



Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Forum

23 August 2018

Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 2Q 2018 dated 2 August 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.

- Overview
- Financial Highlights
- Portfolio Performance
- Summary
- Appendices

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 55.8% 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

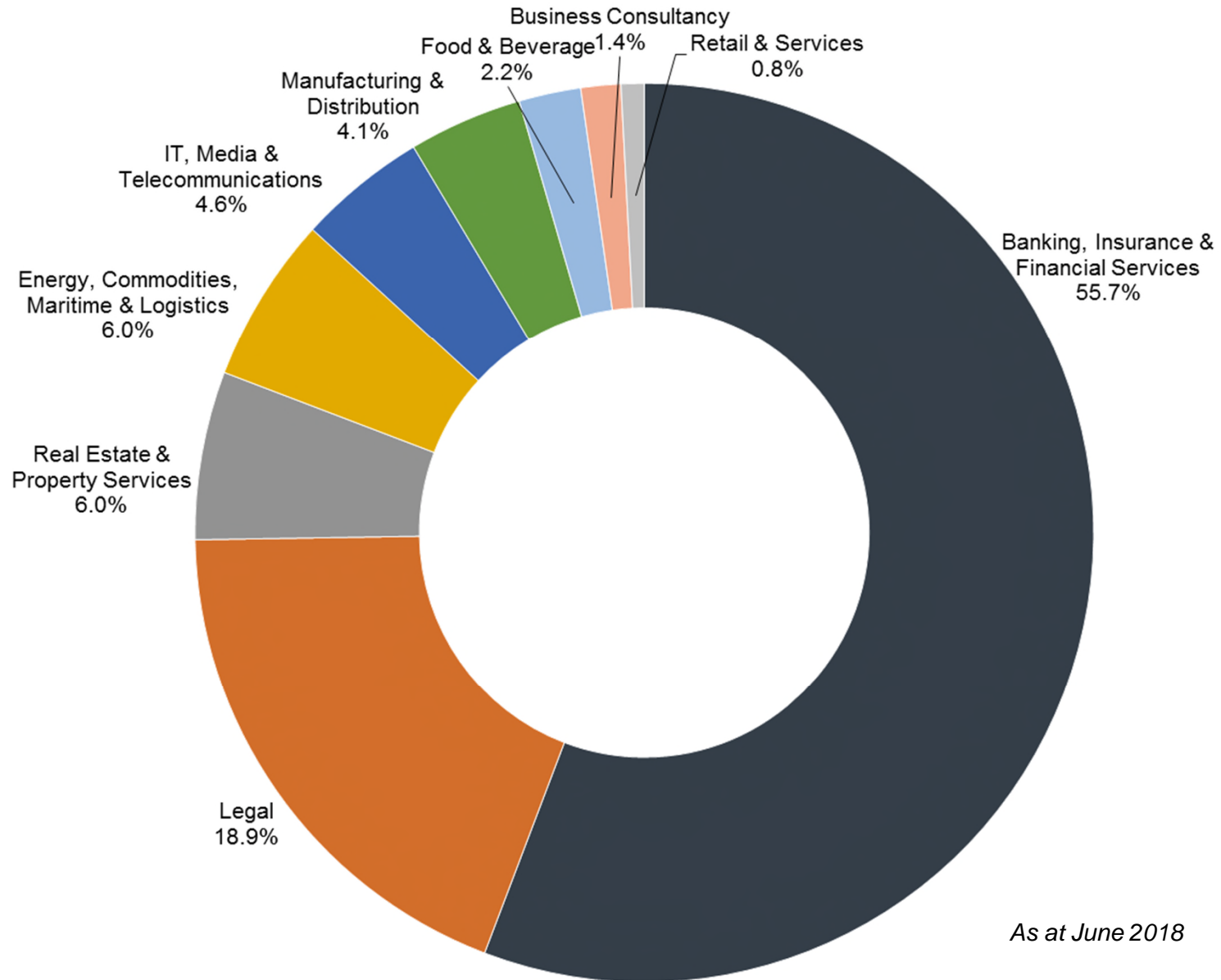
OUE Bayfront



GFA (sq m)	46,774.6
NLA (sq m)	Office: 35,298.3; Retail: 1,830.1; Overall: 37,128.4
Committed Occupancy (@ 30 Jun 2018)	Office: 97.6%; Retail: 74.4%; Overall: 96.5%
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

OUE Bayfront – Tenants by Trade Sector



Premium Portfolio of Assets

One Raffles Place

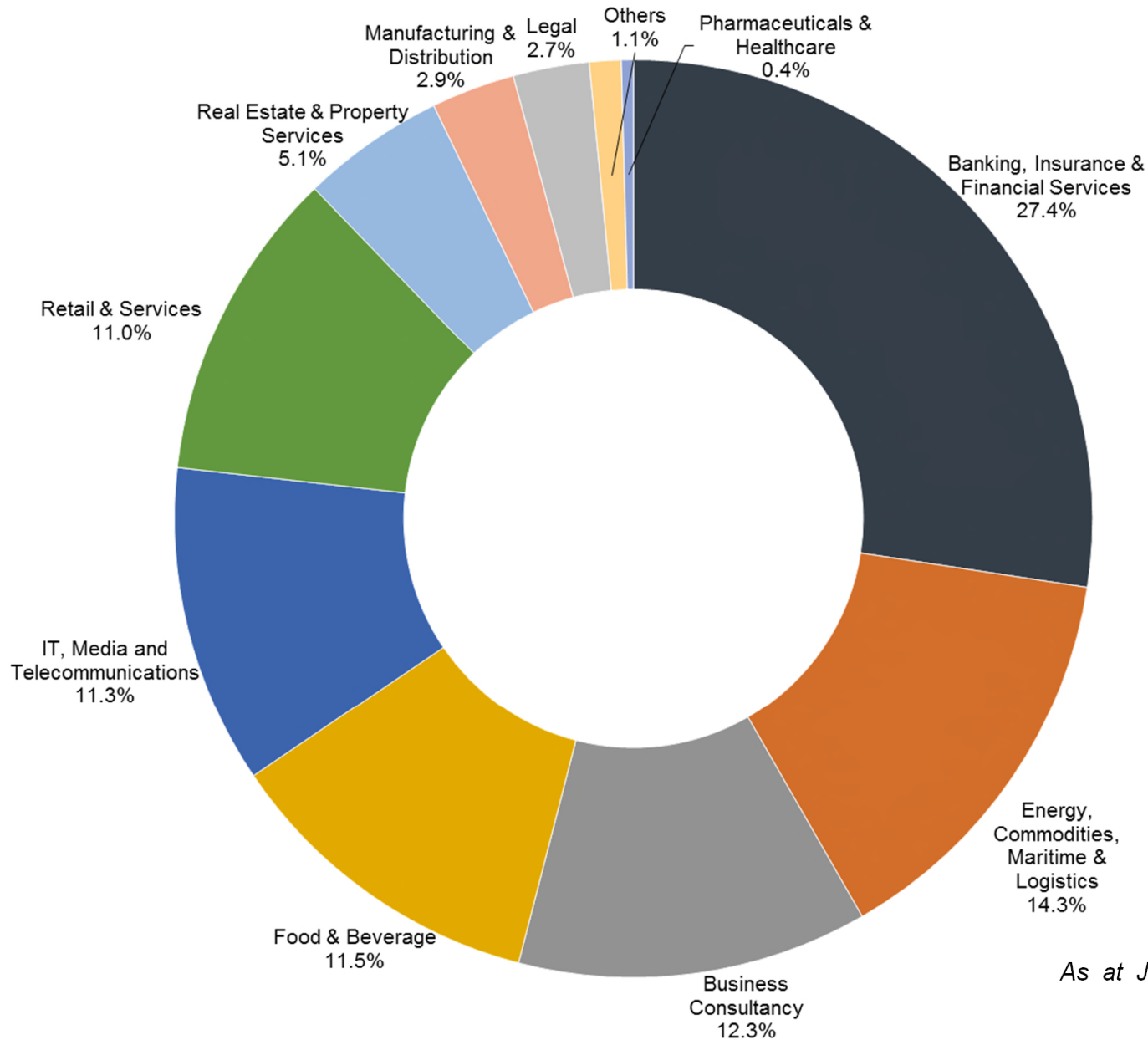


GFA (sq m)	119,626.3
Attributable NLA (sq m)	Office: 56,013.0; Retail: 9,386.0; Overall: 65,399.0
Committed Occupancy (@ 30 Jun 2018)	Office: 96.6%; Retail: 97.4%; Overall: 96.7%
Valuation⁽¹⁾ (@ 31 Dec 2017)	S\$1,773.2 m (S\$2,519 psf)
Valuation Cap Rate (Office):	3.60% - 3.90%
Land Use Right Expiry	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

One Raffles Place – Tenants by Trade Sector



As at June 2018

Premium Portfolio of Assets

Lippo Plaza



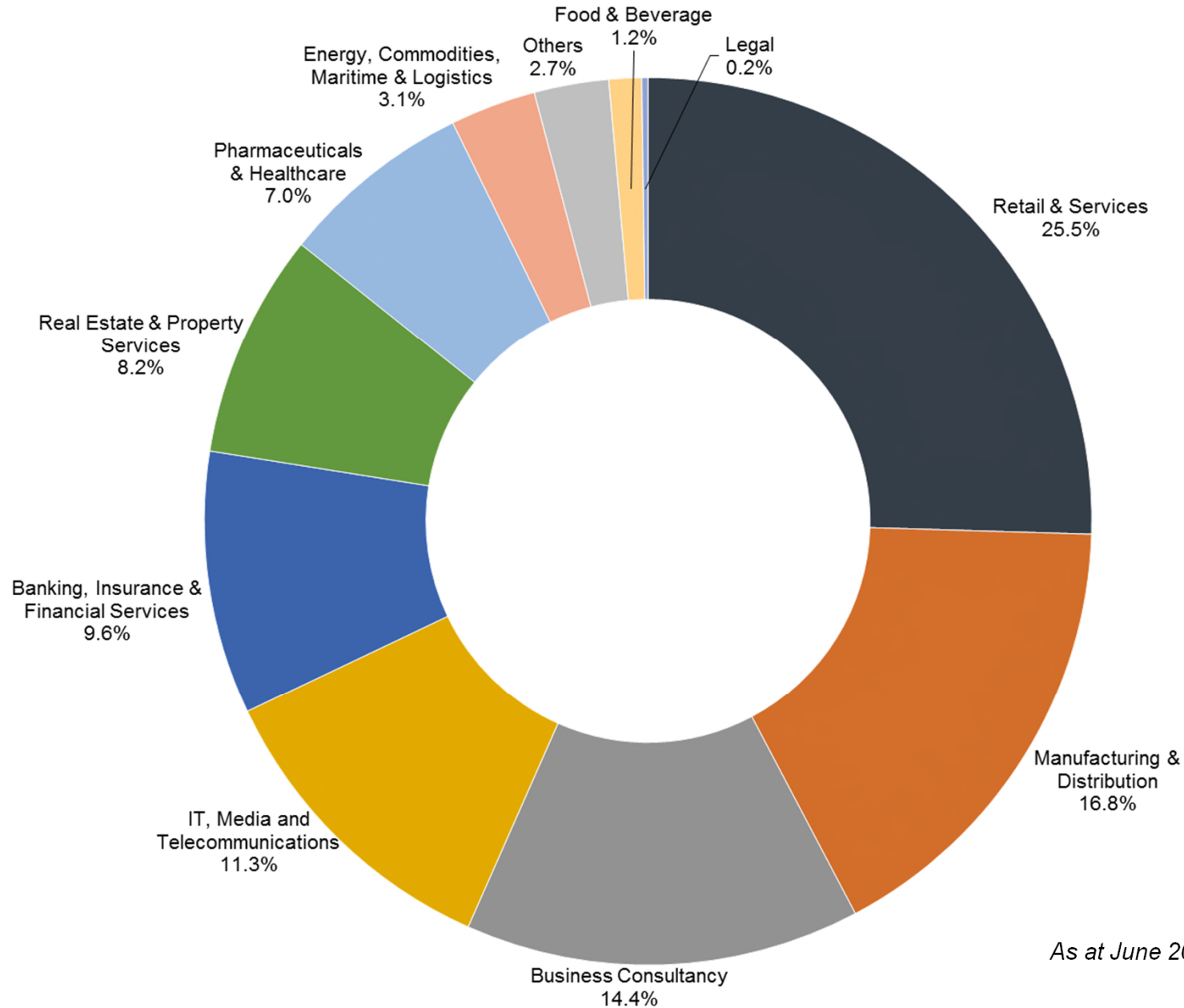
GFA (sq m)	58,521.5
Attributable NLA (sq m)	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
Committed Occupancy (@ 30 Jun 2018)	Office: 95.1%; Retail: 70.7%; Overall: 91.4%
Valuation⁽¹⁾ (@ 31 Dec 2017)	RMB2,887.0 m / RMB49,332 psm (S\$606.1m) ⁽²⁾
Land Use Right Expiry	50 yrs from 2 July 1994
Completion 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 : 4.764 as at 30 June 2018

