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(a real estate investment trust constituted on 10 October 2013 under the laws of the Republic of Singapore)

**THE PROPOSED ACQUISITION OF THE OFFICE COMPONENTS OF OUE DOWNTOWN,
THE PROPOSED UNDERWRITTEN AND RENOUNCEABLE RIGHTS ISSUE TO RAISE GROSS
PROCEEDS OF APPROXIMATELY S\$587.5 MILLION AND THE PROPOSED PAYMENT OF THE
SUB-UNDERWRITING COMMISSION**

1. INTRODUCTION

OUE Commercial REIT Management Pte. Ltd., in its capacity as manager of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”, and as manager of OUE C-REIT, the “**Manager**”), is pleased to announce that DBS Trustee Limited, in its capacity as trustee of OUE C-REIT (the “**Trustee**”), has today entered into a put and call option agreement (the “**PCOA**”) with Alkas Realty Pte. Ltd. (the “**Vendor**”), to acquire the office components (the “**Office Components**”) of OUE Downtown comprising Strata Lot U4628V (the “**OUE Downtown 1 Office Component**”) and Strata Lot U4629P (the “**OUE Downtown 2 Office Component**”), both of Town Subdivision 30, and all the plant, machinery, equipment and all component parts in the Office Components (but excluding certain excluded furniture, fixtures and equipment) (collectively, the “**Properties**”, and the acquisition of the Properties, the “**Acquisition**”). A sale and purchase agreement (the “**Purchase Agreement**”) is deemed to be entered into between the Trustee and the Vendor on the date of exercise of either the Call Option (as defined herein) or the Put Option (as defined herein), as the case may be. On completion of the proposed Acquisition (“**Completion**”), the Trustee, OUE Limited (the “**Sponsor**”) and the Vendor shall enter into a deed of rental support (the “**Deed of Rental Support**”) pursuant to which the Vendor will provide a rental support arrangement in relation to the Properties (the “**Rental Support**”) for a period of up to five years from Completion.

To part finance the proposed Acquisition, the Manager intends to undertake an underwritten and renounceable rights issue (the “**Rights Issue**”) of 1,288,438,981 new units in OUE C-REIT (the “**Rights Units**”) to raise gross proceeds of approximately S\$587.5 million. The proposed Rights Issue (save for the Rights Units which are the subject of the Sponsor Irrevocable Undertaking (as defined herein)) is fully underwritten by Credit Suisse (Singapore) Limited (the “**Sole Financial Adviser**”) and Oversea-Chinese Banking Corporation Limited,

as joint lead managers and underwriters to the proposed Rights Issue (collectively, the “**Joint Lead Managers and Underwriters**”), on the terms and subject to the conditions of the underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 10 September 2018 (the “**Underwriting Agreement**”).

A circular (the “**Circular**”) will be issued to the unitholders of OUE C-REIT (the “**Unitholders**”) in due course, together with a notice of extraordinary general meeting (“**EGM**”), for the purpose of seeking the approval of Unitholders for the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission (as defined herein) (collectively, the “**Transactions**”). Unitholders should note that the resolutions for each of the proposed Transactions are all inter-conditional on one another. This means that if any of the resolutions is not approved, none of the resolutions will be carried and the Manager shall not proceed with all of the proposed Transactions.

This Announcement is qualified in its entirety by, and should be read in conjunction with the full text of the Circular and its appendices.

2. THE PROPOSED ACQUISITION

2.1 Information on the Office Components of OUE Downtown

The Properties are part of OUE Downtown, a recently refurbished landmark mixed-use development comprising two high-rise towers, being a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), as well as a retail podium and a multi-storey car park.

OUE Downtown is strategically located in Shenton Way, at the financial corridor between Raffles Place and Tanjong Pagar, and is close to the Tanjong Pagar, Downtown as well as the upcoming Shenton Way and Prince Edward Mass Rapid Transit (“**MRT**”) stations. Shenton Way is one of the primary office locations within the Central Business District (the “**CBD**”), and Tanjong Pagar is part of the Urban Redevelopment Authority’s (the “**URA**”) long-term plans¹ for development into an enviable “live, work and play” environment.

OUE Downtown has a total gross floor area (“**GFA**”) of about 1.24 million square feet (“**sq ft**”), a total net lettable area (“**NLA**”) of about 867,000 sq ft and a total of 355 car park lots. The retail podium, named Downtown Gallery, comprises approximately 150,000 sq ft of premium retail space over six levels and features an extensive mix of tenants. Oakwood Premier OUE Singapore, which is the serviced residence component, also forms part of OUE Downtown 1. For the avoidance of doubt, the multi-storey car park, together with Oakwood Premier OUE Singapore and Downtown Gallery, will not be acquired as part of the proposed Acquisition.

Major asset enhancement works were carried out at OUE Downtown in the past two years. These include the conversion of 26 floors of office space to serviced residences at OUE Downtown 1, the conversion of the podium with an auditorium to a retail mall, the upgrading of office lobbies for both towers as well as the upgrading and replacement of major

¹ Based on the URA’s Master Plan 2014. Source: <https://www.ura.gov.sg/Corporate/Planning/Master-Plan/Regional-Highlights/Central-Area> (last accessed on 4 September 2018 (the “**Latest Practicable Date**”). The URA has not provided its consent to the inclusion of the information extracted from the relevant report published by it and is therefore not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant report published by the URA is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

mechanical and electrical equipment. During this period, the Properties continued to be operational.

The OUE Downtown 1 Office Component comprises Grade A office space from the 35th to 46th storeys whilst the OUE Downtown 2 Office Component comprises Grade A office space from the 7th to 34th storeys. The Properties enjoy an established blue-chip tenant base which includes reputable insurance, financial, information and technology, media and telecommunications companies and multi-national corporations (“MNCs”).

The table below sets out a summary of selected information on the Properties:

Properties	OUE Downtown 1 Office Component and OUE Downtown 2 Office Component
Location	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815 (Strata Lot U4628V and Strata Lot U4629P, both of Town Subdivision 30)
Head Title	99-year leasehold title commencing 19 July 1967
Strata Area	OUE Downtown 1 Office Component (Strata Lot U4628V): Approximately 11,553 square metres (“sq m”) (124,355 sq ft) OUE Downtown 2 Office Component (Strata Lot U4629P): Approximately 51,513 sq m (554,481 sq ft)
Share Value	5,316 shares representing 53.16% of the total share value of the strata lots in OUE Downtown
GFA	OUE Downtown 1 Office Component: Approximately 14,990 sq m (161,351 sq ft) OUE Downtown 2 Office Component: Approximately 54,932 sq m (591,283 sq ft) Total GFA: Approximately 69,922 sq m (752,634 sq ft)
NLA	OUE Downtown 1 Office Component: 8,213 sq m (88,400 sq ft) OUE Downtown 2 Office Component: Approximately 41,024 sq m (441,581 sq ft) Total NLA: Approximately 49,237 sq m (529,981 sq ft)
Committed Occupancy as at 30 June 2018	95.1%
Weighted Average Lease Expiry as at 30 June 2018	By gross rental income: 2.0 years By NLA: 2.0 years

2.2 Management Corporation of OUE Downtown

OUE Downtown is a subdivided development comprising the Properties, the other strata lots in OUE Downtown excluding the Properties (the “**Other OUE Downtown Strata Lots**”), and the common property. The Properties are comprised in Strata Lot U4628V and Strata Lot U4629P, both of Town Subdivision 30.

