
ACQUISITION OF A 60.0% INTEREST IN BOWSPRIT CAPITAL CORPORATION LIMITED, THE MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST

1. INTRODUCTION

- 1.1. The Board of Directors (the **"Board"**) of OUE Limited (the **"Company"**) wishes to announce that the Company and OUE Lippo Healthcare Limited (**"OUE LH"**), as purchasers (the **"Purchasers"**), have today entered into a conditional share purchase agreement (the **"Manager CSPA"**) for the Company to acquire 60.0% of Bowsprit Capital Corporation Limited (the **"First REIT Manager"**), which is the manager of First Real Estate Investment Trust (**"First REIT"**), and for OUE LH to acquire the remaining 40.0% of the First REIT Manager (collectively, the **"Proposed Manager Acquisition"**). Under the Manager CSPA, the vendor is LK REIT Management Pte. Ltd. (**"LKRM"**), which is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (**"PT LK"**), and the guarantor is PT LK. The Company indirectly owns 64.35% of OUE LH, which is listed on the Catalist Board of the SGX-ST.
- 1.2. Under the Proposed Manager Acquisition, (i) the Company shall purchase 600,000 shares in the First REIT Manager (the **"OUE Sale Shares"**); and (ii) OUE LH shall purchase the remaining 400,000 shares in the First REIT Manager (the **"OUE LH Sale Shares"**), and together with the OUE Sale Shares, the **"Sale Shares"**). Following the completion of the Proposed Manager Acquisition (the **"Manager Completion"**), the First REIT Manager will become a subsidiary of the Company.
- 1.3. In addition, in connection with the Proposed Manager Acquisition, OUE Healthcare Investments Pte. Ltd. (**"OHI"**), an indirect wholly-owned subsidiary of OUE LH, has today entered into a conditional unit purchase agreement (the **"Units CSPA"**) for OHI to acquire 83,593,683 units in First REIT (the **"Sale Units"**), representing 10.63%¹ of First REIT (the **"Proposed Units Acquisition"**), and together with the Proposed Manager Acquisition, the **"Proposed Transactions"**). Under the Units CSPA, the vendor is Bridgewater International Limited (**"Bridgewater"**), which is an indirect wholly-owned subsidiary of PT LK, and the guarantor is PT LK. The Proposed Units Acquisition will result in the Company holding, indirectly through OUE LH, the Sale Units.

¹ Calculated based on 786,684,626 units of First REIT, being the total number of issued units outstanding as at the date of this announcement.

2. THE PROPOSED MANAGER ACQUISITION

2.1. Information on the First REIT Manager

The First REIT Manager is a public limited company incorporated in Singapore on 17 May 2006. As at the date of this announcement, the issued and paid-up share capital of the First REIT Manager is S\$1,000,000 divided into 1,000,000 ordinary shares. The First REIT Manager is the manager of First REIT, which is listed on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST"). As at the date of this announcement, the First REIT Manager owns 55,051,808 units, representing approximately 7.0%² of the total issued units of First REIT.

Based on the audited financial statements of the First REIT Manager for the financial year ended 31 December 2017, the audited net tangible assets and profit after tax of the First REIT Manager were approximately S\$77,538,000 and approximately S\$10,294,000 respectively.

2.2. Information on LKRM

LKRM, the vendor of the Sale Shares, is a private limited company incorporated in Singapore and an indirect wholly-owned subsidiary of PT LK, which is listed on the Indonesia Stock Exchange. PT LK is one of Indonesia's largest listed property companies, with a portfolio that comprises residential and urban development, hospitals, malls, hotels and leisure and asset management.

2.3. Material Terms of the Proposed Manager Acquisition

(a) The Sale Shares

The Sale Shares will be acquired by the Purchasers free from all claim, charge, mortgage, security, lien, option, equity, power of sale, hypothecation or other third party rights, retention of title, right of pre-emption, right of first refusal or security interest of any kind and together with all rights and advantages attaching to them as at the Manager Completion, including the right to receive all dividends or distributions declared, made or paid on or after the Manager Completion.

