



OUE COMMERCIAL
REIT

Extraordinary General Meeting

27 July 2015

Disclaimer

This presentation should be read in conjunction with the announcements released by OUE Commercial REIT (“OUE C-REIT”) on 10 June 2015 (in relation to its proposed acquisition of an indirect interest in One Raffles Place (the “Acquisition”)) and 29 June 2015 (in relation to the underwritten renounceable rights issue to raise gross proceeds of approximately S\$218.3 million), and the circular dated 1 July 2015 (in relation to the proposed Acquisition and the proposed trust deed supplement for the issue of preferred units).

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in OUE C-REIT (“Units”). The value of Units and the income from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, OUE Commercial REIT Management Pte. Ltd. (the “Manager”) or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

This presentation may contain forward-looking statements that involve risks and uncertainties. All statements regarding future financial position, operating results, business strategies, plans and future prospects of OUE C-REIT are forward-looking statements. 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 presentation. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s current view of future events.

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.

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

Table of Contents

- 1. Overview of OUE C-REIT**
- 2. The Proposed Transactions**
- 3. Key Rationale for Proposed Transactions**
- 4. Additional Information**



1. Overview of OUE C-REIT

Overview of OUE C-REIT

OUE C-REIT's portfolio comprises two Grade-A commercial properties strategically located in Singapore and Shanghai, with an aggregate net lettable area ("**NLA**") of approximately 825,000 sq ft and a total appraised value of S\$1,630.6m as at 31 December 2014

The portfolio comprises:

- **OUE Bayfront**, a premium Grade-A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place financial hub in Singapore's central business district ("**CBD**"); and
- **Lippo Plaza**, a Grade-A commercial building located in the business district of Huangpu, one of Shanghai's established core CBD locations

Net Asset Value⁽¹⁾: S\$964.3m

Market Capitalisation⁽²⁾: S\$899.8m



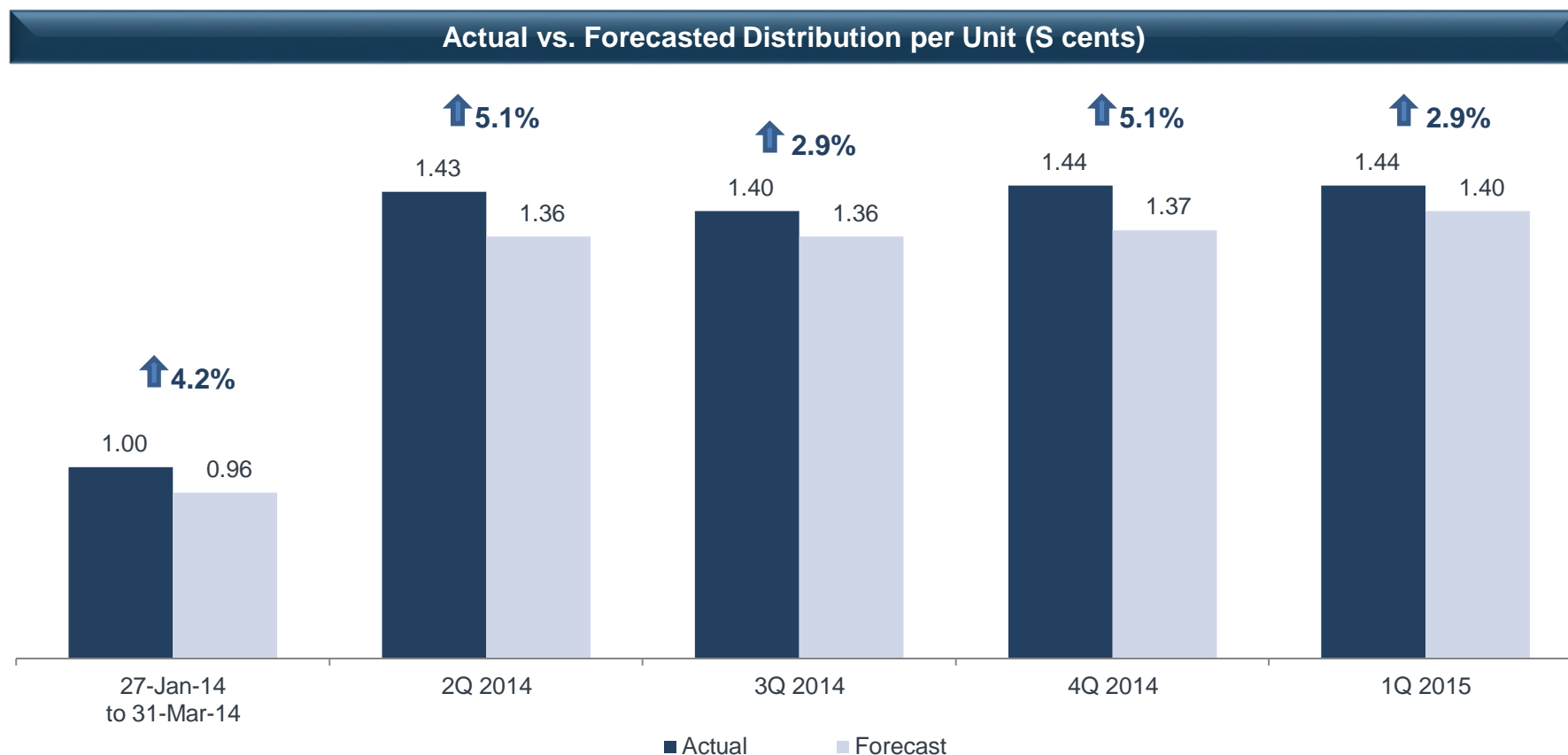
Notes:

(1) As at 31 March 2015

(2) Based on enlarged unit base and unit closing price of S\$0.710 as at 24 July 2015

DPU Consistently Outperformed Forecast since Listing

Distribution per Unit (“**DPU**”) has exceeded IPO Forecast for five consecutive quarters since IPO. 2014 DPU was 4.4% higher than IPO Forecast