Under the Land Titles (Strata) Act, Chapter 158 of Singapore (the “**Land Titles (Strata) Act**”), the subsidiary proprietors of the Properties and the Other OUE Downtown Strata Lots constitute the Management Corporation Strata Title Plan No. 4601 (the “**Management Corporation**”). The Management Corporation is a body corporate constituted under the Land

Titles (Strata) Act and is responsible for the maintenance and management of the common property of OUE Downtown.

All the subsidiary proprietors of OUE Downtown own the common property in OUE Downtown as tenants-in-common in proportion to the share values attributable to their respective strata lots. Each strata lot has an undivided share in the common property. The voting rights of a subsidiary proprietor are based on the share values attributed to its strata lots and the maintenance and sinking fund contributions to be paid to the Management Corporation are also based on the share values attributed to its strata lots.

The aggregate share value of the Properties is 5,316 out of 10,000, representing 53.16% of the total share value of the strata lots in OUE Downtown.

2.3 Relationship with the Sponsor

As at the date of this Announcement, the Sponsor holds, through its wholly-owned subsidiaries, Clifford Development Pte. Ltd. (“**CDPL**”) and the Manager, an aggregate interest in 867,508,422 Units, which is equivalent to approximately 55.9% of the total number of existing units in OUE C-REIT as at the date of this Announcement (the “**Existing Units**”), and is therefore regarded as a “controlling Unitholder” of OUE C-REIT under both the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”) and Appendix 6 to the Code on Collective Investment Schemes (the “**Property Funds Appendix**”). In addition, as the Manager is a wholly-owned subsidiary of the Sponsor, the Sponsor is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Vendor is a wholly-owned subsidiary of the Sponsor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being a subsidiary of a “controlling Unitholder” of OUE C-REIT and a subsidiary of a “controlling shareholder” of the Manager) is an “interested person” (for the purposes of the Listing Manual) and an “interested party” (for the purposes of the Property Funds Appendix) of OUE C-REIT.

Therefore, the proposed Acquisition is an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the specific approval of the Unitholders is required.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Purchase Consideration and Valuation

The purchase consideration (the “**Purchase Consideration**”) payable to the Vendor in connection with the proposed Acquisition is S\$908.0 million. The Purchase Consideration has been negotiated on a willing-buyer and willing-seller basis, after taking into account the independent valuations of the Properties by Savills Valuation and Professional Services (S) Pte. Ltd. (“**Savills**”) and Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”, and together with Savills, the “**Independent Valuers**”).

The Trustee has commissioned Savills and the Manager has commissioned Colliers to value the Properties and their valuations are as follows:

	With the Rental Support	Without the Rental Support
Valuation of the Properties by Savills (as at 30 June 2018)	S\$927.0 million	S\$891.0 million
Valuation of the Properties by Colliers (as at 30 June 2018)	S\$945.0 million	S\$920.0 million

The Independent Valuers have conducted their valuations based on the income capitalisation method, the discounted cash flow method and the market comparison method. The Independent Valuers have also considered the Rental Support in arriving at their valuations.

The Purchase Consideration is equivalent to a price of S\$1,713 per sq ft (“**psf**”), which is a 2.0% discount to the valuation of the Properties by Savills of S\$927.0 million and a 3.9% discount to the valuation of the Properties by Colliers of S\$945.0 million, both taking the Rental Support into consideration.

The Rental Support will be provided for a period of up to five years, commencing from the date of Completion of the proposed Acquisition (the “**Completion Date**”).

3.2 Estimated Total Acquisition Cost

The estimated total cost of the proposed Acquisition (the “**Total Acquisition Cost**”) is approximately S\$955.9 million, comprising:

- (i) the Purchase Consideration of S\$908.0 million;
- (ii) the acquisition fee payable to the Manager for the proposed Acquisition (the “**Acquisition Fee**”)¹ pursuant to the trust deed dated 10 October 2013 constituting OUE C-REIT (as amended) (the “**Trust Deed**”) of approximately S\$6.8 million (being 0.75% of the Purchase Consideration); and
- (iii) the estimated debt and/or equity financing related costs, stamp duty, professional and other fees and expenses incurred or to be incurred by OUE C-REIT in connection with the proposed Acquisition of approximately S\$41.1 million.

3.3 Method of Financing

The Manager intends to finance the Total Acquisition Cost (excluding the Acquisition Fee Units) through a combination of debt financing and equity financing (which will comprise the proposed Rights Issue).

The following table sets out the intended sources and applications of estimated funds in relation to the proposed Transactions.

1 As the proposed Acquisition is an “interested party transaction” under the Property Funds Appendix, the Acquisition Fee will be in the form of Units (the “**Acquisition Fee Units**”) which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

S\$' million	Acquisition Costs
Sources	
Rights Issue	587.5
Debt/borrowings	361.6
Issue of Acquisition Fee Units	6.8
Total	955.9
Applications	
Acquisition of the Properties	908.0
Transaction Costs	41.1
Acquisition Fee	6.8
Total	955.9

3.4 Principal Terms of the PCOA

In connection with the proposed Acquisition, the Trustee, in its capacity as trustee of OUE C-REIT, has on 10 September 2018 entered into the PCOA with the Vendor in respect of the Properties. Pursuant to the PCOA, the Vendor has agreed to grant to the Trustee a call option (the “**Call Option**”) and the Trustee has agreed to grant to the Vendor a put option (the “**Put Option**”) relating to the sale and purchase of the Properties, upon the terms and subject to the conditions contained in the PCOA.

To exercise the Call Option, the Trustee must serve on the Vendor the Call Option notice pursuant to the PCOA (the “**Call Option Notice**”) in accordance with the terms of the PCOA. Upon the delivery to the Vendor of the duly signed and dated Call Option Notice, the Vendor and the Trustee shall be deemed to have entered into the Purchase Agreement for the sale and purchase of the Properties at the Purchase Consideration of S\$908.0 million.

To exercise the Put Option, the Vendor must serve on the Trustee the Put Option notice pursuant to the PCOA (the “**Put Option Notice**”) in accordance with the terms of the PCOA. Upon the delivery to the Trustee of the duly signed and dated Put Option Notice, the Vendor and the Trustee shall be deemed to have entered into the Purchase Agreement for the sale and purchase of the Properties at the Purchase Consideration of S\$908.0 million.

In the event that the Call Option Notice is served on the Vendor and the Put Option Notice is served on the Trustee on the same date, the Call Option shall be deemed to have been exercised earlier than the Put Option and the terms of the Call Option Notice as prescribed by the PCOA shall apply. The exercise of the Put Option shall also be deemed ineffective.

The rights of the Trustee to issue and serve on the Vendor the Call Option Notice under the PCOA and the rights of the Vendor to issue and serve on the Trustee the Put Option Notice under the PCOA are conditional upon the following conditions precedent:

- (i) the Vendor obtaining the SLA Sale Approval; and
- (ii) the Trustee obtaining the Unitholders Approval.

Completion is subject to and conditional upon, among other things, the following conditions precedent:

- (i) the following not having been revoked or withdrawn:
 - (a) the SLA Sale Approval; and
 - (b) the Unitholders Approval;
- (ii) (in the event that the Manager launches any equity fund raising exercises involving the issuance of new Units) no stop order or similar order having been issued by the Monetary Authority of Singapore (the “**MAS**”) or any court or other judicial, governmental or regulatory authority in relation to such proposed equity fund raising exercises; and
- (iii) (in the event that the Manager launches any equity fund raising exercises involving the issuance of new Units) the in-principle approval of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the new Units not having been revoked or withdrawn.

