



OUE Commercial REIT

Citi-REITAS-SGX C-Suite Singapore REITs & Sponsors Forum 2019

22 August 2019

Important Notice

This presentation should be read in conjunction with the announcements released by OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) on 7 August 2019 (in relation to its Financial Results for 2nd Quarter 2019).

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Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). It is intended that holders of Units (“Unitholders”) may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The information and opinions contained in this presentation are subject to change without notice.

Agenda

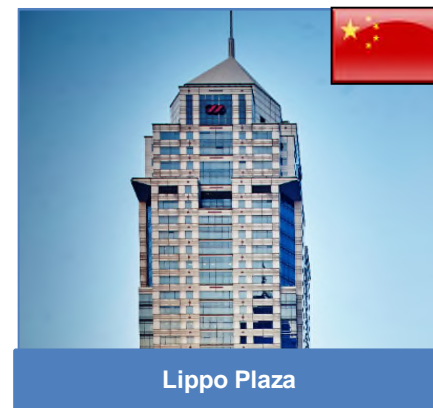
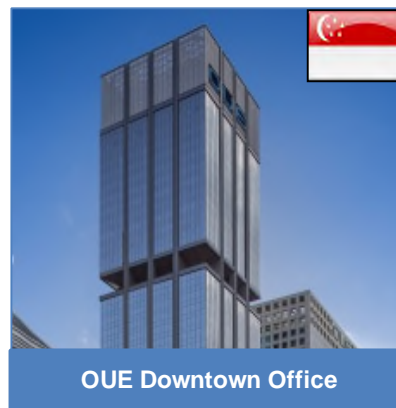
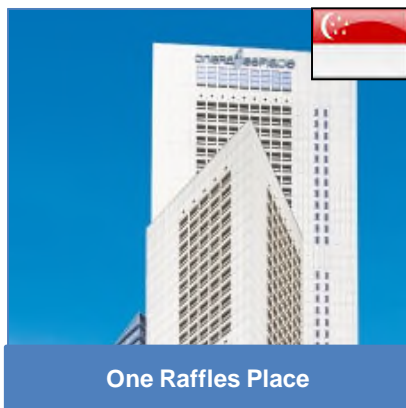
- Overview
- Financial Highlights
- Portfolio Performance
- Appendices

Overview



Overview of OUE C-REIT

- OUE C-REIT's principal investment strategy is to invest in income-producing real estate which is used primarily for commercial purposes in financial and business hubs in key gateway cities
- Total asset size of **S\$4.5 billion** as at 30 June 2019, comprising 4 properties in Singapore and China
- **More than 2.0 million** sq ft of prime CBD commercial space



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 (@ 30 Jun 2019)	Office: 99.3%; Retail: 100.0%; Overall: 99.4%
Valuation (@ 31 Dec 2018)	S\$1,173.1 m (S\$2,935 psf)
Valuation Cap Rate (Office):	3.625%
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

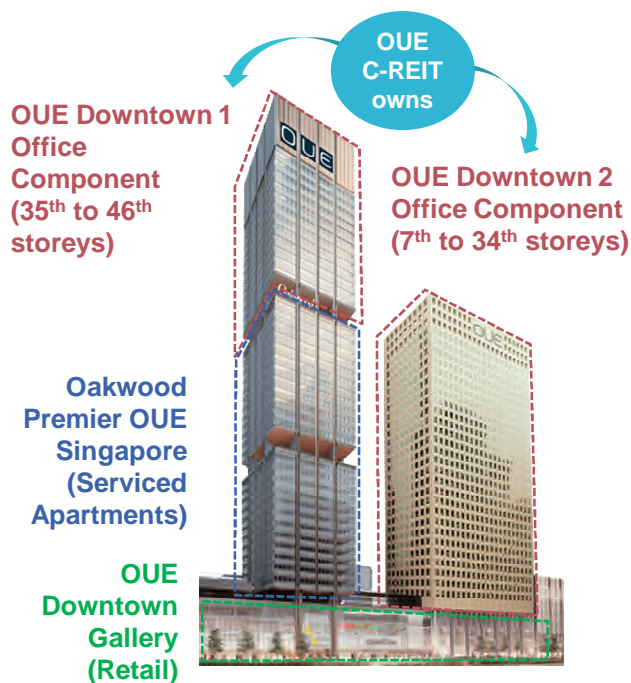


GFA (sq m)	119,626.3
Attributable NLA (sq m)	Office: 57,043.1; Retail: 9,227.4; Overall: 66,270.5
Committed Occupancy (@ 30 Jun 2019)	Office: 94.5%; Retail: 97.8%; Overall: 95.1%
Valuation⁽¹⁾ (@ 31 Dec 2018)	S\$1,813.5 m (S\$2,542 psf)
Valuation Cap Rate (Office):	3.50% - 3.70%
Land Use Right Expiry	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

OUE Downtown Office



GFA (sq m)	69,922.0
Attributable NLA (sq m)	Office: 49,239.0
Committed Occupancy (@ 30 Jun 2019)	Office: 93.2%
Valuation⁽¹⁾ (@ 31 Dec 2018)	S\$920.0 m (S\$1,736 psf)
Valuation Cap Rate (Office):	4.00%
Land Use Right Expiry	99 yrs from 19 July 1967
Completion Year	OUE Downtown 1: 1974; OUE Downtown 2: 1994; Major refurbishment : 2017

(1) Valuation without income support

Premium Portfolio of Assets

Lippo Plaza



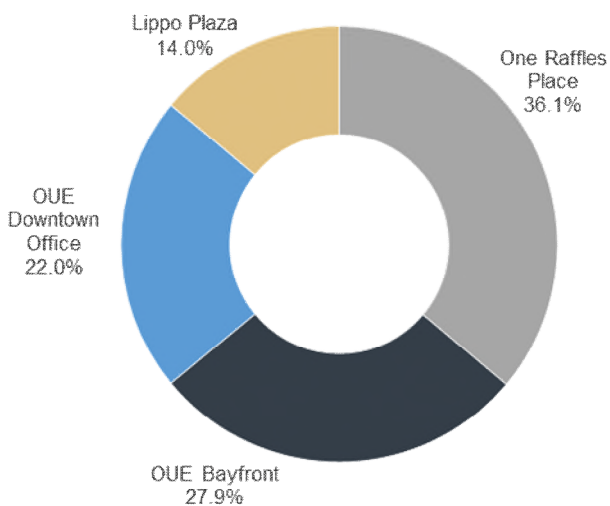
GFA (sq m)	58,521.5
Attributable NLA (sq m)	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
Committed Occupancy (@ 30 Jun 2019)	Office: 89.2%; Retail: 98.7%; Overall: 90.6%
Valuation⁽¹⁾ (@ 31 Dec 2018)	RMB2,950.0 m / RMB50,409 psm (S\$580.9 million) ⁽²⁾
Land Use Right Expiry	50 yrs from 2 July 1994
Completion Year	Office : 1999; Retail (major refurbishment) : 2010

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

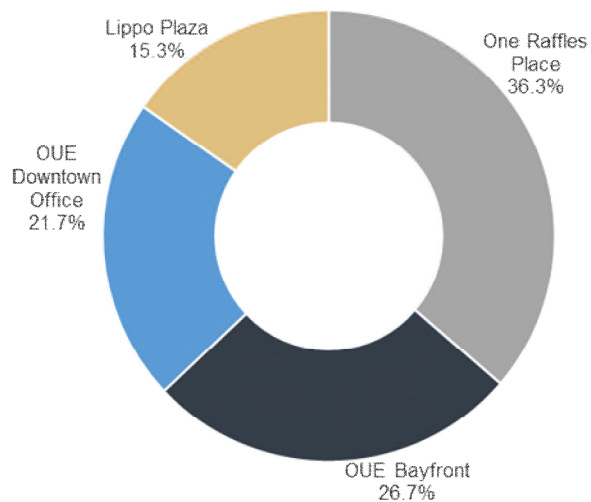
(2) Based on SGD:CNY exchange rate of 1 :5.079 as at 30 June 2019

