

OUE

OUE LIMITED

(formerly known as Overseas Union Enterprise Limited)
(Incorporated in Singapore on 8 February 1964)
(Company Registration No. 196400050E)

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

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

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

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

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

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

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

Arranger



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NOTICE

Standard Chartered Bank (the “**Arranger**”) has been appointed by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

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

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

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

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

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

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

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

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

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

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

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries and associated companies, and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "SUBSCRIPTION, PURCHASE AND DISTRIBUTION" on pages 160 to 163 of this Information Memorandum.

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

It is recommended that persons proposing to purchase or subscribe for any of the Securities consult their own legal and other advisers before purchasing or acquiring the Securities.

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

DEFINITIONS

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

- “Agency Agreement”** : The agency agreement dated 11 January 2011 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended and restated by an agency amendment and restatement agreement dated 27 March 2013 made between the same parties and the Second Agency Amendment and Restatement Agreement, and as further amended, varied or supplemented from time to time.
- “Agent Bank”** : Standard Chartered Bank and/or such other agent bank(s) as may be appointed from time to time in accordance with the terms and conditions of the Agency Agreement.
- “Arranger”** : Standard Chartered Bank.
- “Bearer Securities”** : Securities in bearer form.
- “Board”** : Board of Directors of the Issuer.
- “business day”** : A day (other than a Saturday or Sunday) on which commercial banks are open for business in Singapore.
- “Certificate”** : A registered certificate representing one or more Registered Securities of the same Series being substantially in the form set out in Part II of Schedule I to the Trust Deed or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
- “China” or “PRC”** : The People’s Republic of China.
- “Common Depositary”** : In relation to a Series of the Securities, a depositary common to Euroclear and Clearstream, Luxembourg.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, re-enacted or modified from time to time.
- “Conditions”** : In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particular numbered Condition shall be construed accordingly.

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

“Couponholders”	:	The holders of the Coupons.
“Coupon”	:	A bearer coupon appertaining to an interest or distribution bearing Bearer Security.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
“Depository” or “CDP”	:	The Central Depository (Pte) Limited.
“Directors”	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
“Euro”	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
“FY”	:	Financial year ended 31 December.
“GFA”	:	Gross Floor Area.
“Global Certificate”	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depository (ii) the Depository and/or (iii) any other clearing system.
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
“Group”	:	The Issuer and its subsidiaries.
“Issued Notes”	:	The Notes which have been issued under the Programme as at the date of this Information Memorandum.
“Issuer”	:	OUE Limited (formerly known as Overseas Union Enterprise Limited).

“Issuing and Paying Agent”	:	Standard Chartered Bank and/or such other issuing and paying agent(s) as may be appointed from time to time in accordance with the terms and conditions of the Agency Agreement.
“IRAS”	:	Inland Revenue Authority of Singapore.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
“Latest Practicable Date”	:	31 December 2014.
“MAS”	:	The Monetary Authority of Singapore.
“MRT”	:	Mass Rapid Transit.
“NLA”	:	Net Lettable Area.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The multicurrency medium term notes of the Issuer issued or to be issued by the Issuer under the Programme pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, Global Certificates, Definitive Securities and Certificates and any related Coupons and Talons).
“OUEAH”	:	OUE Airport Hotel Pte. Ltd.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	:	The perpetual securities to be issued by the Issuer under the Programme (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates).
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or Series, as the case may be.
“Programme”	:	The Multicurrency Debt Issuance Programme of the Issuer established by the Issuer pursuant to the Programme Agreement.
“Programme Agreement”	:	The programme agreement dated 11 January 2011 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) Standard Chartered Bank, as dealer, as amended and restated by a programme amendment and restatement agreement dated 27 March 2013 made between the same parties and the Second Programme Amendment and Restatement Agreement, and as further amended, varied or supplemented from time to time.

“Registered Securities”	:	Securities in registered form.
“Registrar”	:	Standard Chartered Bank.
“Renminbi” or “RMB”	:	The lawful currency of the People’s Republic of China.
“SCB Group”	:	Standard Chartered Bank, its subsidiaries and its affiliates.
“Second Agency Amendment and Restatement Agreement”	:	The second agency amendment and restatement agreement dated 14 January 2015 made between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, relating to the Agency Agreement.
“Second Programme Amendment and Restatement Agreement”	:	The second programme amendment and restatement agreement dated 14 January 2015 made between (1) the Issuer, as issuer, (2) Standard Chartered Bank, as arranger, and (3) the Dealers party thereto, as dealers relating to the Programme Agreement.
“Second Amendment and Restatement Trust Deed”	:	The second amendment and restatement trust deed dated 14 January 2015 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee relating to the Trust Deed.
“Securities”	:	The Notes and the Perpetual Securities.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securityholders”	:	The Noteholders and the Perpetual Securityholders.
“Senior Perpetual Securities”	:	Perpetual Securities which are specified to rank as senior obligations of the Issuer pursuant to Condition 3(a) of the Perpetual Securities.
“Series”	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes) interest or (in the case of Perpetual Securities) distribution and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“SFA”	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary shares in the capital of the Issuer.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are specified to rank as subordinated obligations of the Issuer pursuant to Condition 3(b) of the Perpetual Securities.
“sq ft”	:	Square feet.

“Talons”	:	Talons for further Coupons.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Transfer Agent”	:	Standard Chartered Bank.
“Trust Deed”	:	The trust deed dated 11 January 2011 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 27 March 2013, supplemented by a supplemental trust deed dated 26 February 2014, each made between the same parties, and the Second Amendment and Restatement Trust Deed and as further amended, varied or supplemented from time to time.
“Trustee”	:	British and Malayan Trustees Limited.
“United States” or “U.S.”	:	United States of America.
“U.K.”	:	United Kingdom.
“URA”	:	Urban Redevelopment Authority of Singapore.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“%”	:	Per cent.

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

CORPORATE INFORMATION

Board of Directors	:	Dr. Stephen Riady Mr. Christopher James Williams Mr. Thio Gim Hock Mr. Kelvin Lo Kee Wai Mr. Sin Boon Ann Mr. Kin Chan
Company Secretary	:	Mr. Ng Ngai
Registered Office	:	50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321
Auditors to the Issuer	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arranger of the Programme	:	Standard Chartered Bank Marina Bay Financial Centre Tower 1 8 Marina Boulevard, Level 20 Singapore 018981
Legal Advisers to the Arranger and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	:	Standard Chartered Bank Standard Chartered Bank @ Changi 7 Changi Business Park Crescent Level 3 Securities Services Singapore 486028
Trustee for the Noteholders	:	British and Malayan Trustees Limited 1 Coleman Street #08-01 The Adelphi Singapore 179803

SUMMARY OF THE PROGRAMME

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

Issuer	:	OUE Limited (formerly known as Overseas Union Enterprise Limited).
Arranger	:	Standard Chartered Bank.
Dealers	:	Standard Chartered Bank and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar with respect to Securities	:	Standard Chartered Bank. Under the terms of the Agency Agreement, in the case of Securities which are proposed to be cleared through Euroclear or Clearstream, Luxembourg, the Issuing and Paying Agent may procure that another entity within the SCB Group be appointed to perform these obligations.
Trustee	:	British and Malayan Trustees Limited.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding at any time, shall be S\$3,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, the Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	The Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	The Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer.
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face or on the interest payment date falling in the redemption month shown on its face.

Interest Basis	:	The Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	<p>Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.</p> <p>Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).</p>
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with the Depository, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of the Depository, a Common Depository and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through the Depository. Notes which are to be cleared through the Depository are required to be kept with the Depository as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and rank <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.

Negative Pledge : The Issuer has covenanted with the Trustee in Clause 7.1 of the Trust Deed that so long as any of the Notes or the Coupons relating thereto are outstanding, the Issuer will not create or have outstanding any security on or over any property or assets, whether present or future, of the Issuer to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also at the same time or prior thereto:

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

provided that nothing in Clause 7.1 of the Trust Deed shall apply to: (A) any security existing as at 11 January 2011 which was created to secure any Capital Markets Indebtedness incurred on or prior to 11 January 2011 (“**Outstanding Capital Markets Indebtedness**”); (B) any security created subsequent to 11 January 2011 (1) as additional top up security to secure any Outstanding Capital Markets Indebtedness and (2) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (B)(1) was incurred; or (C) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

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

Financial Covenants : The Issuer has covenanted with the Trustee in Clause 7.2 of the Trust Deed that so long as any of the Notes and/or the Coupons relating thereto remain(s) outstanding, it will, at all times, ensure that:

- (i) its Tangible Net Worth (as defined in the Trust Deed) is not less than S\$1,000,000,000;
- (ii) its Gearing Ratio (as defined in the Trust Deed) shall not exceed 1:1; and
- (iii) its Interest Service Cover Ratio (as defined in the Trust Deed) for each Test Period (as defined in the Trust Deed) is not less than 1.25:1.

Events of Default	:	See Condition 10 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "SINGAPORE TAXATION" herein.
Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
Board lot size	:	The Notes will be traded in a minimum board lot size of not less than S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, please see the section on "SUBSCRIPTION, PURCHASE AND DISTRIBUTION" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law and Jurisdiction	:	The Notes, the Coupons and the Talons are governed by, and shall be constituted in accordance with, the laws of Singapore. The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

**PERPETUAL
SECURITIES**

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	Perpetual Securities may be issued at par or at a discount, or premium, to par.
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities	:	<p>Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin.</p> <p>Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).</p> <p>Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.</p>
Distribution Discretion	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice (an “ Optional Payment Notice ”) to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

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

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

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

Non-Cumulative Deferral :
and Cumulative Deferral

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

If Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

Restrictions in the case of Non-Payment :

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

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

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

Form and Denomination of Perpetual Securities	:	The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with the Depository, a Common Depository and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of the Depository, a Common Depository and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. A Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.
Custody of the Perpetual Securities	:	Perpetual Securities which are to be cleared through the Depository are required to be kept with the Depository as authorised depository. Perpetual Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> with any Parity Obligations of the Issuer.

- Subordination of Subordinated Perpetual Securities : Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.
- No set-off in relation to Subordinated Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
- Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.

- Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer 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 would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.
- Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the "**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Issuer pursuant to the Relevant Accounting Standard.

- Redemption for Tax Deductibility : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption):
- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date; or
 - (ii) as a result of the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as bonds, notes, commercial papers or certificates of deposits for the purposes of Section 43(N)(4) and Section 13 of the Income Tax Act, Chapter 134 of Singapore (the "ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;

- (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest, discount, prepayment fee, redemption premium or break cost payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest, discount, prepayment fee, redemption premium or break cost payable for “qualifying debt securities” under the ITA; or
- (3) the distribution (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as either sums “payable by way of interest upon any money borrowed” pursuant to Section 14(1)(a)(i) of the ITA or sums “payable in lieu of interest or for the reduction thereof, as may be prescribed by regulations” pursuant to Section 14(1)(a)(ii) of the ITA, for the purpose of Section 14(1)(a) of the ITA,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

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| Redemption in the case of Minimal Outstanding Amount | : | If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued. |
| Redemption upon a Change of Control | : | If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event (as defined in the applicable Pricing Supplement). |
| Limited right to institute proceedings in relation to Perpetual Securities | : | Notwithstanding any of the provisions in Condition 9 of the Perpetual Securities, the right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities. |

- Proceedings for Winding-Up : If (i) an order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due (an “**Enforcement Event**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
- Taxation : All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on “SINGAPORE TAXATION” herein.
- Listing : Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, please see the section on “SUBSCRIPTION, PURCHASE AND DISTRIBUTION” herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.
- Governing Law and Jurisdiction : The Perpetual Securities, the Coupons and the Talons are governed by, and construed in accordance with, the laws of Singapore.
- The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a trust deed dated 11 January 2011 made between (1) OUE Limited (formerly known as Overseas Union Enterprise Limited) (the “**Issuer**”) and (2) British and Malayan Trustees Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended, supplemented and restated by an Amendment and Restatement Trust Deed dated 27 March 2013, a supplemental trust deed dated 26 February 2014 and a Second Amendment and Restatement Trust Deed dated 14 January 2015, each made between the same parties and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 11 January 2011 (as supplemented by a supplemental deed of covenant dated 14 January 2015 and as further amended and supplemented from time to time, the “**Deed of Covenant**”), relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 11 January 2011 made between (1) the Issuer, (2) Standard Chartered Bank, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and agent bank (in such capacity, the “**Agent Bank**”), and (3) the Trustee, as trustee (as amended and restated by an Agency Amendment and Restatement Agreement dated 27 March 2013 made between the same parties and a Second Agency Amendment and Restatement Agreement dated 14 January 2015 made between (1) the Issuer, (2) the Issuing and Paying Agent (and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) the Agent Bank, (4) Standard Chartered Bank, as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) Standard Chartered Bank, as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, and as further amended, restated and supplemented from time to time, the “**Agency Agreement**”). The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

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

(b) Title

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

Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing such Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency

Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

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

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

The Issuer has covenanted with the Trustee in Clause 7.1 of the Trust Deed that so long as any of the Notes or the Coupons relating thereto are outstanding, the Issuer will not create or have outstanding any security on or over any property or assets, whether present or future, of the Issuer to secure any Capital Markets Indebtedness or any guarantee or indemnity in respect of Capital Markets Indebtedness, without also at the same time or prior thereto:

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

provided that nothing in Clause 7.1 of the Trust Deed shall apply to: (A) any security existing as at 11 January 2011 which was created to secure any Capital Markets Indebtedness incurred on or prior to 11 January 2011 (“Outstanding Capital Markets Indebtedness”); (B) any security created subsequent to 11 January 2011 (1) as additional top up security to secure any Outstanding Capital Markets Indebtedness and (2) to satisfy the security margins contained in the finance documents pursuant to which such Outstanding Capital Markets Indebtedness referred to in (B)(1) was incurred; or (C) any security created for the purpose of refinancing any Outstanding Capital Markets Indebtedness.

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

(b) Financial Covenants

The Issuer has covenanted with the Trustee in Clause 7.2 of the Trust Deed that so long as any of the Notes and/or the Coupons relating thereto remain(s) outstanding, it will, at all times, ensure that:

- (i) its Tangible Net Worth is not less than S\$1,000,000,000;
- (ii) its Gearing Ratio shall not exceed 1:1; and
- (iii) its Interest Service Cover Ratio for each Test Period is not less than 1.25:1.

For the purposes of this Condition 4(b):

(A) “**EBITDA**” means, in relation to any Test Period, the total consolidated profit of the Issuer for that Test Period:

- (1) before taking into account Interest Expense, tax, any share of the profit of any associated company or undertaking (excluding dividends received in cash by any

member of the Group), any unrealised gains or losses on any financial instrument, any gains or losses arising from a revaluation of any asset, and extraordinary and exceptional items;

- (2) after deducting the amount of any other non-cash items; and
- (3) after adding back all amounts provided for depreciation and amortisation for that Test Period,

as determined (except as needed to reflect the terms of Clause 7.2 of the Trust Deed) from the latest financial statements of the Issuer delivered to the Trustee;

- (B) **“Gearing Ratio”** means, at any particular time, the ratio of Total Net Borrowings of the Group to Tangible Net Worth;
- (C) **“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 but excluding the amortisation of fees and other charges) by the Issuer during that Test Period, as determined (except as needed to reflect the terms of Clause 7.2 of the Trust Deed) from the financial statements of the Issuer delivered to the Trustee;
- (D) **“Interest Service Cover Ratio”** means, in relation to any Test Period, the ratio (rounded to the nearest two decimal places) of (1) EBITDA for that Test Period to (2) Interest Expense for that Test Period;
- (E) **“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 aggregate of:

- (1) the amount paid up or credited as paid up on the issued share capital of the Issuer;
- (2) the amounts standing to the credit of the aggregate reserves of the Issuer; and
- (3) the Valuation Surplus of the Hotel,

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; and
- (III) any dividend or other distribution declared or made by the Issuer,

but ignoring any variation in the credit or debit balance on the profit and loss account of the Issuer since the date of the then latest audited or, as the case may be, unaudited balance sheet of the Issuer except to the extent reflected in any later profit and loss statement of the Issuer delivered to the Trustee;

- (F) **“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 the Issuer;

- (G) **“Total Net Borrowings”** means the total gross borrowings less cash and cash equivalents, as determined from the latest financial statements of the Issuer delivered to the Trustee;
- (H) **“Valuation Surplus of the Hotel”** means the amount by which the disposal price of S\$1,180,000,000 of the hotel known as Mandarin Orchard Singapore at 333 Orchard Road, Singapore to OUE Hospitality Real Estate Investment Trust is more than the book value of that hotel as reflected in the latest audited or, as the case may be, unaudited balance sheet of the Issuer delivered to the Trustee, but only to the extent that such amount is not reflected or included in any amount set out in paragraph (1) or (2) of the definition of “Tangible Net Worth”; and
- (I) the Tangible Net Worth, the Gearing Ratio and the Interest Service Cover Ratio shall be calculated and interpreted on a consolidated basis by reference to the latest audited and unaudited financial statements of the Issuer.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

For the purposes of this Condition 5(I)(b), “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

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

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (“**Interest Payment Date**”). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest – Floating Rate Notes

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

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

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

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

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

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest

for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

- (D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank 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 Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four 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 and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (B) if on any Interest Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and
- (C) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by

the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Notes is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

- (iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest – Variable Rate Notes

- (i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Agreed Yield**” and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the “**Rate of Interest**”.
- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
 - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
 - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
 - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
 - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
 - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
- (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

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

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) Definitions

As used in these Conditions:

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

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

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

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

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

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

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency) agreed to by the Agent Bank;

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

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

(c) Floating Rate Period

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date (**“Interest Payment Date”**). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the **“Specified Number of Months”**) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which

corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

(IV) Zero Coupon Notes

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

(V) Calculations

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

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the **“Interest Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the

Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank (taking into account information or input provided by the Depository (where applicable)) shall (in the absence of manifest or proven error) be final and binding upon all parties. For the avoidance of doubt, to the extent that the Rate of Interest applicable to any Floating Rate Note, the Rate of Interest applicable to any Variable Rate Note or the Rate of Interest applicable to any Hybrid Note is to be calculated on a methodology that is different from the methodology provided in Condition 5(II)(b), 5(II)(c) or 5(III), the Agent Bank shall not be obliged to make such calculation.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

6. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

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

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

(c) Purchase at the Option of Noteholders

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

at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(d) Redemption at the Option of the Issuer

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

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

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

(e) Redemption at the Option of Noteholders

If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly

completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders’ Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified on the face of the Note, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer 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 would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a Director or a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

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

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

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

(h) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption

of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified thereon.

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

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

(i) Cancellation

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

7. Payments

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).

- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

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

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Agent Bank, any Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain an Issuing and Paying Agent, an Agent Bank, a Transfer Agent in relation to Registered Notes and a Registrar in relation to Registered Notes. Under the terms of the Agency Agreement, in the case of Securities which are proposed to be cleared through Euroclear or Clearstream, Luxembourg, the Issuing and Paying Agent may procure that another entity within Standard Chartered Bank, its subsidiaries and its affiliates be appointed to perform these obligations.

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

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

(e) Unmatured Coupons and Unexchanged Talons

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing

unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any 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) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmaturing Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate

Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. Taxation

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

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

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

9. Prescription

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

10. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing and not waived, the Trustee at its discretion may, and if so requested 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, give notice to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

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

No Event of Default under this Condition 10(c) will occur if such misrepresentation or misstatement, or the circumstances giving rise to it, is or are, in the opinion of the Trustee, capable of remedy and is or are, in the opinion of the Trustee, remedied within 21 days of the earlier of (i) the Trustee giving written notice of the failure to comply to the Issuer and (ii) the Issuer becoming aware of the failure to comply;

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

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

- (e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 21 days;
- (g) any security on or over the whole or any part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any step is taken by any person with a view to the winding-up of the Issuer or any of its Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or any part of the assets of the Issuer or any of its Principal Subsidiaries (save for a voluntary liquidation or winding-up of a Principal Subsidiary not involving insolvency and which does not have a material adverse effect (i) on the financial condition or business of the Issuer or on the consolidated financial condition or business of the Issuer and its subsidiaries taken as a whole or (ii) on the ability of the Issuer to perform or comply with its obligations under any of the Issue Documents or the Notes);
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than pursuant to or following a disposal, reorganisation, amalgamation or reconstruction as permitted under the Trust Deed) or (otherwise than as permitted by Clause 15.26.1 of the Trust Deed) disposes or threatens to dispose of the whole or any substantial part of its property or assets;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its Principal Subsidiaries, in each case, which would be likely to have a material adverse effect (i) on the financial condition or business of the Issuer or on the consolidated financial condition or business of the Issuer and its subsidiaries taken as a whole or (ii) on the ability of the Issuer to perform or comply with its obligations under any of the Issue Documents or the Notes;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

- (m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;
- (n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature and discharged within 30 days of its commencement) against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or would be likely to have a Material Adverse Effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);
- (p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore;
- (q) the shares of the Issuer cease to be quoted or listed on the SGX-ST or transactions in any share in the share capital of the Issuer on the SGX-ST are suspended for a period exceeding five consecutive Trading Days, and for the purpose of this Condition 10(q), **“Trading Day”** means a day on which shares can be traded on the SGX-ST generally; and
- (r) any event occurs or circumstances arise which the Trustee reasonably determines (i) give(s) reasonable grounds for believing that the Issuer may not (or may be unable to) perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes or (ii) has a material adverse effect on the financial condition, business, results of operations, assets or properties of the Issuer or the Issuer and its subsidiaries taken as a whole.

In these Conditions:

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

Any subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (I) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets of such subsidiary, as shown by the

accounts of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (II) a report by the Auditors as described below dated on or after the date of the relevant transfer which shows the total assets of such subsidiary to be less than 15 per cent. of the total assets of the Group. A report by the Auditors that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

- (B) “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

11. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. Meeting of Noteholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 15 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified on the face of the Note may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

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

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

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

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

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

15. Indemnification of the Trustee

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

16. Notices

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

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

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

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

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

17. Governing Law and Jurisdiction

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

18. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent, Paying Agent, Agent Bank, Registrar and Transfer Agent

Standard Chartered Bank
Standard Chartered Bank @ Changi
7 Changi Business Park Crescent
Level 3 Securities Services
Singapore 486028

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a trust deed dated 11 January 2011 made between (1) OUE Limited (formerly known as Overseas Union Enterprise Limited) (the “**Issuer**”) and (2) British and Malayan Trustees Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below) (as amended, supplemented and restated by an Amendment and Restatement Trust Deed dated 27 March 2013, a supplemental trust deed dated 26 February 2014 and a Second Amendment and Restatement Trust Deed dated 14 January 2015, each made between the same parties and as further amended, restated and supplemented from time to time, the “**Trust Deed**”), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 11 January 2011 (as supplemented by a supplemental deed of covenant dated 14 January 2015 and as further amended and supplemented from time to time, the “**Deed of Covenant**”) relating to the Perpetual Securities executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 11 January 2011 made between (1) the Issuer, (2) Standard Chartered Bank, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and agent bank (in such capacity, the “**Agent Bank**”), and (3) the Trustee, as trustee (as amended and restated by an Agency Amendment and Restatement Agreement dated 27 March 2013 made between the same parties and a Second Agency Amendment and Restatement Agreement dated 14 January 2015 made between (1) the Issuer, (2) the Issuing and Paying Agent (and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) the Agent Bank, (4) Standard Chartered Bank, as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”) (5) Standard Chartered Bank, as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, and as further amended, restated and supplemented from time to time, the “**Agency Agreement**”). The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

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

(b) Title

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

Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing such Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

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

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be

changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities:** In the case of an exercise of the Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

- (a) **Senior Perpetual Securities:** This Condition 3(a) applies to Perpetual Securities that are Senior Perpetual Securities (being the Perpetual Securities that specify their status as senior in the applicable Pricing Supplement). The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the

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

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

(i) Status of Subordinated Perpetual Securities

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

In these Conditions, “**Parity Obligation**” means, in relation to the Issuer, any instrument or security (including without limitation any preference shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

(ii) Ranking of claims on winding-up

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

(iii) No set-off

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

Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

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

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

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

(b) Distribution Rate

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

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

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

For the purposes of these Conditions:

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

“Swap Offer Rate” means:

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

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

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

(d) Publication of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Trustee

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

(f) Calculations

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

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

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

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

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

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

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

(b) Rate of Distribution – Floating Rate Perpetual Securities

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

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

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

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:
 - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
 - (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

- (B) if no such rate appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
- (C) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
- (D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date no such rate is quoted on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and
 - (C) if on any Distribution Determination Date the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any); and

- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
- (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
- (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,
- and as adjusted by the Spread (if any);
- (B) if the Primary Source for the Floating Rate Perpetual Securities is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
- (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

(c) Definitions

As used in these Conditions:

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

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

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

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

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

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

“Primary Source” means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency) agreed to by the Agent Bank;

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

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

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

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

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

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

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

(III) Calculations

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

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

(b) Notification

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

nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

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

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

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

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

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

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

(b) No Obligation to Pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (“**Optional Distribution**”) (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV).

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

(ii) If Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) shall constitute “**Arrears of Distribution**”. The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a)) further defer any Arrears of Distribution by complying with the foregoing notice requirement applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to this Condition 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

(d) Restrictions in the case of Non-Payment

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

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

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

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (3) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

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

(f) No Default

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

5. Redemption and Purchase

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer 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 would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a Director or a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(d) Redemption for Accounting Reasons

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

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

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

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

(e) Redemption for Tax Deductibility

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

- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced on or after the Issue Date,
- (ii) as a result of the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as “bonds, notes, commercial papers or certificates of deposits” for the purposes of Section 43(N)(4) and Section 13 of the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”) and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;
 - (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest, discount, prepayment fee, redemption premium or break cost payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest, discount, prepayment fee, redemption premium or break cost payable for “qualifying debt securities” under the ITA; or
 - (3) the distribution (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as either sums “payable by way of interest upon any money borrowed” pursuant to Section 14(1)(a)(i) of the ITA or sums “payable in lieu of interest or for the reduction thereof, as may be prescribed by regulations” pursuant to Section 14(1)(a)(ii) of the ITA, for the purpose of Section 14(1)(a) of the ITA,

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

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

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

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

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Redemption upon a Change of Control

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

(h) Purchases

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

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

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

(i) Cancellation

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

6. Payments

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

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

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

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

(c) Payments subject to Law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 7, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of

Condition 7) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Issuing and Paying Agent, the Paying Agent, the Agent Bank, the Transfer Agent and the Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Agent Bank, any Transfer Agent and the Registrar and to appoint additional or other Issuing and Paying Agents, Agent Banks, Transfer Agents and Registrars, provided that it will at all times maintain an Issuing and Paying Agent, an Agent Bank, a Transfer Agent in relation to Registered Perpetual Securities and a Registrar in relation to Registered Perpetual Securities. Under the terms of the Agency Agreement, in the case of Securities which are proposed to be cleared through Euroclear or Clearstream, Luxembourg, the Issuing and Paying Agent may procure that another entity within Standard Chartered Bank, its subsidiaries and its affiliates be appointed to perform these obligations.

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

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

(e) Unmatured Coupons and Unexchanged Talons

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

Perpetual Security 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 may require.

- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

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

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that,

upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

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

9. Non-payment

(a) Non-payment when Due

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

(b) Proceedings for Winding-Up

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

(c) Enforcement

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

(d) Entitlement of Trustee

The Trustee shall not and shall not be obliged to take any of the actions referred to in Condition 9(b) or Condition 9(c) against the Issuer to enforce the terms of the Trust Deed or the Perpetual Securities unless (i) it shall have been so directed by an Extraordinary Resolution of the Perpetual Securityholders or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding and (ii) it shall have been indemnified by the Perpetual Securityholders to its satisfaction.

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Perpetual Securityholders or Couponholders, whether for the recovery of amounts owing in respect of the Trust Deed or the Perpetual Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Trust Deed or the Perpetual Securities.

10. Meeting of Perpetual Securityholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than 15 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be

binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

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

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

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

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

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 14, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

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

13. Indemnification of the Trustee

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

14. Notices

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

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

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

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

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

15. Governing Law and Jurisdiction

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

16. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent, Paying Agent, Agent Bank, Registrar and Transfer Agent

Standard Chartered Bank
Standard Chartered Bank @ Changi
7 Changi Business Park Crescent
Level 3 Securities Services
Singapore 486028

THE ISSUER

1. History and Background

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

The Group is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations predominantly in Singapore. The Group focuses its businesses across the hospitality, retail, commercial and residential property segments. The Group develops and holds commercial and retail properties for investment and rental income purposes while it develops residential properties for sale. Consistent with its vision of being a real estate developer and owner and with an aim of extracting value from its property portfolio, the Issuer successfully sponsored two real estate investment trusts in July 2013 and January 2014. With the establishment of OUE Hospitality Trust (“**OUE H-Trust**”), comprising OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”) and OUE Hospitality Business Trust (“**OUE H-BT**”), and OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”), the Group’s business has further diversified into funds management of real estate investment trusts (“**REITs**”).

Historically, the Group derived substantially all of its revenue from its hospitality operations, with its key asset being Mandarin Orchard Singapore, a 1,077-room hotel located in the prime Orchard Road hotel, shopping and entertainment belt. The Group began diversifying its business into the retail and commercial sectors with the conversion of the first four storeys of Mandarin Orchard Singapore into Mandarin Gallery, a high-end retail space at 333A Orchard Road, as well as the acquisition of OUE Downtown (formerly known as 6 Shenton Way). Mandarin Gallery commenced operations in November 2009 and the acquisition of OUE Downtown was completed on 30 September 2010.

In 2011, the Group acquired Crowne Plaza Changi Airport (“**CPCA**”) and also completed the development of OUE Bayfront, which is located at 50 Collyer Quay. It is an 18-storey office tower, and the properties adjoining it consist of an aerial plaza tower (“**OUE Tower**”) and an aerial pedestrian access way (“**OUE Link**”) (OUE Bayfront, OUE Tower and OUE Link, collectively, the “**OUE Bayfront Property**”).

In 2013, the Group acquired U.S. Bank Tower, a 72-storey office building located in downtown Los Angeles. In 2014, OUE C-REIT acquired a property comprising approximately 90% by GFA of Lippo Plaza (the “**Lippo Plaza Property**”), a 36-storey commercial building located in Shanghai.

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

The Group is developing a residential property, OUE Twin Peaks, located at 33 Leonie Hill Road, close to the heart of Orchard Road, comprising two 35-storey blocks of luxurious fully-furnished apartments which it is targeting to complete by early 2015.

The Group is also developing a 10-storey extension building to the Crowne Plaza Changi Airport (“**CPEX**”). The extension is expected to be completed around the end of 2015 but no later than June 2016.

