments to hedge 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 the statement of total return.

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

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

#### ***Cash flow hedges***

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

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

#### ***Other derivative financial instruments***

Changes in the fair value of derivative financial instruments that are not designated as hedging instruments in qualifying cash flow hedges are recognised in the statement of total return.

### 3.5 Impairment

#### ***Non-derivative financial assets***

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

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

#### ***Loans and receivables***

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

#### ***Non-financial assets***

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

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

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

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

### 3.6 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of OUE H-BT and OUE H-REIT. Unitholders' funds are classified as equity.

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

### 3.7 Revenue recognition

#### ***Rental income from operating leases***

Rental income from operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

### 3.8 Finance income and finance expense

Finance income comprises interest income and net gains on hedging instruments that are recognised in the statement of total return or profit or loss (as the case may be). Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, amortisation of debt-related transaction costs, and net losses on hedging instruments that are recognised in the statement of total return or profit or loss (as the case may be). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return or profit or loss (as the case may be) using the effective interest method.

### 3.9 Tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Stapled Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

In determining the amount of current and deferred tax, the Stapled Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Stapled 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 Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of OUE H-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of OUE H-REIT, OUE H-REIT will not be taxed on the portion of taxable income of OUE H-REIT that is distributed to holders of OUE H-REIT units ("Unitholders"). Any portion of the taxable income that is not distributed to Unitholders will be taxed at OUE H-REIT's level. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of OUE H-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

Although OUE H-REIT is not taxed on its taxable income distributed, the REIT Trustee and the REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of OUE H-REIT (i.e. which has not been taxed in the hands of the REIT Trustee) to certain Unitholders.

Qualifying Unitholders are entitled to gross distributions from OUE H-REIT. For distributions made to qualifying non-resident non-individual Unitholders during the period to 31 March 2015, REIT Trustee is required to withhold tax at the reduced rate of 10% on distributions made. For other types of Unitholders, the REIT Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by OUE H-REIT. Such other types of Unitholders are subject to tax on the regressed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the REIT Trustee.

A Qualifying Unitholder refers to a Unitholder who is:-

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

A qualifying non-resident non-individual Unitholder refers to a unit holder who:-

- does not have any permanent establishment in Singapore; or
- carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in OUE H-REIT are not obtained from that operation in Singapore.

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

### 3.10 Segment reporting

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

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

### 3.11 New standards and interpretations not adopted

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

## 4 INVESTMENT PROPERTIES

	Note	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
At 10 July 2013		–	–	–
Acquisition	(i)	–	1,705,077	1,705,077
Changes in fair value	(ii)	–	50,923	50,923
At 31 December 2013		–	1,756,000	1,756,000

(i) This relates to the acquisition of Mandarin Orchard Singapore and Mandarin Gallery in July 2013.

(ii) The investment properties are stated at fair value based on independent valuations undertaken by Cushman & Wakefield VHS Pte Ltd as at 31 December 2013. The independent valuer has appropriate professional qualifications and recent experience in the location and category of the properties being valued. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

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

- (iii) As at 31 December 2013, the investment properties are pledged as security to secure bank loans (see note 7).

## 5 TRADE AND OTHER RECEIVABLES

	OUE H-BT 2013 \$'000	OUE H-REIT 2013 \$'000	Stapled Group 2013 \$'000
Trade receivables from:			
- a related party of the REIT Manager	-	16,467	16,467
- third parties	-	646	646
	-	17,113	17,113
Other receivables	-	263	263
	-	17,376	17,376
Prepayments	-	6	6
	-	17,382	17,382

Trade receivables from a related party of the REIT Manager relate to receivables from the master lessee of Mandarin Orchard Singapore.

Outstanding balances with a related party of the REIT Manager are unsecured. There is no impairment loss arising from these outstanding balances.

Concentration of credit risk relating to trade receivables of Mandarin Gallery is limited due to the many varied tenants.

The ageing of trade receivables at the reporting date is:

	Gross 2013 \$'000
<b>OUE H-REIT and Stapled Group</b>	
Not past due	16,939
Past due 1 – 60 days	92
Past due over 60 days	82
	<u>17,113</u>

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

## 6 CASH AND CASH EQUIVALENTS

	OUE H-BT 2013 \$'000	OUE H-REIT 2013 \$'000	Stapled Group 2013 \$'000
Cash at bank	20	35,798	35,798
Fixed deposits with financial institutions	-	25,011	25,031
	20	60,809	60,829

## 7 BORROWINGS

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
Secured bank loans	–	587,000	587,000
Less: Unamortised transaction costs	–	(5,569)	(5,569)
	–	581,431	581,431

OUE H-REIT and the Stapled Group have in place credit facilities comprising term loan facilities of \$587.0 million and a revolving credit facility of \$43.0 million. The facilities are secured by:

- A registered first legal mortgage over the properties held by OUE H-REIT;
- A legal assignment of all insurance taken in respect of the properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements and lease or tenancy deposits/proceeds in respect of Mandarin Gallery;
- An assignment of all rights, titles, benefits and interests in connection with any master lease entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the properties.

As at the reporting date, the term loan facilities were fully drawn down to partially finance the acquisition of investment properties in July 2013 and the revolving credit facility was undrawn. OUE H-REIT and the Stapled Group hedged the floating interest rates on these loans using interest rate swaps (see note 8).

### *Terms and debt repayment schedule*

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000
<b>OUE H-REIT and Stapled Group</b>					
Term loans	SGD	1.13% - 1.48%	2016 - 2018	587,000	581,431

## 8 FINANCIAL DERIVATIVES

	OUE H-BT 2013 \$'000	OUE H-REIT 2013 \$'000	Stapled Group 2013 \$'000
Interest rate swaps used for hedging	–	5,728	5,728
Financial derivatives as a percentage of net assets	–	0.47%	0.47%

OUE H-REIT and the Stapled Group use interest rate swaps to manage their exposures to interest rate movements on the floating rate interest-bearing bank loans by swapping the interest expense of all bank loans from floating rates to fixed rates.

As at 31 December 2013, OUE H-REIT and the Stapled Group have interest rate swap contracts with tenors between two and five years with total notional amounts of \$587.0 million. Under the contracts, OUE H-REIT and the Stapled Group pay fixed interest rates of 0.80% to 1.85% and receive interest at the three-month Singapore Dollar swap offer rate ("SOR").

## 9 TRADE AND OTHER PAYABLES

	OUE H-BT 2013 \$'000	OUE H-REIT 2013 \$'000	Stapled Group 2013 \$'000
Trade payables payable to:			
- the Property Manager	-	142	142
- a related party of the REIT Manager	-	694	694
- third parties	-	502	502
Other payables	-	425	425
Accrued expenses payable to:			
- the Property Manager	-	124	124
- a related party of the REIT Manager	-	740	740
- third parties	2	2,512	2,514
Interest payable	-	2,965	2,965
	2	8,104	8,106

Outstanding balances with the related party of the REIT Manager are unsecured, interest-free and repayable on demand.

## 10 UNITS/STAPLED SECURITIES IN ISSUE

	OUE H-BT '000	OUE H-REIT '000	Stapled Group '000
<b>Units/Stapled Securities in issue:</b>			
At 10 July 2013 (date of constitution)	*	*	*
Creation of Units/Stapled Securities:			
- initial public offering	1,308,600	1,308,600	1,308,600
- REIT Manager's management fee paid in Stapled Securities	2,027	2,027	2,027
At 31 December 2013	1,310,627	1,310,627	1,310,627
<b>Issued and issuable Units/Stapled Securities:</b>			
Units/Stapled Securities in issue	1,310,627	1,310,627	1,310,627
Units/Stapled Securities to be issued:			
- REIT Manager's fee payable in Stapled Securities	2,736	2,736	2,736
	1,313,363	1,313,363	1,313,363

\* Less than 1,000 units

During the financial period, the following Stapled Securities were issued:

- 1 Stapled Security at \$1 per Stapled Security on establishment of the Stapled Group;
- 1,308,599,999 Stapled Securities at \$0.88 per Stapled Security, amounting to \$1,151,568,000, during the Stapled Group's initial public offering exercise, of which 626,781,999 Stapled Securities, amounting to \$551,568,000, were issued as partial satisfaction of the purchase consideration for the investment properties; and
- 2,027,404 Stapled Securities at \$0.8819 per Stapled Security, amounting to \$1,787,000, as satisfaction of the REIT Manager's management fees payable in units.

Each OUE H-REIT unit is stapled together with an OUE H-BT unit under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in OUE H-REIT and OUE H-BT.

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

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each OUE H-BT unit and OUE H-REIT unit carry the same voting rights.

#### **Capital management**

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

OUE H-REIT's capital funding objectives are to maintain a strong balance sheet, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and potentially implement hedging strategies to manage the exposure arising from adverse market movements in interest rates and foreign exchange, after taking into account the prevailing market conditions.

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

The Aggregate Leverage of OUE H-REIT as at 31 December 2013 was 32.0% of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in OUE H-REIT and the Stapled Group's approach to capital management during the period.