For the purposes of this paragraph 3.4:

“**SLA Sale Approval**” means the approval from the President of the Republic of Singapore and his successors in office for the sale of the Properties to the Trustee; and

“**Unitholders Approval**” means the approval of the Unitholders for:

- (i) the purchase of the Properties, including the entry into the Deed of Rental Support;
- (ii) undertaking a rights issue to finance the purchase of the Properties; and
- (iii) the proposed Payment of the Sub-Underwriting Commission (as defined herein).

3.5 Rental Support

The majority of the existing committed leases at the Properties were negotiated and signed between 2015 and 2017, when the Singapore CBD office market experienced a downturn amid the largest wave of new office supply in the past decade, accompanied by lower office absorption as employment growth in key office-occupier sectors slowed due to lower economic activity. The unprecedented level of supply, where over 3.4 million sq ft of space was completed in the Singapore CBD office market in 2016 and 2017 alone, accompanied by dampened office absorption, led to an increase in vacancy rates and more competitive rents being negotiated by tenants. After two years of subdued performance, the Singapore CBD office market rebounded at the end of 2017, in line with GDP growth in key office-occupier industries, and continued to gain momentum in 2018. According to the independent market research report (the “**Independent Market Research Report**”) prepared by Colliers (the “**Independent Market Research Consultant**”), the 1Q 2018 market rent for prime office space in Shenton Way/Tanjong Pagar is approximately S\$8.43 psf per month which is above the average monthly gross rent for the Properties of approximately S\$7.00 psf per month as of June 2018. In addition, the end-2018 forecast market rent for prime office space in Shenton Way/Tanjong Pagar is estimated to be between S\$8.40 to S\$9.00 psf per month.

The Manager is of the view that together with the Rental Support, the income from the Properties is expected to provide a level of income which is in line with comparable average Grade A office market rents.

In order to align the rental rates of the Properties to prevailing market rates, the Sponsor and the Vendor will be entering into the Deed of Rental Support with the Trustee, pursuant to which the Vendor will provide the Rental Support in relation to the Properties for the period from the Completion Date to (i) the day immediately preceding the fifth anniversary date of the

Completion Date, or (ii) the date when the aggregate of all rental support payments payable to OUE C-REIT under the Deed of Rental Support exceeds S\$60.0 million, whichever is earlier. Any applicable GST on the rental support payments shall be borne and paid separately by the Vendor. The Sponsor shall guarantee the Vendor's obligations under the Deed of Rental Support.

Pursuant to the Deed of Rental Support, the target quarterly rent for each calendar quarter shall start at the base rate of S\$8.90 psf per month (the "**Base Rate**"), multiplied by the total NLA of the Properties of 529,981 sq ft. At the beginning of each of FY2019 and FY2020, the Base Rate shall increase on a step-up basis, such that the Base Rate for FY2019 shall be S\$9.10 psf per month, the Base Rate for FY2020 shall be S\$9.25 psf per month, and the Base Rate for the subsequent periods and ending on the day immediately preceding the fifth anniversary date of the Completion Date shall be S\$9.40 psf per month.

The Rental Support is intended to provide income stability for the Properties for a period of up to five years from Completion.

The Manager is of the view that there is minimal risk that the Vendor and/or the Sponsor will not be able to pay the Rental Support when required, considering that the Vendor is a wholly-owned subsidiary of the Sponsor, that the Sponsor is listed on the Main Board of the SGX-ST, that the Sponsor has net assets attributable to owners (net of intangible assets) of S\$4,005.3 million as at 31 December 2017 according to its audited financial statements for the financial year from 1 January 2017 to 31 December 2017 ("**FY2017**") which is well in excess of the maximum aggregate amount of S\$60.0 million that is payable under the Deed of Rental Support.

4. THE PROPOSED RIGHTS ISSUE

4.1 Principal Terms of the Proposed Rights Issue

The Manager proposes to issue 1,288,438,981 Rights Units (which is equivalent to approximately 83.0% of the 1,552,336,122 Existing Units) pursuant to the proposed Rights Issue to raise gross proceeds of S\$587.5 million by way of an underwritten and renounceable rights issue to Eligible Unitholders (as defined herein) on a *pro rata* basis of 83 Rights Units for every 100 Units held as at the Books Closure Date (as defined herein), fractional entitlements to be disregarded (the "**Rights Ratio**").

The transfer books and register of Unitholders of OUE C-REIT will be closed at the time and date as the Manager may determine, for the purpose of determining the provisional allotments of Eligible Unitholders under the proposed Rights Issue (the "**Books Closure Date**")

The proposed Rights Issue will provide Unitholders with the opportunity to subscribe for their "nil-paid" provisional allotments entitlement to the Rights Units (the "**Rights Entitlement**") at an issue price of S\$0.456 per Rights Unit ("**Rights Issue Price**"), which is at a discount of:

- (i) approximately 31.4% to the closing price of S\$0.665 per unit in OUE C-REIT ("**Unit**") on the SGX-ST on 10 September 2018, being the last trading day of the Units prior to this Announcement (the "**Closing Price**");
- (ii) approximately 20.0% to the theoretical ex-rights price ("**TERP**") of S\$0.570 per Unit. For the avoidance of doubt, the TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of OUE C-REIT}^1 + \text{Gross proceeds from the Rights Issue}}{\text{Units in issue after the Rights Issue}^2}$$

; and

- (iii) approximately 34.9% to the *pro forma* net asset value (“NAV”) per Unit after completion of the proposed Transaction of S\$0.70 per Unit as at 31 December 2017.

4.2 Use of Proceeds from the Proposed Rights Issue

The proposed Rights Issue is expected to raise gross proceeds of approximately S\$587.5 million. Based on the Manager’s current estimates, the Manager expects to use the gross proceeds from the Rights Issue as follows:

- (i) approximately S\$550.1 million (which is equivalent to 93.6% of the gross proceeds of the proposed Rights Issue) to part finance the Purchase Consideration;
- (ii) approximately S\$6.9 million (which is equivalent to 1.2% of the gross proceeds of the proposed Rights Issue) to pay the total costs and expenses relating to the proposed Rights Issue; and
- (iii) approximately S\$30.5 million (which is equivalent to 5.2% of the gross proceeds of the proposed Rights Issue) to pay the stamp duty, professional and other fees and expenses incurred or to be incurred by OUE C-REIT in connection with the proposed Acquisition and for general corporate funding purposes.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the gross proceeds from the proposed Rights Issue at its absolute discretion for other purposes.

Pending deployment, the net proceeds from the proposed Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds of the proposed Rights Issue via SGXNET³ as and when such funds are materially utilised and provide a status report on the use of the proceeds from the proposed Rights Issue in the annual reports of OUE C-REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

5. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Manager believes that the proposed Transactions will bring the following key benefits to Unitholders:

5.1 Strategic acquisition of a recently refurbished Grade A Singapore office property which is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub in the CBD

1 Based on the Closing Price.

2 Comprising Existing Units and the Rights Units.

3 An internet-based corporate announcement submission system maintained by the SGX-ST.

The proposed Acquisition represents an opportunity for OUE C-REIT to acquire a recently refurbished, landmark Grade A office property in the Singapore CBD. The Properties possess the following competitive strengths:

(i) **Iconic and refurbished development with Grade A specifications and blue-chip tenant base**

The Properties offer quality and efficient column-free office space with regular floor plates. As a result, the Properties enjoy an established blue-chip tenant base which includes reputable insurance, financial, information and technology, media and telecommunications companies and MNCs. Key tenants include Deloitte & Touche LLP, Aviva Ltd and Moody's Analytics Singapore Pte. Ltd..