Premium Portfolio of Assets

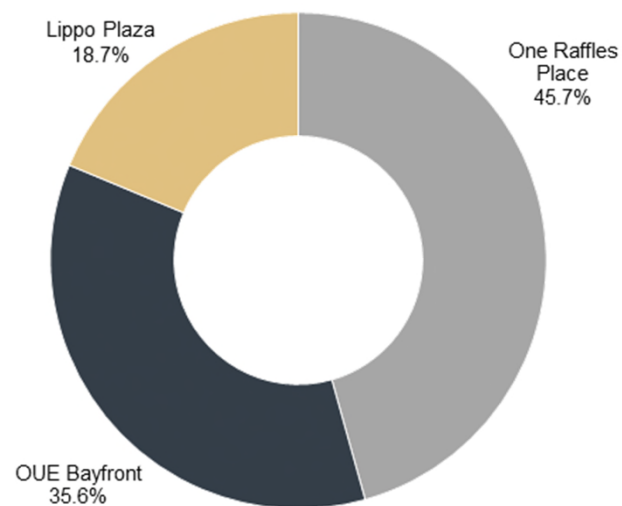
Lippo Plaza – Tenants by Trade Sector



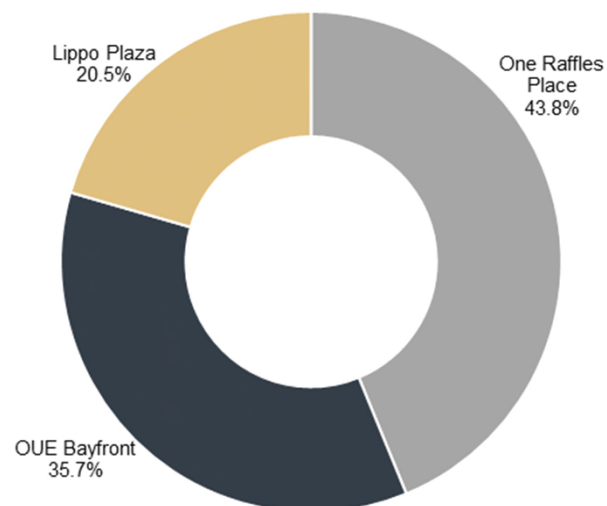
As at June 2018

Portfolio Composition

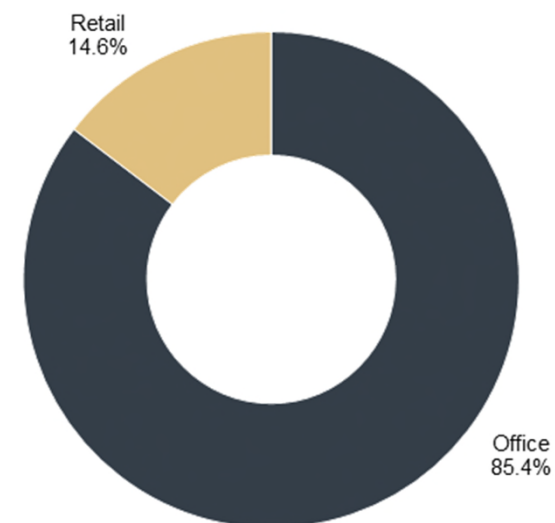
By Asset Value⁽¹⁾



By Revenue Contribution⁽²⁾

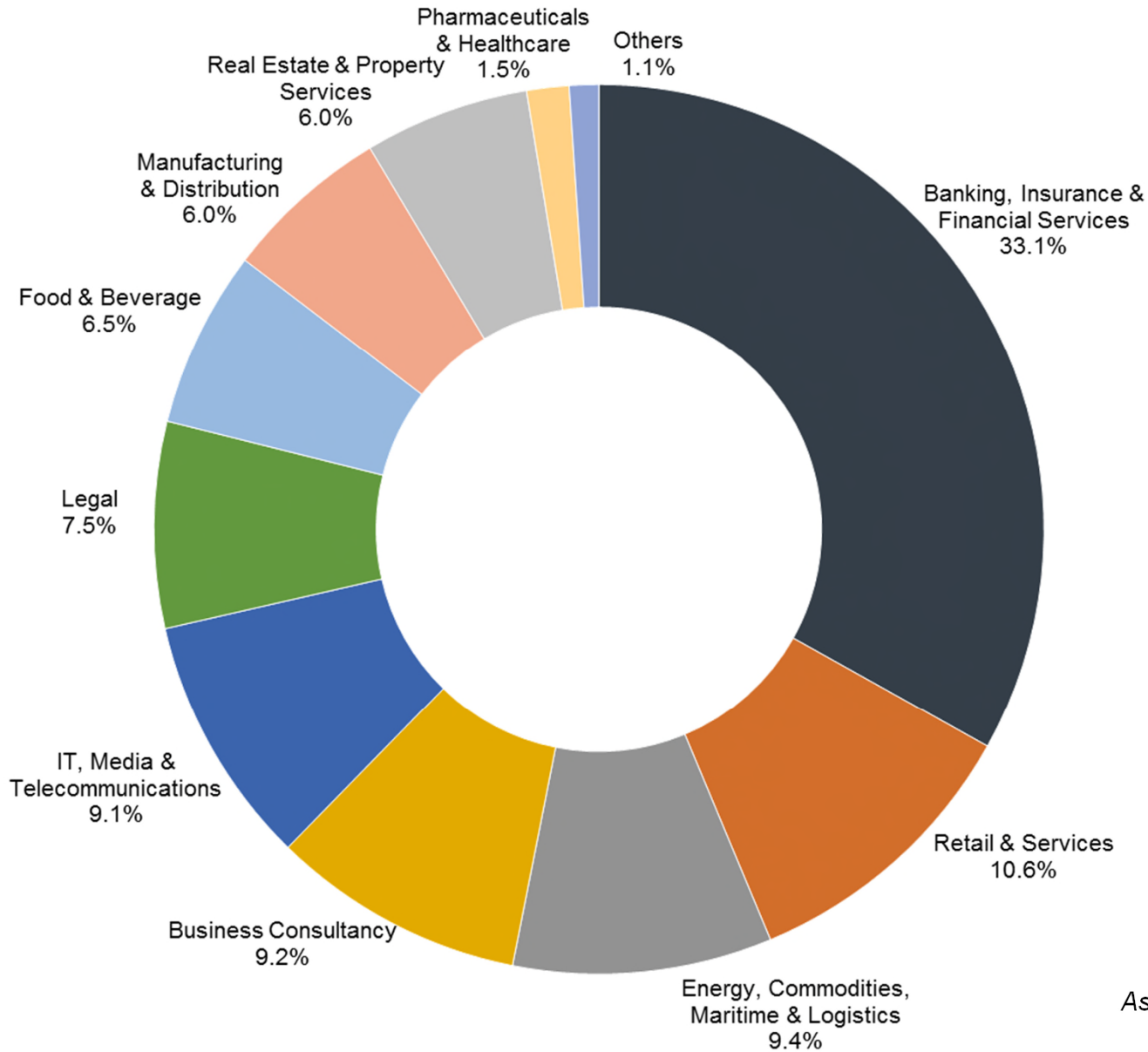


By Segment Income⁽²⁾



(1) Based on independent valuations as at 31 December 2017 and OUE C-REIT's proportionate interest in One Raffles Place
 (2) For 2Q 2018 and based on OUE C-REIT's attributable interest in One Raffles Place

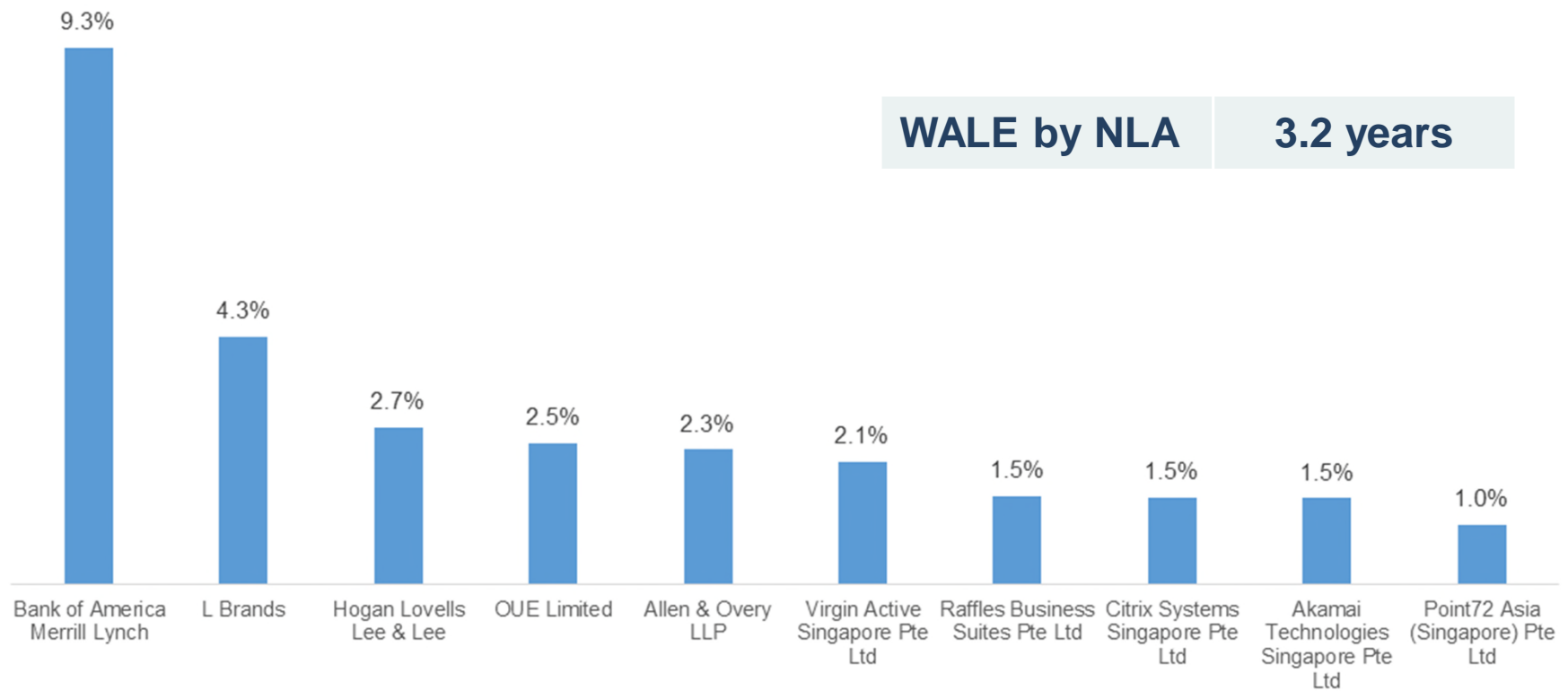
Well-Diversified Portfolio Tenant Base



As at June 2018

Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 28.7% of gross rental income



