



Financial Results for 4th Quarter 2017 and Year Ended 31 December 2017

31 January 2018

Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 4Q 2017 dated 31 January 2018.

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Investors should note that they will have no right to request the Manager to redeem or purchase their Units while the Units are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). 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.

Agenda

- Key Highlights
- Financial Performance and Capital Management
- Portfolio Performance
- Outlook
- Appendices

Key Highlights

Financial Highlights

- 2017 net property income was marginally lower due mainly to lower one-off income, offset partially by lower property operating expenses. Amount available for distribution was higher due to absence of performance fees and higher income support drawn
- FY2017 amount available for distribution of S\$70.0 million was 3.8% higher YoY with a DPU of 4.67 cents

Portfolio Performance

- All three properties achieved higher occupancies in 2017. As a result, portfolio committed occupancy as at 31 December 2017 was 96.8%, up 2.0 ppt YoY
- OUE Bayfront's committed office occupancy remained high at 98.2%, while One Raffles Place's committed office occupancy was 96.5%; ahead of market occupancy of 93.8%. Lippo Plaza maintained 100% committed office occupancy for three consecutive quarters
- Committed rents for new and renewed office leases for OUE C-REIT's properties in 4Q 2017 were in line with or above their respective market rents
- Average office passing rent was S\$11.43 psf per month at OUE Bayfront, and S\$9.92 psf per month at One Raffles Place. Lippo Plaza's average office passing rent was at RMB9.79 psm per day

Key Highlights

Capital Management

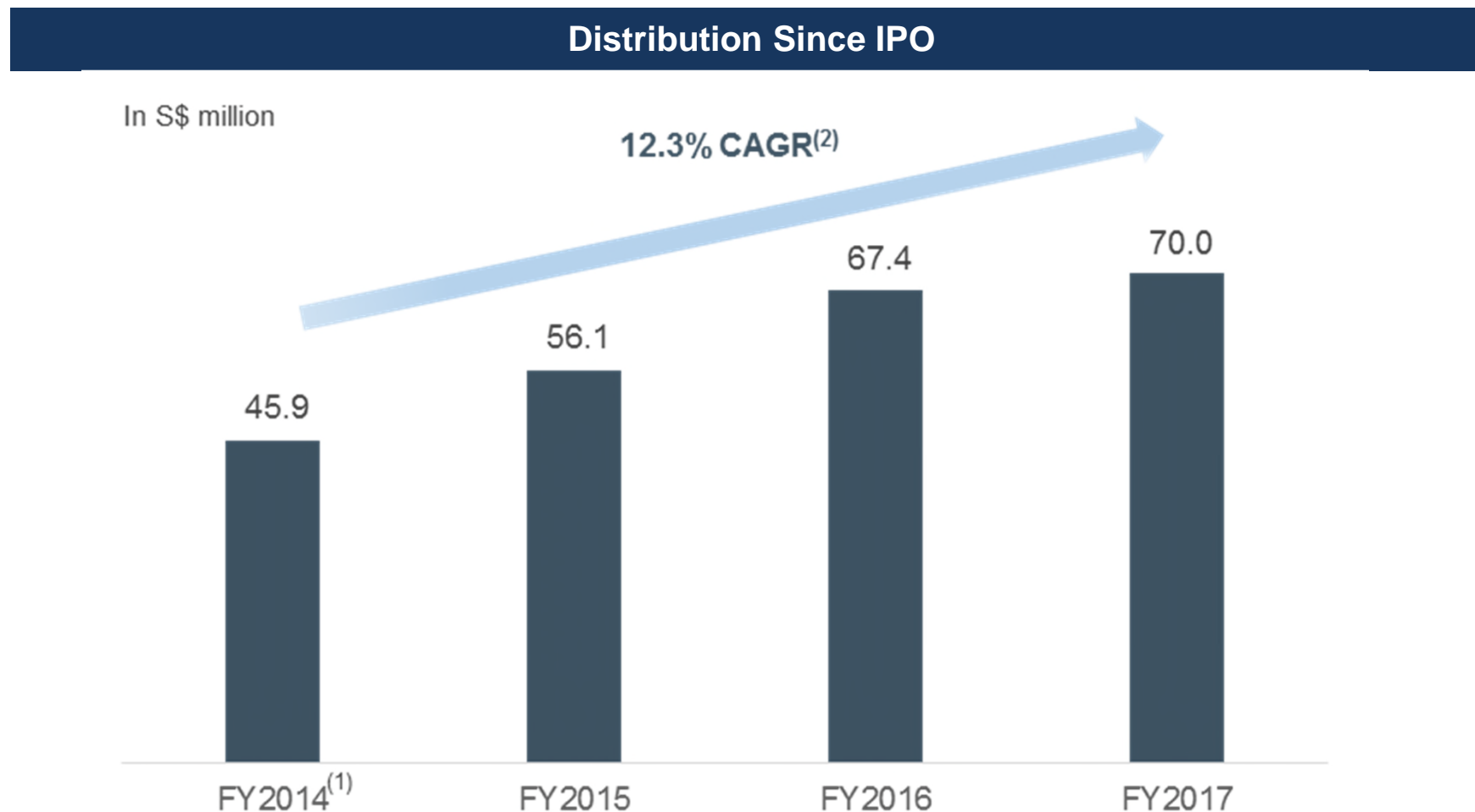
- Aggregate leverage as at 31 December 2017 was 37.3% with a stable weighted average cost of debt of 3.5% per annum. 84.3% of borrowings were on fixed rate debt as at 31 December 2017, with an average term of fixed rate debt of 2.0 years
- Capital management focus in 2017 was to strengthen balance sheet as well as diversify funding sources with a shift to unsecured borrowings. Raised a total of S\$300 million via placement of new units (S\$150 million) and fixed rate bonds (S\$150 million), both of which saw strong take up
- Redeemed S\$175 million of convertible perpetual preferred units (“CPPUs”) to reduce the amount of CPPUs outstanding so as to mitigate future DPU dilution from potential conversion of CPPUs into new units. S\$100 million of the CPPU redemption was effected only in January 2018. If the entire redemption was effected in 2017, the proforma aggregate leverage as at 31 December 2017 is expected to be approximately 40.3%

Financial Performance & Capital Management



Delivered Sustainable Distribution

Delivered sustainable distribution to Unitholders since IPO



(1) Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

(2) FY2014-FY2017 compound annual growth rate (CAGR) computed on the basis of annualised amount available for distribution for the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

4Q 2017 vs 4Q 2016

	4Q 2017	4Q 2016	Change
Revenue (S\$m)	44.0	45.0	-2.3%
Net Property Income (S\$m)	34.7	34.8	-0.3%
Amount Available for Distribution to Unitholders (S\$m)	17.7	15.4	+14.6%
DPU (cents)	1.14	1.18	-3.4%

- 4Q 2017 revenue was slightly lower YoY at S\$44.0m due to lower rental income compared to the prior period
- With lower property operating expenses, net property income of S\$34.7 million was marginally lower YoY
- With the absence of performance fees and higher income support drawn in 4Q 2017, amount available for distribution was S\$17.7 million, 14.6% higher YoY
- DPU was 3.4% lower due to an enlarged unit base from the equity placement completed in March 2017

4Q 2017 vs 4Q 2016

S\$'000	4Q 2017	4Q 2016	Change (%)
Revenue	43,994	45,023	(2.3)
Property operating expenses	(9,295)	(10,203)	(8.9)
Net property income	34,699	34,820	(0.3)
Other income	1,003	482	NM ⁽¹⁾
Amortisation of intangible asset	(1,113)	(1,118)	(0.4)
Manager's management fees	(2,478)	(3,142)	(21.1)
Other expenses	(418)	(351)	19.1
Interest income	236	42	NM
Interest expense	(10,193)	(9,203)	10.8
Amortisation of debt establishment costs	(1,270)	(4,328)	(70.7)
Net fair value movement of financial derivatives	2,424	(489)	NM
Foreign exchange differences	(79)	213	NM
Total return before tax	22,811	16,926	34.8
Net change in fair value of investment properties	101,617	25,495	NM
Tax expense	(23,014)	(9,076)	NM
Total return for period	101,414	33,345	NM
Non-controlling interests	(5,598)	(2,981)	87.8
CPPU holder distribution	(1,197)	(1,383)	(13.4)
Distribution adjustments	(76,939)	(13,553)	NM
Amount available for distribution to Unitholders	17,680	15,428	14.6

FY2017 vs FY2016

	FY2017	FY2016	Change
Revenue (S\$m)	176.3	177.8	-0.9%
Net Property Income (S\$m)	138.2	138.6	-0.3%
Amount Available for Distribution to Unitholders (S\$m)	70.0	67.4	+3.8%
DPU (cents)	4.67	5.18	-9.8%

- FY2017 revenue was slightly lower YoY at S\$176.3 million due to lower one-off income in the current period
- With lower property operating expenses, net property income of S\$138.2 million was marginally lower YoY
- Due to the absence of performance fees as well as higher income support drawn, FY2017 amount available for distribution of S\$70.0 million was 3.8% higher YoY
- DPU was 9.8% lower due to an enlarged unit base from the equity placement completed in March 2017