OUE H-REIT is managed by the Issuer’s wholly-owned subsidiary, OUE Hospitality REIT Management Pte. Ltd. As a REIT manager, an additional dimension has been added to the Group’s business strategy and its commitment to be a property player. Mandarin Orchard Singapore and Mandarin Gallery were injected into OUE H-REIT in 2013 as the initial asset portfolio of OUE H-REIT. As at the date of this Information Memorandum, the Group continues to hold an effective ownership of 34.3% in the properties through its stake in OUE H-Trust.

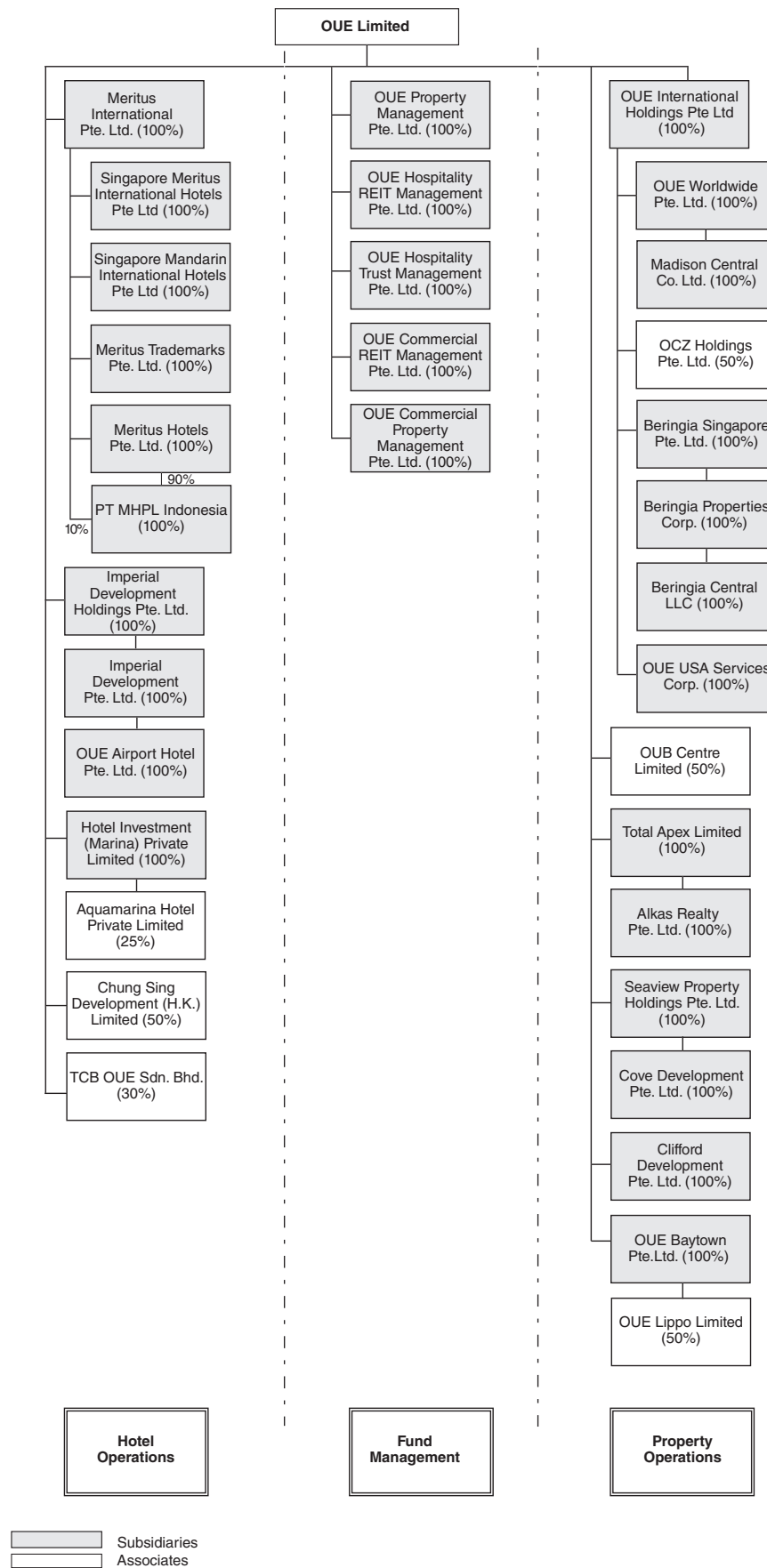
The Issuer’s wholly-owned subsidiary, OUE Commercial REIT Management Pte. Ltd., is the manager of OUE C-REIT and has general powers of management over the assets of OUE C-REIT. OUE Bayfront and the Lippo Plaza Property form part of the initial portfolio of assets of OUE C-REIT.

The establishment of OUE C-REIT allows the Issuer to augment its funds management division established under OUE H-Trust as part of its overall business strategy. Through its wholly-owned subsidiaries, Clifford Development Pte. Ltd. and OUE Commercial REIT Management Pte. Ltd., the Issuer continues to hold an effective ownership of 48.1% as at the date of this Information Memorandum in the OUE Bayfront Property and the Lippo Plaza Property through its stake in OUE C-REIT.

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

2. Corporate Structure

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



3. Business Operations

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

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

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

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft)	Car Parking Spaces
OUE Downtown	S\$1,361.0 ⁽¹⁾	A 50-storey and a 37-storey commercial towers. The development also includes a four-storey retail podium, rooftop space on the fifth floor and part of the basement (under construction). Part of the commercial space is also being converted into serviced apartments	100%	99-year lease from 19 July 1967	1,249,205	355
U.S. Bank Tower	US\$431.0 ⁽¹⁾	A 72-storey office tower (excluding three storeys used for mechanical and other purposes) with six levels of underground parking. A skydeck is currently under construction	100%	Freehold	1,869,123	1,396

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft)	Car Parking Spaces
Crowne Plaza Changi Airport	S\$290.0 ⁽²⁾	A 9-storey hotel with 320 rooms, including 27 suites, directly connected to Changi Airport Terminal 3 and within a short distance to Changi Business Park and Singapore Expo	100% ⁽³⁾	77-year lease from 12 December 2006 ⁽⁴⁾	336,943	Not applicable
Crowne Plaza Changi Airport Extension (under construction)	S\$205.0 ^(4A)	A 10-storey extension to CPCA with 243 additional rooms	100% ⁽³⁾	⁽⁴⁾	103,495 ^(4B)	Not applicable
OUE Twin Peaks	S\$574.0 ⁽⁵⁾	A residential development comprising two identical 35-storey blocks situated close to the heart of Orchard Road	100%	99-year lease from 10 May 2010	436,172	467
OUE Bayfront Property	S\$1,010.0 ⁽¹⁾	An 18-storey office development and adjoining properties with views of Marina Bay	48.1% ⁽⁶⁾	99-year lease from 12 November 2007 (for OUE Bayfront and OUE Tower). 15-year lease from 26 March 2010 (for OUE Link)	503,477	245
One Raffles Place Tower 1 and shopping mall	S\$1,639.0 ⁽⁷⁾	A 282 meter tall office tower comprising 62 storeys of prime Grade A office space and a five-storey shopping mall equipped with one level of basement, located in Singapore's CBD	⁽⁸⁾	841-year lease from 1 November 1985 and 99-year lease from 1 November 1985	818,381	324 (Sharing with Tower 2)
One Raffles Place Tower 2	Please see above	A 38-storey commercial building equipped with one level of basement adjacent to Tower 1	⁽⁸⁾	99-year lease from 26 May 1983	470,336	Sharing with Tower 1
Lippo Plaza Property	RMB2,337.0 ⁽⁹⁾	A 36-storey commercial building with three basement levels of commercial space and car park lots	⁽¹⁰⁾	50-year land use right from 2 July 1994	629,925	168

	Fair Value (millions)	Description	Ownership	Tenure of Land	Approximate GFA (sq ft)	Car Parking Spaces
Mandarin Orchard Singapore	S\$1,220.0 ⁽¹¹⁾	A 37-storey Main Tower with a 39-storey Orchard Wing housing 1,077 rooms	34.3% ⁽¹²⁾	99-year lease from 1 July 1957	990,277 (Excluding Mandarin Gallery)	441 (Sharing with Mandarin Gallery)
Mandarin Gallery	S\$536.0 ⁽¹¹⁾	Mandarin Gallery is a prime retail landmark in the heart of Orchard Road; features six duplexes	34.3% ⁽¹²⁾	99-year lease from 1 July 1957	196,336	Sharing with Mandarin Orchard Singapore

Notes:

- (1) Latest valuation as at 31 December 2013.
- (2) Latest valuation as at 30 September 2014.
- (3) The Group will continue to have an ownership interest in the hotel through its stake in OUE H-Trust following the proposed divestment of CPCA and CPEX to OUE H-REIT. The proposed divestment of CPCA is expected to complete at the end of February 2015, and the proposed divestment of CPEX will be completed upon completion of the construction of CPEX. The Group has agreed to lease CPCA and CPEX back from OUE H-REIT from the date of completion of the sale to 27 May 2028, with an option to renew for two terms of 5 years each.
- (4) A combined lease for CPCA and CPEX is expected to be granted, for a term expiring on 29 August 2083, within 12 months of the completion of the construction of CPEX.
- (4A) This is the appraised value of CPEX as at 1 January 2016 based on the latest valuation as at 30 September 2014.
- (4B) As approved by the URA in the Grant of Written Permission dated 27 March 2014.
- (5) Latest valuation as at 31 March 2014.
- (6) Held through OUE C-REIT which owns 100% of the property. OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of the Issuer, is the manager of OUE C-REIT. As at the Latest Practicable Date, the Group has a 48.1% effective interest in OUE C-REIT.
- (7) Total fair value attributable to OUB Centre Limited based on the latest valuation as at 31 December 2013 for One Raffles Place Tower 1, Tower 2 and the shopping mall.
- (8) The Group owns a 50% stake in OUB Centre Limited, which is a beneficiary and the trustee of the assets comprising One Raffles Place Tower 1, Tower 2 and the shopping mall. OUB Centre Limited was the beneficiary of 81.54% of the trust as of the date it was declared.
- (9) Based on the higher of two appraisal values as at 30 September 2013.
- (10) The Lippo Plaza Property comprises approximately 90% of Lippo Plaza by GFA and is held through OUE C-REIT which owns 100% of the Lippo Plaza Property. OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of the Issuer, is the manager of OUE C-REIT. As at the Latest Practicable Date, the Group has a 48.1% effective interest in OUE C-REIT.
- (11) Latest valuation as at 31 December 2013. This is the value recorded by OUE H-REIT.
- (12) Held through OUE H-Trust, as OUE H-REIT owns 100% of the property. OUE Hospitality REIT Management Pte. Ltd., a wholly-owned subsidiary of the Issuer, is the manager of OUE H-REIT. As at the Latest Practicable Date, the Group has a 34.3% effective interest in OUE H-Trust.

Hospitality

The Group operates its hotels and resorts through management agreements between the Group and each hotel and resort. These agreements were signed between March 1987 and February 2005. The terms of the agreements range from 10 to 30 years. One of the agreements contains an option to extend for a further 30-year period, one contains an option to extend for two ten-year periods and one contains an option to extend for two further five-year periods. The Group has signed four hotel management agreements in China, and one in Bali, in respect of hotels which are all under planning or construction stages.

For the financial period ended 30 September 2014, the Group's hospitality business (including management fees) contributed 49.4% of the Group's total revenue and the Group derived 83.3% of its revenue from its operations in Singapore.

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

Mandarin Orchard Singapore

Mandarin Orchard Singapore is located at 333 Orchard Road, Singapore. The land is on a 99-year lease from The Ngee Ann Kongsi from 1 July 1957. OUE H-REIT owns 100% of the building and as at the Latest Practicable Date, the Issuer has an effective 34.3% ownership interest in the hotel through its stake in OUE H-Trust.

The hotel has a total GFA of approximately 990,277 sq ft. With a 39-storey Orchard Wing and a 37-storey Main Tower, the property contains 1,077 rooms and over 25,511 sq ft of meeting and function space, including a column-free grand ballroom. It shares 441 car parking spaces with Mandarin Gallery.

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

In its drive to continue upgrading the hospitality experience for its customers, the Group has since the fourth quarter of 2013 opened the "Meritus Club Lounge at Top of the M", an all-new executive club facility located on levels 38 and 39 of the hotel's Orchard Wing, and officially launched a new Sichuan restaurant, "Shisen Hanten by Chen Kentaro", located on level 35 of the hotel's Orchard Wing. The new restaurant is a franchise collaboration between the Group and Shisen Hanten, Japan's long established and highly acclaimed chain of Sichuan restaurants. The Group also recently completed the refurbishment of 160 guest rooms in the Main Tower as part of its ongoing refurbishment programme for the hotel.

Mandarin Orchard Singapore was named *Best Hotel – Singapore* and *Best Hotel – Asia Pacific* at the Asia Pacific Hotel Awards 2013 and 2014 and *Best City Hotel – Singapore* at the TTG Travel Awards 2013 and 2014.

CPCA and CPEX

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

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

The hotel comprises a total GFA of approximately 336,943 sq ft. The building, designed by award-winning architectural firm WOHA, contains 320 hotel rooms, including 27 suites. It also offers a range of dining options as well as eight meeting rooms and a ballroom.

CPEX, currently under construction, will be connected to CPCA by a covered link-way on the second floor of the two buildings. The extension will add 243 rooms to the 320-room existing hotel and the integrated complex will offer a total of 563 hotel rooms upon completion.

CPCA was voted *Best Airport Hotel (Singapore)* at the Asia-Pacific Hotel Awards 2013, and one of the *World's Best Airport Hotels* at the Skytrax World Airport Awards 2013 and 2014.

On 28 November 2014, the Issuer's wholly-owned subsidiary, OUEAH, entered into agreements with OUE H-REIT, pursuant to which CPCA and CPEX (upon construction) will be divested to OUE H-REIT and leased back by OUEAH under a master lease agreement ("**Master Lease Agreement**"). The term of the Master Lease Agreement will expire on 27 May 2028, with an option to renew for two consecutive terms of five years each.

The Issuer will maintain the ability to operate CPCA and CPEX after divestment via the Master Lease Agreement. The Issuer will, through the master lease, remain involved in the long-term growth and development of CPCA and CPEX and continue to derive income from the hotel. Upon completion of the divestment, OUE H-REIT will own 100% of the hotel and the Issuer will continue to have an ownership interest in the hotel through its stake in OUE H-Trust.

The proposed divestment was approved by the shareholders of the Issuer at an extraordinary general meeting held on 13 January 2015.

Marina Mandarin Singapore

Marina Mandarin Singapore is located at 6 Raffles Boulevard within the Marina Square commercial complex. It is directly opposite the Suntec Singapore International Convention and Exhibition Centre. The hotel has a total GFA of approximately 651,531 sq ft. Construction commenced in 1984 and the hotel officially opened in 1987. The 21-storey hotel contains 575 luxury rooms and its facilities include the Meritus Club, four restaurants, a café, a spa, a 24-hour fitness centre, a mineral water pool and an executive centre. Extensive banquet facilities can accommodate up to 700 guests.

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

Meritus Pelangi Beach Resort & Spa, Langkawi

Meritus Pelangi Beach Resort & Spa, Langkawi is located in Pantai Cenang, Langkawi island, off the coast of north-western Malaysia. Langkawi island was officially declared a Geopark by UNESCO in June 2007, and is the only UNESCO Geopark in Southeast Asia. The resort's total land area is approximately 1,350,365 sq ft. It comprises 51 single- and double-storey wooden chalets housing 355 air-conditioned rooms and suites, with facilities that include water sports, a luxurious spa, a fitness centre, restaurants and bars and a Meritus Club lounge.

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

Commercial

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

OUE Downtown 1 and OUE Downtown 2

OUE Downtown comprises two tower blocks (namely OUE Downtown 1 and OUE Downtown 2), a podium and a multi-storey car park. OUE Downtown 1, completed in 1974, is a 50-storey building and comprises three vertical zones, while OUE Downtown 2, completed in 1994, is a 37-storey building. While both towers and the podium were originally used as offices, the low and mid zones of OUE Downtown 1 are currently undergoing conversion to serviced apartments comprising 265 units made up of a mix of studio apartments, one-bedroom units, two-bedroom units and three-bedroom units. The original podium is currently undergoing conversion to a retail mall named Downtown Gallery. The high zone of OUE Downtown 1 and the whole of OUE Downtown 2 will remain as offices. This conversion is expected to be completed in 2016.

U.S. Bank Tower

U.S. Bank Tower is one of the tallest buildings in the western U.S. and is located in downtown Los Angeles. It comprises a 72-storey Class-A office building (excluding three storeys used for mechanical and other purposes) with six levels of underground parking, along with an approximately 1.6-acre park above a separate five-level subterranean car park facility, and has an NLA of approximately 133,989 square metres. It includes retail space and other amenities, including a fitness centre and two full-service restaurants.

On 29 April 2014, the Issuer announced that the anchor tenant of U.S. Bank Tower, U.S. Bank, had executed a ten-year lease renewal at U.S. Bank Tower with an option to extend for a further 10 years. Since the Group's acquisition of the building in June 2013 and as at 30 September 2014, the Group has signed 23 new and renewal leases totalling almost 350,000 sq ft at the building.

The Group is currently building an observation deck for visitors in the U.S. Bank Tower. Work has commenced and the observation deck is targeted to open in 2015. In addition, the Group is also building a new restaurant on the 71st floor of the U.S. Bank Tower, which offers 360-degree views of Los Angeles.

OUE Bayfront, OUE Tower and OUE Link

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

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

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

The entire development has a total GFA of approximately 503,477 sq ft and an NLA of approximately 402,560 sq ft, and contains 245 car parking spaces on four basement levels. Office floor plates range up to 33,297 sq ft in GFA. Two of the office floors have been configured as bank trading floors. As of 30 September 2014, the office tower has 100% committed tenancies with leases typically ranging from three to five years with an option to renew. The anchor tenant for the office tower is Bank of America Merrill Lynch. OUE Bayfront also includes a restaurant at the penthouse level of OUE Bayfront, “ME@OUE”, a co-branding collaboration with MediaCorp Singapore, a leading media company. The restaurant is approximately 5,048 sq ft with a total capacity of 120 persons.

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

The Issuer has an effective ownership interest of 48.1% as at the date of this Information Memorandum in the OUE Bayfront Property through the stake in OUE C-REIT held by its wholly-owned subsidiaries, Clifford Development Pte Ltd and OUE Commercial REIT Management Pte. Ltd..

One Raffles Place

One Raffles Place is located in Singapore’s main financial district, atop the Raffles Place MRT station. It was previously known as OUB Centre. The development comprises Tower 1, the shopping mall, and Tower 2. The Issuer owns a 50% stake in OUB Centre Limited, which is the trustee and beneficiary of a trust that holds the land and properties that comprise One Raffles Place. Based on the original trust documents, OUB Centre Limited was the beneficiary of 81.54% of the trust on the date of its declaration.

One Raffles Place Tower 1 and the shopping mall

One Raffles Place Tower 1 currently comprises a 62-storey office tower and a five-storey shopping mall with one level of basement shopping containing an NLA of over 518,144 sq ft. One Raffles Place Tower 1, combined with the shopping mall, has a total GFA of approximately 818,381 sq ft and 324 car parking spaces which are shared with Tower 2. At a height of 282 metres, it is one of Singapore’s tallest skyscrapers and was designed by the late Kenzo Tange. Three additional storeys have been added to the top of the existing office tower. The two additionally constructed floors on levels 61 and 62 have been leased to a restaurant operator. The additionally constructed roof at Level 63 is Singapore’s tallest open-air viewing gallery and offers 360-degree views of the city. Tower 1 and the shopping mall are situated on a mixed tenure of land comprising an 841-year lease commencing from 1 November 1985 and a 99-year lease commencing from 1 November 1985 respectively. Refurbishment works on the five-storey shopping mall were completed and the retail mall was opened on 29 May 2014. The new mall of almost 100,000 sq ft provides retail, dining and lifestyle options for families and the working population.

One Raffles Place Tower 2

One Raffles Place Tower 2, a 38-storey Grade A office building, has received support from international companies and professional firms. It has attracted tenants such as Virgin Active. The new tower has a Green Mark Platinum certification awarded by BCA for its energy efficiency and environmentally sustainable design.

Tower 2 is also one of only a few commercial buildings in the financial district to capitalise on both lighting and art incentives provided by URA, incorporating special lighting on the tower's façade and showcasing artworks by world-renowned artists Tony Cragg, Hiroshi Senju, Anna Chiara Spellini and Han Sai Por at the lobby and outdoor area.

Tower 2 is located within walking distance from the Raffles Place MRT station and is situated on land with a 99-year lease commencing from 26 May 1983. Tower 2 has a GFA of approximately 470,336 sq ft with column-free floor plates as well as 324 car parking spaces shared with Tower 1.

Lippo Plaza Property

Lippo Plaza is a 36-storey Grade A commercial building used for office and retail purposes with three basement levels consisting of commercial space and car park lots. The Lippo Plaza Property comprises Lippo Plaza, excluding Unit 2 on Basement 1, the 12th, 13th, 15th and 16th floors and four car park lots. Collectively, the Lippo Plaza Property comprises approximately 90% of Lippo Plaza by GFA.

Lippo Plaza is situated in the Huangpu district of Shanghai, one of the main commercial districts in the Puxi area, which is the traditional downtown area of Shanghai. The Huaihai Road precinct, where Lippo Plaza is located, is classified as a prime retail area in Shanghai's retail landscape. Lippo Plaza is located within a five minutes' walk from the South Huangpi Road Metro station, which serves the key Metro Line 1 (the main north-south line of the Shanghai Metro). It is also located in close proximity to two major expressways connecting Lippo Plaza to other key commercial areas and major transportation lines in Shanghai.

Retail

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

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

Downtown Gallery

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

The retail mall once completed is expected to have a GFA of approximately 244,724 sq ft and an expected NLA of approximately 160,000 sq ft.

The main contract for the conversion to a retail mall was awarded in mid-2013 and the refurbishment works are expected to be completed in early 2016. When completed, based on the expected NLA, the retail mall will cover an area larger than Mandarin Gallery.

Mandarin Gallery

Completed in November 2009, Mandarin Gallery features six duplexes housing upscale international fashion brands. Mandarin Gallery is a high-end retail space which occupies the first four floors of 333A Orchard Road and sits immediately beneath the Mandarin Orchard Singapore hotel. It has a wide main frontage of 152 metres along Orchard Road, providing a high degree of visibility. Mandarin Gallery comprises a total GFA of approximately 196,336 sq ft with an NLA of approximately 125,293 sq ft and 441 car parking spaces shared with Mandarin Orchard Singapore. Mandarin Gallery commenced operations in November of 2009 after undergoing renovation at a cost of approximately S\$200 million to transform it into a high-end shopping and lifestyle destination. It officially opened on 28 January 2010. OUE H-REIT owns 100% of the building and as at the Latest Practicable Date, the Issuer has an effective 34.3% ownership interest in Mandarin Gallery through its stake in OUE H-Trust.

As at 30 September 2014, Mandarin Gallery has 99.7% committed tenancies.

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

Residential

The Group is also engaged in the residential property development business and is in the process of developing OUE Twin Peaks. The Group outsources the construction and marketing functions within the residential segment to third parties.

OUE Twin Peaks

OUE Twin Peaks (formerly known as Twin Peaks and renamed in 2014) is located near Orchard Road in Singapore, at 33 Leonie Hill Road. The development has been undertaken by Cove Development Pte. Ltd., the Issuer's wholly-owned subsidiary. The Group acquired the property in 2008 and commenced sales of units in September 2010. OUE Twin Peaks is the first condominium to be sold fully-furnished in Singapore. Two identical 35-storey blocks that will have a total of 462 units have been configured into eight luxury unit layouts on each block. The property comprises a total GFA of approximately 436,172 sq ft with a land area of approximately 130,983 sq ft. In addition, there will be 467 car parking spaces.

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

The Group has a 99-year lease on the land from 10 May 2010 and expects to obtain temporary occupation permit status for OUE Twin Peaks in early 2015.

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

4. Competitive Strengths

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

Unique Capabilities Across Multiple Market Segments

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

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

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

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

The Group believes its portfolio is unique with approximately 88.2% and 78.9% of its non-current assets as of 31 December 2013 and 30 September 2014, respectively, located in Singapore. The Group develops and manages prime real estate across its four property segments concentrated mainly in Singapore and the Group continues its plans to keep its focus on high-end properties in prime locations in Singapore. The Group believes that such properties will be able to better hold their value over the longer term because of their scarcity and exclusivity.

While the Group remains committed to Singapore to make up its property portfolio, the Group believes that the Singapore economy will be undergoing a period of restructuring and that the property sector will remain a challenging business environment. The Group plans to diversify and expand into new geographic areas and is open to exploring potential and promising investment opportunities overseas should suitable investment opportunities present themselves. The Group's acquisition of U.S. Bank Tower marks the Group's first foray into the United States. The Group has also announced its maiden investment in South Korea via its participation in the proposed development of an integrated entertainment resort in South Korea (please see page 106 below for details). However, the Group's focus will remain on Singapore.

Mandarin Orchard Singapore, Mandarin Gallery, CPCA, OUE Downtown, OUE Bayfront and OUE Twin Peaks are some examples of the nature of the prime quality and locations of the Group's properties across its multiple property segments. Please see the section "Business Operations" on page 91 for further details of these properties.

Track Record in Unlocking Value through Asset Enhancement

The Group has a track record of creating value through asset enhancement:

- **Mandarin Gallery**

Mandarin Gallery is an example of the Group's ability to enhance existing assets to add value to its income stream. In late 2007, the Group saw the opportunity to convert, amongst others, the former retail space of Mandarin Orchard Singapore into valuable retail space. The extensive renovation carried out at a cost of approximately S\$200 million resulted in a high-end shopping and lifestyle destination with a sophisticated tenant mix and a 152 metre-long Orchard Road frontage. As at 30 September 2014, Mandarin Gallery has 99.7% committed tenancies.

Please see the section "Business Operations – Retail" on page 98 for further details.

- **OUE Bayfront**

The Group took the opportunity to redevelop an existing building housing a restaurant and other facilities, located on prime land in the CBD fronting Marina Bay and the Marina Bay Sands integrated resort. The Group applied for and received regulatory approval to extend the 99-year lease. OUE Bayfront, the Group's 18-storey office tower, houses the Group's head office and as at 30 September 2014 has 100% committed tenancies with a high quality tenant base. Its adjoining properties, OUE Tower and OUE Link, are also fully tenanted.

- **Downtown Gallery**

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

Having established OUE H-Trust and OUE C-REIT, the Group's strategy is to identify prime assets which can be enhanced and potentially sold to the REITs to further unlock value for the Group.

The Premium Hospitality Brand Name "Meritus"

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

In addition, the numerous awards conferred on the Group by various industry bodies reflect the strong public recognition it has gained for the high quality of its hospitality operations and properties. These distinctions enable the Group to command a strong market presence in Singapore and have been instrumental in establishing the "Meritus" brand as one associated with quality.

Financially Well-Positioned to Take Advantage of Attractive Expansion Opportunities

As of 30 September 2014, the Group had S\$172.5 million in cash and cash equivalents. The Group believes that its strong financial position will provide it with the financial flexibility to fund its growth and expansion and allow it to respond quickly and competitively to access financing and to further capitalise on emerging investment opportunities in its focus markets. These opportunities include acquisitions of land for new property development and existing properties for redevelopment.

5. Business Strategies

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

Continue to Focus on Prime Real Estate in Singapore

The Group differentiates itself from other real estate competitors by focusing predominantly on Singapore. As of 31 December 2013 and 30 September 2014, approximately 88.2% and 78.9%, respectively, of the Group's non-current assets were located in Singapore. The Group plans to continue to focus on prime real estate in prime locations in Singapore and continue to hold the majority of its non-current assets in Singapore. The Group believes this will allow it to continue leveraging its knowledge, experience, and relationships in the Singapore market.

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

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

Leverage and Continue to Build the Group's Recurring Income

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

Maximise Earnings Potential with a Timely Leasing Strategy

The Group leverages its strengths to maximise its earnings potential through active asset management, in order to achieve a consistently high quality tenant base, and to enhance and extract value from its assets. The Group has, for example, adopted a proactive and timely leasing strategy for OUE Bayfront and believes this has been instrumental in attracting the quality tenant base of OUE Bayfront. The Group will continue to utilise such active asset management strategies for its other commercial properties to attract quality tenants.

Maintain the Group's Hospitality Services and Consultation Platform

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

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

New Funds Management Business Division to Derive Incremental Income Streams

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

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

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

6. GENERAL INFORMATION

Intellectual Property

The Group currently has registered and applied to register trademarks in multiple classes in Australia, Canada, China, Hong Kong, Indonesia, Japan, Malaysia, Singapore, Taiwan, Thailand, Turkey, the U.K., the United States and Vietnam.

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

The Group recognises the importance of its intellectual property, particularly its trademarks, to its strong brand recognition and its ability to compete successfully in the competitive markets in which the Group participates. The Group believes that its key brands are the “Meritus” mark and certain devices and symbols associated therewith, and the words “Meritus Hotels & Resorts” and certain devices and symbols associated therewith.

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

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

In recent years, the Group has also built up goodwill and trademark value in the “OUE” brand and believes that the brand has achieved sufficient name recognition that it is now one of the Group’s key brands. Accordingly, the Group has applied to register the “OUE” trademark to ensure that it has the statutory protections accorded to registered trademarks.

Insurance

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

Environmental and Safety Features

The Group is subject to the laws of the countries in which it operates. In particular, the Group’s operations are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations in Singapore, such as the Control of Vectors and Pesticides Act, Chapter 59 of Singapore on pesticides and vectors control, the

Environmental Protection and Management Act, Chapter 94A of Singapore on pollution and noise control, and the Environmental Public Health Act, Chapter 95 of Singapore on cleanliness, sanitation and waste disposal.

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

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

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

Staff

As at the Latest Practicable Date, the Group and its managed hotels have approximately 1,980 full-time employees.

Legal Issues and Proceedings

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

Easement Rights

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

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

Recent Developments

2013 and 2014 saw the establishment of OUE H-Trust and OUE C-REIT, both of which are listed on the Main Board of the SGX-ST.

The establishment of OUE H-Trust and OUE C-REIT unlocked the value of the properties injected into the REITs at fair value and released a significant amount of proceeds to the Group which can be used to pursue growth opportunities, fund the Group's future business plans and return value to shareholders, in line with the Issuer's constant examination of opportunity to enhance shareholder value.