As at 30 Jun 2018

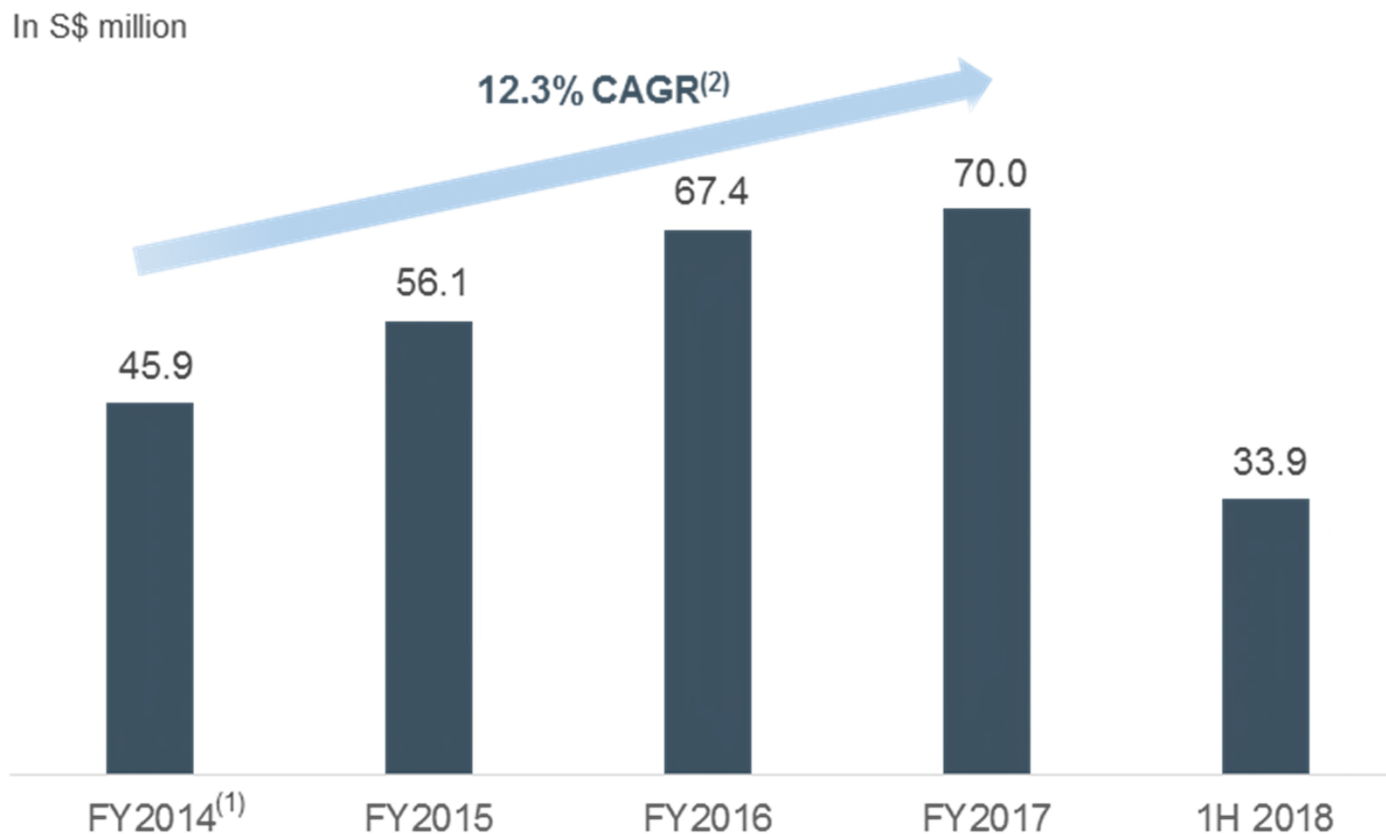
Financial Highlights



Delivered Sustainable Distribution

Delivered sustainable distribution to Unitholders since IPO

Distribution 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) calculated 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

1H 2018 Highlights

Revenue

S\$87.2 million

Distribution Per Unit

2.18 cents

Aggregate Leverage
(As at 30 June 2018)

40.3%

Net Property Income

S\$69.2 million

Annualised
Distribution Yield

6.4%⁽¹⁾

Fixed Rate Debt
(As at 30 June 2018)

74.1%

Amount Available for
Distribution

S\$33.9 million

Portfolio Committed
Occupancy
(As at 30 June 2018)

95.2%

Substantially completed
2018 refinancing;
no major refinancing
until **2020**

(1) Based on annualised 1H 2018 distribution per Unit and Unit closing price as at 29 June 2018 of S\$0.685

2Q 2018 vs 2Q 2017

	2Q 2018	2Q 2017	Change
Revenue (S\$m)	43.1	44.2	-2.6%
Net Property Income (S\$m)	33.9	34.8	-2.4%
Amount Available for Distribution to Unitholders (S\$m)	16.5	17.8	-7.5%
DPU (cents)	1.06	1.15	-7.8%

- Net property income in 2Q 2018 of S\$33.9 million was down 2.4% year-on-year (“YoY”) due mainly to lower retail revenue from One Raffles Place Shopping Mall as a result of transitional vacancy from the departure of an anchor tenant, offset partially by lower utilities cost
- With higher interest expenses in 2Q 2018 as a result of higher borrowings, partially offset by higher drawdown of income support and lower CPPU distribution, amount available for distribution in 2Q 2018 was S\$16.5 million, a decline of 7.5% YoY

2Q 2018 vs 2Q 2017

S\$'000	2Q 2018	2Q 2017	Change (%)
Revenue	43,060	44,214	(2.6)
Property operating expenses	(9,126)	(9,445)	(3.4)
Net property income	33,934	34,769	(2.4)
Other income	1,073	756	41.9
Amortisation of intangible asset	(1,113)	(1,113)	-
Manager's management fees	(2,456)	(2,367)	3.8
Other expenses	(630)	(583)	8.1
Interest income	225	180	25.0
Interest expense	(10,817)	(9,423)	14.8
Amortisation of debt establishment costs	(1,260)	(1,353)	(6.9)
Net fair value movement of financial derivatives	734	655	12.1
Foreign exchange differences	22	(112)	NM ⁽¹⁾
Total return before tax	19,712	21,409	(7.9)
Tax expense	(4,458)	(4,489)	(0.7)
Total return for period	15,254	16,920	(9.8)
Non-controlling interests	(1,782)	(1,969)	(9.5)
CPPU holder distribution	(935)	(1,371)	(31.8)
Distribution adjustments	3,957	4,253	(7.0)
Amount available for distribution to Unitholders	16,494	17,833	(7.5)

(1) NM: Not meaningful

1H 2018 vs 1H 2017

	1H 2018	1H 2017	Change
Revenue (S\$m)	87.2	89.0	-2.1%
Net Property Income (S\$m)	69.2	69.4	-0.3%
Amount Available for Distribution to Unitholders (S\$m)	33.9	34.5	-1.6%
DPU (cents)	2.18	2.38	-8.4%

- Revenue in 1H 2018 of S\$87.2 million was 2.1% lower YoY due mainly to lower retail revenue from One Raffles Place Shopping Mall as a result of transitional vacancy from the departure of an anchor tenant
- Due to utilities costs savings and lower maintenance expenses, the resultant net property income in 1H 2018 was S\$69.2 million, 0.3% lower YoY
- With higher interest expenses in 1H 2018 as a result of higher borrowings, partially offset by higher drawdown of income support and lower CPPU distribution, amount available for distribution in 1H 2018 was S\$33.9 million, 1.6% lower YoY

1H 2018 vs 1H 2017

S\$'000	1H 2018	1H 2017	Change (%)
Revenue	87,155	89,030	(2.1)
Property operating expenses	(17,944)	(19,619)	(8.5)
Net property income	69,211	69,411	(0.3)
Other income	2,029	1,431	41.8
Amortisation of intangible asset	(2,226)	(2,226)	-
Manager's management fees	(4,880)	(4,706)	3.7
Other expenses	(1,230)	(1,208)	1.8
Interest income	433	225	92.4
Interest expense	(21,249)	(18,996)	11.9
Amortisation of debt establishment costs	(2,509)	(3,512)	(28.6)
Net fair value movement of financial derivatives	716	(1,260)	NM ⁽¹⁾
Foreign exchange differences	424	(333)	NM
Total return before tax	40,719	38,826	4.9
Tax expense	(9,294)	(8,937)	4.0
Total return for period	31,425	29,889	5.1
Non-controlling interests	(3,717)	(3,961)	(6.2)
CPPU holder distribution	(1,860)	(2,727)	(31.8)
Distribution adjustments	8,067	11,274	(28.4)
Amount available for distribution to Unitholders	33,915	34,475	(1.6)

(1) NM: Not meaningful

Healthy Balance Sheet

S\$ million	As at 30 Jun 2018
Investment Properties	3,532.7
Total Assets	3,580.9
Loans and borrowings	1,363.6
Total Liabilities	1,565.5
Net Assets Attributable to Unitholders	1,422.1
Units in issue and to be issued ('000)	1,552,336
NAV per Unit (S\$)	0.92

Capital Management

- With 74.1% 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\$0.9 million per annum, or 0.06 cents in DPU

	As at 30 Jun 2018	As at 31 Mar 2018
Aggregate Leverage	40.3%	40.5%
Total debt	S\$1,322m ⁽¹⁾	S\$1,329m ⁽²⁾
Weighted average cost of debt	3.5% p.a.	3.4% p.a.
Average term of debt	2.3 years	2.6 years
% fixed rate debt	74.1%	73.7%
Average term of fixed rate debt	1.6 years	1.9 years
Interest service ratio	3.2x	3.3x

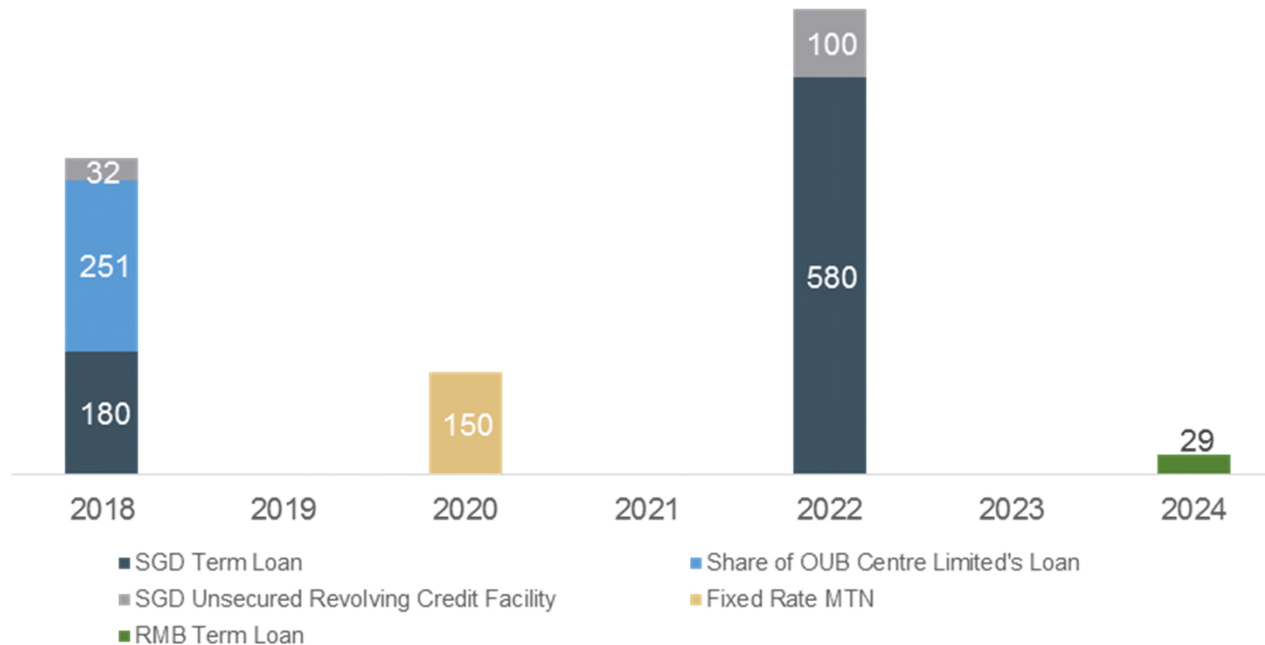
(1) Based on SGD:CNY exchange rate of 1:4.764 as at 30 June 2018 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:4.803 as at 31 March 2018 and includes OUE C-REIT's share of OUB Centre Limited's loan

Debt Maturity Profile as at 30 June 2018

- Post 30 June 2018, substantially completed 2018 refinancing requirement. No major refinancing until 2020
- Refinancing on unsecured terms, increasing proportion of unsecured debt from approximately 14% to close to 50%, improving OUE C-REIT's credit profile and financial flexibility
- Assuming completion of refinancing on 30 June 2018, weighted average debt maturity expected to lengthen from 2.3 years to 3.6 years