FY2017 vs FY2016

S\$'000	FY2017	FY2016	Change (%)
Revenue	176,297	177,809	(0.9)
Property operating expenses	(38,111)	(39,178)	(2.7)
Net property income	138,186	138,631	(0.3)
Other income	3,312	2,552	29.8
Amortisation of intangible asset	(4,452)	(4,471)	(0.4)
Manager's management fees	(9,593)	(12,141)	(21.0)
Other expenses	(2,249)	(1,955)	15.0
Interest income	687	134	NM ⁽¹⁾
Interest expense	(38,954)	(38,220)	1.9
Amortisation of debt establishment costs	(6,769)	(10,383)	(34.8)
Net fair value movement of financial derivatives	2,270	(7,123)	NM
Foreign exchange differences	(314)	(451)	(30.4)
Total return before tax	82,124	66,573	23.4
Net change in fair value of investment properties	101,617	25,495	NM
Tax expense	(36,058)	(21,823)	65.2
Total return for period	147,683	70,245	NM
Non-controlling interests	(11,373)	(8,247)	37.9
CPPU holder distribution	(5,311)	(5,500)	(3.4)
Distribution adjustments	(61,049)	10,919	NM
Amount available for distribution to Unitholders	69,950	67,417	3.8

(1) NM: Not meaningful

Distribution Details

Distribution Period	1 July 2017 to 31 December 2017
Distribution Per Unit	2.29 cents comprising (i) Taxable income distribution of 0.93 cents (ii) Tax-exempt income distribution of 0.83 cents (iii) Capital distribution of 0.53 cents

Notice of Books Closure Date	31 January 2018
Ex-Date	6 February 2018, 9.00 am
Books Closure Date	8 February 2018
Distribution Payment Date	9 March 2018

Valuation as at 31 Dec 2017

- Stable office capitalisation rates

	Valuation as at 31 December 2017 ⁽¹⁾ (S\$ m)	Valuation as at 31 December 2016 ⁽²⁾ (S\$ m)	Office Cap Rate
OUE Bayfront	1,153.0	1,146.0	3.75%
One Raffles Place ⁽³⁾	1,773.2	1,738.3	3.60% - 3.90%
Lippo Plaza	588.9 (RMB 2,887.0 m)	524.2 (RMB 2,524.0 m)	N.A. ⁽⁴⁾

(1) Based on independent valuations as at 31 December 2017 and SGD:CNY exchange rate of 1:4.902

(2) Based on independent valuations as at 31 December 2016 and SGD:CNY exchange rate of 1:4.815

(3) Based on OUB Centre's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited

(4) Not applicable. Valuation of Lippo Plaza was conducted based on Discounted Cashflow Approach and Direct Comparison Approach only

Healthy Balance Sheet

S\$ million	As at 31 Dec 2017
Investment Properties	3,515.1
Total Assets	3,573.6
Loans and borrowings	1,262.3
Total Liabilities	1,569.5
Net Assets Attributable to Unitholders	1,407.3
Units in issue and to be issued ('000)	1,546,769
NAV per Unit (S\$)	0.91

Capital Management

- Redeemed S\$100 million of CPPUs in January 2018 to reduce the amount of CPPUs outstanding so as to mitigate future DPU dilution from potential conversion of CPPUs into new units. Post redemption, the pro forma aggregate leverage as at 31 December 2017 is expected to be approximately 40.3%

	As at 31 Dec 2017	As at 30 Sep 2017
Aggregate Leverage	37.3%	36.9%
Total debt	S\$1,221m ⁽¹⁾	S\$1,176m ⁽²⁾
Weighted average cost of debt	3.5% p.a.	3.5% p.a.
Average term of debt	2.7 years	3.0 years
% fixed rate debt	84.3%	91.8%
Average term of fixed rate debt	2.0 years	2.2 years
Interest service ratio	3.2x	3.2x

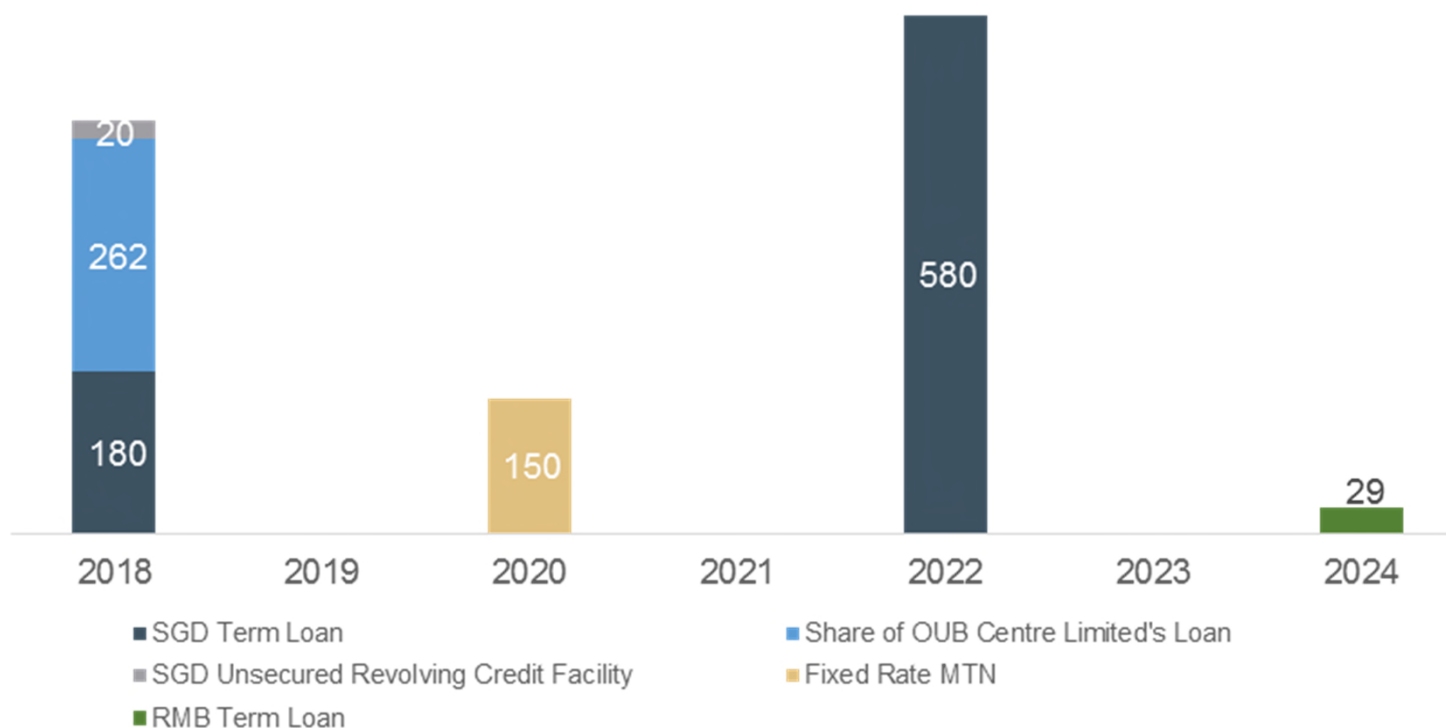
(1) Based on SGD:CNY exchange rate of 1:4.902 as at 31 December 2017 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:4.880 as at 30 September 2017 and includes OUE C-REIT's share of OUB Centre Limited's loan

Debt Maturity Profile as at 31 Dec 2017

- Successfully diversified funding sources via bond issuance and obtained unsecured bank borrowings to improve financial flexibility
- Already in active negotiations to complete 2018 refinancing ahead of maturity in 2H 2018