Portfolio Composition

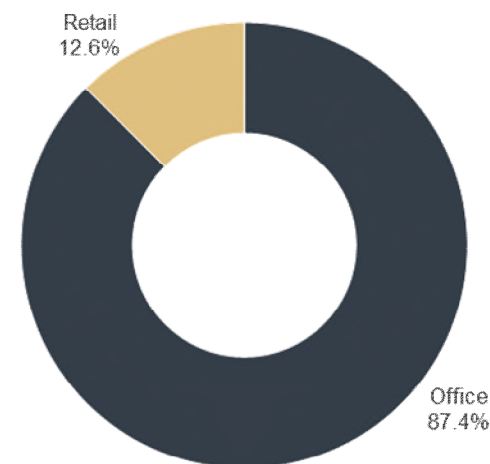
By Asset Value⁽¹⁾



By Revenue Contribution⁽²⁾



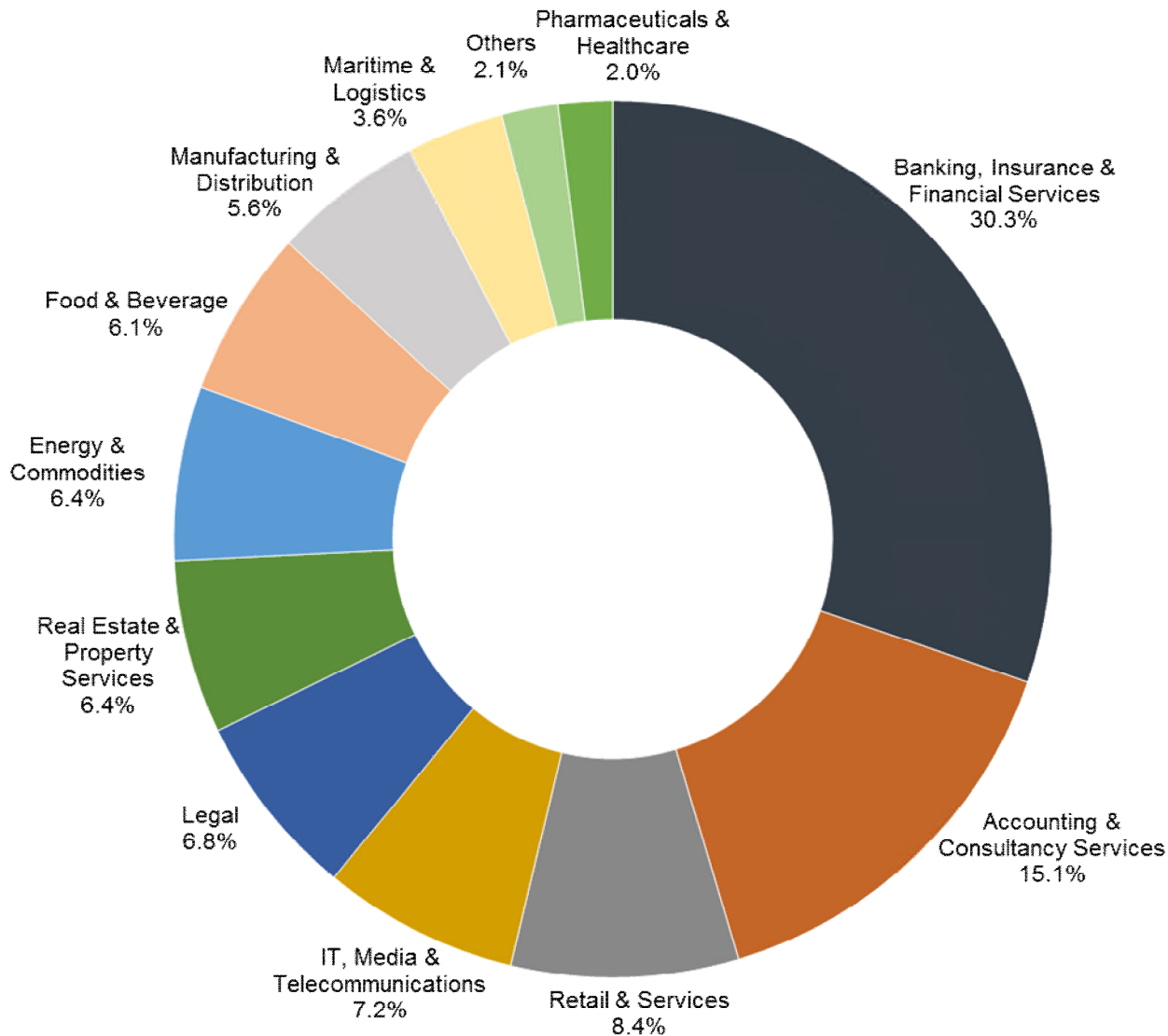
By Segment Income⁽²⁾



(1) Based on independent valuations as at 31 December 2018 and OUE C-REIT's proportionate interest in One Raffles Place

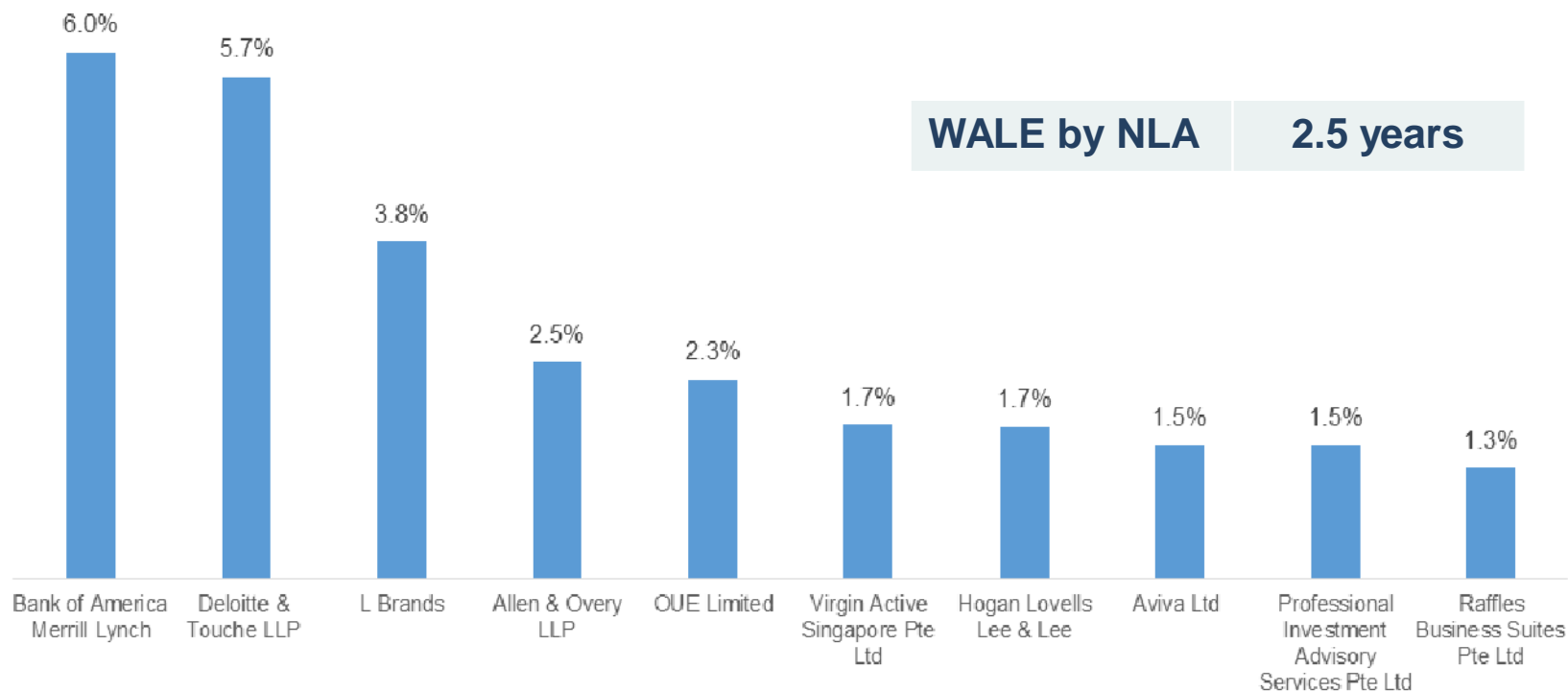
(2) For 2Q 2019 based on OUE C-REIT's attributable interest in One Raffles Place

Well-Diversified Portfolio Tenant Base



As at Jun 2019

Top 10 tenants contribute approximately 28.0% of gross rental income



As at 30 Jun 2019

Financial Highlights



2Q 2019 Highlights

Revenue

S\$51.9 million

↑ **20.5%** YoY

Net Property Income

S\$40.8 million

↑ **20.1%** YoY

Amount Available for
Distribution

S\$22.5 million

↑ **36.6%** YoY

Annualised
Yield

6.7%⁽¹⁾

Portfolio
Committed Occupancy

94.5%

↑ **0.5 ppt** QoQ

Aggregate Leverage

39.3%

↔ 1Q 2019: 39.4%

- Although Singapore's CBD Grade A office rental growth has moderated, continued leasing momentum led to higher rents being achieved in 2Q 2019 while maintaining stable occupancy
- Positive rental reversions across Singapore portfolio
- No significant refinancing until 2020

(1) OUE C-REIT's annualised distribution yield based on 1H 2019 distribution per unit of 1.68 cents and Unit closing price of S\$0.505 as at 28 June 2019 (being the last trading day of 2Q 2019)

Proposed Merger with OUE Hospitality Trust

Proposed Merger with OUE Hospitality Trust

- Announced proposed merger with OUE Hospitality Trust by way of a trust scheme of arrangement on 8 April 2019
- Approval of OUE C-REIT unitholders obtained at the extraordinary general meeting held on 14 August 2019
- Court hearing on 26 August 2019 to sanction the trust scheme, with expected effective date of merger in September 2019
- The rationale for the proposed merger includes:
 - Creation of one of the largest diversified S-REITs, owning seven properties with total assets of approximately S\$6.9 billion
 - Larger capital base and broadened investment mandate provide flexibility to drive long-term growth; enhanced portfolio diversification with greater resilience
 - DPU accretive to Unitholders on a historical pro forma basis

2Q 2019 vs 2Q 2018

	2Q 2019	2Q 2018	Change
Revenue (S\$ m)	51.9	43.1	20.5%
Net Property Income (S\$ m)	40.8	33.9	20.1%
Amount Available for Distribution to Unitholders (S\$ m)	22.5	16.5	36.6%
DPU (cents) (actual)	0.78	1.06	-26.4%
DPU (cents) (restated)	-	0.58⁽¹⁾	34.5%

- Net property income of S\$40.8 million in 2Q 2019 increased 20.1% YoY due primarily to the contribution from OUE Downtown Office which was acquired in November 2018
- The drawdown of OUE Downtown Office's rental support, partially offset by higher interest expenses in 2Q 2019 as a result of higher borrowings, resulted in amount available for distribution of S\$22.5 million, 36.6% higher YoY

1H 2019 vs 1H 2018

	1H 2019	1H 2018	Change
Revenue (S\$ m)	107.2	87.2	23.0%
Net Property Income (S\$ m)	84.3	69.2	21.8%
Amount Available for Distribution to Unitholders (S\$ m)	48.6	33.9	43.2%
DPU (cents) (actual)	1.68	2.18	-22.9%
DPU (cents) (restated)	-	1.19 ⁽¹⁾	41.2%

- Net property income of S\$84.3 million in 1H 2019 was 21.8% higher YoY due primarily to contribution from OUE Downtown Office which was acquired in November 2018
- The drawdown of OUE Downtown Office's rental support, partially offset by higher interest expenses in 1H 2019 as a result of higher borrowings, resulted in amount available for distribution of S\$48.6 million, 43.2% higher YoY

(1) For the purpose of comparison, 1H 2018 DPU has been restated to include the 1,288,438,981 new Units issued on 30 October 2018 pursuant to the 17 Rights Issue

