



Financial Results for 2nd Quarter 2018

2 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.

Agenda

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

Key Highlights

Financial Highlights

- 2Q 2018 net property income was S\$33.9 million, against S\$34.8 million in 2Q 2017 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, partially offset by lower utilities cost
- Higher interest expenses in 2Q 2018, offset by higher drawdown of income support and lower distribution to convertible perpetual preferred unit (“CPPU”) holder, led to amount available for distribution of S\$16.5 million, which translates to DPU of 1.06 cents

Portfolio Performance

- Healthy portfolio occupancy of 95.2% with all three properties continuing to achieve higher-than-market office occupancy
- Positive rental reversions were achieved at OUE Bayfront and Lippo Plaza in 2Q 2018
- Average office passing rent was S\$11.42 psf per month at OUE Bayfront, and S\$9.49 psf per month at One Raffles Place. Lippo Plaza’s average office passing rent was RMB9.83 psm per day

Key Highlights

Capital Management

- Aggregate leverage as at 30 Jun 2018 was 40.3% with a weighted average cost of debt of 3.5% per annum
- 74.1% of borrowings were on fixed rate basis, mitigating interest rate volatility in a rising interest rate environment
- 2018 refinancing is at documentation stage and will be completed ahead of maturity in the later half of 2018. Refinancing provided is on unsecured terms, improving OUE C-REIT's credit profile and financial flexibility

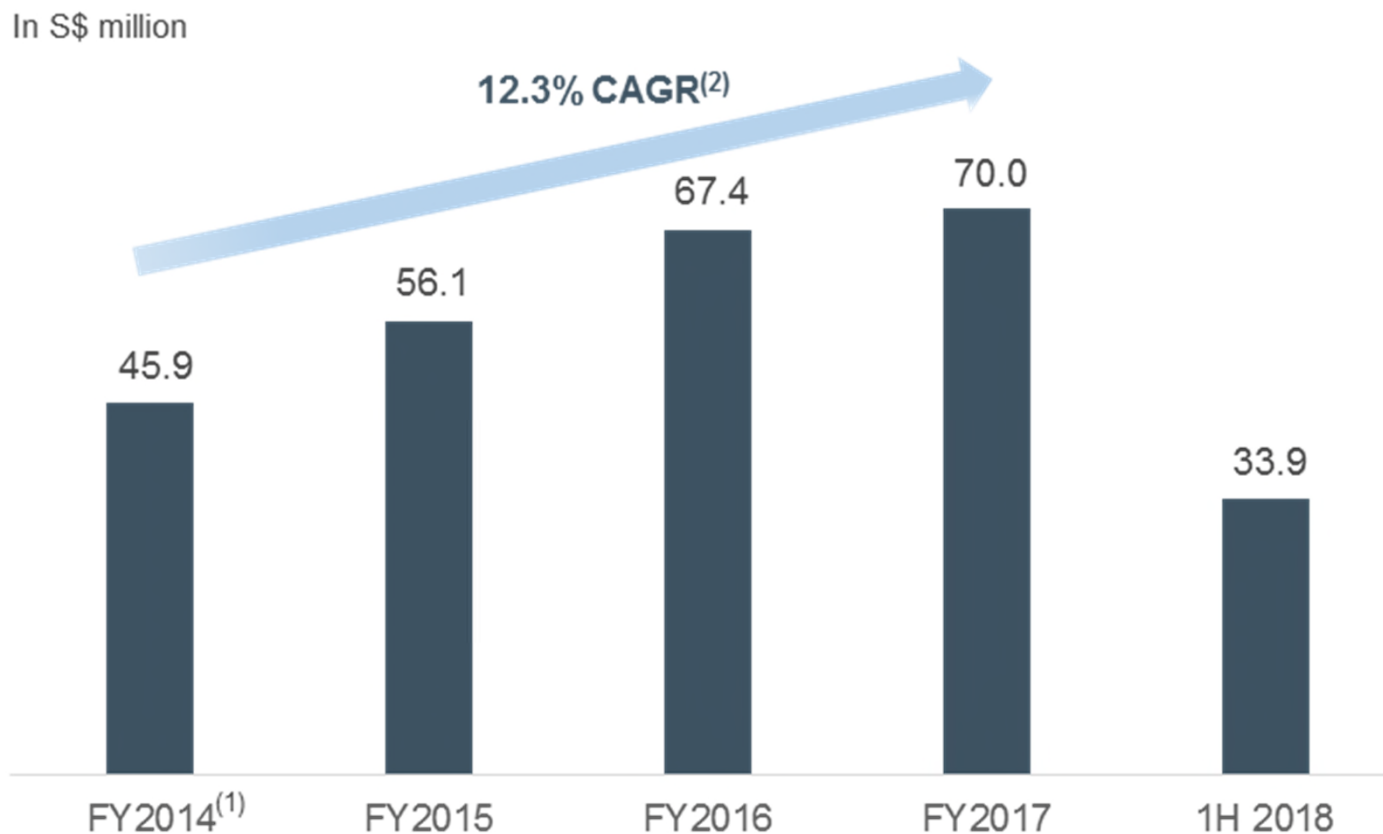
Financial Performance & Capital Management



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

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

Distribution Details

Distribution Period	1 January 2018 to 30 June 2018
Distribution Per Unit	2.18 cents comprising (i) Taxable income distribution of 0.87 cents (ii) Tax-exempt income distribution of 0.76 cents (iii) Capital distribution of 0.55 cents

Notice of Books Closure Date	2 August 2018
Ex-Date	8 August 2018, 9.00 am
Books Closure Date	13 August 2018
Distribution Payment Date	5 September 2018

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

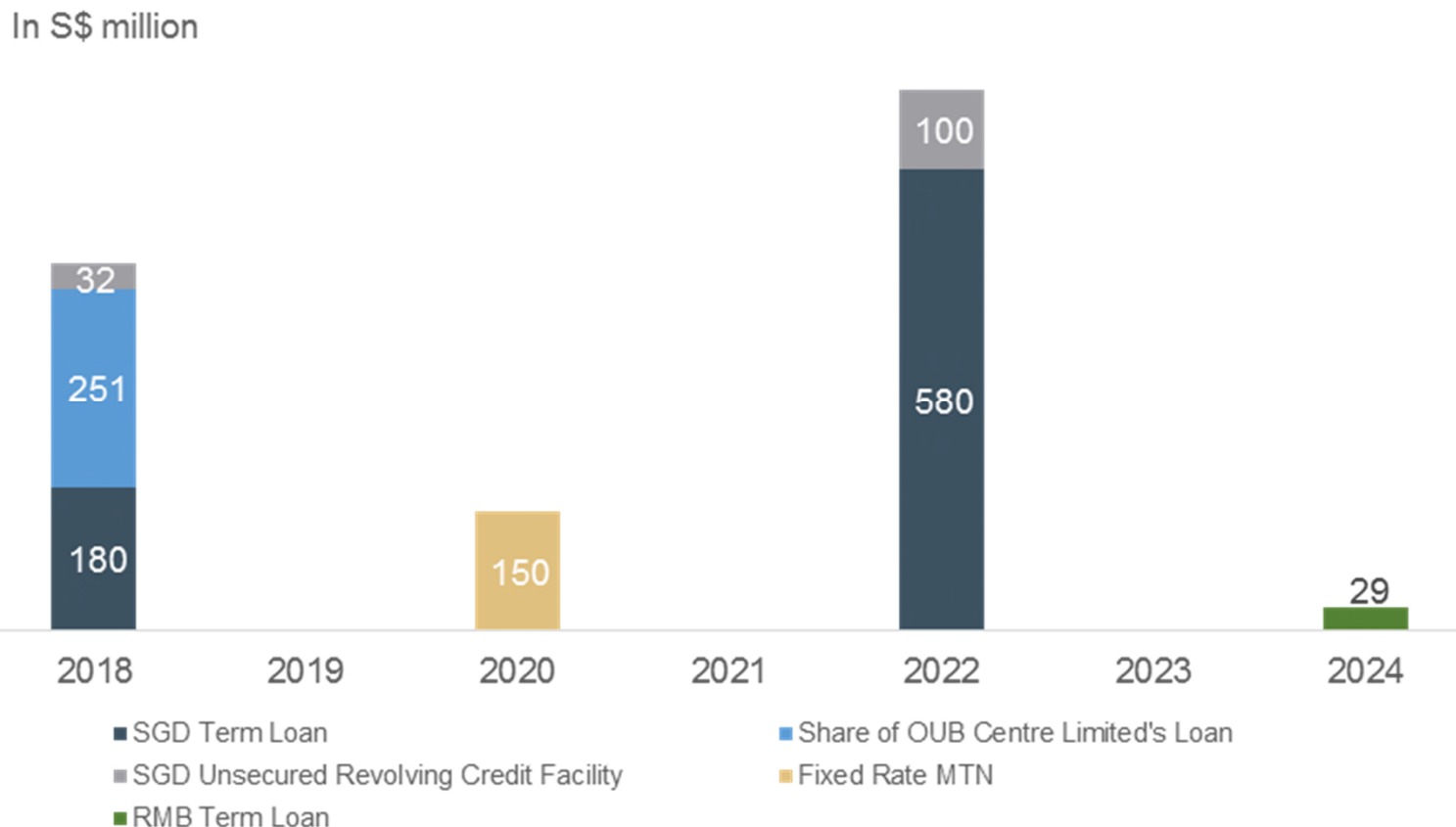
	As at 30 Jun 2018	As at 31 Mar 2018
Aggregate Leverage	40.3%	40.5%
Total debt	S\$1,322m ⁽¹⁾	S\$1,329m ⁽²⁾
Weighted average cost of debt	3.5% p.a.	3.4% p.a.
Average term of debt	2.3 years	2.6 years
% fixed rate debt	74.1%	73.7%
Average term of fixed rate debt	1.6 years	1.9 years
Interest service ratio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