In S\$ million

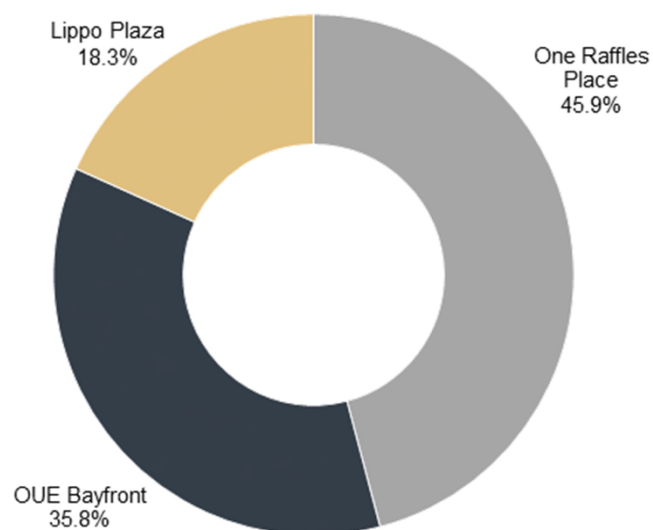


Portfolio Performance

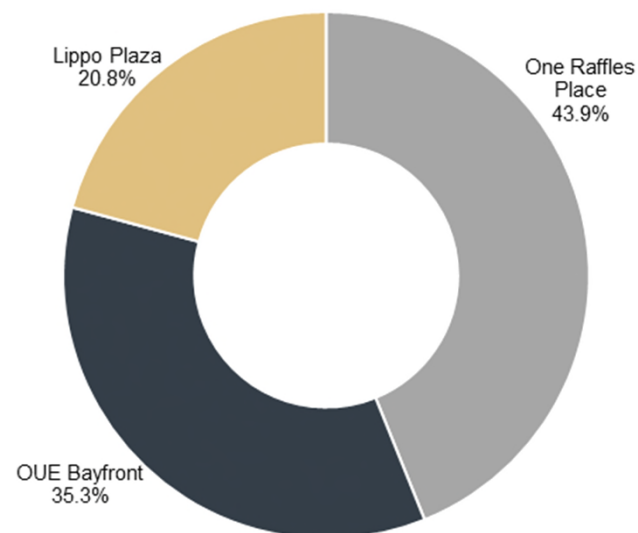


Portfolio Composition

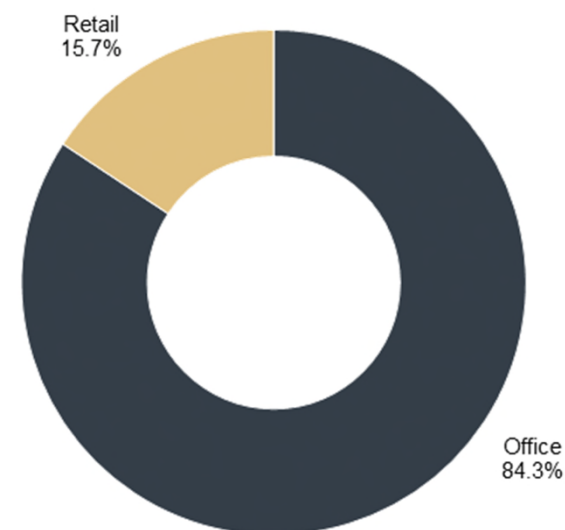
By Asset Value⁽¹⁾



By Revenue Contribution⁽²⁾



By Segment Income⁽²⁾



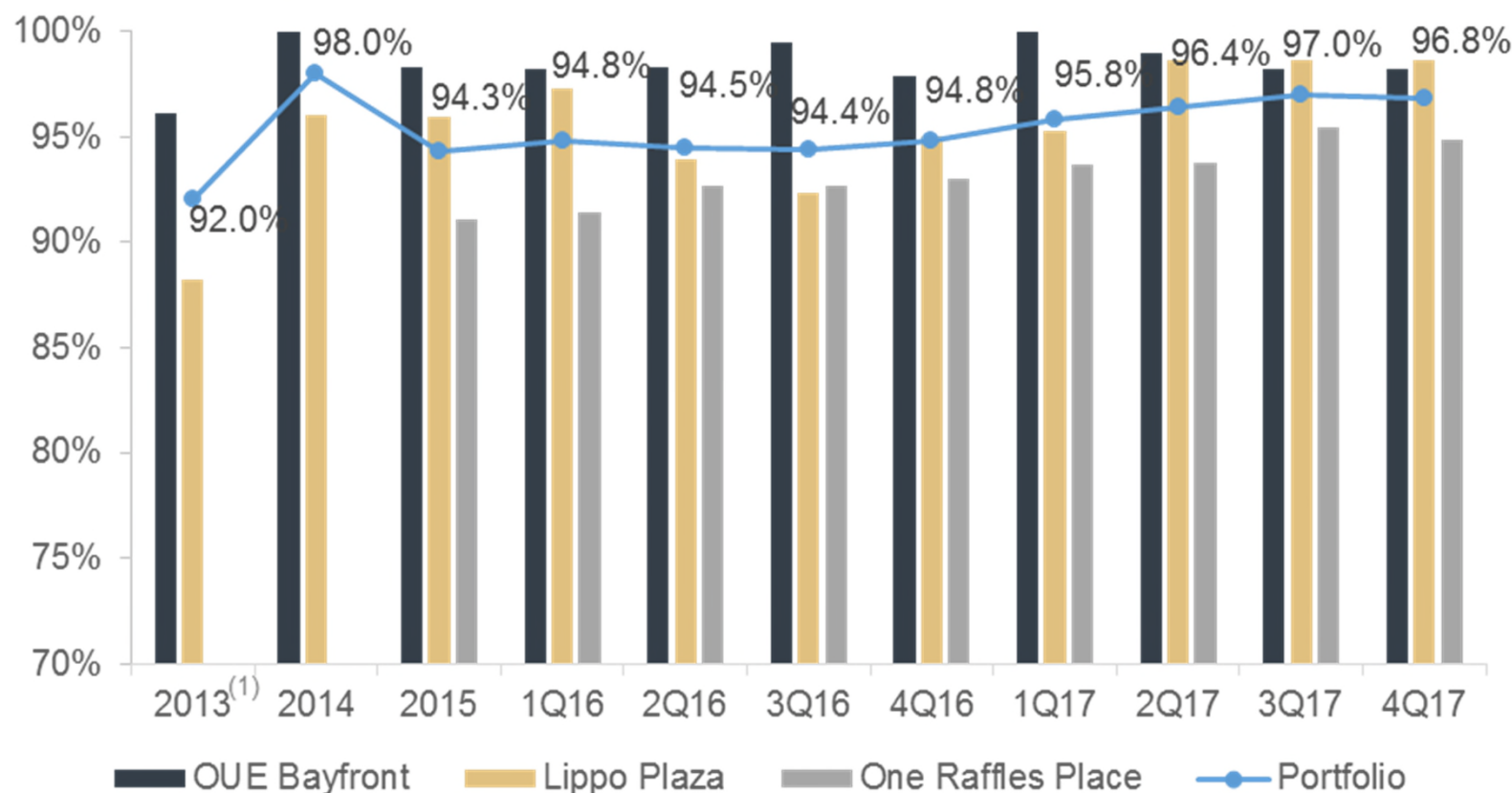
(1) Based on independent valuations as at 31 December 2017 and OUE C-REIT's proportionate interest in One Raffles Place

(2) For 4Q 2017 and based on OUE C-REIT's attributable interest in One Raffles Place

Resilient and Stable Portfolio

- All three properties saw increased occupancy in 2017 and achieved above market office occupancy in a challenging leasing market environment
- Lippo Plaza maintained 100% committed office occupancy for three consecutive quarters since June 2017

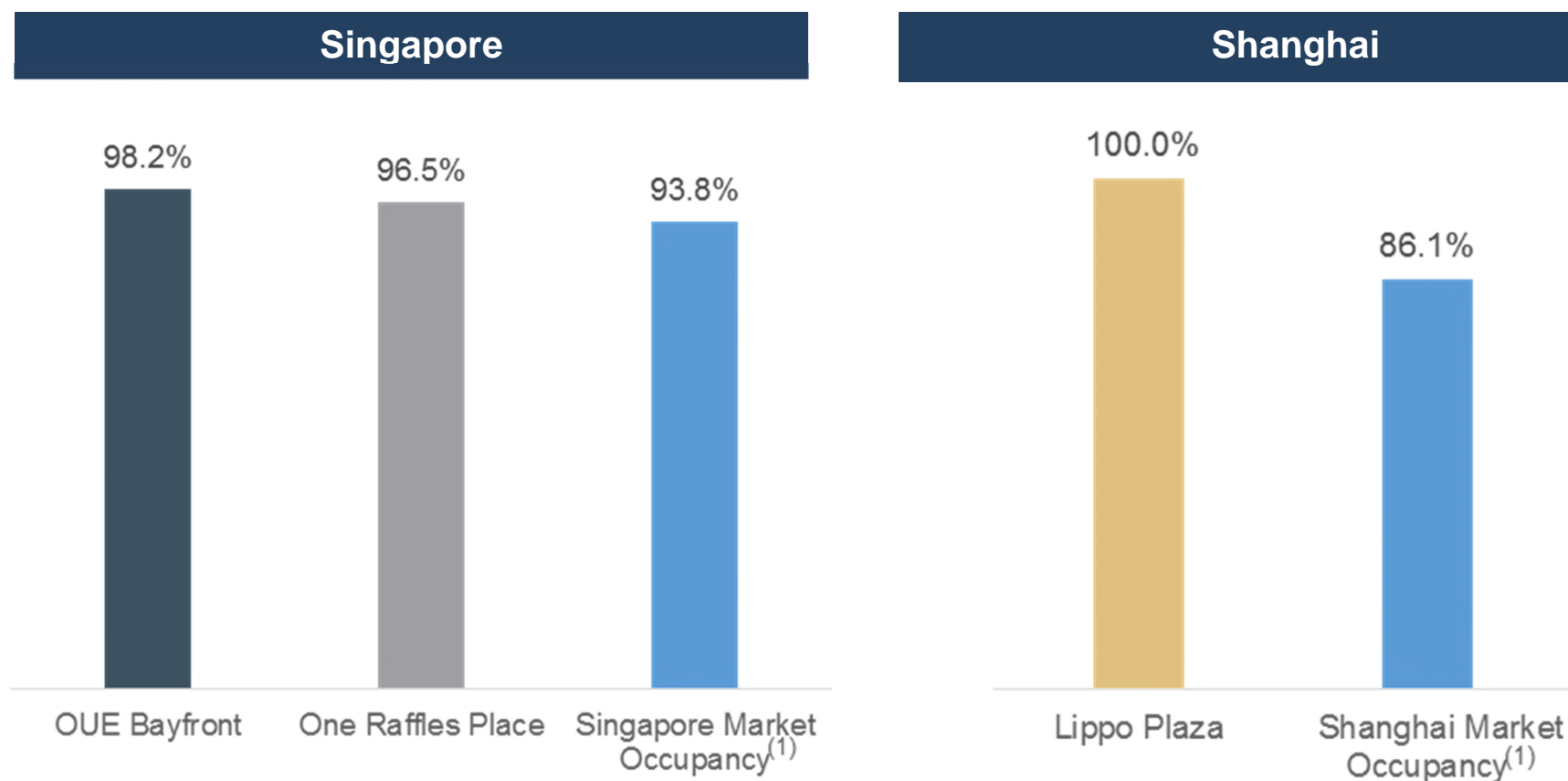
OUE C-REIT's Portfolio Committed Occupancy