(ii) **Full suite of integrated amenities to deliver a superior "live, work and play" environment for occupiers**

The Properties are situated within a mixed-use development comprising a retail mall as well as a serviced apartment component, delivering a full suite of amenities in a single location that meets office tenants' needs beyond their demand for a productive workplace.

Downtown Gallery, the retail podium component of OUE Downtown with approximately 150,000 sq ft of premium retail space over six levels, is the largest purpose-built shopping mall in the CBD, and is an integral part of the development's "live, work and play" vision. This provides office tenants direct access to a wide range of food options and lifestyle amenities. Similarly, the serviced apartment component located in the same mixed-use development, Oakwood Premier OUE Singapore, provides convenience and accessibility for office occupiers with international employees on overseas assignments in Singapore.

(iii) **Location primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub in the CBD**

With the planned relocation of the container port facilities at the southern part of Singapore by 2030, the preliminary redevelopment plan for the Greater Southern Waterfront, a 1,000 hectare waterfront area comprising the City and Pasir Panjang port terminals, is a new "live, work and play" quarter envisioned to become an extension of the Singapore CBD. This long-term master-planning and development project by the government will positively consolidate the Shenton Way/Tanjong Pagar area as a gateway location between the core CBD, Marina Bay and the Greater Southern Waterfront. In view of the Properties' strategic location in the Shenton Way/Tanjong Pagar area, the Properties will be a direct beneficiary of the area's transformation.

(iv) **Easy accessibility and connectivity, poised to benefit from enhanced infrastructure development of the Shenton Way/Tanjong Pagar area**

The Tanjong Pagar and Downtown MRT stations are within a short walking distance from the Properties, providing easy accessibility and connectivity for office tenants. In addition, the Properties are within a 30-minute drive from Singapore's Changi International Airport. The Marina Coastal Expressway, East Coast Parkway and Ayer Rajah Expressway are also within a few minutes' drive from the Properties, providing easy access to other parts of the island.

Beyond 2022, the upcoming Shenton Way (part of the Thomson-East Coast Line) and Prince Edward MRT (part of the Circle Line) stations will be within a short walking distance from the Properties, providing easy accessibility for office tenants. The improved connectivity further raises the profile of the submarket as a prime CBD office district.

5.2 Acquisition of a high quality Grade A office property at an attractive price and Acquisition net property income (“NPI”) yield

While the proposed Acquisition is not immediately distribution per Unit (“DPU”) yield-accretive, it presents an opportunity for OUE C-REIT to acquire a landmark Grade A office property in the Shenton Way/Tanjong Pagar area at an attractive price. The Purchase Consideration is equivalent to a price of S\$1,713 psf, which is a 2.0% discount to the valuation of the Properties by Savills of S\$927.0 million and a 3.9% discount to the valuation of the Properties by Colliers of S\$945.0 million, both taking the Rental Support into consideration. At the Purchase Consideration of S\$908.0 million and Acquisition NPI yield of 5.0%¹, the yield on the Properties compares favourably to the implied property yield of 4.0%² for OUE C-REIT’s existing property portfolio.

The Purchase Consideration of S\$1,713 psf translates to an indicative value of S\$2,234 psf³ assuming that the Properties’ remaining leasehold tenure of 48 years is reset to a fresh 99-year leasehold tenure. This compares favourably to recent office transactions as illustrated in the table below:

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- 1 Based on the Properties’ annualised NPI including the Rental Support for 1H 2018, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.
 - 2 Calculated based on the NPI of OUE C-REIT’s existing property portfolio (including income support in respect of OUE Bayfront) for FY2017 divided by the total assets-under-management (“AUM”) as at 31 December 2017.
 - 3 This is an indicative value psf of NLA, should the residual tenure of the land for the Properties be reset to a fresh 99-year leasehold tenure using the Singapore Land Authority’s Bala’s table of discounted values.

Investment Sales Transactions of Office Developments in the Singapore CBD⁽¹⁾

Property	Transaction Date	CBD Office Submarket	Transacted Price (\$\$ m)	Price on NLA (\$\$ psf)	Remaining Lease Period	Adjusted Price Assuming Fresh 99 Years Lease (\$\$ psf) ⁽²⁾
OUE Downtown	In progress	Shenton Way/ Tanjong Pagar	908	1,713	48	2,234
Twenty Anson	Jun-18	Shenton Way/ Tanjong Pagar	516	2,505	88	2,558
Chevron House	Dec-17	Raffles Place	660	2,526	70	2,820
Asia Square Tower 2	Sep-17	New Downtown (Marina Bay)	2,094	2,689	89	2,737
One George Street	May-17	Raffles Place	592	2,650	85	2,739
GSH Plaza	Feb-17	Shenton Way/ Tanjong Pagar	664	2,900	70	3,237
PwC Building	Feb-17	Raffles Place	747	2,100	77	2,253
Robinson 77	Nov-16	Shenton Way/ Tanjong Pagar	531	1,810	75	1,963
Straits Trading Building	Jun-16	Raffles Place	560	3,520	999	3,379
Asia Square Tower 1	Jun-16	New Downtown (Marina Bay)	3,380	2,704	88	2,762
CapitaGreen	May-16	Raffles Place	800	2,276	55	2,827
CPF Building	Nov-15	Shenton Way/ Tanjong Pagar	550	1,698	49	2,200
One Raffles Place (acquiring 83.33% in OUB Centre which owns 81.54% of One Raffles Place)	Jun-15	Raffles Place	1,429	2,398	Tower 1; 841 years from 1 Nov 1985; Tower 2: 99 years from 1 Nov 1985	n.a. ⁽³⁾
AXA Tower	Jan-15	Shenton Way/ Tanjong Pagar	1,170	1,731	63	2,031

Source: Independent Market Research Report.

Notes:

- (1) Based on transactions from 2015 of more than S\$500 million.
- (2) These figures are provided to allow like-for-like price comparison between office properties of different land tenures within the CBD. This is an indicative value psf of NLA should the residual tenure of the land for each property be reset – or in the case of 999-year leasehold properties, converted – to a fresh 99-year leasehold tenure. The estimate, provided for comparison purposes only, is calculated by referencing the residual tenure of the land at the time of acquisition, and adjusting the price psf of NLA for each property using the Singapore Land Authority's Bala's table of discounted values. For the purpose of the adjusted price estimate, 999-year leasehold tenure is considered a form of freehold tenure. Accordingly, the same rates of discounted values apply.
- (3) There is no disclosure on the breakdown of the purchase price between Tower 1 and Tower 2. It is therefore not possible to derive an adjusted price for the residual land tenures of Tower 1 (808 years remaining) and Tower 2 (66 years remaining).

5.3 Increased exposure to a rising Singapore CBD office market, with a favourable growth profile from potential positive rental reversions

The proposed Acquisition is expected to increase the NLA of OUE C-REIT's Singapore portfolio by 48.0% to 1.6 million sq ft (from approximately 1.1 million sq ft), thereby enlarging its footprint within the Singapore CBD. This positions OUE C-REIT favourably to benefit from the rising Singapore CBD office market.

According to the Independent Market Research Report, premium and Grade A office rents in the Shenton Way/Tanjong Pagar submarket are expected to reach the range of S\$8.40 to S\$9.00 psf per month by the end of 2018 and rise to an estimated range of S\$9.30 to S\$9.75 psf per month by 2022.

The passing rent for the Properties as of June 2018 was approximately S\$7.00 psf per month, which is below the S\$8.43 psf per month in 1Q 2018 for comparable Shenton Way/Tanjong Pagar office properties, according to the Independent Market Research Report.