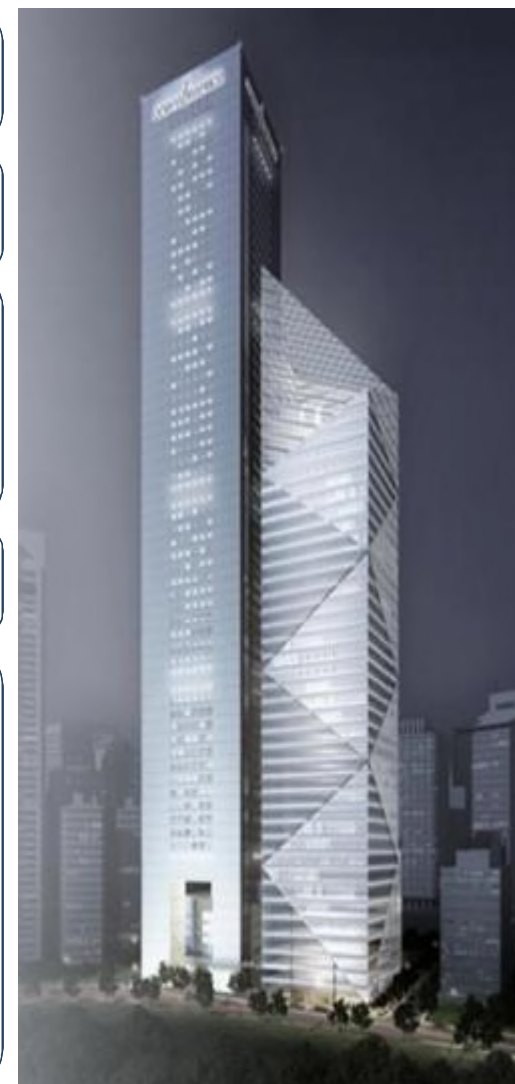




2. The Proposed Transactions

Overview of One Raffles Place

Description	<ul style="list-style-type: none"> One Raffles Place (the “Property”) is an integrated commercial development comprising two Grade-A office towers and a retail podium
Gross Floor Area	<ul style="list-style-type: none"> ~119,725.8 sq m (1,288,717 sq ft)
Net Lettable Area	<ul style="list-style-type: none"> One Raffles Place Tower 1: ~38,090.3 sq m (410,000 sq ft) One Raffles Place Tower 2: ~32,516.1 sq m (350,000 sq ft) One Raffles Place Shopping Mall: ~9,290.3 sq m (100,000 sq ft) Total: ~79,896.7 sq m (860,000 sq ft)
Car Park Lots	<ul style="list-style-type: none"> 326 car park lots located in Basements 2 to 4
Title	<ul style="list-style-type: none"> One Raffles Place Tower 1: 841-year leasehold title commencing 1 November 1985 One Raffles Place Tower 2: 99-year leasehold title commencing 26 May 1983 One Raffles Place Shopping Mall (the retail podium straddles two land plots): <ul style="list-style-type: none"> – approximately 75% of the retail podium NLA is sited on a 99-year leasehold title commencing 1 November 1985 – the balance 25% is sited on the 841-year leasehold title commencing 1 November 1985



Overview of One Raffles Place

Most Accessible Location and Focal Point of the CBD



Largest Purpose-Built Shopping Mall in Raffles Place



One of the Tallest Buildings in the CBD

Proposed Acquisition

Proposed Acquisition

- Acquisition of an indirect interest in One Raffles Place through the acquisition of between 75.0% and 83.33% interest in OUB Centre Limited (“**OUBC**”) from OUE Limited (the “**Sponsor**”), via the acquisition of its wholly-owned subsidiary Beacon Property Holdings Pte. Ltd. (“**BPHPL**”)
- OUBC is the registered owner of One Raffles Place and owns 81.54% of the beneficial interest in One Raffles Place (“**OUBC Interest**”)

Valuation of OUBC Interest as at 5 June 2015

- S\$1,734.0m by Savills Valuation and Professional Services (S) Pte Ltd
- S\$1,733.0m by Cushman & Wakefield VHS Pte Ltd

Purchase Consideration

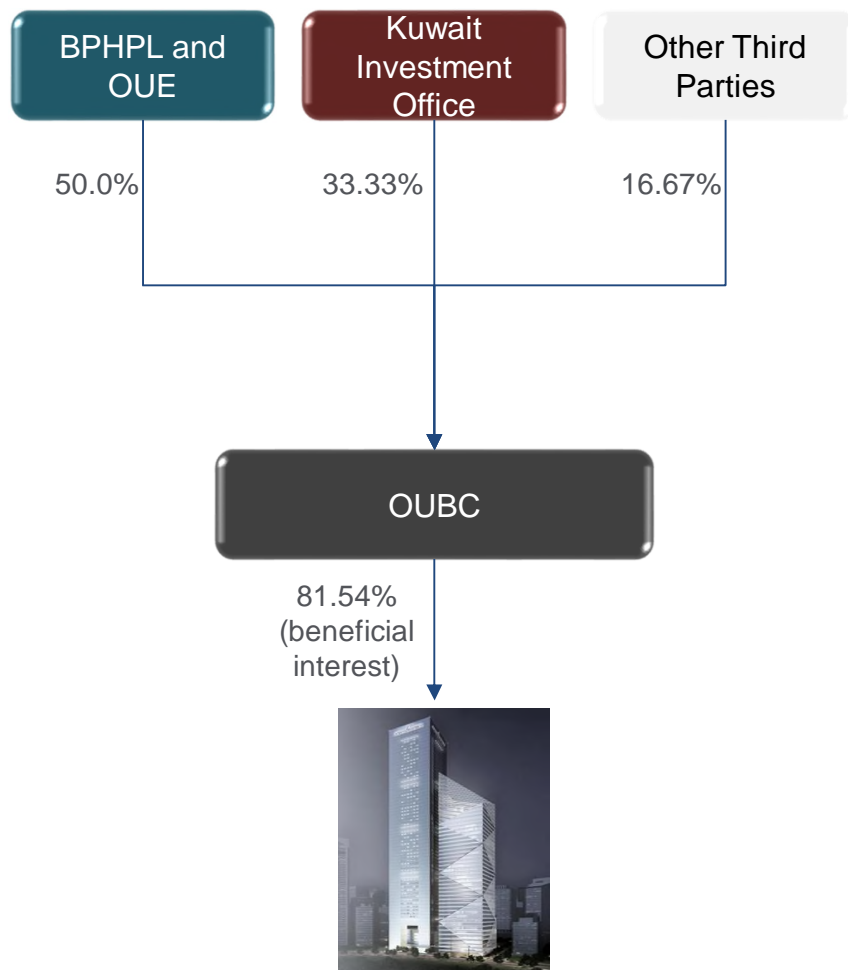
- Agreed value of **S\$1,715.0m** for the OUBC Interest
- Agreed value for the OUBC interest is expected to be between:
 - S\$1,286.3m (based on a 75.0% indirect interest in OUBC); and
 - S\$1,429.2m (based on an 83.33% indirect interest in OUBC)
- Accordingly, the purchase consideration⁽¹⁾ is expected to be between **S\$1,034.0m** and **S\$1,148.8m** (“**Purchase Consideration**”)

Note:

