

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.



PRESS RELEASE
For Immediate Release

Proposed Acquisition of the Office Components of OUE Downtown for S\$908 million or S\$1,713 per square foot

10 September 2018 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the “Manager”) of OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), is pleased to announce, among others, the proposed acquisition of the office components of OUE Downtown (the “Properties”) from Alkas Realty Pte. Ltd. (the “Vendor”), a company incorporated in Singapore and wholly-owned by OUE Limited (the “Sponsor”) for an aggregate purchase consideration of S\$908.0 million (the “Purchase Consideration”) or S\$1,713 per square foot (“psf”) (the “Acquisition”). The total cost of the acquisition is expected to be approximately S\$955.9 million (which includes stamp duty, debt and equity financing related costs, professional fees and acquisition fee). OUE C-REIT proposes to part fund the proposed Acquisition through an underwritten and renounceable rights issue to raise gross proceeds of approximately S\$587.5 million (the “Rights Issue”) with the balance via debt. As the proposed Acquisition constitutes an interested party transaction under the Property Funds Appendix¹, the acquisition fee payable to the Manager will be paid in the form of new units in OUE C-REIT (“Units”) which shall not be sold within one year of the date of issuance.

About the Proposed Acquisition

Located at the financial corridor between Raffles Place and Tanjong Pagar in Singapore’s Shenton Way, OUE Downtown is a recently refurbished landmark

¹ “Property Funds Appendix” refers to Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

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 multi-storey carpark. The Properties comprise Grade A office space from the 35th to 46th storeys of OUE Downtown 1 and Grade A office space from the 7th to 34th storeys of OUE Downtown 2 with a combined net lettable area (“NLA”) of 529,981 square feet (“sq ft”).

The Properties enjoy a high committed occupancy of 95.1% as at 30 June 2018, with an established blue-chip tenant base which includes reputable insurance, financial, information and technology, media and telecommunications companies and multi-national corporations. The current passing rent for the Properties as of June 2018 is about S\$7.00 psf per month, compared to the 1Q 2018 market rent of S\$8.43² psf per month for the Shenton Way/Tanjong Pagar submarket. In addition, the end-2018 forecast market rent for prime office space in this submarket is estimated to be between S\$8.40 to S\$9.00 psf per month. In order to align the rental rates of the Properties to prevailing market rates and provide income stability, the Vendor will provide rental support of up to an aggregate amount of S\$60.0 million or for a period of up to 5 years upon Completion, whichever is earlier. Together with the rental support, the Properties are expected to generate an acquisition net property income yield of about 5.0%³.

The Purchase Consideration of S\$908.0 million, which was negotiated on a willing-buyer and willing-seller basis, is at a 3.9% discount to the appraised value of S\$945.0 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd, and a 2.0% discount to the appraised value of S\$927.0 million by Savills

² Based on the independent market research report prepared by the independent market research consultant, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, in appendix C of the circular to Unitholders dated 10 September 2018.

³ Based on the Properties' 1H 2018 annualised net property income including rental support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

Valuation and Professional Services (S) Pte. Ltd. as at 30 June 2018. The independent valuations were conducted using the income capitalisation method, the discounted cash flow method and the market comparison method and took into consideration the rental support.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, “We believe that OUE Downtown is a strategic addition to OUE C-REIT’s portfolio, being our first property in the Tanjong Pagar precinct, where we can expect to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub in the CBD. It will also increase our exposure to a rising Singapore office market and enhance our competitive positioning, allowing us to capture tenant demand within the three major office submarkets in the Singapore CBD, namely; Raffles Place, New Downtown (Marina Bay area) and Shenton Way/Tanjong Pagar. We believe the property value of S\$1,713 psf and acquisition net property income yield of 5.0% is very attractive for a landmark Grade A asset in the CBD and through our proven track record in leasing, we are confident the Properties will generate long-term sustainable returns for OUE C-REIT’s Unitholders.”

Ms Tan added, “To ensure certainty of funding for the proposed Acquisition, commitments from underwriters for the proposed Rights Issue and lenders for the debt facilities have been put in place. The Sponsor, believing in the long term potential of OUE Downtown, has given its firm commitment to participate in the Rights Issue, as well as act as sub-underwriter for a portion of the Rights Issue to be underwritten by the banks.”

