



OUE Limited

(Incorporated in the Republic of Singapore)
(Company Registration No.: 196400050E)

THE PROPOSED DISPOSAL OF THE OFFICE COMPONENTS OF OUE DOWNTOWN

1. INTRODUCTION

OUE Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Alkas Realty Pte. Ltd. ("**Alkas**"), an indirect wholly-owned subsidiary of the Company, has on 10 September 2018 entered into a put and call option agreement ("**PCOA**") with DBS Trustee Limited (acting in its capacity as trustee of OUE Commercial Real Estate Investment Trust ("**OUE C-REIT**") ("**Trustee**") in respect of the disposal by Alkas to OUE C-REIT of the office components ("**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**") ("**Proposed Transaction**").

2. INFORMATION ON THE PROPERTIES

- 2.1. Located on Shenton Way in Singapore's Central Business District, the Properties are part of OUE Downtown, 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 (named Downtown Gallery) and a multi-storey car park. Oakwood Premier OUE Singapore, a serviced residence component, also forms part of OUE Downtown 1.
- 2.2. For the avoidance of doubt, the multi-storey car park, together with Oakwood Premier OUE Singapore and Downtown Gallery, will not be disposed as part of the Proposed Transaction.

3. MATERIAL TERMS OF THE PROPOSED TRANSACTION

- 3.1. The purchase consideration (the "**Purchase Consideration**") payable to Alkas in connection with the Proposed Transaction is S\$908.0 million. The Purchase Consideration had been negotiated on a willing-buyer and willing-seller basis, after taking into account the independent valuations of the Properties by Savills Valuation and Professional Services (S) Pte. Ltd. and Colliers International Consultancy & Valuation (Singapore) Pte Ltd commissioned by the Trustee and the Manager respectively.
- 3.2. The Purchase Consideration shall be paid to Alkas on the completion of the Proposed Transaction by way of cashier's order(s) or in such other manner as the parties may mutually agree.
- 3.3. To part-finance the Proposed Transaction, OUE Commercial REIT Management Pte. Ltd., in its capacity as manager of OUE C-REIT ("**Manager**") intends to undertake an underwritten and renounceable rights issue ("**Rights Issue**") of 1,288,438,981 new units in OUE C-REIT (the "**Rights Units**") to raise gross proceeds of approximately S\$587.5 million. The proposed Rights Issue (save for the Rights Units which are the subject of the Sponsor Irrevocable Undertaking (as defined herein) is fully underwritten by Credit Suisse (Singapore) Limited (the "**Sole Financial Adviser**") and Oversea-Chinese Banking Corporation Limited, as joint lead

managers and underwriters to the proposed Rights Issue (collectively, the “**Joint Lead Managers and Underwriters**”).

- 3.4. To demonstrate its support for OUE C-REIT and the proposed Rights Issue, the Company, which, through its wholly-owned subsidiaries, Clifford Development Pte. Ltd. (“**CDPL**”) and the Manager (in its own capacity), owns 867,508,422 units in OUE C-REIT (“**Units**”) representing 55.9% of the voting rights of OUE C-REIT as at the date of this Announcement), has 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 Singapore Exchange Securities Trading Limited (“**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 proposed extraordinary general meeting 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 Company 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.
- 3.5. In connection with the proposed Rights Issue and the underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters, the Company has also entered into a sub-underwriting agreement on 10 September 2018 (the “**Sub-Underwriting Agreement**”) with the Joint Lead Managers and Underwriters, pursuant to which the Company has agreed, on the terms and subject to the conditions of the Sub-Underwriting Agreement, to subscribe and pay for 66% of the total number of the Rights Units excluding the Rights Units which are the subject of the Sponsor Irrevocable Undertaking (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**”).
- 3.6. In consideration of the Sub-Underwriting Commitment, the Joint Lead Managers and Underwriters have agreed to pay, subject to Unitholders’ Approval (as defined herein), the sub-underwriting commission (the “**Sub-Underwriting Commission**”) of 1.80% of the Rights Issue price multiplied by the total number of the Sub-Underwritten Rights Units to the Company.
- 3.7. Completion of the Proposed Transaction is subject to and conditional upon, among other things, the following conditions:
- (a) the following not having been revoked or withdrawn:
 - (i) the SLA Sale Approval; and
 - (ii) the Unitholders Approval;
 - (b) (in the event 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 Monetary Authority of Singapore or any court or other judicial, governmental or regulatory authority in relation to such proposed equity fund raising exercises;