In S\$ million



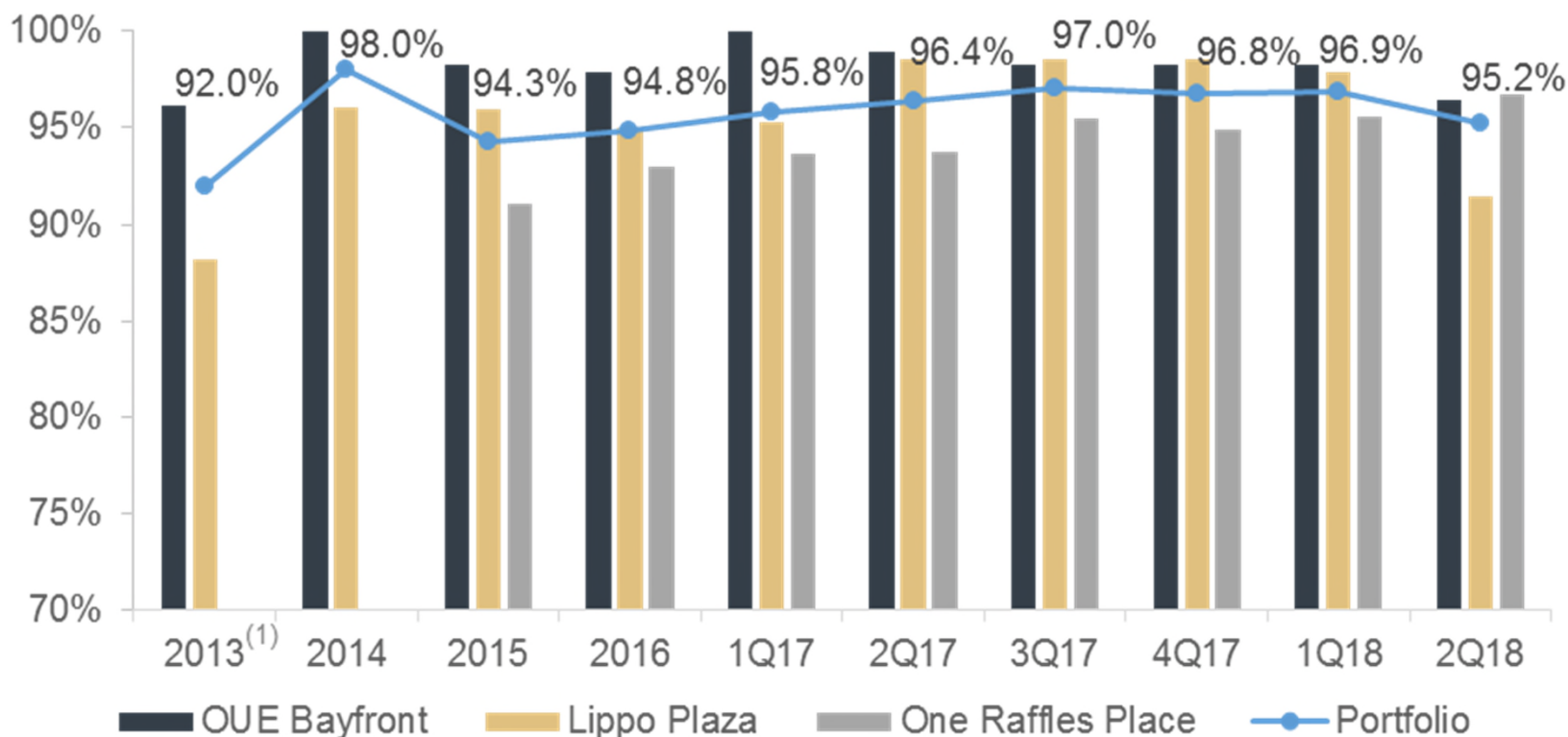
Portfolio Performance



Resilient and Stable Portfolio

- Portfolio committed occupancy as at 30 June 2018 of 95.2% was lower quarter-on-quarter (“QoQ”) due to lower retail occupancy at OUE Bayfront and Lippo Plaza
- Committed office occupancy at all three properties continued to be above market

OUE C-REIT’s Portfolio Committed Occupancy

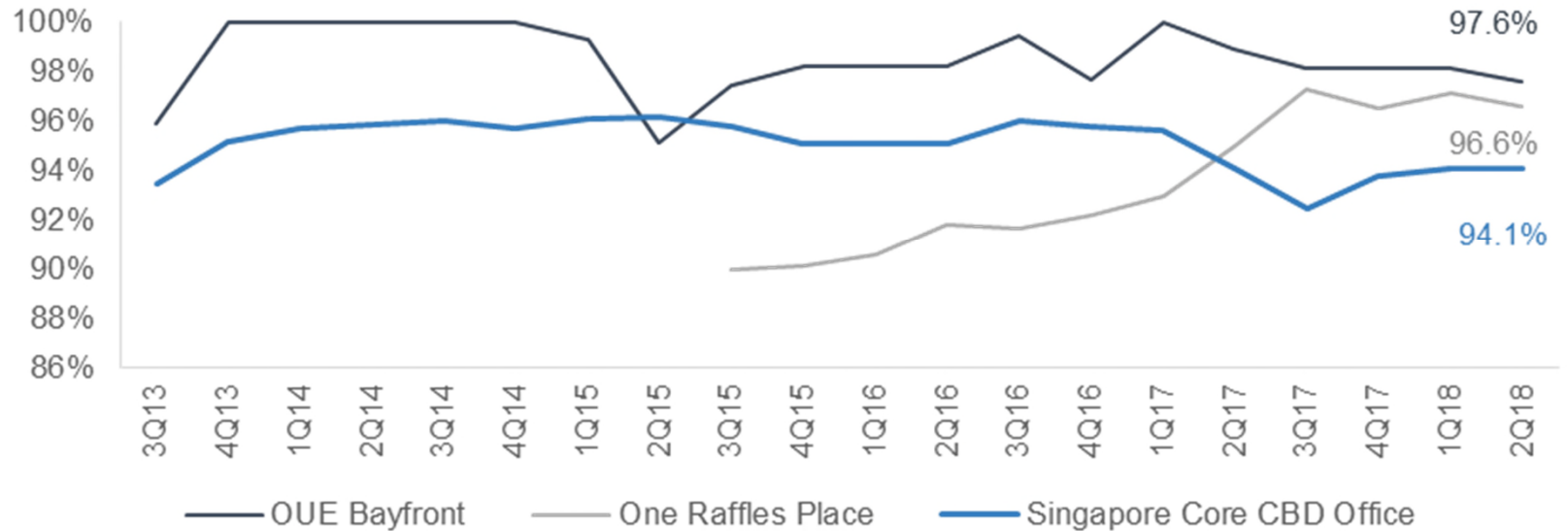


(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT’s Prospectus dated 17 January 2014

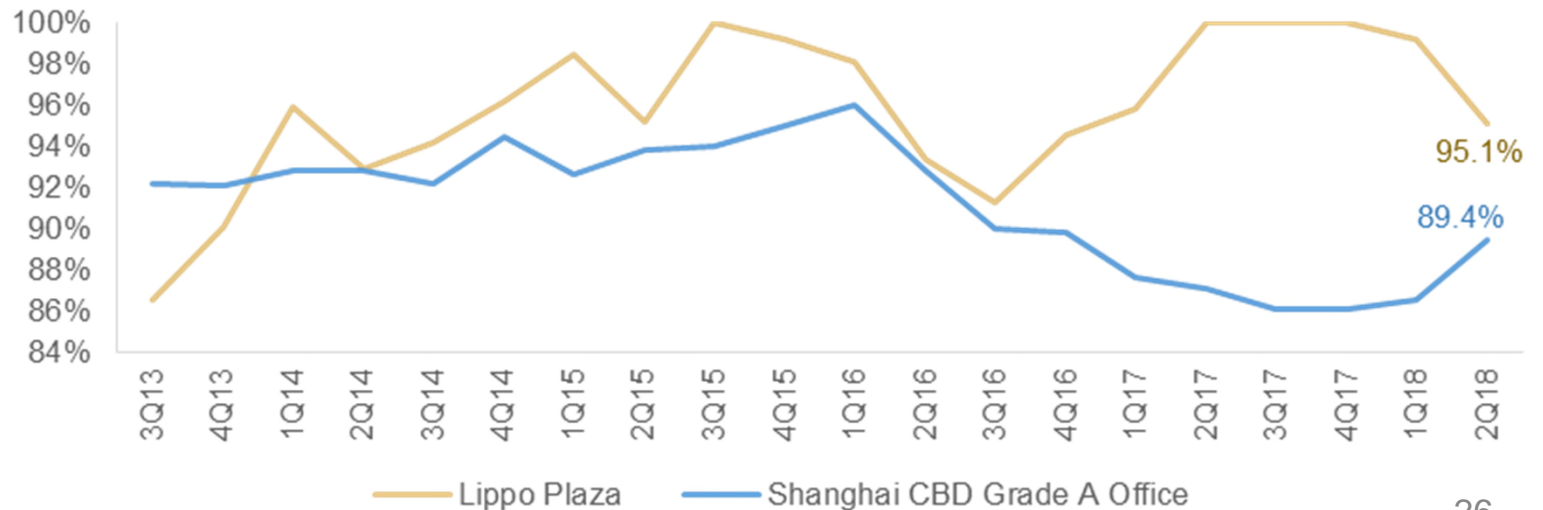
Office Occupancy Higher Than Market

All three properties continued to achieve above market office occupancy

Singapore



Shanghai



Committed Office Rents In Line Or Above Market

2Q 2018	Average Expired Rents	Committed Rents ⁽¹⁾	Market Rents	Average Passing Rents for Jun 2018
OUE Bayfront	S\$11.71 psf/mth	S\$11.50 – S\$12.80 psf/mth	S\$10.10 psf/mth ⁽²⁾	S\$11.42 psf/mth
One Raffles Place	S\$10.66 psf/mth	S\$9.00 – S\$11.00 psf/mth	S\$10.10 psf/mth ⁽²⁾	S\$9.49 psf/mth
Lippo Plaza	RMB9.86 psm/day	RMB9.80 – RMB11.00 psm/day	RMB9.46 psm/day ⁽³⁾	RMB9.83 psm/day

- Given the pace of recovery in Singapore office market rents, OUE Bayfront achieved positive rental reversions in 2Q 2018 while the rental gap between expiring office rents and market continued to narrow at One Raffles Place
- In Shanghai, Lippo Plaza also achieved positive rental reversions in 2Q 2018

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

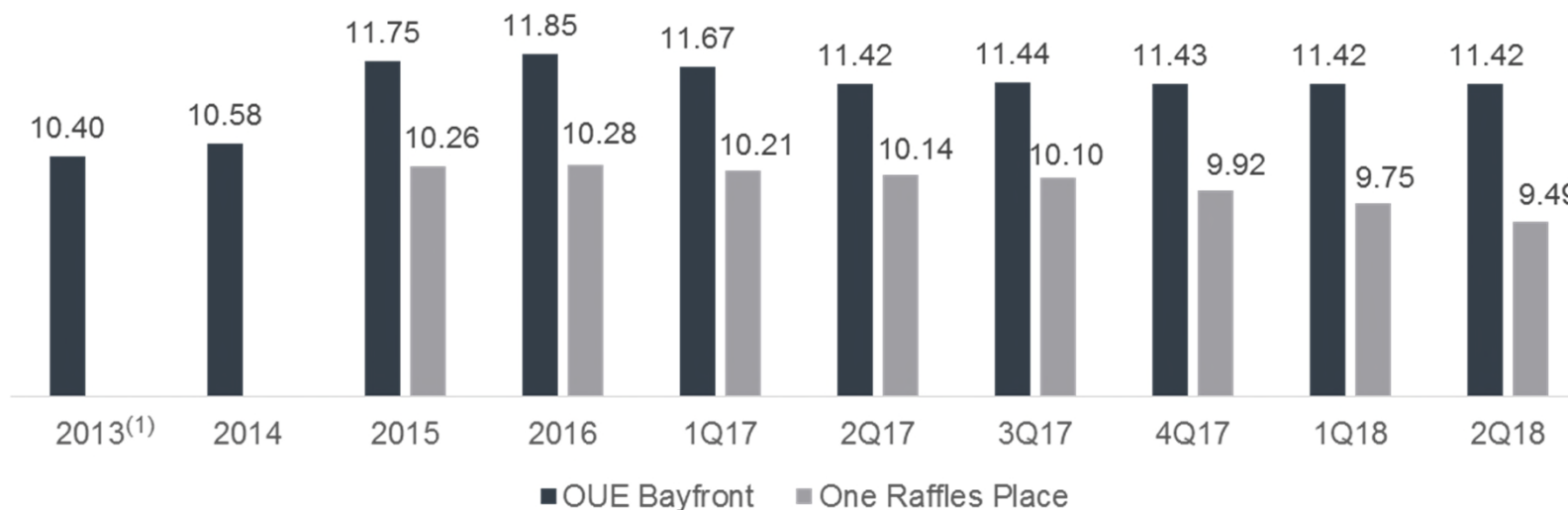
(2) Refers to Grade A CBD Core office rents in Singapore. Source: CBRE Singapore MarketView 2Q 2018