**11 NET ASSET VALUE PER UNIT/STAPLED SECURITY**

	Note	OUE H-BT 2013 \$'000	OUE H-REIT 2013 \$'000	Stapled Group 2013 \$'000
Net asset value per Unit/ Stapled Security is based on:				
- Net assets		18	1,211,607	1,211,625
		'000	'000	'000
- Total issued and issuable Units/Stapled Securities at 31 December	10	1,313,363	1,313,363	1,313,363

**12 GROSS REVENUE**

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>For the period from 10 July 2013 to 31 December 2013</b>			
Fixed rent	–	34,895	34,895
Variable rent	–	15,178	15,178
Others	–	539	539
Gross revenue	–	50,612	50,612

Under the terms of lease agreements for the properties, OUE H-REIT is generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit of its tenants.

Included in the gross revenue of OUE H-REIT and the Stapled Group is rental income from a related party of the REIT Manager of \$34,506,000.

**13 PROPERTY EXPENSES**

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>For the period from 10 July 2013 to 31 December 2013</b>			
Property tax	–	3,156	3,156
Insurance	–	72	72
Property management fees	–	637	637
Other property expenses	–	1,926	1,926
	–	5,791	5,791

#### 14 REIT MANAGER'S FEES

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Period from 10 July 2013 to 31 December 2013</b>			
Base fee	–	2,405	2,405
Performance fee	–	1,793	1,793
	–	4,198	4,198

Included in the REIT Manager's fees is an aggregate of 4,763,241 Stapled Securities, amounting to approximately \$4,198,000, that have been or will be issued to the REIT Manager as satisfaction of the REIT Manager's management fees payable in Stapled Securities at unit prices ranging from \$0.8810 to \$0.8819 per Stapled Security.

#### 15 OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Period from 10 July 2013 to 31 December 2013</b>			
Auditors' remuneration:			
- Audit fees	–	110	110
- Non-audit fees	1	44	45
Valuation fees	–	39	39

#### 16 NET FINANCE EXPENSES

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Period from 10 July 2013 to 31 December 2013</b>			
Interest income from fixed deposits	–	11	11
<b>Finance income</b>	–	11	11
Amortisation of debt-related transaction costs	–	(731)	(731)
Ineffective portion of change in fair value of cash flow hedges	–	(3,429)	(3,429)
Interest paid/payable to banks	–	(5,947)	(5,947)
<b>Finance expenses</b>	–	(10,107)	(10,107)
<b>Net finance expenses</b>	–	(10,096)	(10,096)

**17 TAX EXPENSE**

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>Period from 10 July 2013 to 31 December 2013</b>			
<b>Reconciliation of effective tax rate</b>			
Total return for the period	(2)	80,464	80,462
Tax calculated using Singapore tax rate of 17%	–	13,679	13,679
Non-tax deductible items	–	1,511	1,511
Non-taxable items	–	(8,698)	(8,698)
Tax transparency (Note 3.9)	–	(6,492)	(6,492)
	–	–	–

**18 EARNINGS PER STAPLED SECURITY**

Basic earnings per Stapled Security is based on:

	Stapled Group \$'000
Total return for the period from 10 July 2013 to 31 December 2013	80,462
	<b>Number of Stapled Securities 2013 '000</b>
Weighted average number of Stapled Securities:	
- outstanding during the period	1,309,778
- to be issued as payment of the REIT Manager's management fees payable in Stapled Securities	17
	<u>1,309,795</u>

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

**19 ISSUE COSTS**

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

Included in issue costs are \$270,000 of non-audit fees paid to the auditors of the Stapled Group for services performed for the purpose of the initial public offering.

## 20 OPERATING SEGMENTS

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

Segment information by geographical area is not presented as all of OUE H-REIT's assets are located in Singapore.

No segment information is presented for OUE H-BT as it is dormant.

### Information about reportable segments

	Hospitality \$'000	Retail \$'000	Total \$'000
<b>Period from 10 July 2013 to 31 December 2013</b>			
<b>OUE H-REIT</b>			
Gross revenue	34,506	16,106	50,612
Property expenses	(1,651)	(4,140)	(5,791)
Reportable segment net property income	32,855	11,966	44,821
Unallocated items:			
- REIT Manager's fees			(4,198)
- REIT Trustee's fees			(121)
- Other trust expenses			(865)
- Finance income			11
- Finance expense			(10,107)
<b>Net income</b>			<b>29,541</b>
Net change in fair value of investment properties	39,947	10,976	50,923
<b>Total return for the period</b>			<b>80,464</b>

### Stapled Group

Gross revenue	34,506	16,106	50,612
Property expenses	(1,651)	(4,140)	(5,791)
Reportable segment net property income	32,855	11,966	44,821
Unallocated items:			
- REIT Manager's fees			(4,198)
- REIT Trustee's fees			(121)
- Other trust expenses			(867)
- Finance income			11
- Finance expense			(10,107)
<b>Net income</b>			<b>29,539</b>
Net change in fair value of investment properties	39,947	10,976	50,923
<b>Total return for the period</b>			<b>80,462</b>

## 21 FINANCIAL RISK MANAGEMENT

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

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

### ***Credit risk***

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

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the REIT Manager monitors the balances due from its lessee and tenants on an ongoing basis.

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

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

Cash and fixed deposits are placed with financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

At 31 December 2013, 96.2% of the trade receivables of OUE H-REIT and the Stapled Group are due from a related party of the REIT Manager. Except as described, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

### ***Liquidity risk***

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

In addition, OUE H-REIT maintains the following lines of credit:

- A total of \$587.0 million secured term loan facilities with a bank. At the reporting date, these facilities were fully drawn down;
- \$43.0 million secured revolving credit facilities with a bank comprising \$31.0 million committed and \$12.0 million uncommitted facilities. At the reporting date, these facilities are undrawn.

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

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Cash flows Within 2 to 5 years \$'000	More than 5 years \$'000
<b>2013</b>					
<b>OUE H-REIT</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	8,104	(8,104)	(8,104)	–	–
Borrowings	581,431	(636,044)	(8,070)	(627,974)	–
Rental deposits	27,320	(27,320)	(1,082)	(3,738)	(22,500)
	<u>616,855</u>	<u>(671,468)</u>	<u>(17,256)</u>	<u>(631,712)</u>	<u>(22,500)</u>
<b>Derivative financial instruments</b>					
Interest rate swaps	5,728	(5,387)	(4,971)	(416)	–
	<u>622,583</u>	<u>(676,855)</u>	<u>(22,227)</u>	<u>(632,128)</u>	<u>(22,500)</u>
<b>Stapled Group</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	8,106	(8,106)	(8,106)	–	–
Borrowings	581,431	(636,044)	(8,070)	(627,974)	–
Rental deposits	27,320	(27,320)	(1,082)	(3,738)	(22,500)
	<u>616,857</u>	<u>(671,470)</u>	<u>(17,258)</u>	<u>(631,712)</u>	<u>(22,500)</u>
<b>Derivative financial instruments</b>					
Interest rate swaps	5,728	(5,387)	(4,971)	(416)	–
	<u>622,585</u>	<u>(676,857)</u>	<u>(22,229)</u>	<u>(632,128)</u>	<u>(22,500)</u>

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

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

#### **Market risk**

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

**Interest rate risk**

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

	<b>OUE H-REIT and Stapled Group Nominal amount 2013 \$'000</b>
<b>Fixed rate instruments</b>	
Cash at bank	25,011
Interest rate swaps	(587,000)
	<u>(561,989)</u>
<b>Variable rate instruments</b>	
Borrowings	(587,000)
Interest rate swaps	587,000
	<u>—</u>

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

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

*Fair value sensitivity analysis for fixed rate instruments*

OUE H-REIT and the Stapled Group do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. OUE H-REIT and the Stapled Group do not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect total return.

*Sensitivity analysis for variable instruments*

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

	<b>OUE H-REIT and Stapled Group</b>			
	<b>Statement of Total Return</b>		<b>Unitholders' funds</b>	
	<b>10 bp increase \$'000</b>	<b>10 bp decrease \$'000</b>	<b>10 bp increase \$'000</b>	<b>10 bp decrease \$'000</b>
<b>2013</b>				
<b>Variable rate instruments</b>				
Borrowings	(257)	257	—	—
Interest rate swaps	280	(234)	17	(15)
Cash flow sensitivity (net)	<u>23</u>	<u>23</u>	<u>17</u>	<u>(15)</u>

**Fair values****Accounting classifications and fair values**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables \$'000	Fair value - hedging instruments \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>2013</b>						
<b>OUÉ H-REIT</b>						
Trade and other receivables ^	5	17,376	–	–	17,376	17,376
Cash and cash equivalents	6	60,809	–	–	60,809	60,809
		<u>78,185</u>	<u>–</u>	<u>–</u>	<u>78,185</u>	<u>78,185</u>
Borrowings	7	–	–	(581,431)	(581,431)	(581,431)
Financial derivatives	8	–	(5,728)	–	(5,728)	(5,728)
Trade and other payables	9	–	–	(8,104)	(8,104)	(8,104)
Rental deposits		–	–	(27,320)	(27,320)	(21,072)
		<u>–</u>	<u>(5,728)</u>	<u>(616,855)</u>	<u>(622,583)</u>	<u>(616,335)</u>
<b>Stapled Group</b>						
Trade and other receivables ^	5	17,376	–	–	17,376	17,376
Cash and cash equivalents	6	60,829	–	–	60,829	60,829
		<u>78,205</u>	<u>–</u>	<u>–</u>	<u>78,205</u>	<u>78,205</u>
Borrowings	7	–	–	(581,431)	(581,431)	(581,431)
Financial derivatives	8	–	(5,728)	–	(5,728)	(5,728)
Trade and other payables	9	–	–	(8,106)	(8,106)	(8,106)
Rental deposits		–	–	(27,320)	(27,320)	(21,072)
		<u>–</u>	<u>(5,728)</u>	<u>(616,857)</u>	<u>(622,585)</u>	<u>(616,337)</u>

^ Excluding prepayments

**Estimation of fair values***Valuation processes applied by the Stapled Group*

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

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

*Interest rates used for determining fair values*

The interest rate used to discount estimated cash flows is set out below:

	2013 %
Rental deposits	<u>2.2</u>

***Fair value hierarchy***

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that OUE H-REIT can access at the measurement date;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- **Level 3:** Unobservable inputs for the assets or liability.