(b) Manager Consideration

The consideration for the purchase of the Sale Shares shall be approximately S\$98,884,000 (the "**Manager Consideration**"), which shall be payable, in cash, by the Company and OUE LH in the proportion of 60.0% and 40.0% respectively. The Company's portion of the Manager Consideration is approximately S\$59,330,000.

² Calculated based on 786,684,626 units of First REIT, being the total number of issued units outstanding as at the date of this announcement.

The Manager Consideration was arrived at based on 100.0% of the issued share capital of the First REIT Manager and a valuation of approximately 9.6 times of the audited profit after tax of the First REIT Manager for the financial year ended 31 December 2017.

(c) Conditions Precedent

The Manager Completion is conditional upon satisfaction or waiver (as the case may be) of certain conditions (the "**Manager Conditions**"), including, *inter alia*, the following:

- (i) the passing at an extraordinary general meeting of OUE LH of the resolutions for its proposed acquisition of the OUE LH Sale Shares and the Proposed Units Acquisition;
- (ii) the receipt of the necessary regulatory approval from the Monetary Authority of Singapore in relation to the Proposed Manager Acquisition pursuant to Section 97A of the Securities and Futures Act, Chapter 289 of Singapore;
- (iii) the receipt of all requisite legal, regulatory, corporate and other approvals, waivers and consents required to carry out the Proposed Manager Acquisition and all transactions related thereto, including in respect of any change of control restrictions and such legal, regulatory, corporate and other approvals, waivers and consents remaining valid and in full force and effect on the Manager Completion;
- (iv) as at the date of the Manager Completion, no relevant governmental authority taking, instituting, implementing or threatening in writing to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might make the transactions or provisions contemplated in the Manager CSPA void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
- (v) since 30 June 2018, there is no material adverse change in the financial condition and business operations of the First REIT Manager; and
- (vi) all representations, undertakings and warranties of the Purchasers and LKRM under the Manager CSPA being complied with, true, accurate and not misleading in any material respect as at the Manager Completion Date (as defined herein).

(d) Completion

The Manager Completion shall take place simultaneously with the Proposed Units Acquisition no later than ten business days after such date on which all of the Manager Conditions have been fulfilled or waived (as the case may be), or such other date as LKRM and the Purchasers may agree, provided that the Manager Completion shall take place no later than 30 November 2018 (the "**Manager Completion Date**").

If the Manager Conditions are not satisfied or waived on or before the Manager Completion Date, save as expressly provided, the Manager CSPA (other than certain specified provisions) shall lapse and none of the parties shall have any claim against the other under it, save for any claim arising from antecedent breaches of the Manager CSPA including the undertakings in respect of the fulfilment of the Manager Conditions.

(e) Guarantee by the Guarantor

Pursuant to the Manager CSPA, PT LK guarantees to each of the Purchasers the due and punctual performance and observance by LKRM of all its obligations, commitments, undertakings, warranties and indemnities under or pursuant to the Manager CSPA.

(f) Right of First Refusal

In connection with the Manager CSPA, and subject to the Manager Completion, it is proposed that PT LK shall grant Perpetual (Asia) Limited (formerly known as The Trust Company (Asia) Limited), acting in its capacity as trustee of First REIT (the "**Trustee**") a right of first refusal (the "**PT LK ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity, for a period commencing from the Manager Completion Date and for so long as the First REIT Manager remains the manager of First REIT, and the Company and/or OUE LH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in the First REIT Manager.

For the purposes of the PT LK ROFR:

"**Grantor Group**" means PT LK and its subsidiaries, save for any subsidiary of PT LK which is listed on an Indonesia stock exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary;

"**Relevant Asset**" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies; and

"**Relevant Entity**" means a member of the Grantor Group.

(g) Right of First Refusal from OUE LH

In connection with the Proposed Manager Acquisition, and subject to the Manager Completion, it is also proposed that OUE LH shall grant the Trustee a right of first refusal (the "**OUE LH ROFR**") over any proposed offer by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by a Relevant Entity, for the period commencing from the Manager Completion Date and for so long as the First REIT Manager remains the manager of First REIT, and the Company and/or OUE LH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in First REIT Manager.

