CIRCULAR DATED 10 SEPTEMBER 2018

OUE COMMERCIAL REIT

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

managed by

OUE Commercial REIT Management Pte. Ltd.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

CIRCULAR TO UNITHOLDERS IN RELATION TO:

(1) To approve the proposed Acquisition of the Office Components of OUE Downtown

(2) To approve the proposed Rights Issue

(3) To approve the proposed Payment of the Sub-Underwriting Commission

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	Wednesday, 26 September 2018 at 10.00 a.m.
Date and time of Extraordinary General Meeting	Friday, 28 September 2018 at 10.00 a.m.
Place of Extraordinary General Meeting	Raffles City Convention Centre Stamford Ballroom, Level 4, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560

Sole Financial Adviser to the Acquisition

CREDIT SUISSE

Joint Lead Managers and Underwriters for the Rights Issue

CREDIT SUISSE

OCBC Bank

Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of OUE Commercial REIT Management Pte. Ltd. and to DBS Trustee Limited (as trustee of OUE C-REIT) for the Acquisition

Deloitte & Touche Corporate Finance Pte Ltd
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200200144N)

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular. If you are in any doubt about its contents or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

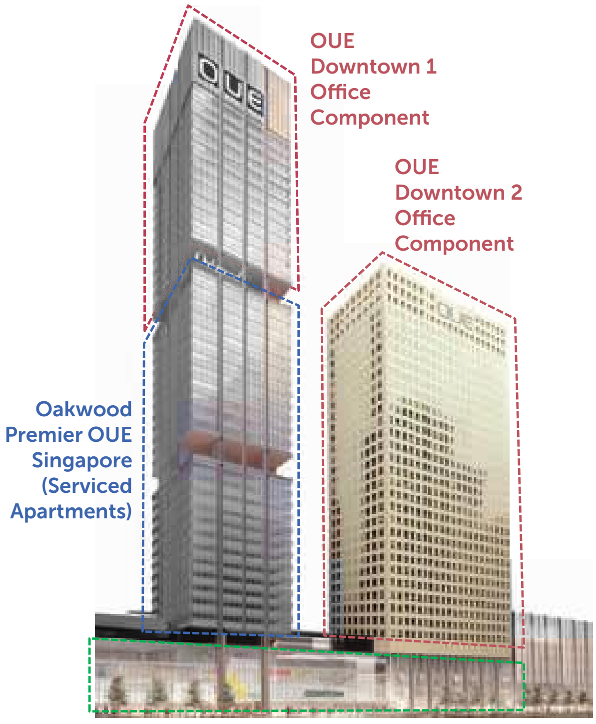
Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units (as defined herein) in OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") on the Main Board of the SGX-ST and the Rights Issue (as defined herein). The SGX-ST's in-principle approval is not an indication of the merits of OUE C-REIT, the proposed Acquisition (as defined herein), the proposed Rights Issue (as defined herein), the Rights Units and/or the proposed Payment of the Sub-Underwriting Commission (as defined herein).

If you have sold or transferred all your units in OUE C-REIT ("**Units**"), please forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights Units and the "nil-paid" provisional allotment of Rights Units to Eligible Unitholders (as defined herein) under the proposed Rights Issue (the "**Rights Entitlements**") or make an offer of the Rights Units and the Rights Entitlements and the Rights Units and Rights Entitlements may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. The Rights Units and Rights Entitlements have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States (the "**U.S.**") and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the U.S. 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 U.S.. There will be no public offering of the proposed Rights Units and/or Rights Entitlements in the U.S.. The Rights Issue is being made available only to investors and Unitholders outside the U.S. in reliance on the safe harbour provided by Regulation S under the Securities Act.

The overview section is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 54 to 64 of this Circular.

TRANSACTION OVERVIEW



- **Acquisition of OUE Downtown 1 Office Component and OUE Downtown 2 Office Component**
- **OUE C-REIT's second acquisition since IPO and a strategic addition of a new Singapore CBD submarket to the portfolio**

Independent Valuation(1)	■ Savills: S$927.0 million (S$1,749 psf) ■ Colliers: S$945.0 million (S$1,783 psf)
Purchase Consideration	■ **S$908.0 million (S$1,713 psf)** ■ Translates to a 2.0% to 3.9% discount to independent valuation with Rental Support
Rental Support	■ Up to an aggregate amount of S$60.0 million or for a period of up to 5 years upon Completion, whichever is earlier
Proposed Rights Issue	■ Underwritten and renounceable Rights Issue on a basis of 83 Rights Units for every 100 Existing Units in OUE C-REIT
Proposed Sub-Underwriting Agreement	■ Sub-Underwriting Commitment from the Sponsor to subscribe for 66% of the total number of Underwritten Rights Units ■ Sub-Underwriting Commission of 1.80% payable to Sponsor by the Joint Lead Managers and Underwriters

(1) Valuation of the Properties with the Rental Support by Independent Valuers as at 30 June 2018.

Description of the Properties

- OUE Downtown is 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
- The Properties, being the Grade A office space from the 35th to 46th storeys of OUE Downtown 1 and the Grade A office space from the 7th to 34th storeys of OUE Downtown 2, offer quality and efficient column-free office space with regular floor plates
- Key tenants include Deloitte & Touche LLP, Aviva Ltd and Moody's Analytics Singapore Pte. Ltd.

Overview of the Properties

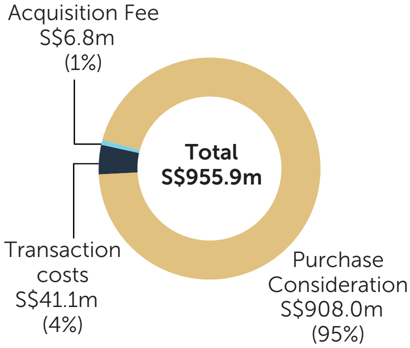
Head Title	■ 99-year leasehold title commencing 19 July 1967
Gross Floor Area	■ Total: 752,634 sq ft – OUE Downtown 1: 161,351 sq ft – OUE Downtown 2: 591,283 sq ft
Net Lettable Area	■ Total: 529,981 sq ft – OUE Downtown 1: 88,400 sq ft – OUE Downtown 2: 441,581 sq ft
Committed Occupancy(2)	■ 95.1%
Weighted Average Lease Expiry(2)	■ By gross rental income: 2.0 years ■ By NLA: 2.0 years

(2) As at 30 June 2018.

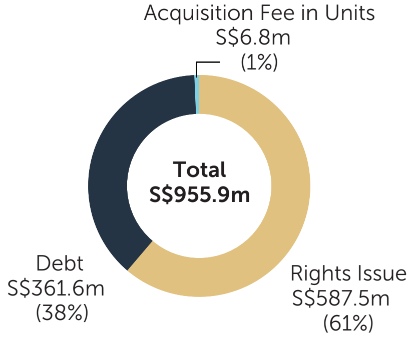
METHOD OF FINANCING

- The Manager intends to finance the estimated Total Acquisition Cost(3) through a combination of debt and equity financing
- Irrevocable undertaking by Sponsor to subscribe and pay in full for its provisional allotments of Right Units, representing about 55.9% of the Rights Issue size

Estimated Total Acquisition Cost



Sources of Funding



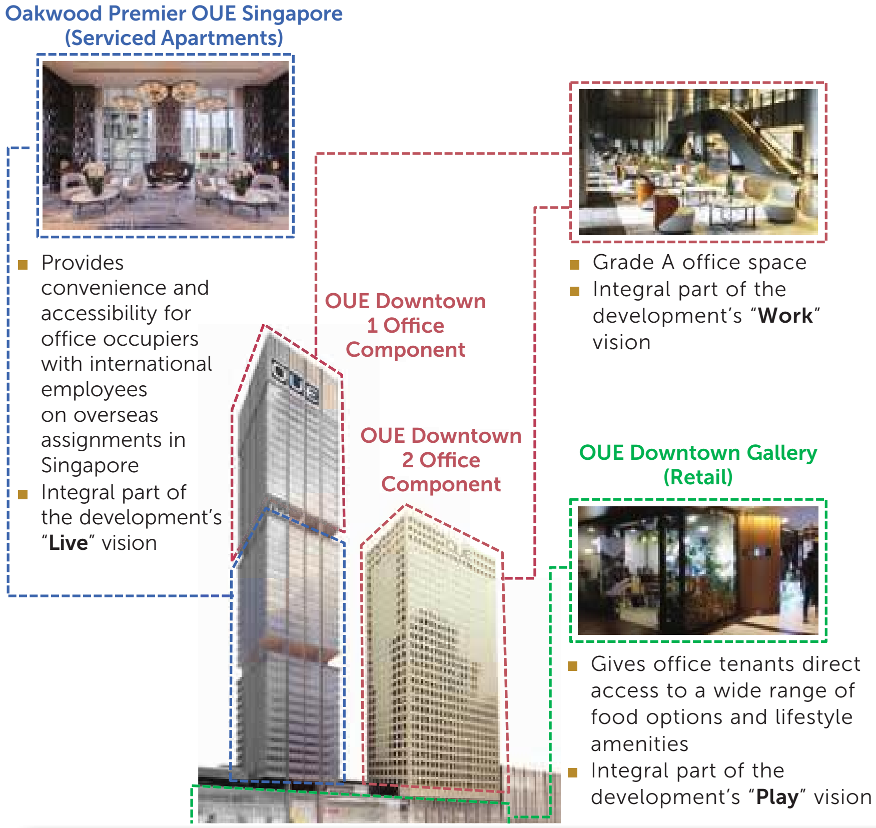
Proposed Rights Issue

Rights Ratio	■ 83 Rights Units for every 100 Existing Units
New Rights Units	■ 1,288,438,981
Gross Proceeds	■ S$587.5 million
Rights Issue Price	■ S$0.456 per Rights Unit
TERP	■ S$0.570 per Unit

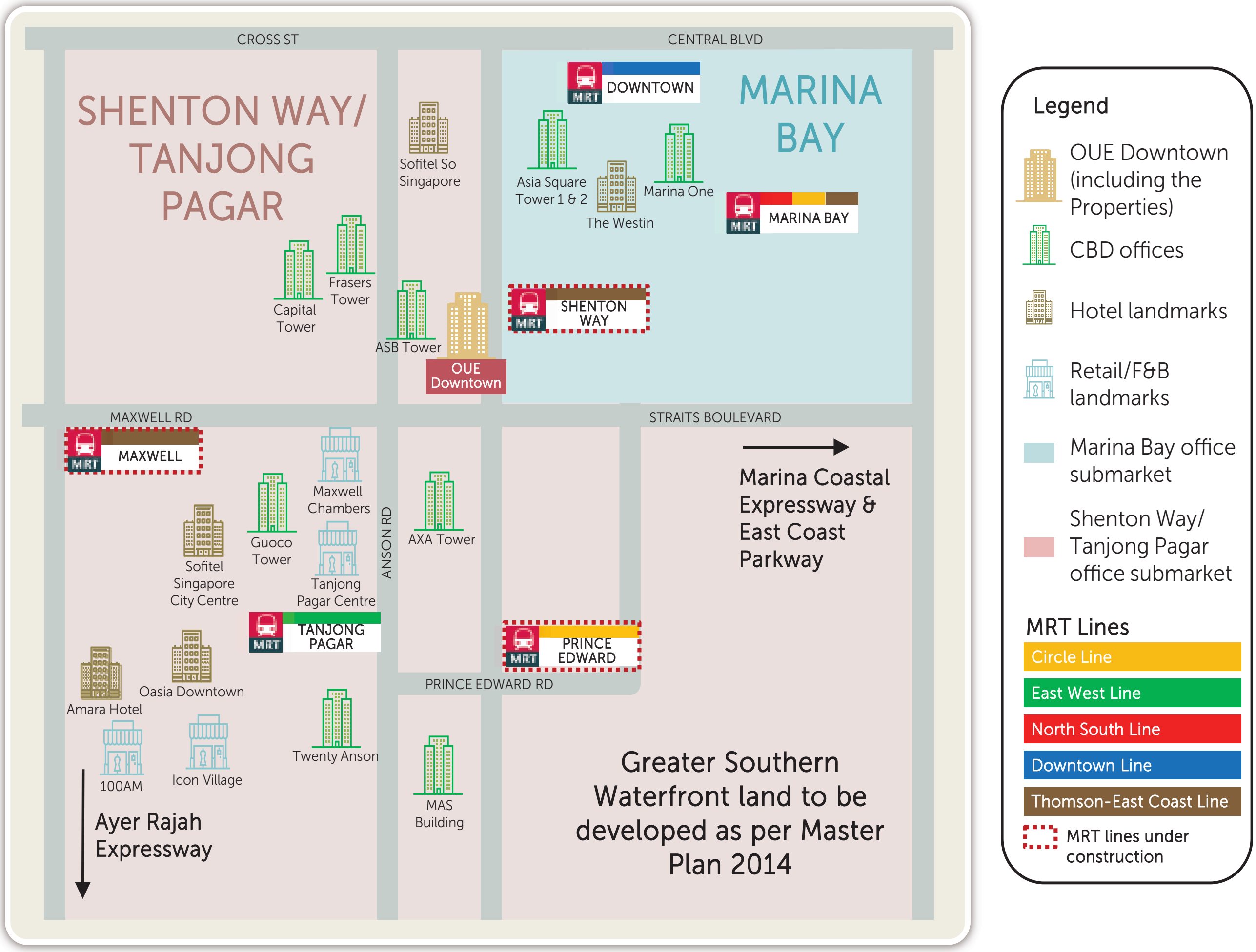
(3) Excluding the Acquisition Fee which will be paid in the form of Units.

RATIONALE FOR THE PROPOSED TRANSACTIONS

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

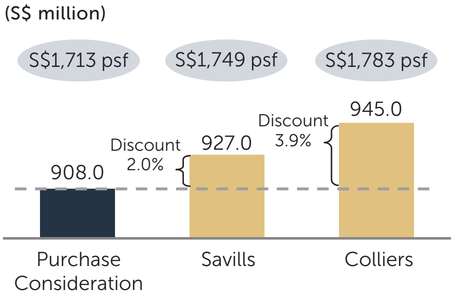


- Full suite of integrated amenities to deliver a superior "live, work and play" environment for occupiers
- Transformation of the Tanjong Pagar precinct has commenced with the recent completion of new or refurbished premium and Grade A offices, such as the Properties, Guoco Tower and Frasers Tower
- The precinct has also developed a bustling hospitality scene with the completion of Oakwood Premier OUE Singapore, Oasia Downtown and Sofitel Singapore City Centre
- The district also boasts a unique mix of bars, cafes and restaurants set up by both independent players and international brand names which satisfy demand from working professionals, residents and tourists, bolstering the "live, work and play" image of the district
- Easy accessibility and connectivity, poised to benefit from enhanced infrastructure development of the Shenton Way/Tanjong Pagar area

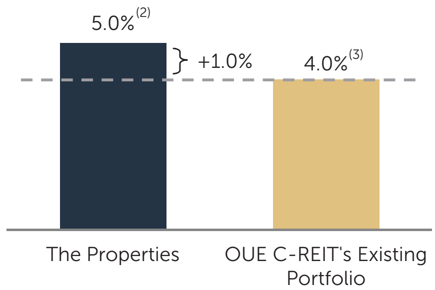


2 Acquisition of a high quality Grade A office property at an attractive price and Acquisition NPI yield

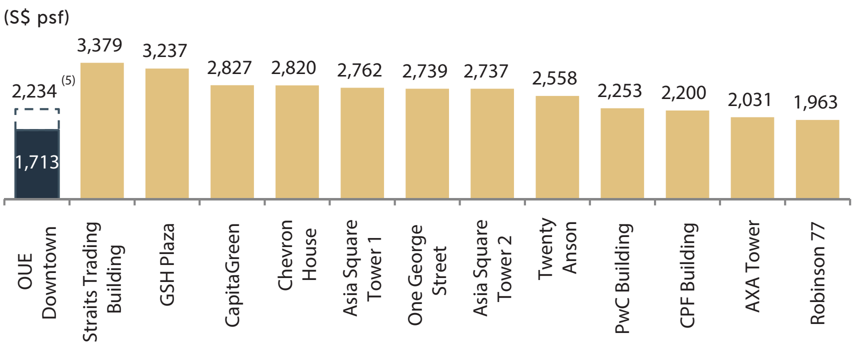
Purchase Consideration relative to independent valuations[1]



Attractive Acquisition NPI yield



Adjusted price assuming fresh 99 years lease[4]



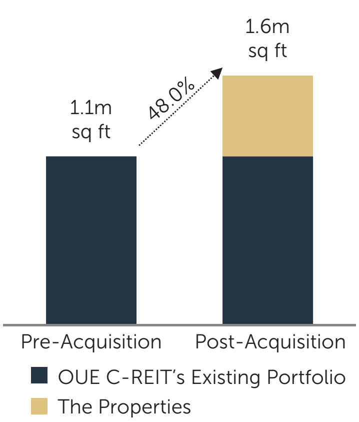
- The Purchase Consideration for the Properties translates to an attractive price of S$1,713 psf
  - 2.0% discount to the independent valuation by Savills of S$927 million[1]
  - 3.9% discount to the independent valuation by Colliers of S$945 million[1]
- Acquisition price of S$1,713 psf is attractive compared to the recently transacted Grade A properties in the Singapore CBD, even after adjusting for land tenure[5]
- Acquisition NPI yield of 5.0%[2] on the Properties compares favourably to the implied property yield of 4.0%[3] for OUE C-REIT's existing property portfolio

(1) Valuation of the Properties with the Rental Support by Independent Valuers as at 30 June 2018.
(2) Based on the Properties' 1H 2018 annualised NPI including Rental Support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.
(3) Calculated based on the NPI of OUE C-REIT's Existing Portfolio (including income support in respect of OUE Bayfront) for FY2017 divided by total AUM as at 31 December 2017.
(4) Based on transactions from 2015 of more than S$500 million. 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.
(5) The Purchase Consideration is equivalent to a price of S$1,713 psf, and translates to an indicative value of S$2,234 psf assuming that the Properties' remaining leasehold tenure of 48 years is reset to a fresh 99-year leasehold tenure.

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

Increased portfolio exposure to the Singapore CBD office market...

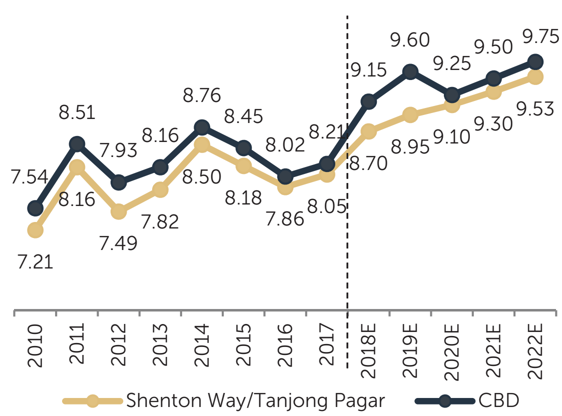
NLA of OUE C-REIT's Singapore portfolio



...with strong rental growth momentum...

(S$ psf per month)

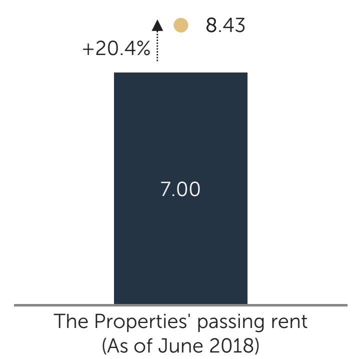
Average gross effective rents of premium and Grade A office space in Singapore CBD and Shenton Way/Tanjong Pagar submarket[6]



...and potential positive rent reversions

(S$ psf per month)

Difference between the Properties' passing rent and 1Q 2018 market rent for office properties in Shenton Way/Tanjong Pagar

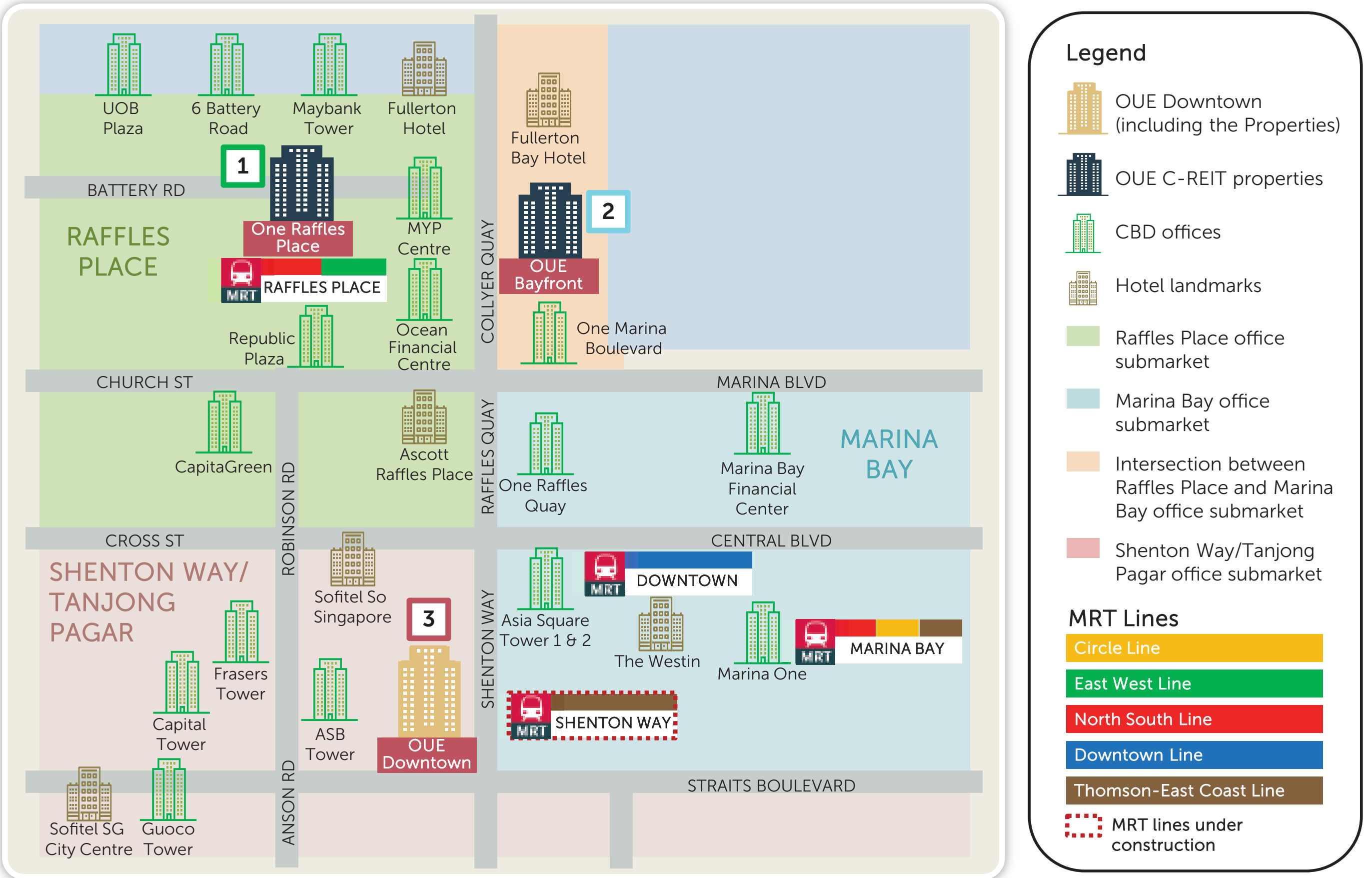


- The proposed Acquisition is expected to increase the NLA of OUE C-REIT's Singapore portfolio by 48.0% to 1.6 million sq ft, enlarging its footprint within the Singapore CBD and exposure to a rising Singapore CBD office market
- Rental growth momentum for premium and Grade A office space in the Singapore CBD and Shenton Way/Tanjong Pagar submarket is expected to continue going forward
- The passing rent for the Properties was approximately S$7.00 psf per month as of June 2018, compared to S$8.43[7] psf per month in 1Q 2018 for office space in Shenton Way/Tanjong Pagar, providing potential positive rent reversion of approximately 20.4%

(6) 2018E to 2022E gross effective rents were calculated based on the mid-point of the range of gross effective rents of premium and Grade A office space in Shenton Way/Tanjong Pagar submarket and Singapore CBD as forecast by the Independent Market Research Consultant in the Independent Market Research Report.
(7) Source: Independent Market Research Report.

4 Enhanced market positioning and diversified product offering

The proposed Acquisition will strengthen OUE C-REIT's footprint within the Singapore CBD and allow OUE C-REIT to capture tenant demand within the three major office rental submarkets of Raffles Place, New Downtown (Marina Bay area) and Shenton Way/Tanjong Pagar



1 **One Raffles Place** – commanding an iconic position in the Raffles Place submarket

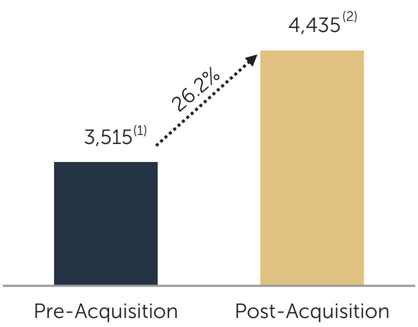
2 **OUE Bayfront** – gateway between the developing Marina Bay area and the established financial hub of Raffles Place

3 **The Properties** – positioned to benefit from the rejuvenation of the Tanjong Pagar precinct

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

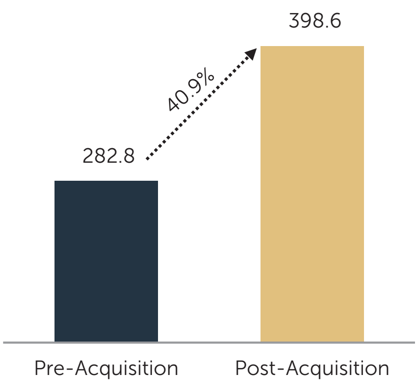
Increase in total AUM

(S$ million)



Enlarged debt headroom(3)

(S$ million)

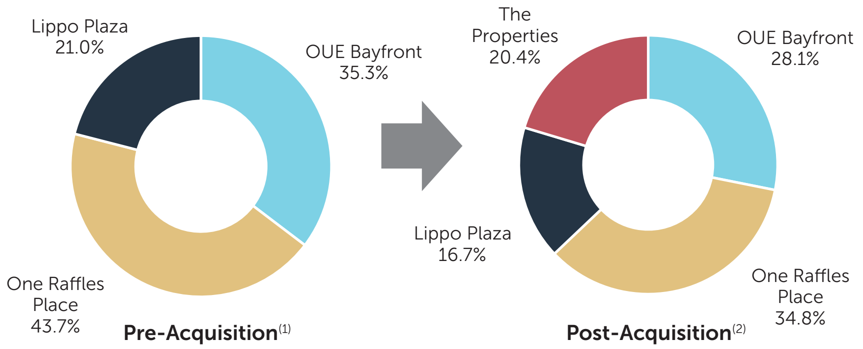


- The proposed Acquisition is expected to increase OUE C-REIT's AUM by 26.2% from S$3,515 million(1) to S$4,435 million(2)
- OUE C-REIT's aggregate leverage of 40.3% as at 30 June 2018 is expected to improve to 39.8%(4) after the proposed Transactions
- With a larger asset base, OUE C-REIT's debt headroom is expected to increase from S$282.8 million as at 30 June 2018 to S$398.6 million, enhancing financial flexibility for future growth opportunities via acquisitions and/or asset enhancement initiatives

(1) As at 31 December 2017.
(2) Based on the AUM of OUE C-REIT's Existing Portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.
(3) Based on the aggregate leverage limit of 45% under the Property Funds Appendix.
(4) *Pro forma* aggregate leverage as at 30 June 2018 assuming additional debt of S$361.6 million is raised for the proposed Transactions.

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

Portfolio composition by revenue contribution



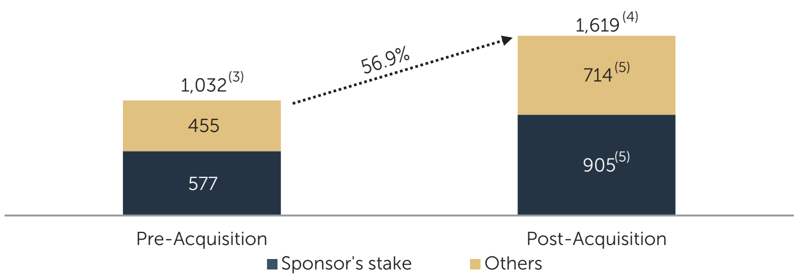
- Reduce OUE C-REIT's asset and tenant concentration risks, and contribute to the long-term stability and resilience of income streams
- No single property is expected to contribute to more than 34.8%[2] of OUE C-REIT's revenue post-Acquisition

(1) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place).
(2) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place) and the 1H 2018 revenue of the Properties.

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

Market capitalisation of OUE C-REIT

(S$ million)

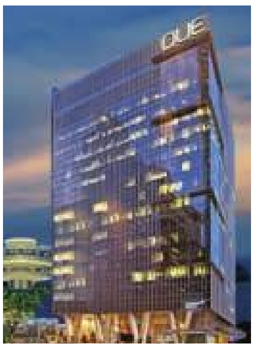


- The proposed Rights Issue is expected to increase the market capitalisation of OUE C-REIT and may facilitate improvement in the trading liquidity of Units on the SGX-ST
- The Manager believes that the increased market capitalisation and liquidity would provide OUE C-REIT with increased visibility within the investment community

(3) The pre-Acquisition market capitalisation is calculated based on the Closing Price, multiplied by the Existing Units.
(4) The post-Acquisition market capitalisation is calculated based on TERP of S$0.570 per Unit, multiplied by the aggregation of the Existing Units and the Rights Units.
(5) Assumes all Unitholders subscribe for their *pro rata* share of the proposed Rights Issue (i.e. Sponsor does not subscribe more than its entitled *pro rata* stake).

OVERVIEW OF OUE C-REIT

OUE C-REIT is a real estate investment trust listed on the Main Board of the SGX-ST. OUE C-REIT's principal investment strategy is to invest, directly or indirectly, in 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.

	OUE Bayfront	One Raffles Place	Lippo Plaza	The Properties
				
GFA (sq ft)	503,482	1,287,645	629,925	752,634
NLA (sq ft)	399,646	703,949	422,212	529,981
Valuation (S$ million)	1,153.0	1,773.2[6]	588.9[7]	920.0[8]

(6) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT owns 83.33% of OUB Centre Limited.
(7) Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and exchange rate of S$1 to RMB4.9024.
(8) Based on the valuation of the Properties prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 30 June 2018 without Rental Support.

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CORPORATE INFORMATION

Directors of OUE Commercial REIT Management Pte. Ltd. (the "Manager")	:	Mr. Christopher James Williams (Chairman and Non-Independent Non-Executive Director) Mr. Loh Lian Huat (Audit and Risk Committee Chairman and Lead Independent Director) Dr. Lim Boh Soon (Independent Director) Ms. Usha Ranee Chandradas (Independent Director) Mr. Jonathan Miles Foxall (Non-Independent Non-Executive Director) Ms. Tan Shu Lin (Chief Executive Officer and Executive Director)
Registered Office of the Manager	:	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321
Trustee of OUE C-REIT (the "Trustee")	:	DBS Trustee Limited 12 Marina Boulevard Marina Bay Financial Centre Singapore 018982
Legal Adviser to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Joint Lead Managers and Underwriters to the Rights Issue	:	Credit Suisse (Singapore) Limited One Raffles Link #03-01/#04-01 South Lobby Singapore 039393 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #10-00 Singapore 049514
Sole Financial Adviser to the Acquisition	:	Credit Suisse (Singapore) Limited One Raffles Link #03-01/#04-01 South Lobby Singapore 039393
Legal Adviser to the Joint Lead Managers and Underwriters to the Rights Issue as to Singapore Law	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Joint Lead Managers and Underwriters to the Rights Issue as to U.S. Federal Securities Law	:	Freshfields Bruckhaus Deringer #42-01 Ocean Financial Centre 10 Collyer Quay Singapore 049315

Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Unit Registrar and Unit Transfer Office (the "Unit Registrar")	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of the Manager and to the Trustee for the Acquisition ("IFA")	:	Deloitte & Touche Corporate Finance Pte Ltd 6 Shenton Way OUE Downtown 2, #33-00 Singapore 068809
Independent Valuers	:	Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**") (appointed by the Trustee) 30 Cecil Street #20-03 Prudential Tower Singapore 049712 Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") (appointed by the Manager) 1 Raffles Place #45-00 One Raffles Place Singapore 048616
Independent Market Research Consultant	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd 1 Raffles Place #45-00 One Raffles Place Singapore 048616

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 54 to 64 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

INTRODUCTION

OUE C-REIT is a real estate investment trust listed on the Main Board of the SGX-ST.

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. OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of OUE Limited (the "**Sponsor**").

OUE C-REIT's existing asset portfolio comprises:

- OUE Bayfront and its ancillary properties, which are located at Collyer Quay in Singapore's Central Business District ("**CBD**"), comprising (i) OUE Bayfront, an 18-storey premium Grade A office building located at 50 Collyer Quay, (ii) OUE Tower, a conserved tower building located at 60 Collyer Quay with panoramic views of the Marina Bay landscape which is currently occupied by a fine dining restaurant, and (iii) OUE Link, an overhead pedestrian link bridge with retail units located at 62 Collyer Quay (collectively, "**OUE Bayfront**");

- an effective interest of 67.95% in One Raffles Place, which is located at the junction of Raffles Place and Chulia Street, in the heart of Singapore's main financial district. It is an integrated commercial development comprising (i) One Raffles Place Tower 1, a 62-storey Grade A office building with a rooftop restaurant and observation deck, (ii) One Raffles Place Tower 2, a 38-storey Grade A office building, and (iii) One Raffles Place Shopping Mall, a six-storey retail podium (collectively, "**One Raffles Place**"); and

- Lippo Plaza, which is located at 222 Huaihai Zhong Road in the commercial district of Huangpu in central Shanghai, the People's Republic of China (the "**PRC**"). It is a 36-storey Grade A commercial building used for office and retail purposes and comprises a three-storey retail podium and basement car park lots. OUE C-REIT has a 91.2% strata ownership of Lippo Plaza ("**Lippo Plaza**"),

(collectively, the "**Existing Portfolio**"). The Existing Portfolio has a combined value of S$3.5 billion as at 31 December 2017.

SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from the unitholders of OUE C-REIT (the "**Unitholders**") for:

(i) **Resolution 1 (the proposed Acquisition) (Ordinary Resolution):** OUE C-REIT's proposed acquisition of 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**"), from Alkas Realty Pte. Ltd. (the "**Vendor**"), a company incorporated in Singapore and wholly-owned by the Sponsor (the "**Acquisition**"), for an aggregate purchase consideration of S$908.0 million (the "**Purchase Consideration**"), the proposed issue of new Units to the Manager for payment of its acquisition fee for the proposed Acquisition ("**Acquisition Fee**")[1] and the entry by OUE C-REIT into the Deed of Rental Support (as defined herein) on completion of the proposed Acquisition ("**Completion**");

(ii) **Resolution 2 (the proposed Rights Issue) (Ordinary Resolution):** the proposed underwritten and renounceable rights issue (the "**Rights Issue**") to Eligible Unitholders to raise gross proceeds of approximately S$587.5 million as part payment of the Purchase Consideration for the proposed Acquisition; and

(iii) **Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) (Ordinary Resolution):** the proposed payment by the Joint Lead Managers and Underwriters (as defined herein) to the Sponsor of the sub-underwriting commission (the "**Sub-Underwriting Commission**") of 1.80% of the Rights Issue Price (as defined herein) multiplied by 66% of the total number of the Underwritten Rights Units (as defined herein) (the "**Sub-Underwritten Rights Units**") under the sub-underwriting agreement (the "**Sub-Underwriting Agreement**") entered into between the Sponsor and Credit Suisse (Singapore) Limited (the "**Sole Financial Adviser**") and Oversea-Chinese Banking Corporation Limited, as joint lead managers and underwriters to the Rights Issue (each, a "**Joint Lead Manager and Underwriter**", and collectively, the "**Joint Lead Managers and Underwriters**"), in relation to the proposed Rights Issue (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),

(collectively, the "**Transactions**").

Unitholders should note that Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) are all inter-conditional on one another. This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

In connection with the proposed Acquisition, the Trustee has on 10 September 2018 entered into a put and call option agreement with the Vendor in respect of the Properties (the "**PCOA**").

(See paragraph 2.1.5 of the Letter to Unitholders for further details.)

1 As the proposed Acquisition is an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**", and Appendix 6, the "**Property Funds Appendix**"), the Acquisition Fee will be in the form of Units ("**Acquisition Fee Units**") which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

RESOLUTION 1: THE PROPOSED ACQUISITION OF THE OFFICE COMPONENTS OF OUE DOWNTOWN

Description of the Properties

The Properties, being the OUE Downtown 1 Office Component and the OUE Downtown 2 Office Component, are part of OUE Downtown. 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.

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 CBD, and Tanjong Pagar is part of the Urban Redevelopment Authority's ("**URA**") long-term plans[1] 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 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 an 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 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**").

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 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.

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

Purchase Consideration and Valuation

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 and Colliers (collectively, 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 (as defined herein)	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.

Should the Rental Support not be taken into account in the valuations of the Properties by the Independent Valuers, the valuation of the Properties by Savills and Colliers as at 30 June 2018 would be S$891.0 million and S$920.0 million respectively. The Rental Support will be provided for a period of up to five years, commencing from the date of Completion (the "**Completion Date**").

(See **Appendix B** of this Circular for further details regarding the valuation of the Properties.)

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 gross domestic product ("**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 per sq ft ("**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 a deed of rental support with the Trustee (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 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 goods and services tax chargeable under the Goods and Services Tax Act, Chapter 11A of Singapore ("**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 (the "**TQR**") 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.

(See paragraph 2.1.6 of the Letter to Unitholders for further details.)

Property Management Agreement

The Trustee, the Manager and OUE Commercial Property Management Pte. Ltd. (the "**Property Manager**") have on 10 September 2018 entered into an individual property management agreement (the "**Individual Property Management Agreement**") for the Property Manager to be appointed to operate, maintain, manage and market the Properties subject to the overall management and supervision of the Manager, for the period from the Completion Date and expiring at the earlier of (i) midnight of the date immediately preceding the tenth anniversary of 9 January 2014; and (ii) midnight of the date the Individual Property Management Agreement is terminated. The entry into the Individual Property Management Agreement is pursuant to the Master Property Management Agreement dated 9 January 2014 (the "**Master Property Management Agreement**") entered into by the Trustee, the Manager and the Property Manager.

Under the Individual Property Management Agreement in respect of the Properties, the fees payable for property management services shall be (a) 1.0% per annum of the gross revenue of the Properties; and (b) 1.0% per annum of the net property income (the "**NPI**") of the Properties (calculated before accounting for the property management fee in that financial period). The fee payable for lease management services shall be 0.25% per annum of the NPI of the Properties (calculated before accounting for the property management fee in that financial period).

The Property Manager was incorporated in Singapore on 16 September 2011 under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and is a wholly-owned subsidiary of the Sponsor.

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 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.

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).

(See paragraph 2.1.4 of the Letter to Unitholders for further details.)

Interested Person Transaction and Interested Party Transaction

As at the latest practicable date prior to the printing of this Circular, being 4 September 2018 (the "**Latest Practicable Date**"), 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 as at the Latest Practicable Date (the "**Existing Units**"), and is therefore regarded as a "controlling Unitholder" of OUE C-REIT under the Listing Manual of the SGX-ST (the "**Listing Manual**") and 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 approving the proposed Acquisition, Unitholders will be deemed to have approved the Rental Support, and all documents required to be executed or assigned by the parties in order to give effect to the proposed Acquisition and the Rental Support.

(See paragraph 6.5.3 of the Letter to Unitholders for further details.)

Payment of Acquisition Fee in Units

The Manager shall be paid an Acquisition Fee of approximately S$6.8 million for the proposed Acquisition pursuant to the Trust Deed. As the proposed Acquisition is an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Pursuant to Rule 805(1) of the Listing Manual, the Manager is seeking the specific approval of the Unitholders for the issue of the Acquisition Fee Units to the Manager. The issue price of the Acquisition Fee Units shall be determined based on the theoretical ex-rights price ("**TERP**") per Unit in relation to the proposed Rights Issue. While Clause 15.2.1 of the Trust Deed allows the Manager to receive the Acquisition Fee Units at the Rights Issue Price of S$0.456, the Manager has elected to receive the Acquisition Fee Units at the TERP of S$0.570 per Unit instead.

(See paragraph 2.2 of the Letter to Unitholders for further details.)

RESOLUTION 2: THE PROPOSED RIGHTS ISSUE

The Manager is seeking Unitholders' approval for a proposed issue of new Units in OUE C-REIT (the "**Rights Units**") under the proposed underwritten and renounceable Rights Issue on a basis of 83 Rights Units for every 100 Units in OUE C-REIT (the "**Rights Ratio**") held as at the time and date to be determined by the Manager at and on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of the Rights Units to Eligible Unitholders under the proposed Rights Issue (the "**Books Closure Date**"), fractional entitlements to be disregarded, at an issue price of S$0.456 per Rights Unit (the "**Rights Issue Price**"), in the manner described in this Circular. The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units. Eligible Unitholders who validly accept, in full, their Rights Entitlements, will receive distributions in respect of the period from 1 July 2018 to 31 December 2018 to which they would have been entitled had the Rights Issue not occurred.

The Manager proposes to issue 1,288,438,981 new Rights Units on a renounceable basis to Eligible Unitholders on the basis of 83 Rights Units for every 100 Units held as at the Books Closure Date at the Rights Issue Price, to raise gross proceeds of approximately S$587.5 million as part payment of the Purchase Consideration for the proposed Acquisition.

(See paragraph 3 of the Letter to Unitholders for further details.)

RESOLUTION 3: THE PROPOSED PAYMENT OF THE SUB-UNDERWRITING COMMISSION

The Manager is seeking Unitholders' approval for the proposed payment by the Joint Lead Managers and Underwriters to the Sponsor of the Sub-Underwriting Commission under the Sub-Underwriting Agreement entered into between the Sponsor and the Joint Lead Managers and Underwriters in relation to the proposed Rights Issue.

In connection with the proposed Rights Issue and the Underwriting Agreement (as defined herein), the Sponsor has entered into the Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters pursuant to which it has agreed, on the terms and conditions of the Sub-Underwriting Agreement, to subscribe and pay for the Sub-Underwritten Rights Units to the extent that such Sub-Underwritten Rights Units are not successfully subscribed for under the proposed Rights Issue.

In consideration of the Sub-Underwriting Commitment (as defined herein), the Joint Lead Managers and Underwriters have agreed to pay the Sub-Underwriting Commission of 1.80% of the Rights Issue Price multiplied by the total number of Sub-Underwritten Rights Units to the Sponsor.

(See paragraph 4 of the Letter to Unitholders for further details.)

Unitholders should note that Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) are all inter-conditional on one another. This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

RATIONALE FOR THE PROPOSED TRANSACTIONS

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

(i) 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;

(ii) Acquisition of a high quality Grade A office property at an attractive price and Acquisition NPI yield;

(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;

(vi) Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams;

(vii) Strong support from the Sponsor through its take-up of the *pro rata* stake in the proposed Rights Issue and via its Sub-Underwriting Commitment; and

(viii) Increased market capitalisation and potential increased liquidity through the proposed Rights Issue.

(See paragraph 5 of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the extraordinary general meeting of the Unitholders to be held on 28 September 2018 at Raffles City Convention Centre, Stamford Ballroom, Level 4, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560 (the "**EGM**") is indicative only and is subject to change at the Manager's absolute discretion as well as applicable regulatory requirements. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

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
Rights Issue Books Closure Date	:	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

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed
dated 10 October 2013 (as amended))

Directors:	**Registered Office:**
Mr. Christopher James Williams (Chairman and Non-Independent Non-Executive Director) Mr. Loh Lian Huat (Audit and Risk Committee Chairman and Lead Independent Director) Dr. Lim Boh Soon (Independent Director) Ms. Usha Ranee Chandradas (Independent Director) Mr. Jonathan Miles Foxall (Non-Independent Non-Executive Director) Ms. Tan Shu Lin (Chief Executive Officer and Executive Director)	50 Collyer Quay #04-08 OUE Bayfront Singapore 049321

10 September 2018

To: The Unitholders of OUE Commercial Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek Unitholders' approval for:

(i) Resolution 1: the proposed Acquisition of the Office Components of OUE Downtown (Ordinary Resolution);

(ii) Resolution 2: the proposed Rights Issue (Ordinary Resolution); and

(iii) Resolution 3: the proposed Payment of the Sub-Underwriting Commission (Ordinary Resolution).

Unitholders should note that Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) are all inter-conditional on one another. This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

2. RESOLUTION 1: THE PROPOSED ACQUISITION OF THE OFFICE COMPONENTS OF OUE DOWNTOWN

2.1 The Proposed Acquisition

2.1.1 Description of the Properties

The Properties, being the OUE Downtown 1 Office Component and the OUE Downtown 2 Office Component, are part of OUE Downtown. 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.

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 MRT stations.

Shenton Way is one of the primary office locations within the CBD, and Tanjong Pagar is part of the URA's long-term plans[1] for development into an enviable "live, work and play" environment.

OUE Downtown has a total 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 an auditorium to a retail mall, the upgrading of office lobbies for both towers as well as upgrading and replacement of major 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 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 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

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 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.

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

2.1.2 Purchase Consideration and Valuation

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 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.

Should the Rental Support not be taken into account in the valuations of the Properties by the Independent Valuers, the valuation of the Properties by Savills and Colliers as at 30 June 2018 would be S$891.0 million and S$920.0 million respectively. The Rental Support will be provided for a period of up to five years, commencing from the Completion Date.

(See **Appendix B** of this Circular for further details regarding the valuation of the Properties.)

2.1.3 Estimated Total Acquisition Cost

The estimated 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 pursuant to 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.

2.1.4 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.

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

2.1.5 Put Option and Call Option under the PCOA

In connection with the proposed Acquisition, the Trustee 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 a binding contract for the sale and purchase of the Properties ("**Purchase Agreement**") 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.

In the event that the proposed Acquisition is not completed on the date fixed for Completion pursuant to the Purchase Agreement, either the Trustee or the Vendor may give the other party a notice to complete in writing (the "**Notice to Complete**") requiring completion of the sale and purchase of the Properties pursuant to the Purchase Agreement.

Upon service of an effective Notice to Complete, the Trustee and the Vendor must complete the transaction within 21 days after the day of service of the Notice to Complete (excluding the day of service) and time will be of the essence.

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 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 the SGX-ST for the listing and quotation of the new Units not having been revoked or withdrawn.

For the purposes of this paragraph 2.1.5:

"**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.

2.1.6 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 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 TQR for each calendar quarter shall start at the Base Rate of S$8.90 psf per month, 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 FY2017 audited financial statements which is well in excess of the maximum aggregate amount of S$60.0 million that is payable under the Deed of Rental Support.

2.1.7 Independent Valuers' Opinion

The Independent Valuers have considered the Rental Support, and they are both of the view that the rental of the Properties (taking into account the Rental Support) is in line with market rentals of comparable Grade A office spaces in the Shenton Way/Tanjong Pagar submarket.

(See **Appendix B** of this Circular for further details regarding the valuation of the Properties.)

2.1.8 Audit and Risk Committee's Opinion

Based on the opinion of the IFA (as set out in the letter from the IFA to the independent directors of the Manager (the "**Independent Directors**"), the Audit and Risk Committee of the Manager (the "**Audit and Risk Committee**") and the Trustee containing its advice in **Appendix A** of this Circular (the "**IFA Letter**")) and having regard to the rationale for the proposed Transactions set out in paragraph 5 below, the Independent Directors and the Audit and Risk Committee believe that 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.

(See **Appendix A** and **Appendix B** of this Circular for further details.)

2.1.9 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.

2.1.10 Property Management Agreement

The Trustee, the Manager and the Property Manager have on 10 September 2018 entered into the Individual Property Management Agreement for the Property Manager to be appointed to operate, maintain, manage and market the Properties subject to the overall management and supervision of the Manager, for the period from the Completion Date and expiring at the earlier of (i) midnight of the date immediately preceding the tenth anniversary of 9 January 2014; and (ii) midnight of the date the Individual Property Management Agreement is terminated. The entry into the Individual Property Management Agreement is pursuant to the Master Property Management Agreement entered into by the Trustee, the Manager and the Property Manager.

Under the Individual Property Management Agreement in respect of the Properties, the fees payable for property management services shall be (a) 1.0% per annum of the gross revenue of the Properties; and (b) 1.0% per annum of the NPI of the Properties (calculated before accounting for the property management fee in that financial period). The fee payable for lease management services shall be 0.25% per annum of the NPI of the Properties (calculated before accounting for the property management fee in that financial period).

The Property Manager was incorporated in Singapore on 16 September 2011 under the Companies Act and is a wholly-owned subsidiary of the Sponsor.

2.2 Payment of Acquisition Fee in Units

The Manager shall be paid an Acquisition Fee of approximately S$6.8 million for the proposed Acquisition pursuant to the Trust Deed. As the proposed Acquisition is an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee will be in the form of Acquisition Fee Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Pursuant to Rule 805(1) of the Listing Manual, the Manager is seeking the specific approval of the Unitholders for the issue of the Acquisition Fee Units to the Manager. The issue price of the Acquisition Fee Units shall be determined based on the TERP per Unit in relation to the proposed Rights Issue. While Clause 15.2.1 of the Trust Deed allows the Manager to receive the Acquisition Fee Units at the Rights Issue Price, of S$0.456, the Manager has elected to receive the Acquisition Fee Units at the TERP of S$0.570 per Unit instead.

Based on the TERP of S$0.570 per Unit, the number of Acquisition Fee Units to be issued shall be approximately 11,947,368.

2.3 Sponsor Related Tenancy Agreements relating to the Properties

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 various tenancy agreements entered into by certain interested persons of the Sponsor (the "**Sponsor Related Tenancy Agreements**"). The aggregate contract value derived or to be derived from the Sponsor Related Tenancy Agreements is estimated at S$1.9 million. Details of the Sponsor Related Tenancy Agreements are set out in **Appendix E** of this Circular.

3. RESOLUTION 2: THE PROPOSED RIGHTS ISSUE

3.1 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 on a *pro rata* basis of 83 Rights Units for every 100 Units held as at the Books Closure Date, fractional entitlements to be disregarded.

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.

Unitholders should note that Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) are all inter-conditional on one another. This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

3.1.1 Principal Terms of the Proposed Rights Issue

The following is a summary of the principal terms and conditions of the proposed Rights Issue:

Issue Size	:	1,288,438,981 Rights Units to raise gross proceeds of approximately S$587.5 million and net proceeds of approximately S$580.6 million.
Basis of Provisional Allotment	:	Each Eligible Unitholder is entitled to subscribe for 83 Rights Units for every 100 Units standing to the credit of his securities account with The Central Depository (Pte) Limited ("**CDP**" and the securities account with CDP, the "**Securities Account**") as at the Books Closure Date, fractional entitlements to be disregarded.
Rights Issue Price	:	S$0.456 for each Rights Unit. The Rights Units are payable in full upon acceptance and/or application. The Rights Issue Price represents a discount of approximately 31.4% to the closing price of S$0.665 per Unit on the 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 a discount of approximately 20.0% to the TERP of S$0.570 per Unit.

Status of the Rights Units	The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units. Eligible Unitholders who validly accept, in full, their Rights Entitlements, will receive distributions in respect of the period from 1 July 2018 to 31 December 2018 to which they would have been entitled had the Rights Issue not occurred.
Eligible Unitholders	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 Days[1] 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.
Eligibility of Unitholders to participate in the Rights Issue	Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (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 trade 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 (as defined herein) 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, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements (collectively, the "**Excess Rights Units**"). The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the Offer Information Statement.
Ineligible Unitholders	No provisional allotment of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application for Excess Rights Units thereof by Ineligible Unitholders will be valid. Ineligible Unitholders should refer to the paragraphs under the heading "Ineligible Unitholders" below.

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

Trading of the Rights Units	:	Upon the listing of and quotation for the Rights Units on the Main Board of the SGX-ST, the Rights Units will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 100 Units. All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Account with CDP", as the same may be amended from time to time, copies of which are available from CDP. Eligible Unitholders can trade in odd lots of Units on the SGX-ST's Unit Share Market[1].
Governing Law	:	Laws of the Republic of Singapore

The actual terms and conditions of the proposed Rights Issue will be set out in the Offer Information Statement to be despatched by the Manager to Eligible Unitholders in due course.

AS THE PROPOSED RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE PROVISIONAL ALLOTMENTS OF RIGHTS UNITS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR TRADED ON THE SGX-ST.

The proposed Rights Issue is further conditional upon the lodgement of the Offer Information Statement with the MAS.

3.1.2 Eligible Unitholders

Eligible Unitholders whose 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.

"**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 Days 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 Excess Rights Units.

For the avoidance of doubt, Eligible Unitholders who hold less than 100 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 Market.

1 "**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.

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 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 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.

3.1.3 Ineligible Unitholders

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 U.S. and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, transferred or renounced, directly or indirectly, within the U.S. 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 U.S.. 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.

If it is practicable to do so, the Manager may, in its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence.

Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

Where such Rights Entitlements are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Manager may, in its absolute discretion, decide and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, each of the Joint Lead Managers and Underwriters, the Unit Registrar, CDP or the CPF Board or their respective officers in respect of such sales or the proceeds thereof, the Rights Units or the Rights Entitlements represented by such provisional allotments.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings in OUE C-REIT ("**Unitholdings**", and in relation to each Unitholder, "**Unitholding**") determined as at the Books Closure Date and sent to them at their own risk by ordinary post, without interest or any share of revenue or other benefit arising therefrom, provided that where the amount to be distributed to any single Ineligible Unitholder is less than S$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of OUE C-REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, each of the Joint Lead Managers and Underwriters, the Unit Registrar, the Trustee, CDP or the CPF Board and their respective officers in connection therewith.

If such Rights Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights Entitlements, the Rights Units represented by such Rights Entitlements will be issued to satisfy applications for Excess Rights Units or dealt with in such manner as the Manager may, in its absolute discretion, deem fit in the interest of OUE C-REIT and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, each of the Joint Lead Managers and Underwriters, the Unit Registrar, CDP or the CPF Board and their respective officers in connection therewith.

3.1.4 Excess Rights Units

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or trade 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, renouncees of the Rights Entitlements or the purchasers of the Rights Entitlements, subject to the requirements or otherwise of the SGX-ST, will be aggregated and used to satisfy Excess Rights Units applications (if any) or disposed of or otherwise dealt with in such manner as the Manager may, in its discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). Directors and Substantial Unitholders (as defined herein) who have control or influence over OUE C-REIT or the Manager in connection with the day-to-day affairs of OUE C-REIT or the terms of the proposed Rights Issue, or have representation (direct or through a nominee) on the board of Directors of the Manager (the "**Board of Directors**"), will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units. The Manager reserves the right to refuse any application for Excess Rights Units, in whole or in part, without assigning any reason whatsoever therefor. In the event that the number of Excess Rights Units allotted to an Eligible Unitholder is less than the number of Excess Rights Units applied for, the Eligible Unitholder shall be deemed to have accepted the number of Excess Rights Units actually allotted to him.

3.1.5 Rights Issue Price

The Rights Issue Price represents a discount of:

(i) approximately 31.4% to the Closing Price;

(ii) approximately 20.0% to the 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 Transactions of S$0.70 per Unit as at 31 December 2017. (Please also refer to paragraph 6.3 of the Letter to Unitholders for the *pro forma* NAV per Unit.)

3.1.6 Use of Proceeds of the Proposed Rights Issue

The proposed Rights Issue is expected to raise gross proceeds of approximately S$587.5 million and net proceeds of approximately S$580.6 million. Based on the Manager's current estimates, the Manager expects to use the gross proceeds from the proposed 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.

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1 Based on the Closing Price.

2 Comprising the Existing Units and the Rights Units.

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 SGXNET[1] 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.

It should be noted that OUE C-REIT is currently not under pressure from its bankers to repay any of its existing borrowings and has sufficient resources to meet its current capital commitments. The Manager is of the opinion that, after taking into consideration OUE C-REIT's internal resources, its available loan facilities and the net proceeds of the proposed Rights Issue, the working capital available to OUE C-REIT is sufficient to meet its present obligations as and when they fall due.

3.1.7 Costs of the Proposed Rights Issue

The estimated costs of the proposed Rights Issue that OUE C-REIT will have to bear include the underwriting and selling commissions and related expenses of S$6.9 million.

3.1.8 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 approximately 55.9% of the voting rights of OUE C-REIT as at the Latest Practicable Date, 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.

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

3.1.9 Underwriting of the Proposed Rights Issue

Save for the Rights Units which are the subject of the Sponsor Irrevocable Undertaking, the proposed Rights Issue is fully underwritten by the Joint Lead Managers and Underwriters, on the terms and conditions of the underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 10 September 2018 (the "**Underwriting Agreement**"). Pursuant to the Underwriting Agreement, each of the Joint Lead Managers and Underwriters has agreed, subject to the terms and conditions of that agreement to subscribe for, and/or procure the subscription for, at the Rights Issue Price, the Underwritten Rights Units. 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 (the "**Underwriting Commission**").

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.

3.1.10 Sub-Underwriting of the Proposed Rights Issue

In connection with the proposed Rights Issue and the Underwriting Agreement, the Sponsor has entered into the Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters pursuant to which it has agreed, on the terms and conditions of the Sub-Underwriting Agreement, to subscribe and pay for 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 the Sub-Underwriting Commission of 1.80% of the Rights Issue Price multiplied by the total number of Sub-Underwritten Rights Units to the Sponsor.

(Please refer to paragraph 4 of this Circular for further details on the proposed Payment of the Sub-Underwriting Commission.)

3.1.11 Status of the Rights Units

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units. Eligible Unitholders who validly accept, in full, their Rights Entitlements, will receive distributions in respect of the period from 1 July 2018 to 31 December 2018 to which they would have been entitled had the Rights Issue not occurred.

3.1.12 Receipt of Approval in-Principle

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST and the proposed Rights Issue. 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 SGX-ST's in-principle approval is subject to the following:

(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 proposed Rights Issue; and

(iv) submission of:

  (a) a written undertaking from the Manager that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights Issue;

  (b) a written undertaking from the Manager that it will comply with Rule 877(10) of the Listing Manual with regards to the allotment of any Excess Rights Units; and

  (c) a written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the undertaking Unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under their undertakings.

3.1.13 Requirement for Unitholders' Approval for the Proposed Rights Issue

The Manager is seeking the approval of Unitholders for the proposed issue of 1,288,438,981 Rights Units (representing approximately 83.0% of the 1,552,336,122 Existing Units) under the proposed Rights Issue pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 24 April 2018 to issue the Rights Units.

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.

4. RESOLUTION 3: THE PROPOSED PAYMENT OF THE SUB-UNDERWRITING COMMISSION

4.1 Sub-Underwriting of the Proposed Rights Issue

In connection with the proposed Rights Issue and the Underwriting Agreement, the Sponsor has entered into the Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters pursuant to which it has agreed, on the terms and conditions of the Sub-Underwriting Agreement, to subscribe and pay for the Sub-Underwritten Rights Units to the extent that such Sub-Underwritten Rights Units are not successfully subscribed for under the proposed Rights Issue.

In consideration of the Sub-Underwriting Commitment, the Joint Lead Managers and Underwriters have agreed to pay the Sub-Underwriting Commission of 1.80% of the Rights Issue Price multiplied by the total number of Sub-Underwritten Rights Units to the Sponsor.

As at the Latest Practicable Date, the Sponsor's aggregate interest, direct and deemed, in the Unitholdings of OUE C-REIT is approximately 55.9%.

As the Sponsor is a Substantial Unitholder of OUE C-REIT, 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.

4.2 Board Confirmation

Having considered the terms of the Underwriting Agreement and the Sub-Underwriting Agreement (including the proposed payment of the Underwriting Commission by the Manager to the Joint Lead Managers and Underwriters and the proposed Payment of the Sub-Underwriting Commission by the Joint Lead Managers and Underwriters to the Sponsor), the Board of Directors (save for Mr. Christopher James Williams, Mr. Jonathan Miles Foxall and Ms. Tan Shu Lin who have abstained) is of the view that the terms of the Underwriting Agreement and the Sub-Underwriting Agreement (including the Underwriting Commission and the Sub-Underwriting Commission respectively) have been entered into on an arm's length basis and are on normal commercial terms.

In considering the structure of the underwriting of the proposed Rights Issue, the Board of Directors (save for Mr. Christopher James Williams, Mr. Jonathan Miles Foxall and Ms. Tan Shu Lin each of whom has abstained) considered and noted, *inter alia*, the following:

(a) the rationale for, and the use of proceeds from, the proposed Rights Issue, as set out in this Circular;

(b) the importance of the proposed Rights Issue to be fully undertaken and/or underwritten, given the execution risks posed by the proposed Rights Issue execution period; and

(c) the written confirmation from the Joint Lead Managers and Underwriters to the Board of Directors that they will not underwrite the proposed Rights Issue unless the Sponsor enters into the Sub-Underwriting Agreement, and that the discussion on the Sub-Underwriting Agreement with the Sponsor was initiated by the Joint Lead Managers and Underwriters and not by the Sponsor.

In particular, in considering the proposed Payment of the Sub-Underwriting Commission by the Joint Lead Managers and Underwriters to the Sponsor, the Board of Directors (save for Mr. Christopher James Williams, Mr. Jonathan Miles Foxall and Ms. Tan Shu Lin) has further considered and noted the following:

(a) by entering into the Sub-Underwriting Agreement with the Joint Lead Managers and Underwriters, the Sponsor has assumed market risks for the proposed Rights Issue; and

(b) the Sub-Underwriting Commission to be paid by the Joint Lead Managers and Underwriters to the Sponsor (i) is not higher than the Underwriting Commission payable to the Joint Lead Managers and Underwriters; (ii) is paid by the Joint Lead Managers and Underwriters out of the Underwriting Commission; and (iii) does not lead to an additional cost to OUE C-REIT over and above the Underwriting Commission payable to the Joint Lead Managers and Underwriters.

On the bases set out above, the Board of Directors (save for Mr. Christopher James Williams, Mr. Jonathan Miles Foxall and Ms. Tan Shu Lin each of whom has abstained) is unanimously of the view that the terms of the Sub-Underwriting Agreement (which include the proposed Payment of Sub-Underwriting Commission by the Joint Lead Managers and Underwriters to the Sponsor) are fair and not prejudicial to OUE C-REIT and to other Unitholders (excluding the Sponsor).

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

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**

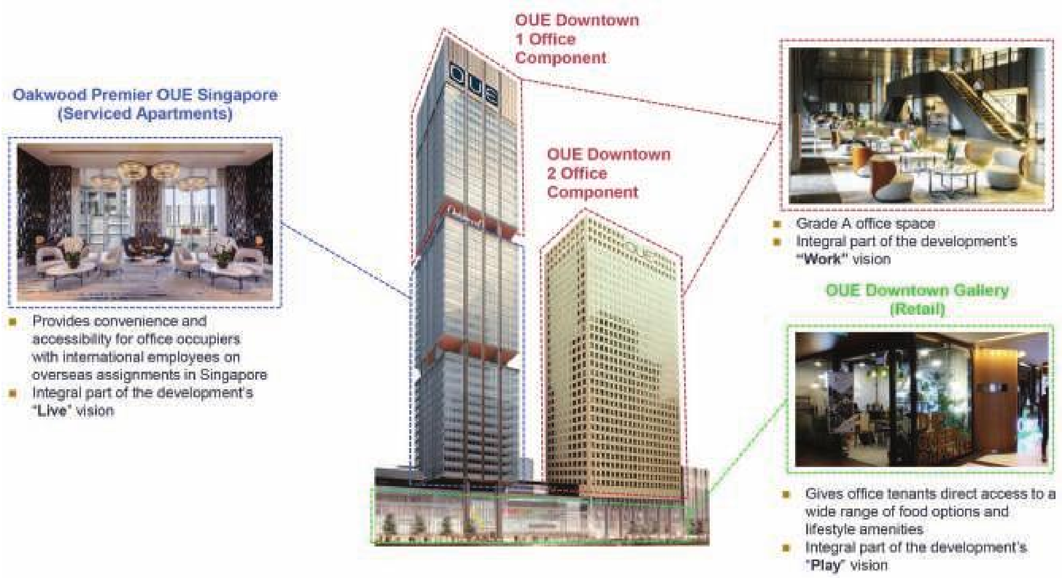
The Properties offer quality and efficient column-free Grade A office space with regular floor plates. As a result, the Properties enjoy an established blue-chip tenant base which includes reputable insurance, financial, information and technology, media and telecommunications companies and MNCs. Key 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.

OUE Downtown – Mixed use development with "live, work and play" vision



(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.

The transformation of the Tanjong Pagar precinct has commenced with the recent completion of new or refurbished premium and Grade A offices in the area, such as the Properties, Guoco Tower and Frasers Tower, which are well-occupied by MNCs as well as other institutions and corporations. The precinct has also developed a bustling hospitality scene with the completion of Oakwood Premier OUE Singapore, Oasia Downtown and Sofitel Singapore City Centre, shaping the environment into a thriving commercial hub. The district also boasts a unique mix of bars, cafes and restaurants set up by both independent players and international brand names, which satisfy demand from working professionals, residents and tourists, bolstering the "live, work and play" image of the district.

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 completion of Prince Edward station to be located at Shenton Way and Keppel Road will close the Circle Line loop, providing travellers between the South Western and South Eastern regions of Singapore quicker and more direct access to the Shenton Way/ Tanjong Pagar business district. The improved connectivity further raises the profile of the submarket as a prime CBD office district.

Key office properties and landmarks within the Shenton Way/Tanjong Pagar Submarket

Source: Independent Market Research Report.

5.2 Acquisition of a high quality Grade A office property at an attractive price and Acquisition 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 Portfolio.

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1 Based on the Properties' annualised NPI including the Rental Support for the first half of FY2018 from 1 January 2018 to 30 June 2018 ("**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 Portfolio (including income support in respect of OUE Bayfront) for FY2017 divided by total assets-under-management ("**AUM**") as at 31 December 2017.

The Purchase Consideration of S$1,713 psf translates to an indicative value of S$2,234[1] psf 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:

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

Property	Transaction Date	CBD Office Submarket	Transacted Price (S$ m)	Price on NLA (S$ psf)	Remaining Lease Period	Adjusted Price Assuming Fresh 99 Years Lease (S$ 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.

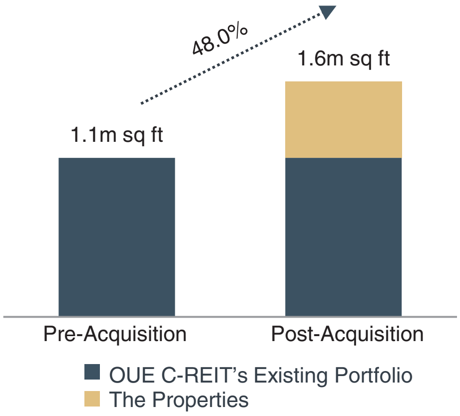
(3) There is no disclosure on the breakdown of the purchase price between Tower 1 and Tower 2. It is therefore not possible to derive an adjusted price for the residual land tenures of Tower 1 (808 years remaining) and Tower 2 (66 years remaining).

1 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.

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.

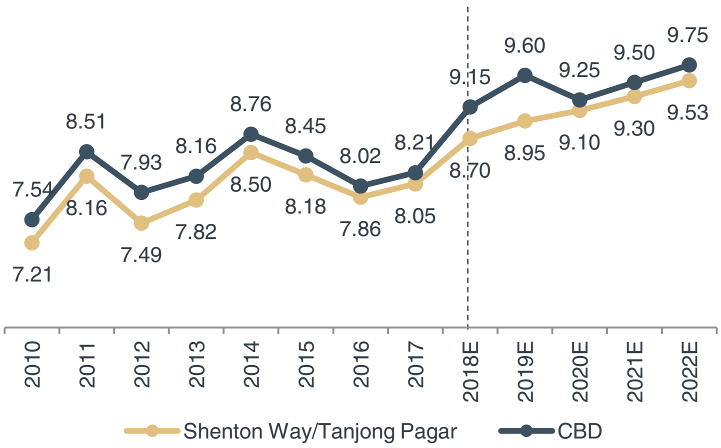
NLA of OUE C-REIT's Singapore portfolio



Based on the Independent Market Research Report, Singapore's economic outlook remains positive, supported by sustained growth in both the global and regional economies, according to Oxford Economics. Growth in key office-occupier service industries in Singapore experienced a pick-up in 2017 and in 1Q 2018 saw the strongest growth since 2014. The increase in employment by firms in these sectors has in turn driven strong leasing activity in the office market, particularly from finance, insurance, technology and legal firms. Demand for office space is thus expected to remain strong as companies pursue their hiring plans, thereby increasing headcount growth and need for office space.

According to the Independent Market Research Report, the muted supply pipeline in Singapore CBD office market over the next three years coupled with reduced vacancy rates, and stronger demand associated with accelerating local and global economic growth are expected to drive sustained rental growth. In the Shenton Way/Tanjong Pagar submarket between 2018 and 2022, approximately 1.2 million sq ft of new office space is expected to be launched, which includes 663,000 sq ft at Frasers Tower in 2Q 2018 and 515,000 sq ft at ASB Tower in 2020. With about 80% of the office space at Frasers Tower (530,000 sq ft) already pre-committed, the remaining unabsorbed net new supply is expected to be about 670,000 sq ft from 2019 to 2022, an average of 167,000 sq ft per year, outweighed by an expected annual absorption of about 250,000 sq ft.