- In advanced stage of concluding 2018 refinancing requirements, which will be completed ahead of maturity in the later half of 2018
- Refinancing is on unsecured terms which is expected to improve OUE C-REIT's credit profile and financial flexibility

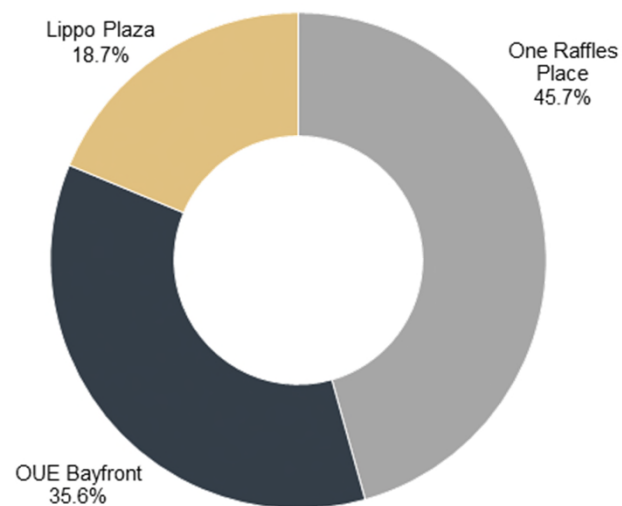


Portfolio Performance

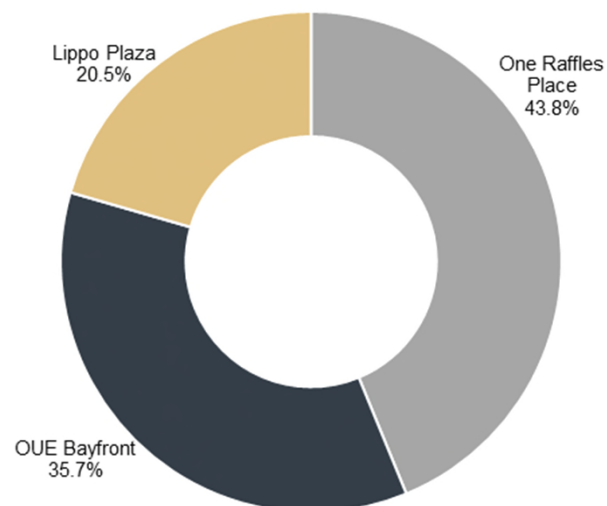


Portfolio Composition

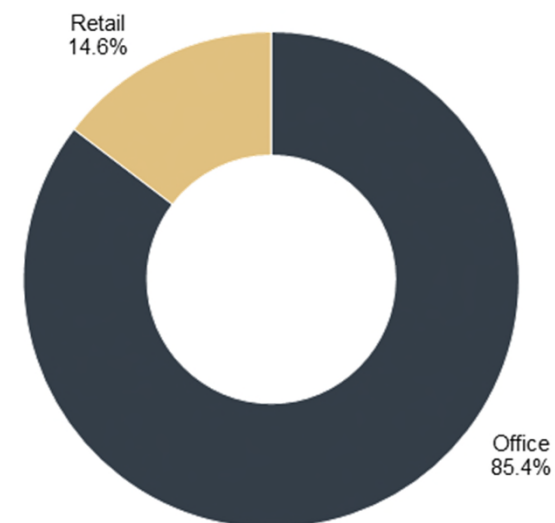
By Asset Value⁽¹⁾



By Revenue Contribution⁽²⁾



By Segment Income⁽²⁾

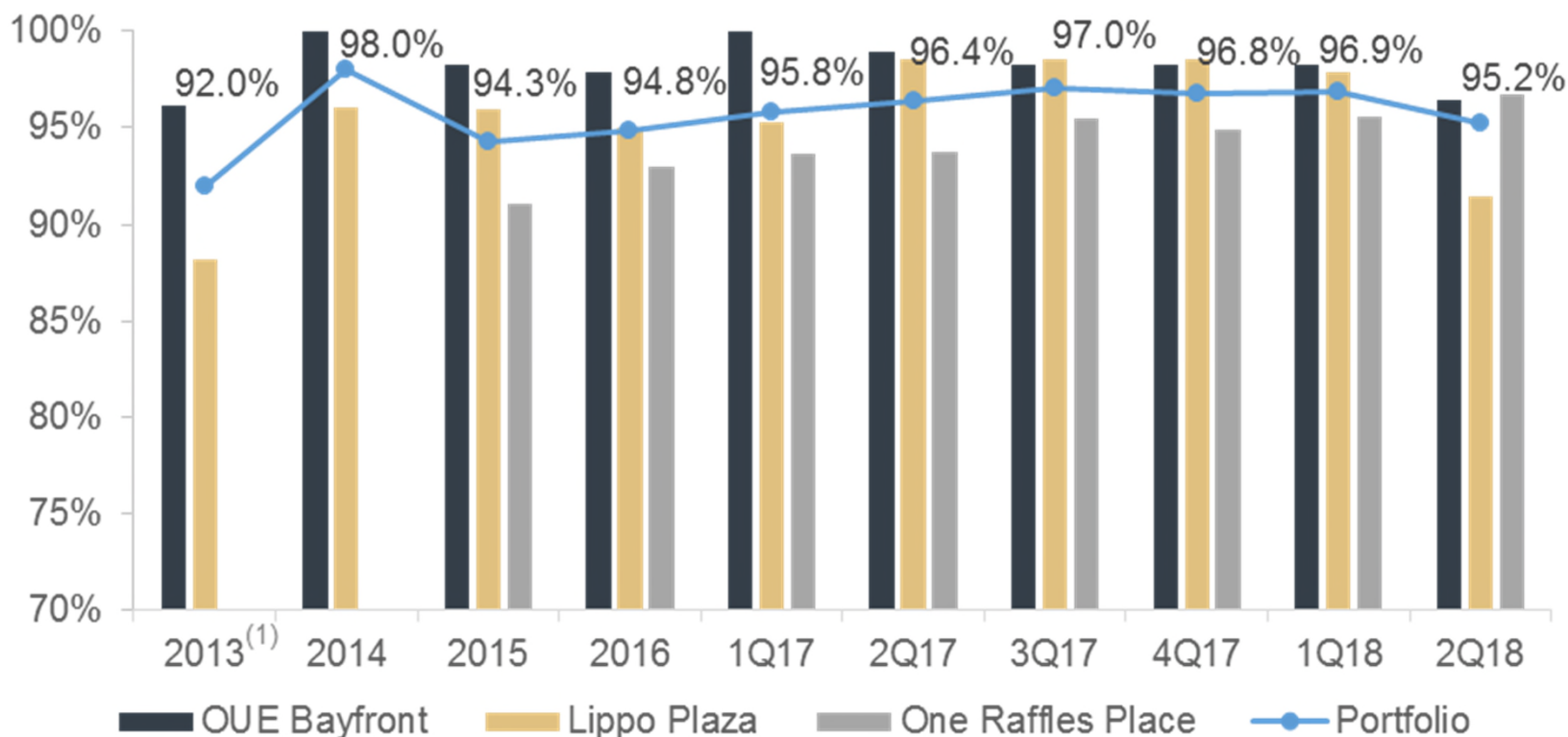


(1) Based on independent valuations as at 31 December 2017 and OUE C-REIT's proportionate interest in One Raffles Place
 (2) For 2Q 2018 and based on OUE C-REIT's attributable interest in One Raffles Place

