

MEDIA RELEASE

OUE Commercial REIT and OUE Hospitality Trust Announce Proposed Merger

- *Creates one of the largest diversified S-REITs with total assets of approximately S\$6.8 billion*
- *Increased funding flexibility, as well as potential for positive re-rating and index inclusion*
- *Well-diversified portfolio of marquee assets with reduced concentration risk*
- *Proposed merger is DPU accretive for both OUE Commercial REIT unitholders and OUE Hospitality Trust stapled securityholders on a historical pro forma basis*

Singapore, 8 April 2019 – The respective managers of OUE Commercial REIT (“**OUE C-REIT**”) and OUE Hospitality Trust (“**OUE H-Trust**”) today jointly announced the proposed merger of OUE C-REIT and OUE H-Trust (the “**Proposed Merger**”).

Ms Tan Shu Lin, Chief Executive Officer of OUE C-REIT’s manager, commented, “This transformative merger creates a diversified, sizeable and liquid REIT, which will significantly enhance our visibility within the S-REITs universe and increase our relevance to a wider investor base. It also enhances the resilience of the enlarged REIT’s income and strengthens our ability to capitalise on further growth opportunities, ultimately enabling us to continue delivering value to unitholders.”

Mr Chen Yi-Chung Isaac, Acting Chief Executive Officer of OUE H-Trust’s managers, added, “We strongly believe in the merits of the merger, which represents the combination of two high-quality and complementary portfolios. This creates a platform of scale equipped with an enlarged capital base and enhanced financial flexibility to drive long-term growth. Backed by continued growth momentum in the commercial sector and a positive outlook for the hospitality industry, the enlarged REIT will be well-positioned to deliver sustainable long-term value creation to its stakeholders.”

Details of Proposed Merger

The Proposed Merger will be effected by way of a trust scheme of arrangement (the “**Trust Scheme**”), with OUE C-REIT acquiring all the issued and paid-up securities in OUE H-Trust (the “**Stapled Securities**”) in exchange for a combination of cash and new units in OUE C-REIT.

Stapled securityholders of OUE H-Trust (the “**Stapled Securityholders**”) will receive the following under the scheme consideration:

- S\$0.04075 in cash per Stapled Security¹ (“**Cash Consideration**”); and
- 1.3583 new OUE C-REIT units per Stapled Security¹ (the “**Consideration Units**”).

By way of illustration, if the Trust Scheme becomes effective in accordance with its terms, a Stapled Securityholder will receive S\$40.75² in cash and 1,358^{3,4} Consideration Units for every 1,000 Stapled Securities held¹.

Following the Proposed Merger, OUE Group⁵ will continue to retain a significant stake of 48.3% of the total issued units in the enlarged REIT.

Rationale for the Proposed Merger

The Proposed Merger will provide the enlarged REIT with four key benefits, as outlined below.

1. Creation of one of the largest diversified S-REITs

The Proposed Merger will create one of the largest diversified S-REITs with total assets increasing to approximately S\$6.8 billion⁶. The enlarged REIT is expected to benefit from a significant increase in market capitalisation to approximately S\$2.9 billion⁷ as well as a larger

¹ Held by the Stapled Securityholders as at the Books Closure Date.

² The aggregate Cash Consideration to be paid to each Stapled Securityholder shall be rounded to the nearest S\$0.01.

³ The number of Consideration Units which each Stapled Securityholder will be entitled to pursuant to the Trust Scheme will be rounded down to the nearest whole number, and fractional entitlements shall be disregarded in the calculation of the aggregate Consideration Units to be issued to any Stapled Securityholder pursuant to the Trust Scheme.

⁴ After disregarding fractional entitlements.

⁵ Inclusive of the unitholding interests held by OUE Limited, OUE Realty Pte. Ltd. and Golden Concord Asia Limited.

⁶ Based on total asset size as at 31 December 2018.