Average gross effective rents of premium and Grade A office space in Singapore CBD and Shenton Way/Tanjong Pagar submarket (S$ psf per month)



Source: Independent Market Research Report.

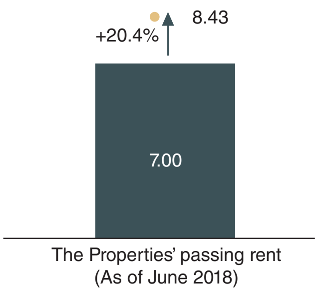
Note: 2018E to 2022E gross effective rents were calculated based on the mid-point of the range of gross effective rents of premium and Grade A office space in Shenton Way/Tanjong Pagar submarket and Singapore CBD as forecast by the Independent Market Research Consultant in the Independent Market Research Report.

In tandem with the overall island-wide office rents, the gross effective rents for premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket improved by 4.7% from 4Q 2017 to S$8.43 psf per month in 1Q 2018, the highest quarter-on-quarter increase and the highest rent level of the past five years. Looking ahead, rental growth momentum for premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket is expected to continue in the following five years, reaching the range of S$8.40 to S$9.00 psf per month by the end of 2018 and rising to an estimated range of S$9.30 to S$9.75 psf per month by 2022.

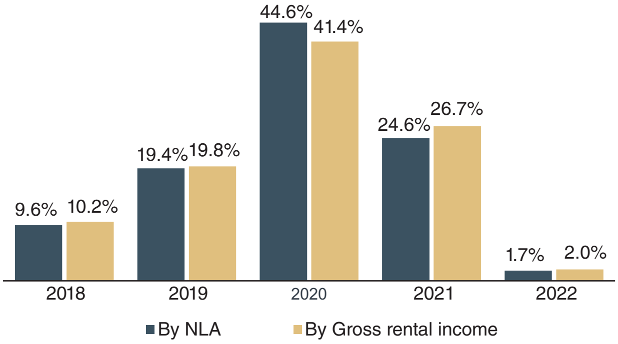
The Manager believes that the Properties possess a balanced lease expiry profile which provides for income stability, while also positioning OUE C-REIT to benefit from positive rent reversions. The passing rent for the Properties as of June 2018 was approximately S$7.00 psf per month, which is below 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 following graphs illustrate the potential upside between the passing rent of the Properties as of June 2018, the 1Q 2018 market rents and the lease expiry profile of the Properties as of June 2018.

Difference between the Properties' passing rent and 1Q 2018 market rent for office properties in Shenton Way/Tanjong Pagar



Lease expiry profile of the Properties



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. This enhances OUE C-REIT's competitive positioning in the following manner:

Location of OUE C-REIT Properties within the CBD Office Submarkets

Source: Independent Market Research Report.

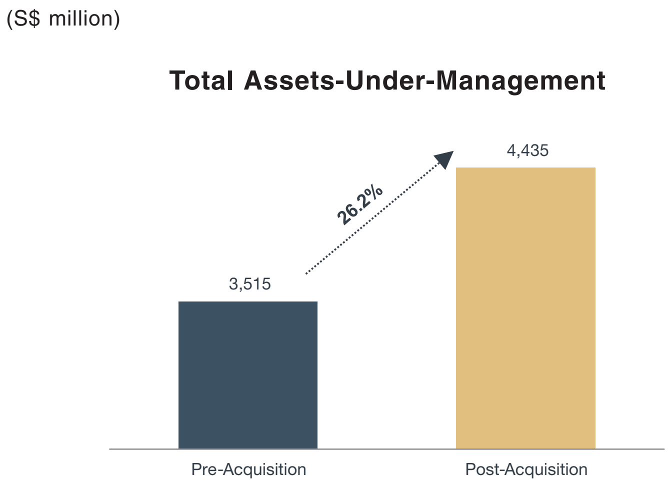
One Raffles Place – commanding an iconic position in the Raffles Place submarket: One Raffles Place is a prominent, iconic integrated commercial development with Grade A building specifications strategically located in the heart of Singapore's main financial district of Raffles Place. Raffles Place is perceived as the most accessible office location within the CBD, and is expected to remain a focal point of the CBD even with the expansion of the Marina Bay precinct.

OUE Bayfront – gateway between the developing Marina Bay area and the established financial hub of Raffles Place: OUE Bayfront has the advantageous position of being a premium office building located at Collyer Quay near the major traffic interchange of Raffles Quay and Robinson Road/Cecil Street, between the developing Marina Bay area or "New Downtown" and the established financial hub of Raffles Place. Strategically situated between these two key areas of Singapore's CBD, OUE Bayfront enjoys a prominent status alongside other notable recent additions of premium office space that include Marina Bay Financial Centre and Ocean Financial Centre, and is within reach of entertainment facilities such as Marina Bay Sands and the Esplanade, placing it in the midst of a critical mass of business and retail activity.

The Properties – positioned to benefit from the rejuvenation of the Tanjong Pagar precinct*:* The Properties are well-positioned to benefit from the Greater Southern Waterfront development, which is expected to consolidate the Shenton Way/Tanjong Pagar area as a gateway location between the core CBD, Marina Bay and the Greater Southern Waterfront. According to the Independent Market Research Report, the inauguration of the new circle line MRT stations and the materialisation of the URA vision for the Greater Southern Waterfront is expected to positively impact occupancy, rents and capital values of Premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket, thus making the Properties a prime beneficiary of these positive trends.

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 million[1].



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 headroom[3] 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.

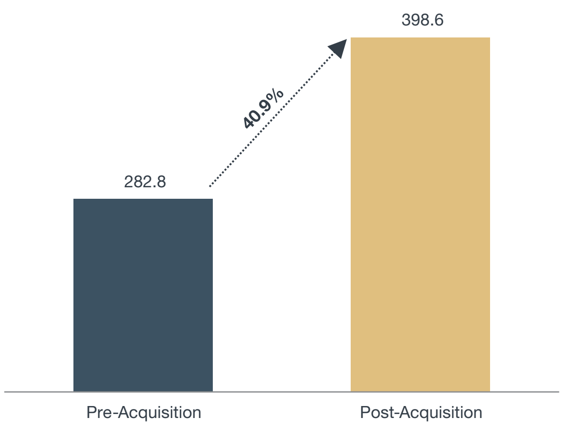
1 Based on the AUM of OUE C-REIT's Existing Portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.

2 *Pro forma* aggregate leverage as at 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.

(S$ million)

Debt headroom



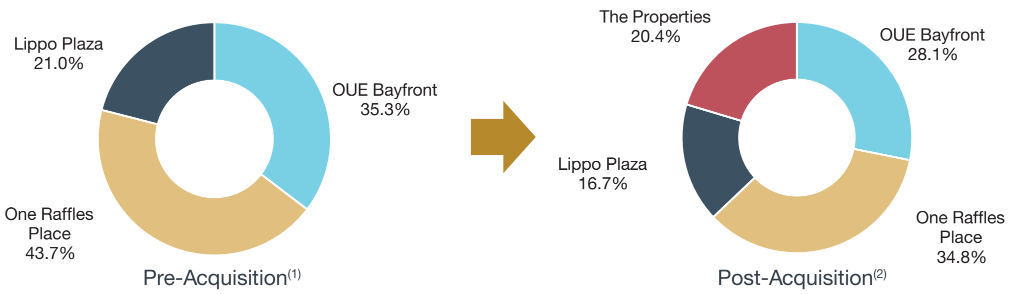
5.6 Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams

The proposed Acquisition is expected to benefit Unitholders by enhancing the diversification and resilience of the Existing 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.

Portfolio composition by revenue contribution



Notes:

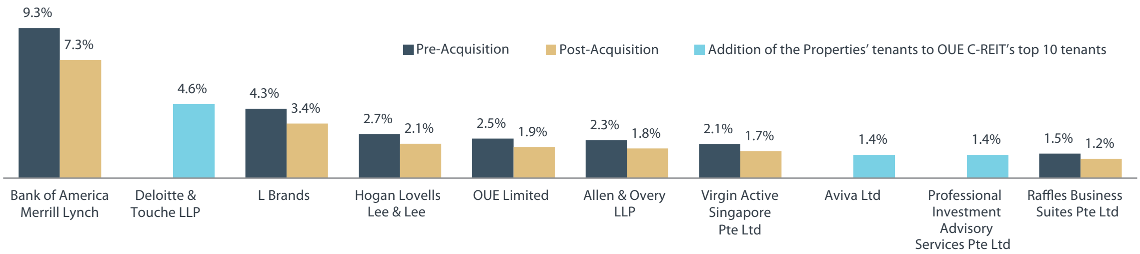
(1) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place).

(2) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place) and the 1H 2018 revenue of the Properties.

(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.

Top 10 tenants by revenue contribution



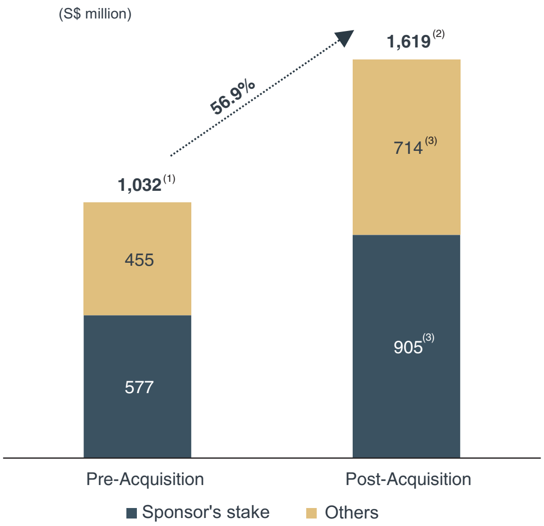
5.7 Strong support from the Sponsor through its take-up of the *pro rata* stake in the proposed Rights Issue and the Sub-Underwriting Commitment

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 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 Latest Practicable Date, 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.

Increased market capitalisation



Notes:

(1) The pre-Acquisition market capitalisation is calculated based on the Closing Price, multiplied by the Existing Units.

(2) The post-Acquisition market capitalisation is calculated based on the TERP of S$0.570 per Unit, multiplied by the aggregation of the Existing Units and the Rights Units.

(3) Assumes all Unitholders subscribe for their *pro rata* share of the proposed Rights Issue (i.e. Sponsor does not subscribe more than its entitled *pro rata* stake).

6. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED TRANSACTIONS

6.1 *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.

6.2 *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 (S$'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 100% 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.

6.3 *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	***Pro Forma* Adjusted[(1)] for the Private Placement, the Debt Issuance and the Redemption of CPPUs**	***Pro Forma* Adjusted 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.

6.4 *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:

	FY2017		
S$'000	**Before the proposed Transactions**	**Pro Forma Adjusted[(1)] for the Private Placement, the Debt Issuance and the Redemption of CPPUs**	**Pro Forma Adjusted 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.

6.5 Requirement of Unitholders' Approval for the Proposed Acquisition

6.5.1 Major Transaction

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;

(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;

(iv) the number of Units issued by OUE C-REIT as consideration for an acquisition, compared with the number of Units previously in issue.

6.5.2 Relative Figures for the proposed Acquisition computed on the Bases set out in Rule 1006

The relative figures for the proposed Acquisition using the applicable bases of comparison described in paragraph 6.5.1 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.		

Notes:

(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.

However, 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.

6.5.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where OUE C-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of OUE C-REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the FY2017 Audited Financial Statements, the audited NTA of OUE C-REIT attributable to Unitholders was S$1,402.5 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by OUE C-REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$70.1 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S$908.0 million for the Properties (which is 64.7% of the audited NTA of OUE C-REIT as at 31 December 2017), the value of the proposed Acquisition exceeds the said threshold and hence the proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by OUE C-REIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) exceeds 5.0% of OUE C-REIT's latest audited NAV. Based on the FY2017 Audited Financial Statements, the audited NAV attributable to Unitholders was S$1,407.3 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into by OUE C-REIT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S$70.4 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S$908.0 million for the Properties (which is 64.5% of the audited NAV attributable to Unitholders as at 31 December 2017), the value of the proposed Acquisition exceeds the said threshold.

As at the Latest Practicable Date, the Sponsor, through its wholly-owned subsidiaries, CDPL and the Manager (in its own capacity), owns 867,508,422 Units, representing 55.9% of the total number of Existing Units, and is therefore regarded as a "controlling Unitholder" of OUE C-REIT under both the Listing Manual and 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 of the Properties 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.

In approving the proposed Acquisition, Unitholders will be deemed to have approved the Rental Support and all documents required to be executed or assigned by the parties in order to give effect to the proposed Acquisition and the Rental Support.

Details of the interested person transactions entered into between (1) OUE C-REIT and (2) the Sponsor and its subsidiaries, during the course of the current financial year up to the Latest Practicable Date (the "**Existing Interested Person Transactions**"), which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix D** of this Circular.

6.5.4 Advice of the IFA

The Manager has appointed the IFA to advise the Independent Directors, the Audit and Risk Committee and the Trustee in relation to the proposed Acquisition. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix A** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed Acquisition (taking into consideration the Deed of Rental Support) is based on normal commercial terms and is not prejudicial to the interests of OUE C-REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the proposed Acquisition to be proposed at the EGM.

6.5.5 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, 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 Limited[1] and a director of Lippo Realty Limited[1], and Ms. Tan Shu Lin is the Chief Executive Officer and Executive Director of the Manager.

Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests of the Directors of the Manager in the Existing Units are as follows:

	Direct Interest		Deemed Interest			
Name of Director	No. of Units held	%	No. of Units held	%	Total no. of Units held	%
Mr. Christopher James Williams	–	–	181,250	0.01	181,250	0.01
Mr. Loh Lian Huat	–	–	72,500	0.00	72,500	0.00
Dr. Lim Boh Soon	–	–	–	–	–	–

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

Name of Director	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units held	%	No. of Units held	%		
Ms. Usha Ranee Chandradas	–	–	–	–	–	–
Mr. Jonathan Miles Foxall	–	–	–	–	–	–
Ms. Tan Shu Lin	362,500	0.02	–	–	362,500	0.02

As at the Latest Practicable Date, 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 Latest Practicable Date, 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.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders and their interests in the Existing Units are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units held	%	No. of Units held	%		
CDPL	804,153,700	51.80	–	–	804,153,700	51.80
OUE Limited	–	–	867,508,422(1)	55.88	867,508,422(1)	55.88
OUE Realty Pte. Ltd. ("**OUER**")	–	–	867,508,422(2)	55.88	867,508,422	55.88
Golden Concord Asia Limited ("**GCAL**")	–	–	867,508,422(3)	55.88	867,508,422	55.88
Fortune Code Limited ("**FCL**")	–	–	867,508,422(4)	55.88	867,508,422	55.88
Lippo ASM Asia Property Limited ("**LAAPL**")	–	–	867,508,422(5)	55.88	867,508,422	55.88
Pacific Landmark Holdings Limited ("**Pacific Landmark**")	–	–	867,508,422(6)	55.88	867,508,422	55.88
HKC Property Investment Holdings Limited ("**HKC Property**")	–	–	867,508,422(7)	55.88	867,508,422	55.88
Hongkong Chinese Limited ("**HCL**")	–	–	867,508,422(8)	55.88	867,508,422	55.88
Hennessy Holdings Limited ("**HHL**")	–	–	867,508,422(9)	55.88	867,508,422	55.88

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units held	%
	No. of Units held	%	No. of Units held	%		
Prime Success Limited ("**PSL**")	–	–	867,508,422(10)	55.88	867,508,422	55.88
Lippo Limited ("**LL**")	–	–	869,208,822(11)	55.99	869,208,822	55.99
Lippo Capital Limited ("**LCL**")	–	–	869,208,822(12)	55.99	869,208,822	55.99
Lippo Capital Holdings Company Limited ("**LCH**")	–	–	869,208,822(13)	55.99	869,208,822	55.99
Lippo Capital Group Limited ("**LCG**")	–	–	869,208,822(14)	55.99	869,208,822	55.99
Dr. Stephen Riady	–	–	869,208,822(15)	55.99	869,208,822	55.99
PT Trijaya Utama Mandiri ("**PT Trijaya**")	–	–	869,208,822(16)	55.99	869,208,822	55.99
Mr. James Tjahaja Riady	–	–	869,208,822(17)	55.99	869,208,822	55.99
Admiralty Station Management Limited ("**Admiralty**")			867,508,422(18)	55.88	867,508,422	55.88
ASM Asia Recovery (Master) Fund ("**AARMF**")			867,508,422(19)	55.88	867,508,422	55.88
ASM Asia Recovery Fund ("**AARF**")	–	–	867,508,422(20)	55.88	867,508,422	55.88
Argyle Street Management Limited ("**ASML**")	–	–	867,508,422(21)	55.88	867,508,422	55.88
Argyle Street Management Holdings Limited ("**ASMHL**")	–	–	867,508,422(22)	55.88	867,508,422	55.88
Kin Chan ("**KC**")	–	–	867,508,422(23)	55.88	867,508,422	55.88
V-Nee Yeh ("**VY**")	–	–	867,508,422(24)	55.88	867,508,422	55.88
GT	158,662,485(25)	10.22	54,400,000(26)	3.50	213,062,485	13.72
Celine Tang @ Chen Huaidan @ Celine Tang ("**CT**")	95,115,200(27)	6.13	–	–	95,115,200	6.13
Yang Chanzhen @ Janet Yeo ("**JY**")	70,000,000	4.51	59,147,187(28)	3.81	129,147,187	8.32

Notes:

(1) OUE Limited is the holding company of the Manager and CDPL, and has a deemed interest in the Units held by the Manager and CDPL.

(2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a deemed interest.

(3) GCAL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, OUER.

(4) FCL has a deemed interest in the Units through the deemed interests of its wholly-owned subsidiary, GCAL.

(5) LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.

(6) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(7) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(8) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(9) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(10) PSL is an intermediate holding company of Pacific Landmark. Accordingly, PSL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest.

(11) LL is an intermediate holding company of Pacific Landmark. Accordingly, LL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the 1,700,400 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "**HKCTL Units**").

(12) LCL is an intermediate holding company of Pacific Landmark and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(13) LCH is an intermediate holding company of Pacific Landmark and LL. Accordingly, LCH is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(14) LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, LCG is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(15) Dr. Stephen Riady holds all the shares in LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(16) PT Trijaya holds more than 20.0% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, PT Trijaya is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(17) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20.0% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark and LL. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Units in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(18) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(19) AARMF is a majority shareholder of Admiralty. Accordingly, AARMF is deemed to have an interest in the Units in which Admiralty has a deemed interest.

(20) AARF is a majority shareholder of AARMF. Accordingly, AARF is deemed to have an interest in the Units in which AARMF has a deemed interest.

(21) ASML manages AARF. Accordingly, ASML is deemed to have an interest in the Units in which AARF has a deemed interest.

(22) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.

(23) KC is the beneficial holder of more than 20.0% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(24) VY is the beneficial holder of more than 20.0% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(25) GT's direct interest arises from 63,547,285 Units held in his own name, and 95,115,200 Units held by the joint account of GT and CT.

(26) GT's deemed interest in the 54,400,000 Units held by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited dated 19 October 2016.

(27) CT's direct interest arises from 95,115,200 Units held by the joint account of GT and CT.

(28) JY is the sole shareholder of Gold Pot Developments Limited, and holds not less than 20% interest in Senz Holdings Limited. Accordingly, JY has deemed interest in 54,400,000 Units held by Gold Pot Developments Limited, as well as a deemed interest in 4,747,187 Units held by Senz Holdings Limited.

Save as otherwise disclosed in this Circular and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the proposed Transactions.

6.5.6 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.

7. RECOMMENDATIONS

7.1 On Resolution 1: The Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix A** of this Circular) and the rationale for the proposed Transactions as set out in paragraph 5 above, the Independent Directors and the Audit and Risk Committee believe that the proposed Acquisition (taking into consideration the Deed of Rental Support) is based on normal commercial terms and would not be prejudicial to the interests of OUE C-REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that the Unitholders vote at the EGM in favour of Resolution 1 relating to the proposed Acquisition.

7.2 On Resolution 2: The Proposed Rights Issue

Having considered the rationale for the proposed Transactions as set out in paragraph 5 above, the Directors believe that the proposed Rights Issue would be beneficial to, and is in the interests of, OUE C-REIT and its minority Unitholders.

Accordingly, the Directors recommend that the Unitholders vote at the EGM in favour of Resolution 2 relating to the issue of Rights Units under the proposed Rights Issue.

7.3 On Resolution 3: The Proposed Payment of the Sub-Underwriting Commission

Each of Mr. Christopher James Williams, Mr. Jonathan Miles Foxall and Ms. Tan Shu Lin has abstained from deliberating and making any recommendation in respect of Resolution 3 relating to the proposed Payment of the Sub-Underwriting Commission. Mr. Christopher James Williams is the Deputy Chairman of the Sponsor, Mr. Jonathan Miles Foxall is the general manager of Lippo China Resources Limited[1] and a director of Lippo Realty Limited[1], and Ms. Tan Shu Lin is the Chief Executive Officer and Executive Director of the Manager, and they are therefore not considered independent of the Sponsor.

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

The Independent Directors, having considered, among others, the rationale for the proposed Transactions as set out in paragraph 5 above and the structure of the underwriting of the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission as set out in paragraph 4 of this Circular, are of the opinion that the proposed Payment of the Sub-Underwriting Commission is fair and not prejudicial to OUE C-REIT and to other Unitholders (excluding the Sponsor). Accordingly, the Independent Directors recommend that the Unitholders vote at the EGM in favour of Resolution 3 relating to the proposed Payment of the Sub-Underwriting Commission.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held on 28 September 2018 at Raffles City Convention Centre, Stamford Ballroom, Level 4, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560 for the purpose of considering and, if thought fit, passing (with or without modification), the resolutions set out in the Notice of EGM which is set out on pages F-1 to F-4 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the resolutions.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 48 hours before the time fixed for the EGM.

9. ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates from voting on a resolution in relation to a matter in respect of which such persons are interested in at the EGM.

Given that the Properties will be acquired from the Vendor, which is a wholly-owned subsidiary of the Sponsor, the Sponsor will abstain, and will ensure that its subsidiaries and associates (as defined in the Listing Manual) (including CDPL and the Manager) will abstain, from voting on Resolution 1 (the proposed Acquisition). For the purposes of good corporate governance, Mr. Christopher James Williams (being a director of the Sponsor) will abstain from voting at the EGM on Resolution 1 (the proposed Acquisition).

Given that the Sponsor will receive the Sub-Underwriting Commission under the proposed Payment of the Sub-Underwriting Commission, the Sponsor will abstain, and will ensure that its subsidiaries and associates (as defined in the Listing Manual) (including CDPL and the Manager) will abstain, from voting on Resolution 3. For the purposes of good corporate governance, Mr. Christopher James Williams (being a director of the Sponsor) will abstain from voting at the EGM on Resolution 3 (the proposed Payment of the Sub-Underwriting Commission).

10. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar and Unit Transfer Office, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower Singapore 048623, not later than 26 September 2018 at 10.00 a.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person if he so wishes.

Persons who have an interest in the approval of the resolutions (such as the Sponsor and its subsidiaries and associates (including the Manager)) must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolutions.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Acquisition, the Deed of Rental Support, the proposed Rights Issue, the proposed Payment of the Sub-Underwriting Commission, OUE C-REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

12. SOLE FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the Sole Financial Adviser's knowledge and belief, save for the information set out in paragraphs 4.2, 6.5, 8, 11 and 14, **Appendix A**, **Appendix B** and **Appendix C** of this Circular, the information about the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission contained in this Circular constitutes full and true disclosure of all material facts about the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission, OUE C-REIT and its subsidiaries in relation to the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission, and the Sole Financial Adviser is not aware of any facts the omission of which would make any statement about the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission contained in this Circular misleading.

13. CONSENTS

Each of the Joint Lead Managers and Underwriters has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and references to its name, in the form and context in which they appear in this Circular.

Each of the IFA, the Independent Valuers and the Independent Market Research Consultant has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Valuation Certificates and the Independent Market Research Report, and all references thereto, in the form and context in which they appear in this Circular.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection[1] 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 Circular up to and including the date falling three months after the date of this Circular:

(a) the PCOA;

(b) the Deed of Rental Support;

(c) the IFA Letter;

(d) the full valuation report issued by Savills in respect of the Properties;

(e) the full valuation report issued by Colliers in respect of the Properties;

(f) the FY2017 Audited Financial Statements; and

(g) the letters of consent from each of the Joint Lead Managers and Underwriters, the IFA, the Independent Valuers and the Independent Market Research Consultant.

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.

Yours faithfully

for and on behalf of the Board of Directors of
OUE Commercial REIT Management Pte. Ltd.
(as manager of OUE Commercial Real Estate Investment Trust)

Tan Shu Lin
Chief Executive Officer and Executive Director
10 September 2018

1 Prior appointment will be appreciated.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as 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.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

This Circular 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.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights Units and Rights Entitlements or make an offer of the Rights Units and the Rights Entitlements and the Rights Units and Rights Entitlements may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. The Rights Units and Rights Entitlements have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the U.S. and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the U.S. 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 U.S. There will be no public offering of the Rights Units and/or Rights Entitlements in the U.S. The proposed Rights Issue is being made available only to investors and Unitholders outside the U.S. in reliance on the safe harbour provided by Regulation S under the Securities Act.

GLOSSARY

In this Circular, the following definitions apply throughout unless the context otherwise requires:

"AARF"	:	ASM Asia Recovery Fund
"AARMF"	:	ASM Asia Recovery (Master) Fund
"Acquisition"	:	The proposed acquisition by OUE C-REIT of the Properties from the Vendor
"Acquisition Fee"	:	The acquisition fee payable to the Manager for the proposed Acquisition pursuant to the Trust Deed of approximately S$6.8 million
"Acquisition Fee Units"	:	The Units to be issued to the Manager as payment for the Acquisition Fee
"Admiralty"	:	Admiralty Station Management Limited
"ASMHL"	:	Argyle Street Management Holdings Limited
"ASML"	:	Argyle Street Management Limited
"Audit and Risk Committee"	:	The audit and risk committee of the Manager
"AUM"	:	Assets-under-management
"Base Rate"	:	Base rate to the TQR, starting at S$8.90 per square feet per month. 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
"Board of Directors"	:	The board of Directors of the Manager
"Books Closure Date"	:	The time and date to be determined by the Manager at and on which, the transfer books and register of Unitholders will be closed to determine the provisional allotments of Rights Units to Eligible Unitholders under the proposed Rights Issue
"Call Option"	:	The call option granted by the Vendor to the Trustee under the PCOA with respect to the Properties
"Call Option Notice"	:	The Call Option notice pursuant to the PCOA
"CBD"	:	Central Business District

"CDP"	:	The Central Depository (Pte) Limited
"CDPL"	:	Clifford Development Pte. Ltd.
"Circular"	:	This circular to Unitholders dated 10 September 2018
"Closing Price"	:	The closing price of S$0.665 per Unit on the SGX-ST on 10 September 2018, being the last trading day of the Units prior to the announcement of the proposed Rights Issue
"Colliers"	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Completion"	:	Completion of the proposed Acquisition
"Completion Date"	:	The date of Completion
"CPF"	:	Central Provident Fund
"CPFIS"	:	CPF Investment Scheme
"CPFIS-OA"	:	CPFIS Ordinary Account
"CPPU Holder"	:	The holder of the CPPUs
"CPPUs"	:	Convertible perpetual preferred units issued by the Manager to CDPL, as part payment of the purchase consideration to the Sponsor for OUE C-REIT's acquisition of an 83.33% indirect interest in OUB Centre Limited which owns 81.54% of the beneficial interest in One Raffles Place in 2015
"CT"	:	Celine Tang @ Chen Huaidan @ Celine Tang
"Debt Issuance"	:	The issuance of S$150,000,000 3.03 per cent. notes due 5 September 2020 by OUE CT Treasury Pte. Ltd. on 5 September 2017
"Deed of Rental Support"	:	The deed of rental support to be entered into between the Vendor, the Sponsor and the Trustee on Completion
"Directors"	:	The directors of the Manager
"DPU"	:	Distributions per Unit
"EGM"	:	The extraordinary general meeting of the Unitholders, notice of which is given on pages F-1 to F-4 of this Circular

"**Eligible Unitholders**"	:	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 Days 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, determines may be offered Rights Units without breaching applicable securities laws
"**Excess Rights Units**"	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or trade 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, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements
"**Existing Interested Person Transactions**"	:	The interested person transactions entered into between OUE C-REIT, the Sponsor and its subsidiaries during the course of the current financial year up to the Latest Practicable Date
"**Existing Portfolio**"	:	OUE Bayfront, One Raffles Place and Lippo Plaza
"**Existing Units**"	:	The existing Units in OUE C-REIT as at the Latest Practicable Date
"**FCL**"	:	Fortune Code Limited
"**FY2017**"	:	The financial year from 1 January 2017 to 31 December 2017
"**FY2017 Audited Financial Statements**"	:	OUE C-REIT's latest audited financial statements for FY2017
"**FY2018**"	:	The financial year from 1 January 2018 to 31 December 2018
"**FY2019**"	:	The financial year from 1 January 2019 to 31 December 2019
"**FY2020**"	:	The financial year from 1 January 2020 to 31 December 2020
"**GCAL**"	:	Golden Concord Asia Limited
"**GDP**"	:	Gross domestic product

"GFA"	:	Gross floor area
"GST"	:	Goods and services tax chargeable under the Goods and Services Tax Act, Chapter 117A of Singapore
"GT"	:	Tang Gordon @ Tang Yigang @ Tang Gordon
"GT Entities Tenancy Agreements"	:	The tenancy agreements which certain interested persons of GT have entered into with respect to the Properties
"HCL"	:	Hongkong Chinese Limited
"HHL"	:	Hennessy Holdings Limited
"HKC Property"	:	HKC Property Investment Holdings Limited
"HKCTL Units"	:	Units held by Hongkong China Treasury Limited
"IFA"	:	Deloitte & Touche Corporate Finance Pte Ltd
"IFA Letter"	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice as set out in **Appendix A** of this Circular
"Independent Directors"	:	The independent directors of the Manager, being Mr. Loh Lian Huat, Dr. Lim Boh Soon and Ms. Usha Ranee Chandradas
"Independent Market Research Consultant"	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
"Independent Market Research Report"	:	The independent market research report dated August 2018 by the Independent Market Research Consultant
"Individual Property Management Agreement"	:	Individual property management agreement entered into on 10 September 2018 between the Trustee, the Manager and the Property Manager
"Independent Valuers"	:	Savills and Colliers
"Ineligible Unitholders"	:	Unitholders other than the Eligible Unitholders, to whom no provisional allotment of Rights Units will be made
"Joint Lead Managers and Underwriters"	:	Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited
"JY"	:	Yang Chanzhen @ Janet Yeo
"KC"	:	Kin Chan
"LAAPL"	:	Lippo ASM Asia Property Limited

"Land Titles (Strata) Act"	:	The Land Titles (Strata) Act, Chapter 158 of Singapore
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Circular, being 4 September 2018
"LCG"	:	Lippo Capital Group Limited
"LCH"	:	Lippo Capital Holdings Company Limited
"LCL"	:	Lippo Capital Limited
"Lippo Plaza"	:	A 36-storey Grade A commercial building located at 222 Huaihai Zhong Road in the commercial district of Huangpu in central Shanghai, the PRC, which is used for office and retail purposes and comprises a three-storey retail podium and basement car park lots, where OUE C-REIT has a 91.2% strata ownership
"Listing Manual"	:	The Listing Manual of the SGX-ST, as may be amended or modified from time to time
"LL"	:	Lippo Limited
"Management Corporation"	:	The Management Corporation Strata Title Plan No. 4601
"Manager"	:	OUE Commercial REIT Management Pte. Ltd., in its capacity as manager of OUE C-REIT
"Market Day"	:	A day on which the SGX-ST is open for securities trading
"MAS"	:	Monetary Authority of Singapore
"Master Property Management Agreement"	:	The master property management agreement entered into between the Trustee, the Manager and the Property Manager on 9 January 2014
"MNCs"	:	Multi-national corporations
"MRT"	:	Mass Rapid Transit
"NAV"	:	Net asset value
"New Downtown"	:	The Marina Bay area in Singapore
"NLA"	:	Net lettable area

"**Notice to Complete**"	:	The notice to complete in writing requiring completion of the sale and purchase of the Properties pursuant to the Purchase Agreement given by either the Trustee or the Vendor to the other party in the event that the proposed Acquisition is not completed on the date fixed for Completion
"**NPI**"	:	Net property income
"**NTA**"	:	Net tangible assets
"**Offer Information Statement**"	:	The offer information statement in connection with the proposed Rights Issue to be lodged with the MAS and issued to Eligible Unitholders
"**Office Components**"	:	The OUE Downtown 1 Office Component and the OUE Downtown 2 Office Component
"**One Raffles Place**"	:	The integrated commercial development, which is located at the junction of Raffles Place and Chulia Street, comprising (i) One Raffles Place Tower 1, a 62-storey Grade A office building with a rooftop restaurant and observation deck, (ii) One Raffles Place Tower 2, a 38-storey Grade A office building, and (iii) One Raffles Place Shopping Mall, a six-storey retail podium
"**Ordinary Resolution**"	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
"**Other OUE Downtown Strata Lots**"	:	The other strata lots in OUE Downtown excluding the Properties
"**OUE Bayfront**"	:	OUE Bayfront and its ancillary properties, which are located at Collyer Quay in Singapore's CBD, comprising (i) OUE Bayfront, an 18-storey premium Grade A office building located at 50 Collyer Quay; (ii) OUE Tower, a conserved tower building located at 60 Collyer Quay with panoramic views of the Marina Bay landscape which is currently occupied by a fine dining restaurant; and (iii) OUE Link, an overhead pedestrian link bridge with retail units located at 62 Collyer Quay
"**OUE C-REIT**"	:	OUE Commercial Real Estate Investment Trust
"**OUE Downtown 1 Office Component**"	:	Strata Lot U4628V of Town Subdivision 30
"**OUE Downtown 2 Office Component**"	:	Strata Lot U4629P of Town Subdivision 30