(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

Office Occupancy Higher Than Market

- Committed office occupancy at One Raffles Place increased 4.3 ppt in 2017, despite Singapore's core CBD office occupancy declining 2.0 ppt in the same period
- Increased committed office occupancy by 5.5 ppt to full occupancy at Lippo Plaza when CBD Grade A office occupancy in Shanghai fell 3.7 ppt in 2017



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 4Q 2017 according to CBRE Research. Shanghai Market Occupancy refers to Shanghai CBD Grade A office occupancy as at 4Q 2017 according to Colliers International Shanghai

Committed Office Rents In Line Or Above Market

4Q 2017	Average Expired Rents	Committed Rents ⁽¹⁾	Market Rents	Average Passing Rents in Dec 2017
OUE Bayfront	S\$12.79 psf/mth	S\$12.00 – S\$12.50 psf/mth	S\$9.40 psf/mth ⁽²⁾	S\$11.43 psf/mth
One Raffles Place	S\$10.88 psf/mth	S\$8.50 – S\$10.50 psf/mth	S\$9.40 psf/mth ⁽²⁾	S\$9.92 psf/mth
Lippo Plaza	RMB10.08 psm/day	RMB9.70 – RMB12.00 psm/day	RMB9.14 psm/day ⁽³⁾	RMB9.79 psm/day

- Average expired rents for the portfolio in 4Q 2017 continued to be above market rents. Nevertheless, the average of new and renewal office rents committed across the portfolio were in line with or at a premium to their respective market office rents

(1) Committed rents for renewals, rent reviews (if any) and new leases

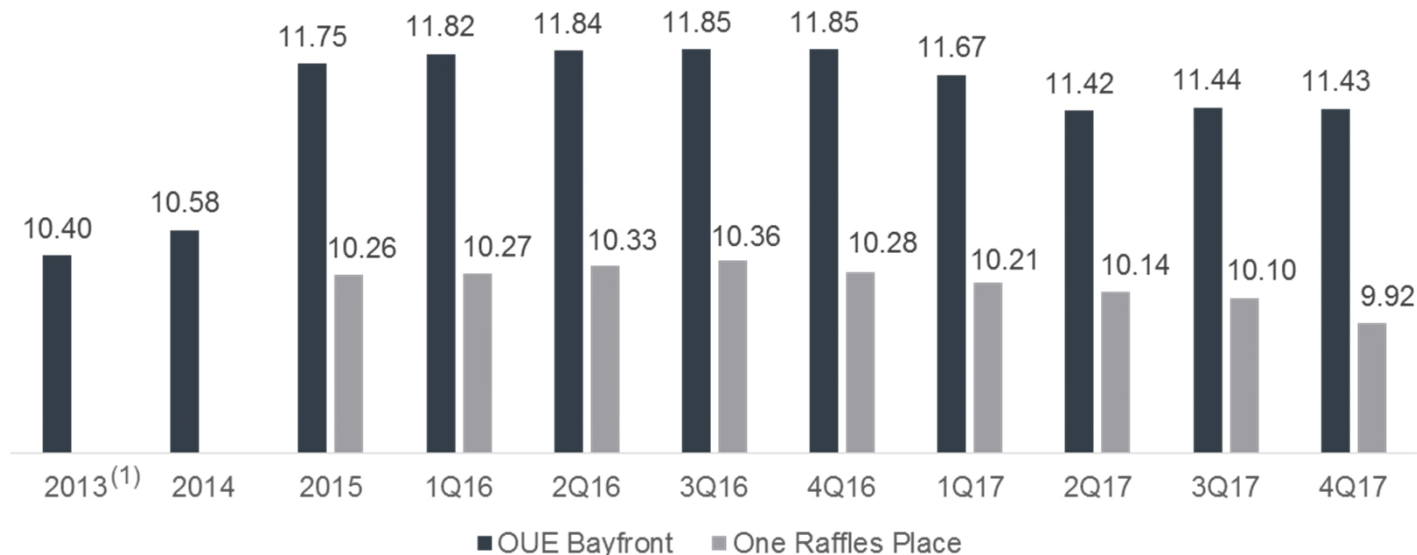
(2) Refers to Grade A CBD Core office rents in Singapore. Source: CBRE Singapore MarketView 4Q 2017

(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International Shanghai 2017 Review and 2018 Outlook, 23 January 2018