The Vendor will provide OUE C-REIT with Rental Support for a period of up to five years from Completion. This will provide income stability for Unitholders and mitigate potential risks caused by volatility and uncertainty of global economic conditions.

5.4 Enhanced market positioning and diversified product offering

The proposed Acquisition provides OUE C-REIT exposure to the Shenton Way/Tanjong Pagar submarket, which is expected to experience robust tenant demand for premium and Grade A office space amid high absorption, strong pre-commitment for new builds, and expansionary demand from financial, legal, technology and co-working space occupiers, according to the Independent Market Research Report.

The strategic addition of the Properties to OUE C-REIT's portfolio not only strengthens its footprint within the Singapore CBD, but also allows OUE C-REIT to capture tenant demand within the three major office rental submarkets in the Singapore CBD, namely: Raffles Place, New Downtown (Marina Bay area) and Shenton Way/Tanjong Pagar, thereby enhancing OUE C-REIT's competitive positioning.

5.5 Increased portfolio size post-Acquisition, creating a stronger platform for growth

The proposed Acquisition is expected to increase OUE C-REIT's AUM by about 26.2% from S\$3,515 million (as at 31 December 2017) to S\$4,435 million¹. OUE C-REIT's aggregate leverage is expected to improve from 40.3% as at 30 June 2018 to 39.8%² after the proposed Transactions. With a larger asset base, OUE C-REIT's debt headroom³ is expected to increase from S\$282.8 million as at 30 June 2018 to S\$398.6 million. This facilitates future potential acquisitions and/or asset enhancement initiatives to be undertaken by OUE C-REIT.

5.6 Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams

The proposed Acquisition is expected to benefit Unitholders by enhancing the diversification and resilience of the existing asset portfolio through the following ways:

(i) Reduced asset concentration risk

The proposed Acquisition is expected to enhance OUE C-REIT's income diversification and reduce its asset concentration risk. No single property is expected to contribute to more than 34.8% of OUE C-REIT's revenue, compared to 43.7% before the proposed Acquisition as of June 2018.

1 Based on the AUM of OUE C-REIT's existing property portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.

2 *Pro forma* aggregate leverage as of 30 June 2018 assuming additional debt of S\$361.6 million is raised for the proposed Transactions.

3 Based on the aggregate leverage limit of 45.0% under the Property Funds Appendix.

(ii) **Improved tenant diversification**

The proposed Acquisition is also expected to enhance the quality and diversification of OUE C-REIT's tenant base, with the addition of several established MNCs which include Deloitte & Touche LLP, Aviva Ltd and Moody's Analytics Singapore Pte. Ltd.. The diversity of the tenants across a broad range of sectors reduces OUE C-REIT's concentration risk, and contributes to the long-term stability of its income.

The gross rental income contribution from OUE C-REIT's top 10 tenants will be lowered from 28.7% to 26.9% on a *pro forma* basis, with no single tenant contributing more than approximately 7.3% of gross rental income as of June 2018.

5.7 Strong support from the Sponsor through its take-up of the *pro rata* stake in the proposed Rights Issue and the Sub-Underwriting Commitment

The proposed Acquisition is in line with the Sponsor's commitment to OUE C-REIT at the time of its initial public offering, when the Sponsor granted a right of first refusal to OUE C-REIT over its income-producing real estate used primarily for commercial purposes. The Sponsor's undertaking to procure the Subscribing Entities (as defined herein) to take up its full *pro rata* stake in the proposed Rights Issue as well as the Sponsor's Sub-Underwriting Commitment will further align the interests of the Sponsor with that of OUE C-REIT and its Unitholders. They also demonstrate the Sponsor's long-term commitment to support OUE C-REIT's acquisition growth strategy and to grow OUE C-REIT into an efficient platform for holding commercial properties, with both the Sponsor and the Manager being incentivised to maximise distributions to Unitholders. The strong support of the Sponsor for the proposed Transactions also reflects its confidence in the growth prospects in the Properties, underlining its importance as a key asset in OUE C-REIT's portfolio.

5.8 Increased market capitalisation and potential increased liquidity through the proposed Rights Issue

To part-finance the proposed Acquisition, the Manager proposes to issue 1,288,438,981 Rights Units pursuant to the proposed Rights Issue. As at the date of this Announcement, the Rights Units will constitute 83.0% of the Existing Units. The proposed Rights Issue is expected to increase the market capitalisation of OUE C-REIT and may facilitate improvement in the trading liquidity of Units on the SGX-ST. The Manager believes that the increased market capitalisation and liquidity would provide OUE C-REIT with increased visibility within the investment community.

6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the proposed Transactions on the DPU, NAV per Unit and capitalisation presented below are strictly for illustrative purposes and are prepared based on OUE C-REIT's latest audited financial statements for FY2017 (the "**FY2017 Audited Financial Statements**") and the unaudited management accounts of the Properties for 1H 2018 as well as the following assumptions:

- (i) the Purchase Consideration for the Properties is S\$908.0 million;
- (ii) gross proceeds of approximately S\$587.5 million are raised from the issue of 1,288,438,981 Rights Units to Eligible Unitholders, on the basis of 83 Rights Units for every 100 Units held as at the Books Closure Date (fractional entitlements to be disregarded) at the Rights Issue Price of S\$0.456;

- (iii) debt/borrowings of approximately S\$361.6 million are drawn down;
- (iv) the Acquisition Fee of approximately S\$6.8 million is payable to the Manager wholly in Units;
- (v) the Acquisition Fee Units are issued at the TERP of S\$0.570 per Unit; and
- (vi) tax transparency on the Rental Support is approved by the Inland Revenue Authority of Singapore.

6.1 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the proposed Transactions on OUE C-REIT's DPU for FY2017, as if the proposed Transactions were completed on 1 January 2017, and OUE C-REIT held the Properties through to 31 December 2017 are as follows:

	FY2017		
	Before the proposed Transactions	Pro Forma Adjusted ⁽¹⁾ for the Private Placement (as defined herein) ⁽²⁾ , the Debt Issuance (as defined herein) ⁽³⁾ and the Redemption of Convertible Perpetual Preferred Units ("CPPUs") (as described herein) ⁽⁴⁾	Pro Forma Adjusted for the proposed Transactions ⁽⁵⁾
Amount available for distribution (\$'000)	69,950	69,206	100,990 ⁽⁶⁾
Units in issue and to be issued ('000)	1,546,769 ⁽⁷⁾	1,546,769 ⁽⁷⁾	2,852,129 ⁽⁸⁾
DPU (Singapore cents)	4.67	4.47	3.54
DPU Yield (%)	7.0 ⁽⁹⁾	6.7 ⁽⁹⁾	6.2 ⁽¹⁰⁾
DPU Yield (%) based on Rights Issue Price	N/A	N/A	7.8

Notes:

- (1) These figures were adjusted as if the Private Placement, the Debt Issuance and the Redemption of CPPUs were completed on 1 January 2017 to show the full year impact of these exercises.
- (2) Refers to the issuance of 233,281,400 Units at an issue price of S\$0.643 per Unit in relation to a private placement on 17 March 2017 (the "**Private Placement**").
- (3) Refers to the issuance of S\$150,000,000 3.03 per cent. notes due 5 September 2020 by OUE CT Treasury Pte. Ltd., a wholly-owned subsidiary of DBS Trustee Limited (in its capacity as trustee of OUE C-REIT), on 5 September 2017 pursuant to its S\$1,500,000,000 Multicurrency Debt Issuance Programme (the "**Debt Issuance**").
- (4) Refers to the redemption of 75.0 million CPPUs in November 2017 and 100.0 million CPPUs in January 2018 (the "**Redemption of CPPUs**"). As at the Latest Practicable Date, 375.0 million CPPUs remain outstanding ("**Outstanding CPPUs**").
- (5) These figures incorporate the *pro forma* adjustments for the Private Placement, the Debt Issuance, the Redemption of CPPUs and the proposed Transactions. These figures also assume that after the proposed Transactions, the Outstanding CPPUs are not redeemed.
- (6) Based on the Properties' 1H 2018 annualised NPI including rental support, adjusted for one-off expenses, and assumes twelve months of the Management Corporation expenses.
- (7) Represents the number of Units issued and to be issued as at 31 December 2017.