(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International, Shanghai Office Quarterly 2Q 2018, 30 July 2018

Average Passing Office Rents

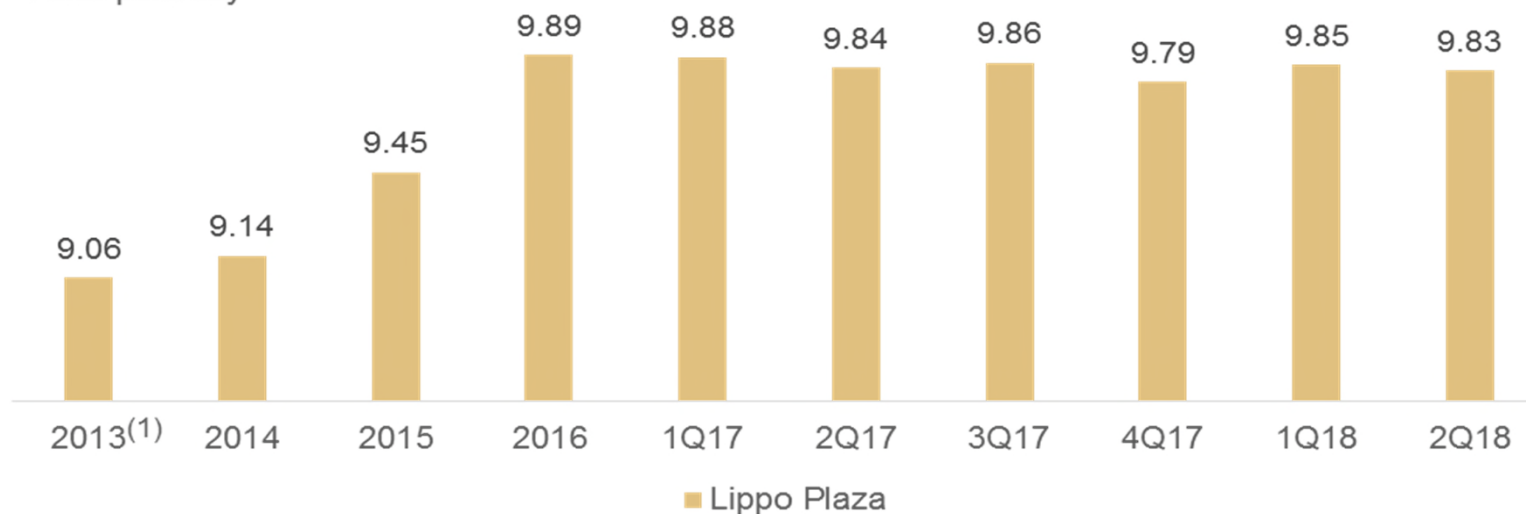
Singapore

S\$ psf/mth



Shanghai

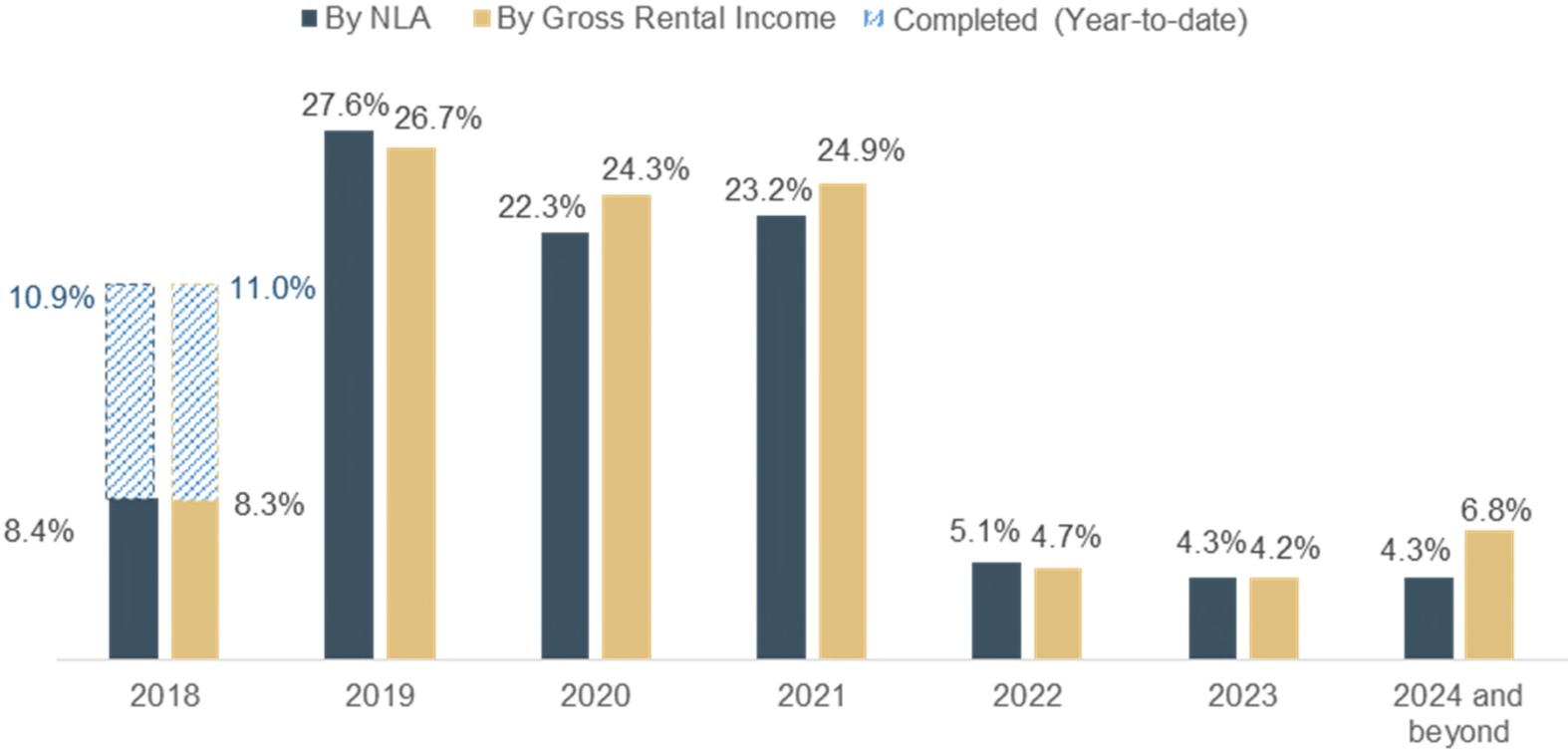
RMB psm/day



(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

8.3% of OUE C-REIT’s portfolio gross rental income is due for renewal in 2H 2018



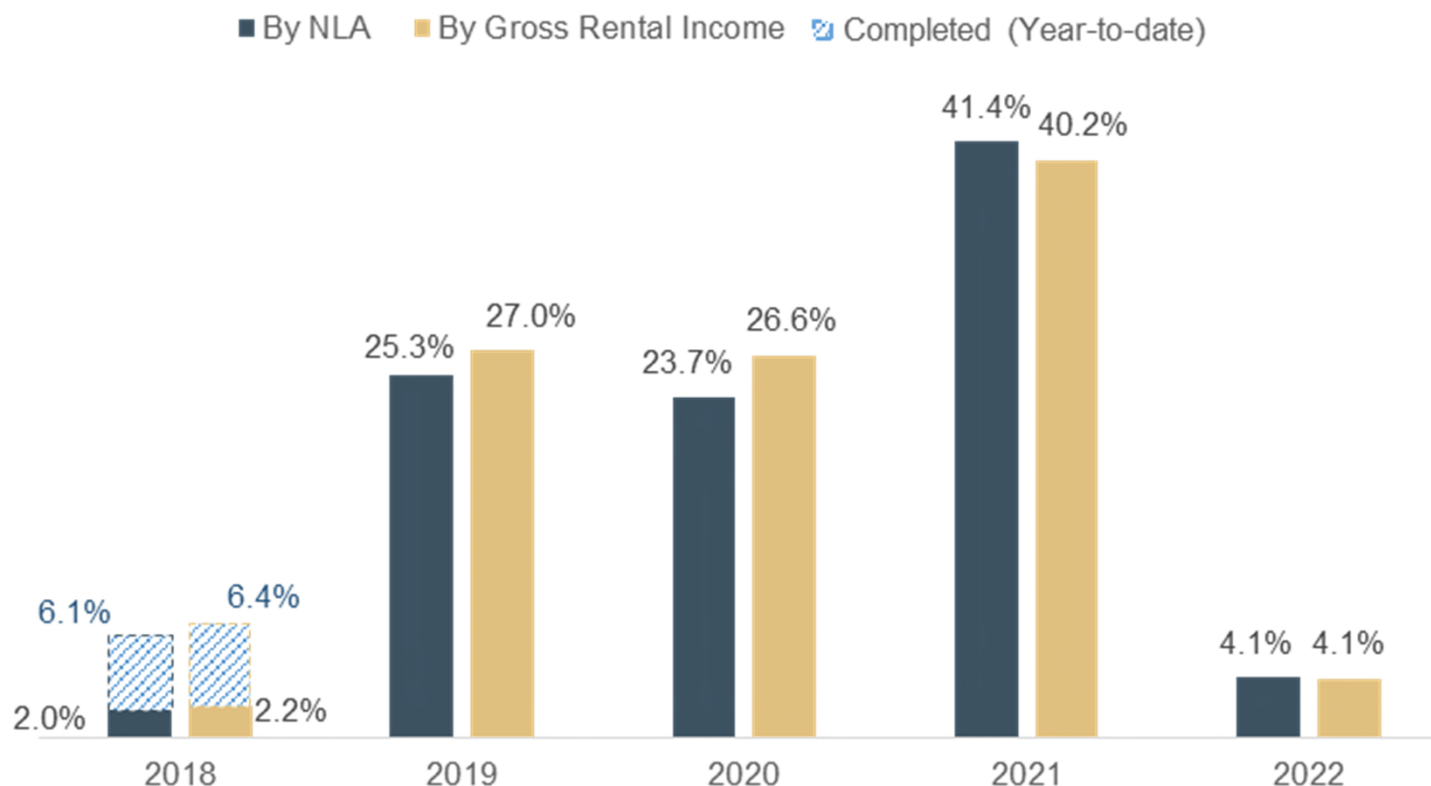
WALE⁽¹⁾ of 2.2 years by NLA⁽²⁾ and 2.3 years by Gross Rental Income

As at 30 Jun 2018

(1) "WALE" refers to the weighted average lease term to expiry
 (2) "NLA" refers to net lettable area