The Manager believes the proposed transactions will bring about, among others, the following benefits to unitholders of OUE C-REIT (“Unitholders”):

- (i) Strategic acquisition of a recently refurbished Grade A Singapore office property which is primed to benefit from the transformation of Tanjong

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

- Pagar into a business and lifestyle hub in the CBD;
- (ii) Acquisition of a high quality Grade A office property at an attractive price of S\$1,713 psf (or S\$2,234 psf after adjusting for residual land tenure) and attractive acquisition net property income yield of 5.0%⁴;
 - (iii) Increased exposure to a rising Singapore CBD office market, with a favourable growth profile from potential positive rental reversions;
 - (iv) Enhanced market positioning and diversified product offering;
 - (v) Increased portfolio size post-Acquisition, creating a stronger platform for growth; and
 - (vi) Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams.

Underwritten and Renounceable Rights Issue

The Manager intends to issue approximately 1,288.4 million new Units to raise gross proceeds of approximately S\$587.5 million. Eligible Unitholders will be entitled to subscribe for 83 new Units (“Rights Units”) for every 100 existing Units held as at the books closure date at S\$0.456 per Rights Unit (“Rights Issue Price”), fractional entitlements to be disregarded. Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited have been appointed as the joint lead managers and underwriters for the Rights Issue (collectively the “Joint Lead Managers and Underwriters”) to underwrite the Rights Issue.

To demonstrate its commitment to OUE C-REIT and support for the Rights Issue, the Sponsor, which through its wholly-owned subsidiaries holds an aggregate interest in approximately 55.9% of Units, has undertaken to fully subscribe for its pro rata entitlement of the Rights Units. The Sponsor will further sub-underwrite

⁴ Based on the Properties’ 1H 2018 annualised net property income including rental support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

66% of the Rights Units to be underwritten by the Joint Lead Managers and Underwriters.

The Rights Issue Price is at discount of approximately (a) 31.4% to the closing price of S\$0.665 per Unit on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 10 September 2018, being the last trading day of the Units prior to the announcement of the proposed Rights Issue (the “Closing Price”); and (b) 20.0% to the theoretical ex-rights price (“TERP”) of S\$0.570 per Unit.

The Rights Issue is expected to improve OUE C-REIT’s aggregate leverage from 40.3% as at 30 June 2018 to 39.8% after the proposed transactions. OUE C-REIT’s pro forma distributions per Unit yield for FY2017, assuming the proposed transactions were completed on 1 January 2017, would be 7.8% based on the Rights Issue Price, and 6.2% based on TERP.

A circular will be despatched to Unitholders in due course, together with a notice of the extraordinary general meeting, 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 to the Sponsor.

Please refer to Appendix 1 for details of the Properties.

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

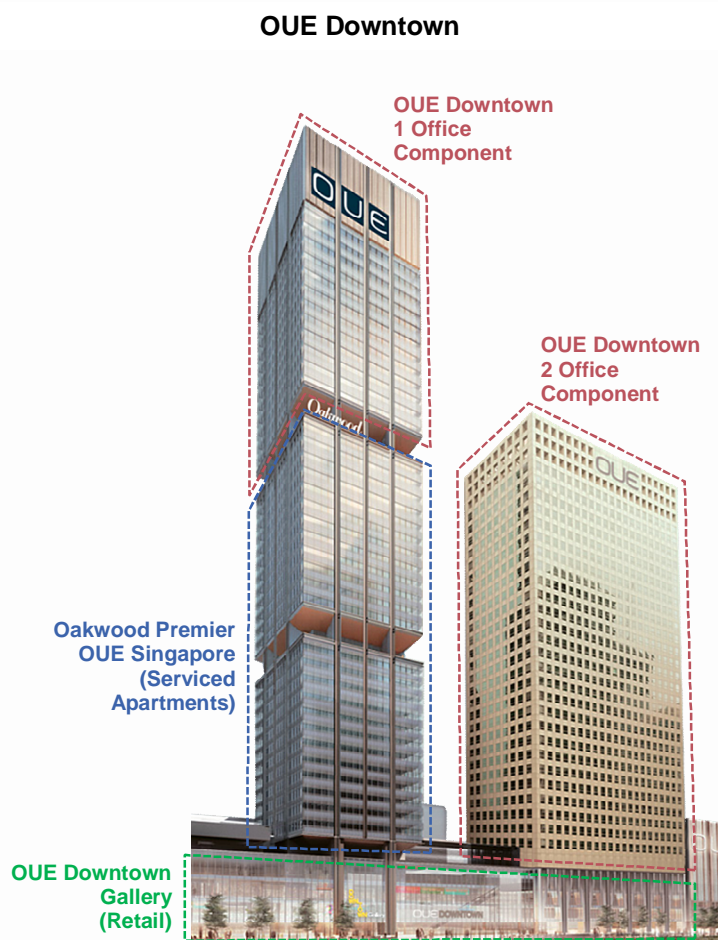
OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

Appendix 1

About the Properties

OUE Downtown is a recently refurbished landmark mixed-use development on 6 Shenton Way and 6A Shenton Way 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.