Average Passing Office Rents

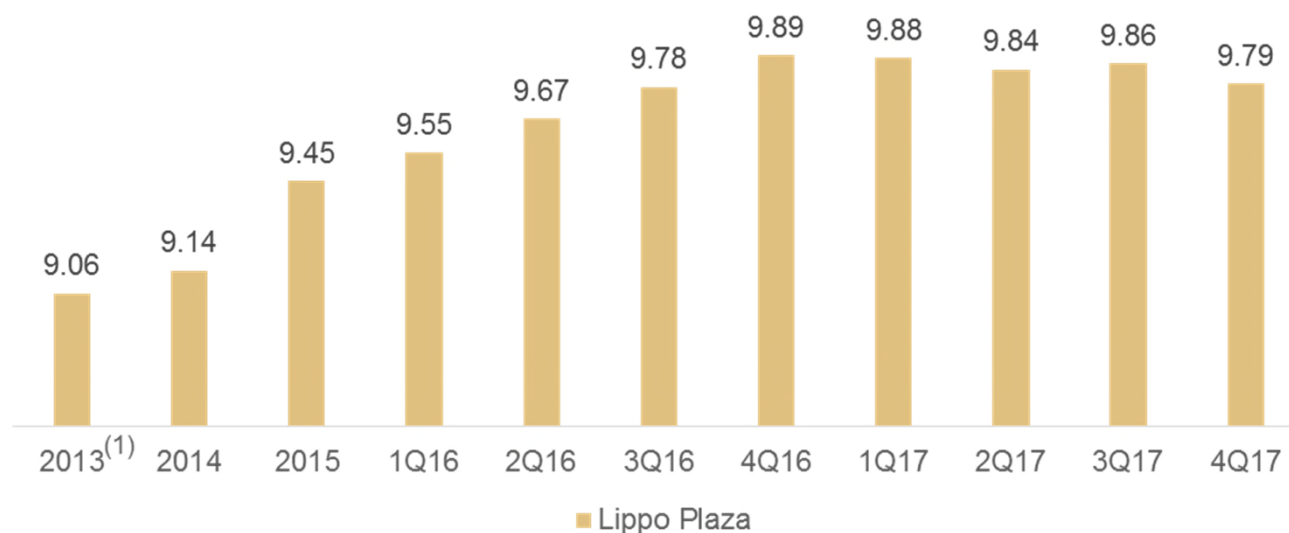
Singapore

S\$ psf/mth



Shanghai

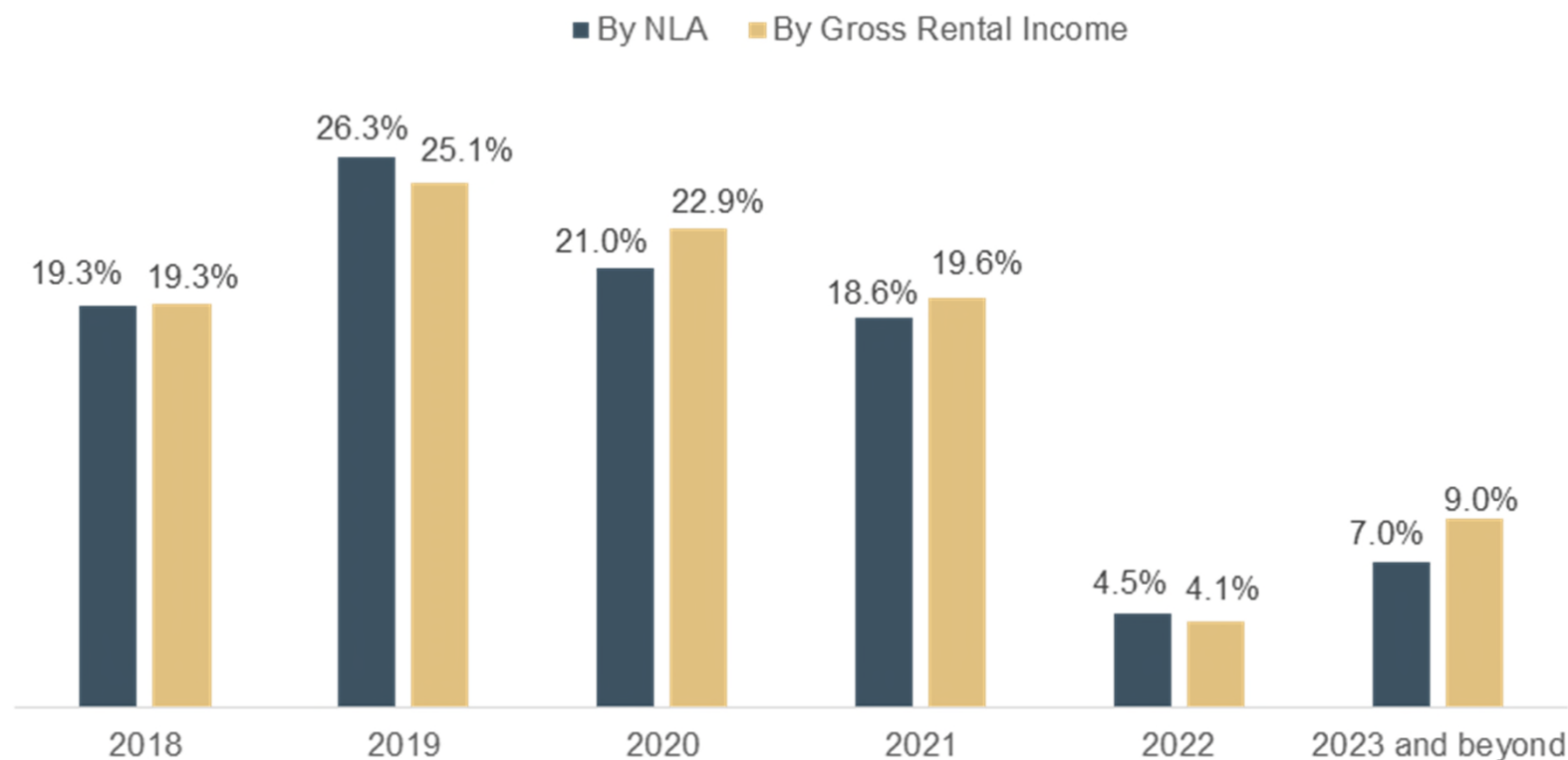
RMB psm/day



(1) Proforma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

Lease Expiry Profile - Portfolio

19.3% of OUE C-REIT's portfolio gross rental income is due in 2018



WALE⁽¹⁾ of 2.5 years by NLA⁽²⁾ and 2.6 years by Gross Rental Income

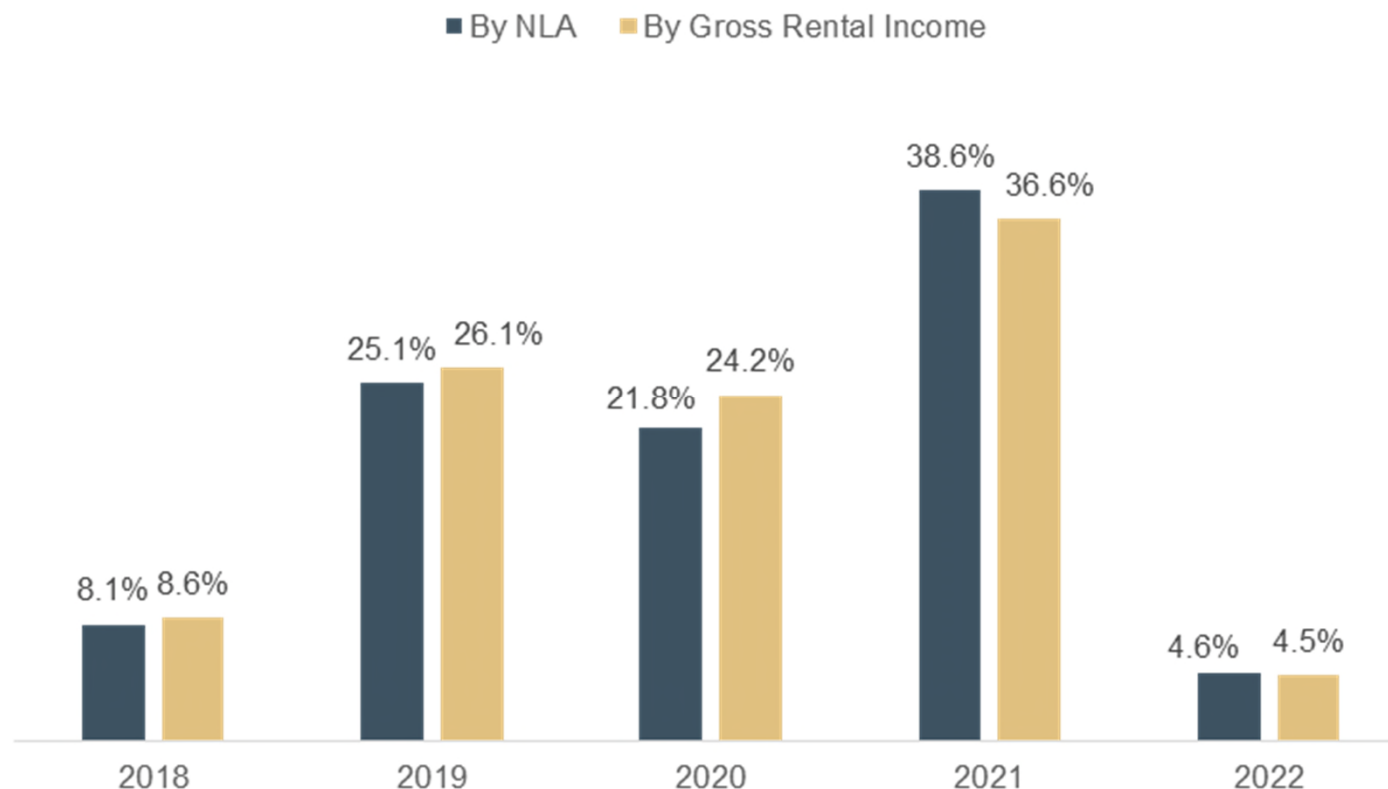
As at 31 Dec 2017

