

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, EUROPEAN ECONOMIC AREA, CANADA OR JAPAN



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

PROPOSED PLACEMENT OF NEW UNITS IN OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST TO RAISE GROSS PROCEEDS OF UP TO APPROXIMATELY S\$150.0 MILLION

1. INTRODUCTION

OUE Commercial REIT Management Pte. Ltd., as manager of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**", and as manager of OUE C-REIT, the "**Manager**"), wishes to announce that it proposes to issue 155,521,000 new units in OUE C-REIT ("**New Units**") pursuant to a private placement of New Units (the "**Private Placement**") at an issue price of S\$0.643 per New Unit (the "**Issue Price**") to raise gross process of approximately S\$100.0 million¹. The Manager may, together with the Placement Agent (as defined herein), decide to increase the size of the Private Placement so as to raise additional gross proceeds of up to S\$50.0 million ("**Upsize Option**") by issuing up to an additional 77,760,400 New Units such that the total gross proceeds of the Private Placement will amount up to approximately S\$150.0 million.

2. DETAILS OF THE PRIVATE PLACEMENT

The Manager has today entered into a placement agreement (the "**Placement Agreement**") with UBS AG, Singapore Branch (the "**Placement Agent**") in relation to the Private Placement pursuant to which the Placement Agent have agreed, subject to the terms and conditions of the Placement Agreement, to procure, on a best efforts basis, subscriptions for the New Units.

For the avoidance of doubt, the Private Placement is not underwritten by the Placement Agent.

The Issue Price of S\$0.643 per New Unit represents a discount of between:

- (i) 8.1% to the volume weighted average price ("**VWAP**") of S\$0.6993 per unit in OUE C-REIT ("**Unit**") of trades in the Units done on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the full Market Day² on 8 March 2017.

1 Calculated based on 155,521,000 New Units being issued at the Issue Price of S\$0.643 per New Unit.

2 "**Market Day**" refers to a day on which the SGX-ST is open for securities trading.

- (ii) (for illustrative purposes only) 6.7% to the adjusted VWAP³ (“**Adjusted VWAP**”) of S\$0.6895 per Unit.

The Issue Price will be determined by the Manager and the Placement Agent following an accelerated book-building process, and will be announced by the Manager thereafter via SGXNET.

The Private Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the approval in-principle of the SGX-ST for the listing of and quotation for the New Units on the Main Board of the SGX-ST.

3. **USE OF PROCEEDS**

Subject to relevant laws and regulations, the Manager intends to use the gross proceeds of up to approximately S\$150.0 million from the Private Placement in the following manner:

- (i) approximately S\$148.5 million to partially repay OUE C-REIT’s existing borrowings; and
- (ii) approximately S\$1.5 million to pay the Placement Commission⁴ as well as the other fees and expenses, including professional fees and expenses, incurred or to be incurred by OUE C-REIT in connection with the Private Placement.

Notwithstanding its current intention, the Manager may, subject to relevant laws and regulations, use the net proceeds from the Private Placement at its absolute discretion for other purposes, including without limitation, for working capital requirements.

Pending the deployment of the net proceeds from the Private Placement, the net proceeds from the Private Placement may, subject to relevant laws and regulations, be deposited with banks and/or financial institutions or 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 Private Placement via SGXNET as and when such funds are materially utilised and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

4. **RATIONALE FOR THE PRIVATE PLACEMENT**

The Manager believes that the Private Placement will have the following benefits for unitholders of OUE C-REIT (“**Unitholders**”):

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- 3 The Adjusted VWAP is computed based on the VWAP of trades in the Units done on the SGX-ST for the full Market Day on 8 March 2017 and subtracting the Advanced Distribution (as defined herein) of approximately 0.98 Singapore cents. The Advanced Distribution stated herein is only an estimate based on information currently available to the Manager and the Manager’s estimate of OUE C-REIT’s revenue and expenses, and the actual Advanced Distribution may differ and will be announced at a later date.
 - 4 “**Placement Commission**” refers to the placement commission payable to the Placement Agent of 0.5% of the gross proceeds of the Private Placement in respect of the New Units which the Placement Agent has procured subscription for, on a best efforts basis, together with any goods and services tax payable thereon.

4.1 Increased financial flexibility and improved aggregate leverage

The Manager believes the Private Placement is an efficient and beneficial fund-raising method to allow OUE C-REIT to maintain a prudent aggregate leverage ratio, thereby enhancing OUE C-REIT's financial flexibility. The reduction of existing borrowings provides OUE C-REIT with increased debt headroom to pursue potential acquisitions or implement asset enhancement plans. Assuming that the Manager uses the net proceeds of the Private Placement (including the Upsize Option) to partially repay OUE C-REIT's existing indebtedness, OUE C-REIT's aggregate leverage on a pro forma basis (based on its unaudited financial results as at 31 December 2016) will be reduced from 39.8% to approximately 35.1%.