For the purposes of the OUE LH ROFR:

"Grantor Group" means OUE LH and its subsidiaries, save for any subsidiary of OUE LH which is listed on a securities exchange ("**Listed Subsidiary**") and the subsidiaries of such Listed Subsidiary;

"Relevant Asset" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where "**healthcare**" shall mean hospitals, nursing homes, medical clinics and pharmacies.

"Relevant Entity" means a member of the Grantor Group.

(h) Non-Compete Undertaking

In connection with the Manager CSPA, and subject to the Manager Completion, it is further proposed that PT LK shall undertake to the Trustee that, for the period commencing from the Manager Completion Date and for so long as the First REIT Manager remains the manager of First REIT, and the Company and/or OUE LH hold(s), directly or indirectly, whether singly or in the aggregate, the single largest interest in the First REIT Manager, the Grantor Group shall not set up, establish, constitute, manage and/or invest in any fund or other entity, whether listed or unlisted, which invests principally, whether directly or indirectly, in Relevant Assets without the prior written consent of the Trustee (the "**Non-Compete Undertaking**").

Nothing in the foregoing shall:

- (1) restrict the continued holding or Control of holding of an interest in First REIT, whether directly or indirectly, by the Grantor Group;
- (2) prevent the Grantor Group from undertaking any part of the operation, management and development of any Relevant Assets;
- (3) restrict the continued holding, operation, management, development or sale of any Relevant Asset which is not acquired by First REIT pursuant to the PT LK ROFR; or

- (4) prevent the Grantor Group from holding any indirect interest in any company or fund, which may compete with the Relevant Asset or any part thereof in Singapore and Indonesia, provided that no member of the Grantor Group shall be a Controlling Shareholder of such company or fund or have the right to appoint any board representative in such company or fund.

For the purposes of the Non-Compete Undertaking:

"Control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company;

"Controlling Shareholder" means a person who:

- (i) holds directly or indirectly more than 50.0% of the shares in issue or other equity interest of a company; or
- (ii) has the power to direct the management or policies of a company, whether through the ownership of more than 50.0% of the voting power of such company or otherwise;

"Grantor Group" means PT LK and its subsidiaries, save for any subsidiary of PT LK which is listed on an Indonesia stock exchange (**"Listed Subsidiary"**) and the subsidiaries of such Listed Subsidiary; and

"Relevant Asset" means a property in Indonesia or Singapore which is primarily used for healthcare purposes and, if applicable, the shares or equity interests in one or more single purpose companies or entities which holds such property, where **"healthcare"** shall mean hospitals, nursing homes, medical clinics and pharmacies.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

3.1. Pursue the Company's strategy to grow its asset management business

The Company currently has wholly-owned subsidiaries which manage OUE Commercial Real Estate Investment Trust (**"OUE Commercial REIT"**) and OUE Hospitality Trust (a stapled trust comprising OUE Hospitality Real Estate Investment Trust and OUE Hospitality Business Trust). Both OUE Commercial REIT and OUE Hospitality Trust are listed on the Main Board of the SGX-ST. As at 30 June 2018, OUE Commercial REIT has a total property portfolio valued at approximately S\$3.5 billion and OUE Hospitality Trust has a total property portfolio valued at approximately S\$2.2 billion. Therefore, through its real estate investment trust (**"REIT"**) management business, the Company currently has total assets under management (**"AUM"**) of approximately S\$5.7 billion.

The asset management business is and would continue to be a key component of the Company's business and growth strategy for the following reasons:

- (a) the Company can recycle capital by developing and/or incubating assets and thereafter injecting them into the REITs managed by the subsidiaries of the Company;
- (b) the Company can continue to manage the assets injected into its REITs and earn fees from the management of these assets; and
- (c) through its unitholdings in the REITs, the Company can enjoy steady recurrent income from the REITs.

The AUM of the First REIT Manager is approximately S\$1.3 billion as at 30 June 2018. With the Proposed Transactions, the Company will grow its asset management business to an AUM of approximately S\$7.0 billion.