(1) "WALE" refers to the weighted average lease term to expiry

(2) "NLA" refers to net lettable area

Lease Expiry Profile - OUE Bayfront

Only 8.6% of OUE Bayfront's gross rental income is due in 2018

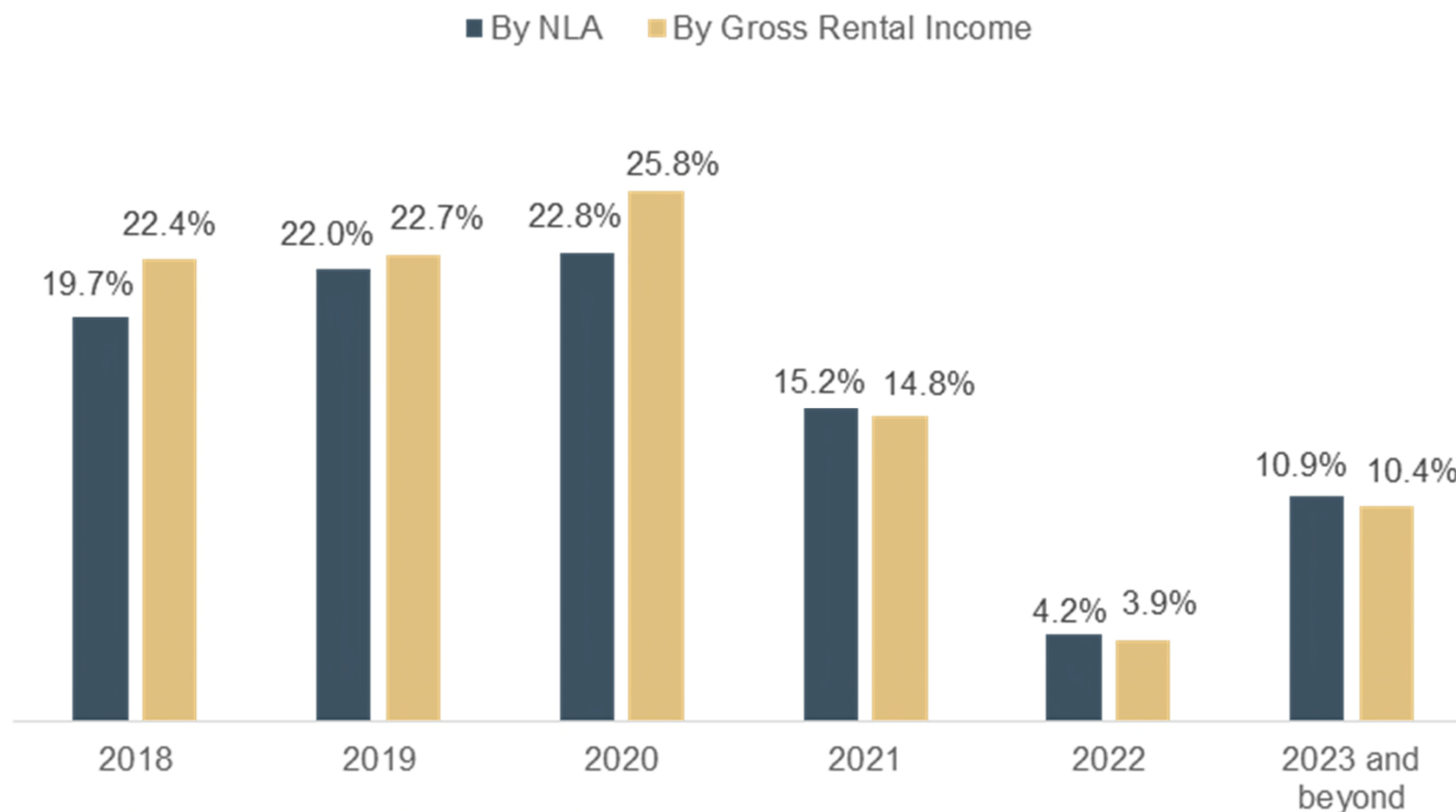


WALE of 2.7 years by NLA and Gross Rental Income

As at 31 Dec 2017

Lease Expiry Profile - One Raffles Place

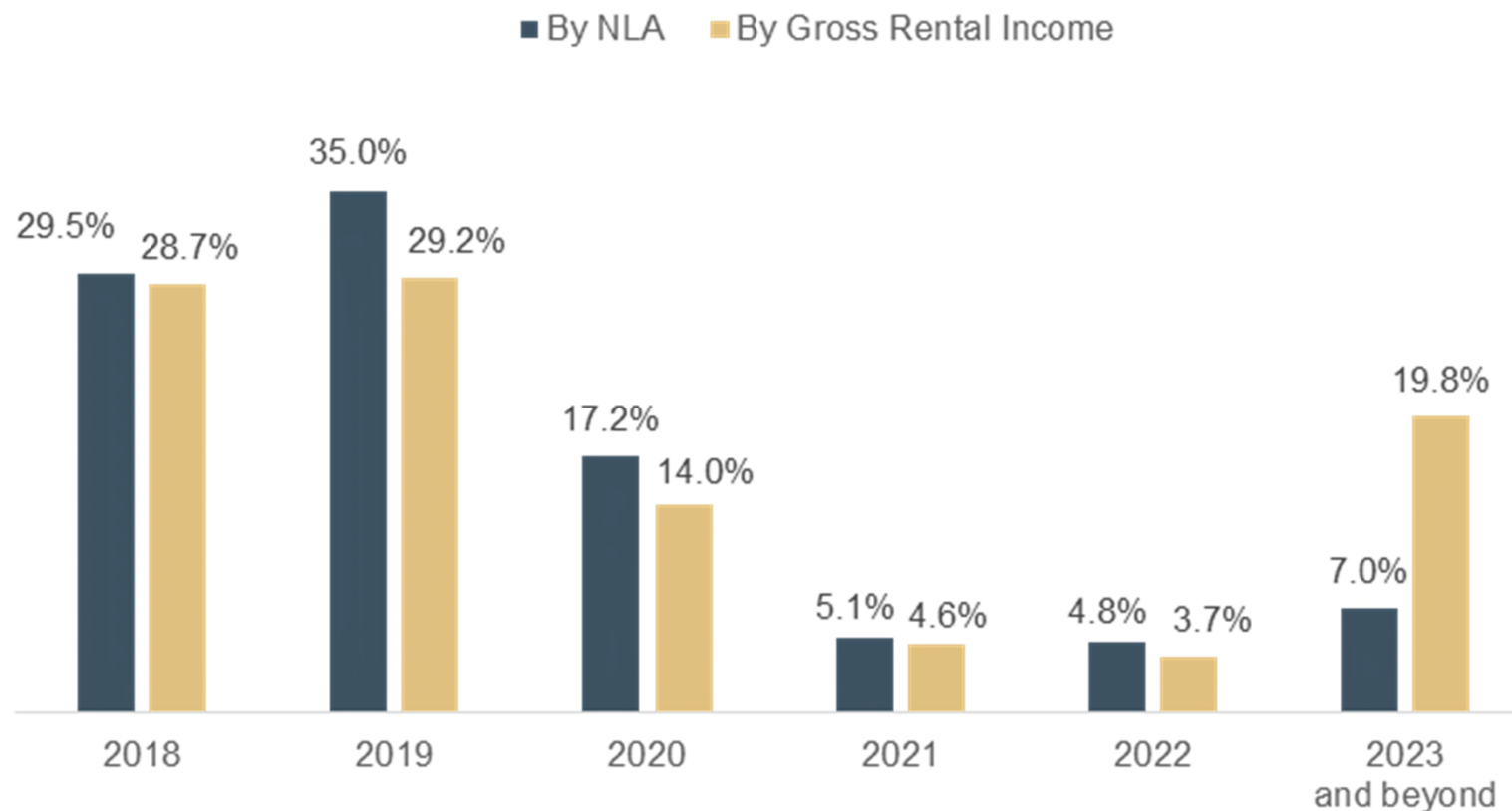
More than 70% of One Raffles Place's office gross rental income expiring in 2018 is due only in 2H 2018