"OUER"	:	OUE Realty Pte. Ltd.
"Outstanding CPPUs"	:	The CPPUs outstanding as at the Latest Practicable Date
"Pacific Landmark"	:	Pacific Landmark Holdings Limited
"Payment of the Sub-Underwriting Commission"	:	The proposed payment of the Sub-Underwriting Commission to the Sponsor under the Sub-Underwriting Agreement entered into between the Sponsor and the Joint Lead Managers and Underwriters, in relation to the proposed Rights Issue
"PCOA"	:	The put and call option agreement entered into between the Vendor and the Trustee on 10 September 2018
"PRC"	:	The People's Republic of China
"Private Placement"	:	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
"Properties"	:	The OUE Downtown 1 Office Component and 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)
"Property Funds Appendix"	:	Appendix 6 to the Code on Collective Investment Schemes
"Property Manager"	:	OUE Commercial Property Management Pte. Ltd.
"psf"	:	Per sq ft
"PSL"	:	Prime Success Limited
"PT Trijaya"	:	PT Trijaya Utama Mandiri
"Purchase Agreement"	:	The binding contract for the sale and purchase of the Properties deemed to be entered into by the Trustee and the Vendor on the date of exercise of either the Put Option or the Call Option, subject to and in accordance with the terms and conditions of the PCOA
"Purchase Consideration"	:	The consideration payable by the Trustee for the proposed Acquisition
"Put Option"	:	The put option granted by the Trustee to the Vendor under the PCOA with respect to the Properties
"Put Option Notice"	:	The Put Option notice pursuant to the PCOA

"Redemption of CPPUs"	:	Refers to the redemption of 75.0 million CPPUs in November 2017 and 100.0 million CPPUs in January 2018
"Relevant Entities"	:	CDPL and the Manager or, as the case may be, its nominees(s) or custodian(s)
"Rental Support"	:	The rental support arrangement in relation to the Properties pursuant to the Deed of Rental Support
"Rights Entitlements"	:	The "nil-paid" provisional allotment of Rights Units to Eligible Unitholders under the proposed Rights Issue
"Rights Issue"	:	The proposed underwritten and renounceable rights issue where the Rights Units would be offered to Eligible Unitholders to raise gross proceeds of approximately S$587.5 million as part payment of the Purchase Consideration for the proposed Acquisition
"Rights Issue Price"	:	The issue price of S$0.456 per Rights Unit
"Rights Ratio"	:	The issue of 83 Rights Units for every 100 Units held as at the Books Closure Date Date (fractional entitlements to be disregarded)
"Rights Units"	:	1,288,438,981 new Units to be issued pursuant to the proposed Rights Issue
"Savills"	:	Savills Valuation and Professional Services (S) Pte. Ltd.
"Securities Account"	:	Securities account maintained by a Depositor with the CDP but not including a securities sub-account
"Securities Act"	:	The U.S. Securities Act of 1933, as amended
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Sole Financial Adviser"	:	Credit Suisse (Singapore) Limited
"Sponsor"	:	OUE Limited
"Sponsor Irrevocable Undertaking"	:	The irrevocable undertaking provided by the Sponsor to the Manager and the Joint Lead Managers and Underwriters
"Sponsor Related Tenancy Agreements"	:	The tenancy agreements which certain interested persons of the Sponsor have entered into with respect to the Properties
"sq ft"	:	Square feet
"sq m"	:	Square metres
"SRS"	:	Supplementary Retirement Scheme

“Sub-Underwriting Agreement”	:	The sub-underwriting agreement entered into between the Sponsor and the Joint Lead Managers and Underwriters in relation to the proposed Rights Issue
“Sub-Underwriting Commission”	:	The sub-underwriting commission of 1.80% of the Rights Issue Price multiplied by 66% of the total number of the Underwritten Rights Units payable by the Joint Lead Managers and Underwriters to the Sponsor under the Sub-Underwriting Agreement
“Sub-Underwriting Commitment”	:	The commitment by the Sponsor, on the terms and conditions of the Sub-Underwriting Agreement, to subscribe and pay for the Sub-Underwritten Rights Units to the extent that such Sub-Underwritten Rights Units are not successfully subscribed for under the proposed Rights Issue
“Sub-Underwritten Rights Units”	:	66% of the total number of the Underwritten Rights Units
“Subscribing Entities”	:	Has the meaning ascribed to it in paragraph 3.1.8
“Substantial Unitholder”	:	A person with an interest in Units constituting not less than 5.0% of all Existing Units
“TERP”	:	Theoretical ex-rights price
“Total Acquisition Cost”	:	The estimated total costs in connection with the proposed Acquisition of approximately S$955.9 million
“TQR”	:	Target quarterly rent under the Deed of Rental Support
“Transactions”	:	The proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission
“Trust Deed”	:	The trust deed constituting OUE C-REIT dated 10 October 2013 (as amended)
“Trustee”	:	DBS Trustee Limited, in its capacity as trustee of OUE C-REIT
“Underwriting Agreement”	:	The underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 10 September 2018
“Underwriting Commission”	:	The underwriting commission of 2.25% of the Rights Issue Price multiplied by the total number of Underwritten Rights Units which each of the Joint Lead Managers and Underwriters will be entitled to under the Underwriting Agreement

"**Underwritten Rights Units**"	:	The total number of Rights Units excluding the Rights Units which are the subject of the Sponsor Irrevocable Undertaking
"**Unit**"	:	A unit representing an undivided interest in OUE C-REIT
"**Unit Registrar**"	:	Boardroom Corporate & Advisory Services Pte. Ltd.
"**Unit Share Market**"	:	The ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit
"**Unitholders**"	:	Unitholders of OUE C-REIT
"**Unitholding**"	:	In relation to a Unitholder, the unitholding of that Unitholder in OUE C-REIT
"**URA**"	:	Urban Redevelopment Authority
"**U.S.**"	:	United States of America
"**Vendor**"	:	Alkas Realty Pte. Ltd.
"**VY**"	:	V-Nee Yeh
"**1H 2018**"	:	The first half of FY2018 from 1 January 2018 to 30 June 2018
"**1Q 2018**"	:	The first financial quarter of FY2018 from 1 January 2018 to 31 March 2018
"**2Q 2018**"	:	The second financial quarter of FY2018 from 1 April 2018 to 30 June 2018
"**4Q 2017**"	:	The fourth financial quarter of FY2017 from 1 October 2017 to 31 December 2017
"**%**"	:	Per centum or percentage
"**S$**" and "**cents**"	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD
(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N

10 September 2018

The Independent Directors and Audit and Risk Committee
OUE Commercial REIT Management Pte. Ltd.
(as manager of OUE Commercial Real Estate Investment Trust)
50 Collyer Quay #04-08
OUE Bayfront
Singapore 049321

DBS Trustee Limited
(as the trustee of OUE Commercial Real Estate Investment Trust) (the "**Trustee**")
12 Marina Boulevard
Marina Bay Financial Centre
Singapore 018982

Dear Sirs

THE PROPOSED ACQUISITION OF THE OFFICE COMPONENTS OF OUE DOWNTOWN

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 10 September 2018 to the unitholders of OUE Commercial Real Estate Investment Trust (the "**Circular**").*

1. INTRODUCTION

OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") is a real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). 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. OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd. (the "**Manager**"), a wholly-owned subsidiary of OUE Limited (the "**Sponsor**").

OUE C-REIT's existing asset portfolio comprises OUE Bayfront, an effective interest of 67.95% in One Raffles Place and a 91.2% Strata ownership of Lippo Plaza (collectively, the "**Existing Portfolio**"). The Existing Portfolio has a combined value of S$3.5 billion as at 31 December 2017.

1.1. The Proposed Transactions

(i) The Manager of OUE C-REIT proposes 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**"), from Alkas Realty Pte. Ltd. (the "**Vendor**"), a company incorporated in Singapore and wholly-owned by the Sponsor (the "**Acquisition**"), for an aggregate purchase consideration of S$908.0 million (the "**Purchase Consideration**"), the proposed issue of new Units to the Manager for payment of its acquisition fee for the proposed Acquisition ("**Acquisition Fee**") [1] and the entry by OUE C-REIT into the Deed of Rental Support (as defined in the Circular) on completion of the proposed Acquisition ("**Completion**");

(ii) the proposed underwritten and renounceable rights issue (the "**Rights Issue**") to Eligible Unitholders (as defined in the Circular) to raise gross proceeds of approximately S$587.5 million as part payment of the Purchase Consideration for the proposed Acquisition; and

(iii) the proposed payment by the Joint Lead Managers and Underwriters (as defined herein) to the Sponsor of the sub-underwriting commission (the "**Sub-Underwriting Commission**") of 1.80% of the Rights Issue Price (as defined in the Circular) multiplied by 66% of the total number of the Underwritten Rights Units (as defined in the Circular) (the "**Sub-Underwritten Rights Units**") under the sub-underwriting agreement (the "**Sub-Underwriting Agreement**") entered into between the Sponsor and Credit Suisse (Singapore) Limited (the "**Sole Financial Adviser**") and Oversea-Chinese Banking Corporation Limited, as joint lead managers and underwriters to the Rights Issue (each, a "**Joint Lead Manager and Underwriter**", and collectively, the "**Joint Lead Managers and Underwriters**"), in relation to the proposed Rights Issue (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 in the Circular),

(collectively, the "**Transactions**")

The proposed Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix.

1.2. Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where OUE C-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of OUE C-REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on the FY2017 Audited Financial Statements, the audited NTA of OUE C-REIT attributable to Unitholders was S$1,402.5 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by OUE C-REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$70.1 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S$908.0 million for the Properties (which is 64.7% of the audited NTA of OUE C-REIT as at 31 December 2017), the value of the proposed Acquisition exceeds the said threshold and hence the proposed Acquisition is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by OUE C-REIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) exceeds 5.0% of OUE C-REIT's latest audited NAV. Based on the FY2017 Audited Financial Statements, the audited NAV attributable to Unitholders was S$1,407.3 million as at 31 December 2017. Accordingly, if the value of a transaction which is proposed to be entered into by OUE C-REIT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S$70.4 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of

[1] As the proposed Acquisition is an "interested party transaction" under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**", and Appendix 6, the "**Property Funds Appendix**"), the Acquisition Fee will be in the form of Units ("**Acquisition Fee Units**") which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

S$908.0 million for the Properties (which is 64.5% of the audited NAV attributable to Unitholders as at 31 December 2017), the value of the proposed Acquisition exceeds the said threshold.

As at the Latest Practicable Date, the Sponsor, through its wholly-owned subsidiaries, CDPL and the Manager (in its own capacity), owns 867,508,422 Units, representing 55.9% of the total number of Existing Units, and is therefore regarded as a "controlling Unitholder" of OUE C-REIT under both the Listing Manual and 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 of the Properties 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.

We understand that the Manager is convening an extraordinary general meeting ("**EGM**") of OUE C-REIT to seek approval from Unitholders in respect of the following ordinary resolutions:

(i) The proposed Acquisition of the Office Components of OUE Downtown;

(ii) The proposed Rights Issue; and

(iii) The proposed payment of the Sub-underwriting Commission.

We, Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**"), have been appointed as independent financial adviser ("**IFA**") to the Independent Directors, the Audit and Risk Committee and the Trustee in respect of whether the proposed Acquisition of the Office Components of OUE Downtown is on normal commercial terms and not prejudicial to the interests of OUE C-REIT and its minority Unitholders.

This letter, which sets out our evaluation for the Independent Directors and the Audit and Risk Committee in respect of this engagement, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion in respect to the proposed Acquisition of the Properties.

We were neither a party to the negotiations entered into in relation to the proposed Acquisition of the Properties, nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the proposed Acquisition.

We do not, by this letter or otherwise, advise or form any judgement on the strategic or commercial merits or risks of the proposed Acquisition. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors, the Manager and their advisors.

We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of OUE C-REIT. We do not express any view as to the price at which the Units may trade upon completion of the proposed Transactions nor on the future value, financial performance or condition of OUE C-REIT after the Acquisition of the Properties.

It is also not within our terms of reference to compare the merits of the proposed Acquisition to any alternative transactions that were or may have been available to OUE C-REIT. Such comparison and consideration remain the responsibility of the Directors, the Manger and their advisors.

In the course of our evaluation, we have held discussions with the management of the Manager, and have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided to us by the management. We have relied upon and assumed the accuracy of the relevant information, both written and verbal, provided to us by the aforesaid parties and have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the accuracy, completeness and adequacy of such information. We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of OUE C-REIT or the proposed Acquisition. We have been furnished with the valuation reports for the Properties prepared by Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") (collectively, the "**Independent Valuers**"). With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of the assets concerned and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or re-affirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. The Unitholders should take note of any announcements relevant to their considerations of the proposed Acquisition of the Properties which may be released by OUE C-REIT after the Latest Practicable Date.

OUE C-REIT has been separately advised by its own legal advisor in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter.

Our opinion in relation to the proposed Acquisition should be considered in the context of the entirety of this letter and Circular. While a copy of this letter may be reproduced in the Circular, OUE C-REIT may not reproduce, disseminate or quote this letter or any part thereof for any purpose, other than for proposed Acquisition of the Office Components OUE Downtown, without our prior written consent in each instance.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

3. THE PROPOSED ACQUISITION

3.1. Description of the Properties

A detailed description of the Properties is set out in Paragraph 2.1 of the Letter to Unitholders in the Circular.

The Properties, being the OUE Downtown 1 Office Component and the OUE Downtown 2 Office Component, are part of OUE Downtown. 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.

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 CBD, and Tanjong Pagar is part of the Urban Redevelopment Authority's ("**URA**") long-term plans[2] for development into an enviable "live, work and play" environment.

OUE Downtown has a total 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 an auditorium to a retail mall, the upgrading of office lobbies for both towers as well as upgrading and replacement of major mechanical and electrical equipment. During this period, the Properties continued to be operational.

The OUE Downtown 1 Office Component comprises Grade A[3] office space from the 35th to 46th storeys whilst the OUE Downtown 2 Office Component comprises Grade A[3] 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 as at the Latest Practicable Date:

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 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

2 As highlighted in Paragraph 2.1.1 of the Circular.
3 According to the independent valuation reports prepared by Savills and Colliers in respect of the Properties.

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

3.2. Key Terms of the Proposed Acquisition

3.2.1. Purchase Consideration and Valuation

Details of the Purchase Consideration and Valuation are set out in Paragraph 2.1.2 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully. We have reproduced below excerpts of this Paragraph in respect of the Purchase Consideration and Valuation.

*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 and Colliers (collectively, 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.

Should the Rental Support not be taken into account in the valuations of the Properties by the Independent Valuers, the valuation of the Properties by Savills and Colliers as at 30 June 2018 would be S$891.0 million and S$920.0 million respectively. The Rental Support will be provided for a period of up to five years, commencing from the Completion Date.

3.2.2. Estimated Total Acquisition Cost

Details of the Estimated Total Acquisition Cost is set out in Paragraph 2.1.3 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Estimated Total Acquisition Cost.

The estimated 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 pursuant to 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.*

3.2.3. Put Option and Call Option under the PCOA

Details of the Put Option and Call Option under the PCOA are set out in Paragraph 2.1.5 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Put Option and Call Option under the PCOA.

*In connection with the proposed Acquisition, the Trustee, has on 10 September 2018 entered into a 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 a binding contract for the sale and purchase of the Properties ("**Purchase Agreement**") 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, (i) 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; and (ii) the exercise of the Put Option shall also be deemed ineffective.

*In the event that the proposed Acquisition is not completed on the date fixed for Completion pursuant to the Purchase Agreement, either the Trustee or the Vendor may give the other party a notice to complete in writing (the "**Notice to Complete**") requiring completion of the sale and purchase of the Properties pursuant to the Purchase Agreement.*

Upon service of an effective Notice to Complete, the Trustee and the Vendor must complete the transaction within 21 days after the day of service of the Notice to Complete (excluding the day of service) and time will be of the essence.

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 others, 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 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 the SGX-ST for the listing and quotation of the new Units not having been revoked or withdrawn.

For the purposes of this paragraph 2.1.5:

*"**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 raise funds for the purchase of the Properties; and

(iii) the proposed Payment of the Sub-Underwriting Commission.

3.2.4. Rental Support

Details of the Rental Support under the PCOA are set out in Paragraph 2.1.6 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the 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 gross domestic product ("**GDP**") growth in key office-occupier industries, and continued to gain momentum in 2018. According to the Independent Market Research Report, 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 goods and services tax chargeable under the Goods and Services Tax Act, Chapter 11A of Singapore ("**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 TQR for each calendar quarter shall start at the Base Rate of S$8.90 psf per month, 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.*

3.2.5. Property Management Agreement

Details of the Property Management Agreement are set out in Paragraph 2.1.10 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Property Management Agreement.

The Trustee, the Manager and the Property Manager have on 10 September 2018 entered into the Individual Property Management Agreement for the Property Manager to be appointed to operate, maintain, manage and market the Properties subject to the overall management and supervision of the Manager, for the period from the Completion Date and expiring at the earlier of (i) midnight of the date immediately preceding the tenth anniversary of 9 January 2014; and (ii) midnight *of the date the Individual Property Management Agreement is terminated. The entry into the Individual Property Management Agreement is pursuant to the Master Property Management Agreement entered into by the Trustee, the Manager and the Property Manager.*

*Under the Individual Property Management Agreement in respect of the Properties, the fees payable for property management services shall be (a) 1.0% per annum of the gross revenue of the Properties; and (b) 1.0% per annum of the net property income ("**NPI**") of the Properties (calculated before accounting for the property management fee in that financial period). The fee payable for lease management services shall be 0.25% per annum of the NPI of the Properties (calculated before accounting for the property management fee in that financial period).*

The Property Manager was incorporated in Singapore on 16 September 2011 under the Companies Act and is a wholly-owned subsidiary of the Sponsor.

3.2.6. Sponsor Related Tenancy Agreements relating to the Properties

Details of the Sponsor Related Tenancy are set out in Paragraph 2.3 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the Purchase Consideration and Valuation.

*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 various tenancy agreements entered into by certain interested persons of the Sponsor (the "**Sponsor Related Tenancy Agreements**"). The aggregate contract value derived or to be derived from the Sponsor Related Tenancy Agreements is estimated at S$1.9 million. Details of the Sponsor Related Tenancy Agreements are set out in **Appendix E** of this Circular.*

4. EVALUATION OF THE PROPOSED ACQUISITION OF THE PROPERTIES

In reaching our recommendation in respect of the proposed Acquisition of the Properties, we have given due consideration to the following factors:

(i) the rationale for the proposed Transactions;

(ii) analysis of appraised value and key assumptions of Independent Valuers;

(iii) comparison to relevant past transactions in Singapore;

(iv) comparison to recent valuations of comparable properties in Singapore;

(v) pro forma financial effects of the proposed Transactions;

(vi) NPI yield comparison of the proposed Transactions to the existing portfolio; and

(vii) other relevant considerations that may have a significant bearing on our assessment of the proposed Acquisition.

4.1. The rationale for the proposed Transactions

The Manager's views of the key benefits of the proposed Transactions are set out in Paragraph 5 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this Paragraph of the Circular carefully.

We have reproduced below excerpts of this Paragraph in respect of the proposed Transactions:

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

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 Grade A 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.

The transformation of the Tanjong Pagar precinct has commenced with the recent completion of new or refurbished premium and Grade A offices in the area such as the Properties, Guoco Tower and Frasers Tower, which are well-occupied by MNCs as well as other institutions and corporations. The *precinct has also developed a bustling hospitality scene with the completion of Oakwood Premier OUE Singapore, Oasia Downtown and Sofitel Singapore City Centre, shaping the environment into a thriving commercial hub. The district also boasts a unique mix of bars, cafes and restaurants set up by both independent players and international brand names which satisfy demand from working professionals, residents and tourists, bolstering the "live, work and play" image of the district.*

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 completion of Prince Edward station to be located at Shenton Way and Keppel Road will close the Circle Line loop, providing travellers between the South Western and South Eastern regions of Singapore quicker and more direct access to the Shenton Way/Tanjong Pagar business district. 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 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 2.0% discount to the valuation of the Properties by Savills of S$927.0 million and 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%[4], the yield on the Properties compares favourably to the implied property yield of 4.0%[5] for OUE C-REIT's Existing Portfolio.

The Purchase Consideration of S$1,713 psf translates to an indicative value of S$2,234[6] psf 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:

*[4] Based on the Properties' annualised NPI including the Rental Support for the first half of FY2018 from 1 January 2018 to 30 June 2018 ("**1H 2018**"), adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.*
*[5] Calculated based on the NPI of OUE C-REIT's Existing Portfolio (including income support in respect of OUE Bayfront) for FY2017 divided by total assets-under-management ("**AUM**") as at 31 December 2017.*
[6] 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]

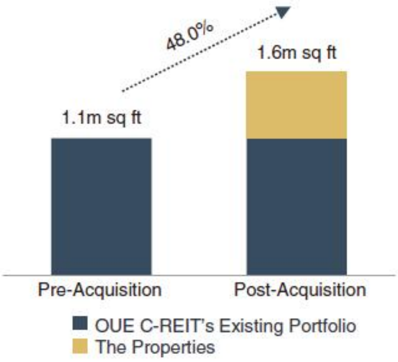
Property	Transaction Date	CBD Office Submarket	Transacted Price (S$ m)	Price on NLA (S$ psf)	Remaining Lease Period	Adjusted Price Assuming Fresh 99 Years Lease (S$ psf)[2]
OUE Downtown	In progress	Shenton Way/ Tanjong Pagar	908	1,713	48	2,234
Twenty Anson	Jun-18	Shenton Way/ Tanjong Pagar	516	2,505	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.

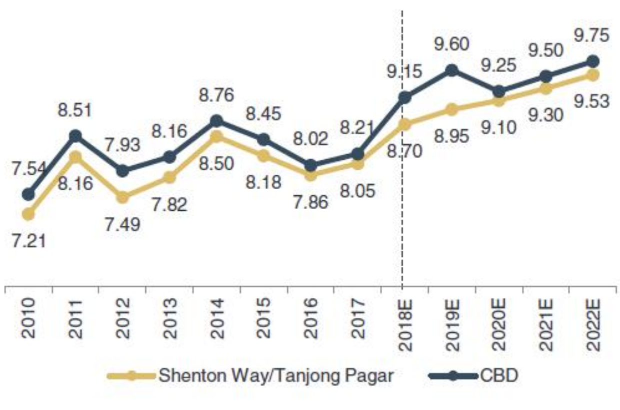
NLA of OUE C-REIT's Singapore portfolio



Based on the Independent Market Research Report, Singapore's economic outlook remains positive, supported by sustained growth in both the global and regional economies, according to Oxford Economics. Growth in key office-occupier service industries in Singapore experienced a pick-up in 2017 and in 1Q 2018 saw the strongest growth since 2014. The increase in employment by firms in these sectors has in turn driven strong leasing activity in the office market, particularly from finance, insurance, technology and legal firms. Demand for office space is thus expected to remain strong as companies pursue their hiring plans, thereby increasing headcount growth and need for office space.

According to the Independent Market Research Report, the muted supply pipeline in Singapore CBD office market over the next three years coupled with reduced vacancy rates, and stronger demand associated with accelerating local and global economic growth are expected to drive sustained rental growth. In the Shenton Way/Tanjong Pagar submarket between 2018 and 2022, approximately 1.2 million sq ft of new office space is expected to be launched, which includes 663,000 sq ft at Frasers Tower in 2Q 2018 and 515,000 sq ft at ASB Tower in 2020. With about 80% of the office space at Frasers Tower (530,000 sq ft) already pre-committed, the remaining unabsorbed net new supply is expected to be about 670,000 sq ft from 2019 to 2022, an average of 167,000 sq ft per year, outweighed by an expected annual absorption of about 250,000 sq ft.

Average gross effective rents of premium and Grade A office space in Singapore CBD and Shenton Way/Tanjong Pagar submarket (S$ psf per month)



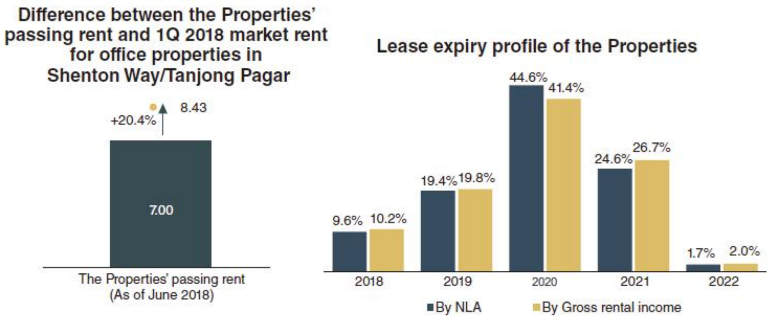
Source: *Independent Market Research Report.*

Note: *2018E to 2022E gross effective rents were calculated based on the mid-point of the range of gross effective rents of premium and Grade A office space in Shenton Way/Tanjong Pagar submarket and Singapore CBD as forecast by the Independent Market Research Consultant in the Independent Market Research Report.*

In tandem with the overall island-wide office rents, the gross effective rents for premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket improved by 4.7% from 4Q 2017 to S$8.43 psf per month in 1Q 2018, the highest quarter-on-quarter increase and the highest rent level of the past five years. Looking ahead, rental growth momentum for premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket is expected to continue in the following five years, reaching the range of S$8.40 to S$9.00 psf per month by the end of 2018 and rising to an estimated range of S$9.30 to S$9.75 psf per month by 2022.

The Manager believes that the Properties possess a balanced lease expiry profile which provides for income stability, while also positioning OUE C-REIT to benefit from positive rent reversions. 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 following graphs illustrate the potential upside between the passing rent of the Properties as of June 2018, the 1Q 2018 market rents and the lease expiry profile of the Properties as of June 2018.



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. This enhances OUE C-REIT's competitive positioning in the following manner:

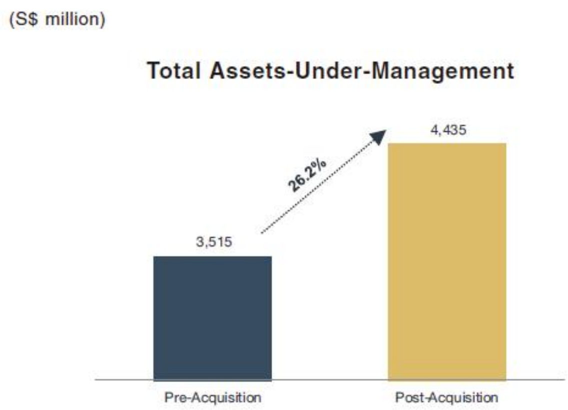
One Raffles Place – commanding an iconic position in the Raffles Place submarket*: One Raffles Place is a prominent, iconic integrated commercial development with Grade A building specifications strategically located in the heart of Singapore's main financial district of Raffles Place. Raffles Place is perceived as the most accessible office location within the CBD, and is expected to remain a focal point of the CBD even with the expansion of the Marina Bay precinct.*

OUE Bayfront – gateway between the developing Marina Bay area and the established financial hub of Raffles Place*: OUE Bayfront has the advantageous* *position of being a premium office building located at Collyer Quay near the major traffic interchange of Raffles Quay and Robinson Road/Cecil Street, between the developing Marina Bay area or "New Downtown" and the established financial hub of Raffles Place. Strategically situated between these two key areas of Singapore's CBD, OUE Bayfront enjoys a prominent status alongside other notable recent additions of premium office space that include Marina Bay Financial Centre and Ocean Financial Centre, and is within reach of entertainment facilities such as Marina Bay Sands and the Esplanade, placing it in the midst of a critical mass of business and retail activity.*

The Properties – positioned to benefit from the rejuvenation of the Tanjong Pagar precinct*: The Properties are well-positioned to benefit from the Greater Southern Waterfront development, which is expected to consolidate the Shenton Way/Tanjong Pagar area as a gateway location between the core CBD, Marina Bay and the Greater Southern Waterfront. According to the Independent Market Research Report, the inauguration of the new circle line MRT stations and the materialisation of the URA vision for the Greater Southern Waterfront is expected to positively impact occupancy, rents and capital values of Premium and Grade A office space in the Shenton Way/Tanjong Pagar submarket, thus making the Properties a prime beneficiary of these positive trends.*

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 million[7].



OUE C-REIT's aggregate leverage is expected to improve from 40.3% as at 30 June 2018 to 39.8%[8] after the proposed Transactions. With a larger asset base, OUE C-REIT's debt headroom[9] 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.

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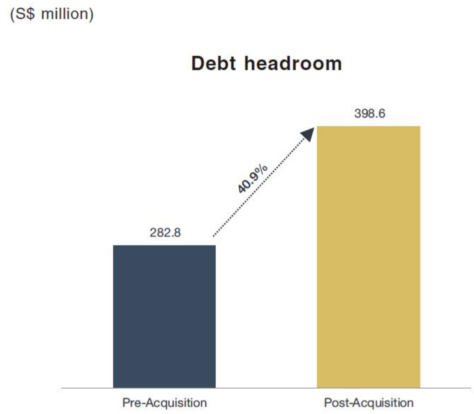
7 Based on the AUM of OUE C-REIT's Existing Portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.
[8] Pro forma aggregate leverage as of 30 June 2018, assuming additional debt of S$361.6 million is raised for the proposed Transactions.
[9]Based on the aggregate leverage limit of 45.0% under the Property Funds Appendix.



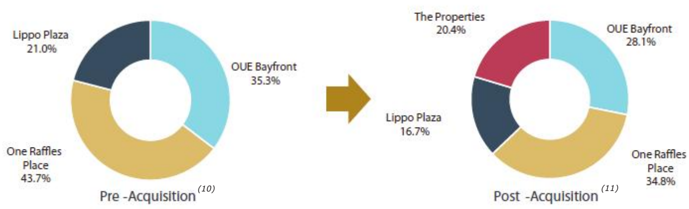
5.6 *Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams*

The proposed Acquisition is expected to benefit Unitholders by enhancing the diversification and resilience of the Existing 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.

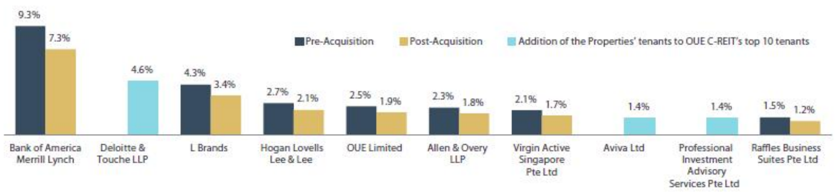
Portfolio composition by revenue contribution



(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.

Top 10 tenants by revenue contribution



[10] *Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place).*

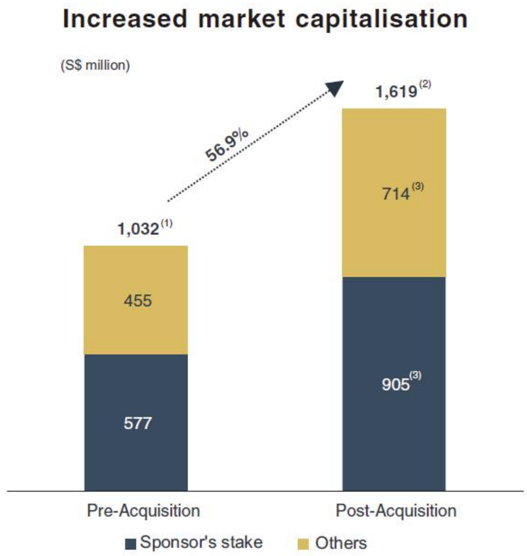
[11] *Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place) and the 1H 2018 revenue of the Properties.*

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 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 Latest Practicable Date, 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.



Notes:

(1) The pre-Acquisition market capitalisation is calculated based on the Closing Price, multiplied by the Existing Units.

(2) The post-Acquisition market capitalisation is calculated based on the TERP of S$0.570 per Unit, multiplied by the aggregation of the Existing Units and the Rights Units.

(3) Assumes all Unitholders subscribe for their pro rata share of the proposed Rights Issue (i.e. Sponsor does not subscribe more than its entitled pro rata stake).

4.2. Analysis of appraised value and key assumptions of Independent Valuers

The Manager had commissioned an independent valuer, Colliers, to value the Properties and the Trustee has commissioned Savills as the independent valuer.

The appraised value of the Properties by the Independent Valuers are set out in the table below:

Colliers	Savills	Purchase Consideration	Colliers	Savills
Market Value[1] (S$ million)	Market Value[1] (S$ million)	Market Value[1] (S$ million)	Premium/(discount) %	Premium/(discount) %
945.0	927.0	908.0	(3.9%)	(2.0%)

Source: Independent Valuers reports
Note: *(1) with Rental Support (as defined in the Circular)*

We note that:

(i) the basis of valuation used is "Market Value" which is consistent with the definition as set out by the Singapore Institute of Surveyors and Valuer guideline;

(ii) the relevant date for the valuations undertaken by Colliers is 30 June 2018 and the relevant date for the valuations undertake by Savills is 30 June 2018;

(iii) the Independent Valuers arrived at their valuations by considering the Income Capitalisation Method, Discounted Cash Flow Method and Market Comparison Method. A weightage is ascribed to each methodology by respective Valuers to arrive at the appraised value. This approach is a widely accepted method for the purpose of valuing income producing properties;

(iv) the Independent Valuers arrived at their valuations by relying on, *inter alia*, assumptions set out in the Valuation Certificates and their valuation reports;

(v) the Purchase Consideration for the Properties of S$908.0 million is below the range of the market values ascribed by the Independent Valuers; and

(vi) for illustration purpose, excluding the provision of rental support, the Market Values of the Properties appraised by Colliers and Savills would be S$920.0 million and S$891.0 million respectively.

Further, we have outline below the key assumptions used by the Independent Valuers arriving that their respective valuations.

(With rental support)	Colliers	Savills
Income Capitalisation Method		
NOI (S$ million per annum)	45.6	44.6
Capitalisation rate	4.00%	4.25%
DCF Analysis		
Discount rate	6.75%	7.00%
Terminal Capitalisation Rate	4.25%	4.50%
Sales Comparison method		
Floor rate (S$/sm) / (S$/sqf)	S$20,269 / S$1,883	S$21,102 / S$1,960
Valuation/(weightings)		
Income capitalisation method	S$930m/33%	S$918m/40%
DCF Analysis	S$908m/33%	S$880 m40%
Comparison method	S$998m/33%	S$1,039 m/20%
Market Value Adopted (Rounded)	**S$945m**	**S$927m**

Source: Independent Valuers reports

We have also set out below the capitalisation rates used for the purpose of valuation of selected comparable commercial properties held by Singapore listed REITs.

The information in the table below is for illustration purposes only. The selected comparable commercial properties might differ from the Properties in terms of property size and design, property age, location, accessibility, land title, tenure, revenue mix, market risks, future prospects, operating history, branding and other relevant criteria. There is no property under the selected comparable commercial properties that may be considered identical to the Properties in terms of the abovementioned factors.