- (c) (in the event 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 purposes of paragraphs 3.6 and 3.7:

“SLA Sale Approval” means the approval from the President of the Republic of Singapore or his successors in office for the sale of the Properties to the Trustee; and

“Unitholders Approval” means the approval of the unitholders of OUE C-REIT for:

- (a) the purchase of the Properties, including the entry into the Deed of Rental Support (as defined herein);
 - (b) undertaking a rights issue to finance the purchase of the Properties; and
 - (c) the proposed payment of the Sub-Underwriting Commission.
- 3.8. Completion of the Proposed Transaction is intended to take place on a business day falling not earlier than 5 days (unless parties otherwise agree to an earlier date) nor later than 15 days from the date of listing of new Units pursuant to the proposed Rights Issue.
- 3.9. On completion of the Proposed Transaction (**“Completion”**), the Trustee, the Company and Alkas shall enter into a deed of rental support (the **“Deed of Rental Support”**) pursuant to which (a) Alkas will provide a rental support arrangement in relation to the Properties for a period of up to five years from Completion; and (b) the Company irrevocably and unconditionally guarantees to the Trustee the punctual performance by Alkas of certain of Alkas' obligations under the Deed of Rental Support.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is expected to bring the following benefits to shareholders of the Company (**“Shareholders”**):

- (a) Unlock capital from the Proposed Transaction for higher growth reinvestment opportunities

The Proposed Transaction will enable the Group to streamline its asset ownership to achieve better operational effectiveness. It will create opportunities for the Company to recycle its capital to maximise overall returns to Shareholders as a result of the release of proceeds to the Company, portions of which can be deployed towards: (i) reinvestment to pursue growth opportunities and (ii) the funding of the Company's future business plans.

- (b) Pursue the Company's corporate strategy through a capital efficient platform

The Company and OUE C-REIT together form an integrated commercial platform with the ability to develop, manage and acquire new commercial assets across different geographical regions. OUE C-REIT is a capital efficient platform for owning stable income-producing commercial property assets for the Company. Sale proceeds received from the Proposed Transaction can be used by the Company for reinvestment in commercial assets and operations or commercial developments that generate attractive financial returns.

- (c) Derive stable income stream

The Manager, being a wholly-owned subsidiary of the Company, is responsible for and will receive a recurring management fee for the overall management of assets of OUE C-REIT, asset enhancement, investment and capital management strategy of OUE C-REIT and investor relations. In turn, the Company will also benefit from the enhancement of the performance of the Manager as a result of the stable income streams generated from such a business.

The property management fees to be received by the property manager of OUE C-REIT will also provide recurring income for the Company. For the purpose of accounts preparation, as the Company will be consolidating the results and financial position of OUE C-REIT into its financial statements to reflect the fact that the Company and OUE C-REIT will be operating effectively as a group, the management fees and property management fees will be treated as intra-Group transactions and do not have an impact on the Group's accounts.

Further, through its stake in OUE C-REIT, the Company can participate in and derive a stable income stream from OUE C-REIT's regular and growing distributable income as it works alongside OUE C-REIT as its sponsor to achieve OUE C-REIT's objective of achieving long-term growth in distributions.

5. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The Proposed Transaction is not expected to have any material impact on the net tangible assets and earnings per share of the Company for the financial year ending 31 December 2018.