WALE of 2.5 years by NLA and 2.4 years by Gross Rental Income

As at 31 Dec 2017

Lease Expiry Profile - Lippo Plaza

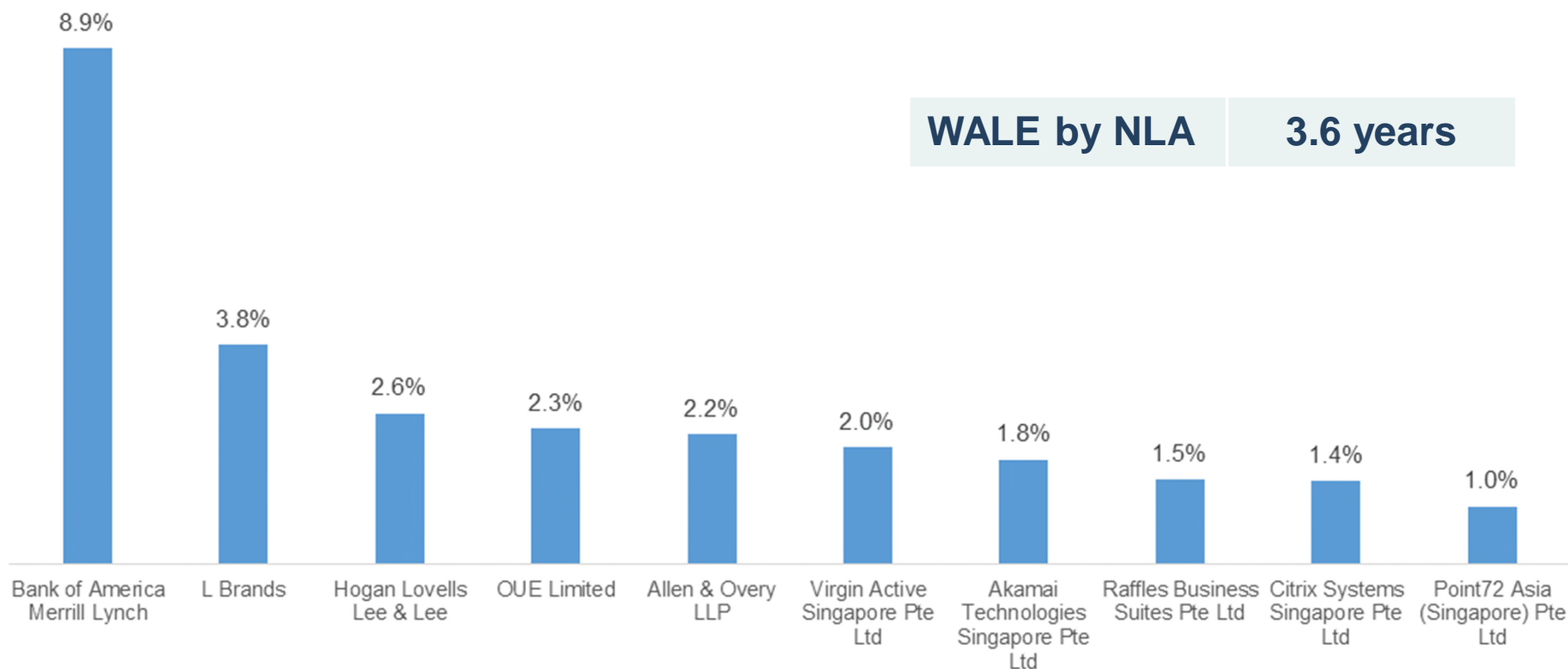


WALE of 2.2 years by NLA and 3.0 years by Gross Rental Income

As at 31 Dec 2017

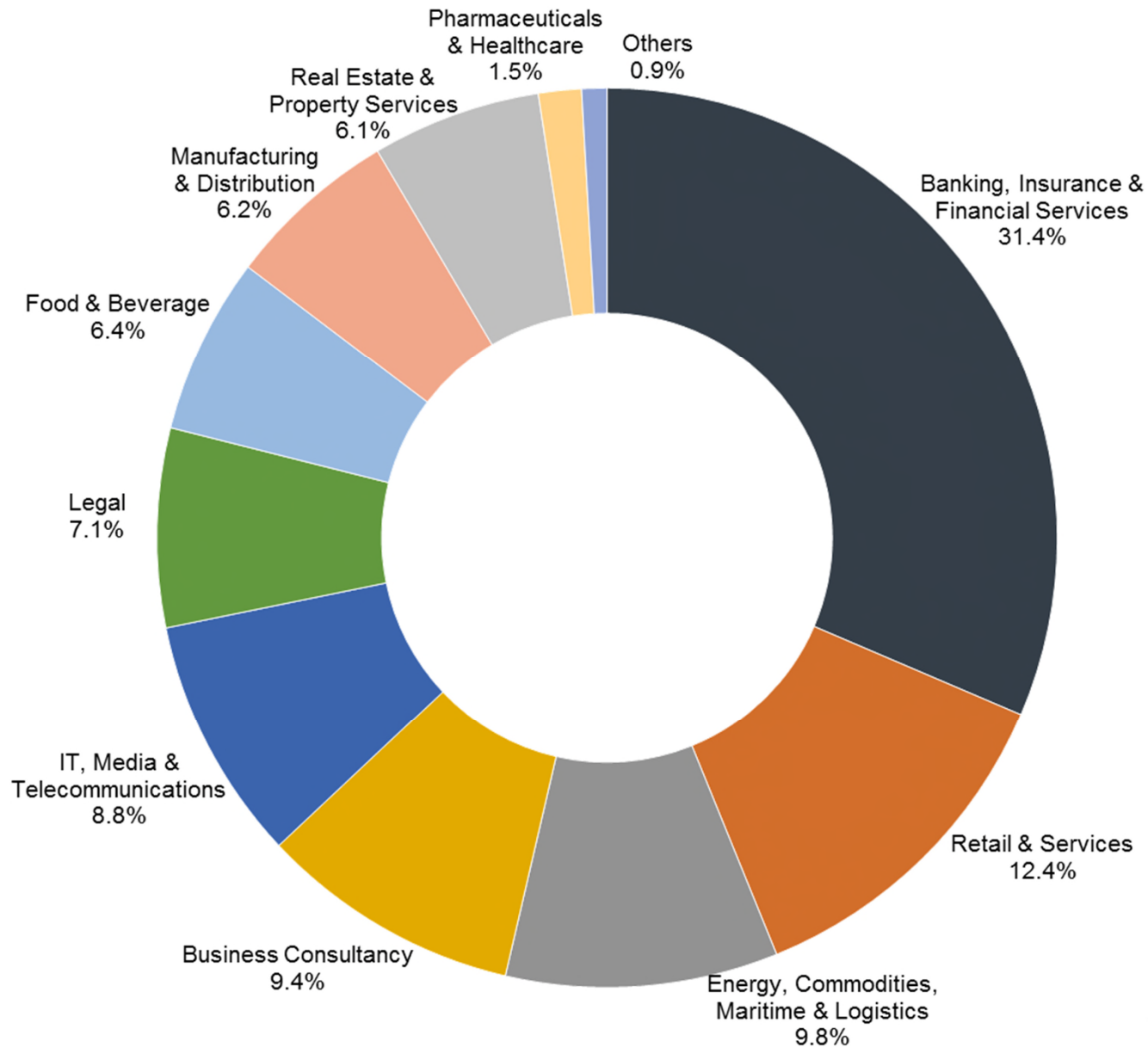
Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 27.5% of gross rental income



As at 31 Dec 2017

Diversified Tenant Base



As at Dec 2017

Outlook



Outlook – Singapore

- Singapore's economy grew 3.5%⁽¹⁾ in 2017. Growth was underpinned by the manufacturing sector which grew 10.5% YoY as electronics and precision engineering clusters expanded output. Services sectors saw growth accelerate in 4Q 2017 at 7.5% QoQ, faster than the 3.4% growth in 3Q 2017, driven by finance & insurance, wholesale & retail trade and transportation & storage sectors. The GDP growth forecast for 2018 is 1.5% to 3.5%.
- CBD Grade A office rents continued to recover, rising 3.0% QoQ to S\$9.40 psf/mth⁽²⁾ in 4Q 2017 as outlook for the office market continued to be positive, underpinned by stronger economic fundamentals and lower office supply expected over the medium term. Core CBD office occupancy improved 1.3 ppt QoQ to 93.8% as at 4Q 2017 on the back of stronger leasing activity; 4Q 2017 islandwide net absorption was 783,621 sq ft, driven by the co-working and technology sectors.
- While Singapore office rents have recovered earlier than expected, the extent of the rebound may be curtailed by potential secondary vacancy in older buildings due to relocations to newly completed buildings, as well as lacklustre occupier demand from traditional source sectors such as banking, maritime and energy.

(1) Ministry of Trade and Industry Press Release, 2 January 2018

(2) CBRE, Singapore Market View, 4Q 2017

Outlook – China

- China's 2017 GDP growth was 6.9%⁽¹⁾, ahead of official target of around 6.5%, with the first annual acceleration in growth since 2010. The expansion was driven by strong export growth on the back of a synchronized uptick in the global economy in 2017 and supported by robust household consumption. Growth momentum is expected to weaken in 2018, due to a rise in corporate borrowing costs, tight monetary conditions as policymakers act to curb financial risks from excessive debt growth, as well as a cooling property sector as the authorities continue to rebalance the economy.
- According to Colliers International, Shanghai CBD Grade A office occupancy as at 4Q 2017 was 86.1%⁽²⁾, unchanged from 3Q 2017 but 3.7 ppt lower YoY, due to significant new office completions of 956,000 sq m during the year. Shanghai CBD Grade A office rents as at 4Q 2017 were RMB10.21 psm per day, up 0.6% QoQ but down 2.4% YoY given the competition to retain tenants. In Puxi, Grade A office occupancy as at 4Q 2017 edged up 0.4 ppt QoQ to 85.7%, with rents holding steady at RMB 9.14 psm per day.
- Despite the ongoing absorption from the finance and technology sectors which is expected to underpin demand in Shanghai, further new office supply coming on-stream in 2018 is expected to keep the overall CBD Grade A vacancy rate elevated and may impact rental growth.

(1) National Bureau of Statistics of China Press Release, 18 January 2018

(2) Colliers International, Shanghai Property Market 2017 Review and 2018 Outlook, 23 January 2018

Appendices

- Overview of OUE C-REIT
- OUE C-REIT's Portfolio
- Singapore Office Market
- Shanghai Office Market



Overview of OUE C-REIT

About OUE C-REIT

- OUE C-REIT is a Singapore real estate investment trust listed on the Mainboard of Singapore Exchange Securities Trading Limited 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
- OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., a wholly-owned subsidiary of OUE Limited

Quality Portfolio

OUE C-REIT's portfolio comprises :

- **OUE Bayfront**, a premium Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place in Singapore;
- **One Raffles Place**, an integrated commercial development comprising two Grade A office towers and a retail mall located in the heart of the Singapore's central business district at Raffles Place; and
- **Lippo Plaza**, a Grade A commercial building located in Huangpu, one of Shanghai's established core CBD locations

Strong Sponsor

- Committed Sponsor in OUE Group which has a 55.6% stake in OUE C-REIT
- Right of First Refusal over 1 million sq ft NLA of commercial space
- Sponsor has proven track record in real estate ownership and operations
- Leverage on Sponsor's asset enhancement and redevelopment expertise

Premium Portfolio of Assets

OUE Bayfront



GFA (sq m)	46,774.6
NLA (sq m)	Office: 35,298.3; Retail: 1,830.1; Overall: 37,128.4
Committed Occupancy (@ 31 Dec 2017)	Office: 98.2%; Retail: 100.0%; Overall: 98.2%
Valuation (@ 31 Dec 2017)	S\$1,153.0 m (S\$2,885 psf)
Valuation Cap Rate (Office):	3.75%
Land Use Right Expiry	OUE Bayfront & OUE Tower: 99 yrs from 12 November 2007 OUE Link: 15 yrs from 26 March 2010 Underpass: 99 yrs from 7 January 2002
Completion Year	2011

Premium Portfolio of Assets

One Raffles Place



GFA (sq m)	119,626.3
Attributable NLA (sq m)	Office: 56,013.0; Retail: 9,386.0; Overall: 65,399.0
Committed Occupancy (@ 31 Dec 2017)	Office: 96.5%; Retail: 86.4%; Overall: 94.9%
Valuation⁽¹⁾ (@ 31 Dec 2017)	S\$1,773.2 m (S\$2,519 psf)
Valuation Cap Rate (Office):	3.60% - 3.90%
Land Use Right Expiry	Office Tower 1: 841 yrs from 1 Nov 1985; Office Tower 2: 99 yrs from 26 May 1983; Retail: ~75% of NLA is on 99 yrs from 1 Nov 1985
Completion Year	Office Tower 1: 1986; Office Tower 2: 2012; Retail (major refurbishment): 2014