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

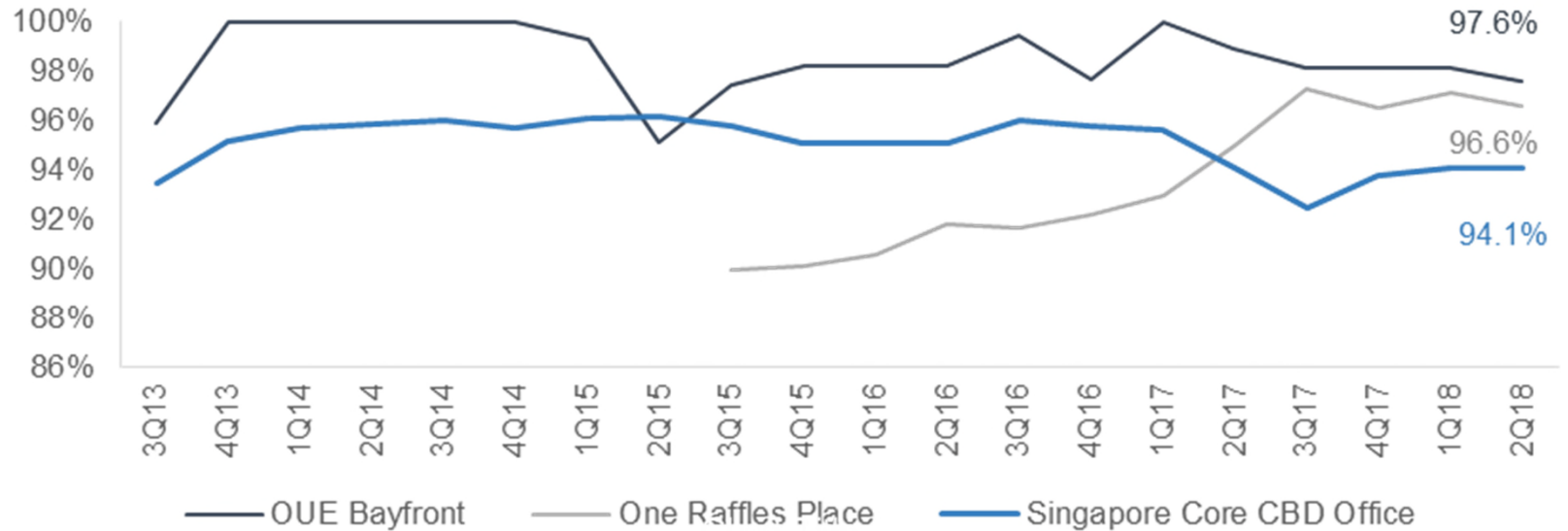


(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT’s Prospectus dated 17 January 2014