⁷ Illustrative market capitalisation of enlarged REIT calculated as the sum of (a) the market capitalisation of OUE C-REIT of S\$1.5 billion as at 5 April 2019; (b) the portion of the Scheme Consideration to be satisfied in units; and (c) the value of the acquisition fee to be issued in units, as described in the OUE C-REIT Chapter 10 announcement (the “**OUE C-REIT Manager Announcement**”) made on the date of the joint announcement.

free float of approximately S\$1.1 billion⁸. This is expected to lead to higher trading liquidity, potential index inclusion, and a wider investor base. Following the Proposed Merger, the enlarged REIT could also potentially enjoy a positive re-rating that will benefit all unitholders in the long-term.

2. Larger capital base and broadened investment mandate provide flexibility and capability to drive long-term growth

With a larger capital base, the enlarged REIT will have an increased funding capacity of approximately S\$1,024 million⁹. This will enhance the enlarged REIT's ability to deliver long-term growth through value accretive acquisitions and asset enhancement initiatives.

Additionally, the investment mandate of the enlarged REIT will be broadened to include commercial¹⁰, hospitality and integrated developments. This will provide the enlarged REIT with greater flexibility to grow its portfolio.

3. Enhanced portfolio diversification and resilience

The enlarged REIT will be well-diversified, underpinned by a strong portfolio of marquee assets. Following the Proposed Merger, the combined portfolio will have seven properties across three asset classes – office, hospitality, and retail. This will reduce the concentration risk associated with exposure to any single real estate asset class. Under the combined portfolio, no single property will represent more than 27% of the total value¹¹.

The commercial portfolio will include approximately 1.9 million square feet¹² (“sq ft”) of prime office space in the core central business district and approximately 306,000 sq ft¹² of prime retail space, putting the enlarged REIT in a strong competitive position. Likewise, the hospitality portfolio, which will include upscale hotels with an aggregate of 1,640 rooms, is

⁸ Excludes the stakes held by OUE Group, OUE C-REIT Manager, OUE H-Trust Managers, directors and chief executive officers of OUE C-REIT Manager and OUE H-Trust Managers and their respective associates, and substantial unitholders and substantial Stapled Securityholders. Based on pro forma free float percentage multiplied by illustrative market capitalisation of enlarged REIT.

⁹ For illustration only – assuming that (a) the general unit issue mandate is approved by unitholders of the enlarged REIT at an annual general meeting of the enlarged REIT following the Proposed Merger, based on enlarged number of OUE C-REIT units in issue of approximately 5,362 million following the Proposed Merger and issue price of S\$0.57 per OUE C-REIT unit; and (b) the enlarged REIT raises S\$611 million via equity fundraising following the Proposed Merger and maintains a pro forma aggregate leverage as described in the OUE C-REIT Manager Announcement.

¹⁰ Including real estate used primarily for office and/or retail purposes.

¹¹ Based on valuations as at 31 December 2018.

¹² In terms of attributable net lettable area.

well-located in the prime and strategic locations of Orchard Road and Changi Airport, and is managed by internationally-renowned hotel operators.

4. DPU accretive transaction

The Proposed Merger will be distribution per unit (“DPU”) accretive on a historical pro forma basis for both OUE C-REIT unitholders and OUE H-Trust Stapled Securityholders by 2.1%¹³ and 1.4%¹⁴ respectively, for the 12-month period ended 31 December 2018.

Approvals Required

The Trust Scheme will require, amongst others, OUE H-Trust Stapled Securityholders' approval of OUE H-Trust's Trust Deeds Amendments and the Trust Scheme at the general meetings to be convened.

In addition to the approvals required from OUE H-Trust Stapled Securityholders, the Trust Scheme will require the sanction of the Trust Scheme by the Singapore Court.

OUE C-REIT will also be required to seek the approval of OUE C-REIT unitholders at an extraordinary general meeting to be convened.