***Financial liabilities carried at fair value***

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>OUE H-REIT and Stapled Group</b>					
<b>2013</b>					
Financial derivatives	8	–	5,728	–	<u>5,728</u>

***Financial assets and liabilities not carried at fair value but for which fair values are disclosed\****

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>OUE H-REIT and Stapled Group</b>				
<b>2013</b>				
Rental deposits	–	–	21,072	<u>21,072</u>

- \* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

**Business risk**

Mandarin Orchard Singapore is leased by OUE H-REIT to a single related party ("Master Lessee") of the REIT Manager. In return, OUE H-REIT is paid a rent by the Master Lessee comprising a fixed rent component and a variable rent component. The latter is pegged to the underlying performance of Mandarin Orchard Singapore. In addition, OUE H-REIT derives variable rent from the tenants of Mandarin Gallery, which is pegged to the underlying performance of the tenants. As a result, a variation in the underlying performance of Mandarin Orchard Singapore and Mandarin Gallery may have an impact on the revenue of OUE H-REIT and consequently, the distributable income of OUE H-REIT.

*Sensitivity analysis for variable instruments*

A change of 10% in gross revenue attributable to the variable rent component of gross revenue at the reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	<b>OUE H-REIT and Stapled Group Total return</b>	
	<b>10% increase \$'000</b>	<b>10% decrease \$'000</b>
<b>For the period from 10 July 2013 to 31 December 2013</b>		
Gross revenue	1,518	(1,518)

**22 COMMITMENTS****Operating lease rental receivable**

Non-cancellable operating lease rentals are receivable as follows:

	<b>OUE H-BT 2013 \$'000</b>	<b>OUE H-REIT 2013 \$'000</b>	<b>Stapled Group 2013 \$'000</b>
Within 1 year	–	79,418	79,418
After 1 year but within 5 years	–	210,392	210,392
After 5 years	–	430,403	430,403
	–	720,213	720,213

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

**23 RELATED PARTY TRANSACTIONS**

The REIT Manager is direct wholly-owned subsidiary of a substantial holder of the Stapled Securities in the Stapled Group.

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

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

	OUE H-BT \$'000	OUE H-REIT \$'000	Stapled Group \$'000
<b>For the period from 10 July 2013 to 31 December 2013</b>			
Acquisition of investment properties from a related party of the REIT Manager	–	1,705,000	1,705,000
Shared electricity expenses paid/payable to a related party of the REIT Manager	–	676	676
Shared service expenses paid/payable to a related party of the REIT Manager	–	443	443
Settlement of liabilities by related parties of the REIT Manager on behalf of OUE H-REIT	–	846	846

## 24 DETERMINATION OF FAIR VALUES

A number of the Stapled Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### (i) *Investment properties*

The fair values of investment properties are based on independent valuations undertaken. Further information is set out in note 4.

### (ii) *Trade and other receivables*

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and for disclosure purposes, at each annual reporting date.

### (iii) *Derivatives*

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Stapled Group and counterparty when appropriate.

### (iv) *Other non-derivative financial liabilities*

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. The fair values of non-derivative financial liabilities with a maturity of less than one year are assumed to approximate their carrying values because of the short period to maturity. The fair values of other non-derivative financial liabilities are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

### Fair value hierarchy

Fair value and fair value hierarchy information of financial instruments are disclosed in Note 21.

The table below analyses fair value measurements for non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities that OUE H-REIT can access at the measurement date;
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- **Level 3:** unobservable inputs for the assets or liability.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2013</b>					
Investment properties	4	–	–	1,756,000	1,756,000

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	2013 \$'000
<b>Investment properties</b>	
At 10 July	–
Acquisition (including acquisition costs)	1,705,077
Changes in fair value recognised in statement of total return	50,923
At 31 December	1,756,000

The following table shows the key unobservable inputs used in the valuation models as at 31 December 2013:

Type	Valuation techniques	Unobservable input	Range
Investment properties	Discounted cash flow approach	Discount rate	7.50% - 8.50%
		Terminal yield	5.75% - 7.00%
	Capitalisation approach	Capitalisation rate	5.25%
	Market comparable approach	Price per square foot (retail)	\$1,888 - \$5,361
		Price per hotel room	\$700,000-\$2,500,000

### Valuation process applied by the Stapled Group

The fair value of investment properties is determined by external, independent property valuers, having the appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Valuation of the Stapled Group's investment properties is carried out at least once a year.

The significant unobservable inputs used in the fair value measurement of Mandarin Orchard Singapore are discount rate, terminal yield and price per hotel room. The significant unobservable inputs used in the fair value measurement of Mandarin Gallery are discount rate, terminal yield, capitalisation rate and price per square foot. Significant increases in price per hotel room and price

per square foot for Mandarin Gallery would result in a significantly higher fair value measurement. Conversely, significant increases in capitalisation rate, discount rate, and terminal yield in isolation would result in a significantly lower fair value measurement.

#### Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.
- Terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties.
- Capitalisation rate correspond to a rate of return on investment properties based on the expected income that the property will generate.
- Price per hotel room and price per square feet (retail) are based on the available comparable sale transactions and adjustments made for differences in location, size, tenure, age, and other factors.

## 25 FINANCIAL RATIOS

	OUE H-REIT 2013 %	Stapled Group 2013 %
Expenses to weighted average net assets <sup>1</sup>		
- including performance component of the REIT Manager's fees	0.99	0.99
- excluding performance component of the REIT Manager's fees	0.65	0.65
Portfolio turnover rate <sup>2</sup>	—	—

<sup>1</sup> The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of OUE H-REIT and the Stapled Group, excluding property expenses, and finance expenses.

<sup>2</sup> The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of OUE H-REIT and the Stapled Group expressed as a percentage of daily average net asset value.

## 26 COMPARATIVE INFORMATION

No comparative figures have been presented as this is the first set of financial statements prepared for the OUE H-BT, OUE H-REIT and the Stapled Group since the date of their constitution.

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

### (A) Introduction

The Unaudited Pro Forma Financial Information has been prepared for inclusion in the prospectus (the “Prospectus”) to be issued in connection with the proposed listing of OUE Hospitality Trust (“OUE H-Trust”) on the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

OUE H-Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust (“OUE H-REIT”) and OUE Hospitality Business Trust (“OUE H-BT”). OUE H-REIT is a Singapore-based real estate investment trust constituted pursuant to a trust deed dated 10 July 2013 (“OUE H-REIT Trust Deed”) made between OUE Hospitality REIT Management Pte. Ltd. (the “REIT Manager”) and RBC Investor Services Trust Singapore Limited (the “REIT Trustee”). OUE H-REIT is established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real-estate related assets. OUE H-BT is a Singapore-based business trust constituted by a trust deed dated 10 July 2013 (“OUE H-BT Trust Deed”) and will be managed by OUE Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”) which will be dormant as at the Listing Date. The securities in each of OUE H-REIT and OUE H-BT are stapled together under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (“Stapling Deed”) and cannot be traded separately. Each stapled security in OUE H-Trust (the “Stapled Security”) comprises a unit in OUE H-REIT (“OUE H-REIT Unit”) and a unit in OUE H-BT (“OUE H-BT Unit”).

Under the proposed initial public offering of the Stapled Securities in the OUE H-Trust, 434,598,000 Stapled Securities (the “Offering”) will be offered at an issue price of S\$0.88 (the “Offering Price”) per Stapled Security, payable in full on application. The Offering consists of (i) an international placement of 383,462,000 Stapled Securities to investors, including institutional and other investors in Singapore, and (ii) an offering of 51,136,000 Stapled Securities to the public in Singapore. Separate from the Offering, Overseas Union Enterprise Limited (“OUE”) as vendor (the “Vendor”) of the Initial Portfolio (the “Initial Portfolio”, as defined herein) will receive an aggregate of 626,781,999 Stapled Securities at the Offering Price in part satisfaction of the purchase consideration for the Initial Portfolio. In addition, concurrently with, but separate from the Offering, cornerstone investors have entered into conditional subscription agreements to subscribe for an aggregate of 247,220,000 Stapled Securities at the Offering Price.

The Initial Portfolio of OUE H-REIT as at the Listing Date comprise Mandarin Orchard Singapore (the “Hotel”) and Mandarin Gallery (together with the Hotel, the “Properties”). OUE H-REIT will acquire the Properties from the Vendor.

On the Listing Date, OUE H-REIT will enter into a master lease agreement (the “Master Lease Agreement”) with OUE (the “Master Lessee” of the Hotel) to lease the Hotel. The initial term of the Master Lease Agreement is 15 years from the Listing Date with an option for renewal for a further term of 15 years. OUE H-REIT will enter into a property management agreement (the “Property Management Agreement”) with OUE Property Management Pte. Ltd. (the “Property Manager”) in respect of Mandarin Gallery and the Excluded Commercial Premises.