Lease Expiry Profile - OUE Bayfront

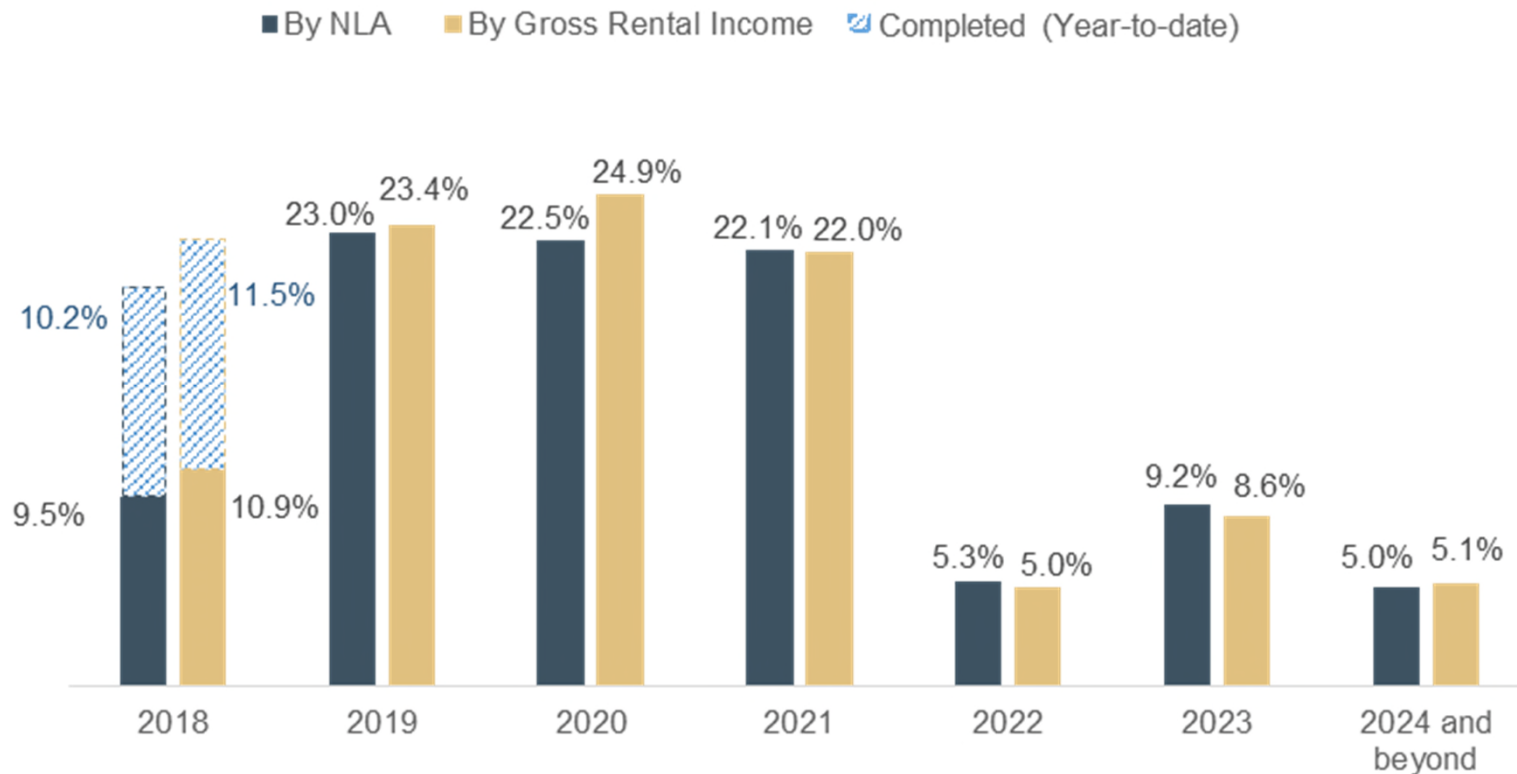
Well-positioned to benefit from a rising Singapore office market, with more than 50% of OUE Bayfront's gross rental income due for renewal over the next 2 years



WALE of 2.4 years by NLA and 2.3 years by Gross Rental Income

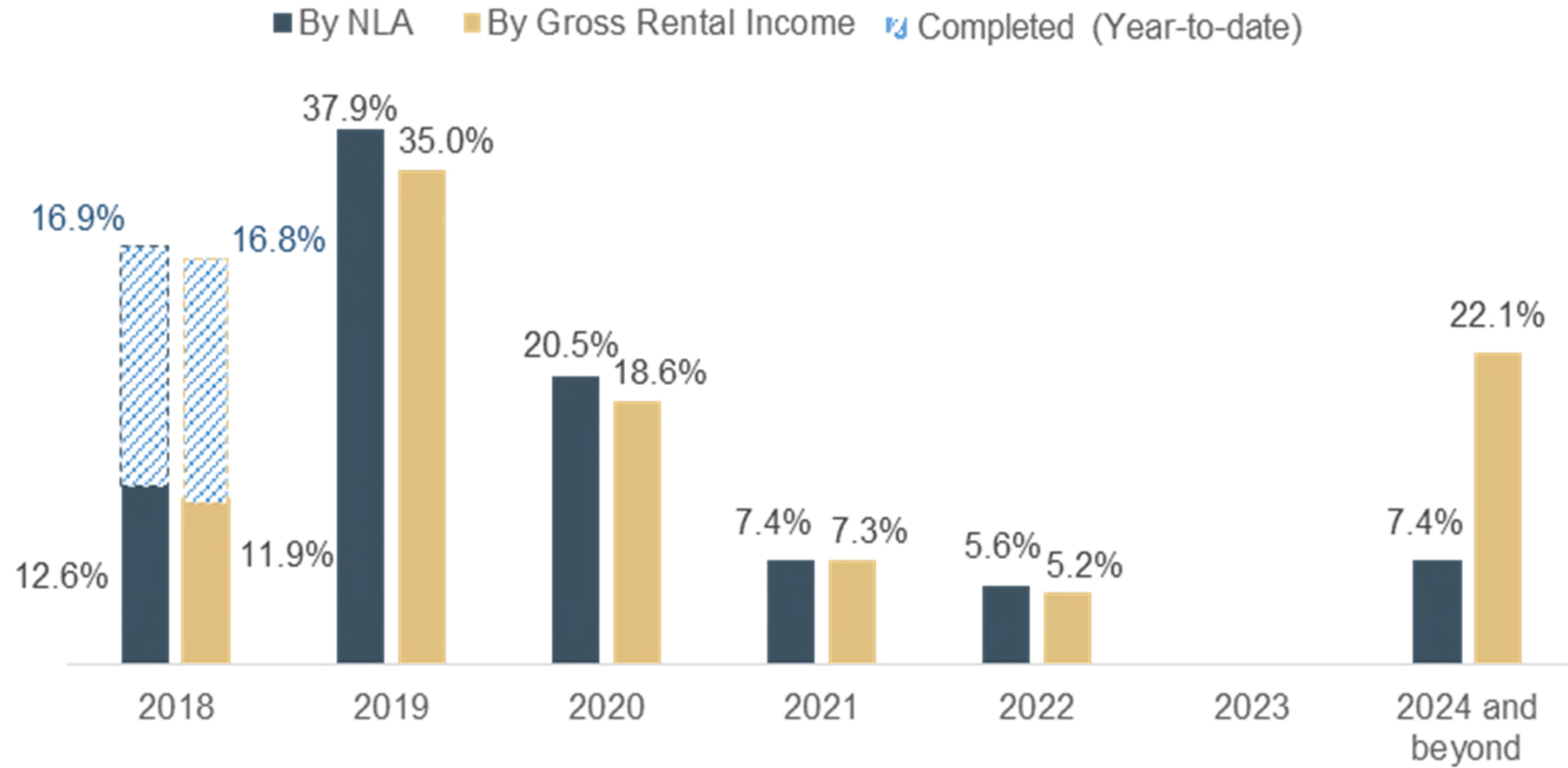
As at 30 Jun 2018

Lease Expiry Profile - One Raffles Place



WALE of 2.4 years by NLA and 2.3 years by Gross Rental Income

Lease Expiry Profile - Lippo Plaza



WALE of 2.1 years by NLA and 2.9 years by Gross Rental Income

As at 30 Jun 2018

Appendices

- Singapore Office Market
- Shanghai Office Market



Overview of Singapore Office Sector

✓ **Singapore's CBD**

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

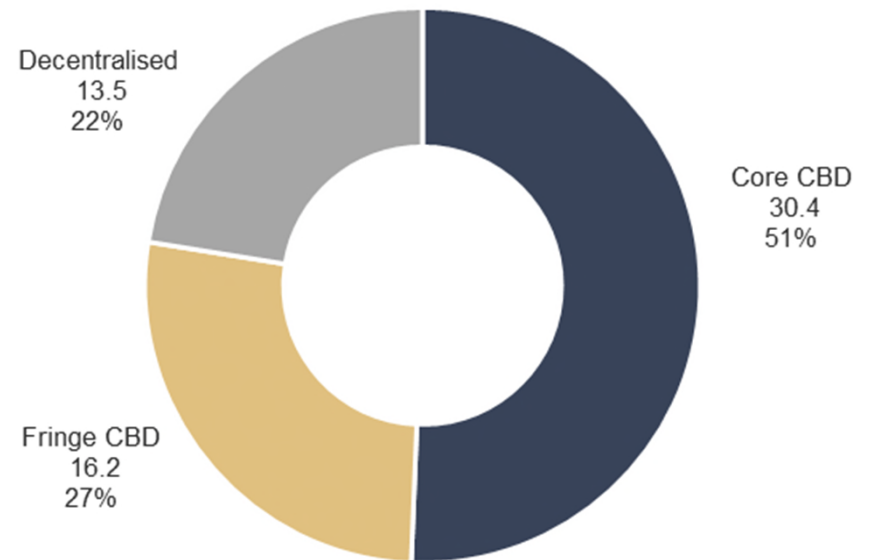
✓ **Historical supply-demand conditions**

- Annual average island-wide demand for office space from 2007 – 2016 was about 1.1 million sq ft, compared to annual average supply of 1.4 million sq ft over the same period. For 2017, island-wide net absorption was 2.1 million sq ft, compared to net new supply of 2.7 million sq ft.

CBD Office Locations (Singapore)



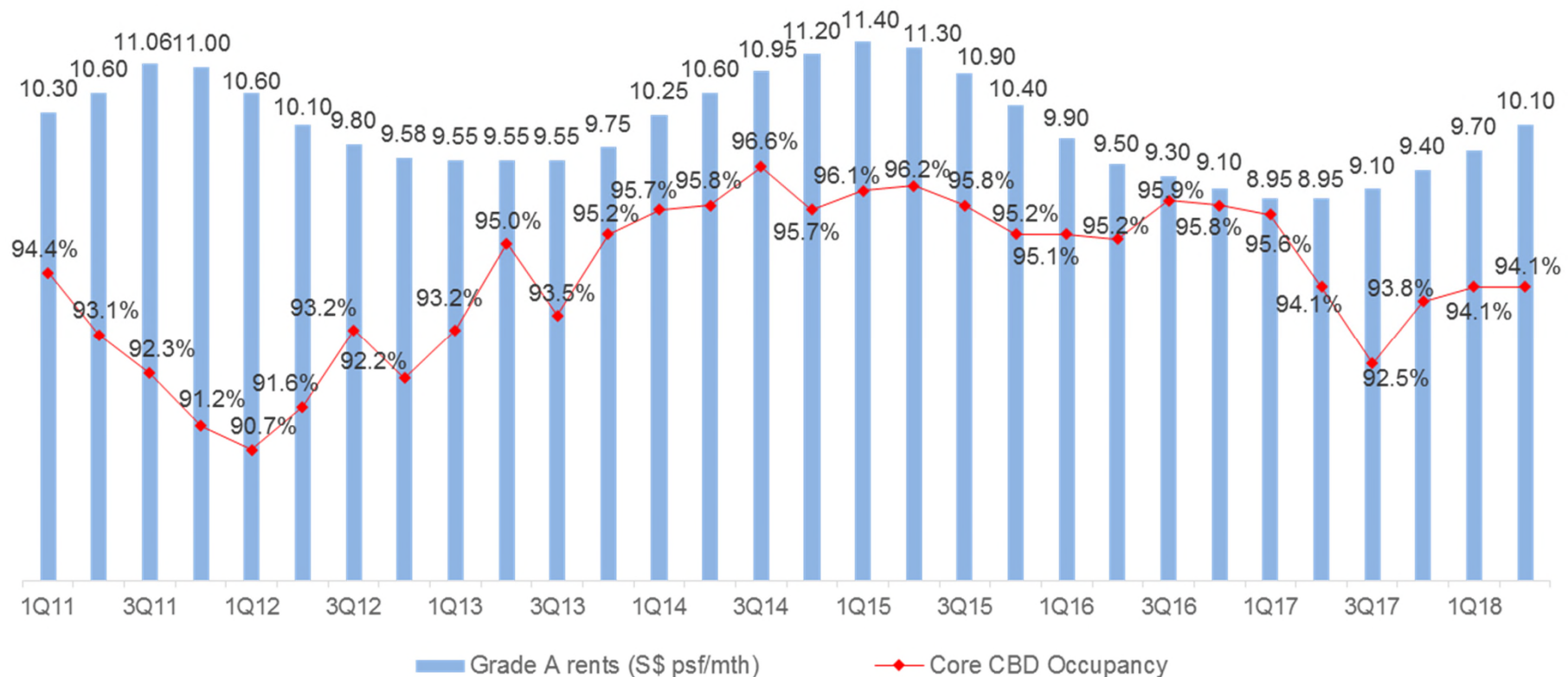
Breakdown of Office Stock in Singapore (million sq ft)⁽¹⁾