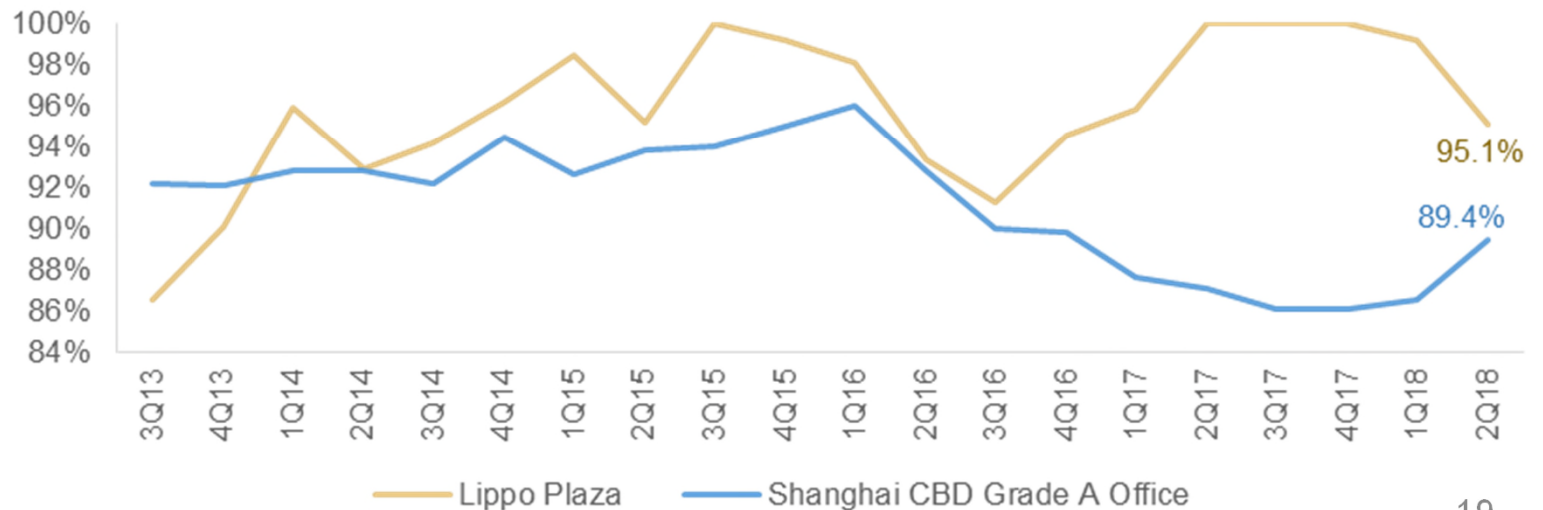
Office Occupancy Higher Than Market

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

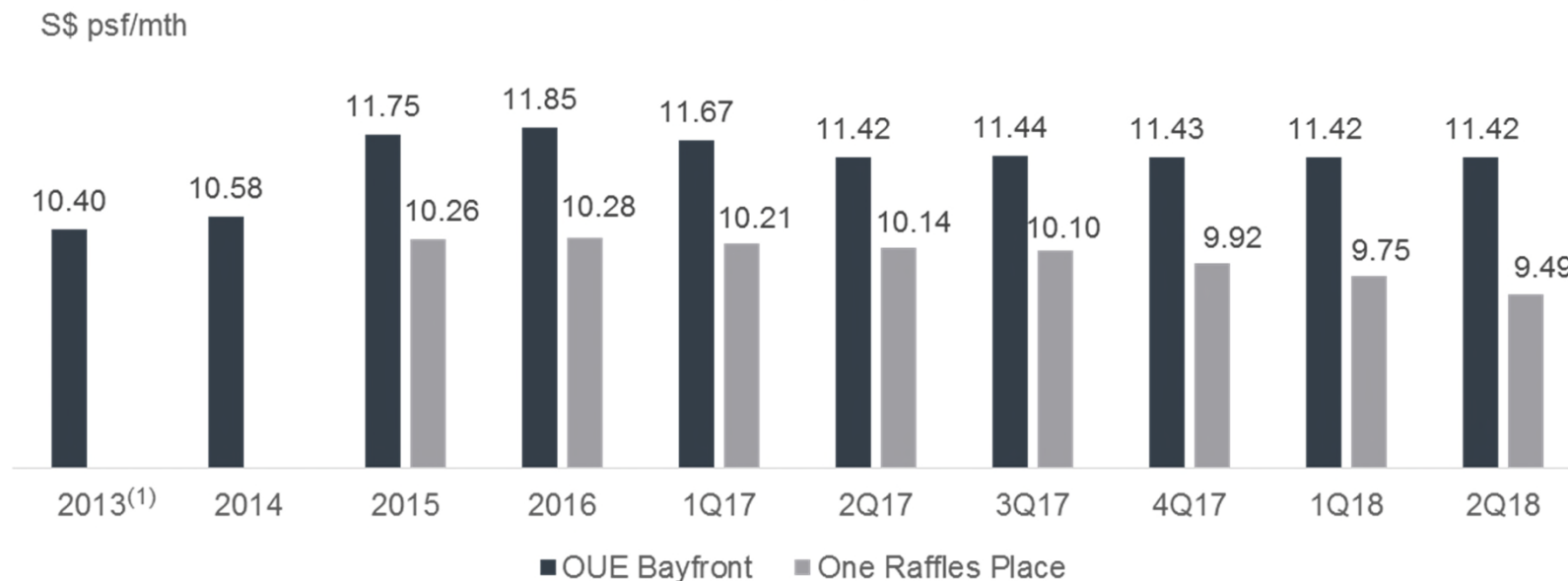
(1) Committed rents for renewals, rent reviews and new leases

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

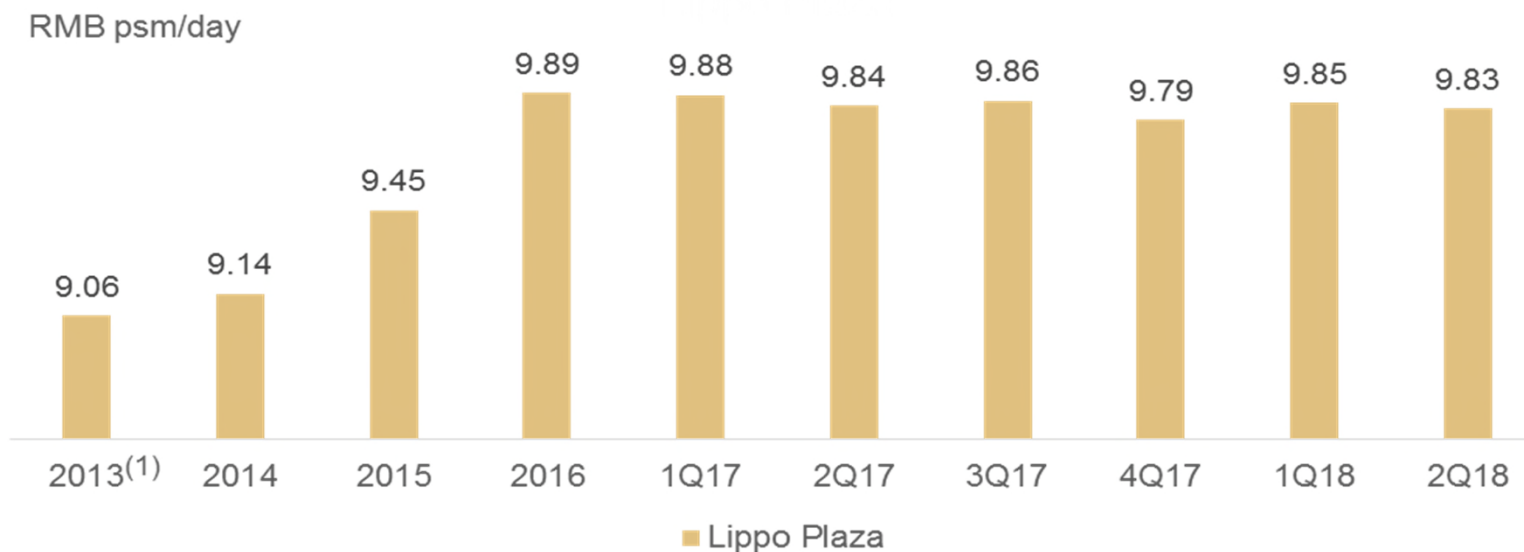
(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International, Shanghai Office Quarterly 2Q 2018, 30 July 2018