Details on the REIT Manager's management fees, the REIT Trustee's fee, the Property Manager's management fees, and the lease payments under the Master Lease Agreement are set out in Section E.

**(B) Basis of Preparation of Pro Forma Financial Information**

No financial statements of OUE H-Trust have been prepared for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 and periods ended 31 March 2012 and 2013 as OUE H-REIT and OUE H-BT were established on 10 July 2013.

No pro forma financial information of OUE H-BT has been presented as it will be dormant as at the Listing Date. Accordingly, no consolidated pro forma financial information for OUE H-Trust has been presented.

The unaudited pro forma financial information of OUE H-REIT set out in this report has been prepared for illustrative purposes only and based on certain assumptions, after making certain adjustments, and shows the Unaudited Pro Forma Statements of Total Return of OUE H-REIT for the years ended 31 December 2010, 2011 and 2012 and the three months ended 31 March 2012 and 2013; the Unaudited Pro Forma Statements of Cash Flows of OUE H-REIT for the year ended 31 December 2012 and the three months ended 31 March 2013; and the Unaudited Pro Forma Statements of Financial Position of OUE H-REIT as at 31 December 2012 and 31 March 2013.

The Unaudited Pro Forma Statements of Total Return for the years ended 31 December 2010, 2011 and 2012 and the three months ended 31 March 2012 and 2013 reflect the financial performance of OUE H-REIT, assuming OUE H-REIT had purchased the Properties and entered into the Master Lease Agreement on 1 January 2010, pursuant to the terms set out in the prospectus to be issued in connection with the offering of Stapled Securities in OUE H-Trust (the "Prospectus").

The Unaudited Pro Forma Statements of Cash Flows for the year ended 31 December 2012 and the three months ended 31 March 2013 reflect the cash flows of OUE H-REIT, assuming OUE H-REIT had purchased the Properties and entered into the Master Lease Agreement on 1 January 2012, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Statements of Financial Position as at 31 December 2012 and 31 March 2013 reflect the financial position of OUE H-REIT, assuming OUE H-REIT had purchased the Properties and entered into the Master Lease Agreement on 31 December 2012 and 31 March 2013 respectively, pursuant to the terms set out in the Prospectus.

The Unaudited Pro Forma Statements of Total Return, Unaudited Pro Forma Statements of Cash Flows and Unaudited Pro Forma Statements of Financial Position (collectively, the "Unaudited Pro Forma Financial Information") have been prepared on the basis of the accounting policies set out in Section D and is to be read in conjunction with Section E. In addition, the Unaudited Pro Forma Financial Information has been prepared based on the assumptions that the Stapled Securities are issued at the Offering Price and that the over-allotment option is exercised.

The objective of the Unaudited Pro Forma Financial Information is to show what the financial performance, cash flows and financial position might have been, had OUE H-REIT as described above existed at an earlier date. However, the Unaudited Pro Forma Financial Information is not necessarily indicative of the financial performance, cash flows and financial position that would have been attained had OUE H-REIT actually existed earlier. The Unaudited Pro Forma Financial Information, because of its nature, may not give a true picture of OUE H-REIT's actual financial performance, cash flows or financial position.

In preparing the unaudited pro forma financial information of OUE H-REIT for the years ended 31 December 2010, 2011 and 2012 and the periods ended 31 March 2012 and 2013, certain assumptions have been applied on (i) the unaudited divisional financial information of the Hotel and Mandarin Gallery for the years ended 31 December 2010, 2011 and 2012, which form part of the audited financial statements of the Vendor for the same period; and (ii) the unaudited divisional financial information of the Hotel and Mandarin Gallery for the periods ended 31 March 2012 and 2013, which form part of the unaudited financial statements of the Vendor for the same period. The unaudited divisional financial statements of the Hotel and Mandarin Gallery are hereinafter referred to as the “Relevant Financial Statements”.

The audited financial statements of the Vendor for the years ended 31 December 2010, 2011 and 2012 were prepared in accordance with Singapore Financial Reporting Standards and were audited by KPMG Singapore in accordance with auditing standards generally accepted in Singapore. The auditors’ reports on the aforementioned financial statements of the Vendor, which were published, were not subject to any qualifications, modifications or disclaimers.

The unaudited financial statements of the Vendor for the period ended 31 March 2013 were prepared in accordance with Singapore Financial Reporting Standards and were reviewed by KPMG Singapore in accordance with auditing standards generally accepted in Singapore. The review report on the aforementioned financial statements of the Vendor, which was not published, was not subject to any qualifications, modifications or disclaimers.

#### **Unaudited Pro Forma Statements of Total Return**

The Unaudited Pro Forma Statements of Total Return have been prepared to reflect the financial performance of OUE H-REIT, assuming OUE H-REIT had purchased the Properties and entered into the Master Lease Agreement on 1 January 2010.

In arriving at the Unaudited Pro Forma Statements of Total Return for each of the years or periods presented, the following key assumptions and adjustments were made:

- Gross revenue is assumed to be computed based on the terms of the Master Lease Agreement as set out in Section E note (d), which have been applied to the revenue in the unaudited divisional financial statements of the Vendor relating to the Hotel, after making certain adjustments as set out below:

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$’000</b>	<b>S\$’000</b>	<b>S\$’000</b>	<b>S\$’000</b>	<b>S\$’000</b>
Revenue	133,130	151,096	154,410	37,881	37,451
Gross profit	72,929	86,912	87,652	21,540	20,644

The variable rent component of OUE H-REIT's gross revenue derived from the Master Lessee is computed as follows:

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
33.0% of revenue <sup>(1)</sup>	43,933	49,862	50,955	12,501	12,359
27.5% of gross profit <sup>(1)</sup>	20,055	23,900	24,105	5,923	5,677
	63,988	73,762	75,060	18,424	18,036
Less: Fixed rent	(45,000)	(45,000)	(45,000)	(11,250)	(11,250)
Variable rent	18,988	28,762	30,060	7,174	6,786

**Note:**

- (1) The revenue and gross operating profit of the Hotel on which OUE H-REIT's gross revenue from the Master Lessee is derived based on the terms of the Master Lease Agreement as set out in Section E note (d).

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
OUE H-REIT's gross revenue comprising those derived from:					
– Master Lessee based on terms of Master Lease Agreement					
– Fixed rent	45,000	45,000	45,000	11,250	11,250
– Variable rent	18,988	28,762	30,060	7,174	6,786
	63,988	73,762	75,060	18,424	18,036
– Mandarin Gallery	31,982	33,831	32,751	8,340	8,597
	95,970	107,593	107,811	26,764	26,633

- Property tax is assumed to be the amounts incurred by the Vendor on the Properties in the relevant period based on the Relevant Financial Statements, after making certain adjustments as set out below:

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Property tax</b>					
Based on the Relevant Financial Statements	5,404	6,590	5,846	1,519	1,530
Pro forma adjustments <sup>(1)</sup>	(242)	(565)	733	126	116
Adjusted balance	5,162	6,025	6,579	1,645	1,646

**Note:**

- (1) Adjustments to exclude overprovisions or underprovisions in respect of prior years.

- Insurance expense is assumed to be the amounts incurred by the Vendor on the Properties in the relevant period based on the Relevant Financial Statements;
- Property expenses comprises property expenses (other than property tax and insurance expense) of Mandarin Gallery which include mainly marketing expenses, utilities expenses, property maintenance expenses, and are based on the amounts incurred on Mandarin Gallery;
- REIT Manager's management fees are based on the formula as set out in Section E note (a);
- REIT Trustee's fee is based on the formula as set out in Section E note (b);
- OUE H-REIT entered into the Property Management Agreement on 1 January 2010. Property Manager's management fees are based on the formula as set out in Section E note (c);
- Other trust expenses comprise annual listing fee, registry fee, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to holders of Stapled Securities, investor communication costs and miscellaneous expenses. Other trust expenses of S\$2,161,000 are assumed to be incurred by OUE H-REIT for each of the years ended 31 December 2010, 2011 and 2012 and S\$540,000 for each of the three months ended 31 March 2012 and 2013;
- Interest income on cash and cash equivalents is based on an effective interest rate of approximately 0.2% per annum;
- Interest expense on borrowings is based on an effective interest rate of approximately 2.5% per annum (inclusive of all margins and debt-related transaction costs) and a principal of S\$587,000,000 for the years ended 31 December 2010, 2011 and 2012 and the three months ended 31 March 2012 and 2013;
- The fair value of derivatives entered into by OUE H-REIT is assumed to be zero;
- 100.0% of the taxable income available for distribution to the holders of the Stapled Securities is distributed;
- OUE H-REIT is not taxed on the taxable income that is distributed to holders of the Stapled Securities;
- Properties are acquired at an estimated aggregate purchase price of S\$1,705,000,000 and the related transaction costs are estimated to be S\$75,000;
- Properties are revalued to S\$1,756,000,000 based on an independent valuation by Cushman & Wakefield VHS Pte. Ltd. as of 31 March 2013;
- The aggregate valuation of the Properties of S\$1,756,000,000 remained unchanged throughout the periods presented except to the extent of the assumed capital expenditure described below; and

- Capital expenditure incurred for the respective years/periods are assumed to be paid and capitalised as part of the value of the relevant Property and as such, would increase the value of OUE H-REIT Deposited Property for the purposes of computation of the management fees payable to REIT Manager and the fees payable to REIT Trustee. Capital expenditure of S\$2,865,000, S\$2,110,000, S\$2,638,000 and S\$24,000 were incurred by OUE H-REIT on the Properties for the years ended 31 December 2010, 2011 and 2012 and the three months ended 31 March 2013 respectively.