(1) CBRE Pte Ltd, 2Q 2018

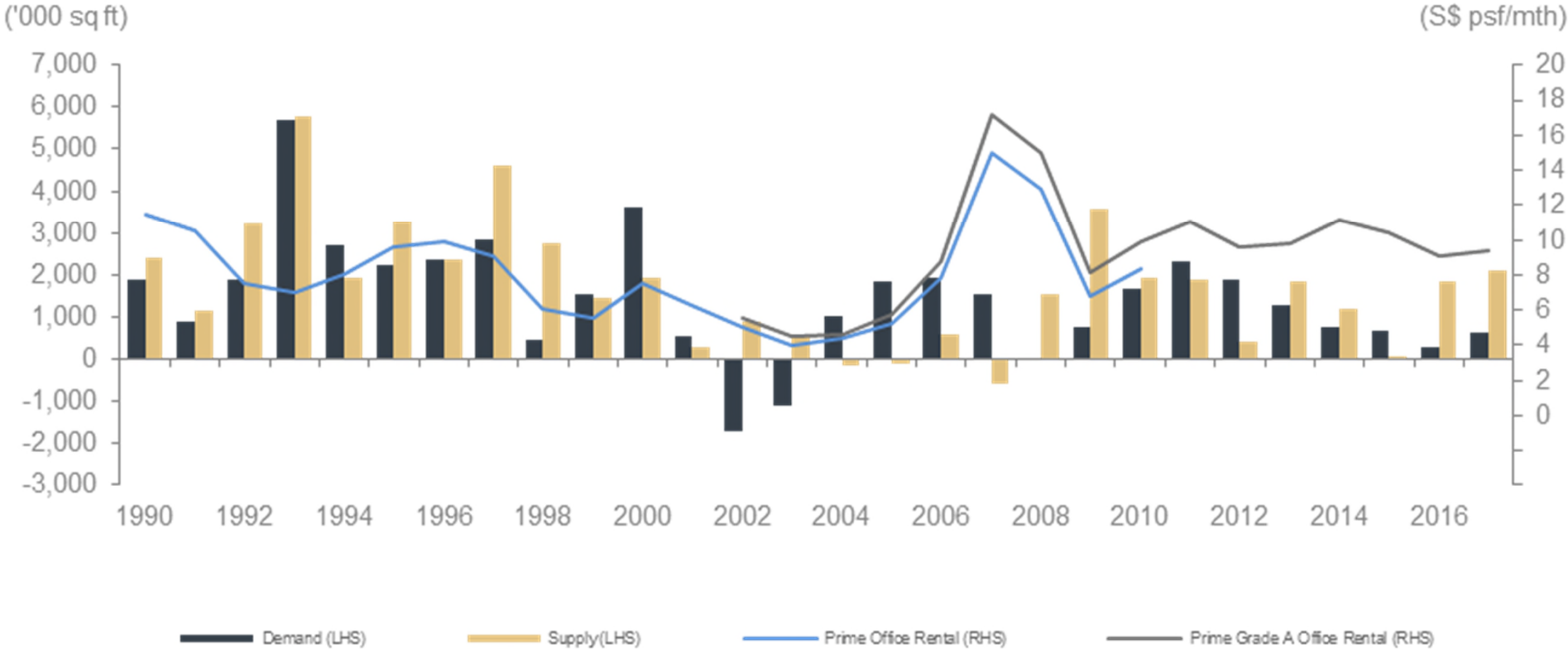
Singapore Office Market

- Island-wide net absorption in 2Q 2018 was 503,907 sq ft due mainly to healthy level of pre-commitment at a newly completed office building. Core CBD office occupancy remained unchanged at 94.1% as at 2Q 2018, with demand supported by co-working operators, technology firms as well as the insurance sector
- Rental growth for Grade A CBD Core office accelerated 4.1% QoQ to S\$10.10 psf per month, the fastest pace of growth since 1Q 2014



Demand and Supply vs Office Rental

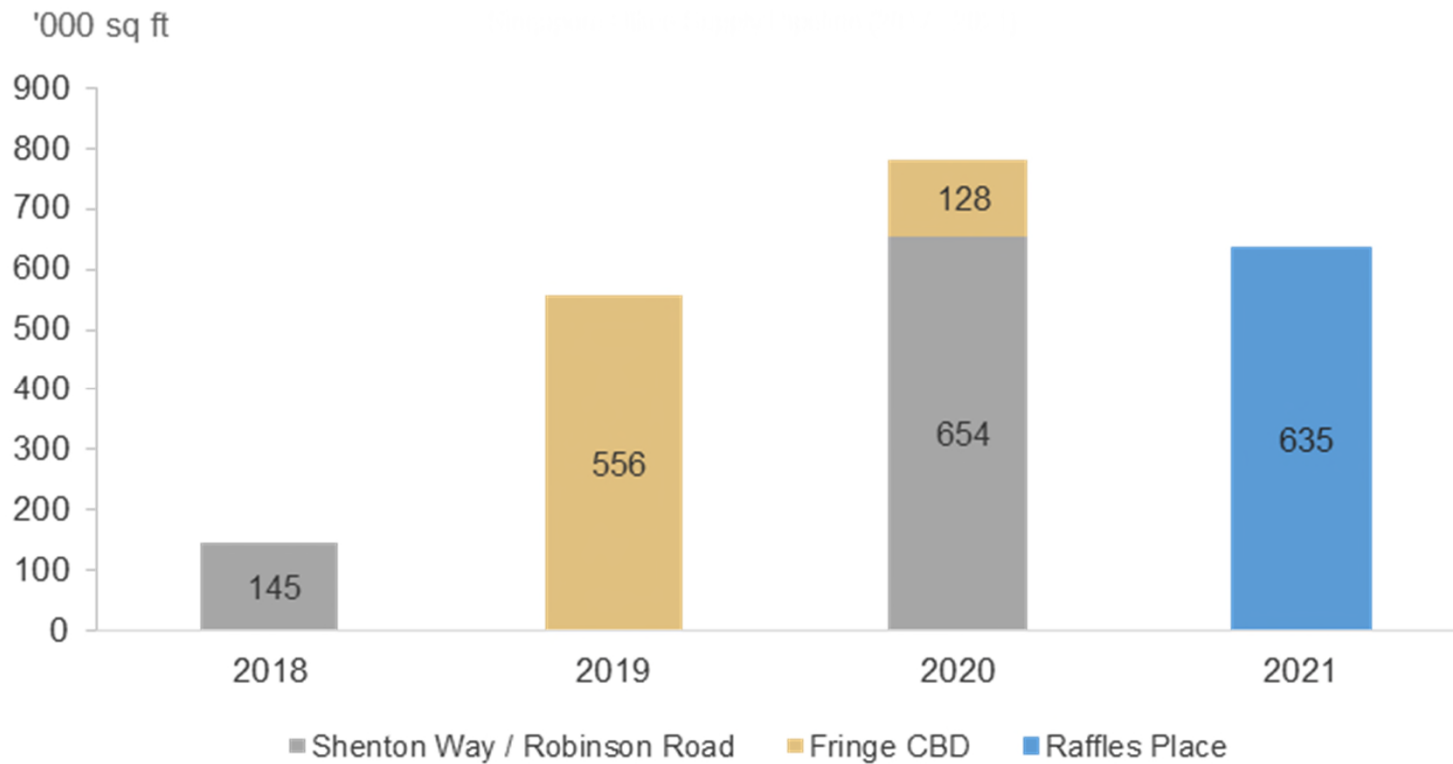
Island-wide Office Demand, Supply vs Office Rental



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

Office Supply Pipeline in Singapore's CBD and Fringe CBD



Note: Excluding strata-titled office
Source: CBRE Research, 2Q 2018

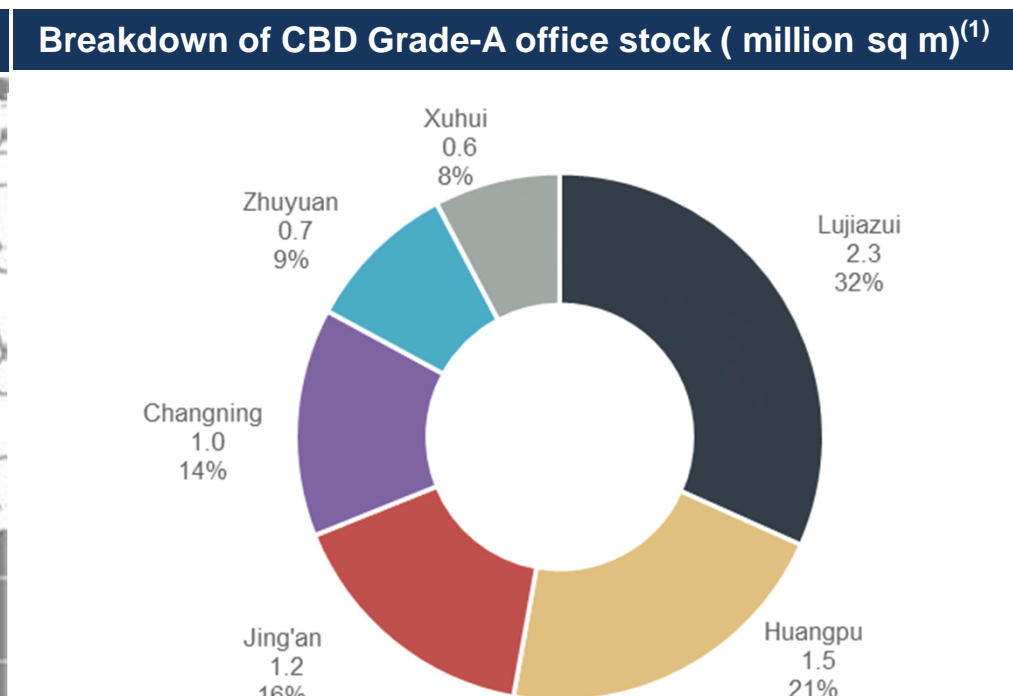
Overview of Shanghai Office Sector

✓ **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**

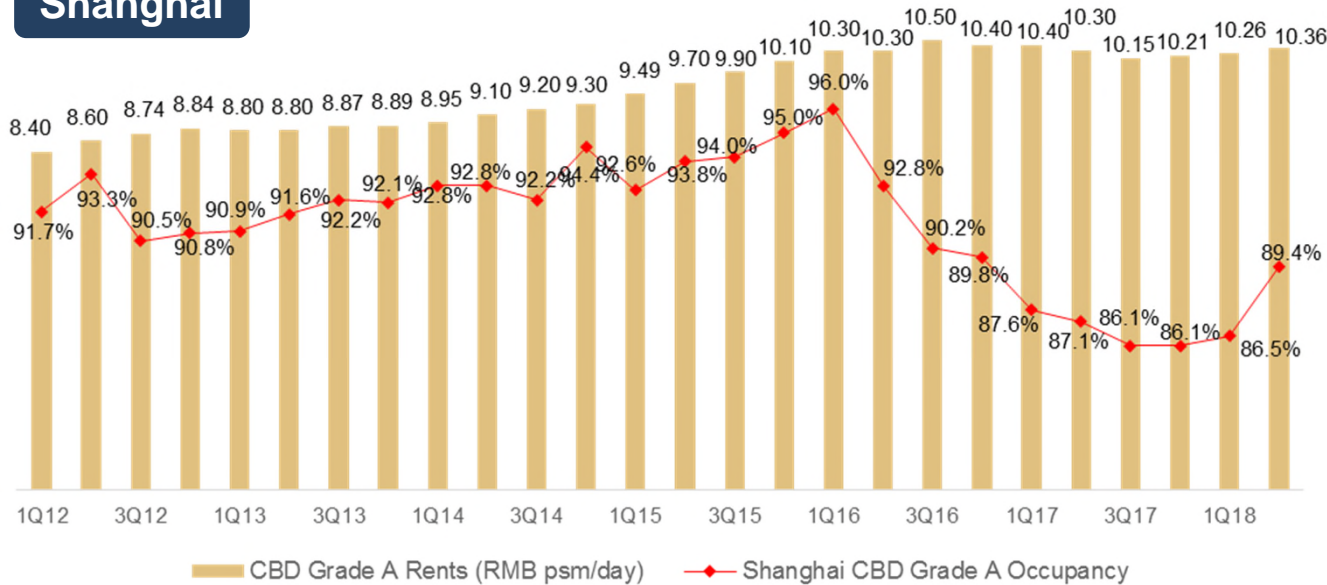
- The six main districts that make up Shanghai core CBD provide Grade-A office stock of about 7.1 million sq m as at 4Q 2017
- Average net demand for Shanghai CBD Grade A office from 2012 – 2016 was 290,000 sq m, compared to average net supply of 340,000 sq m over the same period. In 2017, net absorption was 599,000 sq m, compared to 2016 net absorption of 79,000 sq m. Net supply in 2017 was a record 956,000 sq m



