
Disposal by OUE Limited of its entire shareholding in Beacon Property Holdings Pte. Ltd. to OUE Commercial Real Estate Investment Trust

1. SALE AND TRANSFER OF BPHPL

- 1.1 The Board of Directors of OUE Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has today entered into a conditional sale and purchase agreement with DBS Trustee Limited (the “**Trustee**”) (in its capacity as trustee of OUE Commercial Real Estate Investment Trust (“**OUE C-REIT**”)) in relation to the sale and transfer by the Company of all of its ordinary shares in Beacon Property Holdings Pte. Ltd. (“**BPHPL**”) (the “**BPHPL Sale Shares**”) to OUE C-REIT (the “**Conditional SPA**”).
- 1.2 The principal business activity of BPHPL is the holding of its investment in OUB Centre Limited (“**OUBC**”). BPHPL is currently the registered holder of 108,000,000 ordinary shares in the capital of OUBC (ordinary shares in the capital of OUBC shall be referred to as “**OUBC Shares**”), representing 45.00% of the total number of issued and paid up shares in the capital of OUBC, and the Company shall subsequently transfer 12,000,000 OUBC Shares to BPHPL, representing 5.00% of the total number of issued and paid up shares in the capital of OUBC.
- 1.3 BPHPL shall, upon completion of the acquisition of OUBC Shares from Kuwait Investment Office (“**KIO**”) referred to in the Company’s announcement released earlier today, own between a minimum of 180,000,000 OUBC Shares representing not less than 75.00% of the total number of issued and paid up shares in the capital of OUBC (the “**Minimum OUBC Sale Shares**”) and up to a maximum of 200,000,000 OUBC Shares representing not less than 83.33% of the total number of issued and paid up shares in the capital of OUBC (the “**Maximum OUBC Sale Shares**”) upon completion of the pre-emption process as set forth in the Articles of Association of OUBC (the “**Acquisition**”).
- 1.4 Completion under the Conditional SPA (the “**Proposed Disposal**”) will take place subject to, *inter alia*, approval of the Company’s shareholders (“**Shareholders**”) and upon the completion of the Acquisition. A circular to shareholders (the “**Circular**”) is expected to be issued to the Shareholders of the Company in due course, together with a notice of extraordinary general meeting, for the purpose of seeking Shareholders’ approval for, *inter alia*, the Proposed Disposal.

2. **RATIONALE FOR THE PROPOSED DISPOSAL**

- 2.1 The Proposed Disposal will enable the Company to unlock capital and benefit from the value added from past asset enhancement initiatives of One Raffles Place ("**ORP**") while continuing to enjoy rental income. As the Company has a significant unitholding interest in OUE C-REIT, it can continue to enjoy a substantial share of the rental income and potential capital value upside. In addition, the Proposed Disposal will help to grow the Company's fund management business in the manager of OUE C-REIT, OUE Commercial REIT Management Pte. Ltd. ("**OUE C-REIT Manager**"), as part of its overall business strategy. The Company intends to use the proceeds from the cash component of the consideration (if any) for general corporate and working capital purposes.
- 2.2 The Proposed Disposal to OUE C-REIT is in line with the Company's commitment to OUE C-REIT at the time of its initial public offering, when the Company had granted a right of first refusal to OUE C-REIT for potential future acquisitions of income-producing real estate used primarily for commercial purposes. As a controlling unitholder of OUE C-REIT, the Company will continue to benefit from the growth of OUE C-REIT and the potential increase in the value of the Company's holding of units in OUE C-REIT.

3. **DETAILS ON THE PROPOSED DISPOSAL**

3.1 **Information on BPHPL**

BPHPL was incorporated in the Republic of Singapore on 22 May 2015 and is a wholly-owned subsidiary of the Company through which the Company holds its interests in OUBC.