### **Unaudited Pro Forma Statements of Cash Flows**

The Unaudited Pro Forma Statements of Cash Flows have been prepared to reflect the financial performance of OUE H-REIT, assuming OUE H-REIT had purchased the Properties and entered into the Master Lease Agreement on 1 January 2012.

In arriving at the Unaudited Pro Forma Statements of Cash Flows for each of the year or period presented, the following key assumptions were made:

- Properties are acquired at an estimated aggregate purchase price of S\$1,705,000,000;
- Transaction costs relating to the acquisition of the Properties are estimated to be S\$75,000 and are assumed to be funded by proceeds raised from the Offering;
- Assets (comprising cash) and liabilities (comprising rental deposits of Mandarin Gallery) directly attributable to the Properties, amounting to S\$5,458,000 as at 1 January 2012, were also acquired by OUE H-REIT;
- An amount of S\$587,000,000 of the term loan facility was drawn down to partially fund the acquisition of the Properties;
- The date that OUE H-REIT's borrowings were drawn down and the Stapled Securities were issued correspond to the timing of the purchase of the Properties on 1 January 2012;
- Interest expense on borrowings is paid on the last day of the period presented;
- 100.0% of the management fees payable to the REIT Manager are in the form of Stapled Securities and are paid on a quarterly basis, in arrears in the following quarter. Management fees payable to the Property Manager in cash are paid on a monthly basis, in arrears in the following month;
- Capital expenditure incurred for the year/period are assumed to be paid and capitalised as part of the value of the relevant Property and as such, would increase the value of OUE H-REIT Deposited Property for the purposes of computation of the management fees payable to REIT Manager and the fees payable to REIT Trustee. Capital expenditure of S\$2,638,000 and S\$24,000 were incurred by OUE H-REIT on the Properties for the year ended 31 December 2012 and the three months ended 31 March 2013 respectively;
- Proceeds raised from the Offering amounted to S\$599,980,000;
- Issue costs relating to the Offering are estimated to be S\$21,309,000 and are assumed to be funded by proceeds raised from the Offering;
- OUE H-REIT entered into the Property Management Agreement on 1 January 2012;

- 100.0% of the taxable income available for distribution to the holders of the OUE H-REIT Units is distributed for each of the periods presented. Distributions to holders of the Stapled Securities are paid on a quarterly basis, in arrears; and
- OUE H-REIT is not taxed on the taxable income that is distributed to holders of the Stapled Securities.

#### **Unaudited Pro Forma Statements of Financial Position**

The Unaudited Pro Forma Statements of Financial Position of OUE H-REIT have been prepared on the basis that OUE H-REIT purchased the Properties and entered into the Master Lease Agreement on 31 December 2012 and 31 March 2013.

In arriving at the Unaudited Pro Forma Statements of Financial Position for each of the year or period presented, the following key assumptions were made:

- Properties are acquired at estimated purchase price of S\$1,705,000,000 and the related transaction costs are estimated to be S\$75,000;
- Properties are revalued to S\$1,756,000,000 based on an independent valuation by Cushman & Wakefield VHS Pte. Ltd. as of 31 March 2013;
- S\$551,568,000 of the purchase consideration will be settled in the form of Stapled Securities to be issued to the Vendor and the remaining consideration of S\$1,153,432,000 will be settled in cash;
- Assets (comprising cash) and liabilities (comprising rental deposits of Mandarin Gallery) directly attributable to the Properties, amounting to S\$5,963,000 and S\$5,963,000 as at 31 December 2012 and S\$5,860,000 and S\$5,860,000 as at 31 March 2013 respectively, were also acquired by OUE H-REIT;
- Proceeds raised from the Offering amounted to S\$599,980,000;
- Issue costs relating to the Offering are estimated to be S\$21,309,000 and are assumed to be funded by proceeds raised from the Offering;
- Borrowings of S\$587,000,000 were drawn down by OUE H-REIT on 31 December 2012 and 31 March 2013 to partially fund the acquisition of the Initial Portfolio; and
- The fair value of derivatives entered into by OUE H-REIT is assumed to be zero.

## (C) Unaudited Pro Forma Financial Information

### Unaudited Pro Forma Statements of Total Return<sup>(1)</sup>

The Unaudited Pro Forma Statements of Total Return of OUE H-REIT for the years ended 31 December 2010, 2011 and 2012 (“FY2010”, “FY2011” and “FY2012”) and the three months ended 31 March 2012 and 2013 (“1Q2012” and “1Q2013”) have been prepared for inclusion in this Prospectus and are presented below. Details of the pro forma adjustments and assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B.

	Note	FY2010 S\$'000	FY2011 S\$'000	FY2012 S\$'000	1Q2012 S\$'000	1Q2013 S\$'000
Gross revenue	9	95,970	107,593	107,811	26,764	26,633
Property expenses	10	(15,118)	(13,524)	(12,886)	(3,817)	(3,022)
<b>Net property income</b>		80,852	94,069	94,925	22,947	23,611
REIT Manager's base management fees		(5,349)	(5,358)	(5,353)	(1,339)	(1,338)
REIT Manager's performance fees		(3,234)	(3,763)	(3,797)	(918)	(944)
REIT Trustee's fee		(267)	(338)	(337)	(84)	(84)
Other trust expenses		(2,161)	(2,161)	(2,161)	(540)	(540)
Finance income	11	44	53	49	13	12
Finance expense	11	(14,597)	(14,597)	(14,597)	(3,649)	(3,405)
<b>Net income</b>		55,288	67,905	68,729	16,430	17,312
Gain on revaluation of investment properties		48,060	–	–	–	–
<b>Total return for the year/period</b>		103,348	67,905	68,729	16,430	17,312
(Less)/Add: Net tax adjustments <sup>(2)</sup>		(40,619)	12,895	13,010	3,234	2,553
Income available for distribution		62,729	80,800	81,739	19,664	19,865

#### Notes:

- (1) Based on the Offering Price of S\$0.88 per Stapled Security and an acquisition consideration of S\$1,705 million for the Initial Portfolio.
- (2) Net tax adjustments comprise non-tax (chargeable)/deductible items including the REIT Manager's management fees payable in Stapled Securities, the REIT Trustee's fee, gain on revaluation of investment properties, amortisation of debt-related transaction costs and straight-lining of rental income for all periods presented.

## Unaudited Pro Forma Statements of Cash Flows<sup>(1)</sup>

The Unaudited Pro Forma Statements of Cash Flows for the year ended 31 December 2012 (“FY2012”) and the three months ended 31 March 2013 (“1Q2013”) have been prepared for inclusion in this Prospectus and are presented below. Details of the pro forma assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B.

	<b>FY2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total return for the year/period	117,117	17,075
Adjustments for:		
Finance income	(15)	(4)
Finance expense <sup>(2)</sup>	14,597	3,649
REIT Manager’s base management fees paid/payable in Stapled Securities	5,291	1,322
REIT Manager’s performance fees paid/payable in Stapled Securities	3,797	944
Gain on revaluation of investment properties	(48,287)	–
Operating income before working capital changes	92,500	22,986
Changes in working capital:		
Trade and other payables	6,092	(67)
<b>Net cash generated from operating activities</b>	<b>98,592</b>	<b>22,919</b>
<b>Cash flows from investing activities</b>		
Acquisition of properties and related assets and liabilities, including acquisition costs	(1,148,049)	–
Subsequent capital expenditure	(2,638)	(24)
Interest received	15	4
<b>Net cash used in investing activities</b>	<b>(1,150,672)</b>	<b>(20)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of OUE H-REIT Units	599,980	–
Payment of transaction costs relating to issuance of units	(21,309)	–
Proceeds from borrowings	587,000	–
Payment of transaction costs relating to borrowings	(5,870)	–
Finance costs paid	(13,031)	(3,258)
Distribution to holders of OUE H-REIT Units	(61,279)	(20,426)
<b>Net cash from/(used in) financing activities</b>	<b>1,085,491</b>	<b>(23,684)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>33,411</b>	<b>(785)</b>
<b>Cash and cash equivalents at beginning of the year/period</b>	<b>–</b>	<b>33,411</b>
<b>Cash and cash equivalents at end of the year/period</b>	<b>33,411</b>	<b>32,626</b>

### Notes:

- (1) Based on the Offering Price of S\$0.88 per Stapled Security and an acquisition consideration of S\$1,705 million for the Initial Portfolio.
- (2) Comprises finance expense incurred on borrowings and amortisation of debt-related transaction costs.

### Notes to the Unaudited Pro Forma Statements of Cash Flows

The effect of acquisition of the Properties and related assets and liabilities on OUE H-REIT's pro forma cash flows for the year ended 31 December 2012 are set out below:

	<b>FY2012</b> <b>S\$'000</b>
Investment properties (including acquisition costs)	1,705,075
Cash	5,458
Rental deposits	<u>(5,458)</u>
Net assets acquired	<u>1,705,075</u>
Purchase consideration	(1,705,000)
Acquisition costs	<u>(75)</u>
	(1,705,075)
Less:	
Cash acquired	5,458
Consideration satisfied in the form of Stapled Securities	<u>551,568</u>
Net cash outflow	<u><u>(1,148,049)</u></u>

#### ***Significant Non-Cash Transaction***

During the year ended 31 December 2012, 626,781,999 Stapled Securities, amounting to S\$551,568,000 were issued as partial satisfaction of the purchase consideration on the Properties.