⁽¹⁾ Colliers International Research, 2Q 2018

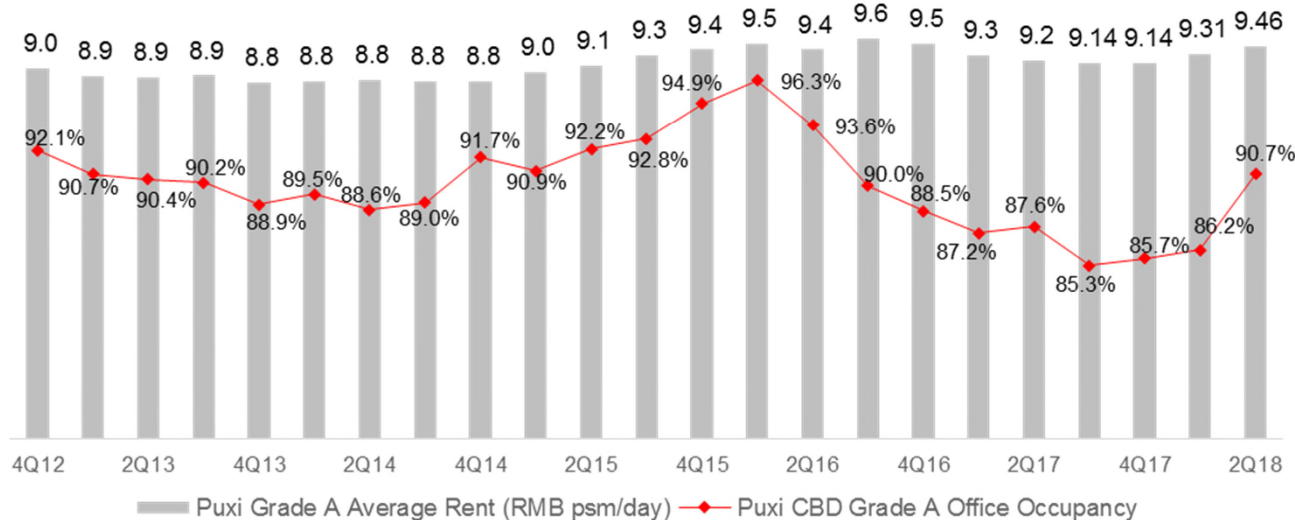
Shanghai Office Market

Shanghai



- In 2Q 2018, supported by strong demand, Shanghai CBD Grade A office occupancy increased 2.9 ppt QoQ to 89.4% and rents rose 0.8% QoQ to RMB10.36 psm/day. Puxi Grade A office occupancy improved 4.5 ppt QoQ to 90.7%, while rents increased 1.6% QoQ to RMB9.46 psm/day

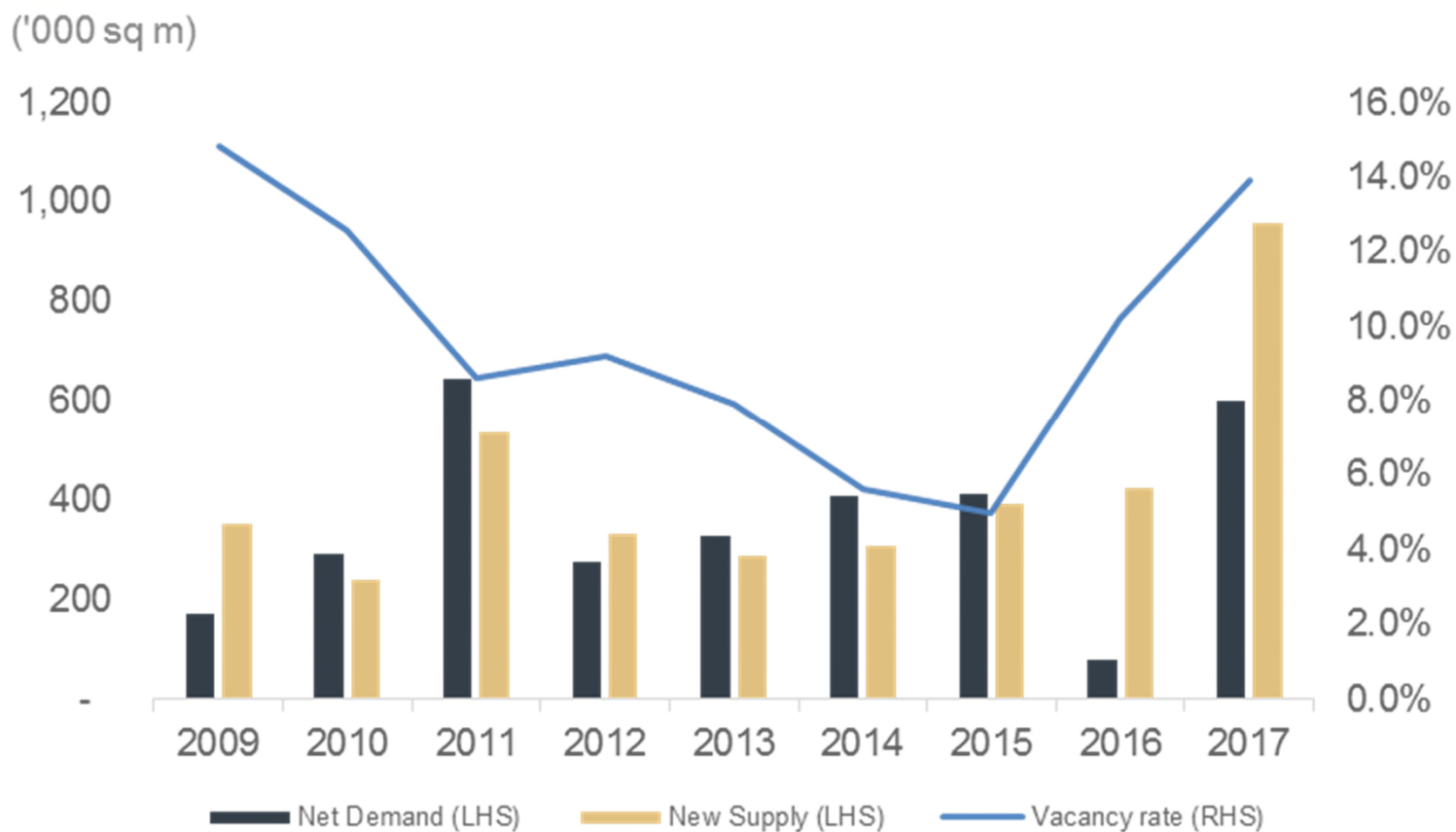
Puxi



- Continued significant new office supply is expected in Shanghai over the next two years, before easing in 2020. Nevertheless, healthy demand from the finance and technology sectors and underpin occupancy as well as rental rates

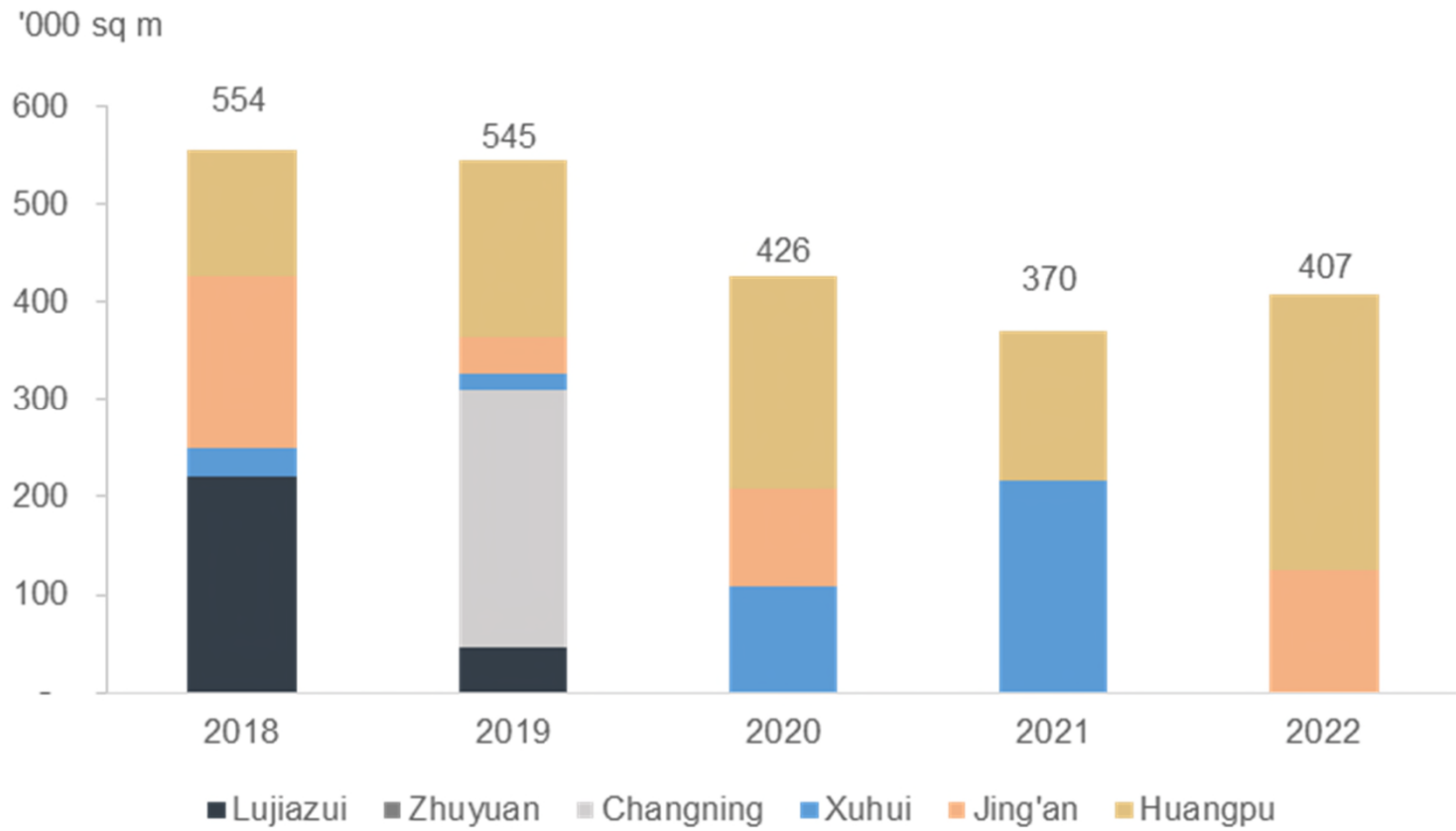
Demand, Supply and Vacancy

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



CBD Grade A Office Supply Pipeline

Office Supply Pipeline in Shanghai CBD



Source: Colliers International Shanghai, 2Q 2018



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Thank you