- (8) Comprises (i) the Units set out in Note 7; (ii) 1,288.4 million Rights Units to be issued under the proposed Rights Issue at the Rights Issue Price of S\$0.456; (iii) 11.9 million new Units assumed to be issued in satisfaction of the Acquisition Fee payable to the Manager for the proposed Acquisition; and (iv) 5.0 million Units assumed to be issued in satisfaction of the management base fee payable to the Manager arising from the proposed Acquisition.
- (9) Based on the Closing Price.
- (10) Based on TERP of S\$0.570 per Unit.

6.2 Pro Forma NAV

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* financial effects of the proposed Transactions on the NAV per Unit as at 31 December 2017, as if OUE C-REIT had completed the proposed Transactions on that date, are as follows:

	FY2017		
	Before the proposed Transactions	<i>Pro Forma Adjusted</i> ⁽¹⁾ for the Private Placement, the Debt Issuance and the Redemption of CPPUs	<i>Pro Forma Adjusted</i> for the proposed Transactions ⁽²⁾
NAV (S\$'000)	1,407,285	1,407,285	1,994,419
Units in issue and to be issued ('000)	1,546,769 ⁽³⁾	1,546,769 ⁽³⁾	2,847,155 ⁽⁴⁾
NAV per Unit (S\$)	0.91	0.91	0.70

Notes:

- (1) These figures were adjusted as if the Private Placement, the Debt Issuance and the Redemption of CPPUs were completed on 1 January 2017 to show the full year impact of these exercises.
- (2) These figures incorporate the *pro forma* adjustments for the Private Placement, the Debt Issuance, the Redemption of CPPUs and the proposed Transactions. These figures also assume that after the proposed Transactions, the Outstanding CPPUs are not redeemed.
- (3) Represents the number of Units issued and to be issued as at 31 December 2017.
- (4) Comprises (i) the Units set out in Note 3; (ii) 1,288.4 million Rights Units to be issued under the proposed Rights Issue at the Rights Issue Price of S\$0.456; (iii) 11.9 million new Units assumed to be issued in satisfaction of the Acquisition Fee payable to the Manager for the proposed Acquisition.

6.3 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY: The *pro forma* capitalisation of OUE C-REIT as at 31 December 2017, as if OUE C-REIT had completed the proposed Transactions on 31 December 2017, is as follows:

S\$'000	FY2017		
	Before the proposed Transactions	<i>Pro Forma Adjusted</i> ⁽¹⁾ for the Private Placement, the Debt Issuance and the Redemption of CPPUs	<i>Pro Forma Adjusted</i> for the proposed Transactions ⁽²⁾
Short-term debt	514,016 ⁽³⁾	514,016 ⁽³⁾	514,016 ⁽³⁾
Long-term debt	748,319 ⁽³⁾	848,319 ⁽⁴⁾	1,206,185 ⁽⁵⁾
Total Debt	1,262,335	1,362,335	1,720,201
CPPUs	361,891 ⁽⁶⁾	361,891 ⁽⁶⁾	361,891 ⁽⁶⁾
Unitholders' funds	1,407,285	1,407,285	1,994,419
Total Unitholders' funds (including the CPPUs)	1,769,176	1,769,176	2,356,310
Total Capitalisation	3,031,511	3,131,511	4,076,511

Notes:

- (1) These figures were adjusted as if the Private Placement, the Debt Issuance and the Redemption of CPPUs were completed on 1 January 2017 to show the full year impact of these exercises.
- (2) These figures incorporate the *pro forma* adjustments for the Private Placement, the Debt Issuance, the Redemption of CPPUs and the proposed Transactions. These figures also assume that after the proposed Transactions, the Outstanding CPPUs are not redeemed.
- (3) Stated net of upfront fee and transaction costs.
- (4) Comprises (a) the long-term debt before the proposed Transactions; and (b) the assumed loan drawn down by OUE C-REIT as if the 100.0 million CPPUs were redeemed on 31 December 2017.
- (5) Comprises (a) the long-term debt before the proposed Transactions; (b) the assumed loan drawn down by OUE C-REIT as if the 100.0 million CPPUs were redeemed on 31 December 2017; and (c) the loan to be drawn down by OUE C-REIT for the proposed Acquisition which is stated net of upfront fee and transaction costs.
- (6) Represents the carrying value of the Outstanding CPPUs and the total return attributable to the holder of the CPPUs (the "CPPU Holder") as at 31 December 2017.

7. CONDITIONS TO THE PROPOSED RIGHTS ISSUE

The proposed Rights Issue is subject to, among others, the following conditions:

- (i) the approval in-principle of the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST, which was granted on 10 September 2018, remaining in full force and effect on the date of allotment and issue of the Rights Units;
- (ii) the receipt of the Unitholders Approval, not having been revoked or withdrawn; and
- (iii) the lodgement of the Offer Information Statement (as defined herein) with the MAS.

For the purposes of this paragraph 7:

"Unitholders Approval" means the approval of the Unitholders for:

- (i) the purchase of the Properties, including the entry into the Deed of Rental Support;

- (ii) undertaking a rights issue to finance the purchase of the Properties; and
- (iii) the proposed Payment of the Sub-Underwriting Commission (as defined herein).

8. THE UNDERWRITING AND SUB-UNDERWRITING OF THE PROPOSED RIGHTS ISSUE

8.1 The Underwriting of the Proposed Rights Issue

The proposed Rights Issue (save for the Rights Units which are the subject of the Sponsor Irrevocable Undertaking) is fully underwritten by the Joint Lead Managers and Underwriters on the terms and conditions of the Underwriting Agreement.

The Joint Lead Managers and Underwriters will be entitled to a commission of 2.25% of the Rights Issue Price multiplied by the total number of Underwritten Rights Units (as defined herein).

The Underwriting Agreement may be terminated upon the occurrence of certain events, including breaches by the Manager of certain terms of the Underwriting Agreement, certain material adverse changes relating to OUE C-REIT and events of a *force majeure* nature. However, each of the Joint Lead Managers and Underwriters will not be entitled to rely on *force majeure* to terminate the Underwriting Agreement on or after the date on which ex-rights trading commences, in compliance with Rule 818 of the Listing Manual.

8.2 The Proposed Payment of the Sub-Underwriting Commission

In connection with the proposed Rights Issue and the Underwriting Agreement, the Sponsor has entered into a sub-underwriting agreement on 10 September 2018 (the “**Sub-Underwriting Agreement**”) with the Joint Lead Managers and Underwriters, pursuant to which it has agreed, on the terms and subject to the conditions of the Sub-Underwriting Agreement, to subscribe and pay for 66% of the total number of the Underwritten Rights Units (as defined herein) (the “**Sub-Underwritten Rights Units**”) to the extent that such Sub-Underwritten Rights Units are not successfully subscribed for under the proposed Rights Issue (the “**Sub-Underwriting Commitment**”).