3.2 **Information on OUE C-REIT, OUBC and ORP**

OUE C-REIT is a real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). OUE C-REIT is managed by OUE C-REIT Manager, a wholly-owned subsidiary of the Company. OUE C-REIT is established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate 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. As disclosed in the prospectus of OUE C-REIT dated 17 January 2014, ORP is one of the properties identified by the Company which could potentially be offered to OUE C-REIT.

OUBC is a Singapore incorporated company and the registered owner of ORP, and owns 81.54% of the beneficial interest in ORP for itself (the "**OUBC Interest**").

ORP is an integrated development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall, located in Singapore's main financial district, situated above the Raffles Place MRT station. One Raffles Place Tower 1 is a 62-storey Grade-A office tower and One Raffles Place Tower 2 is a 38-storey Grade-A office building. One Raffles Place Shopping Mall is a five-storey retail podium with a retail basement level.

4. **PRINCIPAL TERMS OF THE CONDITIONAL SPA**

4.1 **Consideration payable for the BPHPL Sale Shares**

The consideration payable to the Company in connection with the Proposed Disposal (the "**Sale Consideration**") shall be the actual net asset value ("**NAV**") attributable to the controlling shareholder of the BPHPL Group¹ at the completion date under the Conditional SPA ("**Completion Date**"), after taking into account the agreed value of S\$1,715.0 million for the OUBC Interest and the shareholder's loan to be repaid by BPHPL upon completion of the Proposed Disposal.

The Sale Consideration has been negotiated on a willing-buyer and willing-seller basis, after taking into account the independent valuation of Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**"). The OUBC Interest is valued by Colliers at S\$1,740.0 million as at 10 June 2015 on an "as-is" basis. Colliers had used the investment method and direct comparison method in its valuation of the OUBC Interest.

The expected Sale Consideration shall be S\$1,025.4 million and S\$1,139.3 million based on BPHPL holding 75.00% and 83.33% respectively of the total number of issued and paid up shares in the capital of OUBC, assuming :

- (a) that the Proposed Disposal was completed on 31 December 2014 and BPHPL was incorporated and held OUBC Shares on the same date;
- (b) that the Sale Consideration is based on the NAV attributable to the controlling shareholder of BPHPL Group as at 31 December 2014 and as adjusted for the agreed value of the OUBC Interest at S\$1,715.0 million; and
- (c) the repayment of a shareholder's loan extended by the Company to BPHPL for the acquisition of the OUBC Shares from KIO.

The assumed Sale Consideration shall be adjusted to reflect the actual NAV attributable to the controlling shareholder of the BPHPL Group on the Completion Date.

4.2 **Terms of payment**

It is intended that DBS Trustee Limited (in its capacity as trustee of OUE C-REIT) make payment to the Company of the Sale Consideration by a combination of cash and convertible perpetual preferred units ("**CPPUs**") of OUE C-REIT. Additional details of the terms of payment will be disclosed in the Circular.

¹ "**BPHPL Group**" refers to BPHPL and its shareholding in OUBC as at the Completion Date.

4.3 Conditions Precedent

The principal terms of the Conditional SPA include, among others, the following conditions precedent:

- (a) closing of the acquisition by BPHPL of between a minimum of 60,000,000 OUBC Shares (representing 25.00% of the total number of issued and paid up shares in the capital of OUBC) and up to a maximum of 80,000,000 OUBC Shares (representing 33.33% of the total number of issued and paid up shares in the capital of OUBC being the entire equity stake held by KIO in OUBC) as provided under the Framework Agreement having taken place and BPHPL being the legal and beneficial owner of a minimum of 75.00% and up to a maximum of 83.33% of the total number of issued and paid up shares in the capital of OUBC;
- (b) no statute, regulation or decision which would prohibit the sale and purchase of the BPHPL Sale Shares or the operation of any of OUBC and its subsidiaries having been proposed, enacted or taken by any governmental or official authority;
- (c) the approval of the Shareholders for the disposal of the BPHPL Sale Shares and transactions in connection with such disposal;
- (d) the approval of the unitholders of OUE C-REIT for the proposed acquisition of the BPHPL Sale Shares by the Trustee and transactions in connection with such acquisition (including the issuance of CPPUs) to the Company and/or its nominee and any applicable whitewash resolution to be obtained from unitholders of OUE C-REIT in connection with such issuance;
- (e) the approval and confirmation being received by OUE C-REIT from Inland Revenue Authority of Singapore that the CPPUs will be treated as equity;
- (f) the approval and confirmation being received by OUE C-REIT from the Monetary Authority of Singapore that the CPPUs will not count towards OUE C-REIT's aggregate leverage limit under Appendix 6 to the Code of Collective Investment Schemes; and
- (g) (i) no event or circumstance shall have occurred in respect of or in connection with the affairs of OUBC and/or ORP since 31 December 2014 and (ii) there being no breach of any clause of the Conditional SPA, which adversely affects the NAV of OUBC by 25.00% when compared to the NAV reflected in the audited consolidated financial statements of OUBC for the financial year ended 31 December 2014.

Completion is conditional upon the above condition precedents being fulfilled or waived by the relevant party (other than paragraphs 4.3(c) and (d) above which cannot be waived) to the Conditional SPA on or prior to the Long Stop Date. For the purpose of the Conditional SPA, "**Long Stop Date**" refers to the date falling three months after the date of the extraordinary general meeting of unitholders of OUE C-REIT convened to seek such unitholders' approval

for, among others, the acquisition of the BPHPL Sale Shares or such other earlier date as may be mutually agreed by the Trustee and the Company.

5. RELATIVE FIGURES PURSUANT TO RULE 1006

The relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual, on the assumption that BPHPL holds the Maximum OUBC Sale Shares as at the Completion Date, are as follows:

Rule 1006	Basis	BPHPL Group ⁽¹⁾ (S\$'000)	Group ⁽²⁾ (S\$'000)	Relative Figures
(a)	NAV of BPHPL Group as at 31 December 2014, compared with the Group's NAV as at 31 December 2014	928,161 ⁽³⁾	4,339,447	21.4%
(b)	Net profits of BPHPL Group, compared with the Group's net profits for FY2014	126,247 ⁽⁴⁾	1,300,784	9.7%
(c)	Aggregate value of the Sale Consideration, compared with the Company's market capitalisation	1,139,327 ⁽⁶⁾	1,843,520 ⁽⁵⁾	61.8%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.	N.A.	N.A.

Notes:

- (1) Assuming BPHPL was incorporated as at 31 December 2014 and has held and consolidated OUBC (based on Maximum OUBC Sale Shares) as at 31 December 2014.
- (2) The Group's figures are based on the audited consolidated financial statements for the financial year ended 31 December 2014 (the "OUE FY2014 Financial Statements"), at which point the Group owned 120,000,000 OUBC Shares (representing 50% of the total number of issued and paid up shares in the capital of OUBC) as the Acquisition had not been completed.
- (3) BPHPL Group's NAV of S\$928,161,000 represents total assets less total liabilities. The NAV of BPHPL Group excluding non-controlling interest (i.e. net tangible assets) is S\$696,096,000.
- (4) BPHPL Group's net profit of S\$126,247,000 relates to profit before income tax and non-controlling interest. It represents the net profit recognised from OUBC for FY2014.

The profits of BPHPL Group excluding non-controlling interest (i.e. net attributable profits) is S\$105,206,000.
- (5) The Company's market capitalisation is based on 909,885,860 shares in the capital of the Company ("Shares") in issue (excluding treasury shares) and the volume weighted average price of S\$2.0261 per Share as at 9 June 2015, being the market day preceding the date of this announcement.
- (6) The Sale Consideration is calculated based on OUBC's NAV of S\$1,389.2 million as at 31 December 2014 and as adjusted for the agreed value of the OUBC Interest at S\$1,715.0 million.