On 26 September 2014, the Issuer announced that as part of the Issuer's treasury operations to optimise returns on its available funds, its wholly-owned subsidiary, OUE Investments Pte. Ltd., had entered into a subscription agreement to subscribe for 2,000,000 Tranche X participating shares in Nuvest Real Return Fund (the "**Fund**"). The Group is of the view that the diversified portfolio of assets held through the Fund will enable the Group to optimise returns on its available funds in the current low interest rate environment whilst managing risk through leveraging on the professional expertise of Nuvest Capital Pte. Ltd., as the fund manager.

On 28 November 2014, the Issuer announced that its wholly-owned subsidiary, OUEAH, had entered into agreements to divest CPCA and CPEX (after its construction) to OUE H-REIT. The proposed divestment is part of a proposed sale and leaseback arrangement with OUE H-REIT, and was approved by the shareholders of the Issuer at an extraordinary general meeting held on 13 January 2015. Following completion of the divestment, OUEAH will lease the whole of CPCA and CPEX from OUE H-REIT. The Issuer will continue to hold ownership interest in the property through its stake in OUE H-Trust. The proposed divestment is in line with the Group's objective to unlock the value of its asset portfolio, which allows it to pursue new growth opportunities that will enhance shareholder value.

The Group may also be participating in the development of the first internationally branded integrated entertainment resort in South Korea (the "**Project**") through a consortium consisting of the Issuer, Lippo Limited and Caesars Entertainment Corporation (the "**Consortium**"). On 18 March 2014, the Issuer announced that the Ministry of Culture, Sports and Tourism of the Republic of Korea had granted approval to the Consortium for the development of the Project. The Project will be a world-class entertainment destination consisting of hotel, retail and convention and residential properties which is expected to be ready in time for the 2018 Winter Olympics in South Korea. The Issuer will have a significant non-controlling interest in the Project, and its participation will focus on the hotel and convention component of the Project. The Issuer's participation in the Project is subject to certain conditions, including without limitation further negotiation and finalisation of the definitive transaction documents relating to the Project, compliance with pre-approval conditions, securing third party financing and finalisation of the project cost. The Issuer will make further announcements as and when there are material developments in this regard.

On 28 December 2014, the Issuer announced that its wholly-owned subsidiary, OUE Lippo Limited ("**OUE Lippo**"), had entered into a conditional subscription agreement to subscribe for an aggregate of 2,900,000,000 new ordinary shares, comprising approximately 22.97% (excluding any shares to be issued under share option schemes) of the enlarged share capital of Gemdale Properties And Investment Corporation Limited ("**GPI**"). GPI is a real estate developer and operator listed on The Stock Exchange of Hong Kong Limited ("**HKEx**") and is principally engaged in property investment, development and management of residential, commercial and business park projects in Greater China. As at 30 June 2014, GPI had a total land bank of approximately 4.07 million square metres across nine cities in Greater China, including Beijing, Shanghai, Shenzhen, Hangzhou, Xi'an, Tianjin, Shenyang,

Ningbo and Dalian. Upon completion, the proposed subscription is expected to allow the Group to gain access and exposure to the real estate market in China as well as the opportunity to leverage on future potential collaborations and partnerships with GPI and its subsidiaries. The proposed subscription is subject to a number of conditions, including approval of the shareholders of GPI and the Listing Committee of HKEx having granted approval for the listing of the subscription shares.

The immediate holding company of OUE Lippo, OUE Baytown Pte. Ltd. (“**OUE Baytown**”), has since entered into a joint venture agreement with Epoch Thrive Limited (“**Epoch**”), pursuant to which OUE Baytown and Epoch each holds 50% of the issued shares in OUE Lippo. OUE Baytown and Epoch have agreed to provide equal amounts of shareholder’s loans to OUE Lippo to fund the investment in GPI.

7. MANAGEMENT AND CORPORATE GOVERNANCE

Management Reporting Structure

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

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

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

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

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

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

The principal roles and responsibilities of the Board include:

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

- establishing a framework of prudent and effective controls which enables risk to be assessed and managed;
- reviewing management performance; and
- setting the Issuer’s values and standards, and ensuring that obligations to shareholders and others are understood and met.

Board of Directors

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

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

The following table sets forth information regarding the Directors.

Name	Age	Position	Date of Appointment
Dr. Stephen Riady	54	Executive Chairman	30 November 2006
Mr. Christopher James Williams	55	Deputy Chairman	19 July 2006
Mr. Thio Gim Hock	76	Chief Executive Officer/Group Managing Director	6 November 2007
Mr. Kelvin Lo Kee Wai	54	Independent Director	19 July 2006
Mr. Sin Boon Ann	56	Independent Director	25 May 2009
Mr. Kin Chan	48	Non-Executive Non-Independent Director	17 March 2010

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

Dr. Stephen Riady

Executive Chairman

Dr. Stephen Riady was appointed Executive Chairman of the Issuer on 9 March 2010. He had served as Executive Director since 30 November 2006. He was last re-elected as a Director at the annual general meeting of the Issuer (“**Annual General Meeting**”) held on 29 April 2014.

Dr. Riady is also an executive director of Lippo Limited and has been its Chairman since 1991. He was appointed a director of Lippo China Resources Limited in 1992. On 25 March 2011, he resigned as Deputy Chairman, Managing Director and Chief Executive Officer of Lippo China Resources Limited and has been appointed as its Chairman. He has been an executive director of Hongkong Chinese Limited since 1992 and on 25 March 2011, he resigned as its Chief Executive Officer and was appointed as its Chairman. Dr. Riady is also a member of the remuneration committee and nomination committee of each of Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited. Lippo Limited, Lippo China Resources Limited and Hongkong Chinese Limited are companies listed on the

Main Board of HKEx. He was also appointed a director of Auric Pacific Group Limited, a company listed in Singapore, in 1997. He assumed the role of Group Managing Director of Auric Pacific Group Limited with effect from May 1999 to February 2006 and has served as executive director of Auric Pacific Group Limited since 2006. He is also a member of the nominating committee of Auric Pacific Group Limited.

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

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

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

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

Mr. Christopher James Williams

Deputy Chairman

Mr. Christopher James Williams was appointed a Non-Executive Director on 19 July 2006 and became Deputy Chairman of the Board with effect from 9 March 2010. He currently serves as a member of the Nominating Committee and the Remuneration Committee. He was last re-elected as a Director at the Annual General Meeting held on 27 April 2012.

Mr. Williams is a founding partner of Howse Williams Bowers, Hong Kong and was previously a partner of Richards Butler, Hong Kong from May 1994 to December 2007, a partner of Richards Butler in association with Reed Smith from January 2008 to December 2010 and a partner of Reed Smith Richards Butler from January 2011 to December 2011. He was the non-executive Chairman of Food Junction Holdings Limited from November 2009 to December 2013. He was appointed as the Chairman and non-executive director of the board of directors of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. on 19 April 2013 as well as the Chairman and non-executive director of OUE Commercial REIT Management 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 Merger and Acquisitions Lawyers, published by Euromoney Publications plc, and the *International Who's Who of Merger and Acquisition Lawyers*, published by Law Business Research, as one of the world's top mergers and acquisitions lawyers.

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

Mr. Thio Gim Hock

Chief Executive Officer/Group Managing Director

Mr. Thio Gim Hock has been the Chief Executive Officer/Group Managing Director since 6 November 2007. He was re-appointed a Director pursuant to Section 153(6) of the Companies Act at the Annual General Meeting held on 29 April 2014.

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

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

Mr. Kelvin Lo Kee Wai

Independent Director

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

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

Mr. Lo is a fellow of the Association of Chartered Certified Accountants of England, an Associate of the Hong Kong Institute of Certified Public Accountants, an Associate of the Certified General Accountants Association of Canada, a Chartered Financial Analyst of the CFA Institute of United States, and an Associate of the Chartered Secretaries Australia. He is an Associate Member of the Law Society of New South Wales, Australia. Mr. Lo obtained a Masters of Law at University of Sydney, Australia. Mr. Lo was appointed a Notary Public of New South Wales in Australia in 2012.

Mr. Sin Boon Ann

Independent Director

Mr. Sin Boon Ann was appointed as an independent Director on 25 May 2009 and has since also been serving as the Chairman of the Nominating Committee and the Remuneration Committee. Mr. Sin is also a member of the Audit Committee. He was last re-appointed as a Director at the Annual General Meeting held on 27 April 2012.

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

Mr. Sin has held directorships in Transcorp Holdings Limited and CSE Global Ltd since 2002, OSIM International Ltd since 2010 and Rex International Holding Limited since 2013.

Mr. Sin also serves as the Chairman of both the nominating committee and the remuneration committee for each of OSIM International Ltd and Rex International Holding Limited since 2010 and 2013 respectively.

Mr. Sin served as the Chairman of the nomination committee for Courage Marine Group Limited from 2005 to 2014 and as the Chairman of the remuneration committee of Swee Hong Limited from 2013 to 2014. Mr Sin was a board member of Singapore Totalisator Board from 2007 to 2010 and a director of MFS Technology Ltd from 2001 to 2013, serving as the Chairman of the Nominating Committee from 2007 to 2010, and the Chairman of the Remuneration Committee from 2010 to 2013.

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

Mr. Kin Chan

Non-Executive Non-Independent Director

Mr. Kin Chan was appointed as a non-executive Director on 17 March 2010. He serves as a member of the Audit Committee with effect from 19 October 2011. Mr. Chan has been the Chief Investment Officer of Argyle Street Management Limited since 2002 and is a deemed substantial shareholder of the Issuer. Details of his deemed shareholdings can be found on page 115 of this Information Memorandum. He was last re-elected as a Director at the Annual General Meeting held on 26 April 2013.

Mr. Chan has been the Chairman of TIH Limited, a company listed in Singapore since 2005, and the Chairman of United Fiber System Limited, a company listed in Singapore since 2011. He was a non-executive director of Japan Residential Assets Manager Limited, and the investment manager of Saizen REIT, a company listed in Singapore from 2010 to 2013. He was a non-executive director of BTS Group Holdings Public Company Limited, a company listed in Thailand from 2010 to 2012 and a non-executive director of Grand Ocean Retail Group Limited, a company listed in Taiwan from 2011 to 2012.

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

Committees

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

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

Audit Committee (“AC”)

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

The principal functions of the AC include:

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

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

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

Remuneration Committee (“RC”)

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

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

- recommend to the Board a general framework of remuneration for Board members and also for key management personnel; and

- develop policies for fixing of, and recommending to the Board, the remuneration packages of individual Directors and key management personnel.

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

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

Nominating Committee (“NC”)

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

The principal responsibilities of the NC include reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and its Board committees, assessing and being mindful of the independence of the Directors and reviewing the retirement and re-election of Directors. Pursuant to the Issuer’s Articles of Association, one-third of the Directors will retire from office at the Issuer’s upcoming Annual General Meeting.

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

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

The selection and nomination process involves the following:

- (a) in carrying out this review, the NC will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

- (b) the NC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;
- (c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria including the nominee’s track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NC and the Board will also consider whether a candidate’s skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and
- (d) the NC will make recommendations to the Board on candidates it considers appropriate for appointment.

The NC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board. In evaluating each Director’s performance and that of the Board and the Board committees, the NC considers, *inter alia*, the Directors’ attendance, contribution and participation at Board and Board committee meetings, Directors’ individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Issuer’s businesses.

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

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

Executive Officers

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

Name	Age	Position
Dr. Stephen Riady	54	Executive Chairman
Mr. Thio Gim Hock	76	Chief Executive Officer/Group Managing Director

For information about Dr. Stephen Riady, see “Management and Corporate Governance – Board of Directors” on page 108.

For information about Mr. Thio Gim Hock, see “Management and Corporate Governance – Board of Directors” on page 110.

Family relationship

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

8. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

Interests in Shares

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

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

Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
OUE Realty Pte. Ltd. (“ OUER ”)	502,513,060	55.23 ⁽¹⁹⁾	–	–
Golden Concord Asia Limited (“ GCAL ”)	116,403,350	12.79 ⁽¹⁹⁾	502,513,060 ⁽¹⁾	55.23 ⁽¹⁹⁾
Fortune Code Limited (“ FCL ”)	–	–	618,916,410 ⁽²⁾	68.02 ⁽¹⁹⁾
Lippo ASM Asia Property Limited (“ LAAPL ”)	–	–	618,916,410 ⁽³⁾	68.02 ⁽¹⁹⁾
Pacific Landmark Holdings Limited (“ Pacific Landmark ”)	–	–	618,916,410 ⁽⁴⁾	68.02 ⁽¹⁹⁾
HKC Property Investment Holdings Limited (“ HKC Property ”)	–	–	618,916,410 ⁽⁵⁾	68.02 ⁽¹⁹⁾
Hongkong Chinese Limited (“ HCL ”)	–	–	621,844,410 ⁽⁶⁾	68.34 ⁽¹⁹⁾
Hennessy Holdings Limited (“ HHL ”)	–	–	621,844,410 ⁽⁷⁾	68.34 ⁽¹⁹⁾
Prime Success Limited (“ PSL ”)	–	–	621,844,410 ⁽⁸⁾	68.34 ⁽¹⁹⁾
Lippo Limited (“ LL ”)	–	–	621,844,410 ⁽⁹⁾	68.34 ⁽¹⁹⁾
Lippo Capital Limited (“ LCL ”)	–	–	621,844,410 ⁽¹⁰⁾	68.34 ⁽¹⁹⁾
Lanius Limited (“ Lanius ”)	–	–	621,844,410 ⁽¹¹⁾	68.34 ⁽¹⁹⁾
Admiralty Station Management Limited (“ Admiralty ”)	–	–	618,916,410 ⁽¹²⁾	68.02 ⁽¹⁹⁾
ASM Asia Recovery (Master) Fund (“ AARMF ”)	–	–	618,916,410 ⁽¹³⁾	68.02 ⁽¹⁹⁾
ASM Asia Recovery Fund (“ AARF ”)	–	–	618,916,410 ⁽¹⁴⁾	68.02 ⁽¹⁹⁾
Argyle Street Management Limited (“ ASML ”)	–	–	618,916,410 ⁽¹⁵⁾	68.02 ⁽¹⁹⁾
Argyle Street Management Holdings Limited (“ ASMHL ”)	–	–	618,916,410 ⁽¹⁶⁾	68.02 ⁽¹⁹⁾
Kin Chan (“ KC ”)	–	–	618,916,410 ⁽¹⁷⁾	68.02 ⁽¹⁹⁾
V-Nee Yeh (“ VY ”)	–	–	618,916,410 ⁽¹⁸⁾	68.02 ⁽¹⁹⁾

Notes:

- (1) GCAL is deemed to have an interest in the Shares held by OUER. OUER is a wholly-owned subsidiary of GCAL.
- (2) FCL has a deemed interest in the Shares through the direct and deemed interests of its wholly-owned subsidiary, GCAL.
- (3) LAAPL is deemed to have an interest in the Shares in which its subsidiary, FCL has a deemed interest.
- (4) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Shares in which LAAPL has a deemed interest.
- (5) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Shares in which Pacific Landmark has a deemed interest.
- (6) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan Holdings Limited, a wholly-owned subsidiary of HCL (“**Wonder Plan**”).
- (7) HHL is an immediate holding company of Pacific Landmark and a holding company of HCL. Accordingly, HHL is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan.
- (8) PSL is an intermediate holding company of Pacific Landmark and a holding company of HCL. Accordingly, PSL is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan.
- (9) LL is an intermediate holding company of Pacific Landmark and a holding company of HCL. Accordingly, LL is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan.
- (10) LCL is a holding company of Pacific Landmark and a holding company of HCL. Accordingly, LCL is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan.
- (11) Lanius is the holder of the entire issued share capital of LCL, which in turn is a holding company of Pacific Landmark and HCL. Accordingly, Lanius is deemed to have an interest in (i) the Shares in which Pacific Landmark has a deemed interest and (ii) the Shares held by Wonder Plan. Lanius is the trustee of a discretionary trust the beneficiaries of which include Dr. Stephen Riady and other members of his family. Dr. Stephen Riady is the Executive Chairman of the Issuer. Dr. Stephen Riady is also the Chairman of LL and HCL, both of which have a deemed interest in the Shares.
- (12) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Shares in which LAAPL has a deemed interest.
- (13) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Shares in which Admiralty has a deemed interest.
- (14) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Shares in which AARMF has a deemed interest.
- (15) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Shares in which AARF has a deemed interest.
- (16) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Shares in which ASML has a deemed interest.
- (17) KC is the beneficial holder of over 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Shares in which ASMHL has a deemed interest.
- (18) VY is the beneficial holder of over 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Shares in which ASMHL has a deemed interest.
- (19) The shareholding percentage is calculated based on 909,885,860 issued Shares (excluding treasury shares) as at the Latest Practicable Date.

Based on the information available to the Issuer as at the Latest Practicable Date, save as disclosed above, none of the Issuer’s Directors or executive officers has any substantial shareholding (whether direct or deemed) in the Shares as at the Latest Practicable Date.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

Selected Audited Consolidated Income Statements Information for FY2013 and FY2012

	The Group	
	(Audited)	(Audited)
	2013 S\$'000	2012 S\$'000
Revenue		
Hospitality Income	229,571	239,410
Investment Properties Income	138,114	144,657
Development Property Income	62,743	31,387
Dividend Income	1,460	2,100
Others	4,676	409
Total Revenue	436,564	417,963
Cost of sales	(210,561)	(163,455)
Gross profit	226,003	254,508
Marketing expenses	(14,365)	(12,530)
Administrative expenses	(50,965)	(41,493)
Other operating expenses	(21,079)	(19,516)
	139,594	180,969
Finance expenses	(95,546)	(89,147)
Finance income	2,945	2,678
Share of results of associates and jointly controlled entity, net of tax	17,360	(24,135)
	64,353	70,365
Other (losses)/gains – net	(50,218)	32,487
Profit before tax	14,135	102,852
Tax expense	(44,254)	(12,101)
(Loss)/Profit after tax	(30,119)	90,751
(Loss)/Profit attributable to:		
Owners of the Issuer	(36,555)	90,056
Non-controlling interests	6,436	695
	(30,119)	90,751

Selected Audited Consolidated Balance Sheets Information for FY2013 and FY2012

	The Group	
	(Audited)	(Audited)
	2013	2012
	S\$'000	S\$'000
Cash and cash equivalents	730,613	604,637
Development property	846,806	793,734
Total current assets	1,621,381	1,442,300
Investments in associates and jointly controlled entity	720,474	721,417
Investment properties	3,467,003	3,021,000
Property, plant and equipment	366,795	495,183
Available-for-sale financial assets	193,304	162,470
Total assets	6,418,197	5,887,507
Current borrowings	349,747	846,207
Total current liabilities	447,319	952,417
Non-current borrowings	2,392,273	1,728,200
Total liabilities	2,903,173	2,714,002
Share capital	693,315	693,315
Accumulated Profits	2,190,308	2,490,265
Non-controlling interest	623,484	873
Total equity	3,515,024	3,173,505

Financial Review

FY 2013 versus FY 2012

In 2013, the Group recorded a total revenue of S\$436.6 million (2012: S\$418.0 million), an increase of S\$18.6 million (up 4.5% year-on-year) over the previous financial year. The increase in the Group's total revenue was mainly due to higher revenue recognised by the property development division.

Hospitality Division

In 2013, the hospitality division achieved a total revenue of S\$229.6 million (2012: S\$239.4 million). The decrease was due mainly to the sale of the two China hotels in the third quarter of 2013.

Property Investment Division

The Group's revenue from investment properties amounted to S\$138.1 million for 2013 (2012: S\$144.7 million). The decrease in 2013 was largely due to lower occupancy from OUE Downtown which is currently undergoing enhancement work, mitigated partially by revenue contribution from U.S. Bank Tower acquired in June 2013.

Property Development Division

The development property income of S\$62.7 million in 2013 relates to revenue recognised from the sale of residential units for OUE Twin Peaks.

Gross profit decreased by 11.2% due largely to lower occupancy at OUE Downtown (previously known as 6 Shenton Way) which is currently undergoing enhancement work and these were partially offset by contributions from U.S. Bank Tower acquired in June 2013. The sale of the two China hotels in September 2013 also contributed to the decrease in gross profit.

Marketing expenses increased by S\$1.8 million (up 14.6% year on year) as a result of higher marketing costs incurred by the OUE Twin Peaks project in 2013.

Administrative expenses increased from S\$41.5 million in 2012 to S\$51.0 million in 2013 due mainly to higher legal and professional fees, and headcount related expenses.

As a result of the above, profit before finance expenses and share of results of associates and jointly controlled entity decreased S\$41.4 million to S\$139.6 million in 2013.

Finance expenses increased from S\$89.1 million in 2012 to S\$95.5 million in 2013 as a result of higher borrowings and exchange loss from USD-denominated borrowings.

Share of results of associates and jointly controlled entity for 2013 was S\$17.4 million as compared to loss of S\$24.1 million in 2012. Excluding OUE's share of One Raffles Place's fair value losses (2013: S\$1.8 million versus 2012: S\$40.6 million), the share of profit increased 15.9% year-on-year due to better occupancy.

In 2013, the Group recorded "other losses" of S\$50.2 million (2012: "other gains" of S\$32.5 million). The "other losses" comprises mainly of net fair value losses from investment properties and the loss on disposal of the two China hotels in September 2013.

At post-tax level, the Group had a loss attributable to the Group of S\$36.6 million in 2013 as compared to a profit of S\$90.1 million in 2012. The decline was mainly due to net fair value losses on investment properties of the Group. These are non-cash items. The Group's business and operations continue to have a positive contribution to the Group.

Statements of Financial Position

The increase in the Group's "Cash and cash equivalents" of S\$126.0 million was largely due to proceeds received from non-controlling interests relating to OUE H-Trust; offset by dividend payment of approximately S\$263.9 million and the acquisition of U.S. Bank Tower in June 2013.

The Group's "Development property" increased S\$53.1 million to S\$846.8 million in December 2013 as a result of project costs incurred.

The increase in the Group's "Available-for-sale financial assets" to S\$193.3 million in December 2013 relates mainly to gain recognised arising from the fair value assessment of the Group's investment in Marina Centre Holdings.

The Group's "Investment properties" increased S\$446.0 million to S\$3.5 billion, due mainly to acquisition of U.S. Bank Tower in June 2013, fair value gain on U.S. Bank Tower of S\$73.5 million, offset by fair value losses on OUE Bayfront, OUE Downtown and Mandarin Gallery.

“Property, plant and equipment” decreased S\$128.4 million to S\$366.8 million mainly due to the disposal of the two China hotels and their holding companies in the third quarter of 2013. As OUE H-Trust is consolidated, therefore Mandarin Orchard Singapore continued to be recorded as property, plant and equipment at cost at Group level.

“Borrowings” increased by S\$167.6 million mainly due to drawdown from the new facility under OUE H-Trust amounting to S\$865.7 million, offset partially by the repayment of a S\$450.0 million loan and S\$300.0 million bond.

The increase in “Non-controlling interests” largely relates to the non-controlling interest’s share of the net assets of OUE H-Trust.

INVESTMENT CONSIDERATIONS

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

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

Limitations of this Information Memorandum

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

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

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

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

The Group's operations are organised into four businesses: (i) hospitality, which includes the development, management and ownership of hospitality properties, (ii) retail, which consists of the development, management and ownership of retail spaces, (iii) commercial, which includes the development, management and ownership of office and mixed-use properties and (iv) residential, which includes the development and sale of residential properties. Following the establishment of OUE H-Trust and OUE C-REIT, the Group has diversified into the funds management business as well. Each of these segments is subject to risks which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group currently has operations in Singapore, PRC, Malaysia and the United States. The Group is also making its maiden investment in South Korea via its participation in the proposed development of the first internationally branded integrated entertainment resort in South Korea and remains open to potential investment opportunities overseas. However, its operations are primarily concentrated in Singapore. Approximately 78.9% of the Group's non-current assets as of 30 September 2014 were located in Singapore. For the financial years ended 31 December 2013 and 31 December 2012, 88.1% and 90.6% of the Group's revenues, respectively, were derived from its operations in Singapore. Therefore, the viability and profitability of the Group's business are affected by the general economic conditions in Singapore. In addition, the commercial, hospitality, retail and real estate markets may be adversely affected by economic, political, social or regulatory developments globally and in the region and the Group's business may also be adversely affected by changes in inflation, interest rates, taxation, or other regulatory, political, social or economic factors that impact business and leisure travel, in the case of the Group's hospitality and retail businesses. These factors include a reduction in tourist arrivals to Singapore that could affect prices or occupancy rates in the Group's hotels, reduced demand for consumer goods affecting the Group's retail operations, any deterioration of business and economic sentiment which could affect the rental and occupancy of the Group's commercial properties, any adverse developments in supply or demand for housing in the Singapore property market, the price of housing, or intense competition. The Group's business is also subject to the cyclical nature of the property industry in Singapore, and is thus vulnerable to any downturn in the real estate market in Singapore. The stress experienced by global financial markets that began in the second half of 2007 had a significant impact on the Group's operations. Concerns over inflation, geopolitical issues, the availability and cost of credit, volatile oil prices and an unstable real estate market in Singapore and in the other countries in which the Group operates have contributed to increased volatility for the global economy and the markets. These factors have had and may in the future have a significant impact on the commercial, residential and retail property markets. Any current or future prolonged deterioration of the economic climate in Singapore may have an adverse effect on the Group's business, financial condition, results of operations or prospects.

In addition, from time to time, the Singapore government adjusts its monetary and economic policies to prevent and curtail the overheating of the real estate market. Any action by the Singapore government concerning the economy or the real estate sector in particular could have a material adverse effect on the Group's financial condition and results of operations. For example, as residential real estate prices in Singapore have risen in recent years, the government has over the last few years adjusted its economic policies on several occasions in an effort to curb excessive price increases and discourage residential real estate speculation in Singapore, with the latest round of measures introduced in June 2013. Furthermore, it was stated in the Singapore Budget 2014 Speech that it is still too early to relax residential property cooling measures and the

Singapore government will continue to monitor the real estate market and adjust its measures when necessary.¹ These measures may have an adverse effect on the residential property market in Singapore. Any such policy changes may adversely affect the Group's business, financial condition, results of operations or prospects.

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

The Group has operations in Singapore, PRC, Malaysia and the United States and is making its maiden investment in South Korea via its participation in the proposed development of the first internationally branded integrated entertainment resort in South Korea. As the Group continues its operations in these countries and, to the extent the Group undertakes any investment in other countries overseas, the Group is and will be subject to legislation, regulations and government policies in these countries, which in some cases are nascent. Changes in legislation, regulation and government policies in any of these countries, including changes relating to the business sectors in which the Group operates, foreign investments, tax and foreign exchange currency controls, may adversely affect the Group's business and operations.

The Group may not be successful in implementing its strategies

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

In addition, property development and renovation or redevelopment of existing property is capital intensive. The availability of adequate financing is crucial to the Group's ability to acquire land and properties and to complete its development projects according to plan. The Group expects to finance future land and property acquisitions for development and redevelopment from a combination of internal funds, bank borrowings and proceeds from debt and equity offerings. As a result, it may increase its gearing. Under Singapore law, for housing developments with more than four units, proceeds from the sale of units before the issuance of temporary occupation permits for such projects may only be used to fund the property development costs of the projects to which they relate and certain other purposes prescribed by the Housing Developers (Project Account) Rules. The Group's ability to arrange adequate financing for land and property acquisitions or property development, redevelopment or renovations on terms that will allow the Group to achieve a commercially acceptable return depends on a number of factors that are beyond the Group's control, including general economic and political conditions, the state of

1 Singapore Budget 2014 Speech, "Opportunities for the Future, Assurance for our Seniors"; please refer to the speech at http://www.singaporebudget.gov.sg/budget_2014/BudgetSpeech.aspx

international capital markets, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. The Group may not have sufficient internal funds available for land acquisitions or property development, redevelopment, or renovation and it may not be able to achieve sufficient sales to fund its property development, redevelopment or renovations. In addition, the Group may not be able to secure adequate financing, if at all, or renew credit facilities granted by banks and financial institutions on terms favourable to the Group or at all. As of 30 September 2014, the Group's outstanding borrowings amounted to S\$2.0 billion. Furthermore, the additional incurrence of debt will increase the interest payments required to service the Group's debt obligations and could result in operating and financial covenants that restrict its operations. If the Group does not have adequate resources to finance land acquisitions or property development, redevelopment or renovation, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

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

Rapid growth in the Group's hospitality, retail, commercial, residential and fund management operations will place additional demands on its management team, its marketing team, its in-house project management division and its financial reporting and information systems. The Group's planned expansion will also require it to maintain the consistency of its products and the quality of its services to ensure that its business does not suffer as a result of any deviations, whether actual or perceived. In order to manage and support the Group's growth, the Group must continue to improve its existing operational, administrative and technological systems and its financial and management controls, and recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel, particularly as it expands into new markets. There is no assurance that the Group will be able to effectively and efficiently manage the growth of its operations, recruit and retain qualified personnel and integrate new properties into its operations. Any failure to effectively and efficiently manage the Group's expansion may materially and adversely affect its ability to capitalise on new business opportunities, which in turn may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

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

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

Historically, the Group's operations have been focused on its hospitality business. For the financial years ended 31 December 2012 and 31 December 2013, 57.3% and 52.6% of the Group's revenues, respectively, were derived from its hospitality business. A number of factors, many of which are common to the hospitality industry and beyond the Group's control, could materially and adversely affect the Group's hospitality business unit, including but not limited to the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is reliant on effective marketing and branding strategies

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

Specifically, each of the Group's hotels is branded and marketed as a "Meritus" hospitality property. Any degradation or adverse market developments relating to the "Meritus" or "Mandarin" brand name or any negative publicity affecting one or more "Meritus" hospitality properties could adversely affect the results of the Group's operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce the Group's revenue;
- the inability to collect rent from tenants on a timely basis or at all;
- rental rebates given to tenants facing market pressure;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question;
- the amount of rent payable by tenants and the terms on which lease renewals and new leases are agreed being less favourable than those of current leases;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, retail and commercial space, changes in market rental rates and operating expenses for the Group's properties);
- the inability to arrange for adequate management and maintenance or to put in place adequate insurance;
- competition for tenants from other properties which may affect rental levels or occupancy levels at the Group's properties;
- 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 and other events beyond the Group's control; and
- higher interest rates.