For the above reasons, while the selected comparable commercial properties taken as a whole may provide a broad and indicative benchmark for assessing the proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Comparable Commercial Properties	Location	Lease tenure	Date of latest valuation	Valuation capitalisation rate
		(years remaining)		%
MBFC	Marina Boulevard	88	Dec-17	3.75%
Ocean Financial Centre	Collyer Quay	92	Dec-17	3.75%
CapitaGreen	Market Street	55	Jun-18	4.00%
Six Battery Road	Battery Road	807	Jun-18	3.50%
Capital Tower	Robinson Road	76	Jun-18	3.60%
OUE Bayfront	Collyer Quay	98	Dec-17	3.75%
One George Street	George Street	84	Jun-18	3.60%
One Raffles Place	Raffles Place	64	Dec-17	3.6% – 3.9%[1]
Mapletree Anson	Tanjong Pagar	88	Mar-18	3.70%
One Raffles Quay	Raffles Quay	82	Dec-17	3.75%
Suntec City (Office component)	Temasek Boulevard	70	Dec-17	4.00%
HSBC Building	Collyer Quay	831	Jun-18	3.50%
China Square Central	Cross Street	78	Sep-17	3.3% – 3.8%[1]
Bugis Junction Towers	Victoria Street	71	Dec-17	3.75%
Max				4.00%
Mean				3.71%
Median				3.75%
Min				3.50%
Implied Cap rate of proposed Acquisition		**48**		**5.01%**

Sources: Company reports
Notes: *(1) Relates to the Cap rates applied to office space and retail. The mid-point was applied to derive statistic*

Based on the tables above, we note that:

(i) the Cap rates applied by the valuers are higher than the mean and median of capitalisation rates for comparable commercial properties held by Singapore listed REITs; and

(ii) the implied Cap rate of the proposed Acquisition of the Properties of 5.01% is higher than the range of selected Comparable Commercial Properties held by Singapore listed REITs of 3.5% to 4.0%.

4.3. Comparison to relevant past transactions in Singapore

We have identified a list of property transactions that took place in Singapore's Downtown Core area for the period from Jun 2014 to the Latest Practicable Date for which information is publicly available and extracted the relevant information ("**Comparable Transactions**") in order to compare the implied price per NLA of the Properties. As defined by the Urban Redevelopment Authority ("**URA**"), the Downtown Core consists of the CBD, City Hall, Bugis, and Marina Centre areas.

The information in the table below is for illustration purposes only. The Comparable Transactions might differ from the proposed Acquisition in terms of property size and design, property age, location, accessibility, land title, tenure, revenue mix, market risks, future prospects, operating history, branding and other relevant criteria. There is no property under the Comparable Transactions which may be considered identical to the Properties in terms of the abovementioned factors.

For the above reasons, while the Comparable Transactions taken as a whole may provide a broad and indicative benchmark for assessing the proposed Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Transacted Date	Development Name	Estimated NLA / Strata Area	Tenure	Transacted Price	Price on NLA / Strata Area	Market Value (assuming Fresh 99 Years Lease)
		sf	(years remaining)	(S$ m)	(S$ psf)	(S$ psf)
Jun-14	Cecil House	50,704	62	110	2,169	2,671
Jul-14	Anson House	76,362	78	172	2,252	2,502
Jan-15	AXA Tower	675,742	63	1,170	1,731	2,116
Jun-15	The Spazio	115,000	63	240	2,087	2,551
Nov-15	CPF Building	324,000	49	550	1,698	2,291
Apr-16	78 Shenton Way (50% Stake)	362,199	64	301	1,665	2,020
Sep-16	DB2 Land Building (60% stake)	41,278	62	84	2,035	2,506
Nov-16	Robinson 77	293,269	75	531	1,810	2,045
Feb-17	GSH Plaza (Office component)	228,873	70	664	2,900	3,372
May-17	One George Street	446,473	85	592	2,650	2,853
Feb-17	PwC Building	355,704	77	747	2,100	2,346
Jun-18	Twenty Anson	206,000	88	516	2,505	2,665
Max				**1,170**	**2,900**	**3,372**
Mean				**473**	**2,134**	**2,495**
Median				**523**	**2,094**	**2,504**
Min				**84**	**1,665**	**2,020**
Proposed Acquisition		**529,981**	**48**	**908**	**1,713**	**2,234**

Sources: Annual reports, company announcements, press releases, Independent Market Research Report

Based on the table above, we highlight the comparison between the implied value per NLA of the Properties of S$1,713 psf and the price or NLA of the Comparable Transactions that are located in the Singapore CBD:

(i) the implied price per NLA of S$1,713 the proposed Acquisition is lower than the mean and median of S$2,134 and S$2,094 of the comparable transactions; and

(ii) for illustration purpose, assuming market values were restated at a 99 year lease, the implied price per NLA of S$2,234 is lower than the mean and median of S$2,495 and S$2,504 of the comparable transactions.

4.4. Comparison to recent valuations of comparable properties in Singapore

We have compiled information that is publicly available in respect of the recent valuations of commercial properties (the "**Comparable Properties**") held by Singapore-listed REITS in order to provide benchmarks for the net property income ("**NPI**") yield by the proposed Acquisition. The comparison can serve as an illustrative guide only and must be caveated by the knowledge that the Properties differs from the Comparable Properties in many aspects, such as location, accessibility, profile, proximity to major venues and/or attractions, outstanding lease tenure and other relevant factors.

Building[1]	REIT	Location	Tenure	Market Value	Valuation date	MV/NLA	NPI Yield
			years left	S$' m	date	S$ per sf	%
One Raffles Quay	Keppel REIT/Suntec REIT	Raffles Quay	82	3,819	Dec-17	2,875	2.26%
MBFC[2]	Keppel REIT/Suntec REIT	Marina Boulevard	c.88	8,988	Dec-17	2,920	3.17%
Ocean Financial Centre	Keppel REIT	Collyer Quay	92	2,649	Dec-17	3,008	3.49%
CapitaGreen	CapitaLand Commercial Trust	Market Street	55	1,616	Dec-17	2,302	4.34%
Six Battery Road	CapitaLand Commercial Trust	Battery Road	807	1,402	Dec-17	2,831	3.83%
Capital Tower	CapitaLand Commercial Trust	Robinson Road	76	1,363	Dec-17	1,847	3.98%
Mapletree Anson	Mapletree Commercial Trust	Anson Road	88	701	Mar-18	2,123	3.85%
China Square Central	Frasers Commercial Trust	Cross Street	78	565	Sep-17	1,528	3.03%
Suntec City (Office component)	Suntec REIT	Temasek Boulevard	70	3,008	Dec-17	2,258	3.51%
Bugis Junction Towers	Keppel REIT	Victoria Street	70	525	Dec-17	2,147	2.88%
One George Street	CapitaLand Commercial Trust	George Street	84	1,116	Dec-17	2,499	3.54%
HSBC Building	CapitaLand Commercial Trust	Collyer Quay	831	456	Dec-17	2,275	4.45%
Max			**831**			**3,008**	**4.45%**
Mean			**212**			**2,384**	**3.53%**
Median			**82**			**2,289**	**3.53%**
Min			**55**			**1,528**	**2.26%**
The proposed Acquisition			**48**	**908**		**1,713**	**5.01%**

Source: Company reports of REITs listed in SGX-ST
Note:
1) Based on 100% interest of respective properties
2) Includes contribution from Marina Bay Link Mall

Based on the table above, we note the following:

(i) the implied NPI yield of the proposed Acquisition of 5.01% is above the range of NPI yields of 2.26% to 4.45% of the Comparable Properties;
(ii) the implied MV per NLA of the proposed Acquisition of S$1,713 per sqf is below the mean and median of the Comparable Properties of S$2,384 per sqf and S$2,289 per sqf respectively; and
(iii) the tenure of the proposed Acquisition of 48 years is lower than the range of Comparable Properties.

4.5. Pro forma financial effects of the proposed Transactions

The pro forma financial effects of the proposed Transactions are set out in Paragraph 6 of the Letter to Unitholders in the Circular. We recommend the Independent Directors to advise the Unitholders to read this information carefully.

We set out the pro forma financial effects of the proposed Transactions prepared for illustrative purposes only as well as its 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.

Pro forma DPU

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(2), the Debt Issuance(3) and the Redemption of Convertible Perpetual Preferred Units ("CPPUs")(4)***	***Pro Forma Adjusted for the proposed Transactions(5)***
Amount available for distribution (S$'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 100% 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.

Pro forma NAV

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	***Pro Forma Adjusted(1) for the Private Placement, the Debt Issuance and the Redemption of CPPUs***	***Pro Forma Adjusted 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.*

Pro forma Capitalisation

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:

	FY2017		
S$'000	***Before the proposed Transactions***	***Pro Forma Adjusted(1) for the Private Placement, the Debt Issuance and the Redemption of CPPUs***	***Pro Forma Adjusted 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 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.*

As illustrated in the tables above, we note that:

(i) DPU will decrease from 4.67 cents to 3.54 cents – assuming the Outstanding CPPUs are not redeemed;

(ii) NAV will decrease from S$0.91 to S$0.70 - assuming the Outstanding CPPUs are not redeemed; and

(iii) Total Capitalisation will increase from S$3.03 billion to S$4.08 billion - assuming the Outstanding CPPUs are not redeemed.

4.6. NPI yield comparison of the Proposed Transactions to the existing portfolio

We set out in the following table the NPI yield analysis of the proposed Transactions and the existing Singapore portfolio of OUE C-REIT:

	OUE C-REIT (existing portfolio)	Proposed Acquisition (stabilised)
	(with income support)	(with rental support)
Valuation (S$' 000)	3,532,721	908,000
NOI (S$' 000)	141,896[1]	45,504
NPI yield	**4.02%**	**5.01%**

Source: Company reports
Note:
1) Refers to the latest 12 month NOI (ending at 1H 2018) including income support

As illustrated in the table above, we note that:

(i) NPI yield of the proposed Acquisition of the properties of 5.01% is higher than the NPI yield of the existing OUE C-REIT portfolio of 4.02%

4.7. Other relevant considerations that may have a significant bearing on our assessment of the proposed Acquisition.

4.7.1. Inter-conditionality of the proposed Acquisition, the Rights Issue and the proposed Payment of the Sub-Underwriting Commission

As detailed in Paragraph 1 of the Letter to Unitholders in the Circular, the proposed Transactions are subject to the passing of Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission). This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

4.7.2. Terms of the Put Option and Call Option under the PCOA

As detailed in Paragraph 2.1.5 of the Letter to Unitholders in the Circular, the PCOA is subject to certain terms and conditions that are customary to the nature of the transaction.

4.7.3. Rental Support

As detailed in Paragraph 2.1.6 of the Letter to Unitholders in the Circular, the Sponsor and Vendor shall enter into the Deed of Rental Support with the Trustee on completion of the proposed Acquisition.

4.7.4. Property Management Agreement

As detailed in Paragraph 2.1.10 of the Letter to Unitholders in the Circular, the Trustee, the Manager and the Property Manager shall enter into the Individual Property Management Agreement in accordance with the terms of the Master Property Management Agreement entered into by the Trustee, the Manager and the Property Manager.

4.7.5. Sponsor Related Tenancy Agreements relating to the Properties

As detailed in Paragraph 2.3 of the Letter to Unitholders in the Circular, OUE C-REIT will take over all the tenancy agreements of the Properties upon Completion. This includes various tenancy agreements entered into by certain interested persons of the Sponsor.

5. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the proposed Acquisition.

(i) the rationale for and the benefits of the proposed Acquisition;

(ii) Colliers and Savills have estimated the market value of the Properties to be S$945.0 million and S$927.0 million respectively and the Purchase Consideration for the Properties of S$908.0 million is below the range of the market values ascribed by the Independent Valuers;

(iii) the methodology and key assumptions of the Independent Valuers are consistent with market standards;

(iv) the implied Cap rate of the proposed Acquisition of 5.01% is higher than the range of Selected Comparable Properties of 3.50% to 4.00% held by Singapore Listed REITS;

(v) the implied price per NLA of S$1,713 of the proposed Acquisition is lower than the mean and median of S$2,134 and S$2,094 of the Comparable Transactions;

(vi) for illustration purpose, assuming market values were restated at a 99 year lease, the implied price per NLA of S$2,234 is lower than the mean and median of S$2,495 and S$2,504 of the Comparable Transactions;

(vii) the implied MV per NLA of the proposed Acquisition of S$1,713 psf is below the mean and median of the Comparable Properties of S$2,384 psf and S$2,289 psf respectively;

(viii) the implied NPI yield of the proposed Acquisition of 5.01% is above the range of NPI yields of 2.26% and 4.45% of the Comparable Properties. Noting that the tenure of the Properties is lower than that of the Comparable properties;

(ix) NPI yield of the proposed Acquisition of the properties of 5.01% is higher than the NPI yield of the existing OUE C-REIT portfolio of 4.02%;

(x) the Sponsor and the Vendor will enter into the Deed of Rental Support with the Trustee upon completion of the proposed Acquisition, which provides a stabilised level of income for a period of five years from Completion;

(xi) DPU is expected to decrease from 4.67 cents to 3.54 cents - assuming the Outstanding CPPUs are not redeemed;

(xii) NAV is expected to decrease from S$0.91 to S$0.70 - assuming the Outstanding CPPUs are not redeemed;

(xiii) inter-conditionality of the proposed Acquisition, the proposed Rights Issue and the proposed Payment of the Sub-Underwriting Commission; and

(xiv) PCOA is subject to certain terms and conditions that are customary to the nature of the transaction.

Having considered the above and subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at Latest Practicable Date, we are of the opinion that the:

Proposed Acquisition (taking into consideration the Deed of Rental Support) is on normal commercial terms and will not be prejudicial to the interests of the OUE C-REIT and its minority Unitholders.

Accordingly, we advise that the Independent Directors may recommend that the Unitholders vote in favour of the proposed Acquisition.

Our recommendation is addressed to the Independent Directors, the Audit and Risk Committee and the Trustee for their benefit in connection with and for the purpose of their consideration of the proposed Transactions, as well as in compliance with Rule 921(4)(a) of the Listing Manual. Any recommendation made by the Independent Directors and the Audit and Risk Committee in respect of the proposed Transactions shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Koh Soon Bee
Executive Director

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VALUATION CERTIFICATES

Valuation Certificate

Property Address	**6 Shenton Way, OUE Downtown Tower 1 and 2, Singapore 068809**
Client	DBS Trustee Limited (in its capacity as trustee of OUE Commercial Real Estate Investment Trust)
Purpose of Valuation	Acquisition
Legal Description	Strata Lot Nos. U4628V and U4629P, both of Town Subdivision 30
Tenure	Leasehold 99 years commencing from 19 July 1967 (based on balance un-expired interest of about 48.0 years)
Registered Proprietor	Alkas Realty Pte. Ltd.
Brief Description	The subject property is located along Shenton Way, between Maxwell Road and McCallum Street, near to the Tanjong Pagar MRT Station. The entire development of OUE Downtown consists of a 50-storey building with 2 basement car park levels, a 37-storey building with 1 basement level and an adjacent 7-storey multi-storey car park block. The podium contains a 5-storey retail mall with basement known as Downtown Gallery. There are a total of 355 car parking lots within the entire development. OUE Downtown Tower 1 comprises a 50-storey building, of which the 7th to 32nd storeys have been converted to 268 serviced apartments, known as Oakwood Premier OUE Singapore. The remaining floors from the 35th to 46th storeys contain Grade A office space. OUE Downtown Tower 2 comprises a 37-storey building with Grade A office space from the 7th to 34th storeys. **The property that forms this valuation is the office space within OUE Downtown Tower 1 and 2.** OUE Downtown Tower 1 and 2 was originally completed around 1974 and 1994 respectively. OUE Downtown has undergone addition and alteration works and we understand that the Temporary Occupation Permits (TOP) for the office podium were progressively issued on 17 May 2016, 5 October 2016, 27 January 2017, 28 February 2017, 30 June 2017 and 8 January 2018 while Certificates of Statutory Completion (CSC) were issued on 22 May 2018 and 20 June 2018. The property appeared to be in good condition during our site inspection.
Strata Area	Strata Lot No. U4628V TS 30 – 11,553.0 sq m includes strata void of 1,027 sq m Strata Lot No. U4629P TS 30 – 51,527.0 sq m includes strata void of 1,503 sq m
Gross Floor Area	Approximately 69,919.2 sq m/752,610 sq ft (Office only), as provided and subject to final survey
Lettable Floor Area	Approximately 49,236.4 sq m/529,981 sq ft (Office only), as provided and subject to final survey
Tenancy Brief	The property is multi-tenanted with an occupancy rate of 95.1% and total monthly gross rent of $3,517,717. The monthly service charge is typically at $0.95 psf per month. The property has a weighted average lease duration by income of about 2.01 years. Major tenants include Deloitte & Touche LLP, Aviva Ltd and Professional Investment Advisory Services Pte Ltd, amongst others.
Rental Support	As advised by the client, the Vendor will provide rental support for a period of 5 years from the date of completion of the acquisition at $8.90 psf per month for Year 1, $9.10 psf per month for Year 2, $9.25 psf per month for Year 3 and $9.40 psf per month for Year 4 and 5. The aggregate rental support quantum is capped at $60,000,000 over a period of 5 years. We are of the opinion that rental support is not unreasonable and in general market practice, for similar kind of arrangement where rental support is given to compensate for lower actual rents as compared to expected market rents when vacant units and/or expiring leases are expected to be renewed or re-let at the prevailing market rents. Based on our market research and findings, we are of the opinion that the current market rent for comparable class of property is in the range of $8.50 to $9.50 psf per month. As such, the property rental income (taking into account the rental support amount) falls within the said range of market parameters for the subject property.
Annual Value	$36,697,200
Master Plan (2014)	Commercial with gross plot ratio of 11.2+
Basis Of Valuation	As-Is basis, with and without proposed rental support and subject to existing tenancies
Valuation Approaches	Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method
Material Date of Valuation	30 June 2018
Capitalisation Rate	4.25%
Terminal Capitalisation Rate	4.50%
Discount Rate	7.00%
Recommended Market Value (Without Rental Support)	$891,000,000 ($1,681 psf on lettable floor area)
Recommended Market Value (With Rental Support)	$927,000,000 ($1,749 psf on lettable floor area)
Assumptions, Disclaimers, Limitations & Qualifications	This valuation is provided subject to the assumptions, disclaimers, limitations, qualifications detailed throughout the valuation report and also the limiting conditions herein.
Prepared by	Cynthia Ng **Licensed Appraiser No. AD041-2003388A** Angus Quek **Licensed Appraiser No. AD041-2009188F** Savills Valuation And Professional Services (S) Pte Ltd

To any party relying on this report we advise that this summary must be read in conjunction with the attached report of which this summary forms part. This valuation summary should not be relied upon in isolation for finance or any other purposes.

LIMITING CONDITIONS

Our valuations are subject to the following limiting conditions unless otherwise stated in our valuation report.

Valuation Standards:	The valuation is carried out in accordance with the Valuation Standards and Practice Guidelines published by the Singapore Institute of Surveyors and Valuers, and/or International Valuation Standards and/or RICS Valuation Standards, subject to variations to comply with local laws, customs and practices.
Valuation Basis:	The valuation is carried out on a basis appropriate to the specific purpose of valuation, in accordance with the relevant definitions, assumptions and qualifications outlined in the valuation report. The opinion expressed in the valuation report applies strictly in accordance with the terms and for the purpose expressed therein. The assessed values need not be applicable in relation to some other assessment.
Currency of Valuation:	Values are reported in Singapore currency unless otherwise stated.
Confidentiality:	Our valuation is confidential and strictly for the use of the addressee of the valuation report only and for the specific purpose(s) stated. Savills disclaim all responsibility and will accept no accountability, obligation or liability to any third parties.
Copyright:	Neither the whole nor any part of the valuation report or any reference to it may be included in any published document, statement, circular or be published in any way, nor in any communication with any third parties, without prior written approval from Savills, including the form and context in which it may appear.
Limitation of Liability:	The liability of Savills and its employees is only limited to the party to whom the valuation report is addressed. No responsibility to any third parties for unauthorized use and reliance is accepted. Any liability arising from the valuers' negligence, breach of contract or otherwise in connection with this engagement shall be limited to the fees received by Savills under this engagement. Savills do not accept liability for any indirect or consequential losses (such as opportunity cost and loss of profits).
Validity Period:	This valuation represents our opinion of value as at the date of valuation. The assessed value may change significantly and unexpectedly over a short period arising from general market movement, possible changes in market forces and circumstances in relation to the property. Savills disclaim all responsibility and accept no liability should the valuation report be relied upon after the expiration of 3 months from the date of valuation, or such earlier date if the addressee of the report becomes aware of any factors that may have an effect on the valuation and has not made known such information to Savills.
Titles:	A brief on-line title search on the property has been carried out only. We are not obliged to inspect and/or read the original title or lease documents, unless they are made available by the client. The valuation shall therefore assume, unless informed to the contrary, that there are no further restrictive covenants, easements or encumbrances not disclosed by this brief title search which may have an effect on the market value. We assume the title of the property is good and marketable and free from all encumbrances, restrictions and other legal impediments.
Planning Information:	Information relating to town planning is obtained from the current Singapore Master Plan which is assumed to be accurate. We do not normally carry out legal requisitions on road, MRT, LRT, drainage and other government proposals, unless specifically requested and Savills is properly reimbursed. In the event that legal requisitions are conducted by our clients which reveal that the information is materially different from the town planning information outlined in the valuation report and/or property is affected by public scheme(s), this report should then be referred back to Savills for review on possible amendment.
Other Statutory Regulations:	Our valuation assumes that the property and any improvements thereon comply with all relevant statutory regulations. We have assumed that the property has been or will be issued with a Temporary Occupation Permit, Certificate of Fitness, Certificate of Statutory Completion or Temporary Occupation License by the competent authority.
Site Condition:	We do not undertake site investigations to ascertain the suitability of the ground conditions and services for the existing or any new development, nor do we carry out any environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and where new development is proposed, no extraordinary expenses or delays will be incurred during the construction period. We have assumed that the load bearing capacity of the site is sufficient to support the building constructed or to be constructed thereon.
Condition of Property:	While due care is exercised in the course of inspection to note any building defects, no structural survey or testing of the services or facilities are carried out nor have we inspected the unexposed or inaccessible portions of the building. As such, we are unable to comment if the building is free from defect, rot, infestation, asbestos or other hazardous material. Our valuation assumes that the building would not have any defects requiring significant capital expenditure and complies with all relevant statutory requirements.
Source of Information:	Where it is stated in the valuation report that the information has been provided to the valuer by the sources listed, this information is presumed to be reliable. Savills takes no responsibility for inaccurate data supplied and subsequent conclusions related to such data. Where information is given without reference to another party in the report, it shall be taken that this information has been obtained or gathered through our best efforts and to our best knowledge. Processed data inferences therefrom shall be taken as the valuer's opinion and shall not be freely quoted without acknowledgement.
Floor Areas:	We have assumed that information contained in the surveyed or architectural floor plans is accurate and has been prepared in accordance with the prevailing Professional Property Practice Guidelines. In the absence of such plans, the floor area is estimated based on available secondary information and such estimates do not provide the same degree of accuracy or certainty. In the event that there is a material variance in areas, we reserve the right to review our valuation.
Plans:	Plans included in the valuation report are for identification purposes only and should not be relied upon to define boundaries or treated as certified copies of areas or other particulars contained therein. All location plans are obtained from OneMap. While we have endeavoured to ensure the maps are updated, we do not vouch for the accuracy of the map and shall not be responsible if it is otherwise.
Tenant:	No enquiries on the financial standing of actual or prospective tenants have been made. Where property is valued with the benefit of lettings, it is assumed that the tenants are capable of meeting their obligations under the lease and there are no arrears of rent or undisclosed breaches of covenant.
Reinstatement Cost:	Our opinion of the reinstatement cost for fire insurance purpose is provided only for guidance and must not be relied upon as the basis for insurance cover. We advise that we are not quantity surveyors and our estimate of the construction cost is based upon published sources. We recommend that verification of the insurance replacement cost be sought from a qualified quantity surveyor, if considered appropriate.
Attendance in Court:	Savills or its employees are not obliged to give testimony or to appear in court or any other tribunal or to any government agency with regards to this valuation report or with reference to the property in question unless prior arrangement has been made and Savills are properly reimbursed.

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VALUATION CERTIFICATE

Address of Property	:	6 Shenton Way, OUE DOWNTOWN TOWER 1 & TOWER 2, Singapore 068809
Our Reference	:	2018/80
Valuation Prepared for	:	DBS Trustee Limited (as Trustee of OUE Commercial REIT) and OUE Commercial REIT Management Ptd. Ltd. (as Manager of OUE Commercial REIT)
Purpose of Valuation	:	For proposed acquisition purpose
Legal Description	:	The land is designated as Lot 83N Town Subdivision 30 while the subject property is designated as Strata Lots U4628V and U4629P, Town Subdivision 30.
Tenure	:	99-year lease commencing 19 July 1967
Interest Valued	:	Unexpired leasehold interest of approximately 48 years
Registered Lessee	:	Alkas Realty Pte. Ltd.
Brief Description	:	OUE DOWNTOWN is located on the north-western side of Shenton Way, within the Central Business District of Singapore. The immediate surrounding is mainly commercial in nature. The Tanjong Pagar MRT Station is within short walking distance from the subject development. The new Shenton Way MRT Station which will form part of the Thomson-East Coast Line is under construction nearby. Accessibility to other parts of Singapore is enhanced by its proximity to the Marina Coastal Expressway, East Coast Parkway, Ayer Rajah Expressway and Central Expressway. The Property consists of office space from 35th to 46th storeys in the 50-storey Tower 1 and 7th to 34th storeys in the 37-storey Tower 2, within a large-scale commercial development with a retail podium, a serviced residence and car park facilities. Major asset enhancement works have been carried out to the development in the past 2 years.
Site Area	:	8,351.3 sq m (89,893 sq ft) or thereabouts (the entire development)
Strata Area	:	

Location	Strata Lot No. (T.S. 30)	Strata Area
Tower 1 Office	U4628V	10,526 sq m excluding strata void of 1,027 sq m
Tower 2 Office	U4629P	50,010 sq m excluding strata void of 1,503 sq m
Total		60,536 sq m excluding strata void of 2,530 sq m

Net Lettable Area (NLA) :

Location	Lettable Area (sq m)	Lettable Area (sq ft)
Tower 1 Office	8,212.5	88,400
Tower 2 Office	41,023.9	441,581
Total	**49,236.4**	**529,981**

Note: Areas are approximate and as extracted from the Tenancy Schedule provided.

Year of Completion : We understand that the original buildings were built in 1974 and 1994 for Tower 1 and Tower 2 respectively.

Major asset enhancement and refurbishment works have been carried out to the development with the most recent works competed in 2016 and 2017 progressively.

Condition : Generally good

Tenancy Brief : The Property is multi-tenanted. Based on the Tenancy schedule as at 31 May 2018 provided to us, the office towers enjoy an occupancy rate of approximately 96.3% collectively and the total monthly gross rent is in the region of S$3.5 million.

Major tenants in the office towers include Deloitte & Touche LLP, Aviva Ltd and Professional Investment Advisory Services Pte Ltd.

Rental Support : We have been advised that the proposed acquisition includes a rental support structure in place for 5 years from the completion of the transaction. The Vendor will provide rental support for the difference between actual rental income and expected market rental. Rental support level is proposed as follows:

Period	Rental Support Level (psf per month)
Period from completion to 31 Dec 2018	S$8.90
Period from 1 Jan 2019 to 31 Dec 2019	S$9.10
Period from 1 Jan 2020 to 31 Dec 2020	S$9.25
Period from 1 Jan 2021 to 31 Dec 2021	S$9.40
Period from 1 Jan 2022 to 31 Dec 2022	S$9.40
Period from 1 Jan 2023 to the day immediately preceding the 5th anniversary of the completion date	S$9.40

Annual Value : We understand that the Property is assessed at a total Annual Value of S$36,697,200/-. Property tax is payable at 10% per annum of the Annual Value.

Master Plan Zoning (2014 Edition)	:	The site is zoned "Commercial" with a gross plot ratio of 11.2+ with building height control of up to part 35/part 50 storeys.
Basis of Valuation	:	'Market Value' on 'As Is' basis, with and without rental support
Methods of Valuation	:	Income Capitalisation Method, Discounted Cash Flow Analysis and Comparison Method
Key Assumptions	:	see table below
Date of Valuation	:	30 June 2018
Market Value	:	**WITH RENTAL SUPPORT** **S$945,000,000/-** **(Singapore Dollars Nine Hundred and Forty-Five Million Only)** **WITHOUT RENTAL SUPPORT** **S$920,000,000/-** **(Singapore Dollars Nine Hundred and Twenty Million Only)**

Capitalisation Rate	4.00%
Discount Rate	6.75%
Terminal Capitalisation Rate	4.25%

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Goh Seow Leng
Appraiser's Licence No.: AD041- 2003809B
B.Sc (Estate Management), MSISV
Executive Director
Valuation and Advisory Services I Singapore

GSL/SS/ct

This valuation certificate is subject to the Caveats & Assumptions attached.

Appendix I

CAVEATS AND ASSUMPTIONS

1. **DEFINITIONS**

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.
(b) Is designed by Us as confidential.
(c) You know or ought to know is confidential.
(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'**Parties**' means You or Us as the context dictates.

'**Quotation**' means the written quote provided by Us in relation to the Services.

'**Services**' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'**The Property**' means the assets which are subject of our appointment as your advisor.

'**We**', '**Us**', '**Our**', '**Colliers**' means Colliers International Limited.

'**You**', '**Your**', '**Client**' means the person, company, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, company or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'**Professional Property Practice Standards**' refers to RICS Valuation and Appraisal Handbook, or Singapore Institute of Surveyors & Valuers' Valuation Standards and Practice Guidelines.

2. **PERFORMANCE OF SERVICES**

2.1 We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. **CONDITION OF THE PROPERTY**

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, and authorisations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurements has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained town planning information from the prevailing Master Plan available on URA website. It is your responsibility to check the accuracy of this information under the appropriate planning legislation.

4.2 For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

4.3 No requisition on road, MRT, LRT, drainage and other government proposals has been made by us. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

4.4 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. FLOOR/BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate floor/building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated by us then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licences and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to surveys, quantity surveyors reports, environmental audits, structural/ dilapidation reports), we will rely upon the apparent expertise of such experts/ specialists. We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the client has provided us with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the Market Value of the property is free from any influence and/ or point of views of any other parties.

6.7 All Location Plans are obtained from www.streetdirectory.com. Whilst we do make every endeavor to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

6.8 Values are reported in Singapore currency unless otherwise stated.

7. ESTIMATED SELLING PRICE

7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

8. CURRENCY OF VALUATION

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 9.1, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. MARKET PROJECTIONS

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and based on information currently available to us and not representative of what actual values of the property will be as at future date. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. YOUR OBLIGATIONS

10.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/ they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/ or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if;

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

(c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and replying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. **CONFIDENTIALITY**

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose stated in our valuation report, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference there to may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. **PRIVACY**

12.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

13. **SUBCONTRACTING**

13.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

14. **LIMITATION OF COLLIERS LIABILITY**

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (example being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers international. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons/ judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billing pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from any possible legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of three times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error/ offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. ENTIRE AGREEMENT

15.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.

15.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated

16. ANTI BRIBERY AND CORRUPTION MEASURES

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial recordkeeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

INDEPENDENT MARKET RESEARCH REPORT

SINGAPORE'S CBD AND SHENTON WAY / TANJONG PAGAR PREMIUM & GRADE A OFFICE MARKET REPORT

Dated: August 2018

FINAL VERSION

PREPARED BY:
Colliers International Consultancy & Valuation Singapore Pte Ltd

PREPARED FOR:
OUE Commercial REIT Management Pte. Ltd.

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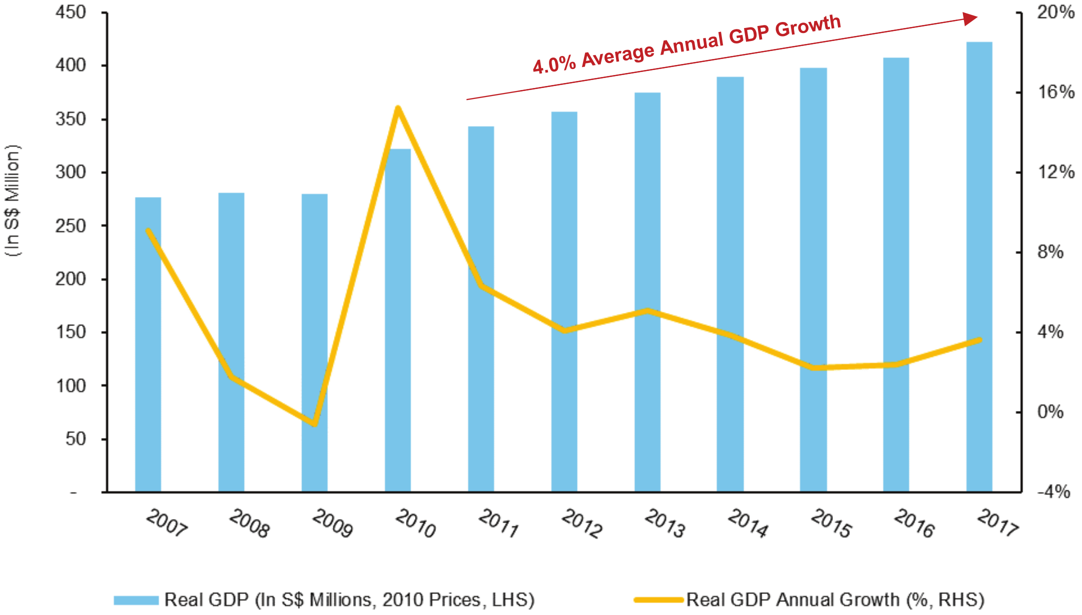
1. Executive Summary

Singapore's economic outlook remains positive and is expected to exhibit robust GDP and employment growth figures, underpinned by an expanding services sector.

- Singapore's strong growth fundamentals continue to drive employment and office take up, especially in the Central Business District (CBD) area.