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In relation to the Proposed Disposal (on the basis that BPHPL holds the Maximum OUBC Sale Shares at Completion Date), as the relative figures calculated under Rule 1006 of the Listing Manual in row (a) and (c) of the table above are more than 20%, the Company is seeking the approval of Shareholders for the Proposed Disposal.

6. FINANCIAL EFFECTS ON THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

The pro forma financial effects have been prepared for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the net tangible assets ("NTA") per Share and earnings per Share ("EPS") of the Group, nor of the future actual financial performance of the Group.

The pro forma financial effects have been prepared based on the OUE FY2014 Financial Statements. Pursuant to the Acquisition, BPHPL will acquire additional OUBC Shares representing not less than 25.00% and up to 33.33% of the total number of issued and paid up shares in the capital of OUBC. For the purposes of this section, we have illustrated the financial effects based on two scenarios – one (**Scenario 1**) where we have assumed that BPHPL owns the Minimum OUBC Sale Shares, and the second (**Scenario 2**) where we have assumed that BPHPL owns the Maximum OUBC Sale Shares, in each case as at the Completion Date.

The financial effects have been illustrated based on the Group's unitholdings in OUE C-REIT of 418,202,843 as at 31 December 2014 (representing an interest of 48.06%). After the Proposed Disposal, the Group will continue to hold an effective interest in BPHPL via its interest in its unit holdings in OUE C-REIT.

Other significant assumptions and bases are set out as follows:

- (a) for purposes of computing the NTA per Share, (i) BPHPL was incorporated and held OUBC Shares on 31 December 2014; and (ii) the Proposed Disposal was completed on 31 December 2014; and
- (b) for the purposes of computing the EPS, (i) BPHPL was incorporated and held OUBC Shares on 1 January 2014; (ii) the Proposed Disposal was completed on 1 January 2014; and (iii) OUE C-REIT was listed on the Mainboard of the SGX-ST on 1 January 2014.

The financial effects of the Proposed Disposal are as set out below.

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6.2 NTA per Share

(a) Scenario 1 – Pro forma effect on NTA per Share based on BPHPL holding the Minimum OUBC Sale Shares

The financial effect of the Proposed Disposal on the NTA per Share of the Group as at 31 December 2014 would be as follows:

	Before Completion of the Proposed Disposal⁽¹⁾	After Completion of the Proposed Disposal⁽²⁾
Number of Shares ('000)	909,886	909,886
NTA (S\$'000)	3,853,336	3,834,595
NTA per Share (S\$) ⁽³⁾	4.23	4.21

Notes:

- (1) Based on the FY2014 Financial Statements where OUBC is equity accounted for as an associate at 50%.
- (2) Based on consolidating BPHPL Group via the Group's interest in OUE C-REIT. The Group has an effective interest of approximately 36.05% in OUBC as at 31 December 2014.
- (3) Based on 909,885,860 Shares in issue of (excluding treasury shares) as at 31 December 2014.

(b) Scenario 2 – Pro forma effect on NTA per Share based on BPHPL holding the Maximum OUBC Sale Shares

The financial effect of the Proposed Disposal on the NTA per Share of the Group as at 31 December 2014 would be as follows:

	Before Completion of the Proposed Disposal⁽¹⁾	After Completion of the Proposed Disposal⁽²⁾
Number of Shares ('000)	909,886	909,886
NTA (S\$'000)	3,853,336	3,834,143
NTA per Share (S\$) ⁽³⁾	4.23	4.21

Notes:

- (1) Based on the FY2014 Financial Statements where OUBC is equity accounted for as an associate at 50%.
- (2) Based on consolidating BPHPL Group via the Group's interest in OUE C-REIT. The Group has an effective interest of approximately 40.05% in OUBC as at 31 December 2014.
- (3) Based on 909,885,860 Shares in issue (excluding treasury shares) as at 31 December 2014.