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

- 6.1. Chapter 10 of the Listing Manual specifies certain announcement and shareholders' approval requirements for certain transactions (including a disposal of assets by an issuer or its unlisted subsidiary) whose relative figures computed on the bases set out in Rule 1006 of the Listing Manual are above certain prescribed thresholds. However, Rule 1002(1) of the Listing Manual provides that a transaction to which Chapter 10 applies excludes, and accordingly the requirements in Chapter 10 do not apply to, an acquisition or disposal which is in, or in connection with, the ordinary course of the issuer's business or of a revenue nature.
- 6.2. In connection with the Proposed Transaction, the Group has received confirmation from SGX-ST that SGX-ST has no objection to the Company's view that the Proposed Transaction should not be regarded as a "transaction" as defined in Rule 1002(1) of the Listing Manual, subject to the following:
- (a) Submission of a written confirmation from the Company that the Board of Directors ("**Board**") is of the unanimous view that the Proposed Transaction is in the best interest of the Company and does not alter the risk profile of the Company; and
 - (b) Disclosure via SGXNET of the Board's view how the Proposed Transaction is in the ordinary course of business of the Company.
- 6.3. As of the date of this Announcement, the Company has submitted the required written confirmation to SGX-ST as set out in paragraph 6.2(a) above.
- 6.4. For the purpose of compliance with the condition as set out in paragraph in 6.2(b) above, the Board is of the view that the Proposed Transaction should not be regarded as a "transaction"

within Rule 1002(1) of the Listing Manual and should be regarded as being in the ordinary course of business for the following key reasons:

- (a) The Board is of the view that there will be no material change in the risk profile of the Company arising from the Proposed Transaction in view that the Properties will be sold to OUE C-REIT, which the Company holds a significant stake in and to which the Company is a sponsor of. The Company will also remain a real estate owner, developer and operator with no change in its core business.
- (b) The Company has substantial assets in its diversified portfolio of real estate investments, is in the business of investing in, developing and managing properties. As a real estate owner, developer and operator, the acquisition as well as development/realisation of its real estate portfolio is accordingly part of its existing core and ordinary business.
- (c) As sponsor of OUE C-REIT and as previously disclosed in the Company's circular dated 19 November 2013, the Company has granted a right of first refusal to OUE C-REIT to purchase "completed income-producing real estate which is used primarily for commercial purposes in financial and business hubs within key cities". The Proposed Transaction has, accordingly, been foreshadowed at previous general meetings of the Company.
- (d) The Proposed Transaction entails a disposal of properties by the Company, as sponsor, to OUE C-REIT with a view to enabling OUE C-REIT to becoming an integrated commercial platform for the development, management and acquisition of commercial assets.

7. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

- 7.1. Rule 915(3) of the Listing Manual provides an exception from Rules 905, 906 and 907 in respect of a transaction between an entity at risk (in this case, Alkas) and an investee company (in this case, OUE C-REIT), where the interested person's interest in the investee company, other than held through the issuer (in this case, the Company), is less than 5%.
- 7.2. Based on the latest shareholding figures as at the date of this announcement, no interested person's interest in OUE C-REIT, other than that held through the Company, amounts to 5% or more. Accordingly, the Company is not required to obtain shareholders' approval under Chapter 9 of the Listing Manual for the Proposed Transaction.
- 7.3. None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction, save for:
 - (a) through their shareholdings in the Company (if any);
 - (b) Mr. Christopher James Williams, who is deemed interested in approximately 0.01% of the total number of issued units of OUE C-REIT;
 - (c) Mr. Thio Gim Hock, who has a direct interest in approximately 0.19% of the total number of issued units of OUE C-REIT; and
 - (d) Dr Stephen Riady, who is deemed to be interested in approximately 0.11% of the total number of issued units of OUE C-REIT through his deemed interest in Lippo China Resources Limited and Lippo Limited respectively.

8. CAUTIONARY STATEMENT

Shareholders and potential investors are advised that the completion of the Proposed Transaction is subject to the conditions precedents in the PCOA being fulfilled and there is no certainty or assurance that the Proposed Transaction will be completed or that no changes will be made to the terms of the PCOA. Accordingly, Shareholders and potential investors are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take. The Company will make the necessary announcements when there are further material developments in this matter.

By Order of the Board

Ng Ngai
Company Secretary
10 September 2018