During the year ended 31 December 2012 and the three months ended 31 March 2013, approximately 10,327,000 and 2,576,000 Stapled Securities were or would be issued at the Offering Price, amounting to S\$9,008,000 and S\$2,267,000 respectively, as payment for the REIT Manager's management fees which is payable in the form of Stapled Securities (see Section E note (a)).

## Unaudited Pro Forma Statements of Financial Position<sup>(1)</sup>

The Unaudited Pro Forma Statements of Financial Position as at 31 December 2012 and 31 March 2013 have been prepared for inclusion in the Prospectus and is presented below. Details of the pro forma assumptions made are set out in the Basis of Preparation of Pro Forma Financial Information in Section B of the Prospectus.

	Note	As at 31 December 2012 S\$'000	As at 31 March 2013 S\$'000
<b>Non-current assets</b>			
Investment properties	3	1,756,000	1,756,000
<b>Current assets</b>			
Trade and other receivables	4	1,902	1,902
Cash and cash equivalents		10,356	10,253
		12,258	12,155
<b>Total assets</b>		1,768,258	1,768,155
<b>Current liabilities</b>			
Rental deposits	5	1,462	1,359
<b>Non-current liabilities</b>			
Borrowings (secured)	6	581,130	581,130
Rental deposits	5	4,502	4,502
		585,632	585,632
<b>Total liabilities</b>		587,094	586,991
<b>Net assets</b>		1,181,164	1,181,164
Represented by:			
<b>Unitholders' funds</b>	7	1,181,164	1,181,164
Number of OUE H-REIT Units in issue ('000)	8	1,308,600	1,308,600
Net asset value per OUE H-REIT Unit (S\$)		0.903	0.903

**Note:**

- (1) Based on the Offering Price of S\$0.88 per Stapled Security and an acquisition consideration of S\$1,705 million for the Initial Portfolio.

## **(D) Notes to the Unaudited Pro Forma Financial Information**

### **1. Basis of preparation**

#### **(a) Statement of compliance**

The Unaudited Pro Forma Financial Information is prepared in accordance with the basis set out in Section B and presented in accordance with Statement of Recommended Accounting Practice (“RAP”) 7 “*Reporting Framework for Unit Trusts*” issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes (“CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the OUE H-REIT Trust Deed.

#### **(b) Basis of measurement**

The financial information on the Pro Forma Financial Information is prepared on the historical cost basis except as disclosed in the accounting policies below.

#### **(c) Functional and presentation currency**

The financial information is presented in Singapore Dollars (“S\$”) which is OUE H-REIT’s functional currency. All Unaudited Pro Forma Financial Information presented in S\$ has been rounded to the nearest thousand, unless otherwise stated.

#### **(d) Use of estimates and judgments**

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

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial information is included in Note 3 – Valuation of investment properties.

### **2. Significant accounting policies of OUE H-REIT**

The accounting policies set out below have been applied consistently throughout the periods presented in this financial information, and have been applied consistently by OUE H-REIT.

#### **(a) Investment properties**

Investment properties are properties held either to earn rental income or for capital appreciation or both. They are not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes.

Investment properties are initially recognised at cost, including transaction costs, and subsequently at fair value with any change therein recognised in the statement of total return. Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Rental income from investment properties is accounted for in the manner described in Note 2(g). When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

**(b) Financial instruments**

***Non-derivative financial assets***

OUE H-REIT initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the statement of total return) are recognised initially on the trade date at which OUE H-REIT becomes a party to the contractual provisions of the instrument.

OUE H-REIT 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. Any interest in transferred financial assets that is created or retained by OUE H-REIT is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, OUE H-REIT 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.

OUE H-REIT classifies non-derivative financial assets into the loans and receivables.

***Loans and receivables***

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

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances.

***Non-derivative financial liabilities***

OUE H-REIT initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which OUE H-REIT becomes a party to the contractual provisions of the instrument.

OUE H-REIT derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, OUE H-REIT 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.

OUE H-REIT classifies non-derivative financial liabilities into the other financial liability. 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 loans and borrowings and rental deposits.

**(c) Impairment**

***Financial assets***

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

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 original effective interest rate.

All impairment losses are recognised in the statement of total return.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the statement of total return.

***Non-financial assets***

The carrying amounts of the OUE H-REIT's assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit 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. 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 groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of total return.

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

**(d) Issue costs**

Issue costs relate to expenses incurred in connection with the issue of OUE H-REIT units and are deducted directly against the unitholders' funds.

**(e) Provision**

A provision is recognised if, as a result of a past event, OUE H-REIT 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.

A provision for onerous contract is recognised when the expected benefits to be derived by OUE H-REIT from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected cost of continuing with the contract.

**(f) Leases**

***When OUE H-REIT is a lessee of an operating lease***

Where OUE H-REIT has the use of assets under operating leases, payments made under the leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of total return as an integral part of the total lease payments made. Contingent rentals are charged to the statement of total return in the accounting period in which they are incurred.

***When OUE H-REIT is a lessor of an operating lease***

Assets subject to operating leases are included in investment properties (see Note 2(a)).

**(g) Revenue recognition**

***Rental income from operating leases***

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rent is recognised as income in the accounting period in which it is earned and the amount can be measured reliably.

**(h) Expenses**

***REIT Manager's management fees, REIT Trustee's fees and Property Manager's management fees***

These fees are recognised on an accrual basis using the applicable formula stipulated in Section E.

**(i) Finance income and expense**

Interest income is recognised as it accrues using the effective interest method.

Borrowing costs are recognised in the statement of total return using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

**(j) Taxation**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to unitholders' funds, in which case it is recognised in unitholders' funds.

Current tax is the expected tax payable on the taxable income 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 using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the 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 income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits and temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of OUE H-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of OUE H-REIT, OUE H-REIT will not be taxed on the portion of taxable income of OUE H-REIT that is distributed to holders of OUE H-REIT units ("Unitholders"). Any portion of the taxable income that is

not distributed to Unitholders will be taxed at OUE H-REIT's level. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of OUE H-REIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

Although OUE H-REIT is not taxed on its taxable income distributed, the REIT Trustee and the REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of OUE H-REIT (i.e. which has not been taxed in the hands of the REIT Trustee) to certain Unitholders.

Qualifying Unitholders are entitled to gross distributions from OUE H-REIT. For distributions made to foreign non-individual Unitholders during the period from 18 February 2010 to 31 March 2015, REIT Trustee is required to withhold tax at the reduced rate of 10% on distributions made. For other types of Unitholders, REIT Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by OUE H-REIT. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by REIT Trustee.

A Qualifying Unitholder refers to a unit holder who is:-

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

A foreign non-individual Unitholder refers to a unit holder who is not a resident of Singapore for income tax purpose and who:-

- does not have any permanent establishment in Singapore; or
- carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in OUE H-REIT are not obtained from that operation in Singapore.

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

### (k) Segment information

An operating segment is a component of OUE H-REIT 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 OUE H-REIT's other components. All operating segments' operating results are reviewed and used by the board of directors of the REIT Manager ("BOD") to make decisions about resources to be allocated to the segment and assess its performance, and is a component for which discrete financial information is available.

No geographical segment has been presented as all the properties are located in Singapore.

### 3. Investment Properties

	<b>As at 31/12/2012 S\$'000</b>	<b>As at 31/3/2013 S\$'000</b>
Investment properties	1,756,000	1,756,000

The investment properties are mortgaged for the credit facilities granted to OUE H-REIT (Note 6).

<b>Description of Property</b>	<b>Title</b>	<b>Term of lease (years)</b>	<b>Location</b>	<b>Existing Use</b>	<b>Valuation S\$'000</b>
Mandarin Orchard Singapore	Leasehold	43	Orchard Road Singapore	Hotel	1,220,000
Mandarin Gallery	Leasehold	43	Orchard Road Singapore	Retail	536,000
					<u>1,756,000</u>

Investment properties are stated at fair value based on an independent valuation undertaken by Cushman & Wakefield as of 31 March 2013. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuers have considered the discounted cash flow method, capitalisation approach and comparison method in arriving at the open market value as at the reporting date. The valuation methods involve certain estimates. The key assumptions used to determine the fair value of investment properties include projected rental rates, market-corroborated capitalisation yield, terminal yield and discount rate. In relying on the valuation reports, the REIT Manager has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of current market conditions and that the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

Mandarin Orchard Singapore is leased to the Master Lessee for an initial term of 15 years. The Master Lease Agreement provides the Master Lessee with option to renew the lease for a further term of 15 years.

#### 4. Trade and other receivables

Trade and other receivables relate to input goods and service tax to be claimed from the tax authorities.

#### 5. Rental deposits

Rental deposits relate to rental deposits of Mandarin Gallery.

#### 6. Borrowings

This note provides information about the contractual terms of OUE H-REIT's interest-bearing borrowings.