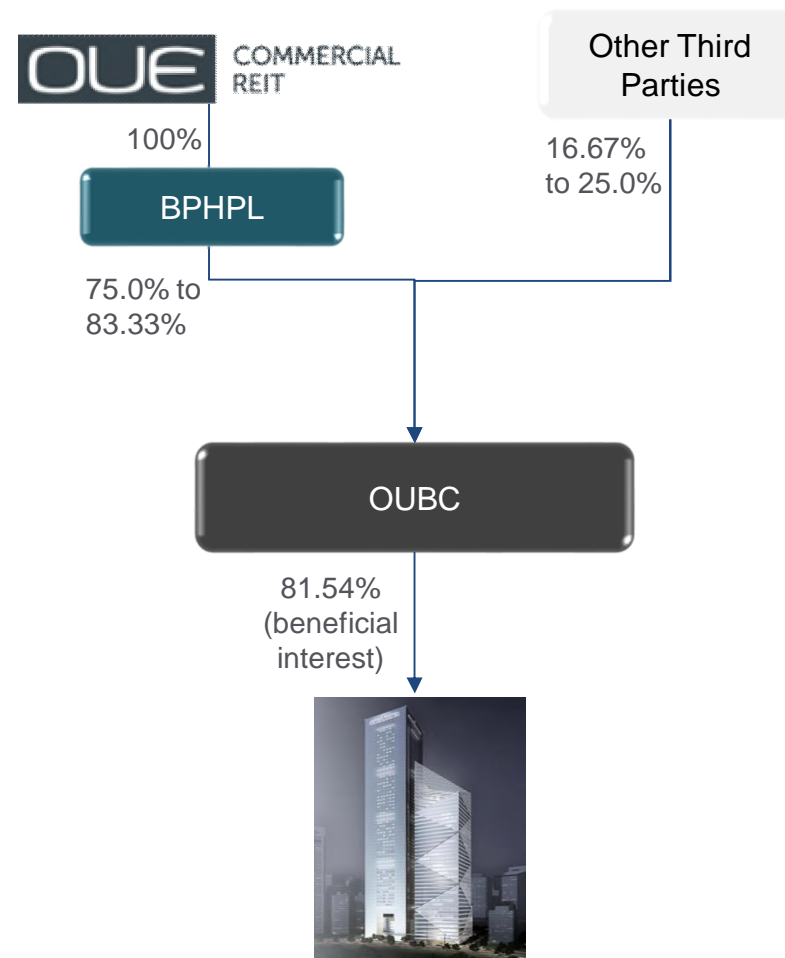
(1) The Purchase Consideration is derived based on the expected net asset value (“**NAV**”) of BPHPL Group, including repayment of any outstanding shareholder’s loan. The difference between the agreed value of the OUBC Interest to be acquired and the Purchase Consideration is the adjustment that shall reflect the actual NAV of the BPHPL Group on the date of completion of the proposed acquisition. BPHPL Group refers to BPHPL and its shareholding in OUBC

Acquisition Structure

Before the Proposed Acquisition



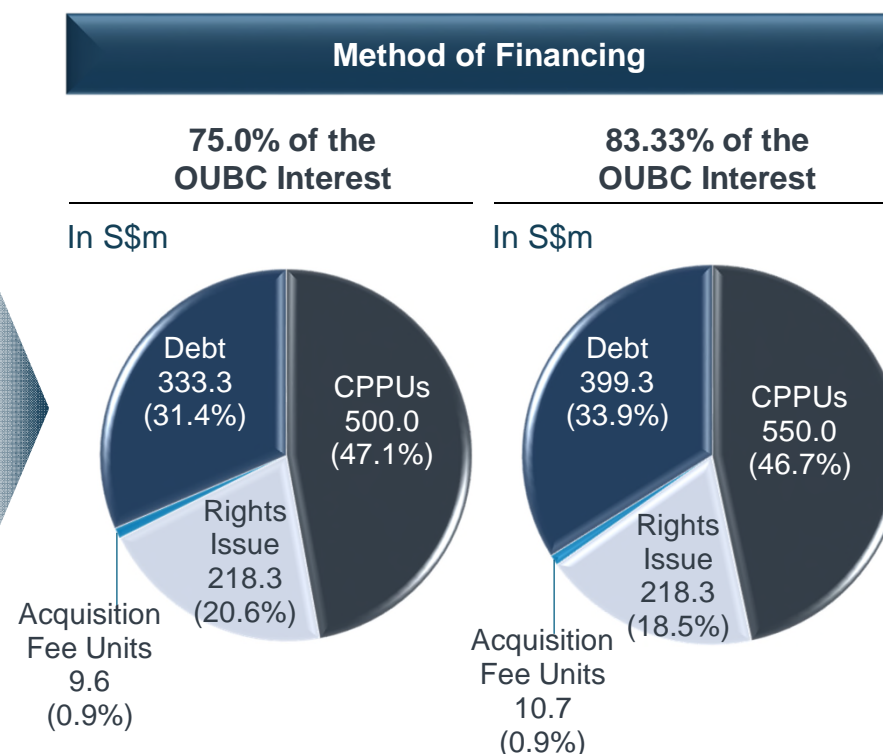
After the Proposed Acquisition



Financing Structure

The Manager intends to finance all acquisition costs relating to the proposed Acquisition (excluding the Acquisition Fee Units⁽¹⁾) through a combination of debt and equity financing, including the issuance of convertible perpetual preferred units (“**CPPUs**”)

Estimated Total Acquisition Cost		
In S\$m	75.0% of the OUBC Interest	83.33% of the OUBC Interest
Purchase Consideration	1,034.0	1,148.8
Acquisition Fee	9.6	10.7
Transaction Costs	17.6	18.8
Estimated Total Acquisition Cost	1,061.2	1,178.3



Note:

(1) “Acquisition Fee Units” refer to the acquisition fees to be paid to the Manager for the proposed Acquisition in the form of Units

Proposed Convertible Perpetual Preferred Units

Up to S\$550.0m of CPPUs to be issued to the Sponsor at a coupon of 1.0% per annum. The CPPUs are subject to a Restriction Period of 4 years from the date of issuance, and only one-third of the CPPUs initially issued can be converted each year after the Restriction Period at a 15.0% conversion premium to TERP. The CPPUs will be classified as equity and will not increase OUE C-REIT's aggregate leverage