(1) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited held via its wholly-owned subsidiaries

Premium Portfolio of Assets

Lippo Plaza



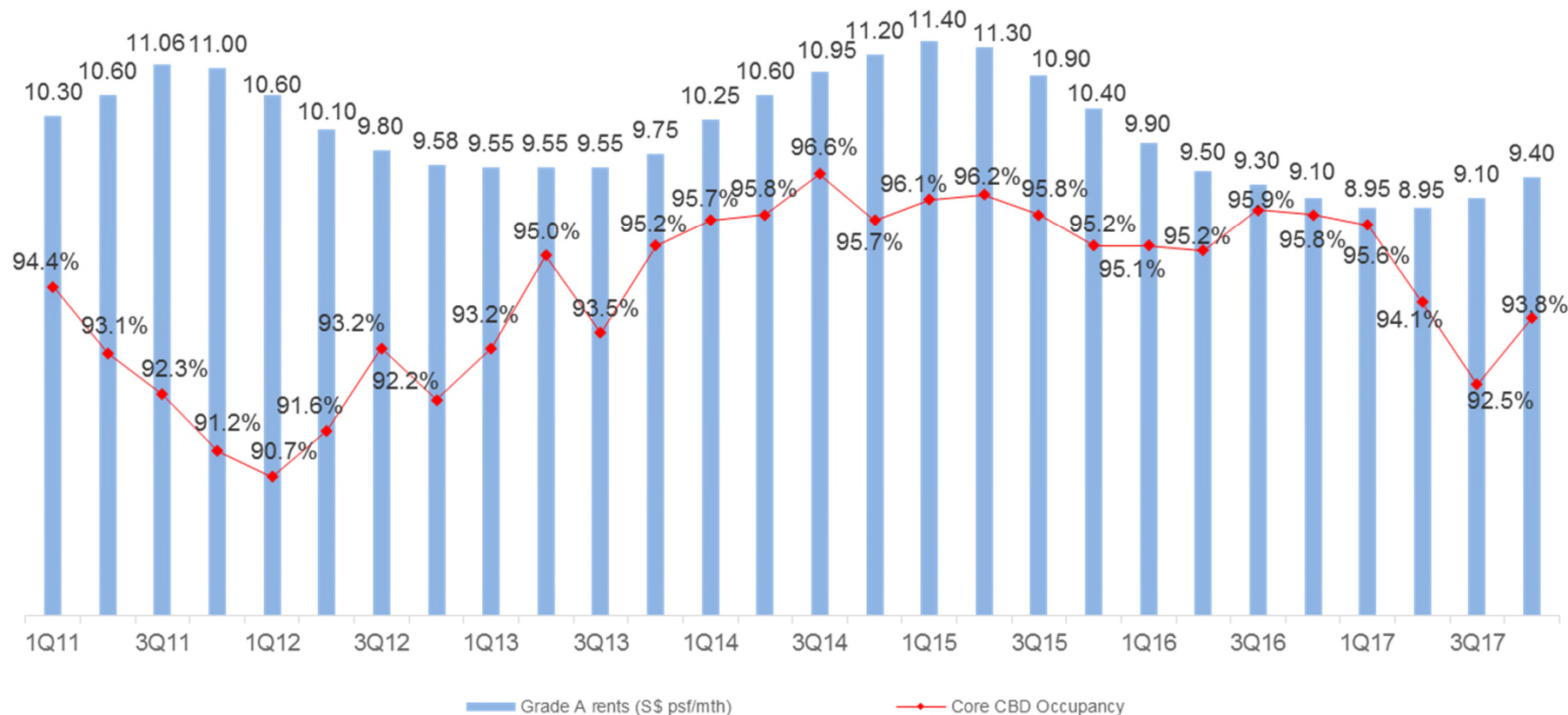
GFA (sq m)	58,521.5
Attributable NLA (sq m)	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
Committed Occupancy (@ 31 Dec 2017)	Office: 100.0%; Retail: 90.4%; Overall: 98.6%
Valuation⁽¹⁾ (@ 31 Dec 2017)	RMB2,887.0 m / RMB49,332 psm (S\$588.9m) ⁽²⁾
Land Use Right Expiry	50 yrs from 2 July 1994
Completion Year	1999; Retail (major refurbishment) : 2010

(1) Based on 91.2% strata ownership of Lippo Plaza

(2) Based on SGD:CNY exchange rate of 1 : 4.902 as at 31 December 2017

Singapore Office Market

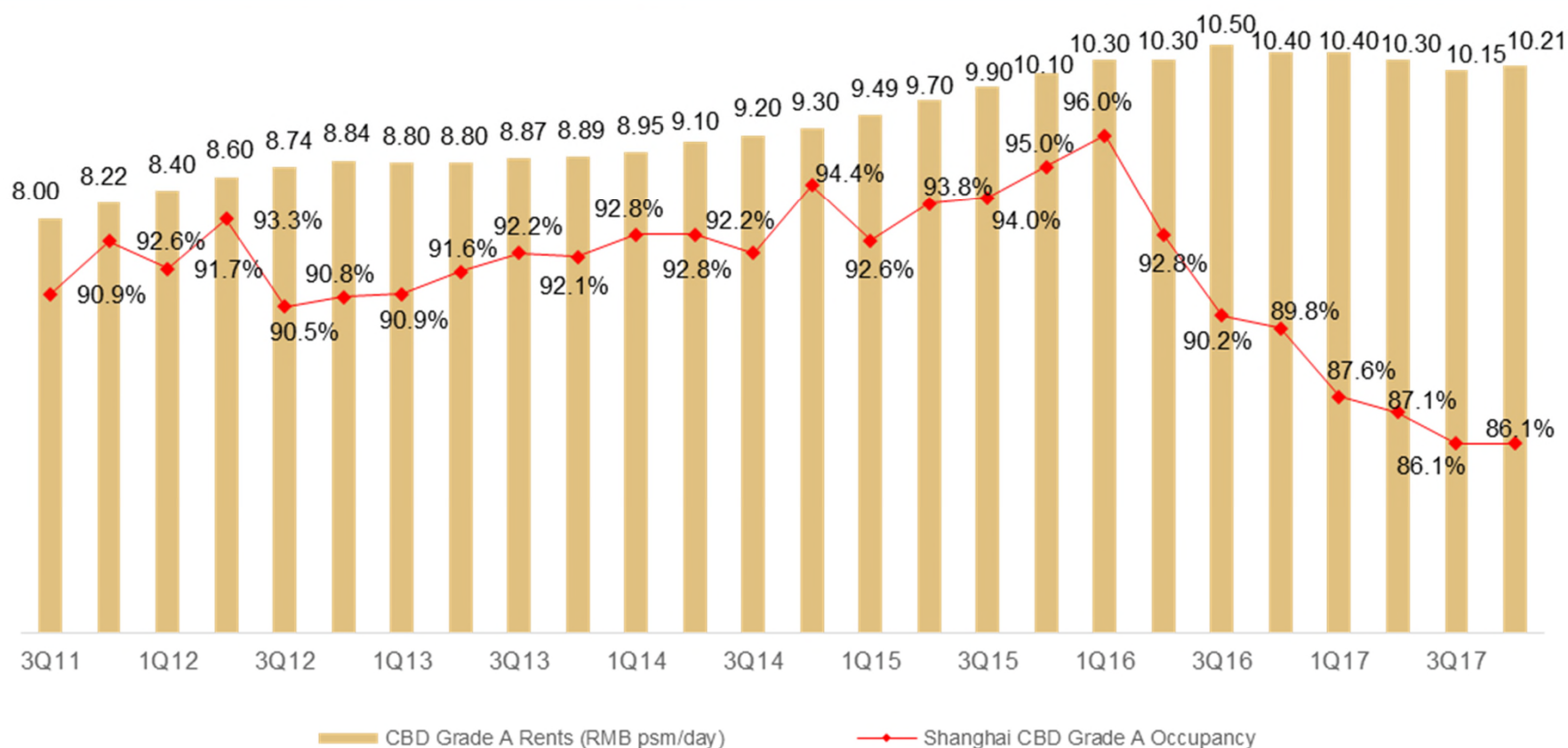
- Core CBD office occupancy improved 1.3ppt QoQ to 93.8% as at 4Q 2017 on the back of stronger leasing activity with quarterly islandwide net absorption of 783,621 sq ft. Expansionary demand was driven by the co-working and technology sectors
- CBD Grade A office rents continued to recover, rising 3.0% QoQ to S\$9.40 psf/mth as the outlook for the office market turned positive, underpinned by strong economic fundamentals and lower office supply expected over the medium term



Source: CBRE

Shanghai Office Market

- Shanghai CBD Grade A office occupancy as at 4Q 2017 was 86.1%, flat QoQ but declined 3.7 ppt YoY due to significant new office completions during the year. CBD Grade A office rents as at 4Q 2017 were RMB10.21 psm/day, up 0.6% QoQ but down 2.4% YoY given the competition to retain tenants.
- In the Puxi area, Grade A office occupancy rose 0.4 ppt QoQ to 85.7% as at 4Q 2017, with rents holding steady at RMB9.14 psm/day





Thank you