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

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

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

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

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

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

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

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

Risks associated with any asset enhancement works

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group's success and financial performance will depend on its ability to identify, develop, market and sell its projects in a timely and cost effective manner. The Group's development activities are subject to the risk of delays in obtaining required approvals, availability of raw materials, increases in construction costs, natural disasters, and reliance on third party contractors as well as the risk of decreased market demand during the development of a project. As a result of these and other factors described herein, no assurance can be given as to whether or when existing and planned projects will be successfully completed. For example, although the Group currently expects OUE Twin Peaks to complete in 2015, and Downtown Gallery to complete in 2016, no assurance can be given that the properties will be completed in a timely manner. In addition, any delay in the conversion of the low and mid zones of OUE Downtown 1 into serviced apartments or the development of CPEX may affect the Group's ability to commence business or procure a quality tenant base to generate a steady income. Non-completion, or a delay in completion, of any of the Group's other developments may have a material and adverse effect on its business, financial condition, results of operations and prospects.

The Group is subject to risks in relation to pre-sold units in OUE Twin Peaks and any other residential development projects it may undertake

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

delays. Further, a high default rate of the buyers under their respective sale agreements could have an adverse effect on the Group's property development business, cashflow and financial position.

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

The Group's primary business has historically been the management and ownership of hospitality properties. In recent years, the Group has expanded its operations to include the development, lease or sale, as the case may be, of retail, commercial and residential properties. In particular, the Group is currently developing OUE Twin Peaks, a residential property, and the Group launched sales of this property in September 2010. Development properties typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sales of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for several years. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on the profitability of the project. Factors that may affect the profitability of a project include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales or leasing of the properties. The sales and the value of a property development project may be adversely affected by a number of factors, including but not limited to the international, regional and local political and economic climate, local real estate conditions, the perceptions of property buyers, businesses, retailers or shoppers of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, the Group's returns on investments may be lower than originally expected and the Group's financial performance will be materially and adversely affected.

The property development business is subject to significant regulation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group is subject to credit risk arising from defaulting counterparties

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

The Group faces risks associated with debt financing

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

In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and its ability to make distributions to its shareholders. Such covenants may also restrict its ability to acquire properties or undertake other capital expenditures or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make available commercial real

estate debt financing) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect the Group's cash flow and the amount of distributions the Group could make to its shareholders.

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

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

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

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

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

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

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

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

The Group's results of operations have varied significantly in the past and may continue to fluctuate significantly from period to period in the future. In 2011, 2012 and 2013, the Group's revenue was S\$332.4 million, S\$418.0 million and S\$436.6 million, respectively, and net profit/(loss) attributable to the Issuer's equity holders was S\$378.7 million, S\$90.1 million and (S\$36.6 million), respectively. The Group's results of operations will be further affected by the demand for its residential properties and the price at which the Group is able to sell them. It will also be affected by the Group's acquisition and potential redevelopment of commercial properties, including the conversion of the low and mid zones of OUE Downtown 1 into serviced apartments. See also "Risks Relating to the Issuer's and the Group's Business, Financial Condition and/or Results of Operations – Risks associated with any asset enhancement works". It is possible that the Group's results of operations will continue to fluctuate significantly or fluctuate more in the future. The demand for and pricing of the properties are in turn affected to a large extent by the general conditions of the property markets. For Singapore's development properties, the Group currently adopts the percentage of completion method for the recognition of development properties' profits. Therefore, the Group's revenue and profit during any given period will reflect the quantity of properties delivered during that period and will be affected by any peaks or troughs of the Group's property delivery schedule and may not be indicative of the actual demand for the Group's properties or sales achieved during that period. The Group's revenue and profit during any given period will generally reflect property investment decisions made by purchasers of the Group's properties at some time in the past, typically at least in the prior fiscal period. As a result, the Group believes that its operating results for any period will not be necessarily indicative of results that may be expected for any future period.

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

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

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

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

While the Group believes that reasonable due diligence investigations have been conducted prior to the acquisition of its properties, there can be no assurance that its real estate holdings will not have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses, or payment or other obligations to third parties. The information that the Group relies upon as part of the due diligence investigations of its properties may be subject to inaccuracies and deficiencies, as certain building defects and deficiencies may be difficult or impossible to ascertain due to the limitations inherent in the scope of the inspections, the technologies or techniques used and other factors. In particular, no assurance can be given as to the absence of

latent or undiscovered defects or deficiencies, inaccuracies or deficiencies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

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

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

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

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

The Group's investment properties are stated at their fair value based on the valuation performed by an independent professional valuer. Gains or losses arising from changes in the fair value of investment properties will be recognised directly in the profit or loss statement for the period in which they arise. The Group's policy is to value its properties at the end of each year. The Group may also value one or more of its properties during a fiscal year to support financing arrangements or otherwise. The consolidated statement of comprehensive income for 2011, 2012 and 2013 reflected a fair value gain of S\$253.1 million, gain of S\$24.5 million and loss of S\$47.0 million, respectively. Therefore, the Group's results showed that the fair value of each of the Group's investment properties is likely to further fluctuate in the future, and the Group's historic results should not be regarded as an indicator of its future fair value gains or losses. The fair value of the Group's investment properties may decrease in the future. Any such decrease in the fair value of the Group's investment properties may reduce its profits, which will have an adverse effect on its business, financial condition, results of operations and prospects.

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

The valuations of the Group's properties are based on certain assumptions which are subjective and uncertain and may differ materially from actual measures of the market.

Property valuations generally include a subjective determination of certain factors relating to the relevant property, such as the property's relative market position, financial and competitive strengths and physical condition. Accordingly, no assurance can be given to prospective investors that the assumptions are accurate measures of the market or that the valuation of each of the Group's properties is accurate. The market value of the Group's properties or any future acquisitions may, therefore, differ from their appraised values. The appraised value of any of the

Group's properties or any future acquisitions is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which the Group may sell a property may be lower than the appraised value or the initial acquisition price of that property.

The Group may be involved in disputes, legal and other proceedings arising from its operations from time to time and may be subject to regulatory reviews and queries

The Group may be involved from time to time in disputes with various parties involved in the development, sale and lease of its properties, such as contractors, sub-contractors, suppliers, construction companies, purchasers, lessees, co-tenants and other parties. In addition, there is a possibility that the Group could have disputes in the future with the owners of the hotel properties which it operates. These disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays. In addition, the Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in financial losses and delay the construction or completion of its projects.

In particular, the land on which Mandarin Orchard Singapore and Mandarin Gallery are situated, and its neighbouring land, each enjoys and is subject to easement rights over and against the other. Such easement rights were granted by the original lessee of the land and the said neighbouring land. Historically, the rights of use have not been strictly adhered to by all parties. Accordingly, the possibility of any legal proceedings in relation to such easement rights in the future cannot be ruled out.

In addition, from time to time regulators may subject the Group to reviews, queries, investigations or other regulatory actions. If the outcomes of such regulatory actions are not favourable, this may have a material adverse effect on the Group's business, reputation, financial condition, results of operations and prospects.

The Group relies on independent contractors for its development projects

The Group engages independent third party contractors to provide various services in connection with its property management and development services, including design, construction, piling and foundation, building and property fit-out works, installation of air-conditioning units and elevators, and interior decoration. The Group invites contractors to tender bids according to their reputation for quality and track record. The services rendered by independent third party contractors may not be satisfactory or match the level of quality that the Group requires. Moreover, contractors may experience financial or other difficulties that may adversely affect their ability to carry out the work for which they were contracted, thus delaying the completion of the Group's property development projects or resulting in additional costs for it. Any of these factors could adversely affect the Group's results of business, reputation, financial condition results of operations and prospects.

The Group depends on key personnel for its continued success, and may not be able to replace them if they cease to work for it

The Group places substantial reliance on the experience and the institutional knowledge of members of the current management team. Mr. Thio Gim Hock, the Chief Executive Officer/Group Managing Director, Dr. Stephen Riady, the Executive Chairman, and other members of the management team are particularly important to the Group's future success due to their substantial experience in the hospitality and real estate sectors. Finding suitable replacements for Mr. Thio Gim Hock, Dr. Stephen Riady and other members of the management team could be difficult, and competition for such personnel of similar experience is intense. The loss of the services of one or more members of the management team due to their departures or otherwise could hinder the Group's ability to effectively manage its business and implement its growth strategies.

The Group's performance is subject to its ability to attract, retain and train qualified managerial and other employees

The Group's performance depends largely on its ability to attract, train, retain and motivate high quality personnel, especially for the management team. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The loss of key employees may have a material adverse effect on the Group's performance. If the Group is not able to retain, hire and train qualified managerial and other employees, its business may be materially and adversely affected.

In the Group's hospitality business, its managerial and other employees are critical to maintaining the quality and consistency of its services as well as its established brands and reputation since they manage the Group's hotels and interact with its customers on a daily basis. In general, employee turnover is relatively high in the hospitality industry, as other hotels commonly seek to lure away employees in this competitive industry. As a result, it is important for the Group to retain as well as attract qualified managerial and specialised employees who are experienced in the hospitality services industry. There is a limited supply of such qualified and specialised individuals in Singapore, and in some of the cities where the Group has operations. In addition, the Group needs to hire and train qualified managerial and other employees on a timely basis to keep pace with its rapid growth while maintaining consistent quality of services across its hotels in various geographic locations. The Group must also provide continuous training to its managerial and other employees so that they have up-to-date knowledge of various aspects of the Group's hotel operations and can meet its demand for high-quality services. If the Group fails to do so, the quality of its services may decrease, which in turn may have a material and adverse effect on its business.

The Group's insurance policies may be insufficient

The Group's properties could suffer physical damage caused by fire or natural disaster or other causes for which the Group may suffer public liability claims, all of which may result in losses that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as the risk of war and terrorist acts) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates. Such factors may adversely affect the Group's business, financial condition, results of operations and prospects.

Potential liability for environmental problems could result in substantial costs

The Group is subject to a variety of laws and regulations concerning the protection of health and the environment that may require a current or previous owner of real estate to investigate and clean up hazardous or toxic substances on a property. For example, owners and operators of real estate may be liable for the costs of removal or remediation of certain hazardous substances or other regulated materials on or in such property. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such substances or materials. The cost of investigation, remediation or removal of these substances may be substantial. Environmental laws and regulations may also impose compliance obligations on owners and operators of properties with respect to the management of hazardous substances and other regulated materials. Failure to comply with these laws can result in penalties or other sanctions.

The Group believes that it is in compliance in all material respects with applicable environmental regulations in Singapore, Malaysia, PRC, the United States and other jurisdictions in which it invests and operates. However, if the Group fails to comply with existing or future environmental laws and regulations in the jurisdictions in which it operates, its reputation may be damaged or it may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is subject to investment risks associated with its investment proposals

As the Group looks for suitable investment opportunities, both in Singapore and overseas, the Group is subject to investment risks. These risks may vary depending on the structure of the investment undertaken. There is no assurance that the Group will be successful in any of its investments or that such investments will generate an adequate return. The Group may also face considerable reputational and financial risks if these new investments do not meet the expectations of customers in these new market segments.

The Group may encounter problems with its joint ventures that may adversely affect its business

The Group has, and expects to have in the future, interests in joint ventures in connection with its business plans. Sometimes, its ability to withdraw funds (including dividends) from participation in, and to exercise management control over, joint ventures and investments therein depends on receiving the consent of its joint venture partners. In addition, if there are disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures, the Group might not be able to resolve them in a manner that will be in its best interests. The Group's joint venture partners may (i) have economic or business interests that are inconsistent with those of the Group; (ii) take actions contrary to the Group's instructions, requests, policies or objectives; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect its financial condition and results of operations.

The Group faces competition that could adversely affect its business and financial position

The hospitality and leisure industry is highly competitive. The Group's hotels compete with international, regional and local resort and hotel companies, some of which have greater name recognition and financial resources than the Group does. The Group's hotels are located in areas where competition is intense. Competitive factors at each hotel destination include room rates, quality of accommodation, name recognition, service levels and convenience of location, and to a lesser extent, the quality and scope of other amenities, including F&B facilities. Competition also exists between destinations and is affected by factors such as political stability, social conditions, market perception, local culture, the ability of the location to successfully promote itself as a tourist destination, accessibility, infrastructure and other macro-level factors. The Group's hotels will compete with existing hotel facilities in their geographic markets, as well as future hotel facilities that may be developed in proximity to the existing hotels. There can be no assurance that existing or new competitors will not offer significantly lower rates than the Group's rates or offer greater convenience, services or amenities or significantly expand or improve facilities in the locations in which the Group operates, thereby adversely affecting its results of operations. There also can be no assurance that demographic, geographic or other changes in markets will not adversely affect the accessibility or attractiveness of the Group's hotel properties.

With respect to the Group's commercial, retail and residential real estate holdings, its performance may be adversely affected by a number of local real estate market conditions, such as the attractiveness of competing commercial, retail or residential properties, if there is an oversupply of commercial, retail or residential space or reduced demand for commercial, retail or residential space. There are many commercial and retail properties which compete with the Group's properties in attracting tenants and many residential properties which compete with the Group's properties in attracting buyers.

Competition in the property development business is intense. A number of leading international and domestic real estate development and investment groups currently operate in Singapore and in the other markets in which the Group operates. Many of these groups, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers may result in, among other things, increased costs for the acquisition of land for development, oversupply of properties, a decrease in property prices, a decrease in the rate at which new development properties will be approved or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such consequences may adversely affect the Group's business and operations.

In addition, the real estate market in Singapore, and in the other countries in which the Group operates, is dynamic. If the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, its ability to generate revenue, its financial condition and its results of operations will be adversely affected.

Further, whenever competing properties of a similar type are built in areas where the Group's properties are located or similar properties in their vicinities are substantially upgraded and refurbished, the revenue produced by the Group's properties could be reduced.

The intense competition in all areas of the Group's business may have an adverse effect on its business, financial condition, results of operations and prospects.

The Group's land may be subject to compulsory acquisition

Ownership of land comprises a significant part of the Group's assets and its property development business.

Under the Land Acquisition Act, Chapter 152 of Singapore, the State may compulsorily acquire land whenever any particular land is needed (i) for any public purpose; (ii) by any person, corporation or statutory board, for any work or an undertaking which, in the opinion of the Minister of Law, is of public benefit, public utility, or in the public interest; or (iii) for any residential, commercial or industrial purpose.

In determining the amount of compensation to be awarded for land acquired, only certain matters may be considered and no others. These matters include: (i) the market value of the acquired land as of the date of the publication of the relevant notice or declaration of intention to acquire the land; (ii) any damage caused by the acquisition of the property to the landowner's other property; and (iii) any re-location cost incurred by the landowner.

If the compensation awarded pursuant to a compulsory acquisition of the Group's land is lower than its market value, it could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, real property that the Group owns which is located outside of Singapore may be compulsorily acquired by the respective governments of the countries in which they are located for public use or for public interest. The owner of such real property that has been compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions. In the event that any of the Group's real property located outside of Singapore is compulsorily acquired, the compensation given in respect of the acquired property could be less than the property's market value, which could adversely affect the Group's business, financial condition, results of operations and prospects.

Risk relating to the Group's funds management business

The Group is relatively new to the funds management business, which it has ventured into through the establishment of OUE H-Trust and OUE C-REIT in 2013 and 2014. The value of investments in the Group's funds management business may fall as well as rise and the income derived from them may fluctuate. A fall in such capital values may result in a reduction in the level of income which the Group may derive.

The Group's funds management business is subject to changes in general economic conditions such as fluctuations in the financial and property markets, increases in inflation and changes in investment returns. Adverse effects on the Group resulting from changes to market conditions could include reduced returns on investments. Falls in investment returns could impair the Group's operational capability, including its ability to derive new business. Adverse general movements in the market and consequent reductions in the value of assets under the Group's management may lead to reduced operating profit of the Group.

RISKS RELATING TO THE SECURITIES

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of the Securityholders, or the price at which the Securityholders may be able to sell their Securities.

Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

The secondary market generally

Securities may have no established trading market when issued and such a market may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Liquidity may have a severely adverse effect on the market value of Securities.

Fluctuation of the market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results, the financial condition and/or the future prospects of the Issuer, its subsidiaries and/or its associated companies, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or its associated companies

generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or its associated companies operate or have business dealings, could have a material adverse effect on the operating results, the financial condition and/or the future prospects of the Issuer, its subsidiaries and/or its associated companies.

Interest rate risk

Securityholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

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

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Securities are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Securities may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification

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

The terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders.

Foreign Account Tax Compliance Act Withholding

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States; (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this new reporting regime; and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer’s obligations under the Securities are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “**Clearing System**”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected

The Issuer will pay principal and interest or distributions on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders’ financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the currency in which the Securities are denominated would decrease (a) the Investor’s Currency equivalent yield on the Securities, (b) the Investor’s Currency equivalent value of the principal payable on the Securities, if any, and (c) the Investor’s Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal, interest and/or distributions than expected, or no principal, interest and/or distributions at all.

The Securities are not secured

The Securities and Coupons relating to them constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities) and unsecured obligations of the Issuer. Accordingly, on a winding-up or insolvency of the Issuer at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific assets of the Issuer or, as the case may be, its subsidiaries and/or associated companies as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders. There can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons, as the case may be, owed to the Securityholders.

RISKS RELATING TO THE NOTES

Singapore taxation risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by the MAS on 28 June 2013, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section “SINGAPORE TAXATION”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of any Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “SINGAPORE TAXATION”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the purpose of raising funds for general working capital and general corporate funding (including investments and capital expenditures) purposes and/or refinancing existing borrowings of the Group.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a global security or a global certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payments of interest and distribution and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfers of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear

and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Payments of principal, interest or distributions with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “bonds, notes, commercial papers or certificates of deposits” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest, discount, prepayment fee, redemption premium or break cost and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “bonds, notes, commercial papers or certificates of deposits” for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 20.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

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

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme was wholly arranged by Standard Chartered Bank, Singapore Branch, which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, assuming that the changes introduced in the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**") will be duly legislated, any tranche of the Securities ("**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular, qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that

person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

- (iii) subject to:

- (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

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

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding tax by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and

- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:–

- (i) any related party of the Issuer; or

- (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

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

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

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

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA.

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

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived by:

- (aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Gains from the Sale of the Securities

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard 39 – 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 Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular 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 Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement. The Issuer may, from time to time, agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks).

Each Dealer and its affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each Dealer may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealer and its affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to the Dealer or its affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer or any affiliate of the Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

United States

The Securities have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through

more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, 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.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer 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 Securities which are the subject of the offering contemplated by the Information Memorandum as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities 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 Securities 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 prospectus 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 Dealers; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, this Information Memorandum or any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Dr. Stephen Riady	Executive Chairman
Mr. Christopher James Williams	Deputy Chairman
Mr. Thio Gim Hock	Chief Executive Officer/Group Managing Director
Mr. Kelvin Lo Kee Wai	Independent Director
Mr. Sin Boon Ann	Independent Director
Mr. Kin Chan	Non-Executive Non-Independent Director

2. No Director is or was involved in any of the following events:
- (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
 - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
 - (c) being the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employee of the Group during the financial year ended 31 December 2014.
4. No Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer or any of its subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid save for any interest in respect of the divestments of properties by the Issuer or any of its subsidiaries to OUE H-Trust and/or OUE C-REIT, and any leasing of properties by OUE H-Trust or OUE C-REIT to the Issuer or any of its subsidiaries or *vice versa*, arising by virtue of his holdings of stapled securities in OUE H-Trust and/or units in OUE C-REIT or, in the case of Mr. Christopher James Williams, his directorships on the boards of OUE Hospitality REIT Management Pte. Ltd., OUE Hospitality Trust Management Pte. Ltd. and OUE Commercial REIT Management Pte. Ltd..

SHARE CAPITAL

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the shares are stated in the Articles of Association of the Issuer.

6. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	(Number of Shares)	Amount
Ordinary Shares	981,601,860	S\$698,885,206

The 981,601,860 shares include 71,716,000 treasury shares held by the Issuer.

7. No shares in, or debentures of, the Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.
8. No shares in, or debentures of, the Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, the Issuer.

BORROWINGS

9. Save as disclosed in Appendix III, the Group has, as at 30 September 2014, no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

10. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

11. Save as disclosed in Appendix III, there has been no significant change in the accounting policies of the Issuer since its unaudited financial accounts for the financial period ended 30 September 2014.

LITIGATION

12. Save as disclosed on page 105 of this Information Memorandum under “Legal Issues and Proceedings”, there are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Group.

MATERIAL ADVERSE CHANGE

13. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 30 September 2014.

GENERAL

14. Save for the Issued Notes, no commission, discount or brokerage has been paid or other special terms granted by the Issuer within the two years preceding the date of this Information Memorandum or is payable to any Director, promoter, expert, proposed Director

or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in, or debentures of, the Issuer or any of its subsidiaries.

15. Save as disclosed in this Information Memorandum, the financial condition and operations of the Group are not likely to be affected by any of the following:
- (a) known trends, demands, commitments or events that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditures;
 - (c) known trends that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income; and
 - (d) any material information which may be relevant to the financial or trading prospects of the Issuer or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by the Issuer and which are unlikely to be known to or anticipated by the general public and which could materially and adversely affect the profits of the Issuer or the Group.

AUDITORS' CONSENT

16. KPMG LLP has given and has not withdrawn its written consent to the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

STATEMENT BY DIRECTORS

17. This Information Memorandum has been approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Information Memorandum and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading, and that this Information Memorandum constitutes full and true disclosure of all material facts about the issue of the Securities and the Group.

DOCUMENTS AVAILABLE FOR INSPECTION

18. Copies of the following documents may be inspected at the registered office of the Issuer during normal business hours for a period of six months from the date of this Information Memorandum:
- (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Trust Deed; and
 - (c) the audited financial statements of the Issuer and its subsidiaries for the financial year ended 31 December 2013 and the unaudited financial statements announcement of the Issuer and its subsidiaries for the financial quarter ended 30 September 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

19. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED FINANCIAL STATEMENTS OF OUE LIMITED AND
ITS SUBSIDIARIES FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2013**

The information in this Appendix II has been reproduced from the annual report of OUE Limited and its subsidiaries for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.



OUE Limited
(formerly known as Overseas Union Enterprise Limited)
and its Subsidiaries

Registration Number: 196400050E

Annual Report
Year ended 31 December 2013

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2013.

Directors

The directors in office at the date of this report are as follows:

Stephen Riady
Christopher James Williams
Thio Gim Hock
Kelvin Lo Kee Wai
Sin Boon Ann
Kin Chan

Arrangements to enable directors to acquire shares and debentures

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares or debentures in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
OUE Limited		
Kin Chan		
- ordinary shares		
- deemed interest	618,916,410	618,916,410
OUE Hospitality Trust, Comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust		
Stephen Riady		
- stapled security units		
- deemed interest	-	16,622,000

Name of director and corporation in which interests are held	Holdings at beginning of the financial year	Holdings at end of the financial year
Christopher James Williams		
- stapled security units		
- deemed interest	-	360,000
Thio Gim Hock		
- stapled security units		
- direct interest	-	3,000,000
Sin Boon Ann		
- stapled security units		
- deemed interest	-	300,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There was no change in the directors' interest in the shares or debentures of the Company between the end of the financial year and 21 January 2014.

Directors' contractual benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 38 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

Audit Committee

The Audit Committee comprises three non-executive directors, two of whom are independent. The members of the Audit Committee during the year and at the date of this report are:

Kelvin Lo Kee Wai (Chairman)
Sin Boon Ann
Kin Chan

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance 2012.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee has met with the Company's external and internal auditors.

The Audit Committee also reviewed the following:

- annual audit plans and scope of work of the internal and external auditors;
- results of the internal and external audit procedures;
- evaluation of the Group's internal accounting control system;
- assistance given by the Company's officers to the Audit Committee, the internal auditors and external auditors, where applicable;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment and re-appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee has conducted an annual review of the non-audit services provided by KPMG LLP and is satisfied that such services did not affect their independence as external auditors of the Company.

The Audit Committee has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors of the Company, subsidiaries and significant associates, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Christopher James Williams
Deputy Chairman



Thio Gim Hock
Chief Executive Officer/Group Managing Director

20 March 2014

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages FS1 to FS90 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Christopher James Williams
Deputy Chairman



Thio Gim Hock
Chief Executive Officer/Group Managing Director

20 March 2014



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Independent auditors' report

Members of the Company
OUE Limited
(formerly known as Overseas Union Enterprise Limited)

Report on the financial statements

We have audited the accompanying financial statements of OUE Limited (formerly known as Overseas Union Enterprise Limited) (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS90.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

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

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

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2014

OUE Limited
(formerly known as Overseas Union Enterprise Limited)
and its Subsidiaries
Financial statements
Year ended 31 December 2013

Consolidated Statement of Comprehensive Income
Year ended 31 December 2013

	Note	2013	2012
		\$'000	\$'000
Revenue	5	436,564	417,963
Cost of sales		(210,561)	(163,455)
Gross profit		<u>226,003</u>	<u>254,508</u>
Marketing expenses		(14,365)	(12,530)
Administrative expenses		(50,965)	(41,493)
Other operating expenses		(21,079)	(19,516)
		<u>139,594</u>	<u>180,969</u>
Finance expenses	8	(95,546)	(89,147)
Finance income	9	2,945	2,678
Share of results of associates and jointly controlled entity, net of tax	20	17,360	(24,135)
		<u>64,353</u>	<u>70,365</u>
Other (losses)/gains – net	10	(50,218)	32,487
Profit before tax		14,135	102,852
Tax expense	11	(44,254)	(12,101)
(Loss)/Profit after tax		<u>(30,119)</u>	<u>90,751</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences relating to foreign operations		10,333	(14,113)
Currency translation differences transferred to profit or loss arising from disposal of subsidiaries		(8,666)	–
Fair value gain on available-for-sale financial assets		28,499	25,806
Effective portion of changes in fair value of cash flow hedges of a subsidiary		(2,298)	–
Share of effective portion of changes in fair value of cash flow hedges of an associate		–	1,152
Share of foreign currency translation differences of associates and jointly controlled entity		1,151	(1,984)
Other comprehensive income, net of tax		<u>29,019</u>	<u>10,861</u>
Total comprehensive income		<u>(1,100)</u>	<u>101,612</u>
(Loss)/Profit attributable to:			
Owners of the Company		(36,555)	90,056
Non-controlling interests		6,436	695
		<u>(30,119)</u>	<u>90,751</u>
Total comprehensive income attributable to:			
Owners of the Company		(7,007)	101,222
Non-controlling interests		5,907	390
		<u>(1,100)</u>	<u>101,612</u>
(Loss)/Earnings per share for profit attributable to the owners of the Company (expressed in \$ per share)			
Basic and diluted	12	(0.04)	0.10

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

FS1

OUE Limited
(formerly known as Overseas Union Enterprise Limited)
and its Subsidiaries
Financial statements
Year ended 31 December 2013

Statements of Financial Position
As at 31 December 2013

	Note	Group 2013 \$'000	2012 \$'000	Company 2013 \$'000	2012 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	13	730,613	604,637	551,331	430,682
Trade and other receivables	14	22,250	35,470	568,559	978,820
Inventories	15	790	1,013	163	179
Other investments	16	9,478	–	–	–
Development property	17	846,806	793,734	–	–
Other assets	18	11,444	7,446	27,161	3,962
Loans to subsidiaries	21	–	–	1,415,146	775,799
		<u>1,621,381</u>	<u>1,442,300</u>	<u>2,562,360</u>	<u>2,189,442</u>
Non-current assets					
Available-for-sale financial assets	19	193,304	162,470	182,716	154,156
Investments in associates and jointly controlled entity	20	720,474	721,417	125,621	157,666
Investments in subsidiaries	21	–	–	834,920	317,433
Loans to subsidiaries	21	–	–	72,847	130,767
Other assets	18	1,533	1,000	1,704	663
Investment properties	22	3,467,003	3,021,000	–	540,000
Property, plant and equipment	23	366,795	495,183	15,841	130,700
Intangible asset	24	43,200	43,200	–	–
Deferred tax assets	28	–	937	–	–
Derivative assets	25	4,507	–	–	–
		<u>4,796,816</u>	<u>4,445,207</u>	<u>1,233,649</u>	<u>1,431,385</u>
Total assets		<u>6,418,197</u>	<u>5,887,507</u>	<u>3,796,009</u>	<u>3,620,827</u>
LIABILITIES					
Current liabilities					
Trade and other payables	26	86,848	83,197	300,098	194,970
Current tax liabilities		10,724	23,013	3,304	10,687
Borrowings	27	349,747	846,207	349,747	746,448
		<u>447,319</u>	<u>952,417</u>	<u>653,149</u>	<u>952,105</u>
Non-current liabilities					
Borrowings	27	2,392,273	1,728,200	694,544	991,631
Deferred tax liabilities	28	38,322	6,334	113	5,597
Other liabilities	29	19,531	27,051	646	4,729
Derivative liabilities	25	5,728	–	–	–
		<u>2,455,854</u>	<u>1,761,585</u>	<u>695,303</u>	<u>1,001,957</u>
Total liabilities		<u>2,903,173</u>	<u>2,714,002</u>	<u>1,348,452</u>	<u>1,954,062</u>
NET ASSETS		<u>3,515,024</u>	<u>3,173,505</u>	<u>2,447,557</u>	<u>1,666,765</u>
EQUITY					
Capital and reserves attributable to the owners of the Company					
Share capital	30	693,315	693,315	693,315	693,315
Other reserves	31	7,917	(10,948)	(2,363)	5,219
Accumulated profits	32	2,190,308	2,490,265	1,756,605	968,231
		<u>2,891,540</u>	<u>3,172,632</u>	<u>2,447,557</u>	<u>1,666,765</u>
Non-controlling interests		623,484	873	–	–
Total equity		<u>3,515,024</u>	<u>3,173,505</u>	<u>2,447,557</u>	<u>1,666,765</u>

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

FS2

Consolidated Statement of Changes in Equity
Year ended 31 December 2013

Attributable to owners of the Company

	Note	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 January 2013		693,315	(10,948)	2,490,265	3,172,632	873	3,173,505
Total comprehensive income for the year		–	–	(36,555)	(36,555)	6,436	(30,119)
Loss for the year							
Other comprehensive income							
Currency translation differences relating to foreign operations			9,606	–	9,606	727	10,333
Currency translation differences transferred to profit or loss on disposal of subsidiaries			(8,666)	–	(8,666)	–	(8,666)
Fair value gain on available-for-sale financial assets			28,499	–	28,499	–	28,499
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary			(1,042)	–	(1,042)	(1,256)	(2,298)
Share of foreign currency translation differences of associates and jointly controlled entity			1,151	–	1,151	–	1,151
Total other comprehensive income, net of tax			29,548	–	29,548	(529)	29,019
Total comprehensive income for the year			29,548	(36,555)	(7,007)	5,907	(1,100)
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Dividends paid	33	–	–	(263,867)	(263,867)	–	(263,867)
Share of unit issue costs of a subsidiary		–	(10,683)	–	(10,683)	(11,620)	(22,303)
Changes in ownership interests in subsidiaries							
Disposal of interest in subsidiaries		–	–	–	–	(1,752)	(1,752)
Proceeds from issuance of units by a subsidiary		–	–	–	–	600,000	600,000
Changes in ownership interests in a subsidiary without loss of control		–	–	465	465	30,076	30,541
Total transactions with owners of the Company		–	(10,683)	(263,402)	(274,085)	616,704	342,619
At 31 December 2013		693,315	7,917	2,190,308	2,891,540	623,484	3,515,024