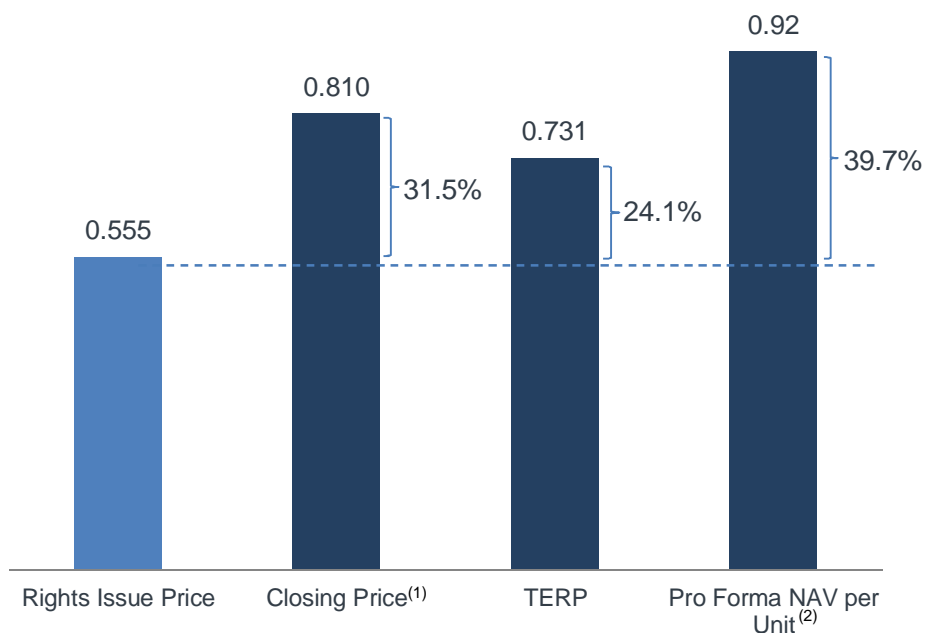
Term	Perpetual
Issue Price	S\$1.00 per CPPU
Issue Size	Up to S\$550.0m of CPPUs
Listing	Not Listed
Distributions	1.0% per annum of the Issue Price of the CPPU
Restriction Period	<ul style="list-style-type: none"> • 4 years from the date of issuance of the CPPUs • No conversion by CPPU Holder during the Restriction Period
Conversion Price	S\$0.841 per Unit (15.0% premium to TERP per Unit in relation to the Rights Issue)
Conversion Restriction	Not more than one-third of the CPPUs initially issued (i.e. S\$166.7m - S\$183.3m per annum) can be converted in any one year after the Restriction Period
Redemption	Redeemable any time at the Issue Price at the Manager's discretion

Rights Issue

9-for-20 Rights Issue to raise gross proceeds of approximately S\$218.3m and net proceeds of approximately S\$214.9m. The Sponsor has provided an irrevocable undertaking to take up its full pro rata entitlement, representing 48.3% of voting rights

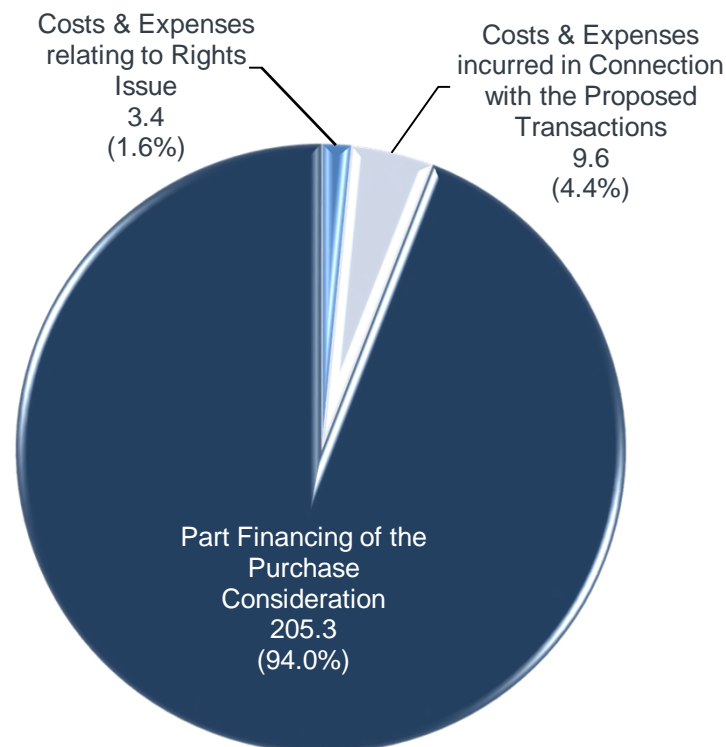
Rights Issue Price

In S\$ per Unit



Use of Gross Proceeds of Rights Issue

In S\$m

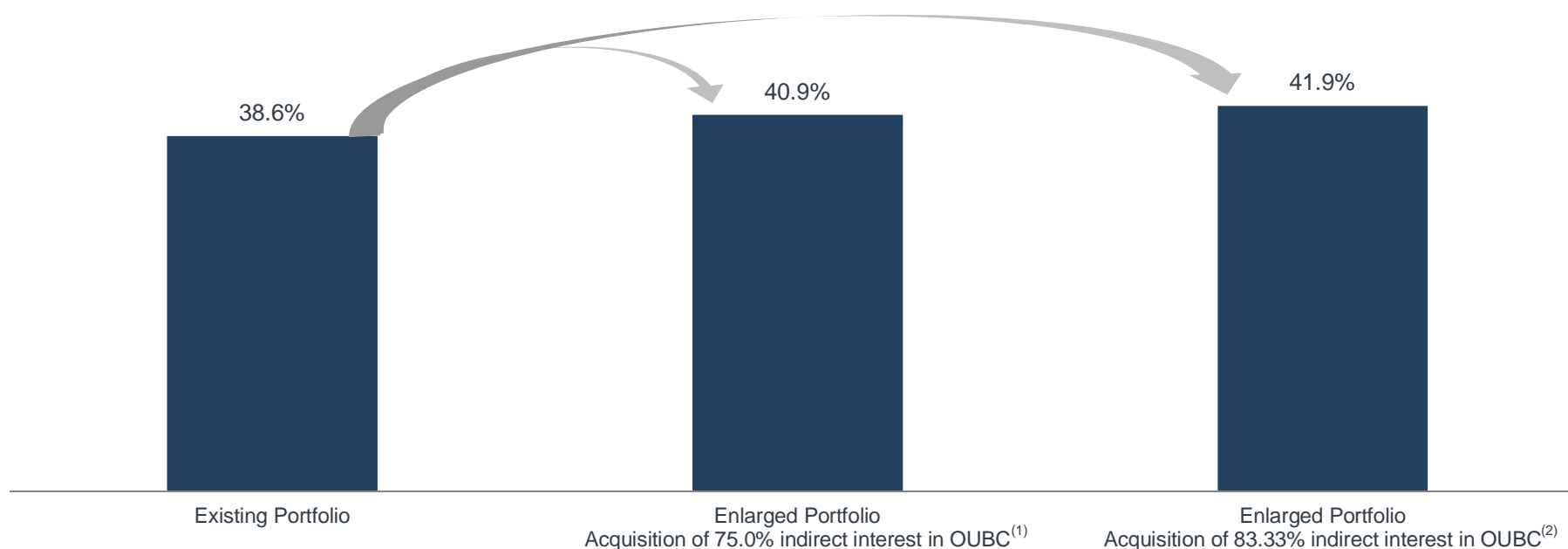


Notes:

- (1) The closing price of S\$0.810 per Unit on the SGX-ST on 29 June 2015, being the last trading day of the Units prior to the announcement of the Rights Issue
- (2) Pro forma NAV per Unit as at 31 December 2014 after completion of the proposed Acquisition, the proposed issuance of CPPUs and the Rights Issue and before conversion of the CPPUs