	<b>As at 31/12/2012 S\$'000</b>	<b>As at 31/3/2013 S\$'000</b>
Bank loans	587,000	587,000
Less: Transaction costs capitalised	(5,870)	(5,870)
	<hr/> <b>581,130</b>	<hr/> <b>581,130</b>

OUE H-REIT has in place S\$630 million bank facilities comprising a revolving credit facility and term loan facilities (the "OUE H-REIT Debt Facilities").

OUE H-REIT has fixed the interest rates for a S\$587.0 million loan at an average rate of approximately 2.2% per annum at the Listing Date via interest rate swaps. The interest rate swaps have a weighted average tenure of three years.

The effective interest rate of the loans as at the reporting date is assumed to be 2.5%, inclusive of all margins and amortisation of debt-related transaction costs.

The OUE H-REIT Debt Facilities are secured by:

- A registered first legal mortgage over the Properties;
- A legal assignment of all insurance taken in respect of the Properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements and lease or tenancy deposits/proceeds in respect of Mandarin Gallery;
- An assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Properties.

## 7. Unitholders' funds

	<b>As at 31/12/2012 S\$'000</b>	<b>As at 31/3/2013 S\$'000</b>
OUE H-REIT Units in issue	1,151,548	1,151,548
Issue costs	(21,309)	(21,309)
Gain on revaluation of investment properties	50,925	50,925
	<b>1,181,164</b>	<b>1,181,164</b>
	<b>1,181,164</b>	<b>1,181,164</b>

## 8. Units in issue

The following represents the units in issue as at 31 December 2012 and 31 March 2013.

	<b>No. of units '000</b>	<b>S\$'000</b>
Creation of new OUE H-REIT Units arising from:		
– Establishment	*	**
– partial satisfaction of purchase consideration on the Properties	626,782	551,568
– the Offering and Cornerstone Units	681,818	599,980
	<b>1,308,600</b>	<b>1,151,548</b>
	<b>1,308,600</b>	<b>1,151,548</b>

\* less than 1,000 units

\*\* less than S\$1,000

Each OUE H-REIT Unit is stapled together with a unit in OUE H-BT under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately.

Each Stapled Security represents an undivided interest in OUE H-REIT and OUE H-BT. A holder of the Stapled Securities has no equitable or proprietary interest in the underlying assets of OUE H-REIT and OUE H-BT and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of OUE H-REIT and OUE H-BT.

The rights and interests of holders of the Stapled Securities include the rights to:

- Receive income and other distributions attributable to the Stapled Securities held; and
- Participate in the termination of OUE H-REIT or (as the case may be) OUE H-BT by receiving a share of all net cash proceeds derived from the realisation of the assets of OUE H-REIT or (as the case may be) OUE H-BT less any liabilities, in accordance with their proportionate interests in OUE H-REIT or (as the case may be) OUE H-BT.

The restrictions of a holder of the Stapled Securities include the following:

- No holder has the right to require that any asset of OUE H-REIT or (as the case may be) OUE H-BT be transferred to him; and

- A holder of the Stapled Securities cannot give any directions to the REIT Manager, the REIT Trustee or the Trustee-Manager (whether at a meeting of holders of the Stapled Securities or otherwise) if it would require the REIT Manager, the REIT Trustee or the Trustee-Manager to do or omit from doing anything which may result in:
  - OUE H-REIT or OUE H-BT ceasing to comply with applicable laws or regulations; or
  - The exercise of any discretion expressly conferred on the REIT Manager or the REIT Trustee by the OUE H-REIT Trust Deed or the determination of any matter which, under the OUE H-REIT Trust Deed, requires the agreement of either or both of the REIT Manager or the REIT Trustee.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities. The provisions of the OUE H-REIT Trust Deed provide that no holder of the Stapled Securities will be personally liable to indemnify the REIT Trustee, the Trustee-Manager or any creditor of OUE H-REIT in the event that liabilities of OUE H-REIT or OUE H-BT exceed their respective assets.

Under the OUE H-REIT Trust Deed, every Stapled Security carries the same voting rights.

#### 9. Gross revenue

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Rental income	94,728	105,650	106,413	26,392	26,248
Other income	1,242	1,943	1,398	372	385
	<u>95,970</u>	<u>107,593</u>	<u>107,811</u>	<u>26,764</u>	<u>26,633</u>

Included in rental income is contingent rent of S\$19,361,000, S\$29,327,000, S\$30,929,000, S\$7,440,000 and S\$7,001,000 recognised in the Statement of Total Return for each of the years ended 31 December 2010, 2011 and 2012 and for each of the three months ended 31 March 2012 and 2013 respectively.

#### 10. Property expenses

	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>	<b>1Q2012</b>	<b>1Q2013</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Property tax	5,162	6,026	6,579	1,645	1,646
Insurance expense	218	243	229	57	59
Property maintenance expenses	1,015	1,140	1,216	362	284
Utilities expenses	1,724	1,827	1,858	525	368
Marketing expenses	5,755	2,736	1,619	911	303
Property Manager's management fees	1,144	1,293	1,273	310	342
Others	100	259	112	7	20
	<u>15,118</u>	<u>13,524</u>	<u>12,886</u>	<u>3,817</u>	<u>3,022</u>

## 11. Finance income and expense

	FY2010 S\$'000	FY2011 S\$'000	FY2012 S\$'000	1Q2012 S\$'000	1Q2013 S\$'000
<b>Finance income</b>					
Interest income	44	53	49	13	12
<b>Finance expense</b>					
Interest expense on borrowings	(13,031)	(13,031)	(13,031)	(3,258)	(3,258)
Amortisation of debt-related transaction costs	(1,566)	(1,566)	(1,566)	(391)	(147)
	(14,597)	(14,597)	(14,597)	(3,649)	(3,405)

## 12. Financial risk management

### *Capital management*

The REIT Manager's objective when managing capital is to optimise OUE H-REIT's capital structure within the borrowing limits set out in the Code on Collective Investment Schemes ("CIS") by the Monetary Authority of Singapore to fund future acquisitions and asset enhancement works at OUE H-REIT's properties. To maintain or achieve an optimal capital structure, the REIT Manager may issue new units or source additional borrowing from both financial institutions and capital markets.

OUE H-REIT has a policy to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The REIT Manager monitors the yield, which is defined as net property income from the property divided by the latest valuation for the property, on the properties acquired. The REIT Manager also monitors the level of distributions made to holders of Stapled Securities.

OUE H-REIT seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

### *Financial risk management objectives and policies*

Exposure to credit, interest rate and liquidity risks arises in the normal course of OUE H-REIT's business. OUE H-REIT has written policies and guidelines, which set out its overall business strategies and its general risk management philosophy.

### *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer to settle its financial and contractual obligations to OUE H-REIT, as and when they fall due.

The REIT Manager has established credit limits for customers and monitored their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager and the Property Manager before lease agreements are entered into with customers. Cash are placed with financial institutions which are regulated.

At the reporting date, the Hotel is leased to a single Master Lessee. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

***Interest rate risk***

OUE H-REIT's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. The REIT Manager's strategy to actively manage the risk of potential interest rate volatility may be through the use of interest rate swap contracts and/or fixed rate borrowings. The REIT Manager will regularly evaluate the feasibility of putting in place an appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

The OUE H-REIT's interest rate risk arises primarily from its interest-bearing loans and borrowings which are variable rate instruments. A change of 10 basis points in interest rates at the reporting date would have increased/(decreased) total return before tax by the amounts shown below.

	<b>10 bp increase S\$'000</b>	<b>10 bp decrease S\$'000</b>
<b>31 December 2012</b>		
Variable rate bank loans	(587)	587
Interest rate swaps	587	(587)
Cash flow sensitivity (net)	-	-
<b>31 March 2013</b>		
Variable rate bank loans	(147)	147
Interest rate swaps	147	(147)
Cash flow sensitivity (net)	-	-

***Liquidity risk***

Liquidity risk is the risk that OUE H-REIT will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The REIT Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to OUE H-REIT's reputation.

The REIT Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance OUE H-REIT's operations. In addition, the REIT Manager also monitors and observes the Code on Collective Investment Schemes issued by the MAS concerning limits on total borrowings.

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

	Carrying amount S\$'000	Contractual cash flows		
		Total S\$'000	Within 1 year S\$'000	Within 2 to 5 years S\$'000
<b>31 December 2012</b>				
Borrowings	581,130	652,157	13,031	639,126
Rental deposits	5,964	5,964	1,462	4,502
	587,094	658,121	14,493	643,628
<b>31 March 2013</b>				
Borrowings	581,130	652,157	13,031	639,126
Rental deposits	5,861	5,861	1,359	4,502
	586,991	658,018	14,390	643,628

**Accounting classifications and fair values**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Unaudited Pro Forma Statements of Financial Position are as follows:

	Loans and receivables S\$'000	Other financial liabilities S\$'000	Fair value S\$'000
<b>31 December 2012</b>			
Trade and other receivables	1,902	–	1,902
Cash and cash equivalents	10,356	–	10,356
	12,258	–	12,258
Borrowings	–	(581,130)	(581,130)
Rental deposits	–	(5,964)	(5,770)
	–	(587,094)	(586,900)
<b>31 March 2013</b>			
Trade and other receivables	1,902	–	1,902
Cash and cash equivalents	10,253	–	10,253
	12,155	–	12,155
Borrowings	–	(581,130)	(581,130)
Rental deposits	–	(5,861)	(5,668)
	–	(586,991)	(586,798)

## **Estimating fair values**

### *Financial assets and liabilities*

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables and cash and cash equivalents) and variable rate bank loans are assumed to approximate their fair values because of the short period to maturity or repricing. All other financial assets and liabilities are discounted to determine their fair values.