The Properties comprises Grade A office space from the 35th to 46th storeys of OUE Downtown 1 (OUE Downtown 1 Office Component) and Grade A office space from the 7th to 34th storeys of OUE Downtown 2 (OUE Downtown 2 Office Component).



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 stations. Shenton Way is one of the primary office locations within the CBD,

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

and Tanjong Pagar is part of the Urban Redevelopment Authority’s long-term plans⁵ for development into an enviable “live, work and play” environment.

OUE Downtown has a total gross floor area (“GFA”) of about 1.24 million sq ft, a total 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 the retail podium, 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 auditorium to a retail mall, the upgrading of office lobbies for both towers as well as the upgrading and replacement of major mechanical and electrical equipment. During this period, the Properties continued to be operational.

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.

⁵ Based on the URA’s Master Plan 2014. Source: <https://www.uragov.sg/Corporate/Planning/Master-Plan/Regional-Highlights/Central-Area> (last accessed on 4 September 2018). 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.

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the "Securities Act"), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

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

Head Title	99-year leasehold title commencing 19 July 1967
Share Value	5,316 shares representing 53.16% of the total share value of the strata lots in OUE Downtown
GFA	<p>OUE Downtown 1 Office Component : Approximately 14,990 sq m (161,351 sq ft)</p> <p>OUE Downtown 2 Office Component: Approximately 54,932 sq m (591,283 sq ft)</p> <p>Total GFA: Approximately 69,922 sq m (752,634 sq ft)</p>
NLA	<p>OUE Downtown 1 Office Component: 8,213 sq m (88,400 sq ft)</p> <p>OUE Downtown 2 Office Component: Approximately 41,024 sq m (441,581 sq ft)</p> <p>Total NLA: Approximately 49,237 sq m (529,981 sq ft)</p>
Committed Occupancy as at 30 June 2018	95.1%
Weighted Average Lease Expiry as at 30 June 2018	<p>By gross rental income: 2.0 years</p> <p>By NLA: 2.0 years</p>

- End -

For further information and enquiries, please contact:

Elaine Cheong
Vice President, Investor Relations
Tel: +65 6809 8704
Email: elaine.cheong@ouect.com

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

About OUE Commercial REIT

OUE C-REIT is a Singapore real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited. It was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets.

OUE C-REIT's portfolio comprises OUE Bayfront and One Raffles Place in Singapore, as well as Lippo Plaza in Shanghai, with a total assets-under-management of approximately S\$3.5 billion.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., which is a wholly-owned subsidiary of OUE Limited.

For more information, please visit www.ouect.com.

About the Sponsor: OUE Limited

OUE Limited (“OUE”) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors primarily in Singapore. With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value.

For more information, please visit www.oue.com.sg.

IMPORTANT NOTICE

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. This press release is qualified in its entirety by, and should be read in conjunction with the full text of the circular to Unitholders dated 10 September 2018 and its appendices as well as the offer information statement in connection with the Rights Issue when it is lodged with the Monetary Authority of Singapore.

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, DBS Trustee Limited (as trustee

NOT FOR DISTRIBUTION IN THE UNITED STATES. Nothing in this press release constitutes an offer to buy, or a solicitation of an offer to sell, securities in the United States or any other jurisdiction in which such offer or solicitation would be unlawful. Securities may not be offered or sold in the United States absent registration pursuant to the U.S. Securities Act of 1933, as amended (the “Securities Act”), or an exemption from registration under the Securities Act. There will be no public offering of securities in United States.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

of OUE C-REIT) or any of their respective 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 should note that they will 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 press release 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 press release is not an offer for sale of securities in the United States or elsewhere. The Rights Entitlements (as defined in the circular to Unitholders dated 10 September 2018) 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.