Capital Management

- Aggregate leverage ratio as at 30 June 2019 was stable at 39.3%, with weighted average cost of debt of 3.5% per annum
- With 76.1% of debt on fixed rate basis, earnings are mitigated against interest rate fluctuations
- Every 25bps increase in floating interest rates is expected to reduce distribution by S\$1.0 million per annum, or 0.03 cents in DPU

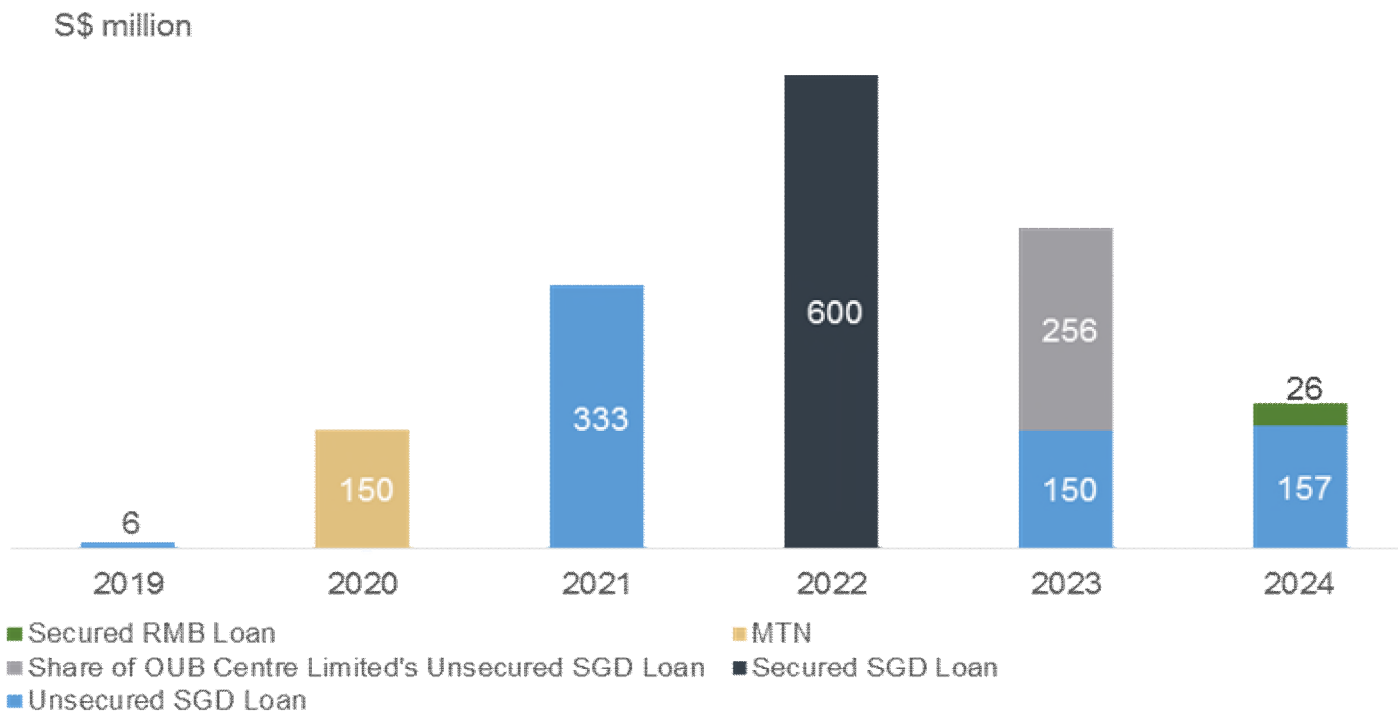
	As at 30 Jun 2019	As at 31 Mar 2019
Aggregate Leverage	39.3%	39.4%
Total debt	S\$1,677m ⁽¹⁾	S\$1,685m ⁽²⁾
Weighted average cost of debt	3.5% p.a.	3.5% p.a.
Average term of debt	3.0 years	3.3 years
% fixed rate debt	76.1%	71.6%
% unsecured debt	62.7%	62.2%
Average term of fixed rate debt	2.2 years	2.1 years
Interest cover ratio	3.1x	3.3x

(1) Based on SGD:CNY exchange rate of 1:5.079 as at 30 June 2019 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:4.958 as at 31 March 2019 and includes OUE C-REIT's share of OUB Centre Limited's loan

No significant refinancing requirement until 2020

Debt Maturity Profile as at 30 June 2019



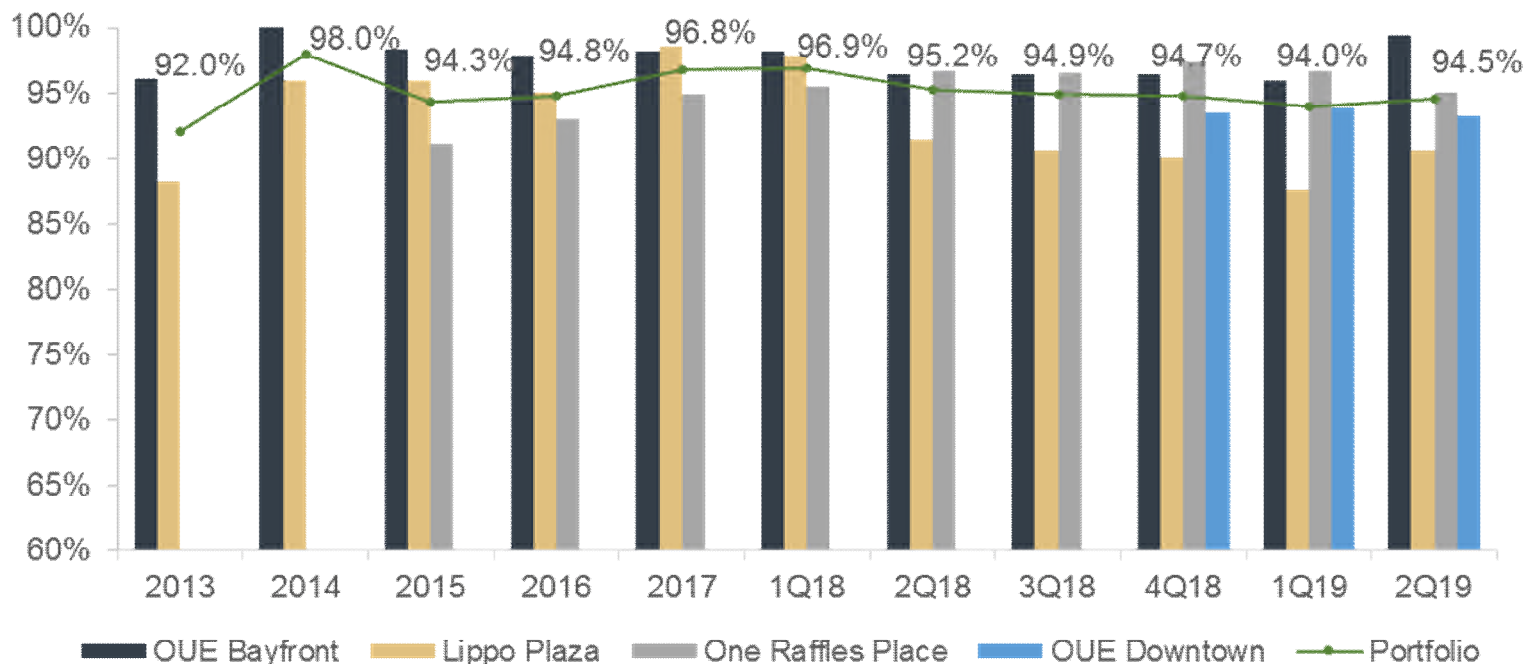
Portfolio Performance



Resilient and Stable Portfolio

- Lippo Plaza’s overall committed occupancy improved to 90.6% with the leasing of the vacant retail space during the quarter, resulting in a higher committed retail occupancy of 98.7%
- OUE Bayfront’s overall committed occupancy increased to 99.4% with the improvement in committed office occupancy and leasing up of retail space which is now fully occupied