In consideration of the Sub-Underwriting Commitment, the Joint Lead Managers and Underwriters have agreed to pay, subject to the Unitholders’ approval for the proposed Transactions being obtained, the sub-underwriting commission (the “**Sub-Underwriting Commission**”) of 1.80% of the Rights Issue Price multiplied by the total number of the Sub-Underwritten Rights Units to the Sponsor (the “**Payment of the Sub-Underwriting Commission**”). “**Underwritten Rights Units**” means the Rights Units excluding the Rights Units which are the subject of the Sponsor Irrevocable Undertaking (as defined herein).

As at the date of this Announcement, the Sponsor is a person with an interest in Units constituting not less than 5.0% of the Existing Units and is therefore a “Substantial Unitholder” as defined under the Listing Manual (a “**Substantial Unitholder**”). Accordingly, Paragraph 2.1 of Practice Note 8.2 of the Listing Manual requires the proposed Payment of the Sub-Underwriting Commission by the Joint Lead Managers and Underwriters to the Sponsor to be subject to specific Unitholders’ approval. The Manager therefore intends to obtain the approval of the Unitholders (other than the Sponsor and its associates) for the proposed Payment of the Sub-Underwriting Commission at the EGM to be convened.

9. COMMITMENT OF THE SPONSOR

To demonstrate its support for OUE C-REIT and the proposed Rights Issue, the Sponsor, which, through its wholly-owned subsidiaries, CDPL and the Manager (in its own capacity), owns 867,508,422 Units representing 55.9% of the voting rights of OUE C-REIT as at the date of this Announcement), has on 10 September 2018 provided to the Manager and the Joint Lead Managers and Underwriters an irrevocable undertaking (the “**Sponsor Irrevocable Undertaking**”) that, among other things:

- (a) subject to any prohibitions or restrictions imposed by the relevant regulatory authorities (including the SGX-ST), it will vote and/or procure that its wholly-owned subsidiaries vote (in respect of all Units beneficially owned by it or its wholly-owned subsidiaries) in favour of the resolution to approve the proposed issue of up to 1,288,438,981 Rights Units under the proposed Rights Issue at the EGM and such other resolutions necessary or expedient for the purposes of the proposed Rights Issue; and
- (b) it will accept and/or procure that CDPL and the Manager or, as the case may be, their nominees(s) or custodian(s) (collectively, the “**Relevant Entities**”) subscribe, and/or procure one or more of its existing subsidiaries and/or new subsidiaries/entities set up by the Sponsor to hold Units (together with the Relevant Entities, the “**Subscribing Entities**”), to subscribe and pay in full for the Relevant Entities’ total provisional allotments of Rights Units.

10. APPROVAL IN-PRINCIPLE

The SGX-ST has on 10 September 2018 given its approval in-principle for the listing and quotation of the Rights Units on the Main Board of the SGX-ST.

The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of OUE C-REIT and/or its subsidiaries, the proposed Acquisition, the proposed Rights Issue, the Rights Units and/or the proposed Payment of the Sub-Underwriting Commission.

The listing approval of the Rights Units is subject to the following conditions:

- (i) compliance with the provisions of the Trust Deed;
- (ii) compliance with the SGX-ST’s listing requirements;
- (iii) approval of the Unitholders for the Rights Issue;
- (iv) a written undertaking from OUE C-REIT and the Manager that they will:
 - (a) comply with Listing Rules 704(30), 815 and 1207(20) in relation to the use of the proceeds from the proposed Rights Issue;
 - (b) comply with Listing Rule 877(10) with regards to the allotment of any excess Rights Units; and
- (iii) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking Unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under their undertakings.

11. ELIGIBILITY TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE

Eligible Unitholders whose securities accounts with The Central Depository (Pte) Limited (the “CDP” and the securities accounts with the CDP, the “**Securities Accounts**”) are credited with Units as at 5.00 p.m. on the Books Closure Date will be provisionally allotted the Rights Entitlements on the basis of the number of Units standing to the credit of their Securities Accounts with CDP as at the Books Closure Date (fractional entitlements to be disregarded).

“**Eligible Unitholders**” are Unitholders with Units standing to the credit of their Securities Accounts and (a) whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three Market Days¹ prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents; or (b) who the Manager, on behalf of OUE C-REIT, may determine, may be offered Rights Units without breaching applicable securities laws.

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the “nil-paid” rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the proposed Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the “nil-paid” rights trading period; or (B) that have not been validly taken up by the original allottees, renounees of the Rights Entitlements or the purchasers of Rights Entitlements (collectively, the “**Excess Rights Units**”).

For the avoidance of doubt, Eligible Unitholders who hold less than 100 Existing Units as at the Books Closure Date will be provisionally allotted their Rights Entitlements on a *pro rata* basis based on the Rights Ratio, fractional entitlements to be disregarded. Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 100 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST’s Unit Share Market².

Eligible Unitholders who have subscribed for or purchased Units under the Central Provident Fund (“CPF”) Investment Scheme (“CPFIS”) and/or the Supplementary Retirement Scheme (“SRS”) can only accept their Rights Entitlements by instructing the relevant banks in which they hold their CPFIS accounts and/or SRS accounts to do so on their behalf. Any application made by the abovementioned Unitholders directly to CDP or through automated teller machines will be rejected. Such Unitholders should refer to the Offer Information Statement (as defined herein) to be lodged with the MAS for important details relating to the offer procedure in connection with the proposed Rights Issue.

Unitholders holding Units through a finance company or depository agent may only subscribe for the Rights Entitlements through their respective finance company or depository agent.

Subscription for the Rights Entitlements arising from Units acquired under the CPFIS Ordinary Account (the “CPFIS-OA”), where the Rights Entitlements are of a type

¹ “**Market Day**” as defined in the Listing Manual refers to a day on which the SGX-ST is open for securities trading.

² “**Unit Share Market**” refers to the ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.

included under the CPFIS-OA, can only be made using CPF funds. In the event of insufficient CPF funds or stock limit, Unitholders should top-up their CPF funds with the relevant bank in which they hold their CPFIS accounts to ensure that they may subscribe for their Rights Entitlements.

No provisional allotment of Rights Units will be made to Unitholders other than the Eligible Unitholders (the “**Ineligible Unitholders**”) and no purported acceptance thereof or application for Excess Rights Units therefor by Ineligible Unitholders will be valid.

The offer, sale and delivery of the Rights Units and the Rights Entitlements may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have their addresses registered with CDP, the proposed Rights Issue will not be extended to Ineligible Unitholders.

The Rights Entitlements and the Rights Units have not been and will not be registered under the Securities Act, or under the securities laws of any state of the United States and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Units and the Rights Entitlements will only be offered and sold in offshore transactions in reliance on Regulation S under the Securities Act.

12. OFFER INFORMATION STATEMENT

In connection with the proposed Rights Issue, the Manager will, following the lodgement of the offer information statement (the “**Offer Information Statement**”) with the MAS, issue and despatch the Offer Information Statement to Unitholders setting out, among other things, the details of the proposed Rights Issue.

13. AUDIT AND RISK COMMITTEE STATEMENT

The independent directors of the Manager and the Audit and Risk Committee of the Manager have obtained an opinion from Deloitte & Touche Corporate Finance Pte Ltd (as an independent financial adviser to the independent directors of the Manager, the Audit and Risk Committee of the Manager and to the Trustee, on the proposed Acquisition (taking into consideration the Deed of Rental Support) before forming its view, which will be disclosed in the Circular, as to whether the proposed Acquisition (taking into consideration the Deed of Rental Support) is based on normal commercial terms and not prejudicial to the interests of OUE C-REIT and its minority Unitholders.