Leverage Profile Impact

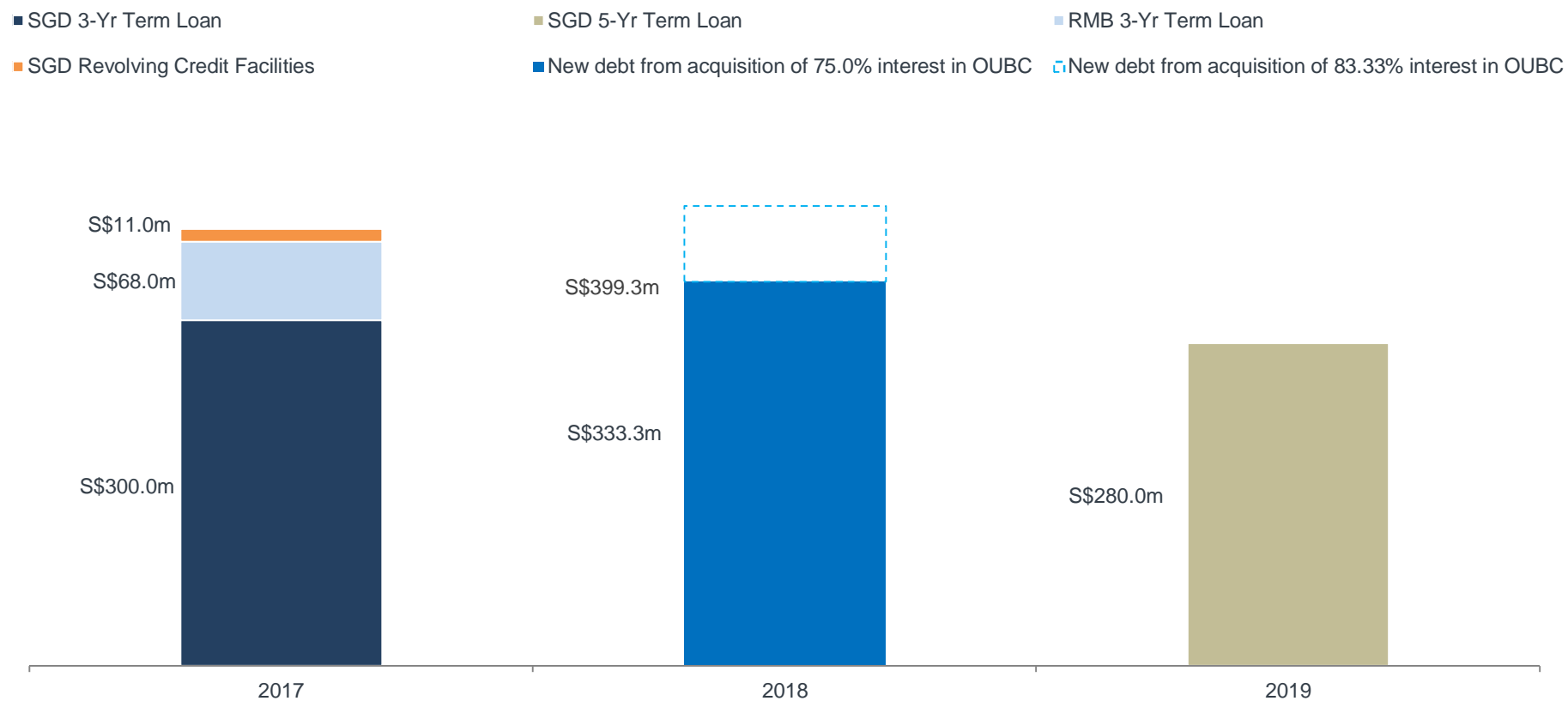
OUE C-REIT's pro forma aggregate leverage is expected to increase post-Acquisition, though maintaining at a comfortable level. The CPPUs will be classified as equity, and will not increase OUE C-REIT's aggregate leverage



Notes:

- (1) Based on financing structure with S\$333.3m additional debt
- (2) Based on financing structure with S\$399.3m additional debt

Debt Maturity Profile





3. Key Rationale for Proposed Transactions

Key Rationale for the Proposed Transactions

1

Acquisition of a majority interest in a landmark commercial property in the Singapore CBD on a long land lease

2

Acquisition of a quality commercial property at an attractive price of S\$2,382 per sq ft (“psf”)

3

Favourable growth profile from potential increase in occupancy, positive rental reversion and limited new office supply in Raffles Place

4

Achievement of transformational scale for OUE C-REIT and strengthening its competitive position in Singapore by enlarging the size of its portfolio

5

Enhanced portfolio diversification and resilience, as well as reduced asset concentration risk



Key Rationale for the Proposed Transactions (Cont'd)

6

Strong support from the Sponsor through the proposed CPPU Issue and its take-up of the *pro rata* stake in the Rights Issue

7

Increased market capitalisation and potential increased liquidity through the Rights Issue