Figure 1.1: Singapore Real GDP and Annual Growth Rate (2007 – 2017)



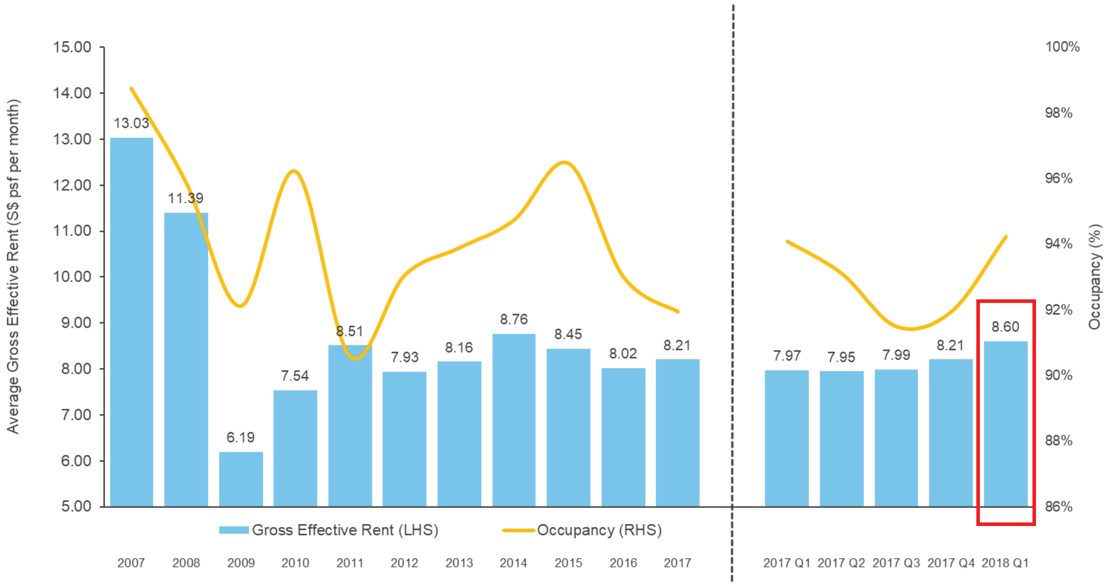
Source: Oxford Economics

- The city-state's GDP recorded strong growth in the second half of 2017, and maintains its growth trajectory into 2018, underpinned by a robust pick up in the manufacturing and services sector as global demand expanded.
- Real GDP growth in Q1 2018 within the services sector, a key occupier of Prime and Grade A office space, has exceeded the levels witnessed over the last five years, with finance & insurance alone expanding at 14.2% year-on-year (YoY), a level not witnessed since 2014.
- This was reflected in employment growth, with job creation up 8.4% in 2017 when compared to 2016. Early indications for 2018 suggest this trend is likely to continue in the short to medium term.
- The Singapore economy is expected to remain firm over the next five years, with robust GDP and employment growth supported by growing outward-oriented economic sectors led by finance & insurance, manufacturing, transportation & storage and wholesale trade.

The CBD office market is expected to shift in landlords' favour on balanced demand/supply dynamics and sustained expansionary tenant demand.

- After two years of subdued performance, the Singapore CBD office market rebounded at the end of 2017, with this momentum gaining in 2018. The slowdown over the past two years can be mainly attributed to the absorption of the largest supply of new office space entering the market witnessed over the last ten years.
- Combined with the flight-to-quality as occupiers relocate to higher grade office space, amid strong growth in employment activity from technology, insurance and legal firms, both occupancy and rental rates continued to trend upwards in Q1 2018.
- Demand for CBD office space is therefore expected to be strong over the next few years on the back of sustained GDP growth and an increase in hiring by key office-occupier sectors. As such, expansionary demand, illustrated by recent deals by Amazon, Agoda and Palo Alto Networks, should continue to be driven by the growth velocity of technology companies and flexible workspace operators. This is in tandem with increasing demand from financial and business services firms.
- Occupancy within the CBD Premium & Grade A office market reached a robust 94.2% at the end of Q1 2018, from 91.9% in Q4 2017. This increase in occupancy has enabled landlords to command higher rents, by an average of 4.7% QoQ.
- Reduced available supply, falling vacancy levels, and stronger demand associated with accelerating local and global economic growth should propel growth in rental levels over the next five years.
- As such, Premium & Grade A office rents are expected to reach between S$9.00 and S$9.30 psf per month by the end of 2018.

Figure 1.2 CBD Premium & Grade A Gross Effective Office Rents and Occupancy 2007 – Q1 2018



Source: URA and Colliers International

- Gross effective rents for Premium & Grade A CBD office space are on the rise. Together with occupancy improving, given the high absorption and limited upcoming supply, the office rental market should shift in favour of landlords. This in turn should support further growth in capital values in years to come.

Figure 1.3 Key Premium & Grade A CBD Office Market Forecast Indicators (2018-2022)

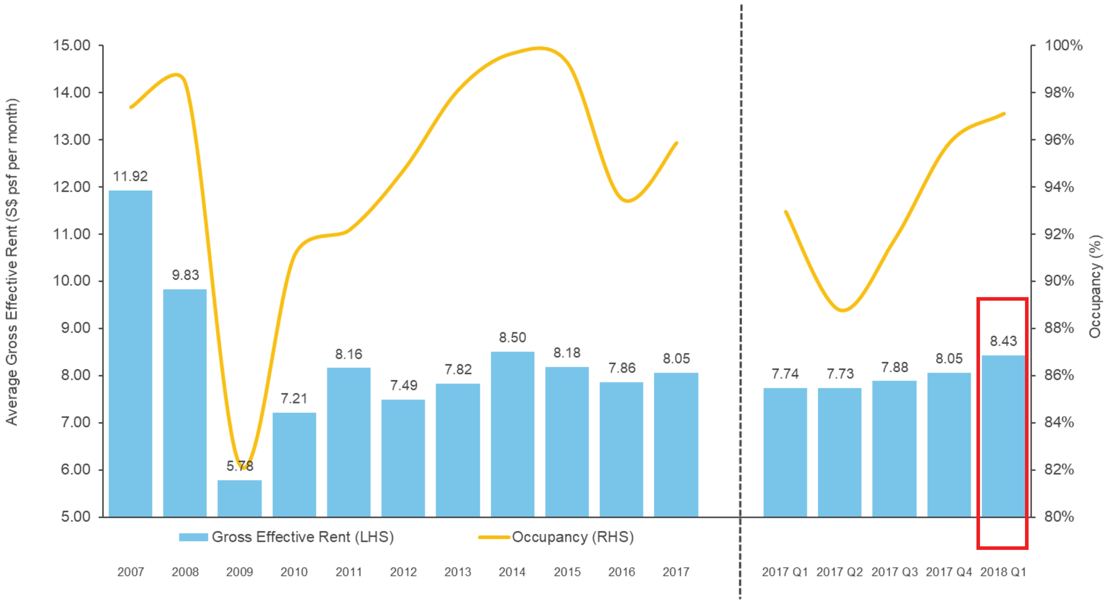
	2018F	2019F	2020F	2021F	2022F
Office Stock (in millions of sq ft)	25.0	25.5	26.0	27.9	28.7
Net New Supply (in millions of sq ft)	0.7	0.6	0.5	1.9	0.8
Net Absorption (in millions of sq ft)	1.6	0.3	0.3	1.4	0.8
Occupancy Rate (%)	95.8%	95.0%	94.3%	93.0%	93.3%
Average Gross Effective Rents (S$ psf per month)	9.00 - 9.30	9.30 - 9.90	9.00 - 9.50	9.25 - 9.75	9.50 - 10.00
Capital Values (S$ psf)	2,282	2,315	2,349	2,383	2,418
Capital Values YoY Growth (%)	1.6%	1.5%	1.5%	1.5%	1.5%

Source: URA and Colliers International

Shenton Way / Tanjong Pagar office submarket to outperform CBD on occupancy and to perform in line with the wider CBD market on rents and capital values

- Approximately 1.2 million sq ft of new office space will be completed in the Shenton Way / Tanjong Pagar submarket between 2018 and 2022. This includes circa 663,000 sq ft in Frasers Tower in Q2 2018, and 515,000 sq ft in ASB Tower in 2020. With about 80% of the office space at Frasers Tower (530,000 sq ft) already pre-committed, the remaining unabsorbed net new supply is expected to be about 670,000 sq ft from 2019 to 2022, or an average of 167,000 sq ft per year, which is significantly lower than the level of new supply of the past five years (circa 233,000 sq ft per year).
- Occupier demand for Premium & Grade A office space in the submarket, particularly from tech, legal and professional services should remain robust as the overall market sentiment improves and the flight-to-quality trend continues among major corporate tenants.
- Supported by higher occupancy and stronger demand for quality office space, gross effective rents for Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket have been trending upwards. At the end of Q1 2018, it reached its highest level since the last peak in 2014 at S$8.43 psf per month, with further increases expected in the coming years as supply tightens further.
- Between 2011 and 2017, average occupancy for Premium & Grade A office in Shenton Way / Tanjong Pagar was circa 97.0%, compared to 94.0% achieved in the wider CBD area for the corresponding period. This is a remarkable performance that demonstrates the strong attraction of the submarket for occupiers of Premium & Grade A office space.

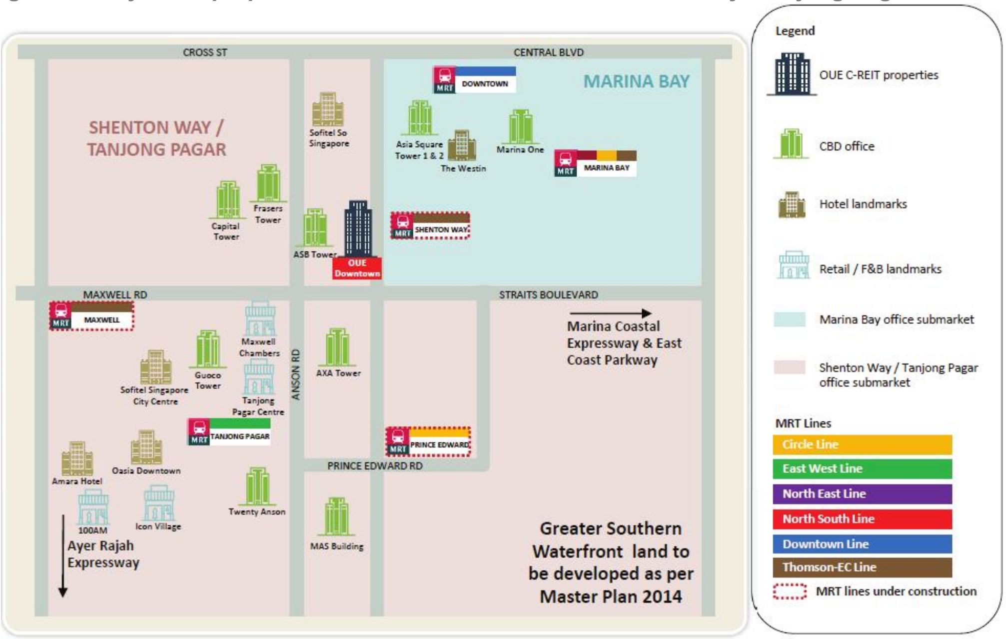
Figure 1.4 Shenton Way / Tanjong Pagar Premium & Grade A Office Rents and Occupancy 2007-2018 Q1



Source: URA and Colliers International

- In line with the wider CBD market, gross effective rents for Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket grew by 4.7% QoQ to S$8.43 psf per month at the end of Q1 2018, its highest level since 2014. This was mainly underpinned by strong occupier take up as occupancy levels climbed to 97.1% at the end of Q1 2018, the highest occupancy level achieved in any submarket within the Singapore CBD.
- In line with the wider CBD area, capital values of Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket are expected to remain strong in the short to medium term as investors maintain their interest for prime assets.
- The rejuvenation of the Shenton Way / Tanjong Pagar area into a “live, work and play” environment was supported by the completion of recent landmark developments. The completion of Guoco Tower / Tanjong Pagar Centre, now the tallest building in Singapore, and OUE Downtown are valuable additions to the CBD’s skyline. Moreover, the completion of the Sofitel and Oasia hotels and the Oakwood Premier OUE Singapore serviced apartments also added an offering that reinforces the “live, work and play” concept in the area.
- The impending completion of the ASB tower and the Fraser building will continue the rejuvenation of Shenton Way / Tanjong Pagar and consolidate the area as one of Singapore’s prime office locations. A number of prestigious multinational corporations such as Deloitte and ING Bank and important institutions such as the International Arbitration Centre have become key tenants in the area.

Figure 1.5 Key office properties and landmarks within the Shenton Way / Tanjong Pagar Submarket



Source: Colliers International
Note: The map is an illustrative schematic overview only and is not to scale.

- Looking ahead beyond 2022, office properties in the Shenton Way / Tanjong Pagar submarket will be well-positioned to reap the long-term benefits of new major infrastructure and master-planning projects in and around the area. The construction of three new MRT stations, including the Prince Edward Station at Shenton Way and Keppel Road, within 500 meters or a six-minute walk from OUE Downtown, by 2025 will close the Circle Line loop by connecting Harbourfront with Marina Bay via Shenton Way / Tanjong Pagar. The improved accessibility will further raise the profile of the submarket as a prime CBD office district by reducing the travel time to the Shenton Way / Tanjong Pagar business district from south western and south eastern regions of Singapore.
- Furthermore, the Shenton Way / Tanjong Pagar submarket should benefit from the long-term redevelopment of the Greater Southern Waterfront - a 1,000-hectare waterfront area comprising the City and Pasir Panjang port terminals - into a new cutting-edge “live, work and play” waterfront district which is envisioned as a future extension of Singapore’s CBD in the Master Plan 2014 by the Urban Redevelopment Authority (URA).

Figure 1.6 Key Premium & Grade A Office Market Forecast Indicators for the Shenton Way / Tanjong Pagar Submarket (2018 – 2023)

	2018F	2019F	2020F	2021F	2022F	2023F
Net New Supply (in millions of sq ft)	0.7	0.0	0.5	0.0	0.0	0.0
Net Absorption (in millions of sq ft)	0.6	0.1	0.35	0.1	0.1	0.0
Occupancy Rate (%)	95.0%	97.5%	94.1%	96.3%	98.5%	98.5%
Average Gross Effective Rents (S$ psf per month)	8.40 - 9.00	8.75 - 9.15	8.90 - 9.30	9.10 - 9.50	9.30 - 9.75	9.50 - 10.25
Capital Values (S$ psf)	2,250	2,284	2,318	2,353	2,388	2,423
Capital Values YoY Growth (%)	2.3%	1.5%	1.5%	1.5%	1.5%	1.5%

Source: URA and Colliers International

2. Background and Economic Overview of Singapore

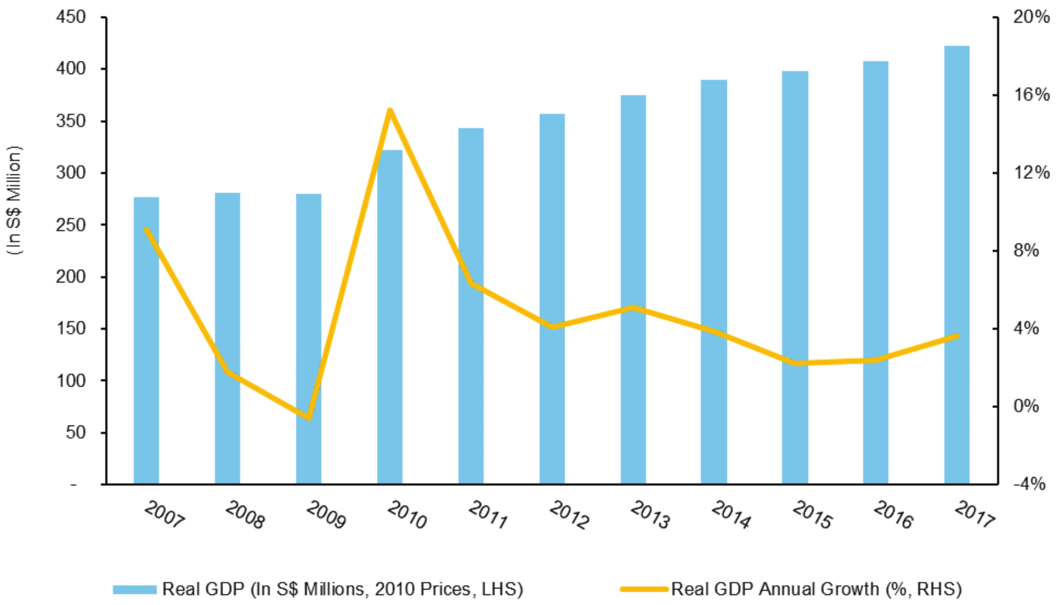
2.1 Introduction

As we understand it, OUE Commercial REIT Management Pte. Ltd. ("OUE C-REIT") is considering the acquisition of the two office towers of "OUE Downtown" which is located within the Shenton Way / Tanjong Pagar submarket of the Singapore CBD ("the Properties"). As part of its due diligence process, and for circular purposes, OUE C-REIT now requires an independent market report on the Singapore prime CBD office market, with a particular focus on the Shenton Way / Tanjong Pagar submarket and the outlook for the next five years. We set out our findings in this report.

2.2 Economic Overview of Singapore

Singapore's economy has recorded healthy growth since rebounding from the 2008-2009 global financial crisis, with real GDP growth averaging circa 4.0% annually between 2011 and 2017. According to the Economic Survey of Singapore 2017 released by the Ministry of Trade and Industry (MTI), in February 2018, the Singapore economy grew by 3.6% YoY in 2017, faster than the 2.4% growth YoY witnessed in 2016, the best showing since 2014. All major sectors grew in 2017, except for the construction sector which experienced an 8.4% YoY decline. GDP growth in 2017 was primarily driven by growth in the manufacturing sector (10.1%) but also by healthy gains in service industries such as finance & insurance (4.8%) and information & communication (3.3%).

Figure 2.1: Singapore Real GDP and Annual Growth Rate (2007 – 2017)



Source: Oxford Economics

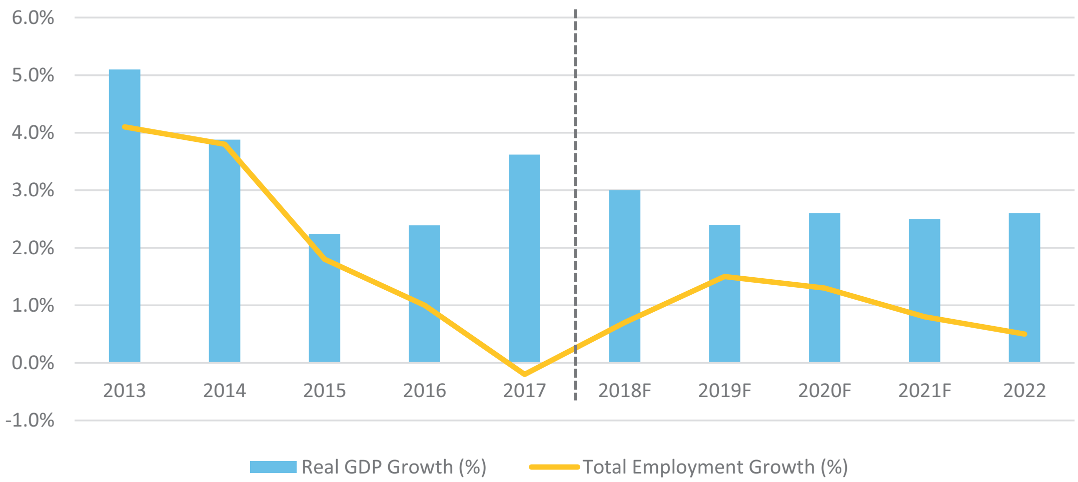
According to MTI, the Singapore economy is expected to remain strong in 2018, with GDP growth within the 2.5% to 3.5% range on the strength of outward-oriented sectors such as finance & insurance, manufacturing, transportation & storage and wholesale trade.

Growth in most of Singapore's key export markets such as the Eurozone, Japan, China and ASEAN is projected to remain unchanged in 2018. Potential downside risks, however remain for the global economy; including the US administration's trade policies and continued geo-political tension. In addition, a surprise upside in inflation cannot be ruled out given the relatively advanced stage of the US economic recovery, which may well trigger further rate increases.

According to Oxford Economics, Singapore's economy is expected to continue to grow by an annual rate of 2.4% to 2.6% between 2019 through 2022. This should be supported by sustained growth in the both the global and regional economies, albeit given the risks associated with potential trade disputes rapidly escalating.

Singapore, being a mature economy, can expect its overall employment growth to remain modest given the projected GDP growth rates over the next five years and their strong historical correlation with each other. Going forward some decoupling is expected between the two factors amid the already low unemployment rate, changing government policy in regard to foreign workers, the shift to automation and technology, and the ageing workforce. This was particularly evident in 2017, for example, when the government announced new foreign employment policies. Combined with a shift in manpower requirements particularly in the marine and oil and gas sectors in that year, this resulted in an exodus of foreign workers.

Figure 2.2: Historical and Forecast for Selected Economic Indicators (2013 – 2022F)



Indicator/ Year	2018F	2019F	2020F	2021F	2022F
Real GDP	2.5% - 3.5%	2.4%	2.6%	2.5%	2.6%
Total Employment Growth	0.7%	1.5%	1.3%	0.8%	0.5%

Source: (1) Economic Survey of Singapore 2017, MTI (February 2018) and (2) Oxford Economics (21 March 2018)

2.3 Key Economic Indicators for the Singapore Office Market

The performance of the Singapore office market is primarily dependent on the growth of key service- oriented, office-occupier industries including information & communications (which also includes major tech firms), finance & insurance, business services and other services industries. GDP contribution and employment growth within these sectors are highly correlated with the performance of the office market in Singapore.

Between 2015 and 2017, both GDP and employment growth in key office-occupier sectors decreased amid the slowdown of the Singapore economy. As shown in the following table, GDP growth in the services producing sectors declined from 3.5% in 2015 to 1.4% in 2016 before rebounding back to 2.8% in 2017. Despite this fluctuation, employment growth in the services producing sectors has been relatively stable since 2015, at circa 45,000 annually, but this remains significantly lower than the level recorded in 2014 as seen in the table below. This could be attributed to a combination of factors, including lower economic activity and government policy regarding foreign labour. The economic slowdown of the key office-occupier industries during this period also impacted office demand growth, particularly for Premium & Grade A CBD office space.

GDP growth in key office-occupier industries started to recover in the second half of 2017 and has gained momentum going into 2018 as global economic growth continues to pick up. In Q1 2018, the strongest growth since 2014 was witnessed across key office-occupier service industries, with double-digit GDP growth in the finance & insurance sector. This in turn has driven strong leasing activity in the office market, particularly from finance & insurance, technology and legal firms. The surge in GDP growth in the service sector recorded since the second half of 2017 indicates an upcoming increase in employment by firms in these sectors.

Figure 2.3: Real Annual GDP Growth by Sector of Key Office-Occupiers' Industries (2014 – Q1 2018)

Industry	2014	2015	2016	2017	Q1 2018
Services Producing Industries	4.3%	3.5%	1.4%	2.8%	5.7%
Information & Communications	7.6%	-1.2%	3.6%	3.3%	6.4%
Finance & Insurance	9.3%	5.3%	1.6%	4.8%	14.2%
Business Services	2.0%	5.4%	-0.3%	0.6%	3.7%
Other Services Industries	3.8%	2.2%	3.5%	2.6%	4.1%

Source: Economic Survey of Singapore, MTI
Note: Figures are YoY variations.

Figure 2.4: Net Increment in Number of Employees of Key Office-Occupiers' Industries (2014 – Q1 2018)

Industry	2014	2015	2016	2017	Q1 2018
Services Producing Industries	119,700	45,500	44,200	46,400	11,200
Information & Communications	6,400	5,400	2,200	4,000	2,000
Finance & Insurance	9,300	4,500	2,800	6,200	2,100
Business Services	34,500	14,900	8,100	11,400	1,900
Other Services Industries	32,400	22,400	20,200	16,000	7,400

Source: Economic Survey of Singapore, MTI
Note: Figures are YoY increments

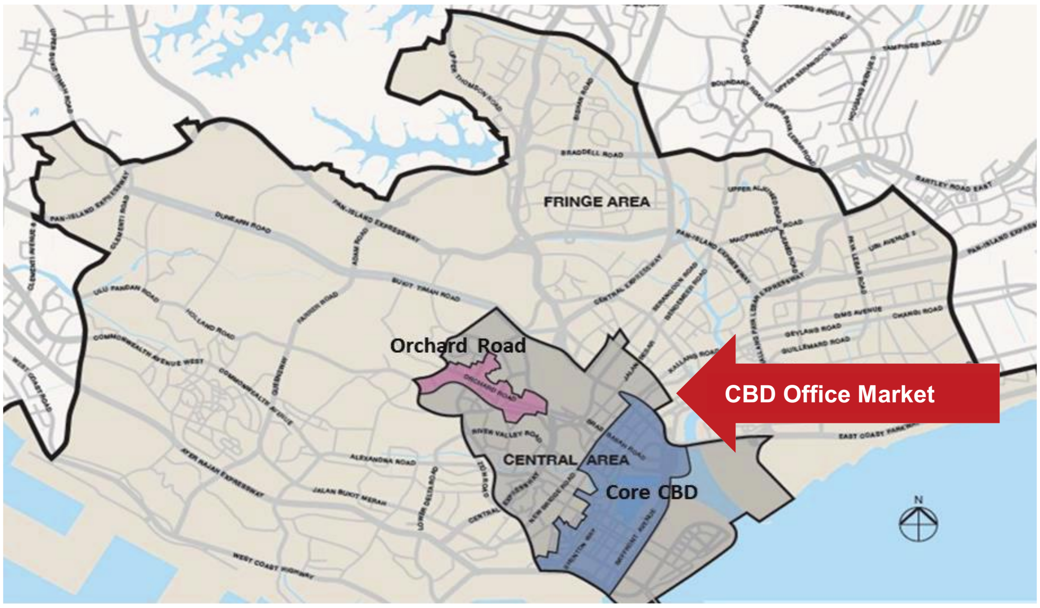
The recent Employment Outlook survey by the Manpower Group supports this trend, with Singapore employers reporting the strongest hiring intentions of the past three years. This was particularly for the finance & insurance and real estate sectors. This positive employment outlook in office-occupier industries should benefit the Singapore office market in the years to come as employers require additional space to accommodate their new hires.

3. Singapore CBD Office Market

3.1 Introduction

The CBD is Singapore's premier office location, accounting for approximately 47% of Singapore's total all-grade office inventory, with 39.8 million sq ft of net lettable area (NLA) as at Q1 2018. The Singapore CBD office market is comprised of the Core CBD area and the Orchard Road area as shown in Figure 3.1 below.

Figure 3.1: Location of the Singapore CBD Office Market



Source: URA and Colliers International

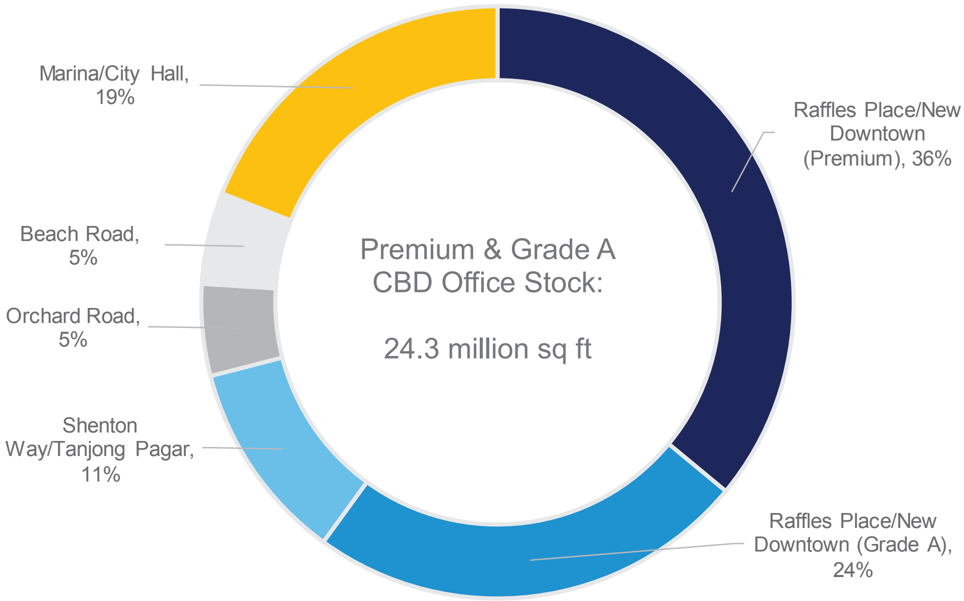
As defined by Colliers International for market analysis purposes, the Singapore CBD office market comprises five Premium & Grade A office submarkets: Shenton Way / Tanjong Pagar, Raffles Place / New Downtown (Marina Bay area), City Hall, Beach Road and Orchard Road, as shown on Figure 3.2. The Properties are located in the Shenton Way / Tanjong Pagar submarket which we discuss in further detail in the following section of this report.

For the purpose of this report, the market review focuses exclusively on the Premium & Grade A segment of the Singapore CBD's office market as this is the segment most relevant to the subject acquisition. As at Q1 2018, the Premium & Grade A office space stock in the Singapore CBD totalled 24.3 million sq ft as shown on Figure 3.3.

Figure 3.2: Office Submarkets within the Singapore CBD Precinct

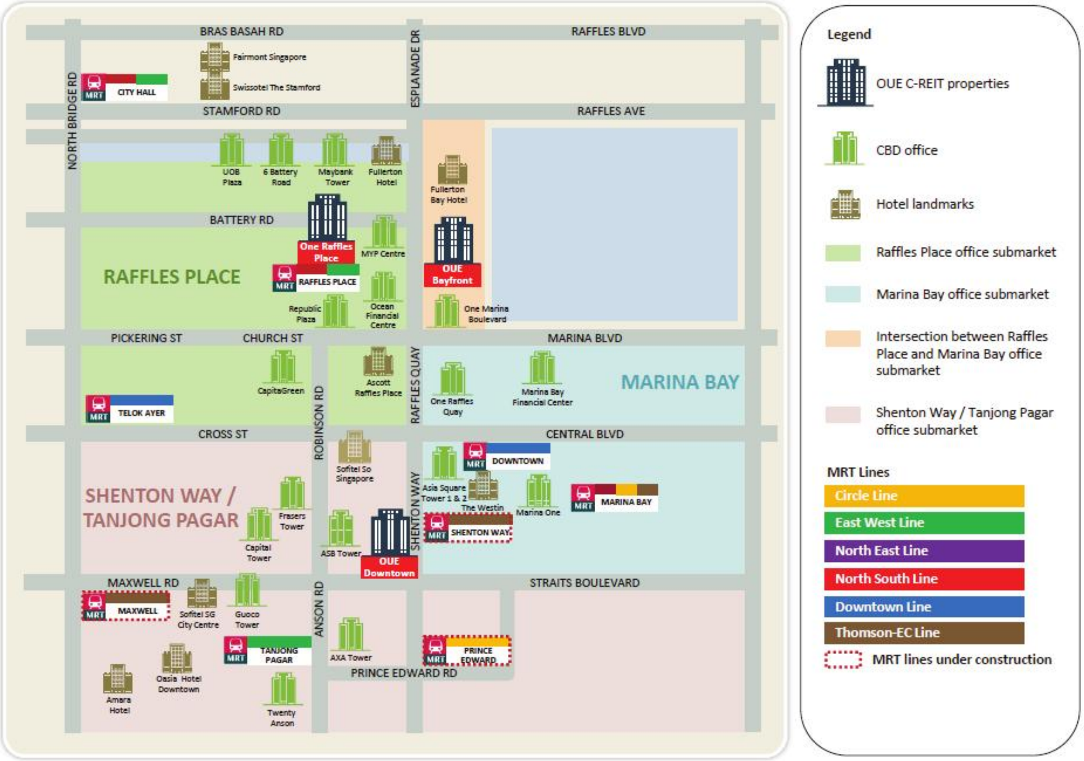
Source: Colliers International

Figure 3.3: Distribution of CBD Premium & Grade A Total Office Stock (Q1 2018)



Source: Colliers International

Figure 3.4: Location of OUE C-REIT Properties within the CBD Office Submarkets



Source: Colliers International
Note: The map is an illustrative schematic overview only and is not to scale.

In an effort to decentralise employment growth outside the central area, the URA Master Plan 2014 identifies new commercial growth areas outside of the CBD to accommodate some of Singapore's future office development. These growth areas, including the Jurong Lake District, the Woodlands Regional Centre and the Punggol Digital District, are currently in the planning stage, with no office projects expected to be completed within the next five years.

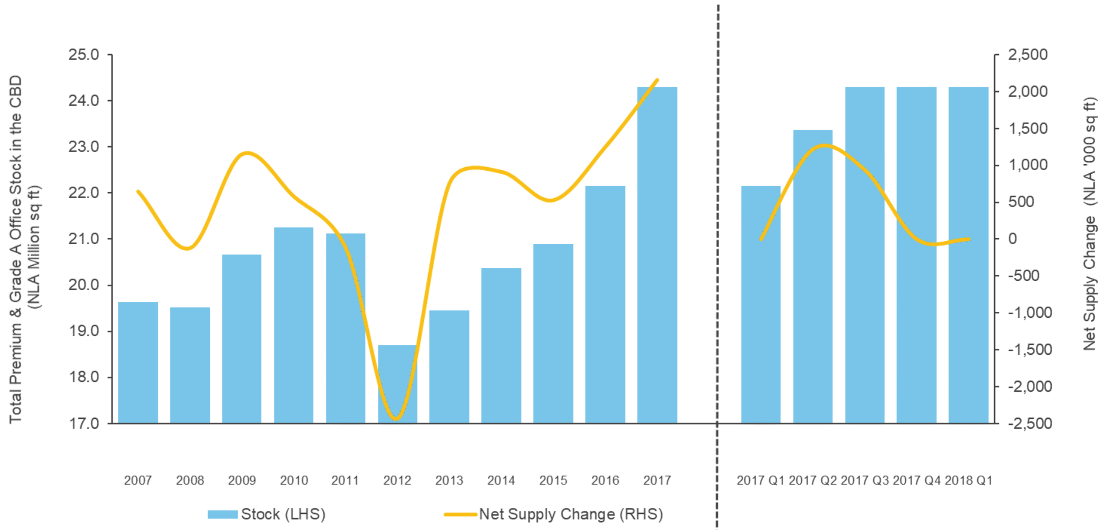
While these growth areas are envisioned to accommodate a growing share of the city-state's future office development in the future, they are not expected to compete directly with the CBD Premium & Grade A office market as they are anticipated to cater primarily to back office functions and local-oriented service occupiers. As such, the CBD is expected to remain Singapore's primary Premium & Grade A office location for the foreseeable future.

3.2 CBD Office Market Supply

According to the URA, the Singapore CBD Premium & Grade A office stock totalled 24.3 million sq ft as at Q1 2018. From 2007 to Q1 2018, the CBD office stock grew by nearly 4.7 million sq ft of NLA, averaging about 466,000 sq ft of new supply per annum. In 2016 and 2017, over 3.4 million sq ft of new office space was delivered to the CBD submarket, the largest new supply of the past decade.

As shown in figure 3.5, in 2017, net new supply totalled 2.16 million sq ft, up from the 1.25 million sq ft witnessed in 2016. The new supply in 2017 was almost entirely attributed to two office projects: Marina One West and East Towers (1.88 million sq ft) and UIC Centre – 5 Shenton Way (276,000 sq ft), both of which were completed in the second and third quarters of the year. In Q1 2018, no new office space was completed.