Average Passing Office Rents

Singapore



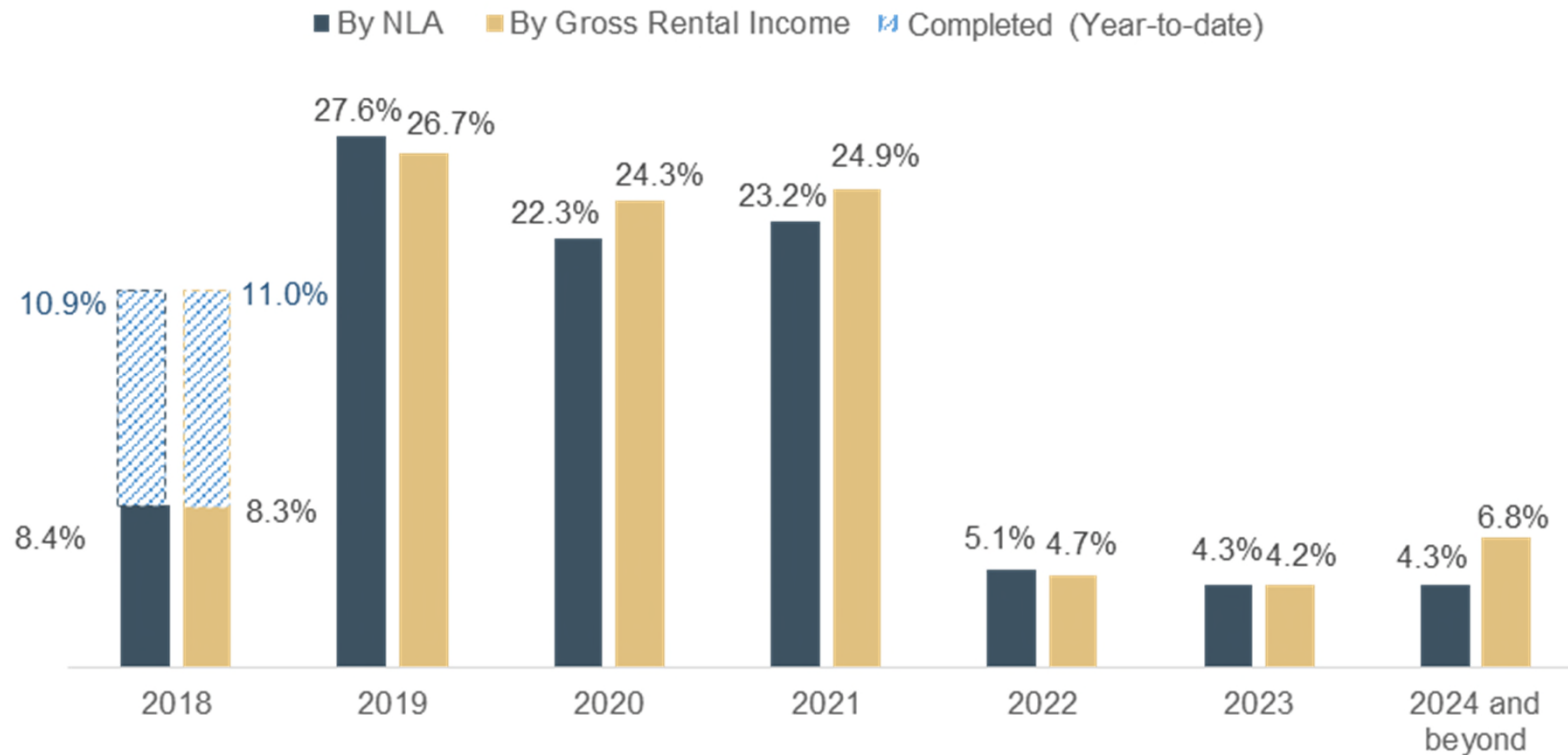
Shanghai



(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



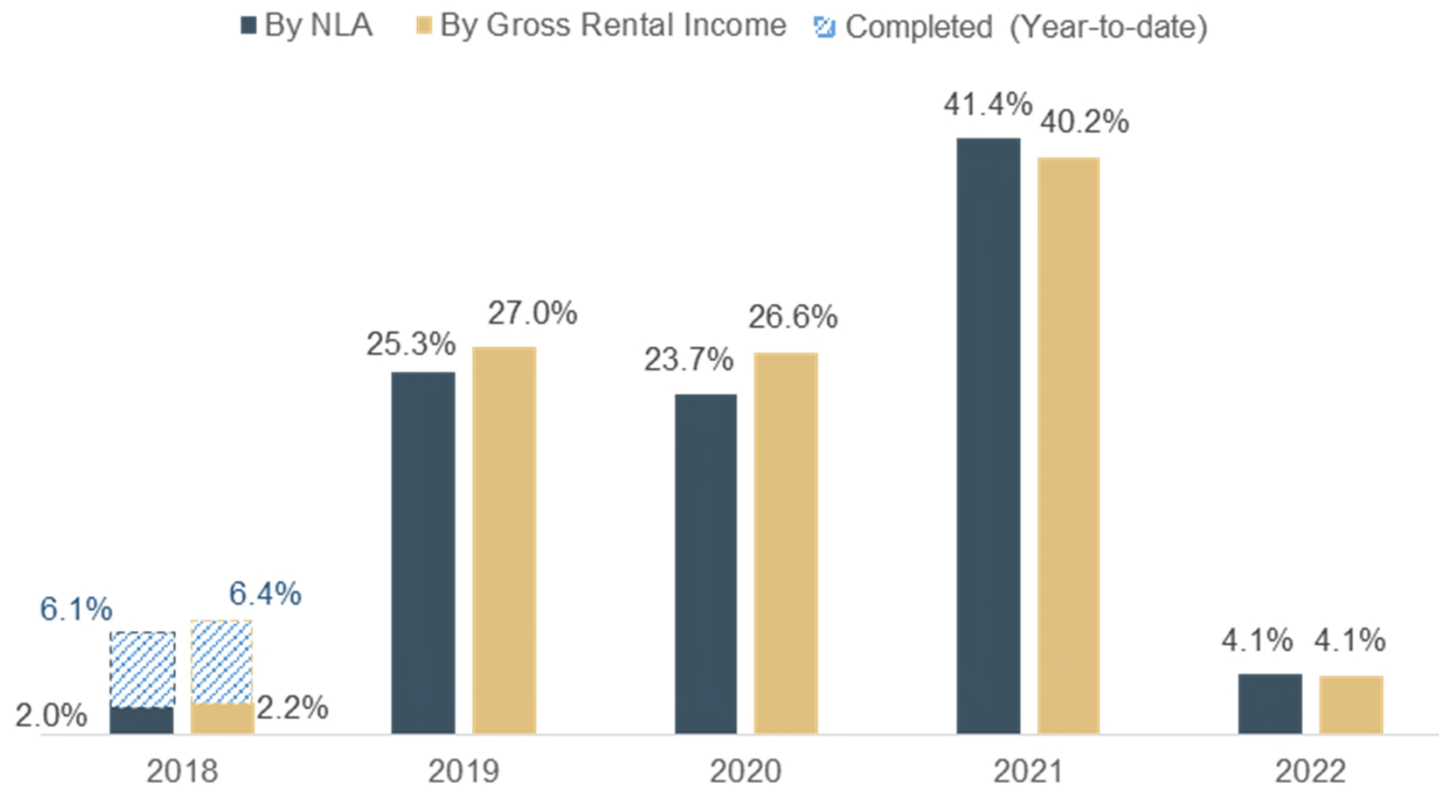
WALE⁽¹⁾ of 2.2 years by NLA⁽²⁾ and 2.3 years by Gross Rental Income

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

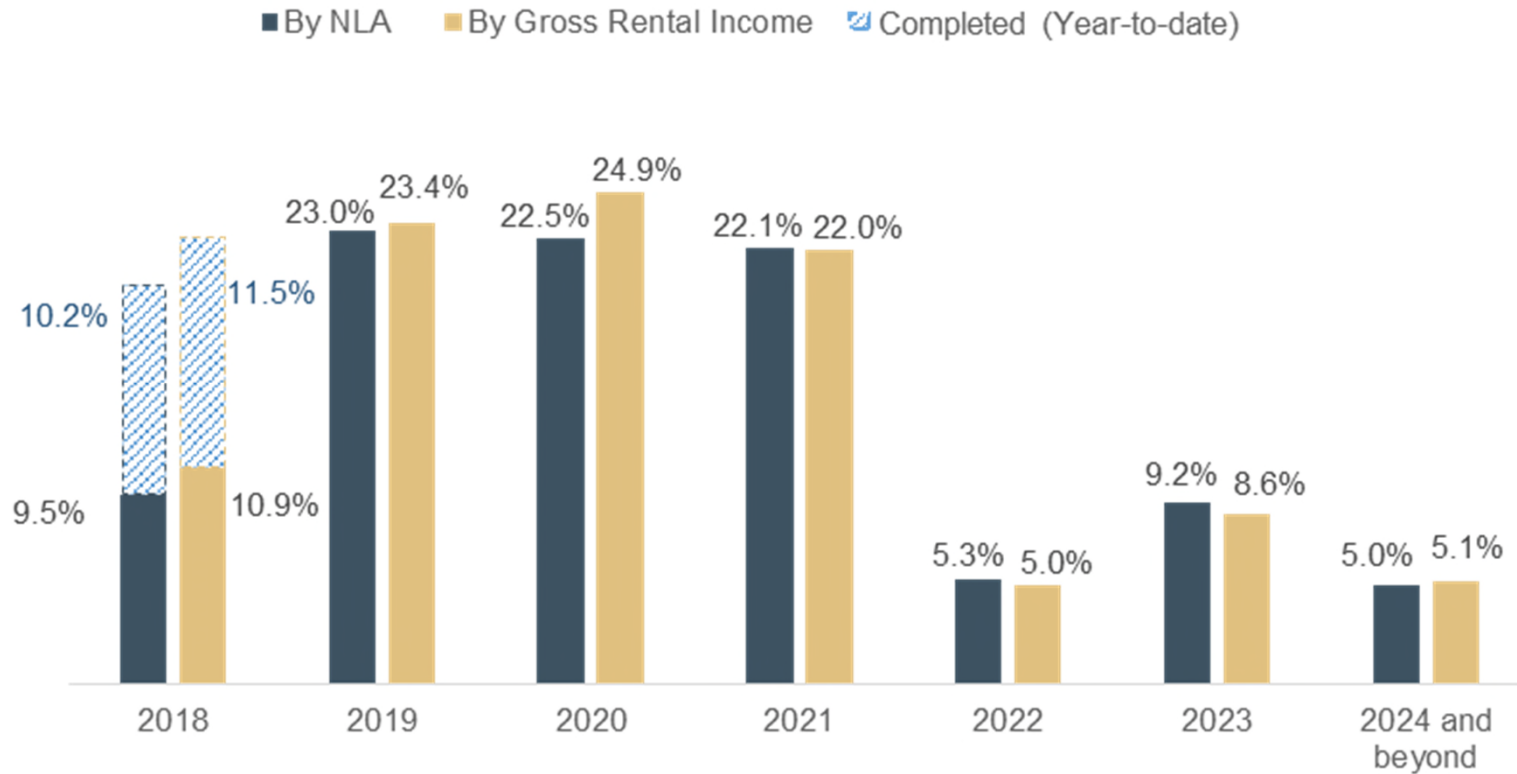
Well-positioned to benefit from a rising Singapore office market, with more than 50% of OUE Bayfront's gross rental income due for renewal over the next 2 years