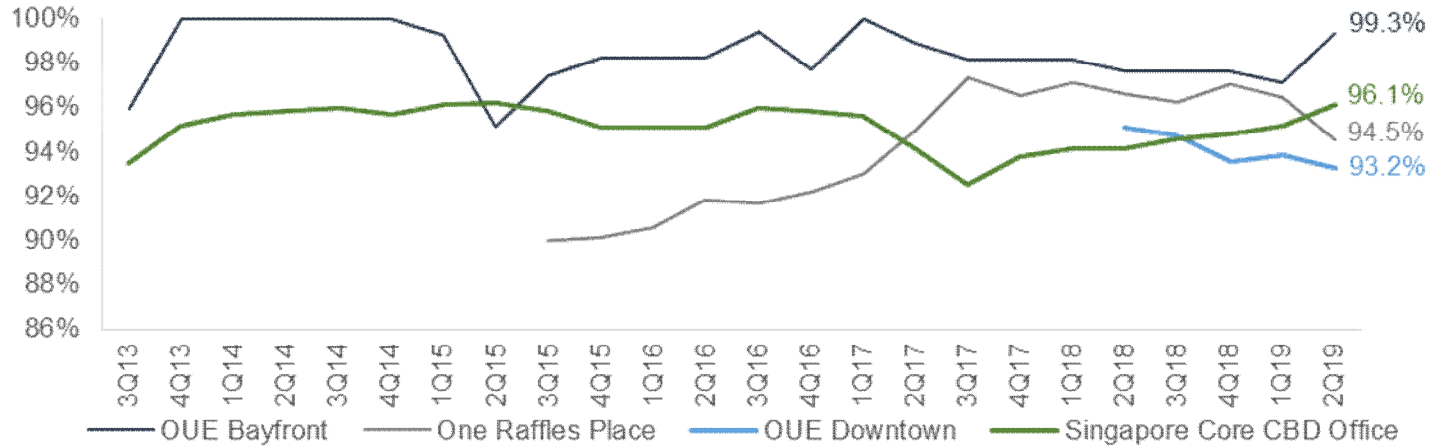
Portfolio Committed Occupancy



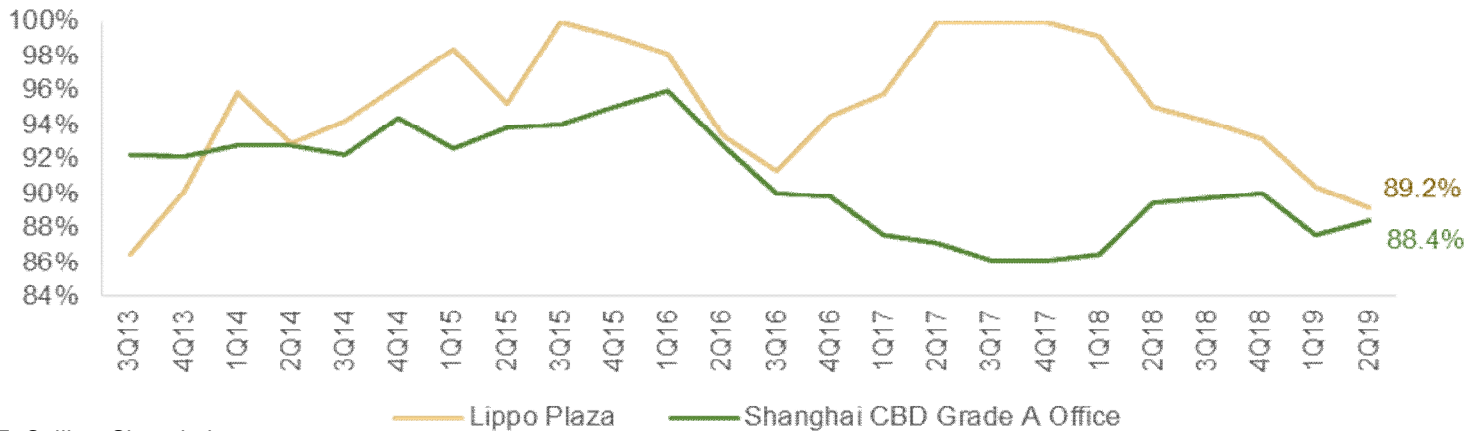
(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT’s Prospectus dated 17 January 2014

Healthy Office Occupancy

Singapore



Shanghai



Committed Office Rents In Line Or Above Market

2Q 2019	Average Expired Rents	Committed Rents ⁽¹⁾	Sub-market	Comparable Sub-market Rents	
				Colliers ⁽²⁾	Savills ⁽³⁾
Singapore					
OUE Bayfront	S\$13.75	S\$11.50 – S\$14.75	New Downtown/ Marina Bay	S\$11.96	S\$13.01
One Raffles Place	S\$9.46	S\$9.20 – S\$11.40	Raffles Place	S\$10.41	S\$10.22
OUE Downtown	S\$7.07	S\$8.00 – S\$9.20	Shenton Way/ Tanjong Pagar	S\$10.03	S\$8.87 – S\$9.21
Shanghai					
Lippo Plaza	RMB10.15	RMB8.35 – RMB11.20	Puxi	RMB9.54	RMB10.26

- Renewal rents in 2Q 2019 for the Singapore properties continued to be higher than preceding rents, as market rental growth continued to be positive

(1) Committed rents for renewals and new leases

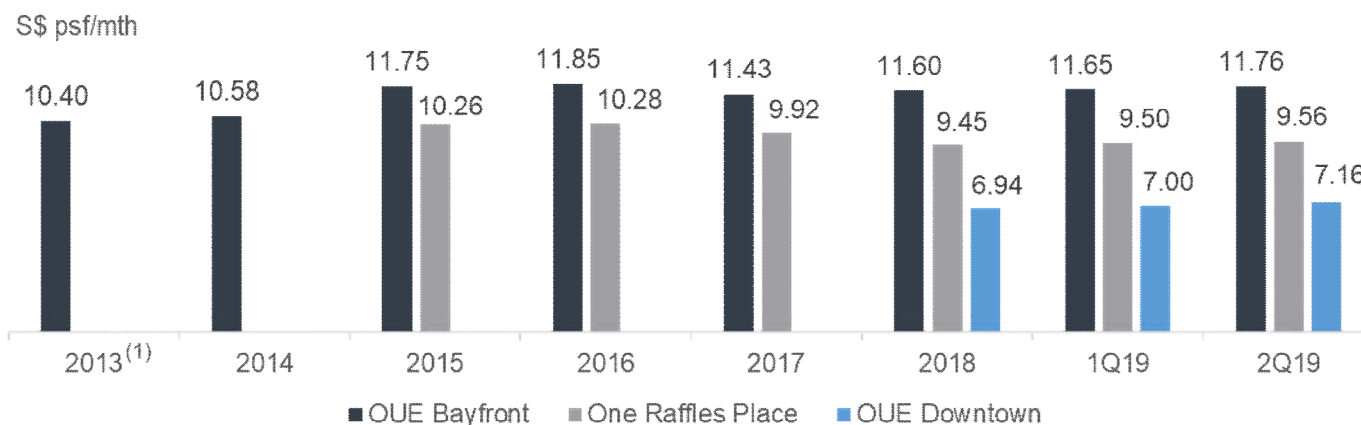
(2) Source: Colliers Singapore Office Quarterly 2Q 2019 for Singapore comparable sub-market rents; Colliers Shanghai Office Property Market Overview 2Q 2019 for Shanghai comparable sub-market rents

(3) Source: Savills Singapore Office Briefing 1Q 2019 for Singapore comparable sub-market rents; Savills Shanghai Grade A Office Market Update 2Q 2019 for Shanghai comparable sub-market rents

Note: For reference, CBRE Research's 2Q 2019 Grade A Singapore office rent is S\$11.30 psf/mth. Sub-market rents are not published

Average Passing Office Rents

Singapore



- Average passing office rent for Singapore properties improved in 2Q 2019, due to positive rental reversions in the previous quarters

Shanghai

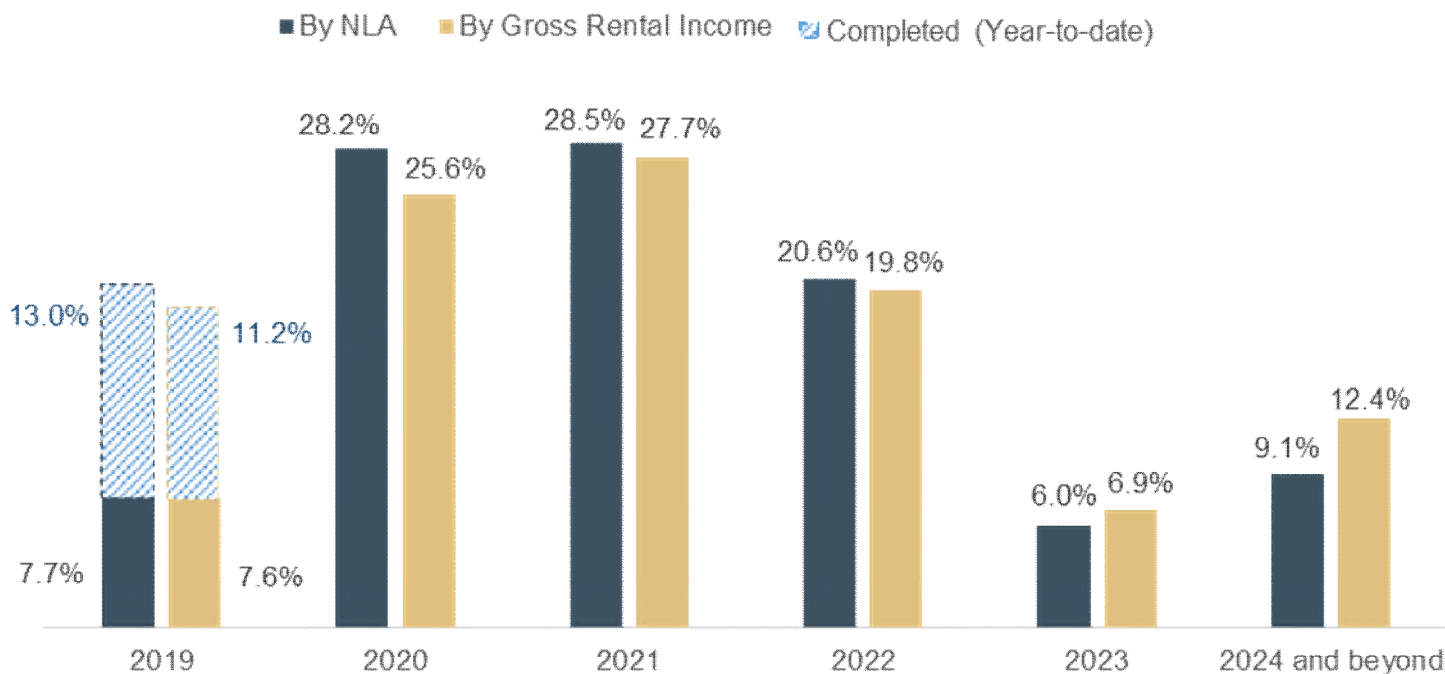


- Average passing office rent at Lippo Plaza was RMB9.86 psm/day as of June 2019

(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

7.6% of OUE C-REIT's portfolio gross rental income is due for renewal for the balance of 2019