4.2 Increased market capitalisation and potential increase in the trading liquidity of the Units

The successful completion of the Private Placement (including the Upsize Option) will increase the number of Units in issue by 233,281,400 Units, which is an increase of approximately 17.9% from the Units in issue to date. The issue of the New Units is expected to increase the market capitalisation of OUE C-REIT and help improve in the trading liquidity of the Units. The Manager believes that the increased market capitalisation and trading liquidity can potentially raise OUE C-REIT's profile among investors.

5. AUTHORITY TO ISSUE NEW UNITS

The New Units will be issued pursuant to a general mandate given by Unitholders to the Manager obtained at the annual general meeting of OUE C-REIT on 19 April 2016 ("**General Mandate**"), pursuant to which the Manager may issue new Units and/or make or grant offers, agreements or options that might or require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Units ("**Convertible Securities**") such that the aggregate number of new Units to be issued (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue as at 19 April 2016 (excluding treasury Units, if any) (the "**Base Figure**"), of which the aggregate number of new Units (and/or Units into which the Convertible Securities may be converted) to be issued other than on a pro rata basis to existing Unitholders, shall not be more than 20.0% of the Base Figure.

As at 19 April 2016, the number of Units in issue was 1,289,451,569 (i.e. the Base Figure).

Taking into account the 13,146,631 Units which have been issued since 19 April 2016 to date under the General Mandate, the 233,281,400 New Units (including the Upsize Option) to be issued is within the number of Units that can be issued pursuant to the General Mandate on a non *pro rata* basis. Accordingly, prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement.

6. ELIGIBILITY TO PARTICIPATE IN THE PRIVATE PLACEMENT

The offer of New Units under the Private Placement will be made to institutional and other investors.

The New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or the securities laws of any state or other

jurisdiction of the United States, and may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and in compliance with applicable state laws.

The Manager, along with the Placement Agent, reserves the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so.

7. STATUS OF THE NEW UNITS

7.1 Entitlement to the Advanced Distribution

OUE C-REIT's policy is to distribute its amount available for distribution ("**AAD**") on a semi-annual basis to Unitholders.

However, in connection with the Private Placement, the Manager intends to declare, in respect of the Units in issue on the day immediately prior to the date on which the New Units are issued (the "**Existing Units**"), a distribution of the AAD for the period from 1 January 2017 to the day immediately prior to 17 March 2017, being the date on which the New Units are expected to be issued pursuant to the Private Placement (the "**Advanced Distribution**").

The next distribution thereafter will comprise OUE C-REIT's AAD the period from 17 March 2017 (being the day on which the New Units are expected to be issued) to 30 June 2017. Semi-annual distributions will resume thereafter.

The Advanced Distribution is intended to ensure that the AAD accrued by OUE C-REIT up to the day immediately preceding the date of issue of the New Units (which at this point, will be entirely attributable to the Existing Units) is only distributed in respect of the Existing Units, and is being proposed as a means to ensure fairness to holders of the Existing Units.

The current expectation of the Manager is that the estimated quantum of the distribution per Unit ("**DPU**") under the Advanced Distribution will be approximately 0.98 Singapore cents per Unit⁵. A further announcement on the actual amount of the Advanced Distribution (which may differ from the estimate above) will be made by the Manager in due course after the management accounts of OUE C-REIT for the relevant period have been finalised.

Please see the announcement dated 8 March 2017 issued by the Manager in relation to the notification of the time and date on which the transfer books and register of Unitholders will be closed to determine Unitholders' entitlement to the Advanced Distribution.

7.2 Status of the New Units issued pursuant to the Private Placement

The New Units are expected to be listed on the SGX-ST on 17 March 2017.

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may be paid for the period from 17 March 2017, being the date on which the New Units are expected to be issued, to 30 June 2017, as well as all distributions thereafter.

For the avoidance of doubt, the holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Advanced Distribution.

⁵ This is an estimate only based on information currently available to the Manager and the Manager's estimate of OUE C-REIT's revenue and expenses, and the actual Advanced Distribution may differ.

8. APPLICATION TO THE SGX-ST FOR APPROVAL IN-PRINCIPLE

The Manager will make a formal application to the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST. An appropriate announcement will be made upon the receipt of such in-principle approval from the SGX-ST.

The Private Placement is subject to, *inter alia*, the approval in-principle of the SGX-ST for the listing of, dealing in, and quotation of, the New Units on the Main Board of the SGX-ST.

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)

8 March 2017

IMPORTANT NOTICE

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 of securities for sale in the United States or in any other jurisdiction. The Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**), and may not be offered or sold in the United States absent registration or an exemption from registration. There will be no public offering of the Units in the United States.