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2013

Attributable to owners of the Company

	Share capital \$'000	Other reserves \$'000	Accumulated profits \$'000	Total \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2012	693,315	51,207	2,527,597	3,272,119	483	3,272,602
Total comprehensive income for the year						
Profit for the year	–	–	90,056	90,056	695	90,751
Other comprehensive income						
Currency translation differences relating to foreign operations	–	(13,808)	–	(13,808)	(305)	(14,113)
Fair value gain on available-for-sale financial assets	–	25,806	–	25,806	–	25,806
Share of effective portion of changes in fair value of cash flow hedges of an associate	–	1,152	–	1,152	–	1,152
Share of foreign currency translation differences of associates	–	(1,984)	–	(1,984)	–	(1,984)
Total other comprehensive income, net of tax	–	11,166	–	11,166	(305)	10,861
Total comprehensive income for the year	–	11,166	90,056	101,222	390	101,612
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Own shares acquired	31	(73,321)	–	(73,321)	–	(73,321)
Dividends paid	33	–	(127,388)	(127,388)	–	(127,388)
Total transactions with owners of the Company	–	(73,321)	(127,388)	(200,709)	–	(200,709)
At 31 December 2012	693,315	(10,948)	2,490,265	3,172,632	873	3,173,505

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

Consolidated Statement of Cash Flows
Year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
(Loss)/Profit after tax		(30,119)	90,751
Adjustments for:			
Depreciation of property, plant and equipment		22,218	24,753
Dividend income		(1,460)	(2,100)
Net fair value (losses)/gains on investment properties		46,987	(24,452)
Net change in fair value of other investments		(262)	(3,549)
Finance expense		95,546	88,355
Finance income		(2,945)	(2,678)
Loss on disposal of subsidiaries		3,493	1
Loss/(Gain) on disposal of property, plant and equipment		2,991	(51)
Reversal of impairment losses on property, plant and equipment		–	(4,487)
Share of results of associates and jointly controlled entity, net of tax		(17,360)	24,135
Tax expense		44,254	12,101
		<hr/> 163,343	<hr/> 202,779
Changes in trade and other receivables and other assets		12,125	(7,475)
Changes in inventories		(349)	124
Changes in development property		(38,919)	(23,695)
Changes in trade and other payables and other liabilities		(9,094)	(15,041)
		<hr/> 127,106	<hr/> 156,692
Cash generated from operating activities		127,106	156,692
Tax paid		(23,269)	(16,443)
		<hr/> 103,837	<hr/> 140,249
Cash flows from investing activities			
Acquisition of jointly controlled entity		(25,131)	–
Additions to investment properties		(493,023)	(21,392)
Dividends received from:			
- associates, net of tax		12,458	6,870
- available-for-sale financial assets, net of tax		1,460	2,100
- other investments, net of tax		17	8
Interest received		2,532	1,886
Loan to jointly controlled entity		–	(32,134)
Loan repayment from jointly controlled entity		32,134	–
Proceeds from sale of other investments		16,733	28,788
Proceeds from disposal of property, plant and equipment		1,146	152
Proceeds from disposal of subsidiaries, net of cash disposed	40	97,316	–
Proceeds from dilution of interest in a subsidiary		30,541	–
Purchase of available-for-sale financial asset		(2,013)	(8,314)
Purchase of other investments		(25,949)	(17,607)
Purchase of property, plant and equipment		(8,038)	(14,673)
		<hr/> (359,817)	<hr/> (54,316)
Net cash used in investing activities		(359,817)	(54,316)
Net cash (used in)/from operating and investing activities carried forward		<hr/> (255,980)	<hr/> 85,933

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

Consolidated Statement of Cash Flows (Cont'd)
Year ended 31 December 2013

	Note	2013	2012
		\$'000	\$'000
Net cash (used in)/from operating and investing activities brought forward		(255,980)	85,933
Cash flows from financing activities			
Repurchase of own shares		–	(73,321)
Dividends paid		(263,867)	(127,388)
Finance expense paid (including amounts capitalised in development property)		(98,626)	(90,219)
Proceeds from borrowings		915,718	969,676
Repayment of borrowings		(750,000)	(525,257)
Proceeds from issuance of units by a subsidiary		600,000	–
Unit issue costs of a subsidiary		(21,586)	–
Net cash from financing activities		381,639	153,491
Net increase in cash and cash equivalents		125,659	239,424
Cash and cash equivalents at the beginning of financial year		604,637	367,856
Effect of exchange rate fluctuations on cash held		317	(2,643)
Cash and cash equivalents at the end of financial year	13	730,613	604,637

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2014.

1 Domicile and activities

OUE Limited (the “Company”) is a company incorporated in the Republic of Singapore. The address of the Company’s registered office is 50 Collyer Quay, #18-01/02, OUE Bayfront, Singapore 049321.

The Company has changed its name from Overseas Union Enterprise Limited to OUE Limited with effect from 21 August 2013.

The principal activities of the Company are those of hospitality services, property investment and investment holding. The principal activities of its subsidiaries are set out in note 42 to the financial statements.

The consolidated financial statements for the year ended 31 December 2013 relate to the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in associates and jointly controlled entity.

The Company’s immediate holding entity is OUE Realty Pte Ltd, a company incorporated in Singapore. The ultimate holding corporation is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and measurement currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies, assumptions and estimation uncertainties that have the most significant effect on the amount recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year are included in note 4 to the financial statements.

2.5 Changes in accounting policies

(i) *Fair value measurement*

FRS 113 *Fair value measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 36.

(ii) *Presentation of items of other comprehensive income*

From 1 January 2013, as a result of the amendments to FRS 1 *Presentation of financial statements*, the Group has modified the presentation of items of other comprehensive income in its consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

3 Significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investment in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and acquiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

- (vi) Subsidiaries, associates and jointly controlled entities in the separate financial statements

Investments in subsidiaries, associates and jointly controlled entity are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

- (i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss, except for the differences arising on the translation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised in other comprehensive income.

- (ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions).

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and capitalised borrowing costs. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Depreciation

Depreciation is calculated so as to allocate the depreciable amounts of the cost of property, plant and equipment, other than leasehold land and buildings and construction in progress, on a straight-line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:

	%
Leasehold improvements	3 ¹ / ₂ - 5
Freehold premises	2
Plant, machinery and office equipment	5 – 33 ¹ / ₃
Furniture and fittings	10 - 20
Motor vehicles	10 - 25

Leasehold land and buildings are amortised evenly over the lease period ranging from 20 years to 80 years. Construction in progress is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item, will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to accumulated profits directly.

3.4 Intangible assets

(i) Measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use.

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

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embedded in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

3.5 Investment properties

Investment properties include those portions of buildings that are held for long-term rental yields and/or for capital appreciation and land under operating leases that are held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

3.6 Leases

When the Group is the lessee of an operating lease

The Group leases certain property, plant and equipment from third parties.

Leases of property, plant and equipment where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group is the lessor of an operating lease

The Group leases out certain investment properties to third parties.

Rental income from operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

3.7 Development properties

Development properties include properties under development.

(i) Unsold properties under development

Properties under development that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete development and selling expenses.

(ii) Sold properties under development

Revenue and cost on properties under development in Singapore that have been sold are recognised using the percentage of completion method when the Group determines that (a) control and the significant risks and rewards of ownership of the work-in-progress transfer to the buyer in its current state as construction progresses, (b) sales price is fixed and collectible, (c) the percentage of completion can be measured reliably, (d) there is no significant uncertainty as to the ability of the Group to complete the development, and (e) costs incurred or to be incurred can be measured reliably. The stage of completion is measured by reference to the development costs incurred to date to the estimated total costs for the property. Profits are recognised only in respect of finalised sales contracts to the extent that such profits relate to the progress of the construction work. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

The aggregated cost incurred and the profit/loss recognised in each property under development that has been sold are compared against progress billings up to the financial year end. The cost of properties comprise specifically identified costs, including land acquisition costs, development expenditure, borrowing costs and other related expenditure, less any allowance for foreseeable losses on the property considered necessary by management. Where costs incurred and recognised profits (less recognised losses) exceed the progress billings, the balance is shown as due from customers, under “trade and other receivables”. Where progress billings exceed cost incurred plus recognised profits (less recognised losses), the balance is shown as due to customers, under “trade and other payables”.

3.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average basis and includes all costs in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.9 Financial instruments

(i) Non-derivative financial assets

The Group 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 profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

Loans and receivables

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables, other assets and loans to subsidiaries.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and interest in a limited partnership.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

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

Other financial liabilities comprise borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which include directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(iv) Derivative financial instruments, including hedge accounting

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

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

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability that could affect profit or loss, the effective portion of changes in that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively, the balance in equity is reclassified to profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.10 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and jointly controlled entity, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amount of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

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

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment is also recognised in profit or loss.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.11 Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.12 Employee compensation

Employee compensation expense is recognised in profit or loss in the periods during which related services are rendered by employees, unless they can be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under the short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

3.13 Provisions for other liabilities or charges

Provisions for other liabilities or charges are recognised if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Hospitality services

Revenue from the rental of hotel rooms and other hotel facilities is recognised when the services are rendered to the customer. Revenue from the sale of food and beverage is recognised when the goods are delivered.

(ii) Rendering of services

Revenue from the rendering of services is recognised when the service is rendered.

(iii) Rental income

Rental income from operating leases on investment properties is recognised in profit or loss on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

3.15 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to borrowings acquired specifically for the construction or development of properties. The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

3.17 Dividends to Company's shareholders

Interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the shareholders.

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the executive committee whose members are responsible for making decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt except as otherwise indicated below, are set out below.

Applicable for the Group's 2014 financial statements

- FRS 110 *Consolidated Financial Statements* introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure, or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. In particular, FRS 110 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

In accordance with the transitional provisions of FRS 110, the Group re-assessed the control conclusion for its investees. Based on the re-assessment as at 31 December 2013, there are no changes in the control conclusion for its investees.

Subsequent to the reporting date, the Company declared a distribution *in specie* of the stapled securities it holds in a subsidiary, OUE Hospitality Trust (“OUE H-Trust”), to the shareholders of the Company. After the distribution *in specie* exercise, the Group’s interest in OUE H-Trust would be reduced from 45.3% to approximately 33.9% (note 41). The Group is currently assessing the effect of the reduction in its interest in OUE H-Trust under FRS 110 and the impact on its financial statements.

- FRS 111 *Joint Arrangements* establishes the principles for classification and accounting of joint arrangements. The adoption of this standard would require the Group to re-assess and classify its joint arrangements as either joint operations or joint ventures based on its rights and obligations arising from the joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interests in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and has determined that the parties in this joint arrangement have rights to the net assets of the arrangement. Accordingly, this joint arrangement will be classified as a joint venture under FRS 111 and will be accounted for using the equity method. Currently, the joint arrangement is accounted for as a jointly-controlled entity under FRS 31 *Interests in Joint Ventures* using the equity method. As the Group is already applying the equity method of accounting, there will be no impact to the Group’s financial statements when the Group adopts FRS 111 in 2014.

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

FRS 110, FRS 111 and FRS 112 are effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group currently offsets intercompany receivables and payables due from/to the same counterparty if the Group has the legal right to set off the amounts when it is due and payable based on the contractual terms of the arrangement with the counterparty, and the Group intends to settle the amounts on a net basis.

The amendments will be applied retrospectively and prior periods in the Company's 2014 financial statements will be restated. As at 31 December 2013, if the amendments were effective, the Company's total assets and total liabilities would have increased by \$14,005,000 respectively.

4 Critical assumptions and estimation uncertainties

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value estimation of unlisted securities

The Group has available-for-sale investments in an unlisted security and unlisted partnership with an estimated fair value of \$193.3 million (2012: \$162.5 million). In estimating the fair value, the Group had estimated the net asset value of the investee entities as at 31 December 2013, taking into consideration the fair value of the properties held by the investee entities. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

Fair value assessment of investment and development properties

The fair value of each investment property and net realisable value of each development property is individually determined at the reporting date by independent professional valuers based on assumptions and estimates that reflect its current market value. The independent professional valuers have relied on various widely accepted methodologies to perform the fair value assessments that are reflective of the current market conditions. In this aspect, the management has relied on the valuation reports for the fair values of the investment properties (note 22) and assessment of impairment of the development property (note 17).

Estimation of tax liabilities

In the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors including interpretations of tax law and prior experience.

This assessment relies on estimates and assumptions and may involve a series of multifaceted judgments about future events. New information may become available that causes the Group to change its judgment 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.

Revenue recognised on development property

The Group uses the percentage-of-completion method to recognise revenue on its development property. The stage of completion is measured by reference to the development costs incurred to date compared to the estimated total costs of the property.

Significant assumptions are required to estimate the total contract costs that affect the stage of completion and the revenue recognised. In making these estimates, management has relied on past experience and the work of specialists.

If the estimated total contract costs of uncompleted contracts is to increase/decrease by 5% (2012: 5%) from management's estimates, the Group's profit will decrease/increase by \$4,814,000 (2012: \$1,735,000).

5 Revenue

	Group	
	2013	2012
	\$'000	\$'000
Hospitality income	229,571	239,410
Investment properties income	138,114	144,657
Development property income	62,743	31,387
Dividend income	1,460	2,100
Others	4,676	409
	436,564	417,963

6 Expenses by nature

	Note	Group	
		2013	2012
		\$'000	\$'000
Advertising and promotion expenses		8,369	7,162
Depreciation of property, plant and equipment	23	22,218	24,753
Employee compensation	7	69,979	63,232
Hospitality supplies and services		47,255	43,630
Development costs included in cost of sales		56,997	25,466
Loss/(Gain) on disposal of property, plant and equipment		2,991	(51)
Professional and legal services		9,110	2,166
Property tax		18,912	17,766
Bad debts written off		65	76
Repair and maintenance expenses		18,060	10,018
Allowance/(Reversal of allowance) for impairment of trade receivables	14	66	(8)
Utility charges		21,651	23,563
Others		21,297	19,221
Total cost of sales, marketing, administrative and other operating expenses		296,970	236,994

7 Employee compensation

	Group	
	2013	2012
	\$'000	\$'000
Wages, salaries and other benefits-in-kind	64,116	57,732
Employer's contribution to defined contribution plans including Central Provident Fund	5,863	5,500
	69,979	63,232

8 Finance expenses

		Group	
	Note	2013	2012
		\$'000	\$'000
Finance expenses		95,631	104,706
Less:			
Finance expense capitalised in development property	17	(16,026)	(16,351)
		79,605	88,355
Net foreign exchange loss		15,941	792
		95,546	89,147

9 Finance income

	Group	
	2013	2012
	\$'000	\$'000
Interest income	1,850	2,670
Net change in fair value of derivatives	1,078	–
Others	17	8
	2,945	2,678

Included in the change in fair value of derivatives is a loss of \$3,429,000 (2012: Nil) relating to ineffective portion of change in fair value of cash flow hedge.

10 Other (losses)/gains – net

		Group	
	Note	2013	2012
		\$'000	\$'000
Fair value (losses)/gains on investment properties	22	(46,987)	24,452
Net change in fair value of other investments designated at fair value through profit or loss		262	3,549
Net loss on disposal of subsidiaries		(3,493)	(1)
Reversal of impairment losses on property, plant and equipment	23	–	4,487
		(50,218)	32,487

Arising from the net loss of disposal of subsidiaries is a loss of \$3,497,000 relating to the disposal of subsidiaries relating to hotel properties in China (see note 40).

11 Tax expense

	Group	
	2013	2012
	\$'000	\$'000
Current tax expense		
Current year	12,247	22,314
Overprovision in respect of prior years	(560)	(6,204)
	11,687	16,110
Deferred tax expense		
Origination and reversal of temporary differences	32,567	(4,009)
	44,254	12,101
Total tax expense	44,254	12,101

The tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	Group	
	2013	2012
	\$'000	\$'000
Profit before tax	14,135	102,852
Share of results of associates and jointly controlled entity, net of tax	(17,360)	24,135
	(3,225)	126,987
Tax using the Singapore tax rate of 17%	(548)	21,588
Effects of different tax rates in foreign jurisdiction	20,233	129
Effects of expenses not deductible for tax purposes	26,258	1,544
Effects of income not subject to tax	(6,899)	(7,045)
Effects of taxable distribution from subsidiary	2,943	–
Effects of Singapore statutory stepped income exemption	(213)	(181)
Effects of tax losses of certain subsidiaries not recognised	3,073	2,419
Effects of recognition of previously unrecognised tax losses	(33)	(149)
Effects of overprovision in respect of prior years	(560)	(6,204)
Total tax expense	44,254	12,101

12 (Loss)/Earnings per share

	Group	
	2013	2012
Net (loss)/profit attributable to owners of the Company (\$'000)	(36,555)	90,056
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January ('000)	981,602	943,069
Effect of own shares held ('000)	(71,716)	(32,317)
Weighted average number of ordinary shares during the year ('000)	909,886	910,752
Basic (loss)/earnings per share (\$ per share)	(0.04)	0.10

The diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there are no dilutive potential ordinary shares.

13 Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Amount held under the “Project Account Rules – 1997 Ed” withdrawals from which are restricted to payments for expenditure incurred on projects	24,824	9,697	–	–
Cash at bank and on hand	422,327	330,296	300,238	208,004
Fixed deposits with financial institutions	283,462	264,644	251,093	222,678
Cash and cash equivalents	730,613	604,637	551,331	430,682

14 Trade and other receivables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables				
- Associates	3,099	3,556	-	-
- Subsidiaries	-	-	134	221
- Third parties	19,065	23,530	9,945	13,600
	22,164	27,086	10,079	13,821
Less: Allowance for impairment of receivables				
- Third parties	(347)	(286)	(44)	(44)
Trade receivables - net	21,817	26,800	10,035	13,777
Non-trade receivables				
- Associates and jointly controlled entity	372	8,598	372	8,598
- Subsidiaries	-	-	558,152	956,445
- Others	61	72	-	-
Non-trade receivables	433	8,670	558,524	965,043
	22,250	35,470	568,559	978,820

The non-trade receivables due from associates, subsidiaries and related parties are unsecured and repayable on demand. The receivables are interest-free except for an amount of \$461,710,000 receivable by the Company from a subsidiary in the prior year for which interest was charged at 2.51% per annum.

The ageing analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Past due 1 to 30 days	3,172	6,134	1,974	4,532
Past due 31 to 60 days	1,075	699	105	589
Past due over 60 days	2,888	1,906	436	1,315
	7,135	8,739	2,515	6,436

Movement in the allowance for impairment of trade receivables is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	286	372	44	44
Allowance made/(reversed)	66	(8)	-	-
Allowance utilised	(4)	(74)	-	-
Currency translation differences	(1)	(4)	-	-
End of financial year	347	286	44	44

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Company's statement of financial position:

Company

	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities offset in the statement of financial position \$'000	Net amounts of financial assets and financial liabilities presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position – Financial instruments \$'000	Net amount \$'000
31 December 2013					
Amounts due from subsidiaries, non-trade	21,638	(14,005)	7,633	–	7,633
Amounts due to subsidiaries, non-trade	14,005	(14,005)	–	–	–
31 December 2012					
Amounts due from subsidiaries, non-trade	3,256	(300)	2,956	–	2,956
Amounts due to subsidiaries, non-trade	300	(300)	–	–	–

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured at amortised cost.

The table below reconciles the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position', as set out above, to the line items presented in the statement of financial position.

Company

Types of financial assets/liabilities	Net amounts \$'000	Line item in statement of financial position	Carrying amount in statement of financial position \$'000	Financial assets not in scope of offsetting disclosures \$'000	Note
31 December 2013					
Amounts due from subsidiaries, non-trade	7,633	Trade and other receivables	568,559	560,926	14
31 December 2012					
Amounts due from subsidiaries, non-trade	2,956	Trade and other receivables	978,820	975,864	14

15 Inventories

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Food and beverage	790	781	163	179
General supplies	–	187	–	–
Others	–	45	–	–
	790	1,013	163	179

The cost of inventories recognised as expense and included in “cost of sales” amounted to \$18,824,000 (2012: \$18,564,000).

16 Other investments

	Group	
	2013 \$'000	2012 \$'000
Financial assets designated at fair value through profit or loss		
- Equity securities	9,478	–

The financial assets designated at fair value through profit or loss are equity securities. The performance of those equity securities designated at fair value through profit or loss upon recognition was actively monitored and they were managed on a fair value basis.

17 Development property

	Group	
	2013 \$'000	2012 \$'000
(a) Land and related costs	725,291	725,291
Other development expenditure	135,710	67,893
Property tax and other overheads	9,157	6,538
Finance expense	73,267	57,241
	943,425	856,963
Add: Development profits	12,755	7,072
Less: Progress billings	(82,415)	(43,342)
Less: Impairment losses	(26,959)	(26,959)
	846,806	793,734

- (b) Finance expense capitalised during the year was \$16,026,000 (2012: \$16,351,000).
- (c) The development property is pledged as security for a banking facility.
- (d) The amount of revenue recognised on development property sold using the percentage of completion method was \$62,743,000 (2012: \$31,387,000) for the current year.
- (e) Advances received from these contracts amounted to \$82,415,000 (2012: \$43,342,000).
- (f) The impairment losses are estimated taking into consideration the fair value of the underlying land which is determined using the market comparison method and the residual approach. These valuation methods take into consideration the recent selling prices of the development project or comparable projects, prevailing market conditions and the estimated total construction costs for the project.
- (g) Details of the development property of the Group are as follows:

Description and location	Purpose of development	Group's effective interest		Site area (square meter)	Gross floor area* (square meter)
		2013 %	2012 %		
Leasehold residential land at Leonie Hill, Singapore	Condominium	100	100	12,169	40,521

* Includes balcony

18 Other assets

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Sundry receivables	6,595	4,276	4,115	3,523
Less: Allowance for impairment of receivables	(1,772)	(1,775)	(1,670)	(1,670)
	4,823	2,501	2,445	1,853
Rental deposits				
- Subsidiary	–	–	24,204	663
Other deposits				
- Third parties	4,526	3,839	1,535	1,537
Staff loans and advances	–	4	–	–
Loans and receivables	9,349	6,344	28,184	4,053
Prepayments	3,628	2,102	681	572
	12,977	8,446	28,865	4,625
Less: Non-current portion	(1,533)	(1,000)	(1,704)	(663)
Current portion	11,444	7,446	27,161	3,962

Included in the sundry receivables of the Group and the Company is \$1,670,000 (2012: \$1,670,000) from the sale of the Group's 20% interest in an associate to its joint venture partner in 2006. An impairment loss of \$1,670,000 was recognised in prior years against this receivable due to uncertainty of receipt.

Movement in the allowance for impairment is as follows:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	1,775	1,785	1,670	1,670
Currency translation differences	(3)	(10)	–	–
End of financial year	<u>1,772</u>	<u>1,775</u>	<u>1,670</u>	<u>1,670</u>

19 Available-for-sale financial assets

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Unlisted financial assets				
- Equity security in Singapore	182,716	154,156	182,716	154,156
- Interest in a limited partnership in United States of America	10,588	8,314	–	–
	<u>193,304</u>	<u>162,470</u>	<u>182,716</u>	<u>154,156</u>

The fair value of the Group's investments in the unlisted security and investment in the limited partnership are estimated based on the net asset values of the investee entities, which takes into consideration the fair value of the underlying properties held by these entities. Further details are set out in note 36.

20 Investments in associates and jointly controlled entity

	Company	
	2013	2012
	\$'000	\$'000
Equity investment at cost	168,192	168,192
Less: Allowance for impairment of investments	(44,947)	(44,947)
	<u>123,245</u>	<u>123,245</u>
Loan to associates	41,010	42,182
Loan to jointly controlled entity	–	32,134
Less: Allowance for impairment of loans to associates	(38,634)	(39,895)
	<u>2,376</u>	<u>34,421</u>
	<u>125,621</u>	<u>157,666</u>

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The loans to associates and jointly controlled entity are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Group's net investment in the entities, they are stated at cost less accumulated impairment losses.

These loans are interest-free except for a loan of \$3,484,000 (2012: \$3,354,000) to an associate for which interest is charged at a fixed rate of 1.00% (2012: 1.00%) per annum.

Movement in the allowance for impairment of loans to associates is as follows:

	Company	
	2013	2012
	\$'000	\$'000
Beginning of financial year	39,895	41,826
Currency translation differences	(1,261)	(1,931)
End of financial year	38,634	39,895

	Group	
	2013	2012
	\$'000	\$'000
Beginning of financial year	721,417	721,120
Investment in jointly controlled entity	25,138	–
(Repayment from)/Loan to jointly controlled entity	(32,134)	32,134
Share of currency translation differences	1,151	(1,984)
Share of hedging reserve	–	1,152
Share of results	17,360	(24,135)
Dividends received	(12,458)	(6,870)
End of financial year	720,474	721,417

Associates

The summarised financial information of associates, not adjusted for the percentage of ownership held by the Group, is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Assets	1,932,289	1,920,826
Liabilities	549,507	550,472
Revenue	136,506	146,588
Net profit/(loss)	45,801	(36,425)
Share of associates' contingent liabilities incurred jointly with other investors	1,791	2,517

Unrecognised share of losses of associates is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Beginning of financial year	6,501	8,009
Movement in the year	1,571	(1,508)
End of financial year	8,072	6,501

Details of associates and jointly controlled entity are included in note 42.

Jointly controlled entity

The summarised financial information of jointly controlled entities, adjusted for the percentage of ownership held by the Group, is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Current assets	51	–
Non-current assets	25,444	24,160
Current liabilities	2	8,100
Non-current liabilities	–	16,067
Expenses	(398)	(7)
Net loss	(398)	(7)

On 1 October 2013, the Group's equity interest in Arbon Holdings Ltd increased from 50% to 100% and Arbon Holdings Ltd became a subsidiary from that date. Accordingly, the expenses and net loss relating to Arbon Holdings Ltd presented in the above table is only for the period from 1 January 2013 to 30 September 2013.

21 Investments in subsidiaries and loans to subsidiaries

	Company	
	2013	2012
	\$'000	\$'000
<i>Investments in subsidiaries</i>		
Equity investment at cost	835,020	408,194
Less: Allowance for impairment of investments	(100)	(90,761)
	834,920	317,433

Movement in the allowance for impairment of investments is as follows:

	Company	
	2013	2012
	\$'000	\$'000
Beginning of financial year	90,761	92,641
Allowance utilised	(90,661)	–
Allowance reversed	–	(1,880)
End of financial year	100	90,761

Details of subsidiaries are included in note 42.

	Company	
	2013	2012
	\$'000	\$'000
<i>Loans to subsidiaries</i>		
Loans to subsidiaries	1,495,584	960,859
Less: Allowance for impairment of loans	(7,591)	(54,293)
	1,487,993	906,566
Less: Current portion	(1,415,146)	(775,799)
Non-current portion	72,847	130,767

As at 31 December 2013, the non-current loan to subsidiary is unsecured and bears interest at 1.40% over the US LIBOR rate. The amount is not expected to be repaid within the next twelve months.

As at 31 December 2012, the settlement of the loans to subsidiaries of \$130,767,000 was neither planned nor likely to occur in the foreseeable future. As the amounts were, in substance, a part of the Company's net investment in the subsidiaries, they were stated at cost less accumulated impairment loss. The loans were unsecured and interest-free.

The current portion of the loans to subsidiaries are unsecured and repayable on demand. These balances are interest-free except for an amount of \$1,044,296,000 (2012: \$582,263,000) for which interest is charged at 3.47% (2012: 3.54%) per annum on a weighted average basis.

Movement in the allowance for impairment of loans is as follows:

	Company	
	2013	2012
	\$'000	\$'000
Beginning of financial year	54,293	57,225
Allowance utilised	(47,819)	–
Allowance reversed	–	(1,008)
Currency translation differences	1,117	(1,924)
End of financial year	7,591	54,293

The Company assessed the carrying amount of its loans to subsidiaries. Based on its assessment, the Company reversed impairment losses on certain loans to subsidiaries of \$1,008,000 in 2012 to reflect the value of the underlying properties held by these subsidiaries. The recoverable amounts of the properties were estimated using the fair value less costs to sell approach.

22 Investment properties

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year		3,021,000	2,993,000	540,000	520,000
Additions		492,164	9,511	76	684
Disposal		–	–	(540,016)	–
Adjustment ⁽¹⁾		–	(5,963)	–	–
Fair value (loss)/gain recognised in profit or loss	10	(46,987)	24,452	(60)	19,316
Currency translation differences		826	–	–	–
End of financial year		<u>3,467,003</u>	<u>3,021,000</u>	<u>–</u>	<u>540,000</u>

⁽¹⁾ Arising from finalisation of construction cost.

On 25 July 2013, the Company disposed of its investment property, Mandarin Gallery, with a carrying value of \$540,016,000 to its subsidiary, OUE Hospitality Real Estate Investment Trust.

The Group acquired US Bank Tower in the United States of America during the year.

As at 31 December 2013, investment properties with a total carrying amount of \$2,092,034,000 (2012: \$3,021,000,000) were pledged as security for banking facilities (note 27).