WALE⁽¹⁾ of 2.2 years by NLA⁽²⁾ and 2.4 years by Gross Rental Income

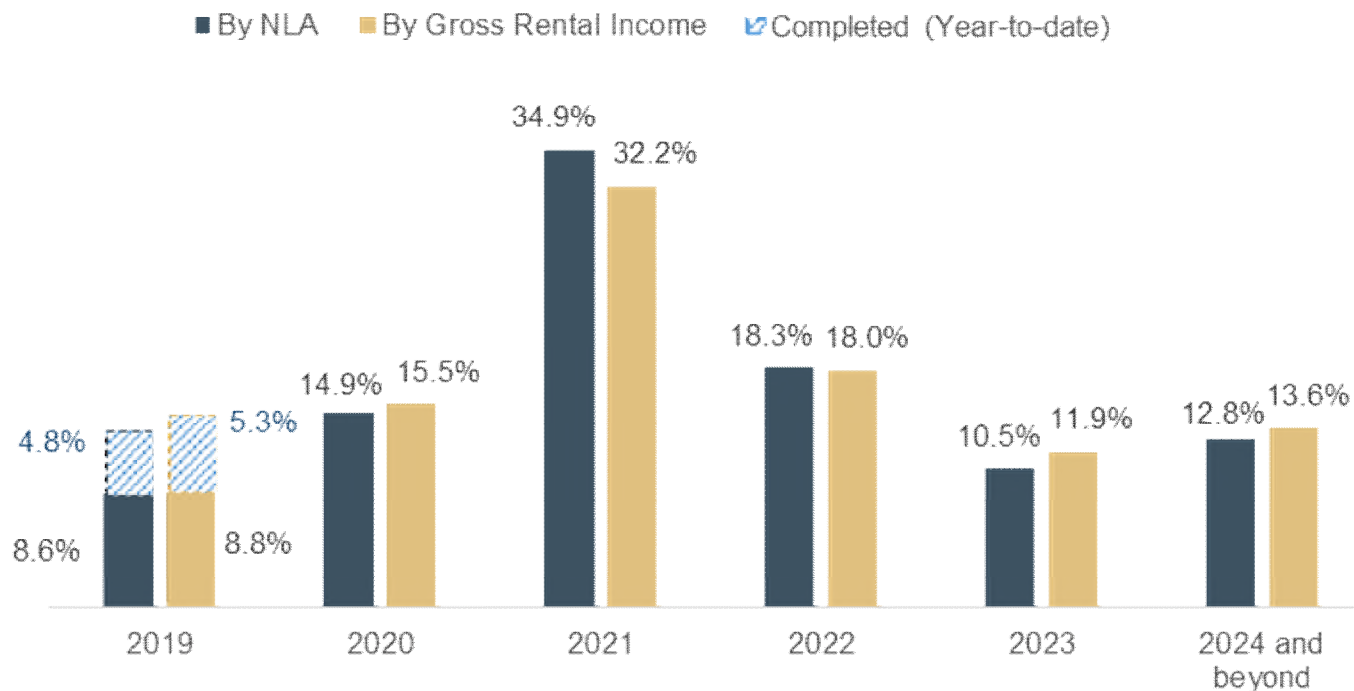
As at 30 Jun 2019

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

(2) "NLA" refers to net lettable area

Lease Expiry Profile - OUE Bayfront

Well-positioned to benefit from a rising Singapore office market, with 24.3% of OUE Bayfront's gross rental income due for renewal in 2019 and 2020

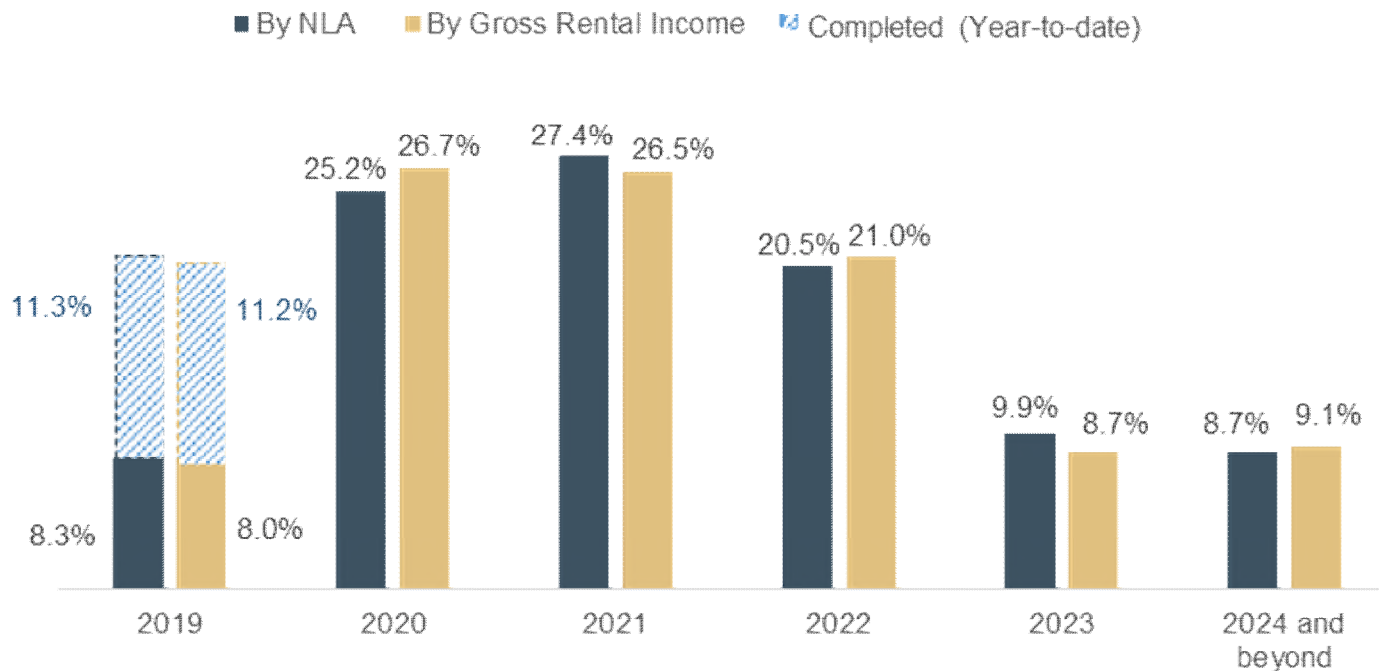


WALE of 2.6 years by NLA and 2.7 years by Gross Rental Income

As at 30 Jun 2019

Lease Expiry Profile - One Raffles Place

Approximately 34.7% of gross rental income due for renewal in 2019 and 2020, with expiring rents below current market rents

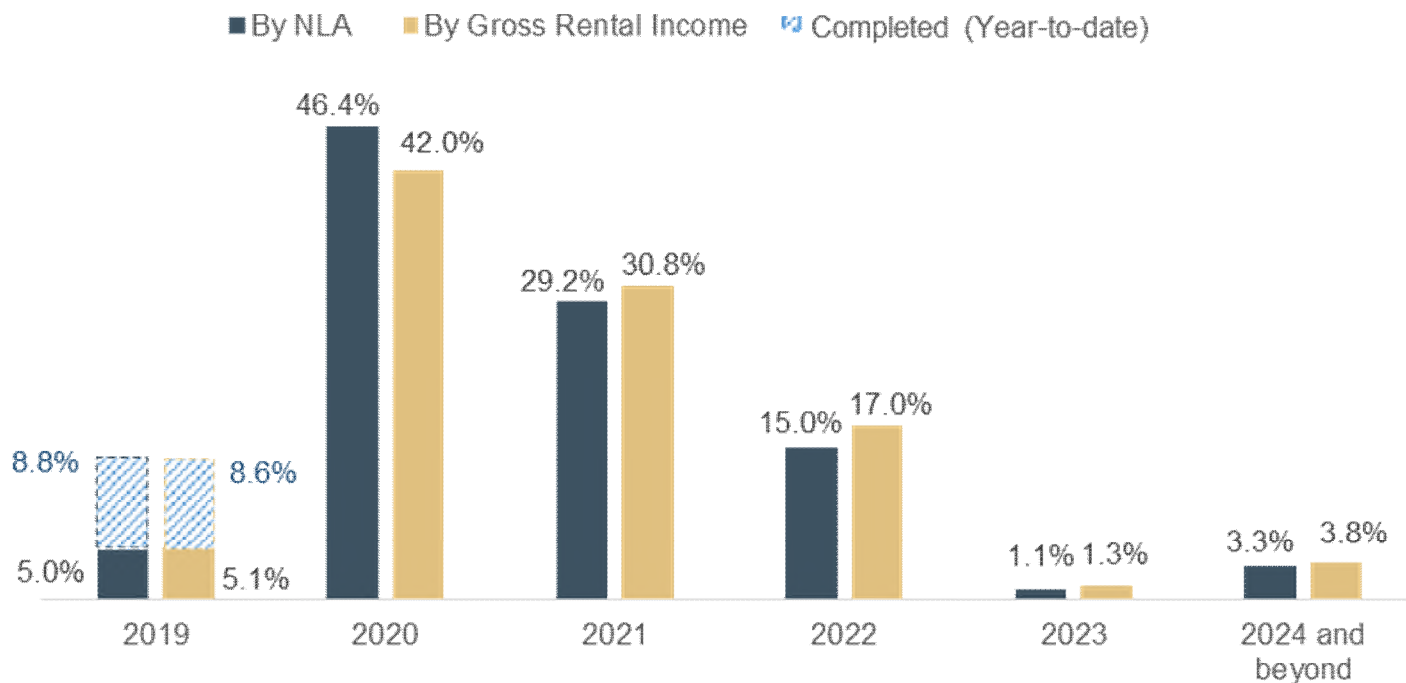


WALE of 2.3 years by NLA and by Gross Rental Income

As at 30 Jun 2019

Lease Expiry Profile - OUE Downtown Office

Rental revenue for OUE Downtown Office enjoys downside protection from income support arrangement