8

Diversification of sources of funding

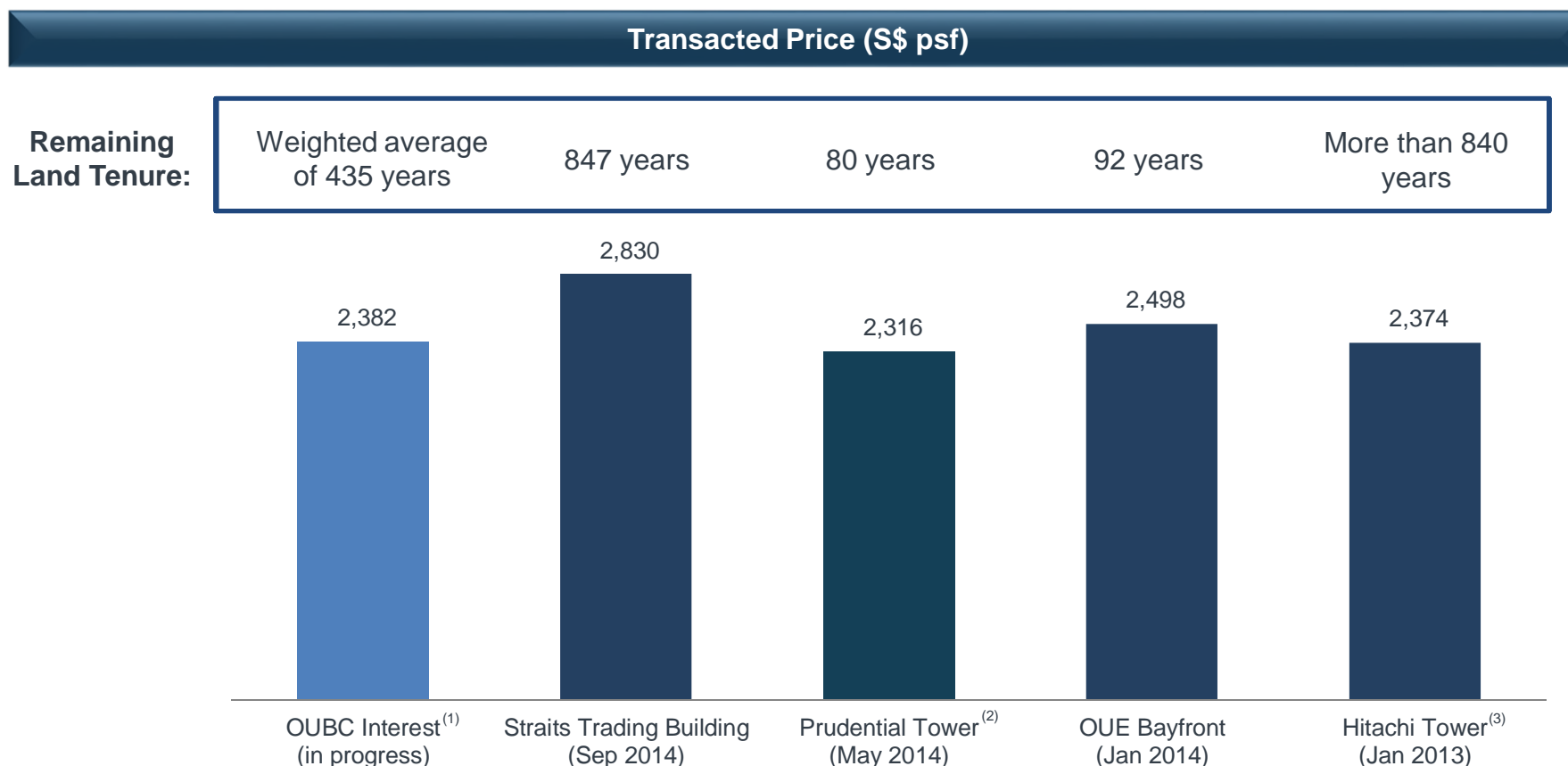
9

Future ordinary equity injection into OUE C-REIT at a premium to TERP through conversion of the CPPUs



Acquisition of Quality Asset At An Attractive Price

The agreed value for the OUBC Interest of S\$1,715.0m translates to an attractive price of **S\$2,382 psf**, compared to recently transacted prices of Grade-A properties in the Raffles Place area



Source: Unless otherwise indicated, the information in the chart is based on information provided in the valuation report of the OUBC Interest by Cushman & Wakefield dated 9 June 2015
Notes:

(1) This is specific information provided by the Manager for the purpose of comparison

(2) Based on the sale of a 92.8% stake in Prudential Tower

(3) Based on the sale of a 51% stake in Hitachi Tower which valued the property at around S\$660.0 million

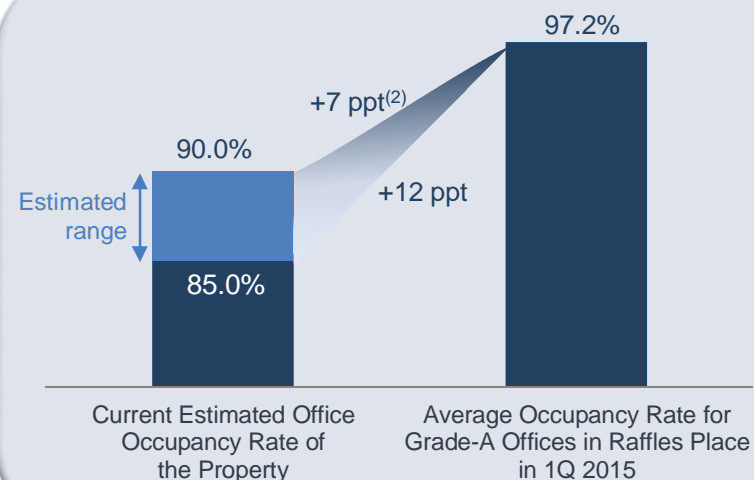
Favourable Growth Profile

Favourable growth profile from potential increase in occupancy, positive rental reversion and limited new office supply in Raffles Place

- No known premium and Grade-A office developments expected to be completed in Raffles Place from 2015 to 2018
- Existing Grade-A offices in Raffles Place with mainly mid-sized floor plates are uniquely positioned compared to recent and future office developments with larger floor plates

Rents for Grade-A office buildings in Raffles Place, especially those with direct access to the MRT station, are expected to be relatively resilient

Current office occupancy rate of the Property is estimated to be about **85.0% to 90.0%⁽¹⁾**, as compared to the average occupancy rate for Grade-A offices in Raffles Place in 1Q 2015 of about **97.2%**



Source: DTZ Independent Market Research Report

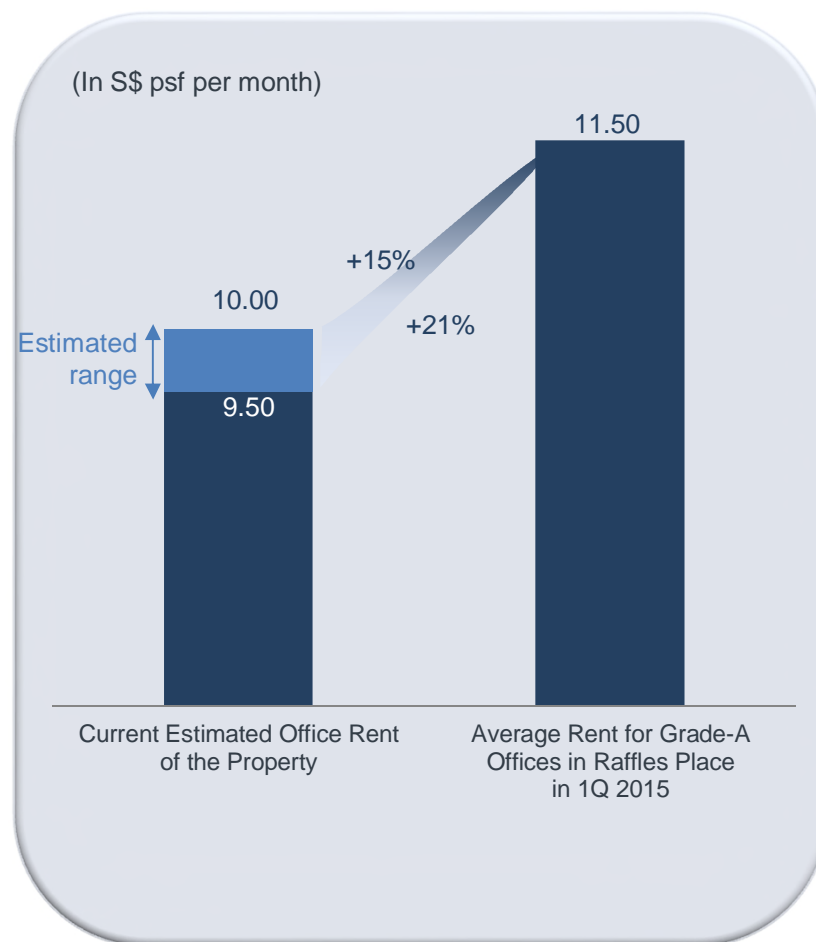
Notes:

(1) As at 1Q 2015

(2) ppt: percentage point

Favourable Growth Profile (Cont'd)

- Many companies in Singapore continue to favour the CBD as a choice location, with Raffles Place widely regarded as the most established business location within the CBD
- Despite the development of Marina Bay, Raffles Place continues to be perceived as the most accessible location in the CBD
- Average office rent at Marina Bay about **20%⁽¹⁾** higher than in Raffles Place
- Current office rent at the Property is estimated to be **S\$9.50 to S\$10.00 psf per month**, compared to the average rent for Grade-A offices in Raffles Place in 1Q 2015 of about **S\$11.50 psf per month**



Source: DTZ Independent Market Research Report

Note:

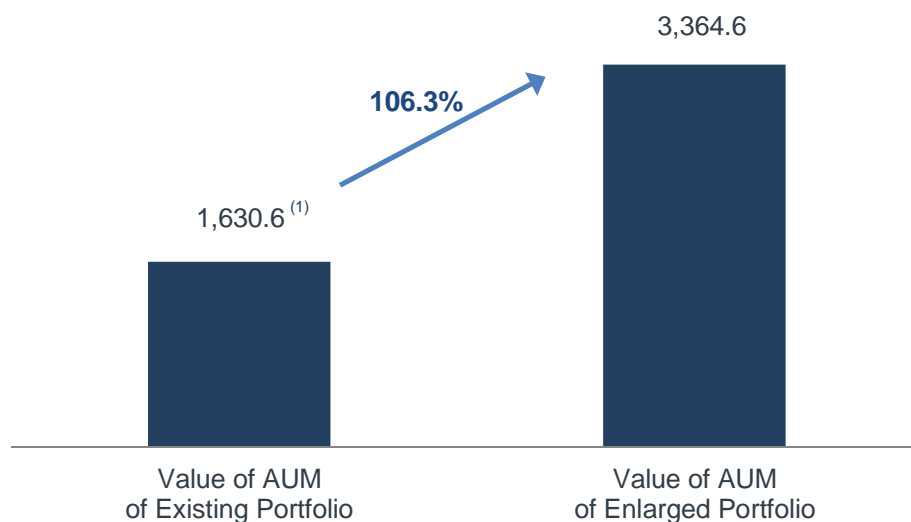
(1) As at 1Q 2015

Achievement of Transformational Scale

Achievement of transformational scale for OUE C-REIT through the proposed Acquisition which will significantly enlarge its assets-under-management ("**AUM**") and strengthen its competitive position in Singapore

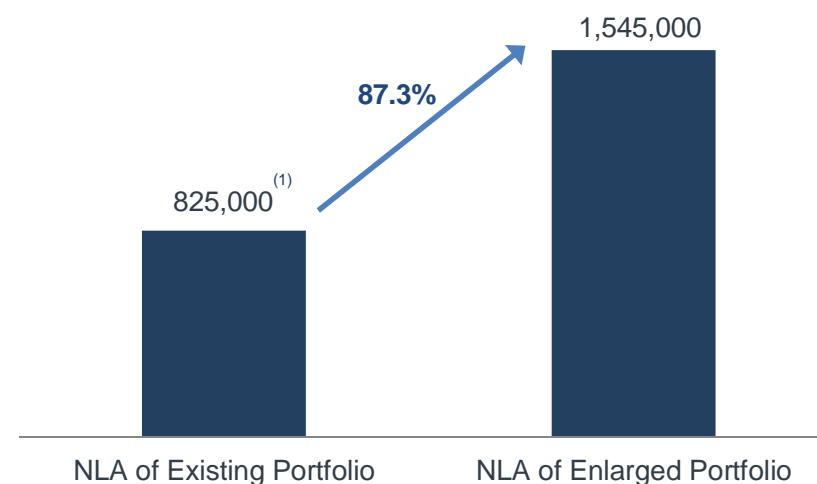
Increase in Total AUM

In S\$m



Increase in Total Net Lettable Area

In sq ft



Note:

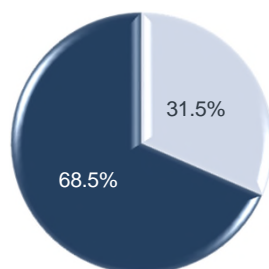
(1) As at 31 December 2014

Enhanced Portfolio Diversification & Resilience

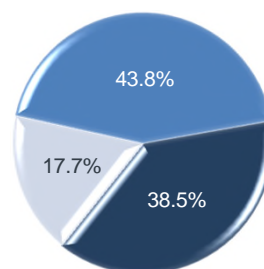
Enhanced portfolio diversification and resilience, as well as reduced asset concentration risk

Portfolio Gross Revenue Contribution by Property⁽¹⁾

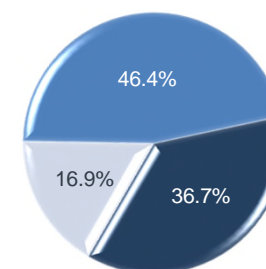
Existing Portfolio



Enlarged Portfolio
(75.0% indirect interest in OUBC)



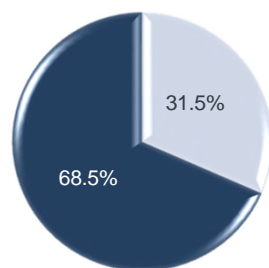
Enlarged Portfolio
(83.33% indirect interest in OUBC)



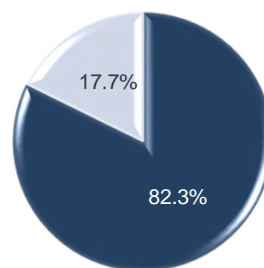
■ OUE Bayfront ■ Lippo Plaza ■ Proposed Acquisition

Proportion of Portfolio Gross Revenue Contribution Denominated in Singapore Dollars⁽¹⁾

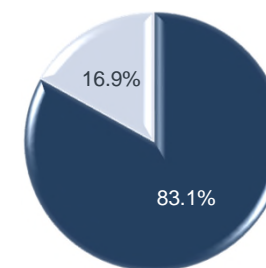
Existing Portfolio



Enlarged Portfolio
(75.0% indirect interest in OUBC)



Enlarged Portfolio
(83.33% indirect interest in OUBC)



■ Gross revenue denominated in Singapore dollars ■ Gross revenue denominated in foreign currency

Note:

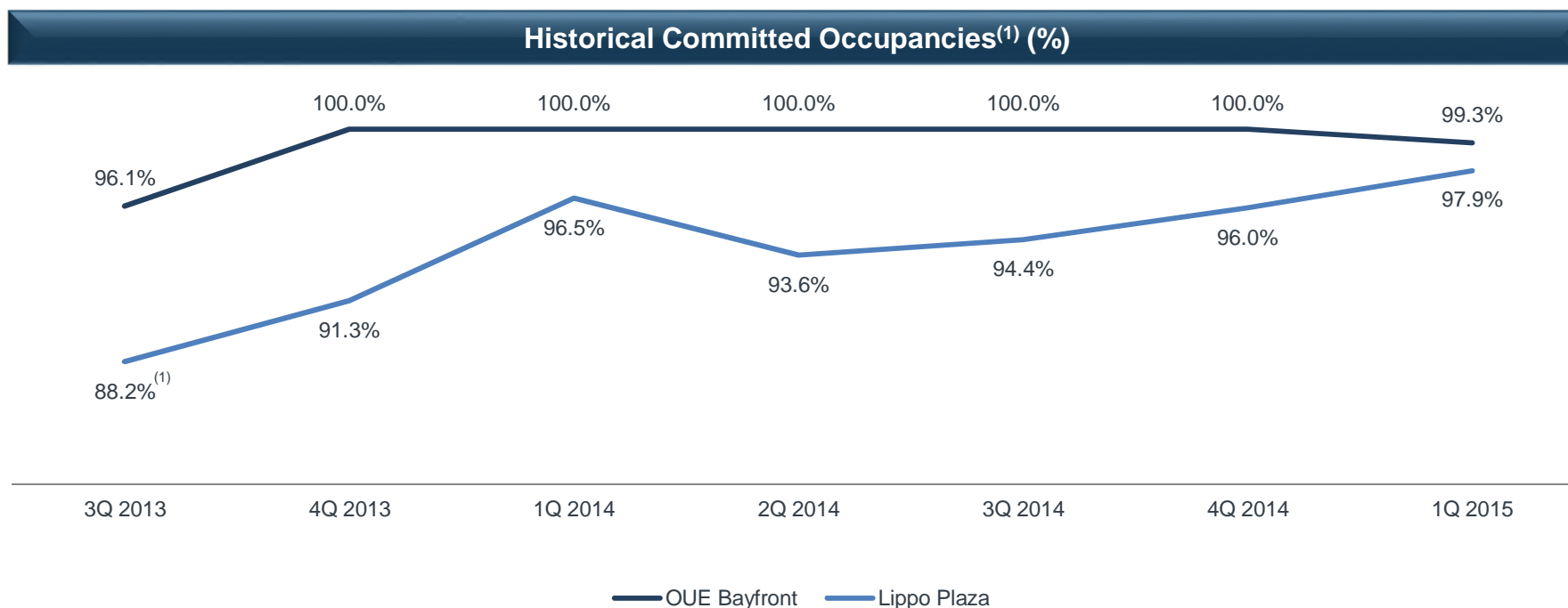
(1) For the Forecast Period from 1 October 2015 to 31 December 2015



4. Additional Information

Proven Management Track Record

Occupancy for Lippo Plaza has been growing steadily since IPO from 88.2% to 97.9%, while OUE Bayfront has been maintaining near 100% occupancy since 4Q 2013



Source: OUE C-REIT's results announcements as published on SGXNet.

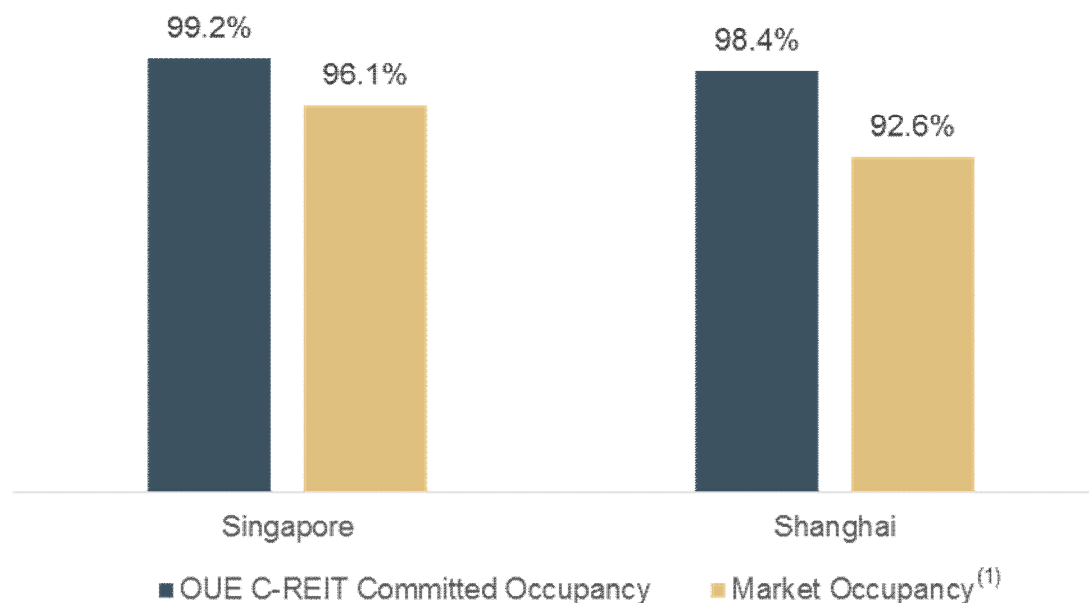
Note:

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

Proven Management Track Record

OUE C-REIT's office portfolio committed occupancy is above market occupancy⁽¹⁾

Office Portfolio Committed Occupancy vs Office Market Occupancy for 1Q 2015



Source: OUE C-REIT's results announcements as published on SGXNet.

Note:

(1) Market Occupancy for Singapore refers to Core CBD occupancy for 1Q 2015 according to CBRE Research. Market Occupancy for Shanghai refers to Shanghai Grade A Office occupancy for 1Q 2015 according to Colliers International Shanghai

Proven Management Track Record

Office rents in both Lippo Plaza and OUE Bayfront have increased since IPO

Office Rental Rates					
	1Q 2015	FY2014	1Q 2015 Committed rents ⁽²⁾	1Q 2015 ⁽³⁾	At IPO ⁽⁴⁾
	Rental reversion ⁽¹⁾			Average passing rent	
OUE Bayfront	37.3%	14.9%	S\$11.60 – S\$14.50 psf/mth	S\$10.60 psf/mth	S\$10.40 psf/mth
Lippo Plaza	12.2%	6.0%	RMB9.00 – RMB11.30 psm/day (S\$5.65 – S\$7.09 psf/mth) ⁽⁵⁾	RMB9.18 psm/day (S\$5.76 psf/mth) ⁽⁵⁾	RMB9.06 psm/day (S\$5.69 psf/mth) ⁽⁵⁾

Source: OUE C-REIT's results announcements as published on SGXNet.

Notes:

(1) Renewal rental rates vs preceding rental rates

(2) Committed rents for both renewal leases and new leases

(3) Office passing rent for the month of March 2015

(4) Office passing rent for the month of September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

(5) Based on average SGD:CNY exchange rate of 1: 4.502 for 1Q 2015



Thank You