The Group's investment properties are:

	Description and Location	Tenure of Land
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link)	An integrated commercial development comprising an 18-storey office building, a conserved tower building and a retail link bridge at Collyer Quay, Singapore	99-year lease from 12 November 2007 (OUE Bayfront and OUE Tower) 15-year lease from 26 March 2010 (for OUE Link)
Mandarin Gallery	A 4-storey retail mall at Orchard Road, Singapore	99-year lease from 1 July 1957

	Description and Location	Tenure of Land
OUE Downtown (comprising of OUE Downtown 1 & 2 and Downtown Gallery) (Formerly known as 6 Shenton Way Towers One and Two)	A 49-storey and a 37-storey commercial tower with 7- storey podium block at Shenton Way, Singapore	99-year lease from 19 July 1967
US Bank Tower	A 72-storey commercial tower at Los Angeles, United States	Freehold

The fair values of the investment properties as at the reporting date are based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

The properties were appraised at the following open market values:

	Date of appraisal	Open Market Value	
		2013 \$'000	2012 \$'000
OUE Bayfront (and adjoining properties comprising OUE Tower and OUE Link) ⁽¹⁾	31 December	1,010,000	1,081,000
Mandarin Gallery ⁽²⁾	31 December	536,000	540,000
OUE Downtown ⁽³⁾	31 December	1,361,000	1,400,000
US Bank Tower ⁽⁴⁾	31 December	546,034	–

⁽¹⁾ The open market value as at 31 December 2013 and 31 December 2012 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

⁽²⁾ The open market value as at 31 December 2013 and 31 December 2012 was based on the income capitalisation method, discounted cash flow analysis and market comparison method.

⁽³⁾ OUE Downtown will be redeveloped to convert the podium to a retail mall and part of office space to serviced apartments. The income capitalisation method, discounted cash flow analysis and market comparison method were used to derive the open market value of the redevelopment property as at 31 December 2013 and 31 December 2012.

⁽⁴⁾ The open market value as at 31 December 2013 was based on the income capitalisation method and market comparison method.

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The valuation methods take into consideration the estimated net rent (using current and projected average rental rate and occupancy), and a capitalisation rate and discount rate applicable to the nature and type of asset in question.

The investment properties are mainly leased to third parties. The majority of the leases contain an initial non-cancellable period of two to five years. Subsequent renewals are negotiated with the lessees.

The following amounts are recognised in profit or loss:

	Group	
	2013	2012
	\$'000	\$'000
Rental income	138,114	144,620
Direct operating expenses arising from an investment property that generate rental income	43,483	32,272

23 Property, plant and equipment

Group	Leasehold land and buildings \$'000	Leasehold improve- ments \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
2013								
Cost								
Beginning of financial year	526,355	86,093	1,944	128,195	65,339	5,745	9,021	822,692
Exchange differences	8,365	—	—	2,863	978	64	213	12,483
Additions	178	8,158	—	2,120	2,318	1,603	4,902	19,279
Disposals	(198,598)	(5,701)	—	(69,084)	(25,413)	(2,936)	(1,732)	(303,464)
Reclassifications	—	(8,107)	—	6,504	11,358	—	(9,755)	—
End of financial year	336,300	80,443	1,944	70,598	54,580	4,476	2,649	550,990
Accumulated depreciation and impairment losses								
Beginning of financial year	133,604	43,368	270	94,716	51,887	3,664	—	327,509
Exchange differences	3,622	—	—	2,260	960	61	—	6,903
Depreciation charge	9,153	3,436	39	5,646	3,111	833	—	22,218
Disposals	(86,735)	(3,333)	—	(55,454)	(24,681)	(2,232)	—	(172,435)
Reclassifications	—	(4,028)	—	349	3,679	—	—	—
End of financial year	59,644	39,443	309	47,517	34,956	2,326	—	184,195

Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
2012								
Cost								
Beginning of financial year	545,387	71,018	1,944	131,803	64,914	5,735	11,950	832,751
Exchange differences	(19,101)	—	—	(6,404)	(2,243)	(142)	(37)	(27,927)
Additions	101	6,487	—	2,616	89	483	10,156	19,932
Disposals	(32)	—	—	(1,002)	(699)	(331)	—	(2,064)
Reclassifications	—	8,588	—	1,182	3,278	—	(13,048)	—
End of financial year	526,355	86,093	1,944	128,195	65,339	5,745	9,021	822,692
Accumulated depreciation and impairment losses								
Beginning of financial year	136,237	39,938	232	93,521	51,333	3,326	—	324,587
Exchange differences	(8,125)	—	—	(4,961)	(2,187)	(136)	—	(15,409)
Depreciation charge	10,003	3,430	38	7,081	3,402	799	—	24,753
Disposals	(24)	—	—	(925)	(661)	(325)	—	(1,935)
Reversal of impairment losses	(4,487)	—	—	—	—	—	—	(4,487)
End of financial year	133,604	43,368	270	94,716	51,887	3,664	—	327,509

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Group	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Carrying amounts								
At 1 January 2012	409,150	31,080	1,712	38,282	13,581	2,409	11,950	508,164
At 31 December 2012	392,751	42,725	1,674	33,479	13,452	2,081	9,021	495,183
At 31 December 2013	276,656	41,000	1,635	23,081	19,624	2,150	2,649	366,795

On 30 September 2013, the Group disposed of its hotel properties in China, Meritus Mandarin Haikou and Meritus Shantou China, with carrying amount of \$128,604,000 to a third party.

Company	Leasehold land and buildings \$'000	Leasehold improve- ments \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
2013								
Cost								
Beginning of financial year	104,059	85,908	1,944	50,943	39,659	4,307	4,186	291,006
Additions	–	1,280	–	446	39	1,440	1,516	4,721
Disposals	(104,059)	(78,295)	–	(43,973)	(35,899)	(1,272)	(1,672)	(265,170)
Reclassifications	–	(8,893)	–	6,482	6,441	–	(4,030)	–
End of financial year	–	–	1,944	13,898	10,240	4,475	–	30,557
Accumulated depreciation								
Beginning of financial year	46,360	43,183	269	40,523	27,676	2,295	–	160,306
Depreciation charge	744	2,318	39	1,277	763	804	–	5,945
Disposals	(47,104)	(41,473)	–	(35,247)	(26,938)	(773)	–	(151,535)
Reclassifications	–	(4,028)	–	349	3,679	–	–	–
End of financial year	–	–	308	6,902	5,180	2,326	–	14,716

Company	Leasehold land and buildings \$'000	Leasehold improvements \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
2012								
Cost								
Beginning of financial year	104,059	70,833	1,944	48,430	36,458	4,192	11,847	277,763
Additions	–	6,487	–	1,725	32	446	5,387	14,077
Disposals	–	–	–	(394)	(109)	(331)	–	(834)
Reclassifications	–	8,588	–	1,182	3,278	–	(13,048)	–
End of financial year	104,059	85,908	1,944	50,943	39,659	4,307	4,186	291,006
Accumulated depreciation								
Beginning of financial year	45,041	39,753	231	38,280	26,333	1,846	–	151,484
Depreciation charge	1,319	3,430	38	2,621	1,446	775	–	9,629
Disposals	–	–	–	(378)	(103)	(326)	–	(807)
End of financial year	46,360	43,183	269	40,523	27,676	2,295	–	160,306

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Company	Leasehold land and buildings \$'000	Leasehold improve- ments \$'000	Freehold premises \$'000	Plant, machinery and office equipment \$'000	Furniture and fittings \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Carrying amounts								
At 1 January 2012	59,018	31,080	1,713	10,150	10,125	2,346	11,847	126,279
At 31 December 2012	57,699	42,725	1,675	10,420	11,983	2,012	4,186	130,700
At 31 December 2013	-	-	1,636	6,996	5,060	2,149	-	15,841

On 25 July 2013, the Company disposed of its hotel property, Mandarin Orchard Singapore, with a carrying value of \$110,738,000 to its subsidiary, OUE Hospitality Real Estate Investment Trust.

The Group's major leasehold land and buildings are:

	Description and Location	Tenure of Land
Mandarin Orchard Singapore	a 37-storey Main Tower with a 38-storey Orchard Wing known as the "Mandarin Orchard Singapore" at Orchard Road, Singapore	99-year lease from 1 July 1957
Crowne Plaza Changi Airport Singapore	a 320-room hotel located within Singapore Changi Airport with a direct link to Terminal 3	77-year lease from 12 December 2006

As at 31 December 2013, the Group's hotel property, Mandarin Orchard Singapore, was appraised by professional valuers at an open market value of \$1,220,000,000 (2012: \$1,230,000,000). The carrying amount of Mandarin Orchard Singapore as at 31 December 2013 is \$115,398,000 (2012: \$115,510,000). This valuation surplus of \$1,104,602,000 (2012: \$1,114,490,000) has not been incorporated in the financial statements.

As at 31 December 2013, one of the Group's hotel properties, Crowne Plaza Changi Airport, was appraised by professional valuers at an open market value of \$291,000,000 (2012: \$291,000,000). The carrying amount of the hotel property as at 31 December 2013 is \$229,873,000 (2012: \$236,130,000). This valuation surplus of \$61,127,000 (2012: \$54,870,000) has not been incorporated in the financial statements.

Property, plant and equipment of the Group and the Company with total carrying value of \$115,398,000 (2012: \$115,510,000) and \$Nil (2012: \$115,510,000) respectively are mortgaged to financial institutions to secure credit facilities (see note 27).

24 Intangible asset

	Group	
	2013	2012
	\$'000	\$'000
Cost and carrying amount		
At 1 January and 31 December	<u>43,200</u>	<u>43,200</u>

The intangible asset represents the amount paid to the vendors of Crowne Plaza Changi Airport (the "Hotel") for the potential development of the site adjacent to the Hotel, which is subject to a conditional sub-lease to be granted.

As the intangible asset is not yet available for use, it is not subject to amortisation as at the reporting date.

25 Derivatives

		Group	
	Note	2013 \$'000	2012 \$'000
Derivative assets			
Cross currency swaps	(a)	4,507	–
Derivative liabilities			
Interest rate swaps	(b)	5,728	–

- (a) The Group uses cross currency swaps to manage its exposure to United States Dollar on certain bank loans. As at 31 December 2013, the Group has cross currency swaps with a total notional amount of \$470.3 million (2012: Nil).
- (b) The Group uses interest rate swaps to manage its exposure to interest rate movements on certain floating rate interest-bearing bank loans by swapping the floating rates on the bank loans to fixed rates. As at 31 December 2013, the Group has interest rate swap contracts with a total notional amount of \$587.0 million (2012: Nil).

26 Trade and other payables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables				
- Subsidiaries	–	–	1,054	2,016
- Associates	–	9	–	–
- Third parties	12,464	9,590	3,250	2,833
	12,464	9,599	4,304	4,849
Non-trade payables				
- Subsidiaries	–	–	228,378	151,901
Accruals and sundry creditors	67,130	61,823	66,624	36,194
Retention sum payables	812	4,896	594	345
Rental deposits	6,442	6,879	198	1,681
	86,848	83,197	300,098	194,970

Non-trade payables to subsidiaries are unsecured, repayable on demand and interest-free except for an amount \$143,356,000 (2012: \$143,356,000) for which interest is charged at 2.30% (2012: 2.60%) per annum over the bank's swap rate.

27 Borrowings

	Note	Group		Company	
		2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Current					
Secured bank loan	(a)	–	446,465	–	446,465
Secured bank loan	(b)	–	99,759	–	–
Secured bonds	(c)	–	299,983	–	299,983
Revolving credit facility	(d)	50,000	–	50,000	–
Unsecured notes	(e)	299,747	–	299,747	–
		<u>349,747</u>	<u>846,207</u>	<u>349,747</u>	<u>746,448</u>
Non-current					
Secured bank loan	(f)	366,546	365,856	–	–
Secured bank loan	(b)	473,518	355,747	–	–
Secured bank loan	(g)	290,220	–	–	–
Secured bank loan	(h)	291,211	–	–	–
Secured bank loan	(i)	276,234	–	–	–
Unsecured notes	(e)	694,544	991,631	694,544	991,631
Loan from a minority shareholder of a subsidiary	(j)	–	14,966	–	–
		<u>2,392,273</u>	<u>1,728,200</u>	<u>694,544</u>	<u>991,631</u>
Total borrowings		<u>2,742,020</u>	<u>2,574,407</u>	<u>1,044,291</u>	<u>1,738,079</u>

- (a) The secured bank loan was fully repaid on its maturity date in September 2013. Interest on the bank loan was calculated at 2.30% per annum over the bank's swap rate.

As at 31 December 2012, the bank loan was secured by:

- (i) a first legal mortgage over the Company's investment property with carrying amount \$540,000,000;
 - (ii) a first legal mortgage over the Company's hotel property with carrying amount of \$115,510,000; and
 - (iii) fixed and floating charge over all the assets in relation to the charged properties at the Company.
- (b) The secured bank loan is repayable in November 2015 (2012: November 2013 to November 2015). Interest on the bank loan is calculated at 2.30% per annum over the bank's USD LIBOR rate.

The loan is secured by:

- (i) a first legal mortgage over certain of the Group's investment properties with a total carrying amount of \$1,010,000,000 (2012: \$2,481,000,000);
- (ii) fixed and floating charge over all the assets in relation to the charged property at the Group.

- (c) This relates to \$300 million secured bonds (the “Bonds”) issued by the Company. The Bonds bore a fixed interest at 3.36% per annum and would mature in September 2013. The bonds were fully repaid in July 2013. As at 31 December 2012, the Bonds were secured and shared the same security as the facility under note (a) above.
- (d) The Group has an unsecured \$50 million revolving credit facility. Interest on the amounts drawn down under the credit facility is calculated at 1.75% per annum over bank’s swap rate. As at 31 December 2013, the facility is fully drawn down.
- (e) Under the \$1 billion medium term note programme established in 2010, the Group and the Company has issued 4 (2012: 4) series of notes (“Notes”) amounting to \$1 billion (2012: \$1 billion) as at the reporting date. The Notes are unsecured and bear fixed interest ranging from 3.95% to 4.95% (2012: 3.95% to 4.95%) per annum. The maturity of the Notes ranges from April 2014 to October 2019.
- (f) The secured bank loan is repayable in February 2015. Interest on bank loan is calculated at 2.68% per annum over the bank’s swap rate.

The bank loan is secured by:

- (i) a first legal mortgage over a subsidiary’s development property with a carrying amount of \$846,806,000 (2012: \$793,734,000); and
- (ii) a fixed and floating charge over all the assets of the subsidiary.

- (g) The secured bank loan is repayable in July 2016. Interest on the bank loan is calculated at 0.9% per annum over the bank’s swap rate.

The bank loan is secured by:

- (i) A first legal mortgage over the properties held by the Group’s investment property with carrying amount of \$536,000,000;
- (ii) A first legal mortgage of the Group’s hotel property with carrying amount of \$115,398,000;
- (iii) A legal assignment of all insurance taken in respect of the properties except public liability insurance;
- (iv) An assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by a subsidiary and lease or tenancy deposits/proceeds in connection with such master lease in respect of the investment and hotel properties; and
- (v) A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the properties.

- (h) The secured bank loan is repayable in July 2018. Interest on the bank loan is calculated at 1.25% per annum over the bank’s swap rate. The bank loan is secured and shares the same security as the facility under note (g) above.

- (i) The secured bank loan is repayable from January 2016 to December 2018. Interest on bank loan is calculated at 2.25% per annum over the bank's USD LIBOR rate.

The bank loan is secured by:

- (i) a first legal mortgage over a subsidiary's investment property with a carrying amount of \$546,034,000; and
- (ii) a fixed and floating charge over all the assets of the subsidiary.
- (j) The loan was fully repaid during the current financial year. As at 31 December 2012, settlement of the loan was neither planned nor likely to occur in the foreseeable future, as the amount was, in substance, a part of the minority shareholder's net investment in an entity, it was stated at cost less accumulated impairment losses.

Undrawn borrowing facilities

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Expiring:				
Within one year	–	50,000	–	50,000
After one year but within five years	93,000	50,000	–	–
	<u>93,000</u>	<u>100,000</u>	<u>–</u>	<u>50,000</u>

Intra-group financial guarantee

Intra-group financial guarantee comprises guarantees given by the Company to banks in respect of banking facilities granted to wholly-owned subsidiaries. The maximum exposure of the Company is \$324,352,000 (2012: \$501,015,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee. The periods in which the financial guarantee will expire are as follows:

	2013	2012
	\$'000	\$'000
Within one year	17,867	123,056
After one year but within five years	306,485	377,959
	<u>324,352</u>	<u>501,015</u>

28 Deferred taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement in the deferred tax assets and liabilities during the financial year is as follows:

Group	Property, plant and equipment \$'000	Investment properties \$'000	Development property \$'000	Others \$'000	Total \$'000
Deferred tax liabilities					
2013					
Beginning of financial year	5,755	–	366	213	6,334
Currency translation differences	–	331	–	27	358
Recognised in profit or loss	(4,233)	30,209	192	5,462	31,630
End of financial year	1,522	30,540	558	5,702	38,322

2012					
Beginning of financial year	9,877	–	–	321	10,198
Recognised in profit or loss	(4,122)	–	366	(108)	(3,864)
End of financial year	5,755	–	366	213	6,334

Group	Property, plant and equipment \$'000	Others \$'000	Total \$'000
Deferred tax assets			
2013			
Beginning of financial year	937	–	937
Recognised in profit or loss	(937)	–	(937)
End of financial year	–	–	–
2012			
Beginning of financial year	761	31	792
Recognised in profit or loss	176	(31)	145
End of financial year	937	–	937

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	Property, plant and equipment \$'000	Others \$'000	Total \$'000
Company			
Deferred tax liabilities			
2013			
Beginning of financial year	5,755	(158)	5,597
Recognised in profit or loss	(5,484)	–	(5,484)
End of financial year	271	(158)	113
2012			
Beginning of financial year	5,961	181	6,142
Recognised in profit or loss	(206)	(339)	(545)
End of financial year	5,755	(158)	5,597

The Group's and Company's deferred tax liabilities have been computed based on the corporate tax rate and tax laws prevailing at the reporting date.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2012, the Group had unrecognised tax losses of \$7,264,000 which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. These tax losses from prior year expire within one to five years. Deferred tax assets of \$1,816,000 arising from these tax losses had not been recognised.

As at 31 December 2013, the Group did not have unrecognised tax losses as such losses relate to subsidiaries which were disposed in the current year.

29 Other liabilities

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Retention sums payable	889	6,759	–	–
Rental deposits	18,642	20,292	646	4,729
	19,531	27,051	646	4,729

30 Share capital

	Group and Company			
	Number of shares		Amount	
	2013	2012	2013	2012
	'000	'000	\$'000	\$'000
Beginning and end of financial year	981,602	981,602	693,315	693,315

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

At 31 December 2013, the Group held 71,716,000 (2012: 71,716,000) of the Company's shares as treasury shares (note 31).

31 Other reserves

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Asset revaluation reserve	46,135	46,135	965	37,107
Currency translation reserve	(48,902)	(50,993)	–	–
Hedging reserve	(1,042)	–	–	–
Fair value reserve	152,655	124,156	152,716	124,156
Reserve for own shares	(156,044)	(156,044)	(156,044)	(156,044)
Other capital reserves	15,115	25,798	–	–
	7,917	(10,948)	(2,363)	5,219

The movement of other reserves is as follows:

	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Hedging reserve \$'000	Group Fair value reserve \$'000	Reserve for own shares \$'000	Other capital reserves \$'000	Total \$'000
At 1 January 2013	46,135	(50,993)	–	124,156	(156,044)	25,798	(10,948)
Other comprehensive income							
Currency translation differences relating to foreign operations	–	9,606	–	–	–	–	9,606
Currency translation differences on disposal of subsidiaries transferred to profit or loss	–	(8,666)	–	–	–	–	(8,666)
Fair value gain on available-for-sale financial assets	–	–	–	28,499	–	–	28,499
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary	–	–	(1,042)	–	–	–	(1,042)
Share of foreign currency translation differences of associates	–	1,151	–	–	–	–	1,151
Total other comprehensive income, net of tax	–	2,091	(1,042)	28,499	–	–	29,548
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Share of unit costs of a subsidiary	–	–	–	–	–	(10,683)	(10,683)
Total transactions with owners of the Company	–	–	–	–	–	(10,683)	(10,683)
At 31 December 2013	46,135	(48,902)	(1,042)	152,655	(156,044)	15,115	7,917

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	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Hedging reserve \$'000	Group Fair value reserve \$'000	Reserve for own shares \$'000	Other capital reserves \$'000	Total \$'000
At 1 January 2012	46,135	(35,201)	(1,152)	98,350	(82,723)	25,798	51,207
Other comprehensive income							
Currency translation differences relating to foreign operations	–	(13,808)	–	–	–	–	(13,808)
Fair value gain on available-for-sale financial assets	–	–	–	25,806	–	–	25,806
Share of effective portion of changes in fair value of cash flow hedges of an associate	–	–	1,152	–	–	–	1,152
Share of foreign currency translation differences of associates	–	(1,984)	–	–	–	–	(1,984)
Total other comprehensive income, net of tax	–	(15,792)	1,152	25,806	–	–	11,166
Transactions with owners of the Company, recognised directly in equity							
Contributions by and distributions to owners of the Company							
Own shares acquired	–	–	–	–	(73,321)	–	(73,321)
Total transactions with owners of the Company	–	–	–	–	(73,321)	–	(73,321)
At 31 December 2012	46,135	(50,993)	–	124,156	(156,044)	25,798	(10,948)

Asset revaluation reserve

The asset revaluation reserve includes the surplus arising from the one-time valuation of certain leasehold land and building made by the directors on 31 December 1975.

Currency translation reserve

The currency translation reserve comprises:

- (a) exchange differences arising from the translation of financial statements of foreign operations;
- (b) share of currency translation reserves of foreign associates; and
- (c) exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

This relates to the Group's share of the hedging reserve of a subsidiary.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the available-for-sale financial assets until the investments are derecognised or impaired.

Reserve for own shares

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2013, the Group held 71,716,000 (2012: 71,716,000) of the Company's shares as treasury shares. These shares were purchased from the open market for \$156,044,000 (2012: \$156,044,000).

Other capital reserve

The reserves relate to the Group's share of share premium in one of the associates and share of unit issue costs of a subsidiary.

32 Accumulated profits

Movements in the accumulated profits of the Company are as follows:

	Company	
	2013	2012
	\$'000	\$'000
Beginning of financial year	968,231	1,000,406
Net profit for the financial year	1,016,099	95,213
Transfer of asset revaluation reserve to accumulated profits on disposal of a property	36,142	–
Dividend paid	(263,867)	(127,388)
End of financial year	1,756,605	968,231

Movements in the retained earnings of the Group are shown in the Consolidated Statement of Changes in Equity.

33 Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

For the year ended 31 December	Group and Company	
	2013	2012
	\$'000	\$'000
Interim dividend of 1 cents (2012: 3 cents) per ordinary share in respect of current year	9,099	27,297
Special dividend of 20 cents (2012: Nil) per ordinary share in respect of current year	181,977	–
Final dividend of 3 cents (2012: 3 cents) per ordinary share in respect of prior year	27,297	27,298
Special dividend of 5 cents (2012: 8 cents) per ordinary share in respect of prior year	45,494	72,793
	<u>263,867</u>	<u>127,388</u>

After the reporting date, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2013	2012
	\$'000	\$'000
Final dividend of 2 cents (2012: 3 cents) per ordinary share	18,198*	27,297*
Special dividend of 5 cents per ordinary share in 2012	–	45,494*
	<u>18,198</u>	<u>72,791</u>

* The dividend is based on the number of issued ordinary shares (excluding treasury shares) of 909,885,860 (2012: 909,885,860) as at 31 December 2013.

In addition, the Group has declared a distribution *in specie* of part of the stapled securities it holds in OUE Hospitality Trust (“OUE H-Trust”), to all the shareholders of the Company in proportion to their shareholdings in the Company. Further details are set out in note 41.

34 Commitments

Capital commitments

As at 31 December 2013, the Group and the Company have the following capital commitments:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	12,048	6,952	8,905	4,196
Investment properties	142,170	7,787	–	–
Development property	58,149	127,730	–	–
Available-for-sale financial assets	2,019	3,881	–	–
	2,019	3,881	–	–

Operating lease commitments - where the Group and the Company are lessees

The Group and Company lease office equipment, office and a site at Terminal 3 of Changi International Airport under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Not later than one year	13	88	49,185	2,405
Between two and five years	1,000	1,000	195,052	801
Later than five years	16,166	16,416	433,744	–
	17,179	17,504	677,981	3,206

Contingent rent recognised as an expense amounted to \$1,144,000 and \$14,909,000 (2012: \$1,253,000 and \$Nil) by the Group and the Company respectively.

Operating lease commitments - where the Group and the Company are lessors

The Group and Company lease out their investment properties under non-cancellable leases. The lessees are required to pay absolute fixed annual increases to the lease payments and contingent rents computed based on their sales achieved during the lease period. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables are as follows:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Not later than one year	108,176	103,456	3,219	34,983
Between two and five years	170,213	187,389	4,561	62,468
Later than five years	54,904	49,683	–	–
	333,293	340,528	7,780	97,451

Contingent rents, generally determined based on a percentage of tenants' revenue, of \$838,000 and \$424,000 (2012: \$932,000 and \$870,000) have been recognised as income by the Group and the Company respectively in profit or loss during the year.

35 Financial instruments

Overview

The Group is exposed to financial risks arising from its operations. When necessary, the Group uses financial instruments such as interest rate swaps, currency forwards and foreign currency borrowings for the purposes of managing certain financial risks and does not engage in speculation. The key financial risks of the Group include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks.

Risk management framework

The Board of Directors reviews and agrees policies, procedures and limits of authority for the management of the above risks. In setting the financial risk policies and procedures framework, the Board of Directors endeavours to strike a balance between costs of risks occurring and the costs of managing the risks. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee provides independent oversight on the effectiveness of the risk management policies, procedures and processes through review of the Group's exposure to financial risks on quarterly basis and independent internal audit reporting.

Foreign currency risk

Foreign currency risk arises from transactions denominated or settled in foreign currencies, borrowings and translation of net assets of investments in foreign subsidiaries and associates.

The Group is exposed to foreign currency risk mainly arising from borrowings denominated in the United States Dollars ("USD"). The other currencies giving rise to this risk include Great Britain Pound ("GBP") and Indonesian Rupiah ("IDR"). Currency exposure to the net assets of the Group's subsidiaries and associates is mainly in the United States of America, The People's Republic of China and Malaysia.

The Group management monitors the Group's foreign currency risk exposure and, when appropriate, uses financial derivatives such as forward contracts and cross currency swaps to hedge such exposure, only to the extent that the foreign currency exposure relates to monetary items. The Group does not hedge foreign currency exposure arising from (i) non-monetary items; and (ii) translation of Group's entities financial statements.

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The Group's currency exposure (expressed in Singapore Dollar ("SGD") equivalent) based on the information provided to key management is as follows:

SGD equivalent	Currency Exposure					Total \$'000
	SGD \$'000	USD \$'000	IDR \$'000	GBP \$'000	Others \$'000	
As at 31 December 2013						
Cash and cash equivalents	691,497	35,722	404	–	2,990	730,613
Trade and other receivables	20,492	746	–	–	1,012	22,250
Other assets *	7,546	1,659	–	–	144	9,349
Other investments	–	2,561	3,648	3,269	–	9,478
Available-for-sale financial assets	182,716	10,588	–	–	–	193,304
Trade and other payables	(79,035)	(7,464)	–	–	(349)	(86,848)
Borrowings	(2,004,160)	(755,113)	–	–	–	(2,759,273)
Other liabilities	(18,427)	(1,104)	–	–	–	(19,531)
Net financial (liabilities)/assets	(1,199,371)	(712,405)	4,052	3,269	3,797	(1,900,658)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies	1,199,371	242,616	–	–	(1,556)	1,440,431
Less: Cross currency swaps	–	(469,789)	4,052	3,269	2,241	(460,227)
Net exposure	–	470,276	–	–	–	470,276
	–	487	4,052	3,269	2,241	10,049
As at 31 December 2012						
Cash and cash equivalents			556,188	5,132	43,317	604,637
Trade and other receivables			34,348	–	1,122	35,470
Other assets *			6,089	8	247	6,344
Available-for-sale financial assets			154,156	8,314	–	162,470
Trade and other payables			(76,896)	(975)	(5,326)	(83,197)
Borrowings			(2,132,126)	(459,260)	–	(2,591,386)
Other liabilities			(27,051)	–	–	(27,051)
Net financial (liabilities)/assets			(1,485,292)	(446,781)	39,360	(1,892,713)
Less: Net financial (liabilities)/assets denominated in the respective entities' functional currencies			1,485,292	(8,249)	(27,424)	1,449,619
Net exposure			–	(455,030)	11,936	(443,094)

* Excluding prepayments

The Company is exposed to currency risk on its USD loans provided to subsidiaries amounting to \$220,843,000. There was no significant currency risk exposure in the prior year.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rates (against SGD), with all other variables held constant, of the Group's profit before tax.

	Group		Company	
	Increase/(Decrease)		Increase/(Decrease)	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
USD against SGD				
- strengthened 4% (2012: 8%)	1,609	(36,402)	8,834	–
- weakened 4% (2012: 8%)	(1,609)	36,402	(8,834)	–
IDR against SGD				
- strengthened 17% (2012: Nil)	689	–	–	–
- weakened 17% (2012: Nil)	(689)	–	–	–
GBP against SGD				
- strengthened 4% (2012: Nil)	131	–	–	–
- weakened 4% (2012: Nil)	(131)	–	–	–

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from the cash at bank, fixed deposits with financial institutions, non-trade receivables from associates and subsidiaries and borrowings.

The Group manages its interest rate exposure by borrowing a mix of fixed and variable rate borrowings, and also uses interest rate swaps as cash flow hedges of future interest payments, whenever it is appropriate.

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Notional amount		Notional amount	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Loans to subsidiaries	–	–	786,296	324,263
Loan to associate	3,484	3,354	3,484	3,354
Borrowings	(1,000,000)	(1,300,000)	(1,000,000)	(1,300,000)
Interest rate swaps	(587,000)	–	–	–
	(1,583,516)	(1,296,646)	(210,220)	(972,383)

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	Group		Company	
	Notional amount		Notional amount	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments				
Cash and cash equivalents	283,462	264,644	251,093	222,678
Trade and other receivables	–	–	–	461,710
Loans to subsidiaries	–	–	330,847	258,000
Trade and other payables	–	–	(143,356)	(143,356)
Borrowings	(1,759,273)	(1,276,420)	(50,000)	(450,000)
Interest rate swaps	587,000	–	–	–
	<u>(888,811)</u>	<u>(1,011,776)</u>	<u>388,584</u>	<u>349,032</u>

All of the Group's and the Company's financial assets and liabilities at floating rates are repriced at intervals of 6 months or less (2012: 6 months or less).

Sensitivity analysis for interest rate risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's and the Company's profit before tax and equity (through the impact on variable rate instruments).