The interest rate used to discount the security deposits as at 31 December 2012 and 31 March 2013 was 2.2%.

## **13. Segment reporting**

	<b>Hospitality</b>	<b>Retail</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>FY2010</b>			
Gross revenue	63,988	31,982	95,970
Property operating expenses	(2,152)	(12,966)	(15,118)
Reportable segment net property income	61,836	19,016	80,852
Unallocated items:			
– REIT Manager's base management fees			(5,349)
– REIT Manager's performance fees			(3,234)
– REIT Trustee's fee			(267)
– Other trust expenses			(2,161)
– Finance income			44
– Finance expense			(14,597)
<b>Net income</b>			55,288
Gain on revaluation of investment properties			48,060
<b>Total return for the year</b>			103,348
<b>FY2011</b>			
Gross revenue	73,762	33,831	107,593
Property operating expenses	(3,041)	(10,483)	(13,524)
Reportable segment net property income	70,721	23,348	94,069
Unallocated items:			
– REIT Manager's base management fees			(5,358)
– REIT Manager's performance fees			(3,763)
– REIT Trustee's fee			(338)
– Other trust expenses			(2,161)
– Finance income			53
– Finance expense			(14,597)
<b>Total return for the year</b>			67,905

	<b>Hospitality</b> <b>S\$'000</b>	<b>Retail</b> <b>S\$'000</b>	<b>Total</b> <b>S\$'000</b>
<b>FY2012</b>			
Gross revenue	75,060	32,751	107,811
Property operating expenses	(3,576)	(9,310)	(12,886)
Reportable segment net property income	71,484	23,441	94,925
Unallocated items:			
– REIT Manager’s base management fees			(5,353)
– REIT Manager’s performance fees			(3,797)
– REIT Trustee’s fee			(337)
– Other trust expenses			(2,161)
– Finance income			49
– Finance expense			(14,597)
<b>Total return for the year</b>			<u><u>68,729</u></u>
<b>1Q2012</b>			
Gross revenue	18,424	8,340	26,764
Property operating expenses	(893)	(2,924)	(3,817)
Reportable segment net property income	17,531	5,416	22,947
Unallocated items:			
– REIT Manager’s base management fees			(1,339)
– REIT Manager’s performance fees			(918)
– REIT Trustee’s fee			(84)
– Other trust expenses			(540)
– Finance income			13
– Finance expense			(3,649)
<b>Total return for the period</b>			<u><u>16,430</u></u>
<b>1Q2013</b>			
Gross revenue	18,036	8,597	26,633
Property operating expenses	(895)	(2,127)	(3,022)
Reportable segment net property income	17,141	6,470	23,611
Unallocated items:			
– REIT Manager’s base management fees			(1,338)
– REIT Manager’s performance fees			(944)
– REIT Trustee’s fee			(84)
– Other trust expenses			(540)
– Finance income			12
– Finance expense			(3,405)
<b>Total return for the period</b>			<u><u>17,312</u></u>

Segment information by geographical area is not presented as all of OUE H-REIT’s assets are located in Singapore.

## 14. Commitments

*OUE H-REIT leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:*

	<b>As at 31/12/2012 S\$'000</b>	<b>As at 31/3/2013 S\$'000</b>
Receivable		
– Within 1 year	78,789	79,265
– After 1 year but within 5 years	240,686	233,160
– After 5 years	450,000	450,000
	<hr/> <hr/>	<hr/> <hr/>
	769,475	762,425

The above operating lease rental receivables comprise amounts receivable under the Master Lease Agreement and the leases relating to Mandarin Gallery.

Rental receivable under the Master Lease is based on the terms of the Master Lease Agreement as set out in Section E note (d). The amounts receivable computed above for the lease are based on the fixed rent as set out in the Master Lease Agreement.

### **(E) REIT Manager's management fees, Property Manager's management fees, REIT Trustee's fee and lease payments under Master Lease Agreement**

#### **(a) REIT Manager's management fees**

The REIT Manager is entitled under the OUE H-REIT Trust Deed to the following management fees:

- a base fee of 0.3% per annum of the value of OUE H-REIT Deposited Property (being the gross assets of OUE H-REIT, as stipulated in the OUE H-REIT Trust Deed); and
- a performance fee of 4.0% per annum of the Net Property Income (as defined in the OUE H-REIT Trust Deed) of OUE H-REIT in the relevant financial year (calculated before accounting for this additional fee in that financial year).

100.0% of the Base Fee and Performance Fee will be paid in the form of Stapled Securities at the market price (as defined in the OUE H-REIT Trust Deed) prevailing at the date of issue for the period from the Listing Date to the end of Projection Year 2014, and thereafter at the discretion of the REIT Manager.

Any increase in the rate or any change in the structure of the REIT Manager's management fees must be approved by an Extraordinary Resolution at a meeting of holders of the Stapled Securities duly convened and held in accordance with the provisions of the OUE H-REIT Trust Deed.

The portion of the management fees payable in the form of Stapled Securities will be made on a quarterly basis, in arrears. The portion of the management fees payable in the form of cash will be made on a monthly basis, in arrears.

The aforementioned basis has been used to compute the REIT Manager's management fees for the purpose of the Unaudited Pro Forma Statements of Total Return.

**(b) REIT Trustee's fee**

Pursuant to the OUE H-REIT Trust Deed, the REIT Trustee's fees are charged at a flat rate of 0.015% per annum of the value of the Deposited Property (as defined in the OUE H-REIT Trust Deed) for the first 12 months (commencing from the date of inception of OUE H-REIT). Thereafter, the REIT Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (as defined in the OUE H-REIT Trust Deed), subject to a minimum sum of \$20,000 per month, excluding out-of-pocket expenses and GST. In addition, OUE H-REIT will pay the REIT Trustee a one-time inception fee of S\$20,000. The REIT Trustee's fee is payable out of the Deposited Property of OUE H-REIT on a monthly basis, in arrears.

Any increase in the rate or any change in the structure of the REIT Trustee's fees must be approved by an Extraordinary Resolution at a meeting of holders of the Stapled Securities duly convened and held in accordance with the provisions of the OUE H-REIT Trust Deed.

The aforementioned basis has been used to compute the REIT Trustee's fee for the purpose of the unaudited pro forma financial information.

**(c) Property Manager's management fee**

Under the property management agreement in respect of Mandarin Gallery and the Excluded Commercial Premises, the property management fees are charged as follows:

- (i) 2.0% per annum of the gross revenue of Mandarin Gallery and the Excluded Commercial Premises;
- (ii) 2.0% per annum of the net property income of Mandarin Gallery and the Excluded Commercial Premises (calculated before accounting for the property management fee in that financial period); and
- (iii) 0.5% per annum of the net property income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

The property management fees are payable monthly in arrears.

**(d) Lease payments under the Master Lease Agreement**

Under the terms of the Master Lease Agreement, OUE H-REIT will be entitled to an annual rental payment for the duration of the term of the Master Lease Agreement comprising the following:

- A fixed rent of S\$45.0 million; and
- A variable rent computed based on the sum of 33.0% of the Hotel's Gross Operating Revenue and 27.5% of the Hotel's Gross Operating Profit for the prevailing financial year, less the fixed rent.

Should the calculation of the variable rent yield a negative figure, the variable rent will be deemed to be zero.

**Registered Office of the Issuer**

333 Orchard Road  
#33-00 Mandarin Orchard Singapore  
Singapore 238867

**Registered Office of the Guarantor**

20 Cecil Street  
#28-01 Equity Plaza  
Singapore 049705

**Auditors of OUE H-REIT**

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

**Trustee**

**DB International Trust (Singapore) Limited**

One Raffles Quay  
#16-00 South Tower  
Singapore 048583

**Issuing and Paying Agent and Transfer Agent in respect of Notes other than CDP Notes**

**Deutsche Bank AG, Hong Kong Branch**

Level 52, International Commerce Centre  
1 Austin Road, West Kowloon  
Hong Kong

**Registrar in respect of Notes other than CDP Notes**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer  
L-1115 Luxembourg

**CDP Paying Agent, Registrar and Transfer Agent in respect of CDP Notes**

**Deutsche Bank AG, Singapore Branch**

One Raffles Quay  
#16-00 South Tower  
Singapore 048583

**Arrangers**

**DBS Bank Ltd.**

12 Marina Boulevard Level 42  
Marina Bay Financial Centre Tower 3  
Singapore 018982

**Standard Chartered Bank**

8 Marina Boulevard Level 20  
Marina Bay Financial Centre Tower 1  
Singapore 018981

**Legal Advisers**

**To the Issuer and the OUE H-REIT Manager**

**Drew & Napier LLC**

10 Collyer Quay 10<sup>th</sup> Floor  
Ocean Financial Centre  
Singapore 049315

**To the Arrangers**

*in respect of English law*  
**Linklaters Singapore Pte. Ltd.**  
One George Street #17-01  
Singapore 049145

**To the Trustee**

*in respect of English law*  
**Linklaters**  
Alexandra House 10<sup>th</sup> Floor  
18 Chater Road  
Central, Hong Kong  
China

**To the Guarantor**

**Lee & Lee**  
50 Raffles Place  
#06-00 Singapore Land Tower  
Singapore 048623