14. OTHER INTERESTED PERSON TRANSACTIONS

As at the date of this Announcement, the value of all interested person transactions entered into between (i) OUE C-REIT and (ii) the Sponsor and its subsidiaries during the course of the current financial year up to the date of this Announcement, which are the subject of aggregation under Rules 905 or 906 of the Listing Manual is approximately S\$1,601,000.

OUE C-REIT has not entered into transactions with other interested persons which are the subject of aggregation under Rules 905 or 906 of the Listing Manual in the current financial year.

15. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the date of this Announcement, Mr. Christopher James Williams is the Chairman and Non-Independent Non-Executive Director of the Manager as well as Deputy Chairman of the Sponsor, Mr. Jonathan Miles Foxall is the general manager of Lippo China Resources Limited¹ and a director of Lippo Realty Limited¹, and Ms. Tan Shu Lin is the Chief Executive Officer and Executive Director of the Manager.

As at the date of this Announcement, Mr. Tang Gordon @ Tang Yigang @ Tang Gordon (“GT”) is a Substantial Unitholder. Certain interested persons of GT have entered into tenancy agreements with the Vendor with respect to the Properties (collectively, the “GT Entities Tenancy Agreements”). Upon Completion, and assuming that all of the tenancy agreements of the Properties are assigned to OUE C-REIT immediately prior to Completion, OUE C-REIT will take over all of the tenancy agreements with respect to the Properties, including the GT Entities Tenancy Agreements. The aggregate contract value derived or to be derived from the GT Entities Tenancy Agreements is estimated at S\$4.4 million.

As at the date of this Announcement, GT is not related to the Sponsor or the Vendor. The GT Entities Tenancy Agreements were entered into by the Vendor independently of, and prior to, the proposed Acquisition. OUE C-REIT is not a party to the GT Entities Tenancy Agreements.

As at the date of this Announcement and based on information available to the Manager as at the date of this Announcement, the Sponsor, through its wholly-owned subsidiaries, CDPL and the Manager, holds an aggregate interest in 867,508,422 Units, which is equivalent to 55.9% of the Existing Units. CDPL holds a direct interest in 804,153,700 Units, which is equivalent to 51.8% of the Existing Units.

Saved as disclosed above and based on information available to the Manager as at the date of this Announcement, none of the directors of the Manager or the Substantial Unitholders has an interest, direct or indirect, in the proposed Acquisition.

16. OTHER INFORMATION

16.1 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the proposed Acquisition or any other transactions contemplated in relation to the proposed Acquisition.

16.2 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by OUE C-REIT. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;

¹ Lippo China Resources Limited and Lippo Realty Limited are related companies of the Sponsor.

- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by OUE C-REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with OUE C-REIT's NAV;
- (ii) the net profits attributable to the assets acquired or disposed of, compared with OUE C-REIT's net profits;
- (iii) the aggregate value of the consideration given or received, compared with OUE C-REIT's market capitalisation based on the total number of issued Units excluding treasury Units; and
- (iv) the number of Units issued by OUE C-REIT as consideration for an acquisition, compared with the number of Units previously in issue.

The relative figures for the proposed Acquisition using the applicable bases of comparison described above are set out in the table below.

Comparison of	Proposed Acquisition	OUE C-REIT	Relative figure (%)
Profits attributable to the Unitholders and the CPPU Holder (S\$'000)	22,725 ⁽¹⁾	27,708 ⁽²⁾	82.0%
Purchase Consideration against market capitalisation (S\$ million)	908.0	1,041.0 ⁽³⁾	87.2%
Units issued as consideration against Units previously in issue ('000)	This is not applicable as no Units are expected to be issued as consideration for the proposed Acquisition.		

Note(s):

- (1) Based on the Properties' 1H 2018 NPI including rental support, adjusted for one-off expenses and assumes six months of the Management Corporation expenses. In addition, assumes tax transparency on the Rental Support and does not include other costs arising from the proposed Acquisition, such as financing costs, amortisation of capitalised financing cost and other transaction costs.
- (2) This figure represents total return attributable to the Unitholders and the CPPU Holder which is based on OUE C-REIT's unaudited consolidated financial statements for 1H 2018.
- (3) This figure is based on OUE C-REIT's volume weighted average price of S\$0.6706 on 7 September 2018, being the Market Day preceding the date of the PCOA.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of OUE C-REIT's business.

The Manager is of the view that the proposed Acquisition is in the ordinary course of OUE C-REIT's business as the Properties being acquired are within the investment mandate of OUE C-REIT and the Properties are of the same asset class as OUE C-REIT's existing properties and located in the financial and business hub of Singapore, which OUE C-REIT targets. As such, the proposed Acquisition is not subject to Chapter 10 of the Listing Manual.

16.3 Documents for Inspection

Copies of the following documents are available for inspection¹ during normal business hours at the registered office of the Manager located at 50 Collyer Quay #04-08 OUE Bayfront Singapore 049321 from the date of this Announcement up to and including the date falling three months after the date of the Circular:

- (a) the PCOA;
- (b) the Deed of Rental Support;
- (c) the full valuation report issued by Savills in respect of the Properties;
- (d) the full valuation report issued by Colliers in respect of the Properties; and
- (e) the Independent Market Research Report.

The Trust Deed will be available for inspection at the registered office of the Manager for so long as OUE C-REIT is in existence.

¹ Prior appointment will be appreciated.

17. INDICATIVE TIMETABLE FOR THE PROPOSED RIGHTS ISSUE

The timetable for the events which are scheduled to take place after the EGM is set out below (all references are to Singapore dates and times):

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 26 September 2018 at 10.00 a.m.
Date and time of the EGM	: 28 September 2018 at 10.00 a.m.
If the approvals for the proposed Transactions are obtained at the EGM:	
Last day of "cum-rights" trading for the proposed Rights Issue	: 1 October 2018
First day of "ex-rights" trading for the proposed Rights Issue	: 2 October 2018
Books Closure Date for the proposed Rights Issue	: 4 October 2018
Commencement of trading of Rights Entitlements	: 9 October 2018
Close of trading of Rights Entitlements	: 17 October 2018
Expected date of issue of Rights Units	: 30 October 2018
Expected date of commencement of trading of the Rights Units on the SGX-ST	: 31 October 2018
Target date for Completion	: Between 5 November 2018 and 14 November 2018, or such earlier date as the Vendor and the Trustee may agree

The Manager may, in consultation with the Joint Lead Managers and Underwriters and with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Manager will announce the same via the SGXNET.

By Order of the Board
Ng Ngai
Company Secretary

OUE Commercial REIT Management Pte. Ltd.
(Registration Number: 201327018E)
(as manager of OUE Commercial Real Estate Investment Trust)

10 September 2018

IMPORTANT NOTICE

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

Any offering of Rights Units will be made in and accompanied by the Offer Information Statement. A potential investor should read the Offer Information Statement before deciding whether to subscribe for Rights Units under the proposed Rights Issue. The Offer Information Statement may be accessed online at the website of the MAS at <http://masnet.mas.gov.sg/opera/sdrprosp.nsf> when it is lodged with the MAS. The MAS assumes no responsibility for the contents of the Offer Information Statement. The availability of the Offer Information Statement on the MAS website does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The MAS has not, in any way, considered the investment merits of OUE C-REIT. This Announcement is qualified in its entirety by, and should be read in conjunction with the full text of the Circular and its appendices as well as the Offer Information Statement when it is lodged with the MAS.

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

This Announcement is not an offer for sale of securities in the United States or elsewhere. The Rights Entitlements and Rights Units are not being registered under the Securities Act, and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from registration under the Securities Act. There will be no public offering of securities in the United States.