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

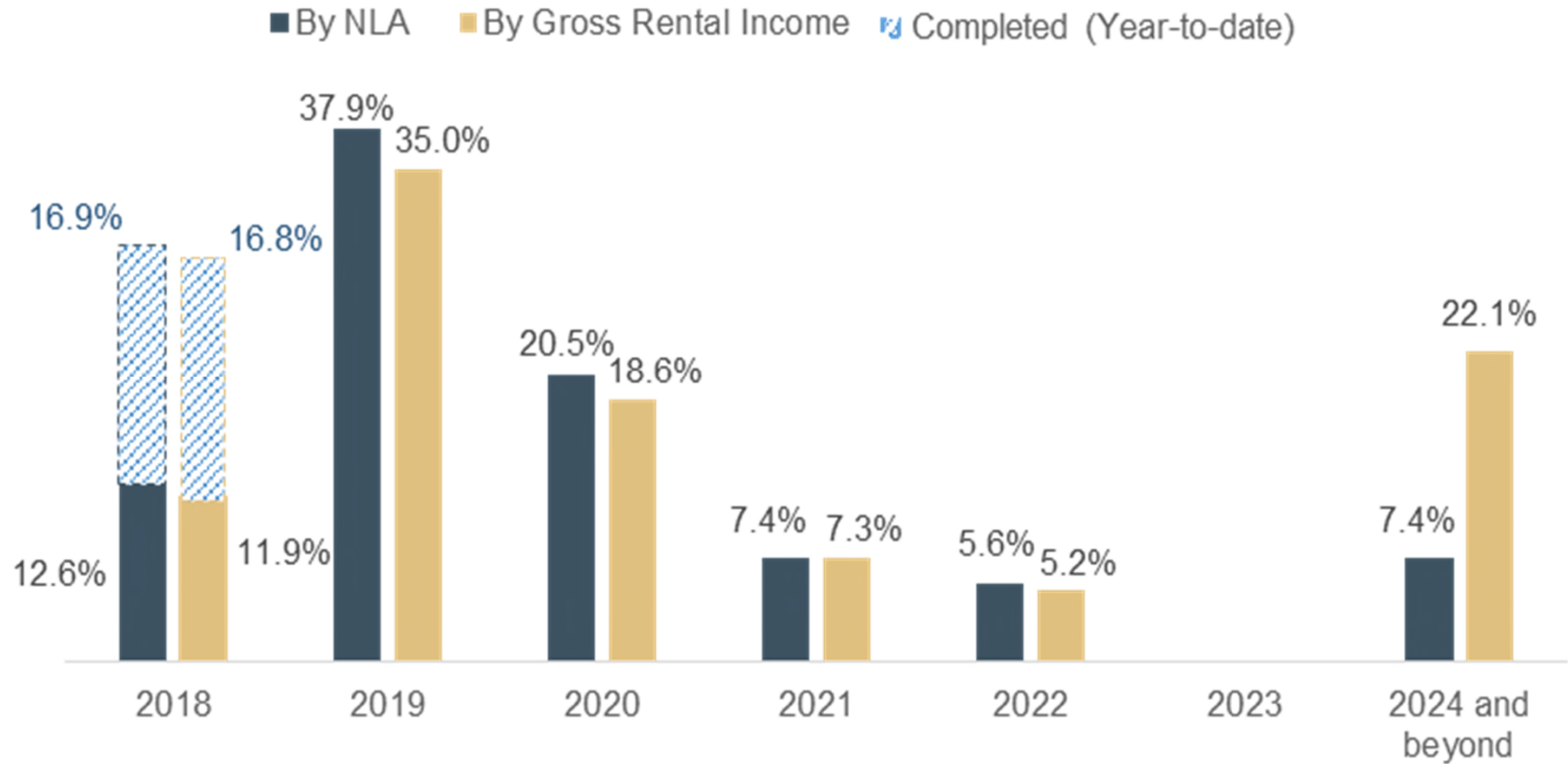
As at 30 Jun 2018

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

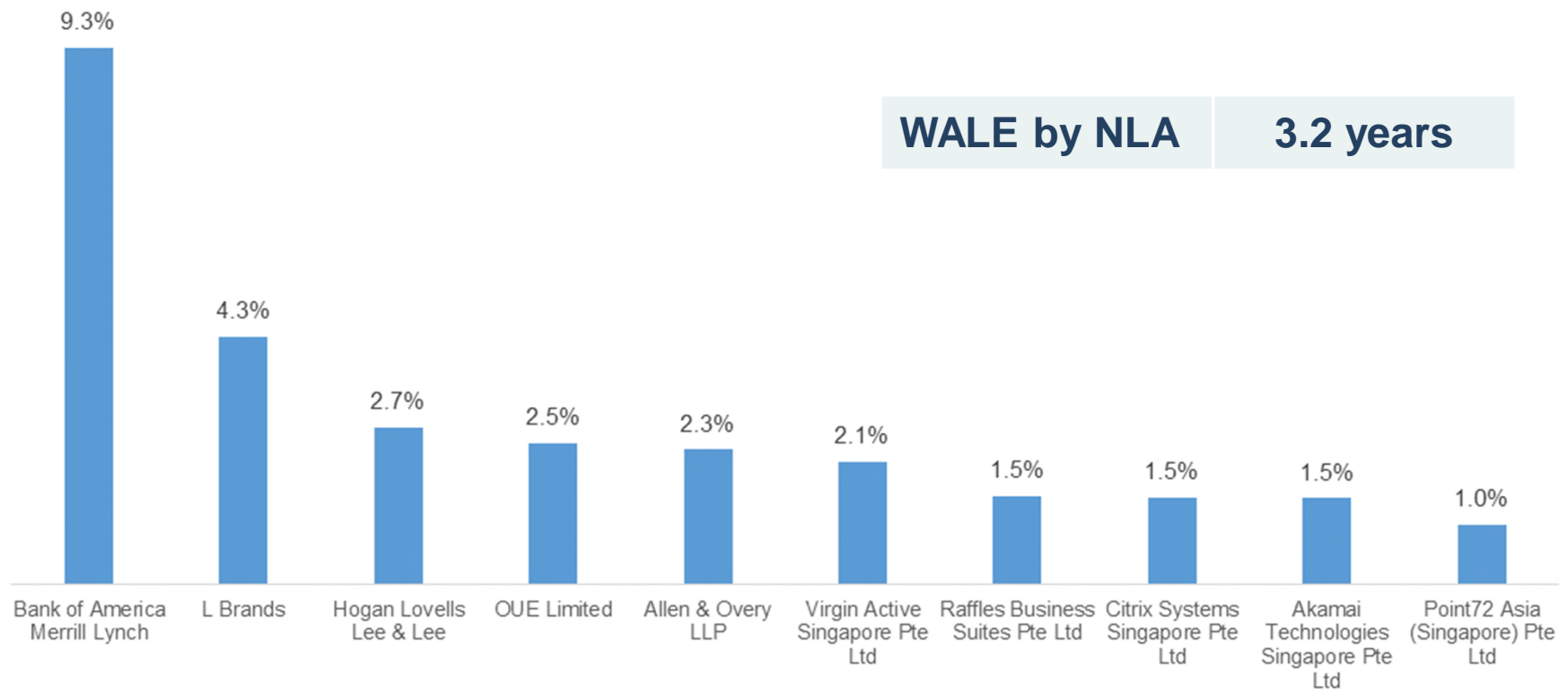


WALE of 2.1 years by NLA and 2.9 years by Gross Rental Income

As at 30 Jun 2018

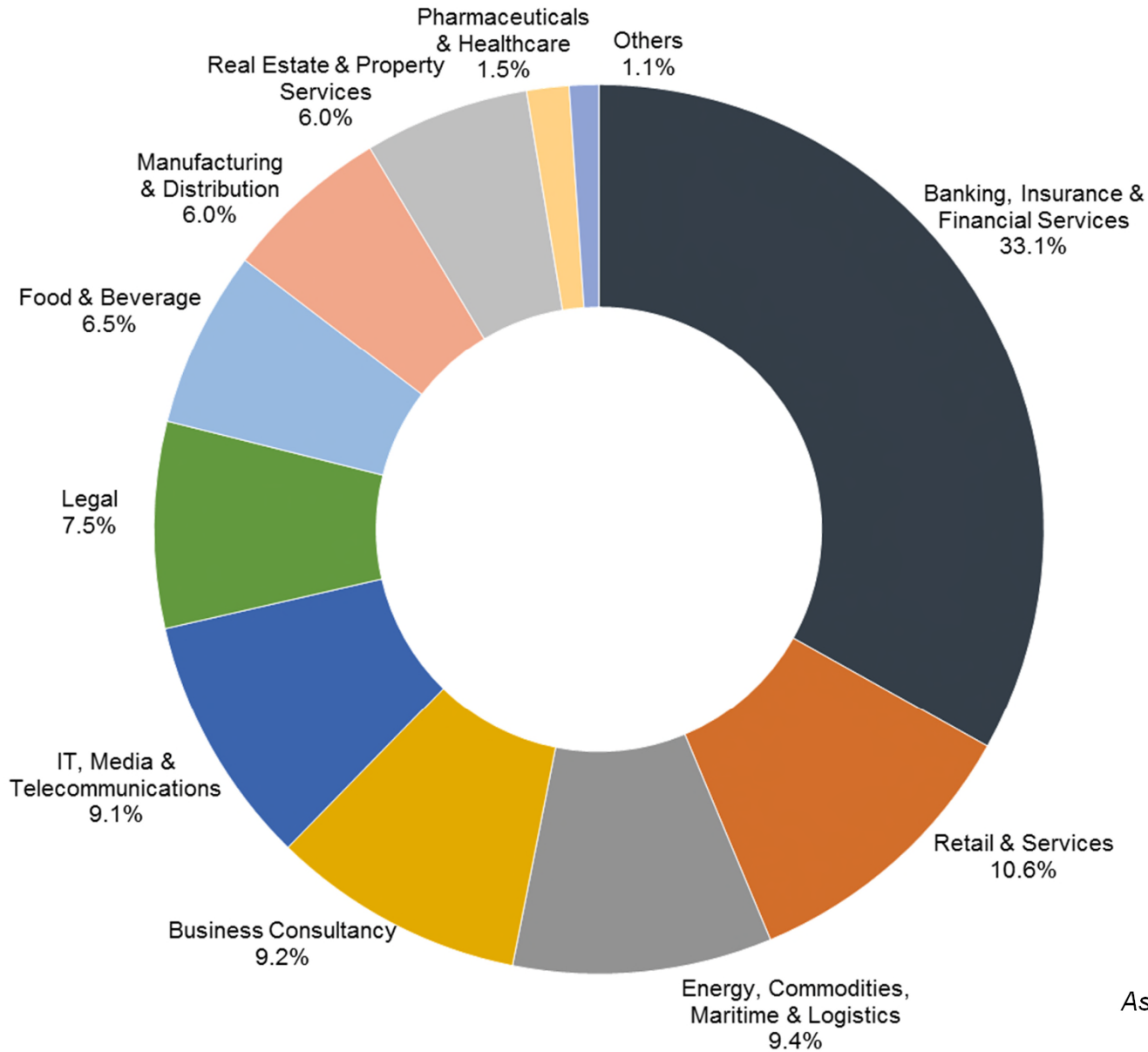
Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 28.7% of gross rental income



As at 30 Jun 2018

Diversified Tenant Base



As at June 2018

Outlook



- Singapore’s 2Q 2018 GDP growth was 3.8%⁽¹⁾ based on advance estimates by the Ministry of Trade and Industry (“MTI”), moderating from 1Q 2018 growth of 4.3% and ahead of 2018 forecast of between 2.5% to 3.5%. MTI expects the economy to remain on a steady expansion path, with the key downside risk being further headwinds from US-China trade tensions
- According to CBRE, islandwide net absorption for office space in 2Q 2018 was 503,907 sq ft, due mainly to healthy level of pre-commitment at a newly completed office building. As market fundamentals continued to be strong, core CBD office occupancy remained unchanged at 94.1%⁽²⁾ as at 2Q 2018, with demand supported by co-working operators, technology firms and the insurance sector. As a result, 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
- Given the pace of recovery in office market rents in the Singapore CBD, OUE Bayfront achieved positive rental reversions in 2Q 2018. At One Raffles Place, due to the narrowing gap between expiring rents and market rents, the extent of negative reversions in 2018 is expected to be less than that in 2017. Further, One Raffles Place’s 2018 revenue base has improved due to the notable increase in committed office occupancy achieved in 2017, thereby mitigating the impact of any negative reversions