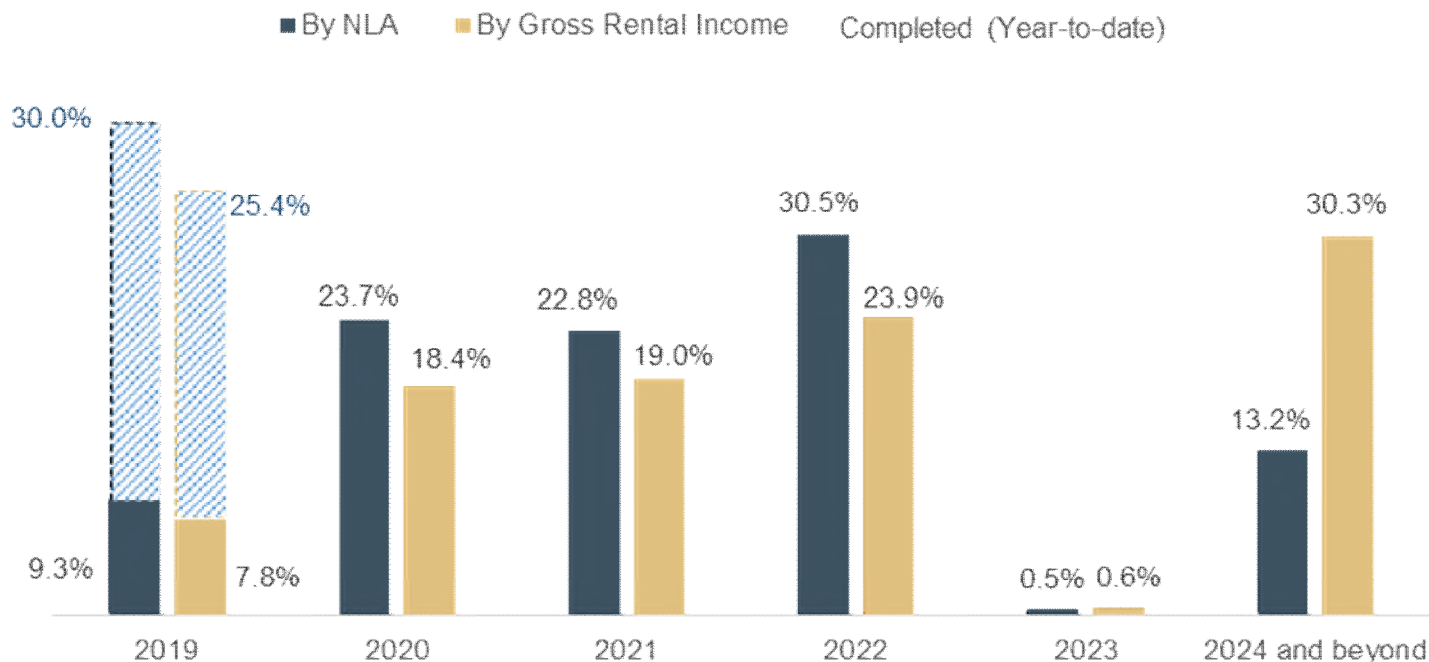


WALE of 1.8 years by NLA and by 1.9 years by Gross Rental Income

As at 30 Jun 2019

Lease Expiry Profile - Lippo Plaza

WALE increased to 3.3 years from 3.1 years a quarter ago, due to the long-term lease commitment of a new retail tenant



WALE of 2.6 years by NLA and 3.3 years by Gross Rental Income

As at 30 Jun 2019

A photograph of a modern city skyline at dusk, featuring several prominent skyscrapers. The buildings are illuminated with warm interior lights, and the sky is a mix of blue and purple. In the foreground, a body of water reflects the lights from the buildings. The text 'Appendices' is overlaid in white on the right side of the image.

Appendices

- Singapore Office Market
- Shanghai Office Market

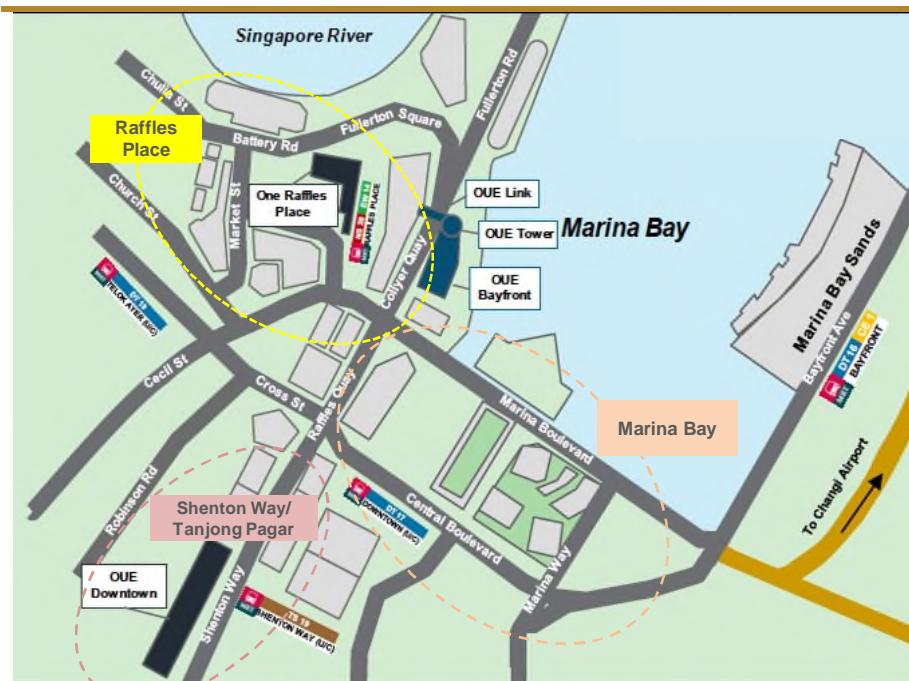
Overview of Singapore Office Sector

✓ Singapore's CBD

- Comprises traditional areas of Raffles Place, Robinson Road/Cecil Street, Shenton Way/Tanjong Pagar as well as Marina Bay
- Many established global financial institutions and headquarters of MNCs are located in Marina Bay and Raffles Place, while Robinson Road/Cecil Street and Shenton Way/Tanjong Pagar are popular with professional services companies and other financial, insurance and real estate companies

✓ Historical supply-demand conditions

- Annual average island-wide demand for office space from 2008 – 2017 was about 1.1 million sq ft, compared to annual average supply of 1.4 million sq ft over the same period. For 2018, island-wide net absorption was 1.6 million sq ft, compared to net new supply of 1.5 million sq ft.

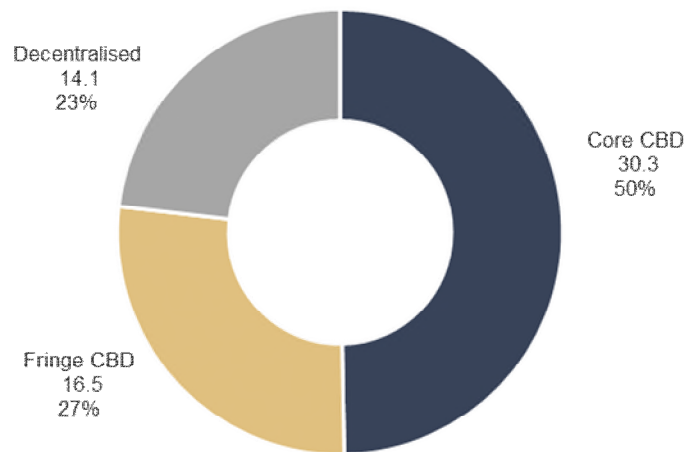


Source: CBRE

(1) CBRE Research Report, 2Q 2019

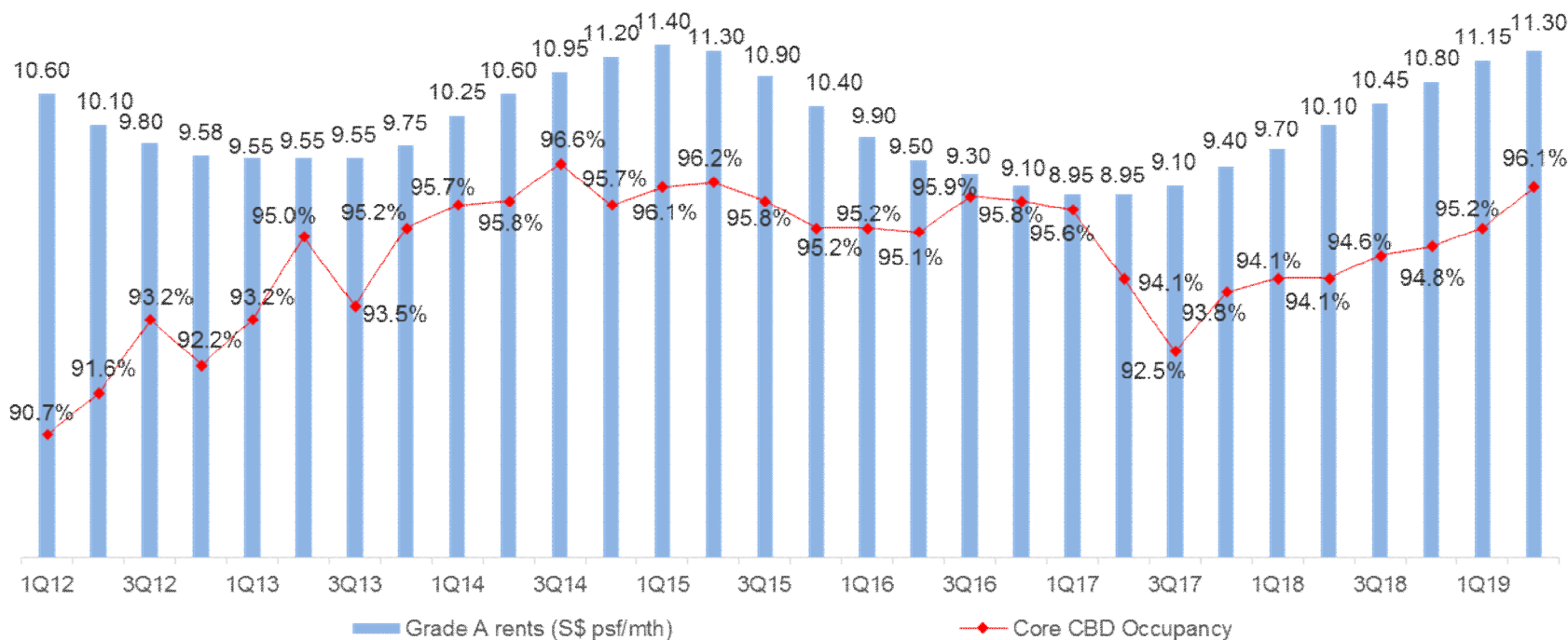
Breakdown of Office Stock⁽¹⁾

(million sq ft)