¹³ For illustration only – not forward looking projections. The pro forma financial effects of the Proposed Merger on the enlarged REIT have been prepared on the following key assumptions:

- A. DPU before and after the Proposed Merger adjusted to reflect the following assuming OUE Downtown Office was acquired on 1 January 2018:
- 1,288,438,981 new OUE C-REIT units issued in relation to the renounceable rights issue.
 - 11,947,368 new OUE C-REIT units issued as acquisition fee payable to the OUE C-REIT manager in relation to the acquisition of OUE Downtown Office.
 - 4,973,684 new OUE C-REIT units assumed as payment of the OUE C-REIT manager's base management fee at 0.3% of the value of the Deposited Property (as defined in the Trust Deed) per annum for the period from 1 January 2018 to 31 December 2018 for OUE Downtown Office (paid 100% in new OUE C-REIT units).
 - Adjusted to assume full year contribution from OUE Downtown Office.
- B. Assuming OUE H-Trust's management fee is replaced with the fee structure in the OUE C-REIT Trust Deed.
- C. Incremental interest costs and related financing costs associated with the debt drawdown on 1 January 2018 to fund the aggregate Cash Consideration of S\$73.9 million.
- D. Increase in units due to the following:
- 11,569,966 new OUE C-REIT units issued as payment of the base management fee associated with the Proposed Merger 100% in new OUE C-REIT units.
 - 14,592,105 new OUE C-REIT units issued at an issue price of S\$0.57 per unit as acquisition fee payable to the OUE C-REIT manager in relation to the Proposed Merger.
 - 2,463,859,741 new OUE C-REIT units issued as part of the Scheme Consideration. The Scheme Consideration payable for each Stapled Security (inclusive of the Cash Consideration) implies a gross exchange ratio of 1.430x.

¹⁴ For illustration only – not forward looking projections. Assumes the Proposed Merger had been completed on 1 January 2018, adjusted to align the proportion of the OUE H-Trust managers' fees paid in units to be on a like-for-like basis as compared to the enlarged REIT; and assumes that the Cash Consideration is used to purchase OUE C-REIT units.

Financial Advisers

Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited, and Oversea-Chinese Banking Corporation Limited are the financial advisers to the OUE C-REIT manager in respect of the Proposed Merger.

BofA Merrill Lynch is the sole financial adviser to the OUE H-Trust managers in respect of the Proposed Merger.

Further information on the Proposed Merger can be found in the joint announcement, the OUE C-REIT Manager Announcement, as well as both OUE C-REIT's and OUE H-Trust's investor presentations, which can be downloaded from SGXNET or from OUE C-REIT's and OUE H-Trust's respective websites.

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ABOUT OUE COMMERCIAL REIT

OUE Commercial REIT is a Singapore real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited. It was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is 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's total asset value is S\$4.6 billion as at 31 December 2018, with a portfolio of four prime commercial properties comprising OUE Bayfront, One Raffles Place and OUE Downtown Office in Singapore, as well as Lippo Plaza in Shanghai.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., which is a wholly-owned subsidiary of OUE Limited. For more information, please visit www.ouect.com.

ABOUT OUE HOSPITALITY TRUST

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**") and OUE Hospitality Business Trust ("**OUE H-BT**"), listed on the Mainboard of Singapore Exchange Securities Trading Limited. OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

OUE H-REIT's total asset value is approximately S\$2.3 billion as at 31 December 2018. OUE H-REIT's portfolio comprises two hotels - the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, as well as a high-end retail mall - Mandarin Gallery.

OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited ("**OUE**"). OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by OUE. For more information, please visit www.oueht.com.

ABOUT THE SPONSOR: OUE LIMITED

OUE Limited is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors. In March 2017, OUE expanded its portfolio into the healthcare sector with the acquisition of OUE Lippo Healthcare Limited, a listed integrated healthcare services and facilities provider. This was followed by the acquisition of Bowsprit Capital Corporation Limited, the manager of First REIT, Singapore's first healthcare real estate investment trust in October 2018. With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. For more information, please visit www.oue.com.sg.

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

This Media Release 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. These forward-looking statements speak only as at the date of this Media Release. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct.

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