3.2. Creation of a complementary portfolio of REITs with diversified and sizeable assets

The Proposed Transactions are part of the Company's on-going strategy to create an asset management platform comprising a portfolio of REITs with diversified and sizeable assets and a visible pipeline of regional assets. Such complementary portfolio aligns the interests among the Company, the respective REIT managers and the unitholders of the respective REITs. The Company's existing portfolio comprises commercial, hospitality, retail, healthcare and residential properties. The Company believes that the First REIT Manager and First REIT will benefit from the support, network, management skills and knowhow from the Company's portfolio of REITs.

3.3. Opportunity for the Company to further expand into the attractive Pan-Asian healthcare real estate sector

The Proposed Transactions present a unique opportunity for OUE and its subsidiaries (collectively, the "Group") to further expand into the attractive Pan-Asian healthcare real estate sector. The Proposed Transactions allow the Company, through its majority stake in OUE LH, which serves as the Group's platform, to grow its healthcare business in Asia. First REIT has significant presence in key Asian markets such as Indonesia and Singapore and is focused on investing in diverse yield-accretive healthcare-related real estate assets throughout Asia. Hence, the Proposed Transactions fit into the Group's geographical expansion plans and will therefore enable the Group to build up a strong Pan-Asian asset management and operating platform in the healthcare-related sector.

4. CHAPTER 10 OF THE LISTING MANUAL OF THE SGX-ST (THE "LISTING MANUAL")

Chapter 10 of the Listing Manual sets out the rules for transactions by issuers, principally acquisitions and realisations. According to Rule 1002 of the Listing

Manual, a "transaction" for the purposes of Chapter 10 of the Listing Manual excludes an acquisition or disposal which is in, or in connection with, the ordinary course of an issuer's business or of a revenue nature.

The Proposed Manager Acquisition is not subject to the approval of the shareholders of the Company (the "**Shareholders**") under Chapter 10 of the Listing Manual as it constitutes a transaction which is to be regarded as in the ordinary course of business of the Company, as the Proposed Manager Acquisition (i) will augment the Company's asset management business; (ii) will not result in a change to the main business of the Company; and (iii) is not expected to change the risk profile of the Company. By reason of the aforesaid, it does not constitute a transaction to which Chapter 10 of the Listing Manual applies.

5. SOURCE OF FUNDS

The Company's share of the consideration for the purchase of the OUE Sale Shares will be funded by internal resources and/or debt.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions, save:

- (i) through their shareholdings in the Company (if any);
- (ii) for Dr Stephen Riady who is deemed to be interested in (a) LKRM (being the vendor of the Sale Shares); and (b) Bridgewater (being the vendor of the Sale Units), both through his 40% interest in PT Inti Anugerah Pratama ("**PT IAP**"), which holds 52.4% interest in PT LK. Dr Stephen Riady is a Director and a controlling Shareholder of the Company through his deemed interest in the shares of the Company; and
- (iii) for Mr James Tjahaja Riady who is deemed to be interested in (a) LKRM (being the vendor of the Sale Shares); and (b) Bridgewater (being the vendor of the Sale Units), both through his 60% interest in PT IAP, which holds 52.4% interest in PT LK. Mr James Tjahaja Riady is a controlling Shareholder of the Company through his deemed interest in the shares of the Company.

7. DOCUMENTS FOR INSPECTION

A copy of the Manager CSPA is available for inspection during normal business hours at the office of the Company at 50 Collyer Quay #18-01/02 OUE Bayfront Singapore 049321 for a period of three months from the date of this announcement.

8. FINANCIAL ADVISER

Oversea-Chinese Banking Corporation Limited is the sole financial adviser to the Company for the Proposed Transactions.

9. FURTHER ANNOUNCEMENTS AND CAUTIONARY STATEMENT

The Company will make further announcements, in compliance with the requirements of the Listing Manual, as and when there are material developments in respect of the Proposed Manager Acquisition and/or other matters contemplated by this announcement.

Shareholders and potential investors of the Company should exercise caution when trading in the shares of the Company, as there is no certainty that the Proposed Manager Acquisition will be completed. In the event of any doubt as to the action they should take, Shareholders should consult their financial, tax, legal or other professional advisers.

By Order of the Board

Ng Ngai
Company Secretary
18 September 2018