	Profit or loss		Equity
	Increase/ Decrease in basis points	Effect on profit before tax \$'000	Effect on equity \$'000
Group			
31 December 2013	+10	(1,196)	17
	-10	1,242	(15)
		<hr/>	
31 December 2012	+40	(4,047)	–
	- 40	4,047	–
		<hr/>	
Company			
31 December 2013	+10	389	–
	-10	(389)	–
		<hr/>	
31 December 2012	+40	1,396	–
	- 40	(1,396)	–
		<hr/> <hr/>	

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial assets should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from loans and receivables. For investments in equity securities and cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Credit risk concentration profile

The credit risk for loans and receivables based on the information provided to key management is as follows:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
By geographical areas				
Singapore	25,464	38,514	1,651,335	1,329,184
Indonesia	876	1,055	801	1,021
The People's Republic of China	1,245	1,080	28	16
Malaysia	868	255	47	33
United States of America	2,420	–	10,343	–
Others	726	910	422,182	428,418
	<u>31,599</u>	<u>41,814</u>	<u>2,084,736</u>	<u>1,758,672</u>
By types of customers				
Related parties	3,542	3,569	2,070,919	1,741,752
Non-related parties				
- Multi-national companies	5,495	5,560	3,838	4,301
- Other companies	22,024	30,528	9,979	12,617
- Individuals	538	2,157	–	2
	<u>31,599</u>	<u>41,814</u>	<u>2,084,736</u>	<u>1,758,672</u>

Financial assets that are neither past due nor impaired

Loans and receivables that are neither past due nor impaired are substantially companies with a good payment track record with the Group.

Cash and cash equivalents

The Group and Company held cash and cash equivalents of \$730,613,000 and \$551,331,000 respectively at 31 December 2013 (2012: \$604,637,000 and \$430,682,000 respectively), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks with high credit ratings assigned by international credit rating agencies.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 27) at the end of the reporting period is \$324,352,000 (2012:\$501,015,000). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group has contractual commitments to incur capital expenditure with regard to its property, plant and equipment, investment properties, development property and available-for-sale financial assets (note 34).

The table below highlights the maturity profile of the Group's and Company's financial liabilities based on contractual undiscounted cash flows, including the interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000
At 31 December 2013						
Non-derivative financial liabilities						
Trade and other payables and other liabilities	106,379	(106,379)	(86,848)	(11,334)	(4,479)	(3,718)
Borrowings	2,742,020	(2,989,690)	(424,412)	(1,088,007)	(1,270,215)	(207,056)
	<u>2,848,399</u>	<u>(3,096,069)</u>	<u>(511,260)</u>	<u>(1,099,341)</u>	<u>(1,274,694)</u>	<u>(210,774)</u>
Derivative financial instruments						
Interest rate swaps (net-settled)	5,728	5,387	4,971	2,466	(2,050)	–
Cross currency swaps (net-settled)	(4,507)	(4,540)	(97)	(4,443)	–	–
	<u>1,221</u>	<u>847</u>	<u>4,874</u>	<u>(1,977)</u>	<u>(2,050)</u>	<u>–</u>
	<u>2,849,620</u>	<u>(3,095,222)</u>	<u>(506,386)</u>	<u>(1,101,318)</u>	<u>(1,276,744)</u>	<u>(210,774)</u>
At 31 December 2012						
Non-derivative financial liabilities						
Trade and other payables and other liabilities	110,248	(110,248)	(83,197)	(13,536)	(10,134)	(3,381)
Borrowings	2,574,407	(2,791,952)	(933,516)	(817,749)	(826,520)	(214,167)
	<u>2,684,655</u>	<u>(2,902,200)</u>	<u>(1,016,713)</u>	<u>(831,285)</u>	<u>(836,654)</u>	<u>(217,548)</u>

All the interest rate swaps are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact profit or loss.

Company	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	More than 5 years \$'000
At 31 December 2013						
Trade and other payables and other liabilities	300,744	(300,744)	(300,098)	(245)	(401)	–
Borrowings	1,044,291	(1,163,730)	(385,785)	(229,237)	(341,652)	(207,056)
	<u>1,345,035</u>	<u>(1,464,474)</u>	<u>(685,883)</u>	<u>(229,482)</u>	<u>(342,053)</u>	<u>(207,056)</u>
At 31 December 2012						
Trade and other payables and other liabilities	199,699	(199,699)	(194,970)	(1,292)	(3,437)	–
Borrowings	1,738,079	(1,923,778)	(810,461)	(335,550)	(563,600)	(214,167)
	<u>1,937,778</u>	<u>(2,123,477)</u>	<u>(1,005,431)</u>	<u>(336,842)</u>	<u>(567,037)</u>	<u>(214,167)</u>

The maturity analyses show the undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled. Net-settled derivative financial assets are included in the maturity analyses as they are held to hedge the cash flow variability of the Group's borrowings.

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

Equity price risk

Equity price risk arises from available-for-sale financial assets as well as investments at fair value through profit or loss. Management of the Group monitors the mix of debt and equity securities in its investment portfolio based on its fair value.

- (a) The Group has an investment in an unlisted security and limited partnership. The fair value of these investments is estimated based on the net asset value of the investee entities adjusted for the fair value of the underlying properties as at the reporting date. When appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments. The fair values of the underlying properties are subject to market risk.

If the adjusted net asset value of the investee entities is to increase/decrease by 10%, the Group's fair value reserve will increase/decrease by approximately \$19.6 million (2012: \$16.2 million).

- (b) The Group is exposed to price changes from its quoted equity investments. If the underlying prices of the investments increase/decrease by 10% at the reporting date, profit before tax would increase/decrease by approximately \$0.9 million. There were no such quoted investments in prior year.

Accounting classifications and fair values

Fair value versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Loans and receivables \$'000	Designated at fair value \$'000	Fair value -- hedging instruments \$'000	Available- for-sale financial assets \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
2013							
Assets							
Cash and cash equivalents	730,613	-	-	-	-	730,613	730,613
Trade and other receivables	22,250	-	-	-	-	22,250	22,250
Other investments	-	9,478	-	-	-	9,478	9,478
Other assets *	9,349	-	-	-	-	9,349	9,349
Available-for-sale financial assets	-	-	-	193,304	-	193,304	193,304
Cross currency swaps	-	-	4,507	-	-	4,507	4,507
	<u>762,212</u>	<u>9,478</u>	<u>4,507</u>	<u>193,304</u>	<u>-</u>	<u>969,501</u>	<u>969,501</u>
Liabilities							
Trade and other payables	-	-	-	-	(86,848)	(86,848)	(86,848)
Borrowings	-	-	-	-	(2,742,020)	(2,742,020)	(2,774,105)
Other liabilities	-	-	-	-	(19,531)	(19,531)	(17,748)
Interest rate swaps	-	-	(5,728)	-	-	(5,728)	(5,728)
	<u>-</u>	<u>-</u>	<u>(5,728)</u>	<u>-</u>	<u>(2,848,399)</u>	<u>(2,854,127)</u>	<u>(2,884,429)</u>

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Group	Note	Loans and receivables \$'000	Available- for-sale financial assets \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
2012						
Assets						
Cash and cash equivalents	13	604,637	–	–	604,637	604,637
Trade and other receivables	14	35,470	–	–	35,470	35,470
Other assets *	18	6,344	–	–	6,344	6,344
Available-for-sale financial assets	19	–	162,470	–	162,470	162,470
		<u>646,451</u>	<u>162,470</u>	<u>–</u>	<u>808,921</u>	<u>808,921</u>
Liabilities						
Trade and other payables	26	–	–	(83,197)	(83,197)	(83,197)
Borrowings	27	–	–	(2,559,441)	(2,559,441)	(2,597,783)
Other liabilities	29	–	–	(27,051)	(27,051)	(24,772)
		<u>–</u>	<u>–</u>	<u>(2,669,689)</u>	<u>(2,669,689)</u>	<u>(2,705,752)</u>

Company	Loans and receivables \$'000	Available-for-sale financial assets \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
2013					
Assets					
Cash and cash equivalents	551,331	-	-	551,331	551,331
Trade and other receivables	568,559	-	-	568,559	568,559
Other assets *	28,184	-	-	28,184	28,184
Loans to other subsidiaries	1,487,993	-	-	1,487,993	1,487,993
Available-for-sale financial assets	-	182,716	-	182,716	182,716
	<u>2,636,067</u>	<u>182,716</u>	<u>-</u>	<u>2,818,783</u>	<u>2,818,783</u>
Liabilities					
Trade and other payables	-	-	(300,098)	(300,098)	(300,098)
Borrowings	-	-	(1,044,291)	(1,044,291)	(1,076,376)
Other liabilities	-	-	(646)	(646)	(600)
	<u>-</u>	<u>-</u>	<u>(1,345,035)</u>	<u>(1,345,035)</u>	<u>(1,377,074)</u>

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Company	Loans and receivables	Available-for-sale financial assets	Other financial liabilities within the scope of FRS 39	Total carrying amount	Fair value
Note	\$'000	\$'000	\$'000	\$'000	\$'000
2012					
Assets					
Cash and cash equivalents	430,682	-	-	430,682	430,682
Trade and other receivables	978,820	-	-	978,820	978,820
Other assets *	4,053	-	-	4,053	4,053
Loans to other subsidiaries	775,799	-	-	775,799	775,799
Available-for-sale financial assets	-	154,156	-	154,156	154,156
	2,189,354	154,156	-	2,343,510	2,343,510
Liabilities					
Trade and other payables	-	-	(194,970)	(194,970)	(194,970)
Borrowings	-	-	(1,738,079)	(1,738,079)	(1,776,421)
Other liabilities	-	-	(4,729)	(4,729)	(4,283)
	-	-	(1,937,778)	(1,937,778)	(1,975,674)

* Excluding prepayments

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance 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 finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirement of FRS, including the level in the fair value hierarchy and the resulting fair value estimate should be classified.

Interest rate used for determining fair values

The interest rates used to discount estimated cash flows were as follows:

	2013 %	2012 %
Borrowings	2.20 – 4.95	2.51 – 4.95
Other liabilities	3.36	3.44

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.
- **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).
- **Level 3:** unobservable inputs for the asset or liability.

Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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Financial assets and financial liabilities carried at fair value

Group

31 December 2013

Other investments	16	9,478	–	–	9,478
Available-for-sale financial assets	19	–	–	193,304	193,304
Cross currency swaps	25	–	4,507	–	4,507
Interest rate swaps	25	–	(5,728)	–	(5,728)
		9,478	(1,221)	193,304	201,561

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	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2012					
Available-for-sale financial assets	19	–	–	162,470	162,470
Company					
31 December 2013					
Available-for-sale financial assets	19	–	–	182,716	182,716
31 December 2012					
Available-for-sale financial assets	19	–	–	154,156	154,156

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
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*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

Group					
31 December 2013					
Borrowings	27	–	(2,774,105)	–	(2,774,105)
Other liabilities	29	–	–	(17,748)	(17,748)
		–	(2,774,105)	(17,748)	(2,791,853)
31 December 2012					
Borrowings	27	–	(2,597,783)	–	(2,597,783)
Other liabilities	29	–	–	(24,772)	(24,772)
		–	(2,597,783)	(24,772)	(2,622,555)
Company					
31 December 2013					
Borrowings	27	–	(1,076,376)	–	(1,076,376)
Other liabilities	29	–	–	(600)	(600)
		–	(1,076,376)	(600)	(1,076,976)
31 December 2012					
Borrowings	27	–	(1,776,421)	–	(1,776,421)
Other liabilities	29	–	–	(4,283)	(4,283)
		–	(1,776,421)	(4,283)	(1,780,704)

* 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.

Further details on the valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 36.

Level 3 fair values

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:

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
At 1 January	162,470	128,350	154,156	128,350
Additional investment	2,013	8,314	–	–
Fair value gain recognised in fair value reserve	28,499	25,806	28,560	25,806
Currency translation differences	322	–	–	–
At 31 December	193,304	162,470	182,716	154,156

The following table shows the key unobservable inputs used in the determination of fair value of the available-for-sale equity securities.

Valuation techniques	Unobservable input	Inter-relationship between significant unobservable input and fair value measurement
The fair value is calculated using the net assets values of the investee entities adjusted for the fair value of the underlying properties. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.	Discount rate (0%-20%)	A significant increase in the discount rate would result in a significantly lower fair value measurement. Conversely, a significant decrease in the discount rate would result in a significantly higher fair value measurement.

Where a discount rate is applied and the discount rate used in estimating the fair value is to increase/decrease by 500 basis points from the management's estimates, the Group's fair value gain will decrease/increase by \$11.4 million (2012: \$10.3 million). Correspondingly, the Group's carrying amount of the unlisted investments will be decreased/increased by the amount.

36 Determination of fair value

A number of the 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. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment properties

The fair values of investment properties are based on independent valuations undertaken. Further information is set out below and in note 22.

Other investments at fair value through profit or loss

The fair value of equity investments is determined by reference to their quoted closing bid prices at the reporting date.

Available-for-sale financial assets

The fair value of the Group's investments in an unlisted security and a limited partnership are estimated based on the net asset values of the investee entities, which take into consideration the fair value of the underlying properties held by these entities. Where appropriate, a discount is applied to take into consideration of the non-marketable nature of the investments.

Financial derivatives

The fair values of the cross currency and interest rate swaps (Level 2 fair values) are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the entities and counterparty when appropriate.

Non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each reporting date. Fair value of interest-bearing borrowings with a maturity of less than one year or which reprice within six months are assumed to approximate their fair values because of the short period to maturity or repricing.

Fair value of other non-derivative financial liabilities is calculated based on the present value of expected future principal and interest cash flows, where the discount rate is computed from the market interest rates at the reporting date, or the quoted price of the debt instrument at the reporting date, where applicable.

Other financial assets

The carrying amounts of financial assets with a maturity of less than one year (including trade and other receivables and cash and cash equivalents) are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 35.

The table below analyses non-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 the Group 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).
- **Level 3:** unobservable inputs for the asset or liability.

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group					
31 December 2013					
Investment properties	22	–	–	3,467,003	3,467,003
31 December 2012					
Investment properties	22	–	–	3,021,000	3,021,000
Company					
31 December 2013					
Investment properties	22	–	–	–	–
31 December 2012					
Investment properties	22	–	–	540,000	540,000

Level 3 fair values

The reconciliation from the beginning balances to the ending balances for investment properties is set out in note 22.

The following table shows the key unobservable inputs used in the valuation models as at 31 December 2013:

Valuation techniques	Unobservable input	Range	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow approach	Rent growth rate	0% - 5%	Significant increases in rent growth rate and price per square foot would result in a significantly higher fair value measurement. Conversely, significant increases in discount rate, terminal yield and capitalisation rate in isolation would result in a significantly lower fair value measurement.
	Discount rate	7% - 9%	
	Terminal yield	4% - 8%	
Capitalisation approach	Capitalisation rate	3.5% - 6.5%	
Market comparable approach	Price per square foot	\$429 - \$5,361	

Valuation processes applied by the 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. The valuation company provides the fair value of the Group's investment properties annually.

37 Capital management

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure so as to maximise shareholders' value. Capital consists of share capital, other reserves, accumulated profits and non-controlling interest.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, and obtain new borrowings to leverage on lower cost of borrowings versus the Group's weighted average cost of capital or sell assets to reduce borrowings.

From time to time, the Group purchases its own shares on the market, the timing of these purchases depends on market prices, buy and sell decisions are made on a specific transaction basis by the management. The Group does not have a defined share buy-back plan.

Management monitors capital based on a set of financial ratios with the primary focus on gearing ratio. The Group's and the Company's strategies, which remain relatively unchanged from 2012, are to maintain a gearing ratio of within 40% to 50% and 60% to 70%, respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Net debt	2,117,786	2,080,018	793,704	1,507,096
Total equity	3,515,024	3,173,505	2,447,557	1,666,765
Total capital	<u>5,632,810</u>	<u>5,253,523</u>	<u>3,241,261</u>	<u>3,173,861</u>
Gearing ratio	<u>37.6%</u>	<u>39.6%</u>	<u>24.5%</u>	<u>47.5%</u>

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

38 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties during the financial year on terms agreed between the parties concerned:

	Group	
	2013	2012
	\$'000	\$'000
<u>With associates</u>		
Management fees earned	4,539	5,102
Interest income from loans	34	34
Purchase of food and beverage products	<u>3</u>	<u>—</u>

	Group	
	2013	2012
	\$'000	\$'000
<u>With other related parties</u>		
Purchase of food and beverage products	529	414
Rental income	2,037	2,104
Hotel services income	267	130
Professional fees	575	394
Purchase of property, plant and equipment	–	327
Management fee expenses	1,767	–
Payments made on behalf for related parties	27	–
Reimbursement of expenses to related parties	1,461	–
	1,461	–

Other related parties comprise mainly entities which are controlled or jointly-controlled by the Group's key management personnel and their close family members.

The Company made loans and advances to subsidiaries, associates and jointly controlled entity as disclosed in notes 14, 20 and 21 of the financial statements.

Key management personnel remuneration

Key management personnel remuneration is as follows:

	Group	
	2013	2012
	\$'000	\$'000
Short-term employee benefits	6,107	6,765
Post-employment benefits (including Central Provident Fund)	58	74
	6,165	6,839

39 Segment information

Management has determined the operating segments based on the reports reviewed by Management that are used to make strategic decisions. The Management comprises the Chief Executive Officer, the Chief Financial Officer, and the department heads of each business segment.

The Group has the following reportable segments:

- (i) Hospitality (Singapore, China and Others) - operation of hotels and hotel management in the respective countries.
- (ii) Property investments - rental income from investment properties owned by the Group.
- (iii) Property development - sale of residential properties.
- (iv) Fund management - management of real estate investment trust.

Other operations include mainly investment holding and trading operations. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2012 and 2013.

Sales between segments are carried out at arm's length. The revenue from external parties reported to Management is measured in a manner consistent with that in the statement of comprehensive income.

Information regarding the results of each reportable segment is included below. Management assesses the performance of the operating segments based on a measure of profit before tax. This measurement basis is consistent with that in the statement of comprehensive income.

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	Hospitality		Property investments				Elimination and unallocated items \$'000	Total \$'000			
	Singapore \$'000	China \$'000	Others \$'000	Singapore \$'000	United States of America \$'000	Property development \$'000			Fund management \$'000	Others \$'000	Segment Total \$'000
2013											
Revenue	201,814	25,632	2,126	113,992	24,122	62,743	—	6,037	436,466	98	436,564
External revenue	631	—	—	37,792	—	—	4,832	24	43,279	(43,279)	—
Inter-segment revenue	—	—	—	—	—	—	—	—	—	—	—
Segment revenue (including inter-segment revenue)	202,445	25,632	2,126	151,784	24,122	62,743	4,832	6,061	479,745	(43,181)	436,564
Segment profit/(loss) before interest and tax	49,721	367	1,092	(11,109)	83,783	2,713	1,974	(1,411)	127,130	(35,240)	91,890
Depreciation	(15,139)	(4,335)	—	(17)	(7)	—	—	(1,098)	(20,596)	(1,622)	(22,218)
Interest expense	(2,893)	—	—	(33,272)	(3,011)	—	—	(418)	(39,594)	(40,011)	(79,605)
Interest income	60	656	—	3,718	10	—	—	17	4,461	(2,611)	1,850
Share of results of associates and jointly controlled entity,											
net of tax	5,705	(36)	—	11,693	—	—	—	—	17,362	(2)	17,360
Other material items											
Fair value (loss)/gain on investment properties	—	—	—	(120,519)	73,532	—	—	—	(46,987)	—	(46,987)
Segment assets	428,443	571	1,504	3,037,462	571,890	857,726	1,985	221,695	5,121,276	576,447	5,697,723
Investment in associates and jointly controlled entity	38,582	11,369	—	644,629	—	—	—	—	694,580	25,894	720,474
Segment liabilities	23,586	264	84	1,105,452	282,549	373,779	1,312	1,521	1,788,547	1,114,626	2,903,173
Capital expenditure	14,589	1,712	—	22,480	3,927	—	96	2,816	45,620	—	45,620

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	Hospitality					Elimination and unallocated items	Total
	Singapore	China	Others	Property investments	Property development		
2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
External revenue	200,218	38,085	1,107	144,657	31,387	2,424	417,878
Inter-segment revenue	109	-	-	2,469	-	-	2,578
Segment revenue (including inter-segment revenue)	200,327	38,085	1,107	147,126	31,387	2,424	420,456
Segment profit/(loss) before interest and tax	83,539	8,724	991	108,207	4,722	4,748	210,931
Depreciation	(17,906)	(5,707)	-	(30)	-	-	(23,643)
Interest expense	(2,901)	-	-	(41,841)	-	(42)	(44,784)
Interest income	66	589	54	4,323	-	102	5,134
Share of results of associates and jointly controlled entity, net of tax	6,317	(70)	-	(30,375)	-	-	(24,128)
Other material items							
Fair value gain on investment properties	-	-	-	24,452	-	-	24,452
Reversal of impairment losses on property, plant and equipment	-	4,487	-	-	-	-	4,487
Segment assets	453,136	157,597	708	3,097,917	813,009	188,911	4,711,278
Investment in associates and jointly controlled entity	35,735	11,018	-	642,537	-	-	689,290
Segment liabilities	26,106	5,243	84	490,846	378,706	1,206	902,191
Capital expenditure	5,423	1,655	-	9,511	-	3,580	20,169
							9,274
							29,443
							454,812
							5,166,090
							32,127
							721,417
							1,811,811
							2,714,002
							(24,135)
							188,537
							(24,753)
							(88,355)
							2,670

Reconciliation of reportable segment revenue and profit/ (loss) before interest and tax

	2013	2012
	\$'000	\$'000
Revenue		
Total revenue for reportable segments	473,684	418,032
Revenue for other segment	6,061	2,424
Unallocated amounts	3,552	3,037
Elimination of inter-segment revenue	(46,733)	(5,530)
Consolidated total revenue	436,564	417,963
Profit or loss		
Total profit or loss before interest and tax for reportable segments	128,541	206,183
Profit or loss before interest and tax for other segment	(1,411)	4,748
Elimination of inter-segment profits	(799)	(749)
Interest expense	(79,605)	(88,355)
Interest income	1,850	2,670
Unallocated corporate expenses	(34,441)	(21,645)
Consolidated profit before tax	14,135	102,852

Reconciliations of reportable segment assets and liabilities

	2013	2012
	\$'000	\$'000
Assets		
Total assets for reportable segments	4,899,581	4,522,367
Assets for other segment	221,695	188,911
Investment in associates and jointly controlled entity	694,580	689,290
	5,815,856	5,400,568
Elimination of inter-segment transactions	(5,117)	(5,928)
Other unallocated amounts		
- Property, plant and equipment	15,855	15,190
- Investment in associates	25,894	32,127
- Cash and cash equivalents	560,988	432,808
- Trade and other receivables	541	10,045
- Other assets	4,180	1,760
- Deferred tax assets	-	937
Consolidated total assets	6,418,197	5,887,507
Liabilities		
Total liabilities for reportable segments	1,787,026	900,985
Liabilities for other segment	1,521	1,206
Other unallocated amounts		
- Borrowings	1,044,290	1,753,046
- Trade and other payables	21,290	24,916
- Current tax liabilities	10,724	23,013
- Deferred tax liabilities	38,322	6,334
- Other liabilities	-	4,502
Consolidated total liabilities	2,903,173	2,714,002

Geographical information

	Revenue		Non-current assets *	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Singapore	384,684	378,771	4,039,996	4,113,013
The People's Republic of China	25,632	38,085	11,369	135,660
United States of America	24,122	–	546,107	–
Others	2,126	1,107	–	32,127
	<u>436,564</u>	<u>417,963</u>	<u>4,597,472</u>	<u>4,280,800</u>

* Non-current assets relate to the carrying amounts of investments in associates and jointly controlled entity, investment properties, property, plant and equipment and intangible asset.

There is no single external customer who contributes 10 per cent or more of the Group's revenue during the financial years ended 31 December 2012 and 2013.

40 Disposal of subsidiaries

The list of significant subsidiaries disposed during the year is as follows:

Name of subsidiary	Date of disposal	Effective interest disposed
Hotel Investment (Hainan) Private Limited	September 2013	100%
Hainan Mandarin Hotel Limited	September 2013	100%
Hotel Investment (Shantou) Private Limited	September 2013	80%
Meritus Shantou Hotel Co., Ltd.	September 2013	80%

The disposed subsidiaries contributed net loss of \$285,000 to the Group from 1 January 2013 to the date of disposal.

Effect of disposals

The cash flow and net assets of subsidiaries disposed are as follows:

	Note	Group \$'000
Property, plant and equipment	23	128,604
Cash and cash equivalents		34,145
Trade and other receivables		1,073
Inventory		730
Trade and other payables		(4,077)
Loan from non-controlling interests		(14,966)
Current tax payable		(121)
Non-controlling interests		(1,752)
Net identified assets		<u>143,636</u>
Realisation of foreign currency translation reserve		(8,666)
Loss on disposal of subsidiaries (including transaction costs)		<u>(3,497)</u>
Total consideration		131,473
Excess consideration received to be refunded		288
Less: transaction costs not yet paid		(300)
Cash and cash equivalents disposed		<u>(34,145)</u>
Net cash inflow		<u>97,316</u>

41 Subsequent event

(i) Listing of OUE Commercial Real Estate Investment Trust

On 27 January 2014, the Group completed the listing of OUE Commercial Real Estate Investment Trust ("OUE C-REIT") on the Main Board of the Singapore Stock Exchange Securities Trading Limited (the "SGX-ST"). The Group holds an effective interest of 47.8% in OUE C-REIT as at 5 March 2014.

(ii) Distribution *In Specie*

On 27 February 2014, the Group declared a distribution *in specie* of part of the stapled securities it holds in a subsidiary, OUE Hospitality Trust ("OUE H-Trust"), to all the shareholders of the Company in proportion to their shareholdings in the Company (the "Distribution *In Specie*"). The Distribution *In Specie* was approved by the shareholders at an extraordinary general meeting of the Company held on 4 December 2013. Shareholders entitled to the Distribution *In Specie* will receive one stapled security for every six ordinary shares in the Company. The distribution is expected to be completed by 31 March 2014. Subsequent to the distribution, the Group's effective interest in OUE H-Trust is expected to be reduced from 45.3% to approximately 33.9%.

42 Listing of companies in the Group

Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2013	2012	2013	2012
			%	%	%	%
Subsidiaries						
Singapore Mandarin International Hotels Pte Ltd	Hotel management	Singapore	–	–	100	100
Meritus Hotels & Resorts Sdn. Bhd. ^(a)	Hotel management	Malaysia	–	–	100	100
Meritus Hotels & Resorts Marketing Services Sdn. Bhd. ^(a)	Hotel promoters	Malaysia	–	–	100	100
Clifford Development Pte. Ltd.	Property investment	Singapore	100	100	–	–
Singapore Meritus International Hotels Pte Ltd	Hotel management	Singapore	–	–	100	100
Meritus Hotels & Resorts Limited ^(f)	Dormant	Hong Kong	–	–	100	100
Meritus Hospitality Services (Thailand) Co., Ltd ^(c)	Managers and operators of service apartments and resort	Thailand	–	–	49 ⁽ⁱ⁾	49 ⁽ⁱ⁾
SMI Services (Thailand) Co., Ltd. ^(c)	Managers and operators of food & beverage, entertainment and recreational outlets	Thailand	–	–	49 ⁽ⁱ⁾	49 ⁽ⁱ⁾
Meritus Hospitality Services Pte Ltd ^(f)	Dormant	Singapore	100	100	–	–
OUE Trading Private Limited	Trading and commission agent and commercial laundry operator	Singapore	100	100	–	–
OUE Airport Hotel Pte. Ltd.	Hotel operation	Singapore	–	–	100	100
Imperial Development Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Imperial Development Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Reef Development Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
OUE Reef Development Pte. Ltd. ^(f)	Investment holding	Singapore	–	–	100	100

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Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company 2013 %	2012 %	Subsidiaries 2013 %	2012 %
Subsidiaries						
e-magination.com Pte Ltd ^(f)	Dormant	Singapore	–	–	100	100
Hotel Investment (Marina) Private Limited	Investment holding	Singapore	100	100	–	–
Mandarin Hotel (Singapore) Private Limited ^(f)	Dormant	Singapore	100	100	–	–
Hotel Investment (Hainan) Private Limited	Investment holding	Singapore	–	100	–	–
Hainan Mandarin Hotel Limited ^(b)	Hotel operation	The People's Republic of China	–	–	–	100
Hotel Investment (Shantou) Private Limited	Investment holding	Singapore	–	80	–	–
Meritus Shantou Hotel Co., Ltd. ^(b)	Hotel operation	The People's Republic of China	–	–	–	100
Meritus Hotels & Resorts (Hainan) Company Limited ^(b)	Hotel management	The People's Republic of China	–	–	100	100
Seaview Property Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
Cove Development Pte. Ltd.	Property development	Singapore	–	–	100	100
OUE Investments Pte. Ltd.	Investment holding	Singapore	100	100	–	–
OUE Hotels (Asia) Pte. Ltd.	Hotel management	Singapore	100	100	–	–
OUE Property Services Pte. Ltd.	Property management	Singapore	100	100	–	–
Total Apex Limited ^(f)	Investment holding	British Virgin Islands	100	100	–	–
Alkas Realty Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Meritus International Pte. Ltd.	Hotel management	Singapore	100	100	–	–
Meritus Hotels Pte. Ltd.	Investment holding	Singapore	–	–	100	100

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Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2013 %	2012 %	2013 %	2012 %
Subsidiaries						
OUE Hotels (Japan) Pte. Ltd.	Hotel Management	Singapore	–	–	100	100
Meritus Trademarks Pte. Ltd.	Receive royalties/ licensing fee for the use of trademarks/ service marks	Singapore	–	–	100	100
OUE Commercial Property Management Pte. Ltd. (formerly known as OUE Hotel Properties (Narita) Pte. Ltd.)	Commerical and industrial real estate management	Singapore	100	–	–	100
Beringia Singapore Pte. Ltd. (formerly known as OUE Hotel Services (Narita) Pte. Ltd.)	Investment holding	Singapore	–	–	100	100
OUE Property Management Pte. Ltd. (formerly known as OUE Global Pte. Ltd.)	Commercial and industrial real estate management	Singapore	100	100	–	–
Clovis Singapore Pte. Ltd. (formerly known as LOC Korea Investment Pte. Ltd.)	Investment holding	Singapore	–	–	100	100
OUE International Holdings Pte. Ltd.	Investment holding	Singapore	100	100	–	–
OUE Worldwide Pte. Ltd.	Investment holding	Singapore	–	–	100	100
Madison Central Co., Ltd. ^(f)	Investment holding	Delaware, The United States of America	–	–	100	100
LOCZ Holdings Pte. Ltd. ^(g)	Investment holding	Singapore	–	–	–	100
LOCZ Korea Investment Pte. Ltd. ^(g)	Investment holding	Singapore	–	–	–	100
LOCZ Korea Corporation ^(h)	Investment holding	Korea	–	–	–	100

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Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2013 %	2012 %	2013 %	2012 %
Subsidiaries						
OUE Restaurants Pte. Ltd. (formerly known as OUE Retail Management Services Pte. Ltd.)	Restaurants, cafes and bars	Singapore	100	100	–	–
Shantou Tianyi Management Co., Ltd. ^(b)	KTV operation	The People's Republic of China	–	–	–	99
Arbon Holdings Ltd ^(f)	Investment holding	Cayman Islands	100	50	–	–
Arbon Pte. Ltd.	Investment holding	Singapore	–	–	100	–
OUE Baytown Pte. Ltd.	Investment holding	Singapore	–	–	100	–
Beringia Properties Corp. ^(f)	Property investment	Delaware, The United States of America	–	–	100	–
Beringia Central LLC ^(e)	Property holding	Delaware, The United States of America	–	–	100	–
OUE USA Services Corp. ^(f)	Property investment advisory services	Delaware, The United States of America	–	–	100	–
Clovis Central LLC (formerly known as OUE US Services LLC) ^(f)	Property investment advisory services	Delaware, The United States of America	–	–	100	–
Clovis Properties Corp. ^(f)	Property investment holding	Delaware, The United States of America	–	–	100	–
OUE Hospitality Trust ^(k)	Real estate investment trust/ property business trust ^(l)	Singapore	45.2	–	–	–
OUE Hospitality REIT Management Pte. Ltd.	REIT manager for the REIT	Singapore	100	–	–	–
OUE Commercial REIT Management Pte. Ltd.	REIT manager for the REIT	Singapore	100	–	–	–
OUE Hospitality Trust Management Pte. Ltd.	Trustee-manager for the Business Trust	Singapore	100	–	–	–
PT. MHPL Indonesia ^(f)	Business management and consultation	Indonesia	–	–	100	–
OUE Properties (East Asia) Limited ^(f)	Investment holding	British Virgin Islands	–	–	100	–

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Name of Company	Principal activities	Country of incorporation	% of Paid-up Capital held by			
			The Company		Subsidiaries	
			2013	2012	2013	2012
			%	%	%	%
Subsidiaries						
OUE Properties (Hong Kong) Co., Limited ^(f)	Body corporate	Hong Kong	–	–	100	–
Associates						
Chung Sing Development (H.K.) Limited ^(d)	Investment holding	Hong Kong	50	50	–	–
OUB Centre Limited	Property investment	Singapore	50	50	–	–
TCB OUE Sdn. Bhd. ⁽ⁱ⁾	Investment holding	Malaysia	30	30	–	–
Aquamarina Hotel Private Limited	Hotel operation	Singapore	–	–	25	25
Jointly controlled entity						
OCZ Holdings Pte. Ltd. ^(m)	Investment holding	Singapore	–	–	50	100

All subsidiaries are audited by KPMG LLP, Singapore and associates are audited by PricewaterhouseCoopers LLP, Singapore except as indicated below:

- (a) Audited by KPMG Malaysia.
- (b) Audited by KPMG China.
- (c) Audited by KPMG Phoomchai Audit Limited.
- (d) Audited by Deloitte Touche, Hong Kong.
- (e) Audited by KPMG US.
- (f) Not required to be audited under the laws of the country of incorporation.
- (g) Audited by Ernst & Young LLP.
- (h) Audited by Ernst & Young Korea.
- (i) Audited by BDO, Malaysia.
- (j) The Group holds more than half of the voting rights in these companies and consequently, it has the power to govern the financial and operating policies of these companies.
- (k) Considered to be a subsidiary as the Group has control over the financial and operating policies of this entity.
- (l) OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust, and OUE Hospitality Business Trust is dormant.
- (m) Considered to be a jointly-controlled entity as the Group has joint control over the financial and operating policies of this entity.