6.3 EPS

(a) Scenario 1 – Pro forma effect on EPS based on BPHPL holding the Minimum OUBC Sale Shares

Assuming that the Proposed Disposal (on the basis that BPHPL holds the Minimum OUBC Sale Shares at Completion Date) had been completed on 1 January 2014, being the beginning of the most recently completed financial year, the financial effect of such disposal on the EPS of the Group for FY2014 would be as follows:

	Before Completion of the Proposed Disposal⁽¹⁾	After Completion of the Proposed Disposal⁽²⁾
Number of Shares ('000)	909,886	909,886
Profit after tax attributable to Shareholders (S\$'000)	1,094,020	1,069,719
EPS (S\$) ⁽³⁾	1.20	1.18
Diluted EPS (S\$) ⁽⁴⁾	1.20	1.18

Notes:

- (1) Based on the FY2014 Financial Statements where OUBC is equity accounted for as an associate at 50%.
- (2) Based on consolidating BPHPL Group via the Group's interest in OUE C-REIT. The Group has an effective interest of approximately 36.05% in OUBC as at 31 December 2014.
- (3) EPS is derived based on the weighted average number of Shares in issue, being 909,885,860 (excluding treasury shares) for FY2014.
- (4) Diluted EPS is the same as basic EPS as there are no dilutive potential ordinary shares.

(b) Scenario 2 – Pro forma effect on EPS based on BPHPL holding the Maximum OUBC Sale Shares

Assuming that the Proposed Disposal (on the basis that BPHPL holds the Maximum OUBC Sale Shares at Completion Date) had been completed on 1 January 2014, being the beginning of the most recently completed financial year, the financial effect of such disposal on the EPS of the Group for FY2014 would be as follows:

	Before Completion of the Proposed Disposal ⁽¹⁾	At Completion of the Proposed Disposal ⁽²⁾
Number of Shares ('000)	909,886	909,886
Profit after tax attributable to Shareholders (S\$'000)	1,094,020	1,069,284
EPS (S\$) ⁽³⁾	1.20	1.18
Diluted EPS (S\$) ⁽⁴⁾	1.20	1.18

Notes:

- (1) Based on the FY2014 Financial Statements where OUBC is equity accounted for as an associate at 50%.
- (2) Based on consolidating BPHPL Group via the Group's interest in OUE C-REIT. The Group has an effective interest of approximately 40.05% in OUBC as at 31 December 2014.
- (3) EPS is derived based on the weighted average number of Shares in issue, being 909,885,860 (excluding treasury shares) for FY2014.
- (4) Diluted EPS is the same as basic EPS as there are no dilutive potential ordinary shares.

6.4 As the Proposed Disposal is to OUE C-REIT, a subsidiary of the Group, the Group would not record any gain or loss from the Proposed Disposal, under both Scenario 1 and Scenario 2. The reduction in NTA per Share and EPS under both scenarios relates mainly to transaction-related costs estimated to be incurred by the Group.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

- 7.1 Save for their interests held through the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.
- 7.2 The Proposed Disposal does not constitute an "Interested Person Transaction" under Chapter 9 of the Listing Manual for the Company as, in accordance with the exception in Rule 915(3) of the Listing Manual², at the time of entry into the Proposed Disposal (that is, the Conditional SPA), the interest of the Company's interested person (as that term is defined in Chapter 9 of the Listing Manual) in OUE C-REIT, other than held through the Company, is less than 5%.

² Rule 915(3) of the Listing Manual exempts the following transaction from the interested person transaction rules in Chapter 9 of the Listing Manual: A transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5%.

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8. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company as a result of the Proposed Disposal, or any other transactions contemplated in connection with the Proposed Disposal.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered address of the Company at 50 Collyer Quay #18-01/02, OUE Bayfront, Singapore 049321, for three months from the date of this announcement:

- (a) the Conditional SPA; and
- (b) the independent valuation report of Colliers.

By Order of the Board
OUE LIMITED

Ng Ngai
Company Secretary

10 June 2015