(1) Ministry of Trade and Industry Press Release, 13 July 2018

(2) CBRE, Singapore Market View, 2Q 2018

Outlook – China

- China's economy grew 6.7%⁽¹⁾ in 2Q 2018, slowing slightly from 6.8% in 1Q 2018 but ahead of official target of around 6.5%. Given the slowing property market, 1H 2018 fixed asset investment growth of 6.0% was a record low, while June industrial output growth of 6.0% was the lowest growth rate in two years. Growth momentum is expected to continue easing, given the drag from the US-China trade war and the authorities' commitment to implement tight monetary policy to achieve financial deleveraging
- According to Colliers International, Shanghai CBD Grade A office occupancy increased 2.9 ppt QoQ to 89.4%⁽²⁾ as at 2Q 2018, supported by strong net absorption of 217,000 sq m for the quarter. Major sectors driving demand were finance, professional services, trading, technology, media & telecommunications as well as flexible workspace operators. Consequently, Shanghai CBD Grade A office rents rose 0.8% QoQ to RMB10.36 psm per day as at 2Q 2018. In Puxi, Grade A office occupancy improved 4.5 ppt QoQ to 90.7% as at 2Q 2018, while rents increased 1.6% QoQ to RMB 9.46 psm per day.
- A significant amount of new office supply is expected to enter the Shanghai market over the next two years, before easing in 2020. Nevertheless, healthy demand from the finance and technology sectors are expected to underpin occupancy as well as rental rates in Shanghai

(1) National Bureau of Statistics of China Press Release, 16 July 2018

(2) Colliers International, Shanghai Office Quarterly 2Q 2018, 30 July 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 55.8% 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