Figure 3.5: CBD Premium & Grade A Office Stock and Net Supply Change (2008 – 2018 Q1)

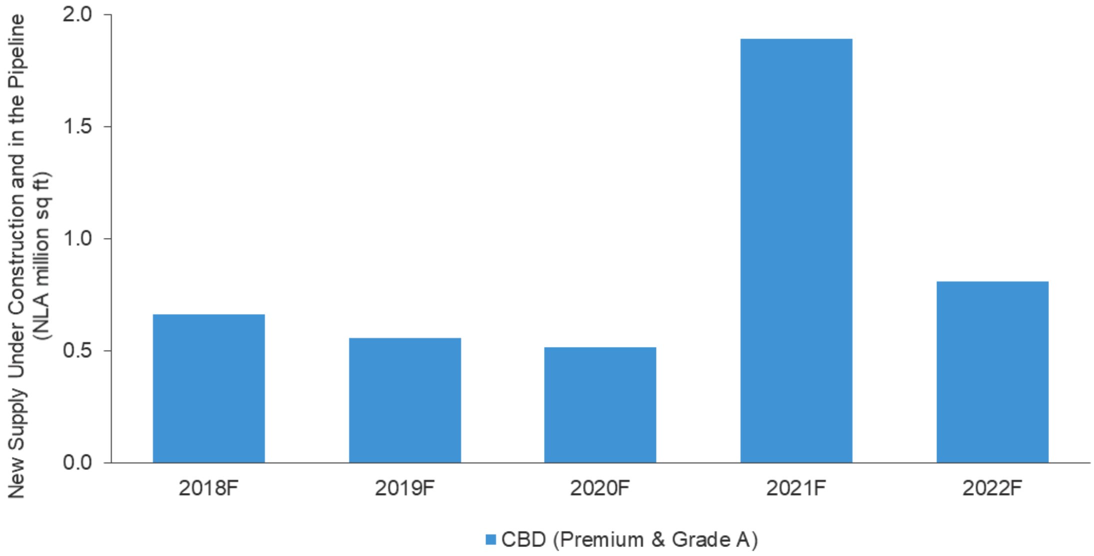


Source: Colliers International

Details of the Premium & Grade A office projects under construction or in the development pipeline as of Q1 2018 are presented in the table and chart below.

Figure 3.6: Premium & Grade A Office Projects Under Construction and in the Pipeline (Q1 2018)

Building Name	Est. Year of Completion	Est. Office NLA (sq ft)	Submarket	Developer	Address
Frasers Tower	2018	663,000	Shenton Way / Tanjong Pagar	FC Commercial Trustee Pte Ltd	182 Cecil Street
Funan	2019	204,000	City Hall	HSBC Institutional Trust Services (Singapore) Limited	109 North Bridge Road
Park Mall	2019	352,000	Orchard Road	Park Mall Pte Ltd	9 Penang Road
ASB Tower	2020	515,000	Shenton Way / Tanjong Pagar	Southernwood Property Pte Ltd	79 Robinson Road
CapitaSpring	2021	635,000	Raffles Place / New Downtown	CL Office Trustee Pte Ltd/Glory SR Trustee Pte Ltd	88 Market Street
Central Boulevard Site(GLS)	2021	1,260,000	Raffles Place / New Downtown	Wealthy Link Pte Ltd	Central Boulevard
Beach Road Site (GLS)	2022	808,000	Beach Road	GLL Prosper Pte Ltd & GLL Thrive Pte Ltd (GuocoLand)	Beach Road
Total		4,437,000			



Source: Colliers International

As of Q1 2018, there is an estimated 4.4 million sq ft of Premium & Grade A office space across seven projects under construction or in the pipeline within the CBD. This total new supply is expected to be completed gradually between 2018 and 2022, averaging circa 887,000 sq ft per year, which is considerably lower than the 1.12 million sq ft of new supply completed from 2013 to 2017. The bulk of the new supply (60% or approximately 2.7 million sq ft) is expected to come to market in 2021 and 2022. Approximately 40% (or 1.7 million sq ft) of this new supply is expected to be delivered over the next three years, including the 663,000 sq ft Frasers Tower on Cecil Street by the end of 2018. As such, the amount of new Premium & Grade A office supply in the CBD will be modest relative to that of past five years.

3.3 CBD Office Market Demand and Occupancy

During 2016 and 2017, amidst the largest wave of new office completions in the past decade, new supply temporarily exceeded demand, leading to downward pressure on occupancy levels. The Premium & Grade A office occupancy rate within the CBD decreased from 96.5% in 2015 to 93.0% in 2016. Occupancy declined even further to reach a seven-year low of 91.5% in Q3 2017 as a result of an additional 2.1 million sq ft of new office space entering the market. Nevertheless, as the new space was absorbed, occupancy improved to 91.8% in Q4 2017 and accelerated its upward trend into 2018. As of Q1 2018, the occupancy rate stood at 94.2%, on par with the 10-year average, confirming the solid recovery of the Premium & Grade A CBD office market.

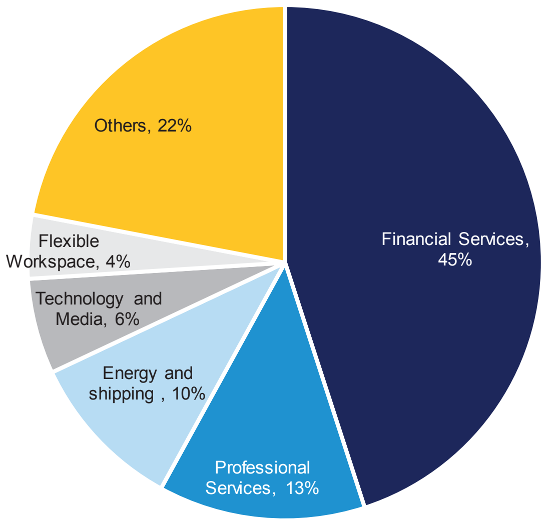
Net absorption of Premium & Grade A CBD office space increased significantly from circa 440,000 sq ft in 2016 to 1.745 million sq ft during 2017, well above the 10-year average annual absorption of 295,000 sq ft in the Premium & Grade A office segment. This was mainly due to new projects being completed and improved market sentiment among major occupiers. Particularly strong levels of absorption were recorded in Q2 2017

(916,000 sq ft) and in Q3 2017 (482,000 sq ft), as new projects came on-stream and the Singapore economy recovered from the slowdown of 2016.

Since the beginning of the recovery, the market has experienced both healthy levels of pre-commitment for new build properties and stronger leasing activity for existing office properties. For example, by Q3 2017, Guoco Tower in Shenton Way / Tanjong Pagar achieved a 99% take-up rate within 12 months of its completion in September 2016; DUO Tower in the Beach Road submarket was reportedly 60% leased within a few months from its completion date; and Marina One surpassed 70% in commitments upon completion. We note this trend is largely being driven by existing occupiers either looking to increase their existing floor space and a flight-to-quality. The latter is more so prevalent amongst banking, financial services, and professional services companies seeking to move up from existing lower grade office spaces to Premium & Grade A office space.

Overall, the service sector is the primary source of occupier demand for Premium & Grade A office space in Singapore's CBD. As of Q1 2018, financial services occupied 45% of Premium & Grade A office space in the CBD, the largest share of any tenant types. Professional services firms, at 13% of the total occupied space, accounted for the second largest office footprint, followed by energy and shipping firms with 10% of the total stock.

Figure 3.7: Tenant Profile in CBD Premium & Grade A Office Space (Q1 2018)



Source: Colliers International

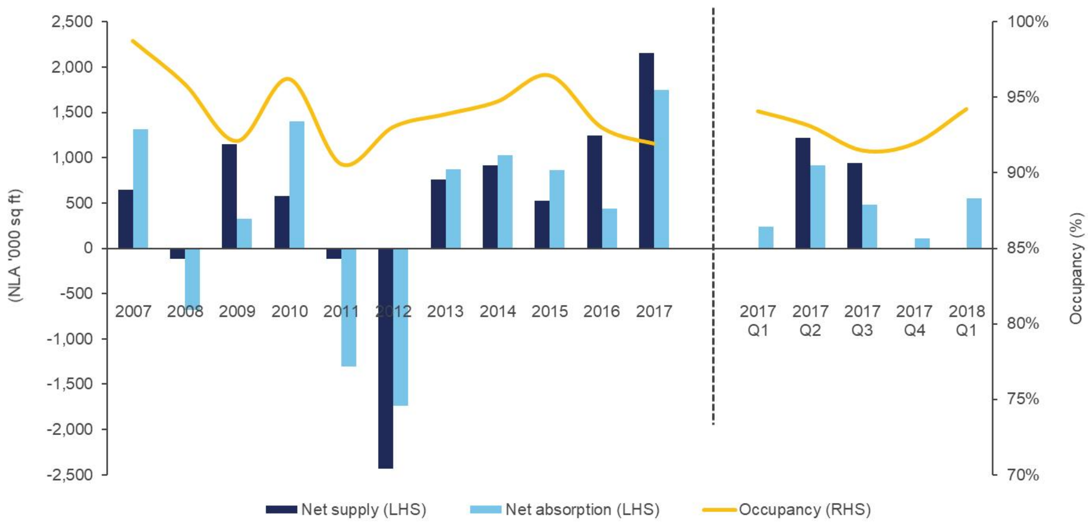
While only occupying 6.0% of the total office space in the Premium & Grade A segment, technology and media firms are currently one of the largest sources of expansionary demand in the market as both large international tech firms and local start-ups expand their footprint in the CBD.

We note that the technology sector continues its growth trajectory, mainly driven by software and cloud computing firms navigating from their explosive growth stage. For instance, artificial intelligence start-up, Appier, doubled its space take-up within Asia Square Tower 1 to 4,000 sq ft and software company, Cloudera, relocated to One Raffles Place Tower 2 (18,000 sq ft) from a serviced office. Similarly, Ultimate Software, a cloud-based technology firm, took up 8,000 sq ft at One George Street in a growth-driven relocation requirement from a serviced office. Amazon was also in expansion mode, taking up an additional 15,000 sq ft at Capital Square.

Law firms were also a solid source of expansionary demand across the Premium & Grade A office CBD market, with several prominent deals during Q1 2018, including 15,000 sq ft of additional space by Reed Smith at Ocean Financial Centre, and a 7,000 sq ft expansion by Baker McKenzie Wong Leow within Marina Bay Financial Centre Tower 1.

Looking forward, Colliers International expects expansionary demand to rise further among major technology and legal companies as companies pursue their hiring plans, thereby increasing headcounts. Further, it is likely that in the short term, given this positive outlook, firms may seek to move earlier to secure potentially lower rents and/or higher incentives before the recovery firmly takes hold.

Figure 3.8: Net Supply, Absorption & Occupancy Rate within the Singapore CBD (2007 – Q1 2018)



Source: URA and Colliers International

Against this backdrop, overall demand for Premium & Grade A CBD office space is expected to remain strong over the next five years. This is on the back of moderate but sustained GDP growth, increased employment, strong demand for newly built office space and growth in key office-occupier industries. Furthermore, based on the strong levels of pre-commitment currently observed for projects under development, Colliers International forecasts absorption, averaging approximately 893,000 sq ft per year, to match the net new anticipated supply of circa 887,000 sq ft per year over the next five years.

Based on projected supply and demand trends, Colliers International's forecasts of key performance indicators for the CBD Premium & Grade A office market over the next five years are shown in Figure 3.8. Colliers

International expects occupancy to increase 1.6% to 95.8% at the end of 2018, before decreasing slightly by 0.8% to 95.0% in 2019 and by 0.7% to circa 94.3% in 2020 as new office supply enters the market. In 2021 and 2022, occupancy rates are expected to decline only slightly to 93.0% and 93.3% as strong demand is anticipated to offset most of the new supply.

Figure 3.9: CBD Premium & Grade A Office Forecasts (2018 - 2022)

	2018	2019	2020	2021	2022
Office Stock (in millions of sq ft)	25.0	25.5	26.0	27.9	28.7
Net New Supply (in millions of sq ft)	0.70	0.60	0.50	1.90	0.80
Net Absorption (in millions of sq ft)	1.60	0.30	0.30	1.40	0.84
Occupancy Rate (%)	95.8%	95.0%	94.3%	93.0%	93.3%

Source: Colliers International

3.4 CBD Office Rents

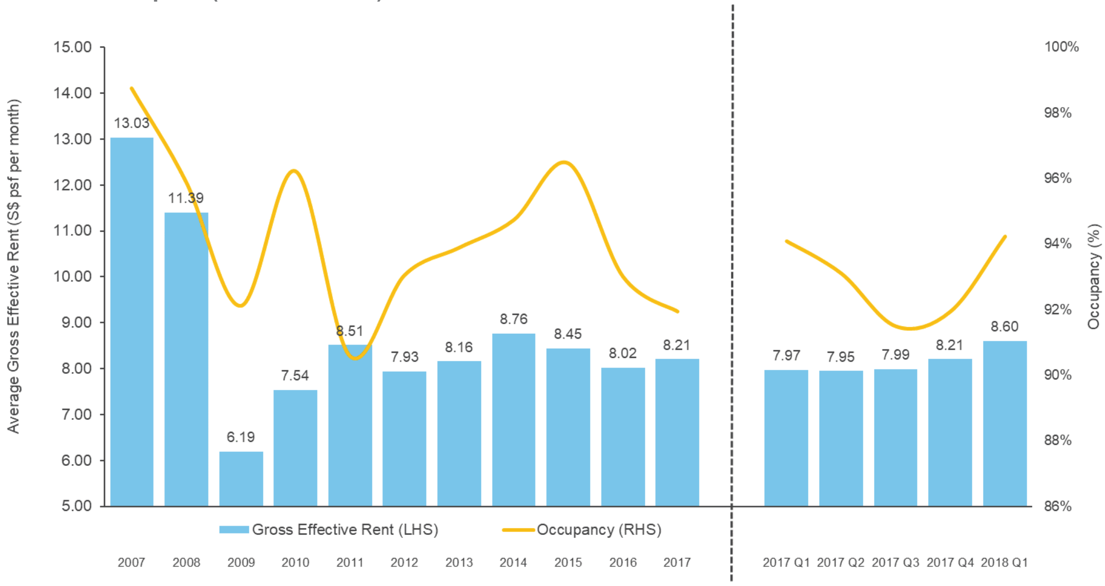
Average gross effective office rents[1] for Premium & Grade A space in the CBD market have remained within the S$7.50 to S$8.80 psf per month range since the end of the global financial crisis in 2010. Over the past five years, gross effective rents in the CBD grew by an average annual rate of 0.68% as occupiers remained cost-conscious on the back of modest GDP growth, the deceleration of China's economic expansion, and the appreciation of the Singapore dollar against major international currencies. Furthermore, the significant amount of new office supply delivered during 2016 and 2017 had a dampening effect on effective rents as landlords offered more competitive rental rates to attract and retain tenants. The average gross effective office rent in the CBD declined 3.4% from S$8.80 psf per month in 2014 to S$8.50 psf per month in 2015. This decreased by a further 5.9% in 2016, hitting a low of S$8.00 psf per month as landlords resorted to discounting to attract and retain tenants.

Gross effective office rents remained under continued downward pressure in 2017. However, they stabilised and bottomed out by year-end and even recorded a modest recovery. As occupancy improved, gross effective rents recorded healthy gains across the CBD. While companies continue to be cost-conscious and explore ways to optimise their space utilisation, suitable office space has become scarcer in the CBD as a result of improved occupancy. In particular, there is a growing shortage of readily available large floor plates in premium CBD buildings. As such, lease negotiations are gradually shifting in favour of landlords as good quality space becomes less readily available across the CBD, translating into higher asking rents and reduced incentives to tenants.

In Q4 2017, gross effective rents for Premium & Grade A office space have ranged between S$7.18 and S$9.83 psf per month, averaging S$8.20 psf per month. In Q1 2018, this range had moved upwards to S$7.60 and S$10.49 psf per month, averaging S$8.60 psf per month. This represented a QoQ growth rate of approximately 4.9%, the strongest growth momentum witnessed over the past five years.

1 The lease rates figures provided in this report refer to the average rent payable for full-floor leases located on a mid-floor level over the lease term after accounting for incentives such as rent-free periods.

Figure 3.10: Average Gross Effective Rents and Occupancy for Premium & Grade A CBD Office Space (2007 - 2018 Q1)



Source: Colliers International

As shown in Figure 3.11, Colliers International forecasts that average gross effective rents should increase from circa S$9.00 psf per month by the end of 2018 to circa S$9.30 to S$9.90 psf per month by the end of 2019. This will be underpinned by reduced vacancy rates, and stronger demand associated with accelerating local and global economic growth. Average rents are expected to moderate slightly, to a range of between S$9.00 and S$9.50 psf per month in 2020 as new supply (see list of projects shown in Figure 3.5 above) enters the market. However, this slowdown is expected to be temporary, as rapid absorption of the new supply is anticipated. Average gross effective rents are therefore expected to trend upward again thereafter, to reach a range of circa S$9.50 and S$10.00 psf per month by the end of 2022.

Figure 3.11: Average Gross Effective Rent Forecast for Premium & Grade A CBD Office Space (2018 - 2022)

	2018	2019	2020	2021	2022
Average Gross Effective Rents (S$ psf per month)	9.00 - 9.30	9.30 - 9.90	9.00 - 9.50	9.25 - 9.75	9.50 - 10.00

Source: Colliers International

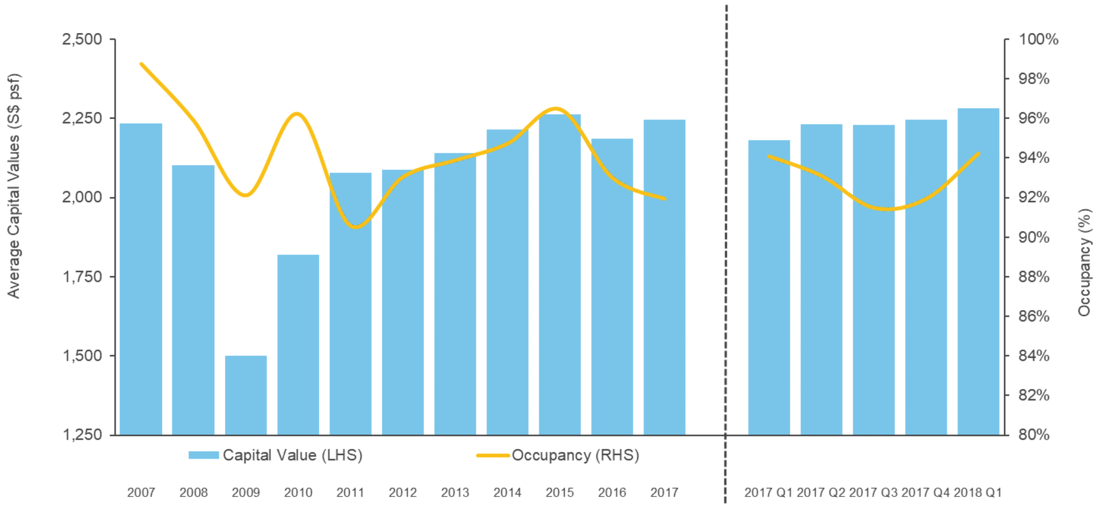
3.5 CBD Office Capital Values

Capital Values

Capital values of Premium & Grade A CBD office buildings[2] have increased steadily, after the fall out of the global financial crisis from 2011 to Q1 2018, appreciating by a compound annual growth rate (CAGR) of 1.3%. This performance was achieved despite fluctuations in office occupancy and rents during the same period, as investors maintained strong interest for prime assets amid the low interest rate environment.

At the end of 2017, average capital values were S$2,245 psf, up 2.7% YoY compared to the S$2,186 psf achieved in 2016. In Q1 2018, capital values have continued their upward trajectory with average values achieved reaching circa S$2,281 psf, a 1.6% increase QoQ.

Figure 3.12: Capital Value vs Occupancy - Premium & Grade A CBD Office Space (2007-Q1 2018)



Source: Colliers International

Looking ahead, Colliers International expects capital values of Premium & Grade A office space to continue to increase at an average annual growth rate of approximately 1.5% over the next five years. This is in line with the average annual appreciation observed between 2011 and 2017.

Limited new supply, improved occupancy and higher rents are expected to off-set risks associated with rising interest rates in the medium term, with capital values unlikely to be materially impacted and yield spreads expected to compress further. As such, capital values are therefore expected to increase from about S$2,282 psf by the end of 2018, to S$2,315 psf in 2019, with this gradually increasing to S$2,418 psf by 2022.

2 The valuation-based methodology is used to derive capital values from a basket of representative properties located in the CBD area.

Figure 3.13: Capital Value Forecast for Premium & Grade A CBD Office Space (2018 – 2022)

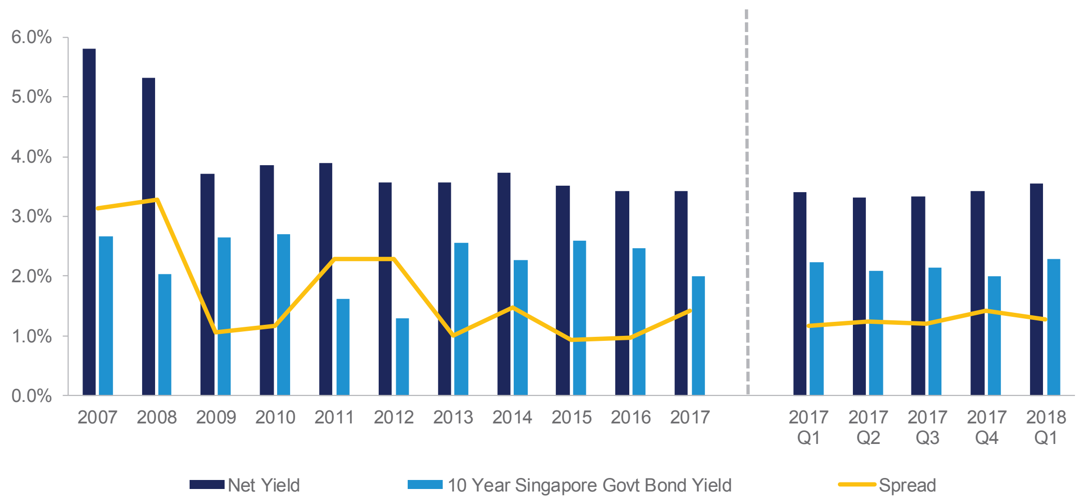
	2018	2019	2020	2021	2022
Capital Values (S$ psf)	2,282	2,315	2,349	2,383	2,418
Capital Values Growth YoY (%)	1.6%	1.5%	1.5%	1.5%	1.5%

Source: Colliers International

Yields

The average net yield of Premium & Grade A CBD office space remained relatively stable within the 3.50% to 3.75% range since 2009 though there has been a slight downward trend since 2015. Investor appetite for prime assets, Singapore's status as a gateway market and the limited inventory of available assets for sale in the Singapore CBD are some of the factors underpinning the recent compression of yields, with this set to continue in the short to medium term.

Figure 3.14: Yield Spread of Premium & Grade A Office in CBD Submarket (2007 – Q1 2018)



Source: Colliers International and Monetary Authority of Singapore (MAS)

3.6 CBD Premium & Grade A Office Market Outlook

Premium & Grade A CBD Office Demand and Occupancy

Demand for CBD office space is expected remain strong over the next five years supported by moderate but sustained GDP growth, sustained demand for newly built premium CBD office space and growth in key office-occupier industries. Occupancy rates, already robust at over 94.0%, are expected to remain relatively stable over the foreseeable future, as strong demand for new space is anticipated to offset the upcoming new supply. Occupancy is expected to increase 1.6% to 95.8% at the end of 2018, before decreasing slightly by 0.8% to 95.0% in 2019 and by 0.7% to circa 94.3% in 2020 as limited new office supply will enter the market during these years. When new supply hits the market in 2021 and 2022, occupancy rates are expected to decline slightly to 93.0% in 2021 and 93.3% in 2022 as the new supply is absorbed.

Premium & Grade A CBD Office Rents

On the back of stable occupancy and strong economic fundamentals, average gross effective rents of Premium & Grade A CBD office space are expected to increase to a range of between S$9.00 and S$9.30 psf per month in 2018, rising further to S$9.30 to S$9.90 psf per month by the end of 2019. In 2020, rents are expected to soften slightly to between S$9.00 to S$9.50 psf per month given the anticipated new supply. This slowdown is however expected to be temporary, and rents are expected to trend upward again thereafter to reach a range between S$9.50 and S$10.00 psf per month by the end of 2022. Strong demand for new Premium & Grade A space in the CBD and the rapid absorption expected at these projects is expected to sustain rental growth in these two years.

Premium & Grade A CBD Office Capital Values

Capital values of Premium & Grade A CBD office space are expected to continue growing at an average growth rate of approximately 1.5% per annum. This is in line with the historical average annual average growth rate observed between 2011 and 2017. This will be supported by improved occupancy and higher rents, despite the outlook in the global interest rate environment and its potential impact on investment yields. As Singapore remains a gateway investment market within Asia, investors are expected to maintain their appetite for prime assets. As such, at least in the short term, no material impact is anticipated on Premium & Grade A office capital values, as increases in interest rates are expected to be small and gradual. Colliers International expects yield spreads to continue to compress, with average capital values of Premium & Grade A CBD office space to increase from circa S$2,282 psf by the end of 2018, to S$2,315 psf in 2019, and gradually reaching S$2,418 psf by 2022.

4. Shenton Way / Tanjong Pagar Office Submarket

The Properties are located within the Shenton Way / Tanjong Pagar submarket, which forms part of Singapore's CBD. In this section of the report, we provide recent trends and outlook for the Shenton Way / Tanjong Pagar submarket, and in particular the Premium & Grade A office market.

4.1 Shenton Way / Tanjong Pagar Office Supply

According to the URA, the completed (all grades) office stock in the Shenton Way / Tanjong Pagar submarket totalled 11.8 million sq ft as at Q1 2018, accounting for 13.8% of the total island-wide office supply. Over the past ten years, just under two million sq ft of new all-grade office space was completed in the Shenton Way / Tanjong Pagar submarket, averaging about 200,000 sq ft per year. This was a result of the URA Master Plan 2014 which encouraged rezoning for mixed-use and office redevelopments in the area. Recent Premium & Grade A office completions include Guoco Tower (890,000 sq ft) in Q3 2016, and the UIC Building (276,000 sq ft) at 5 Shenton Way in Q2 2017.

Approximately 1.2 million sq ft of new office space is expected to be completed in this submarket between 2018 and 2022, including 663,000 sq ft at Frasers Tower in Q2 2018 and 515,000 sq ft at ASB Tower in 2020. However, given that circa 80% of the office space at Frasers Tower has already been pre-committed, the remaining unabsorbed net new supply is expected to total about 670,000 sq ft from 2019 to 2022, or an average of about 167,000 sq ft per year. This is much lower than the average new office space supply of 233,000 sq ft per annum recorded over the past five years.

Details of the two upcoming office projects in the Shenton Way / Tanjong Pagar submarket are provided in the following table.

Figure 4.1: Major Known Upcoming Projects in Shenton Way / Tanjong Pagar Submarket (as at Q1 2018)*

Development Name/Description	Location	Developer	Estimated NLA of Commercial Component (sq ft)	Estimated Year of Completion	Est. Pre-Leased Space
Frasers Tower	Cecil Street / Telok Ayer Street	FC Commercial Trustee Pte Ltd (Frasers Centrepoints)	663,000	2018	80%
ASB Tower[1]	79 Robinson Road	Southernwood Property Pte Ltd	515,000	2020	0%[1]

Source: URA, Colliers International
Note: *Refers to projects with estimated NLA of at least 300,000 sq ft.
[1]Currently not being marketed given uncertainty on completion date.

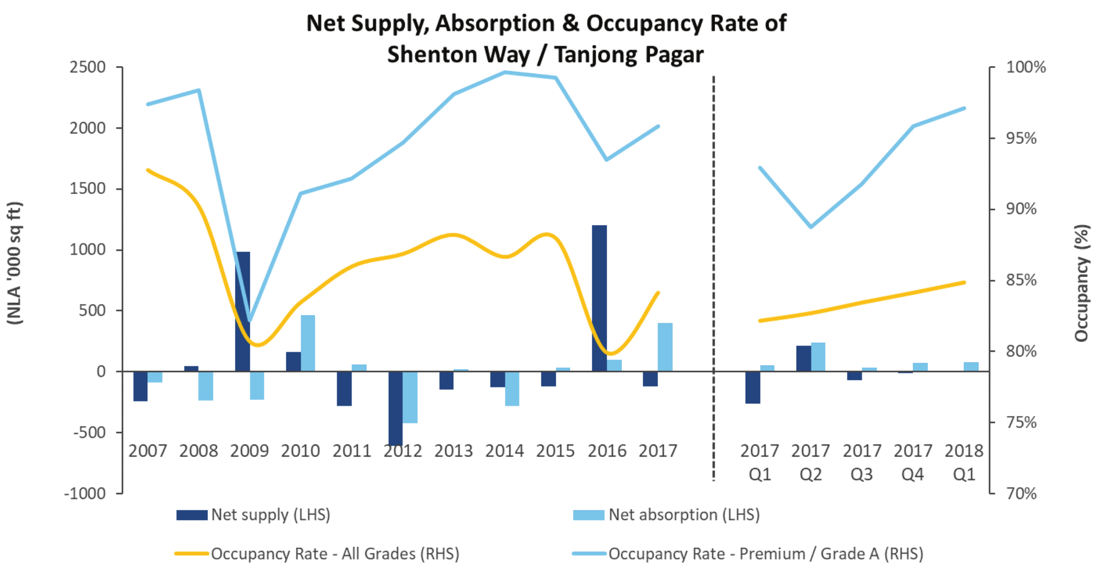
4.2 Shenton Way / Tanjong Pagar Office Demand and Occupancy

As shown in Figure 4.2, the Premium & Grade A office segment fared better than the overall office stock in the Shenton Way / Tanjong Pagar submarket since the post-financial crisis recovery in 2010, with an average occupancy rate of about 95.5%. In comparison, the total all-grade stock averaged an occupancy rate of 85.4%

during the same period. The robust performance of the Premium & Grade A office segment is underpinned by the flight-to-quality trend, as major occupiers increasingly prefer newer good quality building over ageing lower-grade buildings. In particular, older and lower-grade office buildings in the Shenton Way / Tanjong Pagar submarket saw a notable dip in occupancy as occupiers relocated to new office buildings completed in the past three years.

Occupancy for all-grade office space in this submarket started to decline significantly from 88% in 2015 down to 79.9% in 2016, followed by an improvement to 84.2% by the end of 2017. This sharp drop in overall occupancy could however, be attributed to the time lag between the completion of the new office developments and occupiers' physical occupation of their new office premises, rather than a lack of demand.

Figure 4.2: Net New Supply and Occupancy Rate of All Grade and Premium & Grade A Office Space in Shenton Way / Tanjong Pagar Submarket (2007 – Q1 2018)



Source: URA and Colliers International

Since the recovery from the global financial crisis in 2010, Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket maintained strong occupancy levels. This was despite the completion of new office supply and slowdown of the Singapore economy. Occupancy for Premium & Grade A office space in the Shenton Way / Tanjong Pagar Way area declined from a record level of 99.2% in 2015, to 93.5% in 2016, before increasing again to 95.8% by the end of Q4 2017. In Q1 2018, occupancy for Premium & Grade A office within this submarket stood at a healthy 97.1% as landlords successfully attracted tenants, once again underpinning the strong occupier demand for quality office space in the submarket.

Demand has primarily come from tech and legal firms as well as co-working operators in the Shenton Way / Tanjong Pagar submarket. In Q2 2017, growing co-working space operators further expanded their footprint, such as the Working Capitol Group, which leased 11 floors in 140 Robinson Road (Crown at Robinson) amounting to 55,000 sq ft, and Just Office which took up 40,000 sq ft over two floors in UIC Building.

Since 2017, as the flight-to-quality trend continued, absorption of office space in new developments has remained healthy. The 890,000 sq ft Guoco Tower achieved a 99% take-up rate by Q3 2017, and the newly completed UIC Building was 97% leased as at June 2018, with committed rents in the range of S$10.80 to S$11.80 psf per month, and S$9.00 to S$9.50 psf per month respectively. Fuelling this demand were office expansions and relocations by professional services companies within their existing locations in Shenton Way / Tanjong Pagar submarket in Q3 2017. For example, Arup, a global design, engineering and business consultancy, signed on 38,000 sq ft at Frasers Tower and would relocate from its existing location in Keppel Towers in Tanjong Pagar.

Looking ahead, demand for the Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket is expected to remain robust in the coming years. Absorption, estimated at about 250,000 sq ft per year on average, is anticipated to slightly outweigh the new supply, expected to average approximately 235,000 sq ft per year. As a result, occupancy rates for Premium & Grade A office space are expected to remain elevated at circa 95% to 98.5% in the short to medium term.

Figure 4.3: Key Premium & Grade A Office Market Forecast Indicators for Shenton Way / Tanjong Pagar Submarket (2018 – 2022)

	2018	2019	2020	2021	2022
Net New Supply (in millions of sq ft)	0.7	0.0	0.5	0.0	0.0
Net Absorption (in millions of sq ft)	0.6	0.1	0.4	0.1	0.1
Occupancy Rate (%)	95.0%	97.5%	94.1%	96.3%	98.5%

Source: Colliers International

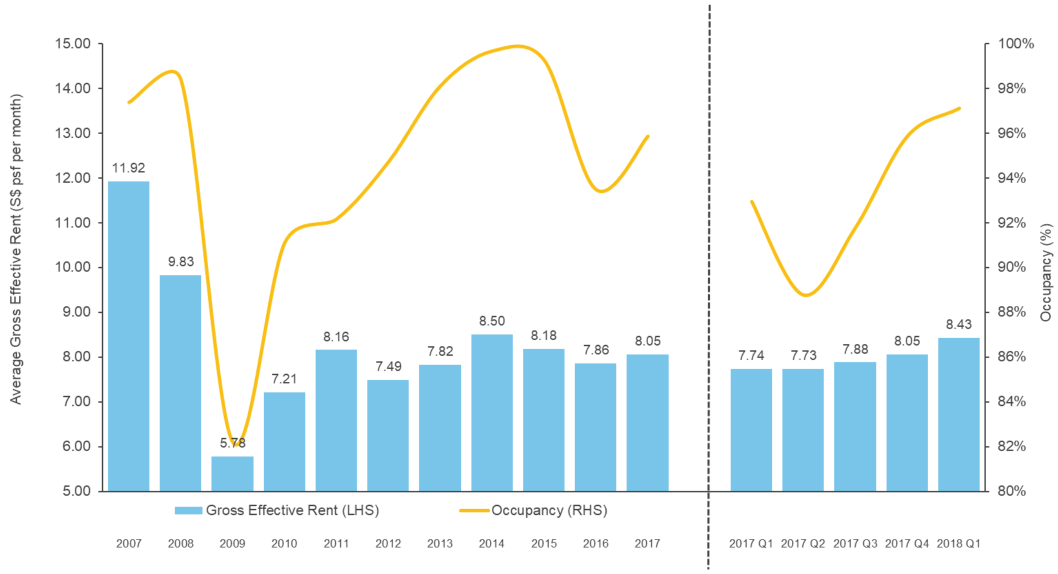
4.3 Shenton Way / Tanjong Pagar Premium & Grade A Office Rents

Underpinned by high occupancy and sustained occupier demand for quality office space, gross effective rents for Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket began to trend upward in the second half of 2017, with rents improving further in 2018. As shown in the following figure, average gross effective office rents[3] for Premium & Grade A space in the Shenton Way / Tanjong Pagar submarket have increased from circa S$7.20 psf per month in 2010 to S$8.05 psf per month at the end of 2017, an average growth of 1.6% per annum during the 7-year period.