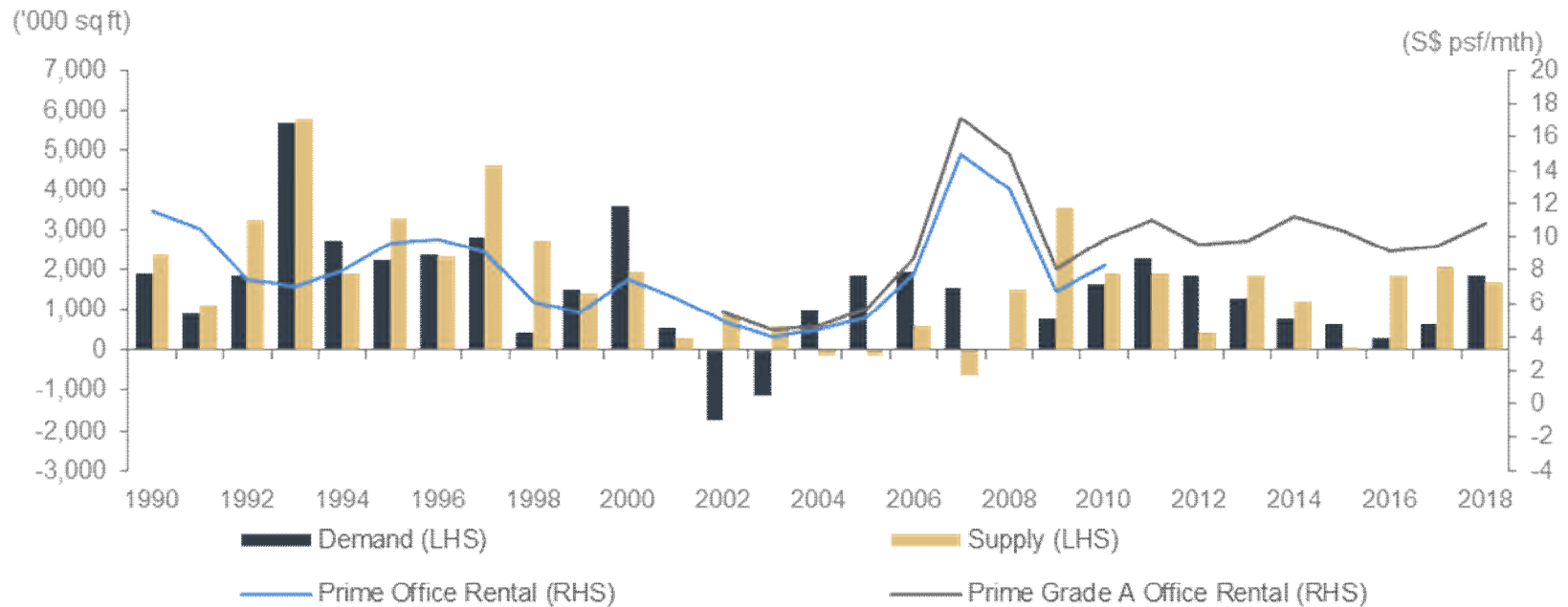
Singapore Office Market

- Core CBD Grade A office occupancy rose 0.9 ppt QoQ to 96.1% as at 2Q 2019, on the back of positive islandwide net absorption of 508,443 sq ft due mainly to the completion of an office building in the CBD fringe
- With slowing leasing momentum due to the uncertain economic outlook, Grade A CBD core office rental growth moderated to 1.3% QoQ in 2Q 2019, to S\$11.30 psf per month



Demand and Supply vs Office Rental

Island-wide Office Demand, Supply and Office Rents

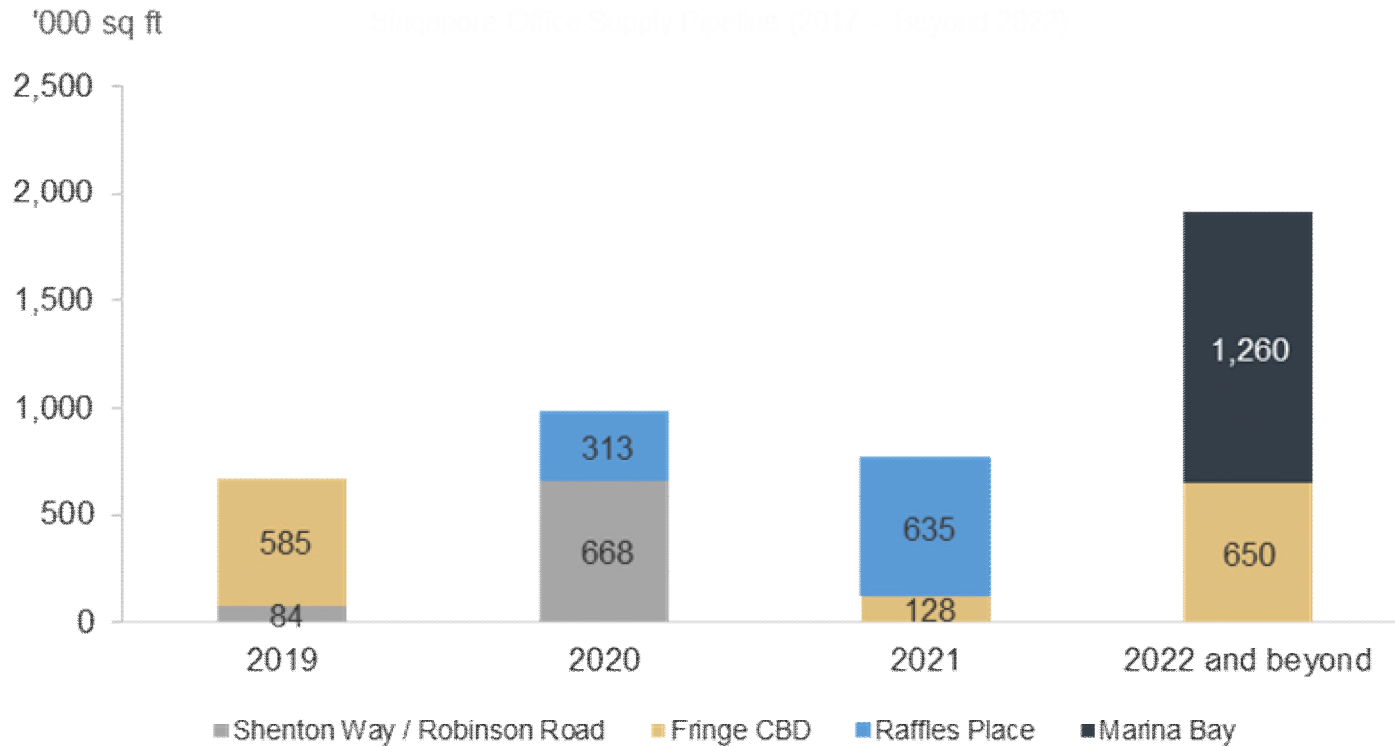


Source: URA statistics, CBRE Research
 2Q 2011 was the last period where CBRE provided Prime office Rental data. Prime Grade A office rental data not available prior to 1Q 2002

Known Office Supply Pipeline

Benign office supply outlook for the Singapore core CBD over next 2 years

Office Supply Pipeline in Singapore (CBD and Fringe of CBD)



Note: Excluding strata-titled office
Source: CBRE Research and respective media reports

Overview of Shanghai Office Sector

✓ **Puxi, the traditional business and commercial hub of Shanghai**

- Key office and commercial districts within Puxi are concentrated in the Jing'an, Huangpu and Xuhui areas, which together form the traditional downtown CBD of Shanghai
- Puxi draws international retailers, service providers and MNC headquarters operations due to its good connectivity and excellent amenities, while Pudong's Lujiazui caters to financial institutions due to policy and incentive-driven agglomeration

✓ **Historical supply-demand conditions**

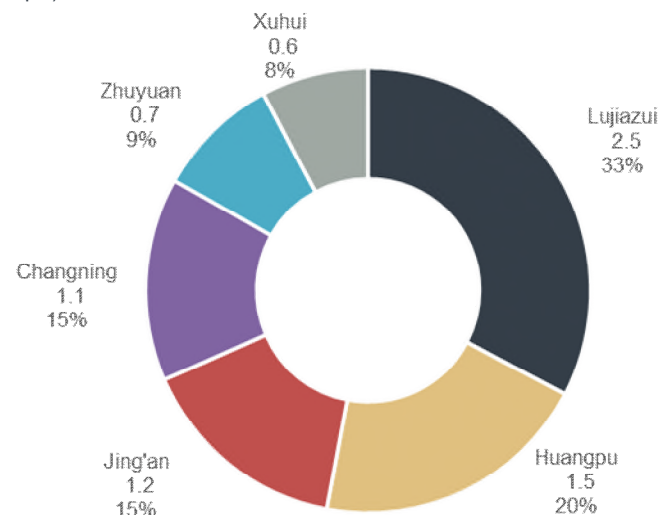
- The six main districts that make up Shanghai core CBD provide Grade A office stock of about 7.57 million sq m as at 2Q 2019
- Average net demand for Shanghai CBD Grade A office from 2014 – 2018 was 426,000 sq m, compared to average net supply of 497,000 sq m over the same period. In 2018, net absorption was 635,000 sq m, 6.0% increase YoY. Net supply in 2018 was 408,000 sq m, significantly lower than in 2017