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

Premium Portfolio of Assets

Lippo Plaza



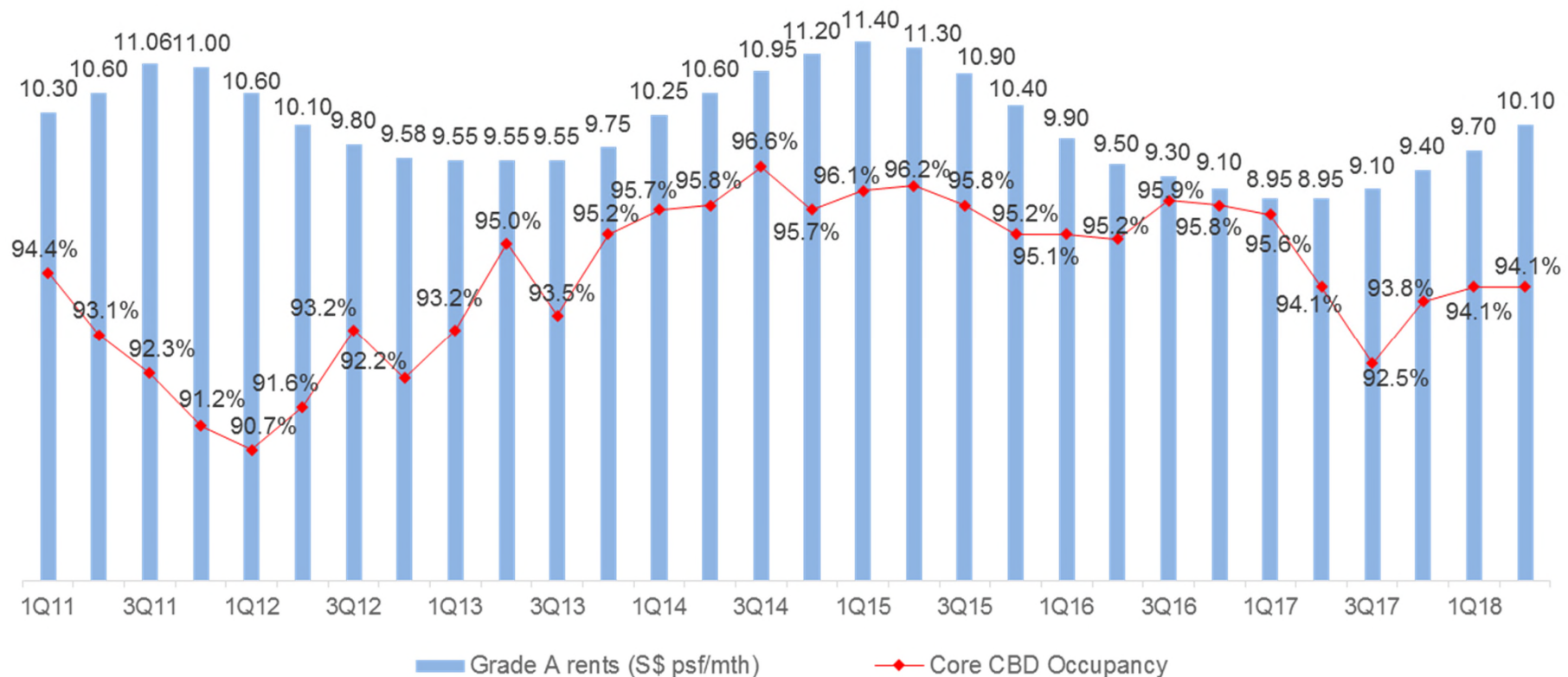
GFA (sq m)	58,521.5
Attributable NLA (sq m)	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
Committed Occupancy (@ 30 Jun 2018)	Office: 95.1%; Retail: 70.7%; Overall: 91.4%
Valuation⁽¹⁾ (@ 31 Dec 2017)	RMB2,887.0 m / RMB49,332 psm (S\$606.1m) ⁽²⁾
Land Use Right Expiry	50 yrs from 2 July 1994
Completion Year	1999; Retail (major refurbishment) : 2010

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

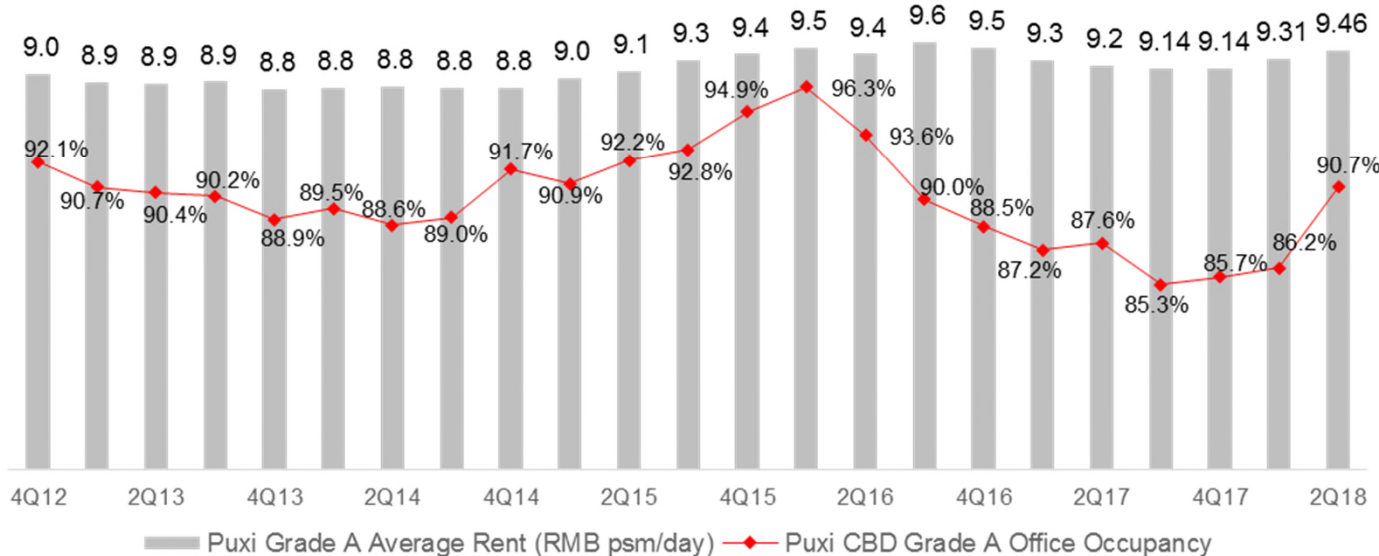
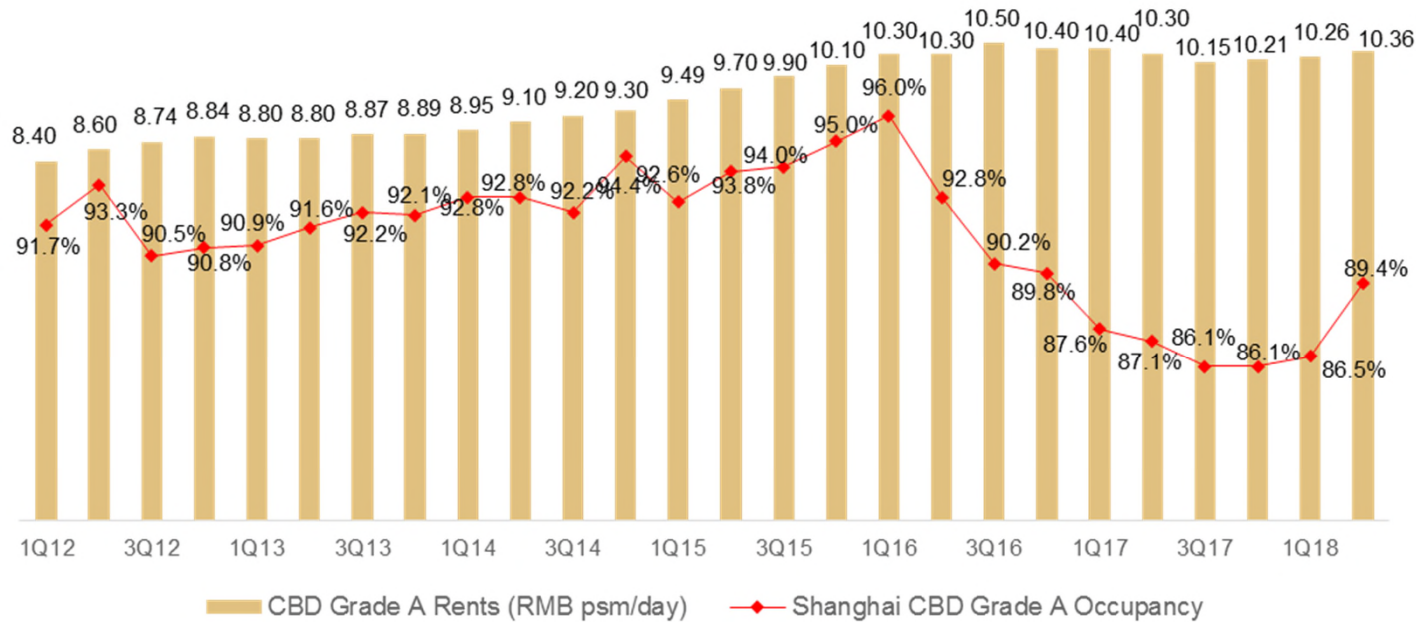
(2) Based on SGD:CNY exchange rate of 1 : 4.764 as at 30 June 2018

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



Shanghai Office Market



- Shanghai CBD Grade A office occupancy increased 2.9 ppt QoQ to 89.4% as at 2Q 2018, supported by strong net absorption of 217,000 sq m for the quarter. Consequently, CBD Grade A office rents rose 0.8% QoQ to RMB10.36 psm/day

- In the Puxi area, Grade A office occupancy improved 4.5 ppt QoQ to 90.7% as at 2Q 2018, while rents increased 1.6% QoQ to RMB9.46 psm/day



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Thank you