Gross effective rents increased by 4.7% from Q4 2017 to Q1 2018 to reach S$8.43 psf per month, the highest QoQ increase, and the highest rent level of the past five years. YoY rental growth was 8.9% in Q1 2018 compared to Q1 2017, a faster pace than the growth rate of 7.9% recorded for the entire CBD during the corresponding period.

3 The lease rates figures provided in this report refer to the average rent payable for full-floor leases located on a mid-floor level over the lease term after accounting for incentives such as rent-free periods.

Figure 4.4: Monthly Gross Effective Rent of Premium & Grade A Office Space in Shenton Way / Tanjong Pagar Submarket (2007 – Q1 2018)



Source: Colliers International

The improvements in occupancy and rents registered in the submarket are generally in line with the broader CBD Premium & Grade A office market and are supported by the strong economic fundamentals of key office-occupier service sectors, including finance & insurance, and tighter office market leasing conditions. Further, as good quality space becomes less readily available, lease negotiations are expected to shift in favour of landlords, translating into higher asking rents and reduced incentives offered to tenants.

As such, rental growth momentum for the Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket is expected to continue over the next few years. Colliers International forecasts an average annual growth rate of approximately 2.0% to 2.5% given the reduced available supply, improved economic fundamentals, and employment growth across the key office-occupier sectors. Therefore, average gross effective rents are expected to increase from circa S$8.40 to S$9.00 psf per month by the end of 2018, to circa S$9.30 to S$9.75 psf per month by 2022 and S$9.50 to S$10.25 psf per month by 2023.

Figure 4.5: Premium & Grade A Office Rents Forecast for Shenton Way / Tanjong Pagar Submarket (2018 – 2023)

	2018	2019	2020	2021	2022	2023
Average Gross Effective Rents (S$ psf per month)	8.40 - 9.00	8.75 - 9.15	8.90 - 9.30	9.10 - 9.50	9.30 - 9.75	9.50 - 10.25

Source: Colliers International

4.4 Shenton Way / Tanjong Pagar Premium & Grade A Office Capital Values

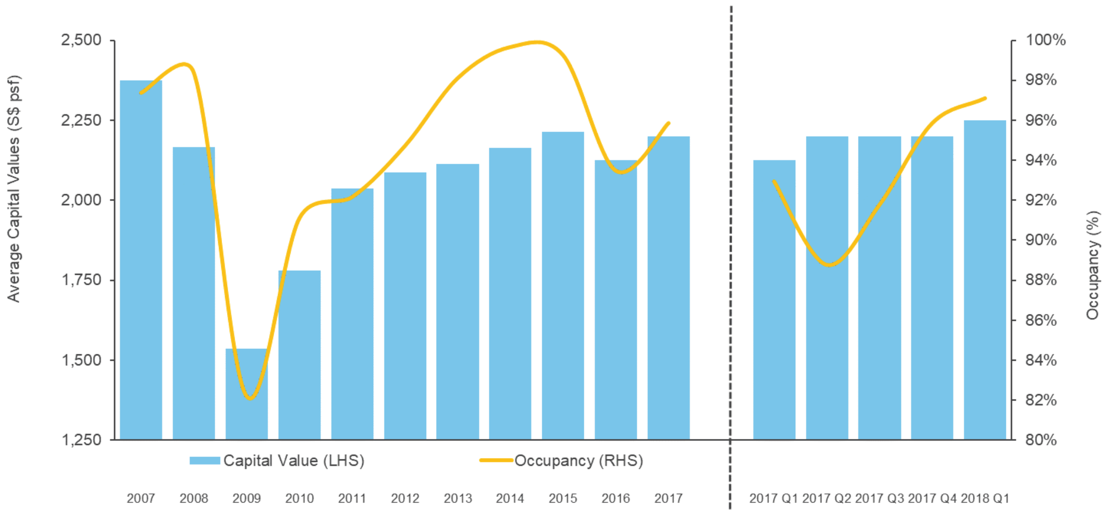
Capital Values

Capital values of Premium & Grade A office buildings[4] in the Shenton Way / Tanjong Pagar submarket have appreciated faster than those in the broader CBD market over the past seven years, despite the slight decrease in occupancy and rents in recent years. Since 2011, capital values of Premium & Grade A office properties in the Shenton Way / Tanjong Pagar submarket appreciated by 3.0% CAGR, higher than the 1.3% rate witnessed in the broader CBD market during the same period.

Besides macroeconomic and investment fundamentals, such as the investor interest for prime assets, the low interest rate environment and the role of Singapore as a gateway investment market, strong capital value growth in the Shenton Way / Tanjong Pagar submarket was also underpinned by the catalyst effect of recent landmark developments. The completion of prime office developments in recent years, such as Guoco Tower, now the tallest building in the city-state, OUE Downtown as well as new residential and hospitality projects, raised the profile of the submarket as one of Singapore's most attractive investment locations.

During 2017, average Premium & Grade A capital values were circa S$2,200 psf, a 3.5% increase YoY from the S$2,125 psf registered in 2016. In Q1 2018, capital values have continued their upward trajectory as yields spreads continue to compress. Capital values for Premium & Grade A office were up 2.3% QoQ, increasing to S$2,250 psf at the end of Q1 2018.

Figure 4.6: Average Capital Value of Premium & Grade A Office Space in Shenton Way / Tanjong Pagar Submarket (2007 – Q1 2018)



Source: Colliers International

4 The valuation-based methodology is used to derive capital values from a basket of representative properties located in the submarket.

Looking ahead, Colliers International expects capital values of Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket to increase by an average annual growth rate of approximately 1.5%, in line with the outlook for the wider CBD market. Capital values are forecast to increase from about S$2,250 psf by the end of 2018, to S$2,284 psf in 2019, and to gradually reach S$2,388 psf by 2022. This forecast is based on the expectation that improved occupancy and higher rents in the submarket over the next few years will offset the risk of further rises in interest rates which could otherwise cause investment yields to widen.

Figure 4.7: Premium & Grade A Office Capital Value Forecast for Shenton Way / Tanjong Pagar Submarket (2018-2022)

	2018	2019	2020	2021	2022
Capital Values (S$ psf)	2,250	2,284	2,318	2,353	2,388
Capital Values Growth YoY (%)	2.3%	1.5%	1.5%	1.5%	1.5%

Source: Colliers International

Yields

Prime office yields in the Shenton Way / Tanjong Pagar submarket are around 3.5% - 4.0% as of Q1 2018 based on recent office sales transactions, broadly in line with the prime office yield of 3.5% - 3.75% in the wider CBD area. It is expected that office yields will slowly widen as the interest rates and bond yields increase over the medium to long term. As previously mentioned, the widening of the office investment yields will likely occur gradually over a longer period of time and are unlikely to materially impact capital values in the Shenton Way / Tanjong Pagar submarket in the short term.

4.5 Shenton Way / Tanjong Pagar Office Tenant Profiles

As of Q1 2018, key office tenants in the Shenton Way / Tanjong Pagar submarket are mainly global companies from the financial services, banking, technology and media, trading, and commercial services industries/sectors. In particular, technology and media companies are increasing their presence in this submarket. For example, approximately 37% of the space in Guoco Tower in Tanjong Pagar has been leased by technology and media companies, including Agoda, Dentsu, Aegis Network and Palo Alto Networks.

4.6 Shenton Way / Tanjong Pagar Office Investment

A total of 18 major office sales transactions, including 12 direct comparable leasehold properties and 6 freehold properties, were recorded in and around the Shenton Way / Tanjong Pagar submarket since 2013, as shown in Figure 4.8. Transacted prices recorded from 2013 to 2018 for leasehold office properties ranged between S$1,665 to S$2,900 psf depending on the location, remaining number of years remaining on the leasehold and the age of the property. The average price of the leasehold office properties was S$2,134 psf during the five-year period.

The adjusted price, assuming a fresh 99-year leasehold and new building conditions, is shown on Figure 4.8 to facilitate the comparison between office properties of different leasehold tenures. Table 4.9 shows major office sales transactions in other submarkets within the CBD market since 2013, for comparison purposes.

Figure 4.8: Direct Comparable Properties - Investment Sales Transactions of Office Developments in and around Shenton Way / Tanjong Pagar Submarket (2013 – 2018 YTD)*

Transacted Date	Development Name	Address	Price on NLA / Strata Area (S$ psf)	Adjusted Price Assuming Fresh 99-Year Lease (S$ psf)**	Transacted Price (S$ million)	Estimated NLA / Strata Area (sq ft)	Tenure	Purchaser	Seller
Leasehold									
Jun-14	Cecil House	139 Cecil St, 069539	2,169	2,564	110.0	50,704	99 years leasehold from 1981 (62 years remaining)	Shentoncil Pte Ltd (comprises Vibrant Group Limited (fka Freight Links Express) and DB2 Group)	Ececil Pte Ltd
Jul-14	Anson House	72 Anson Road, 079911	2,252	2,402	172.0	76,362	99 years leasehold from 1997 (78 years remaining)	SEB	CBRE Global Investors (fka ING Real Estate)
Jan-15	AXA Tower	8 Shenton Way, 068811	1,731	2,031	1,170.0	675,742	99 Years leasehold from 1982 (63 years remaining)	Raffles AXA Tower Pte Limited (Perennial Real Estate Holdings Ltd-led consortium, Perennial Real Estate, HPRY Holdings Ltd, Low Keng Huat)	BlackRock
Jun-15	The Spazio	158 Cecil Street, 069545	2,087	2,449	240.0	115,000	99 Years leasehold from 1982 (63 years remaining)	Mr Denis Jen	Alpha Core Plus Real Estate Fund
Nov-15	CPF Building	79 Robinson Road, 068897	1,698	2,200	550.0	324,000	99 Years leasehold from Jan 1968 (49 years remaining)	Southernwood Property, a fully-owned unit of Southernwood Holding, which in turn is a fully-owned unit of Ascendas Land (Singapore)	CPF Board
Apr-16	78 Shenton Way (50% Stake)	78 Shenton Way, 079120	1,665	1,940	301.5	362,199	99 Years leasehold from 1983 (64 years remaining)	Alpha Investment Partners	Commerz Real of Germany
Sep-16	DB2 Land Building (60% stake)	139 Cecil St, 069539	2,035	2,406	84.0	41,278	99 Years leasehold from 1981 (62 years remaining)	Ze Qi Investment Holdings Pte Ltd (Subsidiary of Shanghai Hengda Group)	Shentoncil Pte. Ltd (JV Vibrant Group and DB2 Group)
Nov-16	Robinson 77	77 Robinson Road, 068896	1,810	1,963	530.8	293,269	99 Years leasehold from 1994 (75 years remaining)	CLSA Capital Partners	SEB Immolnvest Fund
Feb-17	GSH Plaza (Office component)	20 Cecil St, 049705	2,900	3,237	663.7	228,873	99 years leasehold from 1989 (70 years remaining)	Five Seasons XXII Pte Ltd (subsidiary of Fullshare Holdings Pte Ltd)	GSH Corporation (51%), Vibrant DB2 (35%), TYJ Group (14%)
May-17	One George Street	1 George Street, 049145	2,650	2,738	591.6	446,473	99 years leasehold from 2003 (85 years remaining)	One George Street Limited Liability Partnership (OGS LLP) (50% CCT & 50% OGS (II) Ltd owned	CCT
Feb-17	PwC Building	8 Cross Street, Singapore 048424	2,100	2,253	747.0	355,704	99 years leasehold from 1996 (77 years remaining)	Manulife Financial Corporation (Indirect subsidiary)	DBS Bank Ltd
Jun-18	Twenty Anson	20 Anson Rd, 079912	2,505	2,558	516.0	206,000	99-Year Leasehold expiring in 22 Nov 2106 (88 years remaining)	(an unrelated third party, believed to be a foreign private equity fund)	CapitaLand Mall Trust

Figure 4.8: Direct Comparable Properties - Investment Sales Transactions of Office Developments in and around Shenton Way / Tanjong Pagar Submarket (2013 – 2018 YTD)* (Continued)

Transacted Date	Development Name	Address	Price on NLA / Strata Area (S$ psf)	Adjusted Price Assuming 99-Year Lease (S$ psf)**	Transacted Price (S$ million)	Estimated NLA / Strata Area (sq ft)	Tenure	Purchaser	Seller
Freehold									
May-13	135 Cecil Street	135 Cecil Street, 069536	2,191	2,103	182.0	83,076	Freehold	Indonesian tycoon Tahir, founder of the Mayapada group	Alpha Core Real Estate Fund, managed by Keppel Land unit Alpha Investment Partners
Jun-13	Robinson Point	39 Robinson Road, 068911	2,579	2,476	348.9	135,270	Freehold	Tuan Sing Holdings Limited	Sun Venture
Jan-14	50% Stake in Finexis Building	108 Robinson Rd, 068900	2,300	2,208	123.8	53,830	Freehold	An offshore fund managed by Singapore-based Sin Capital Partners (David Shin)	A partnership between Singapore-based Buxani Group and offshore investors advised by Mukesh Valabhji of Seychelles-based Capital Management Group (CMG).
Aug-15	Former Aviva Building	137 Cecil St, 069537	3,109	2,985	210.0	67,550	Freehold	Chinese businessman with the family name Zhou from Shanghai	Cheong Sim Lam
Sep-16	110 Robinson Road	110 Robinson Road, 068901	3,169	3,042	45.1	14,233	Freehold	Indonesian tycoon Tahir, founder of the Mayapada group	OCBC Properties
Apr-18	MYP Plaza	135 Cecil Street, 069536	3,000	2,880	247.0	82,334	Freehold	Affiliated to Filipino billionaire Lucio Tan's group of companies	MYP

*Major Office Investment Sales Transactions are selected based on transactions higher than S$45 million.

** This figure is provided to allow like-for-like price comparison between office properties of different land tenures within the submarket. This is an indicative market value psf of NLA should the residual tenure of the land for each property be reset - or in the case of freehold 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 (see Appendix 1).

Source: URA Realis/SISV Realink/Colliers International Singapore Research

Figure 4.9: Other Major Investment Sales Transactions of Office Developments in the CBD (2013-2018 YTD)

Transacted Date	Development Name	Address	Price on NLA / Strata Area (S$ psf)	Adjusted Price Assuming Fresh 99 Years Lease (S$psf)**	Transacted Price (S$ million)	Estimated NLA / Strata Area (sq ft)	Tenure	Purchaser	Seller
99-Year Leasehold									
Jan-14	OUE Bayfront	50 Collyer Quay,049321	$2,498	$2,551	$1,005.0	402,374	99-year leasehold from 12 Nov 2007 (88 years remaining)	OUE Commercial REIT Pte. Ltd.	Clifford Development Pte Ltd
May-14	Prudential Tower	30 Cecil St, 049712	$2,316	$2,484	$512.0	221,080	99 years leasehold from 1996 (77 years remaining)	A consortium comprising KOP Limited, Lian Beng Group, KSH Holdings and Centurion Global	K-REIT
Jun-14	Equity Plaza	20 Cecil Street, 049705	$2,181	$2,435	$550.0	252,135	99 years leasehold from 1989 (70 years remaining)	Plaza Ventures (comprising GSH Corp, Vibrant DB2 and TYJ Group)	Keppel Land and its fund management arm Alpha Investment Partners
Sep-14	1/3 stake in Marina Bay Financial Centre Tower 3	12 Marina Boulevard, 018982	$2,790	$2,849	$1,248.0	1,341,980	99-Yrs from March 2007 (88 years remaining)	K-REIT	Keppel Land
Jun-15	One Raffles Place (acquiring 83.33% in OUB Centre which owns 81.54% of ORP)	1 Raffles Place, 048616	$2,398	$2,754	$1,429.2	877,086	Tower 2: 99 years from 1 Nov 1985 (66 years remaining)	OUE Commercial REIT Pte. Ltd.	OUE Limited
Jun-15	PWC Building (30% Stake)	8 Cross Street, 048424	$1,892	$1,996	$150.0	355,704	99 years leasehold from 1999 (80 years remaining)	DBS Bank Ltd	CapitaLand Investments Pte Ltd
May-16	CapitaGreen (Divestment of 50% stake in Trust)	138 Market Street, 048946	$2,276	$2,827	$800.3	703,000	99 years leasehold from 1973 (55 years remaining)	CapitaCommercial Trust	CapitaLand Ltd
May-16	CapitaGreen (Divestment of 10% stake in Trust)	138 Market Street, 048946	$2,276	$2,827	$160.1	703,000	99 years leasehold from 1973 (55 years remaining)	CapitaCommercial Trust	Mitsubishi Estate Asia P/L
Jun-16	Asia Square Tower 1	8 Marina View, 018960	$2,704	$2,762	$3,380.0	1,250,001	99 years leasehold from 2007 (88 years remaining)	Qatar Investment Authority	Blackrock
Dec-16	Capital Square (50% stake)	21 Church Street, 049481	$2,450	$2,628	$475.5	388,215	99 years leasehold from 1996 (77 years remaining)	ARA	Alpha Investment Partners
Sep-17	Asia Square Tower 2 (Office)	12 Marina View, 018961	$2,689	$2,737	$2,094.0	778,719	99 years leasehold from 2008 (89 years remaining)	CapitaLand Commercial Trust (CCT)	BlackRock Asia Property Fund III L.P.
Dec-17	Chevron House	30 Raffles Place, 048622	$2,526	$2,820	$660.0	261,272	99 years leasehold from 1989 (70 years remaining)	Oxley Holdings	Deka Singapore A Pte Ltd

Figure 4.9: Other Major Investment Sales Transactions of Office Developments in the CBD (2013-2018 YTD) (Continued)

Transacted Date	Development Name	Address	Price on NLA / Strata Area (S$ psf)	Adjusted Price Assuming Fresh 99 Years Lease (S$psf)**	Transacted Price (S$ million)	Estimated NLA / Strata Area (sq ft)	Tenure	Purchaser	Seller
999-year Leasehold									
Jan-13	16 Collyer Quay (fka Hitachi Tower) (51% stake)	16 Collyer Quay, 049318	2,371	2,276	336.6	141,962	999 Yrs	NTUC Income	Private Entity owned by funds managed by affiliates of Goldman Sachs and an indirect subsidy of Goldman Sachs
Jun-15	One Raffles Place (83.33% in OUB Centre which owns 81.54% of ORP)	1 Raffles Place, 048616	2,398	2,302	1,429.2	877,086	Tower 1: 841 years from 1 Nov 1985	OUE Commercial REIT Pte. Ltd.	OUE Limited
Jun-16	Straits Trading Building	9 Battery Road, 049910	3,520	3,379	560.0	158,897	999-year	MYP Ltd (SG registered)	Sun Ventures
Aug-18 (Upcoming)	55 Market Street	55 Market Street 048941	3,020	2,899	216.8	71,796	999-year	Undisclosed party	Frasers Commercial Trust (FCOT)

*Major Office Investment Sales Transactions are selected based on transactions higher than S$45 million.

** This figure is provided to allow like-for-like price comparison between office properties of different land tenures within the CBD. This is an indicative market 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 (see Appendix 1). For the purpose of restated price estimate, 999-leasehold tenure is considered as a form of freehold tenure, as such the same rates of discounted values apply.

Source: URA Realis/SISV Realink/Colliers International Singapore Research

4.7 Shenton Way / Tanjong Pagar Prime/Grade A Office Market Outlook

Demand and Occupancy

Demand for the Premium & Grade A office space in Shenton Way / Tanjong Pagar submarket is expected to remain robust over the next few years amid strong absorption, pre-commitment for new builds, and expansionary demand from financial, legal, tech and co-working space occupiers. This will be underpinned by the continued good performance of the overall Singapore economy. As such, occupancy is expected to remain at its historically high levels ranging between 95% and 98% over the short to medium term.

Rents

Given the continued high occupancy levels, and general improvement in the overall Singapore office market, landlords in the Shenton Way / Tanjong Pagar submarket are expected to continue commanding rent premiums going forward. In particular, strong demand for quality space and the rapid absorption of new supply are expected to sustain higher rents. As such, rents are expected to continue to increase in the short to medium term reaching between S$8.40 and S$9.00 psf per month in 2018, circa S$8.75 to S$9.15 psf per month in 2019, and circa S$9.50 to S$10.25 psf per month by 2023.

Capital Values

Despite anticipated upward pressure on interest rates in the near term, capital values of Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket are expected to continue moving upwards. This is underpinned by increases in both occupancy and rental rates, and continued investor interest for prime assets, with yields remaining compressed. Capital values are expected to increase by approximately 1.5% per year, in line with the wider CBD area, reaching circa S$2,388 psf by 2022.

Beyond 2022

Looking ahead beyond 2022, the Shenton Way / Tanjong Pagar submarket is well-positioned to reap the long-term benefits of major planned infrastructure and master-planning projects in and around the submarket. The construction of three new MRT stations, including the Prince Edward station to be located at Shenton Way and Keppel Road, by 2025 will close the Circle Line loop by connecting Harbourfront with Marina Bay via Shenton Way / Tanjong Pagar, improve connectivity, and raise the profile of the submarket as a prime CBD office district.

Furthermore, the URA Master Plan 2014 also includes a preliminary redevelopment vision for the Greater Southern Waterfront - a 1,000-hectare waterfront area comprising the City and Pasir Panjang port terminals – into a new cutting-edge “live, work and play” quarter envisioned to become the extension of the Singapore CBD. This long-term master-planning and development project – expected to start no earlier than 2030 – will positively consolidate the Shenton Way / Tanjong Pagar area as a gateway location between the core CBD, Marina Bay and the Greater Southern Waterfront. The inauguration of the new MRT stations, and the materialisation of the URA vision for the Greater Southern Waterfront is expected to positively impact occupancy, rents and capital values of Premium & Grade A office space in the Shenton Way / Tanjong Pagar submarket.

5. Limiting Conditions of This Report

The content of this report is for information only and should not be relied upon as a substitute for professional advice, which should be sought from Colliers International prior to acting in reliance upon any such information.

The opinions, estimates and information given herein or otherwise in relation hereto are made by Colliers International and affiliated companies in their best judgement, in the utmost good faith and are as far as possible based on data or sources which they believe to be reliable in the context hereto. Notwithstanding, Colliers International disclaims any liability in respect of any claim, which may arise from any errors or omissions or from providing such advice, opinion, judgement or information.

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Appendix

Figure I: SLA's Bala's Table of Leasehold Values as a Percentage of Freehold Value

Term of Years	Percentage (%) of Freehold Value	Term of Years	Percentage (%) of Freehold Value	Term of Years	Percentage (%) of Freehold Value
1	3.8	37	66.2	73	87.5
2	7.5	38	67.0	74	88.0
3	10.9	39	67.7	75	88.5
4	14.1	40	68.5	76	89.0
5	17.1	41	69.2	77	89.5
6	19.9	42	69.8	78	90.0
7	22.7	43	70.5	79	90.5
8	25.2	44	71.2	80	91.0
9	27.7	45	71.8	81	91.4
10	30.0	46	72.4	82	91.8
11	32.2	47	73.0	83	92.2
12	34.3	48	73.6	84	92.6
13	36.3	49	74.1	85	92.9
14	38.2	50	74.7	86	93.3
15	40.0	51	75.2	87	93.6
16	41.8	52	75.7	88	94.0
17	43.4	53	76.2	89	94.3
18	45.0	54	76.7	90	94.6
19	46.6	55	77.3	91	94.8
20	48.0	56	77.9	92	95.0
21	49.5	57	78.5	93	95.2
22	50.8	58	79.0	94	95.4
23	52.1	59	79.5	95	95.6
24	53.4	60	80.0	96	95.7
25	54.6	61	80.6	97	95.8
26	55.8	62	81.2	98	95.9
27	56.9	63	81.8	99	96.0
28	58.0	64	82.4		
29	59.0	65	83.0		
30	60.0	66	83.6		
31	61.0	67	84.2		
32	61.9	68	84.5		
33	62.8	69	85.4		
34	63.7	70	86.0		
35	64.6	71	86.5		
36	65.4	72	87.0		

Source: Singapore Land Authority

Contact Details:
Tel: 6223 2323

Colliers International Consultancy & Valuation (Singapore) Pte Ltd
Valuation & Advisory Services
RCB No. : 198105965E
#45-00 One Raffles Place
1 Raffles Place
Singapore 048616

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EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between (1) OUE C-REIT and (2) the Sponsor and its subsidiaries, during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

No.	Interested Person	Nature of Transaction	Value of Transaction (S$'000)
1	Sponsor and its subsidiaries	Leasing and related activities at OUE Bayfront.	1,601
Total			1,601

The Existing Interested Person Transactions set out above have been subject to the internal control procedures established by the Manager to ensure such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of OUE C-REIT and its minority Unitholders. These procedures include the review and approval of such transactions by the Audit and Risk Committee, as appropriate.

Details of the Existing Interested Person Transactions

The rent payable under the lease agreement entered into between OUE C-REIT and the Sponsor was adjusted pursuant to the rent-review provisions in the aforementioned lease agreement.

The Sponsor had entered into a lease agreement on re-location from unit #05-02 to unit #06-06 and a short-term lease extension in relation to unit #18-03 at OUE Bayfront.

The Sponsor had made payment to OUE C-REIT for the car park fees at OUE Bayfront.

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SPONSOR RELATED 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 Sponsor Related Tenancy Agreements. The aggregate contract value derived or to be derived from the Sponsor Related Tenancy Agreements is estimated at S$1.9 million and is set out as follows:

No.	Interested Person	Nature of Transaction	Commencement Date	Expiry Date	Value of Transaction	Percentage of NTA(1)	Percentage of NAV(2)
1.	Healthway Medical Corporation Limited	Office Tenancy	1 August 2017	31 July 2020	S$1,869,000	0.13%	0.13%
2.	OUE Lippo Healthcare Limited	Office Tenancy	1 September 2018	31 July 2020	S$69,000	0.01%	0.01%
				Total:	**S$1,938,000**	0.14%	0.14%

Notes:

(1) Based on the NTA of OUE C-REIT as at 31 December 2017.

(2) Based on the NAV of OUE C-REIT as at 31 December 2017.

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** ("**EGM**") of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**", and holders of units in OUE C-REIT, the "**Unitholders**") will be held at Raffles City Convention Centre, Stamford Ballroom, Level 4, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560 on 28 September 2018 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modification) the following resolutions:

1. THE PROPOSED ACQUISITION OF THE OFFICE COMPONENTS OF OUE DOWNTOWN (ORDINARY RESOLUTION)

That subject to and contingent upon the passing of Resolution 2 and Resolution 3:

(i) OUE C-REIT's proposed acquisition of the office components (the "**Office Components**") of OUE Downtown comprising Strata Lot U4628V and Strata Lot U4629P, 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**"), from Alkas Realty Pte. Ltd. (the "**Vendor**"), a company incorporated in Singapore and wholly-owned by OUE Limited (the "**Sponsor**") (the "**Acquisition**") for an aggregate purchase consideration of S$908.0 million, on the terms and conditions set out in the PCOA (as described in the circular to unitholders of OUE C-REIT dated 10 September 2018 (the "**Circular**")) and the binding contract for the sale and purchase of the Properties (the "**Purchase Agreement**") deemed to be entered into between DBS Trustee Limited in its capacity as trustee of OUE C-REIT (the "**Trustee**"), and the Vendor, on the date of exercise of either the Call Option (as described in the Circular) or the Put Option (as described in the Circular), as the case may be; the entry into the PCOA and the Purchase Agreement, and issuance and service of the Call Option Notice (as described in the Circular) to exercise the Call Option, be and are hereby approved and/or ratified;

(ii) approval be and is hereby given for the proposed issue of new units in OUE C-REIT ("**Units**") for payment of the acquisition fee to OUE Commercial REIT Management Pte. Ltd., as manager of OUE C-REIT (the "**Manager**"), for the proposed Acquisition;

(iii) approval be and is hereby given for the entry into the Deed of Rental Support (as described in the Circular) to be entered into between the Vendor, the Sponsor and the Trustee in relation to the Properties upon the completion of the proposed Acquisition;

(iv) approval be and is hereby given for the payment of all fees and expenses relating to the proposed Acquisition and the Deed of Rental Support;

(v) approval be and is hereby given for the entry by OUE C-REIT (whether directly or indirectly through its subsidiaries) into all agreements and transactions in connection with the proposed Acquisition and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to the proposed Acquisition; and

(vi) the Manager, any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of OUE C-REIT to give effect to the proposed Acquisition and the entry into the PCOA and the Deed of Rental Support and all transactions in connection therewith.

2. THE PROPOSED RIGHTS ISSUE (ORDINARY RESOLUTION)

That subject to and contingent upon the passing of Resolution 1 and Resolution 3:

(i) approval be and is hereby given for the proposed issue of new Units in OUE C-REIT (the "**Rights Units**") under the proposed underwritten and renounceable rights issue (the "**Rights Issue**") on a basis of 83 Rights Units for every 100 Units in OUE C-REIT held as at the time and date to be determined by the Manager at and on which the transfer books and register of Unitholders will be closed to determine the provisional allotments of the Rights Units to the Eligible Unitholders (as defined in the Circular) under the proposed Rights Issue, fractional entitlements to be disregarded, at an issue price of S$0.456 per Rights Unit (the "**Rights Issue Price**"), in the manner described in the Circular; and

(ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of OUE C-REIT to give effect to the proposed issuance of the Rights Units.

3. THE PROPOSED PAYMENT OF THE SUB-UNDERWRITING COMMISSION (ORDINARY RESOLUTION)

That subject to and contingent upon the passing of Resolution 1 and Resolution 2:

(i) approval be and is hereby given for the proposed payment by the Joint Lead Managers and Underwriters (as defined herein) to the Sponsor of the sub-underwriting commission (the "**Sub-Underwriting Commission**") of 1.80% of the Rights Issue Price multiplied by 66% of the total number of the Underwritten Rights Units (as defined herein) under the sub-underwriting agreement entered into between the Sponsor and Credit Suisse (Singapore) Limited and Oversea-Chinese Banking Corporation Limited, as Joint Lead Managers and Underwriters to the proposed Rights Issue (the "**Joint Lead Managers and Underwriters**") in relation to the proposed Rights Issue (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 in the Circular); and

(ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of OUE C-REIT to give effect to the proposed Payment of the Sub-Underwriting Commission.

Unitholders should note that Resolution 1 (the proposed Acquisition), Resolution 2 (the proposed Rights Issue) and Resolution 3 (the proposed Payment of the Sub-Underwriting Commission) are all inter-conditional on one another. This means that if any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1, Resolution 2 or Resolution 3 will be carried.

By Order of the Board
OUE Commercial REIT Management Pte. Ltd.
(as manager of OUE Commercial Real Estate Investment Trust)
(Company Registration No. 201327018E)

Ng Ngai
Company Secretary
10 September 2018

Important Notice:

(1) A Unitholder of OUE C-REIT (who is not a relevant intermediary) entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder of OUE C-REIT.

(2) Where a Unitholder of OUE C-REIT appoints more than one proxy and does not specify the proportion of his/her Unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.

(3) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where the Unitholder's instrument appointing a proxy or proxies (the "**Proxy Form**") appoints more than two proxies, the number of Units in relation to each proxy must be specified in the Proxy Form.

A "**relevant intermediary**" is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board (the "**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(4) The Proxy Form must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time appointed for the EGM.

(5) This notice is not an offer for sale or a solicitation of any offer to buy any securities in relation to the Rights Issue. The Rights Units have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under any securities laws of any state or other jurisdiction of the United States (the "**U.S.**") and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly, within the U.S. 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 U.S.. There will be no public offering of the proposed Rights Units and/or Rights Entitlements (as defined in the Circular) in the U.S..

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

(Constituted on 10 October 2013
under the laws of the Republic of Singapore)

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting (please see note 3 for the definition of "relevant intermediary").
2. For CPF/SRS investors who have used their CPF/SRS monies to buy units in OUE Commercial Real Estate Investment Trust, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their representative Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 10 September 2018.

I/We ____ (Name(s) and NRIC No./Passport No./Company Registration No.) of ____ (Address) being a unitholder/unitholders of OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST ("**OUE C-REIT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholding	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholding	
			No. of Units	%

or, both of whom failing, Mr. Loh Lian Huat or failing him, Dr. Lim Boh Soon or failing him, Ms. Usha Ranee Chandradas, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the Extraordinary General Meeting (the "**EGM**") of OUE C-REIT to be held at Raffles City Convention Centre, Stamford Ballroom, Level 4, Fairmont Singapore, 80 Bras Basah Road, Singapore 189560, on **Friday, 28 September 2018 at 10.00 a.m.** and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions	No. of Votes For*	No. of Votes Against**
	ORDINARY BUSINESS		
1	To approve the proposed Acquisition of the Office Components of OUE Downtown (Ordinary Resolution)		
2	To approve the proposed Rights Issue (Ordinary Resolution)		
3	To approve the proposed Payment of the Sub-Underwriting Commission (Ordinary Resolution)		

* If you wish to exercise all your votes "For" or "Against", please tick (✔) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2018.

Total No. of Units held	

____

Signature(s) of Unitholder(s) or Common Seal of Corporate Unitholder

IMPORTANT: Please read notes on the reverse side

Notes:

1. A unitholder of OUE C-REIT ("**Unitholder**") entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Unitholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints more than one proxy and does not specify the proportion of his/her unitholding to be represented by each proxy, then the Units held by the Unitholder are deemed equally divided between the proxies. A proxy need not be a Unitholder.
3. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where the Unitholder's instrument appointing a proxy or proxies (the "**Proxy Form**") appoints more than two proxies, the number of Units in relation to each proxy must be specified in the Proxy Form.

   A "relevant intermediary" is:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board (the "**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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Affix Postage Stamp

OUE COMMERCIAL REIT

OUE Commercial REIT Management Pte. Ltd.
(as manager of OUE Commercial Real Estate Investment Trust)
c/o
Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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4. The Proxy Form must be deposited at the office of OUE C-REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the EGM.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the EGM.
6. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.

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