**UNAUDITED FINANCIAL STATEMENTS OF OUE LIMITED AND ITS
SUBSIDIARIES FOR THE QUARTER ENDED 30 SEPTEMBER 2014**

The information in this Appendix III has been reproduced from the announcement of the unaudited third quarter financial statements of OUE Limited and its subsidiaries made by OUE Limited on 4 November 2014 and has not been specifically prepared for inclusion in this Information Memorandum.



OUE LIMITED

(Company Registration No. 196400050E)

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2014 (UNAUDITED)

1(a)(i) Statement of Comprehensive Income

	Notes	The Group					
		Third	Third	Change	Nine Months	Nine Months	Change
		Quarter ended	Quarter ended		ended	ended	
		30/9/14	30/9/13	30/9/14	30/9/13		
\$'000	\$'000	%	\$'000	\$'000	%		
Revenue	A	106,286	119,134	(10.8)	313,367	336,543	(6.9)
Cost of sales		(62,855)	(59,204)	6.2	(172,863)	(165,987)	4.1
Gross profit		43,431	59,930	(27.5)	140,504	170,556	(17.6)
Marketing expenses		(3,315)	(3,268)	1.4	(8,810)	(11,091)	(20.6)
Administrative expenses		(10,936)	(13,761)	(20.5)	(40,042)	(38,694)	3.5
Other operating expenses		(3,805)	(7,827)	(51.4)	(10,316)	(17,412)	(40.8)
		25,375	35,074	(27.7)	81,336	103,359	(21.3)
Finance expenses	B	(13,173)	(25,267)	(47.9)	(54,852)	(79,587)	(31.1)
Finance income		627	366	71.3	2,661	1,402	89.8
Share of results of associates and jointly controlled entity, net of tax		12,887	4,653	>100.0	30,005	13,901	>100.0
		25,716	14,826	73.5	59,150	39,075	51.4
Other gains/(losses) - net	C	3,641	(4,836)	n.m.	1,038,008	(4,076)	n.m.
Profit before tax	D	29,357	9,990	>100.0	1,097,158	34,999	>100.0
Tax (expense)/credit	E	(7,872)	4,949	n.m.	(53,436)	(3,448)	>100.0
Profit after tax		21,485	14,939	43.8	1,043,722	31,551	>100.0
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences relating to foreign operations		13,051	(9,551)	n.m.	(5,596)	6,617	n.m.
Fair value loss on available-for-sale financial assets		(108)	-	n.m.	(108)	-	n.m.
Currency translation differences transferred to profit and loss arising from disposal of subsidiaries		-	(7,763)	n.m.	-	(7,763)	n.m.
Effective portion of changes in fair value of cash flow hedges of subsidiaries		1,531	(2,437)	n.m.	(340)	(2,437)	(86.0)
Hedging reserve transferred to profit or loss upon disposal of a subsidiary		-	-	-	889	-	n.m.
Share of other comprehensive income of associates		779	-	n.m.	498	-	n.m.
Share of foreign currency translation differences of associates		525	(685)	n.m.	10	724	(98.6)
Other comprehensive income/(loss), net of tax		15,778	(20,436)	n.m.	(4,647)	(2,859)	62.5
Total comprehensive income/(loss)		37,263	(5,497)	n.m.	1,039,075	28,692	>100.0
Profit attributable to:							
Owners of the Company	F	16,477	13,383	23.1	966,538	29,710	>100.0
Non-controlling interests		5,008	1,556	>100.0	77,184	1,841	>100.0
		21,485	14,939	43.8	1,043,722	31,551	>100.0
Total comprehensive income attributable to:							
Owners of the Company		26,084	(6,173)	n.m.	965,027	27,041	>100.0
Non-controlling interests		11,179	676	>100.0	74,048	1,651	>100.0
		37,263	(5,497)	n.m.	1,039,075	28,692	>100.0

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Third Quarter Ended 30 September 2014

(ii) Notes to the Statement of Comprehensive Income

	The Group					
	Third Quarter ended 30/9/14 \$'000	Third Quarter ended 30/9/13 \$'000	Change %	Nine Months ended 30/9/14 \$'000	Nine Months ended 30/9/13 \$'000	Change %
(A) Revenue						
Hospitality income	53,230	59,096	(9.9)	154,813	175,281	(11.7)
Investment property income	37,977	39,581	(4.1)	119,203	96,315	23.8
Development property income	11,825	19,198	(38.4)	32,148	60,981	(47.3)
Dividend income	900	-	n.m.	1,840	900	>100.0
Others	2,354	1,259	87.0	5,363	3,066	74.9
	<u>106,286</u>	<u>119,134</u>	(10.8)	<u>313,367</u>	<u>336,543</u>	(6.9)
(B) Finance expenses						
Finance expenses	16,111	29,192	(44.8)	63,833	91,535	(30.3)
Less: Finance expense capitalised in development property	(2,938)	(3,925)	(25.1)	(8,981)	(11,948)	(24.8)
	<u>13,173</u>	<u>25,267</u>	(47.9)	<u>54,852</u>	<u>79,587</u>	(31.1)
(C) Other gains/(losses) - net						
Allowance for foreseeable loss on a development property	-	-	-	(105,000)	-	n.m.
Fair value gains on investment properties	-	953	n.m.	153,077	893	>100.0
Net change in fair value of other investments designated at fair value through profit or loss	3,641	(776)	n.m.	3,544	38	>100.0
Net gain/(loss) on disposal of subsidiaries	-	(5,013)	n.m.	986,387	(5,007)	n.m.
	<u>3,641</u>	<u>(4,836)</u>	n.m.	<u>1,038,008</u>	<u>(4,076)</u>	n.m.
(D) Profit before tax						
Profit before tax is stated after charging/(crediting):						
Borrowing cost	14,486	21,447	(32.5)	53,526	62,977	(15.0)
(Gain)/Loss on foreign exchange	(1,313)	(591)	>100.0	1,326	14,141	(90.6)
Net change in fair value of derivatives	-	4,411	n.m.	(361)	2,469	n.m.
Depreciation of property, plant and equipment	2,679	5,709	(53.1)	9,402	18,282	(48.6)
Allowance for impairment on trade receivables	141	-	n.m.	141	-	n.m.
Bad debts written off on trade receivables	-	-	-	-	66	n.m.
Loss on disposal of property, plant and equipment	156	2,573	(93.9)	181	2,658	(93.2)
(E) Tax expense/(credit)						
The charge for income tax expense includes the following:						
(Over)/Underprovision in preceding financial years	(13)	(83)	(84.3)	624	(404)	n.m.
Deferred tax on fair value gains of an investment property	-	-	-	38,269	-	n.m.
(F) Profit attributable to Owners of the Company						
Attributable profit before tax, fair value and other gains	20,187	13,270	52.1	37,935	37,150	2.1
Tax (expense)/credit	(7,351)	4,949	n.m.	(13,752)	(3,364)	>100.0
Allowance for foreseeable loss on a development property	-	-	-	(105,000)	-	n.m.
Fair value gains on investment properties ¹	-	953	n.m.	57,424	893	>100.0
Net gain/(loss) on disposal of subsidiaries	-	(5,013)	n.m.	986,387	(5,007)	n.m.
Net change in fair value of other investments designated at fair value through profit or loss	3,641	(776)	n.m.	3,544	38	>100.0
Net attributable profit	<u>16,477</u>	<u>13,383</u>	23.1	<u>966,538</u>	<u>29,710</u>	>100.0

n.m. - Not meaningful

1 - Net of deferred tax provision relating to fair value gain on investment properties

OUE LIMITED
Third Quarter Ended 30 September 2014

1(b)(i) Statements of Financial Position

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash and cash equivalents	172,478	730,613	45,897	551,331
Trade and other receivables	26,135	22,250	674,621	582,564
Inventories	713	790	171	163
Other investments	288,117	9,478	-	-
Development property	798,086	846,806	-	-
Other assets	15,914	11,444	7,148	27,161
Loans to subsidiaries	-	-	1,521,666	1,415,146
	1,301,443	1,621,381	2,249,503	2,576,365
Non-current assets				
Available-for-sale financial assets	196,345	193,304	182,716	182,716
Investments in associates and jointly controlled entity	1,101,075	720,474	514,202	125,621
Investments in subsidiaries	-	-	363,893	834,920
Loans to subsidiaries	-	-	72,864	72,847
Other assets	2,251	1,533	-	1,704
Investment properties	3,477,672	3,467,003	-	-
Property, plant and equipment	250,242	366,795	15,136	15,841
Intangible assets	43,200	43,200	-	-
Derivative assets	576	4,507	-	-
	5,071,361	4,796,816	1,148,811	1,233,649
Total assets	6,372,804	6,418,197	3,398,314	3,810,014
LIABILITIES				
Current liabilities				
Trade and other payables	144,375	86,848	136,121	314,103
Current tax liabilities	12,796	10,724	2,724	3,304
Borrowings	586,487	349,747	199,540	349,747
	743,658	447,319	338,385	667,154
Non-current liabilities				
Borrowings	1,416,850	2,392,273	496,230	694,544
Deferred tax liabilities	80,917	38,322	385	113
Other liabilities	26,098	19,531	29,068	646
Derivative liabilities	1,251	5,728	-	-
	1,525,116	2,455,854	525,683	695,303
Total liabilities	2,268,774	2,903,173	864,068	1,362,457
Net Assets	4,104,030	3,515,024	2,534,246	2,447,557
EQUITY				
Capital and reserves attributable to the owners of the Company				
Share capital	693,315	693,315	693,315	693,315
Other reserves	(27,274)	7,917	(2,363)	(2,363)
Accumulated profits	3,026,316	2,190,308	1,843,294	1,756,605
	3,692,357	2,891,540	2,534,246	2,447,557
Non-controlling interests	411,673	623,484	-	-
Total equity	4,104,030	3,515,024	2,534,246	2,447,557

OUE LIMITED
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1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30/09/14		As at 31/12/13	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	386,947	199,540	-	349,747
Amount repayable after one year	920,620	496,230	1,697,729	694,544

Details of any collateral

Secured borrowings are collateralised by:

- pledging of the borrowing companies' properties/assets and/or
- assignment of all rights and benefits to sale, lease and/or insurance proceeds with respect to the properties

OUE LIMITED
Third Quarter Ended 30 September 2014

1(c) Consolidated Statement of Cash Flows

	The Group			
	Third	Third	Nine Months	Nine Months
	Quarter ended	Quarter ended	ended	ended
	30/9/14	30/9/13	30/9/14	30/9/13
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit after tax	21,485	14,939	1,043,722	31,551
Adjustments for:				
Depreciation of property, plant and equipment	2,679	5,709	9,402	18,282
Dividend income	(900)	-	(1,840)	(900)
Allowance for foreseeable loss on a development property	-	-	105,000	-
Fair value gains on investment properties	-	(953)	(153,077)	(893)
Net change in fair value of other investments	(3,641)	776	(3,544)	(38)
Finance expense	13,173	25,267	54,852	79,587
Finance income	(627)	(366)	(2,661)	(1,402)
Net loss/(gain) on disposal of subsidiaries	-	5,013	(986,387)	5,007
Loss on disposal of property, plant and equipment	156	2,573	181	2,658
Share of results of associates and jointly controlled entity, net of tax	(12,887)	(4,653)	(30,005)	(13,901)
Tax expense/(credit)	7,872	(4,949)	53,436	3,448
	<u>27,310</u>	<u>43,356</u>	<u>89,079</u>	<u>123,399</u>
Changes in trade and other receivables and other assets	(6,652)	(12,030)	(16,481)	7,021
Changes in inventories	22	(275)	81	(373)
Changes in development property	(14,432)	(17,073)	(37,263)	(18,900)
Changes in trade and other payables and other liabilities	1,532	7,897	19,174	4,021
Cash generated from operating activities	<u>7,780</u>	<u>21,875</u>	<u>54,590</u>	<u>115,168</u>
Tax paid	(5,584)	(9,780)	(10,862)	(21,267)
Net cash from operating activities	<u>2,196</u>	<u>12,095</u>	<u>43,728</u>	<u>93,901</u>
Cash flows from investing activities				
Acquisition of jointly controlled entity	-	-	-	(25,131)
Acquisition of subsidiaries, net of cash acquired	-	-	(127,664)	-
Additions to investment properties	(14,813)	(5,273)	(47,298)	(485,382)
Dividend received from:				
- associates, net of tax	16,823	-	25,094	10,582
- available-for-sale financial assets, net of tax	900	-	1,840	900
- other investments, net of tax	135	-	339	-
Interest received	2,017	493	2,105	2,169
Loan repayment from jointly controlled entity	-	-	-	32,134
Proceeds from sale of other investments	-	5,793	19,776	16,668
Proceeds from disposal of property, plant and equipment	4	732	4	736
Proceeds from disposal of subsidiaries, net of cash disposed	-	131,461	-	131,559
Proceeds from dilution of interest in a subsidiary	-	30,541	15,195	30,541
Net cash outflow arising from disposal of subsidiaries	-	-	(58,153)	-
Purchase of available-for-sale financial assets	(3,140)	(73)	(3,140)	(73)
Purchase of other investments	(260,433)	(4,355)	(294,871)	(20,242)
Purchase of property, plant and equipment	(1,545)	(15,881)	(5,236)	(21,404)
Net cash (used in)/from investing activities	<u>(260,052)</u>	<u>143,438</u>	<u>(472,009)</u>	<u>(326,943)</u>
Cash flows from financing activities				
Dividends paid	(20,082)	-	(59,059)	(72,791)
Finance expense (including amounts capitalised in development property)	(16,341)	(29,141)	(64,387)	(75,358)
Proceeds from borrowings	20,592	587,000	524,389	637,000
Repayment of borrowings	(3,080)	(750,000)	(860,980)	(750,000)
Proceeds from issuance of units by a subsidiary	-	600,000	346,400	600,000
Unit issue costs of a subsidiary	(30)	(22,836)	(16,217)	(22,836)
Net cash (used in)/from financing activities	<u>(18,941)</u>	<u>385,023</u>	<u>(129,854)</u>	<u>316,015</u>
Net (decrease)/increase in cash and cash equivalents	<u>(276,797)</u>	<u>540,556</u>	<u>(558,135)</u>	<u>82,973</u>
Cash and cash equivalents at the beginning of financial period	449,275	147,054	730,613	604,637
Cash and cash equivalents at the end of financial period	<u>172,478</u>	<u>687,610</u>	<u>172,478</u>	<u>687,610</u>

OUE LIMITED
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1(d)(i) Statement of Changes in Equity

	Attributable to Owners of the Company					Total Equity \$'000
	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total \$'000	Non-controlling interests \$'000	
THE GROUP						
At 1 July 2014	693,315	(36,881)	3,018,938	3,675,372	411,477	4,086,849
Total comprehensive income for the period						
Profit for the period	-	-	16,477	16,477	5,008	21,485
Other comprehensive income						
Currency translation differences relating to foreign operations	-	7,679	-	7,679	5,372	13,051
Fair value loss on available-for-sale financial assets	-	(108)	-	(108)	-	(108)
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary	-	732	-	732	799	1,531
Share of other comprehensive income of associates	-	779	-	779	-	779
Share of foreign currency translation differences of associates and jointly controlled entity	-	525	-	525	-	525
Total other comprehensive income, net of tax	-	9,607	-	9,607	6,171	15,778
Total comprehensive income for the period	-	9,607	16,477	26,084	11,179	37,263
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Dividends paid	-	-	(9,099)	(9,099)	-	(9,099)
Dividends paid to non-controlling interests	-	-	-	-	(10,983)	(10,983)
Total transactions with owners of the Company	-	-	(9,099)	(9,099)	(10,983)	(20,082)
At 30 September 2014	693,315	(27,274)	3,026,316	3,692,357	411,673	4,104,030
At 1 July 2013	693,315	5,940	2,433,801	3,133,056	1,848	3,134,904
Total comprehensive income for the period						
Profit for the period	-	-	13,383	13,383	1,556	14,939
Other comprehensive income						
Currency translation differences relating to foreign operations	-	(10,005)	-	(10,005)	454	(9,551)
Currency translation differences realised and transferred to profit and loss	-	(7,763)	-	(7,763)	-	(7,763)
Share of effective portion of changes in fair value of cash flow hedges of a subsidiary	-	(1,103)	-	(1,103)	(1,334)	(2,437)
Share of foreign currency translation differences of associates	-	(685)	-	(685)	-	(685)
Total other comprehensive income, net of tax	-	(19,556)	-	(19,556)	(880)	(20,436)
Total comprehensive income for the period	-	(19,556)	13,383	(6,173)	676	(5,497)
Transactions with owners of the Company, recognised directly in equity						
Contributions by and distributions to owners of the Company						
Share of unit issue costs of a subsidiary	-	(10,938)	-	(10,938)	(11,898)	(22,836)
Changes in ownership interests in subsidiaries						
Disposal of interest in subsidiaries	-	-	-	-	(2,190)	(2,190)
Proceeds from issuance of units by a subsidiary	-	-	-	-	600,000	600,000
Changes in ownership interests in a subsidiary without loss of control	-	-	465	465	30,076	30,541
Total transactions with owners of the Company	-	(10,938)	465	(10,473)	615,988	605,515
At 30 September 2013	693,315	(24,554)	2,447,649	3,116,410	618,512	3,734,922

OUE LIMITED
Third Quarter Ended 30 September 2014

THE COMPANY	Share Capital \$'000	Other Reserves \$'000	Accumulated Profits \$'000	Total Equity \$'000
At 1 July 2014	693,315	(2,363)	1,682,747	2,373,699
Total comprehensive income for the period				
Profit for the period	-	-	169,646	169,646
Total comprehensive income for the period	-	-	169,646	169,646
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Dividends paid	-	-	(9,099)	(9,099)
Total transactions with owners of the Company	-	-	(9,099)	(9,099)
At 30 September 2014	693,315	(2,363)	1,843,294	2,534,246
At 1 July 2013	693,315	5,219	924,682	1,623,216
Total comprehensive income for the period				
Profit for the period	-	-	1,008,636	1,008,636
Total comprehensive income for the period	-	-	1,008,636	1,008,636
Transactions with owners of the Company, recognised directly in equity				
Contributions by and distributions to owners of the Company				
Reversal of revaluation reserve on disposal of property, plant and equipment	-	(36,142)	36,142	-
Total transactions with owners of the Company	-	(36,142)	36,142	-
At 30 September 2013	693,315	(30,923)	1,969,460	2,631,852

OUE LIMITED
Third Quarter Ended 30 September 2014

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital in 3Q 2014.

As at 30 September 2014, the Company held 71,716,000 treasury shares (31 December 2013: 71,716,000).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 September 2014, the Company's total number of issued shares excluding treasury shares is 909,885,860 (31 December 2013: 909,885,860).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2013.

OUE LIMITED
Third Quarter Ended 30 September 2014

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on 1 January 2014. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group, except for the following:-

Amendments to FRS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position. Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group previously offsets intercompany receivables and payables due from/to the same counterparty. Upon the adoption of the Amendments to FRS 32, the Group presents the intercompany receivables and payables due from/to the same counterparty at their gross amounts.

The change in accounting policy has been applied retrospectively. The effects of the adoption of the Amendments to FRS 32 resulted in the Company's total assets and total liabilities as at 31 December 2013 to be increased by \$14,005,000 respectively.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group			
	Third Quarter Ended 30/09/14	Third Quarter Ended 30/09/13	Nine Months Ended 30/09/14	Nine Months Ended 30/09/13
Based on weighted average number of ordinary shares in issue (cents per share)	1.81	1.47	106.23	3.27
Weighted average number of ordinary shares in issue	909,885,860	909,885,860	909,885,860	909,885,860
On a fully diluted basis (cents per share) (a)	1.81	1.47	106.23	3.27

* Diluted earnings per share are the same as basic earnings per share as there are no dilutive potential ordinary shares.

(a) Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares.

7 Net asset value (for the issuer and group) per ordinary share based on issue share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$	\$	\$	\$
Net asset value per ordinary share	4.06	3.18	2.79	2.69

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8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

FINANCIAL HIGHLIGHTS	Third Quarter ended 30/9/14 \$'000	Third Quarter ended 30/9/13 \$'000	Change %
Revenue	106,286	119,134	(10.8)
Earnings before interest and tax (EBIT)	38,262	39,727	(3.7)
Profit attributable to Owners of the Company	16,477	13,383	23.1

In 3Q 2014, the Group recorded total revenue of \$106.3 million as compared to \$119.1 million over the same period in the previous financial year. The decrease in the Group's total revenue was mainly due to lower contribution from the Hospitality and Development Property divisions, offset partially by dividend income.

Hospitality Division

In 3Q 2014, hospitality division revenue decreased \$5.9 million to \$53.2 million as a result of the absence of contribution from the China hotels. The China Hotels were disposed in 3Q 2013. Excluding the contribution from the two disposed China hotels, hospitality revenue would have increased \$1.6 million year-on-year.

Property Investment Division

Revenue from the property investment division decreased from \$39.6 million to \$38.0 million (down 4.1% year-on-year) as 3Q 2013 included contribution from Mandarin Gallery, which is currently held through the Group's associate, OUE H-TRUST. This decrease is partially offset by revenue contribution from Lippo Plaza, which was acquired by OUE Commercial REIT ("OUE C-REIT") on 27 January 2014.

Property Development Division

The decrease in development property revenue to \$11.8 million is due mainly to lower sales in the current quarter.

Gross profit decreased to \$43.4 million in the current quarter due mainly to lower revenue and a higher cost of sales. Cost of sales for the current quarter included the recognition of rental expense to OUE Hospitality Trust ("OUE H-TRUST").

Administrative expenses decreased by \$2.8 million to \$10.9 million mainly due to lower legal and professional fee incurred in 3Q 2014.

Decrease in other operating expenses of \$4.0 million is mainly attributable to absence of loss on disposal of property, plant and equipment arising from upgrading works on the hotels in 3Q 2013.

Share of results of associates and jointly controlled entity increased \$8.2 million to \$12.9 million due mainly to the recognition of the Group's share of results of OUE H-TRUST in 3Q 2014 and increased contribution from One Raffles Place with the opening of its revamped retail mall in May 2014.

OUE LIMITED
Third Quarter Ended 30 September 2014

Consequently, EBIT was in line year-on-year at \$38.3 million as the Group achieved positive contributions from its various business segments.

Finance expenses decreased by \$12.1 million to \$13.2 million for the quarter due mainly to lower borrowings in the current quarter.

Other gains in 3Q 2014 comprise fair value changes in the investments held by the Group, which are designated as fair value through profit and loss. Other losses in 3Q 2013 relates mainly to loss on sale of the China hotels in September 2013.

The increase in tax expense in 3Q 2014 is largely attributable to taxable distribution income received from OUE H-TRUST in the current quarter, as well as tax relating to contribution from Lippo Plaza. Tax credit in 3Q 2013 arose from the reversal of deferred tax upon the sale Mandarin Orchard Singapore ("MOS") to OUE H-TRUST.

At post-tax level, the Group recorded attributable profit of \$16.5 million as compared to \$13.4 million in 3Q 2013. The increase was due mainly to lower finance expenses from lower borrowings, coupled with positive contributions from its various business segments.

Statements of Financial Position

The decrease in the Group's "Cash and cash equivalent" of \$558.1 million was largely due to repayments of the \$300.0 million fixed rate note due in April 2014 and a \$50.0 million revolving credit facility by the Company. The Group also invested \$254.2 million (US\$200.0 million) in a mutual fund in 3Q 2014 to optimise return on available funds.

The Group's "Other investments" as at September 2014 of \$288.1 million relates to investments in a mutual fund and quoted equity securities.

The Group's "Development property" decreased \$48.7 million to \$798.1 million as at September 2014 mainly due to the allowance for foreseeable loss of \$105.0 million made on the property.

"Investments in associates and jointly controlled entity" increased from \$720.5 million to \$1,101.1 million due to the recognition of OUE H-TRUST as an associate.

The Group's "Investment properties" increased \$10.7 million to \$3.5 billion as at September 2014 as a result of acquisition of Lippo Plaza by OUE C-REIT in January 2014, as well as fair value gain recognised on Lippo Plaza. This was offset by de-recognition of Mandarin Gallery upon deconsolidation of OUE H-TRUST in 1Q 2014.

The Group's "Property, plant and equipment" decreased \$116.6 million to \$250.2 million as at September 2014. The carrying value of MOS is de-recognised upon the deconsolidation of OUE H-TRUST in 1Q 2014.

The increase in "Trade and other payables and other liabilities" of \$64.1 million relates largely to provision for upgrading works on the hotel properties of the Group.

The decrease in the Group's "Borrowings" by \$738.7 million arises mainly from the repayment of borrowings by the Group.

"Deferred tax liabilities" increased \$42.6 million to \$80.9 million as a result of deferred tax on fair value gain on Lippo Plaza.

The decrease in "Non-controlling interests" of \$211.8 million largely relates to de-recognition of non-controlling interest's share of the fair value of the net assets of OUE H-TRUST upon deconsolidation in 1Q 2014. This is offset by non-controlling interest's share in the fair value of the net assets of OUE C-REIT.

OUE LIMITED
Third Quarter Ended 30 September 2014

Commitments

As at 30 September 2014, the Group and the Company have the following capital commitments:

	The Group		The Company	
	30/09/14	31/12/13	30/09/14	31/12/13
	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment	67,550	12,048	193	8,905
Investment properties	208,069	142,170	-	-
Development property	51,362	58,149	-	-
Available-for-sale financial assets	879	2,019	-	-

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Based on the Ministry of Trade and Industry's ("MTI") advanced GDP estimates, the Singapore economy grew by 1.2% on a quarter-on-quarter seasonally-adjusted annualised basis, a reversal from the 0.1% contraction in the preceding quarter.

Asset enhancement at OUE Downtown is on track and the lobby renovation and observation deck projects at US Bank Tower are currently underway. The Group will continue to focus on active lease management to generate returns from its commercial property portfolio.

The Group has also commenced the development of the 10-storey extension building to the Crowne Plaza Changi Airport hotel ("CPCA") in August 2014. The extension will add 243 hotel rooms to the existing 320 hotel rooms of CPCA upon completion.

The market environment for high-end residential property remains challenging. The Group will continue to drive the sale of its only development project at Leonie Hill, Twin Peaks, which is scheduled to complete in 2015.

OUE LIMITED
Third Quarter Ended 30 September 2014

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared/proposed for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for any Interested Person Transactions.

BY ORDER OF THE BOARD

NG NGAI
COMPANY SECRETARY
4 November 2014

OUE LIMITED
Third Quarter Ended 30 September 2014

Pursuant to SGX-ST Rule 705(5), the Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of the Company and the Group for the quarter ended 30 September 2014 to be false or misleading.

On behalf of the Board of Directors

Dr Stephen Riady
Executive Chairman

Mr Thio Gim Hock
Chief Executive Officer

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