Key Districts of Shanghai CBD



Breakdown of CBD Grade A Office Stock⁽¹⁾

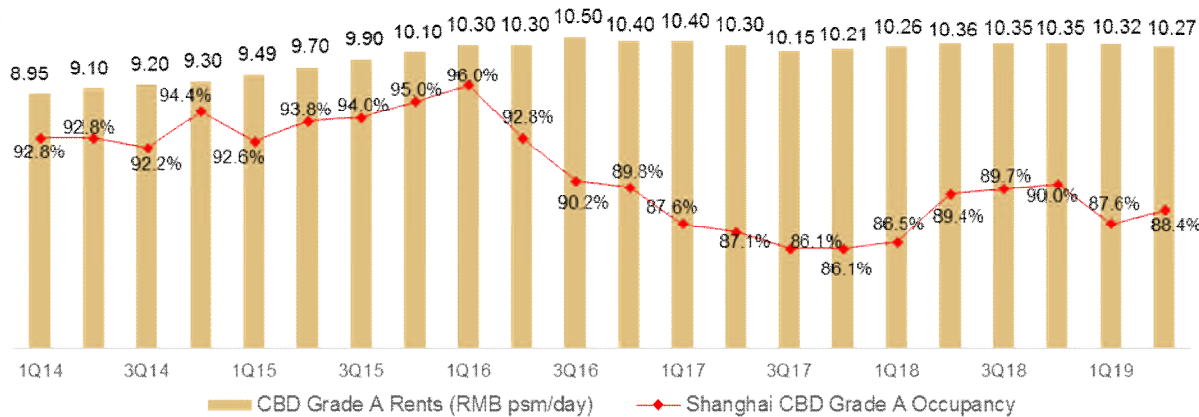
(million sq m)



⁽¹⁾ Colliers International Research, 2Q 2019

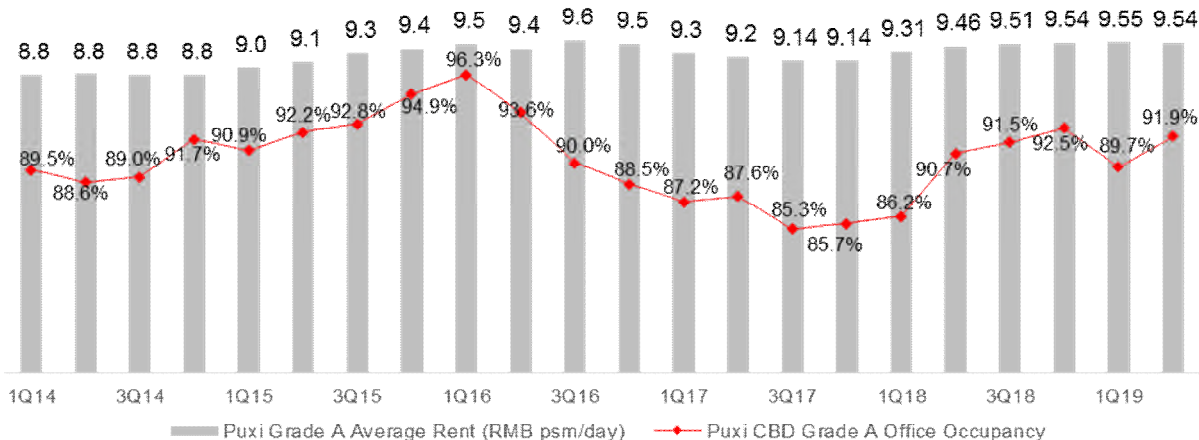
Shanghai Office Market

Shanghai



- Shanghai CBD Grade A office occupancy edged up 0.8 ppt QoQ to 88.4% as at 2Q 2019, with rents easing 0.5% QoQ to RMB10.27 psm/day. Puxi Grade A office occupancy was 91.9% as at 2Q 2019, up 2.2 ppt QoQ, with rents at RMB9.54 psm/day

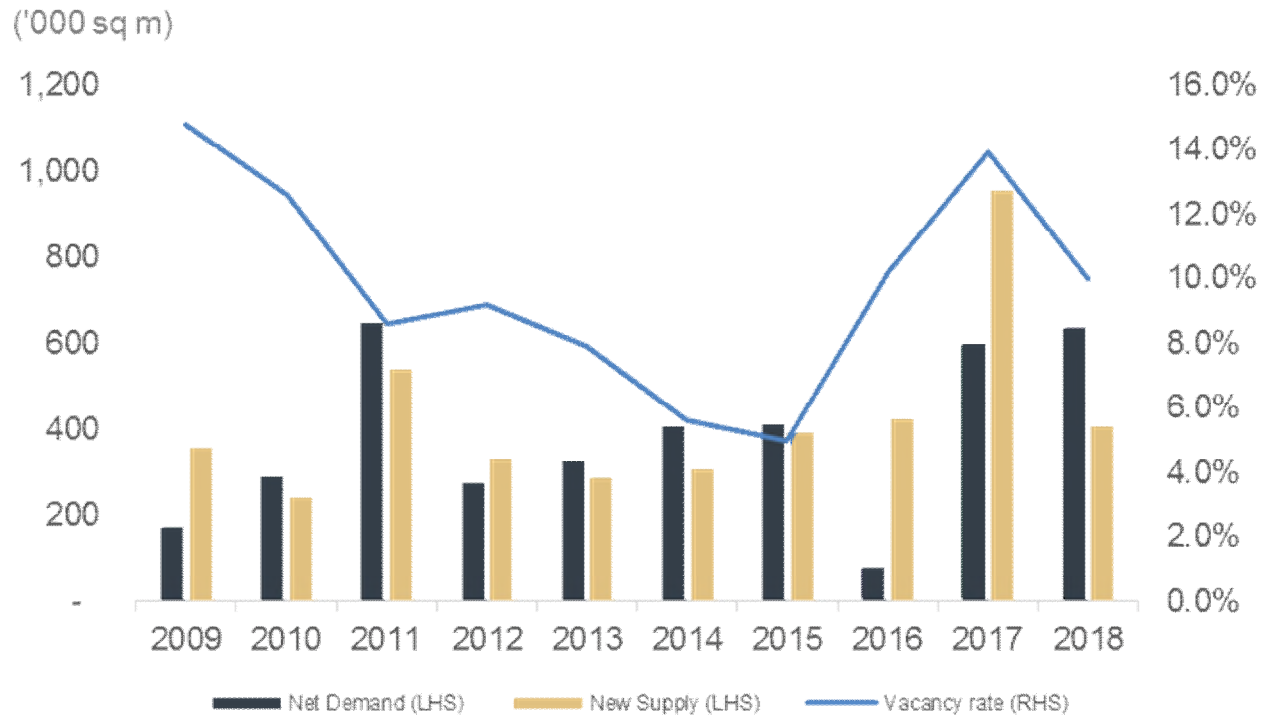
Puxi



- With a significant amount of new office supply scheduled to enter the Shanghai market in 2019, coupled with softer demand from a slower economy, rental growth is expected to be subdued in the near-term

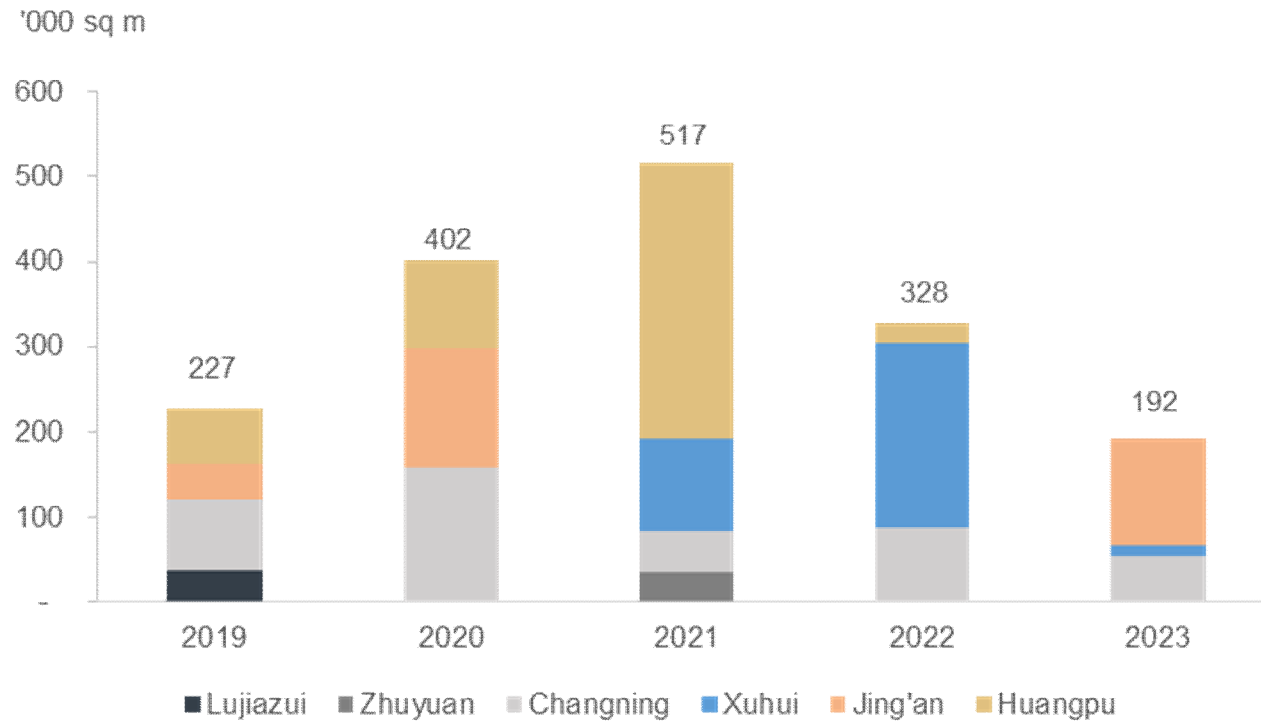
Demand, Supply and Vacancy

Shanghai CBD Grade A Net Absorption, New Supply and Vacancy Rate



Shanghai CBD Grade A office supply expected to abate in the longer term

Office Supply Pipeline in Shanghai CBD



Source: Colliers International Shanghai, 2Q 2019



Thank You