



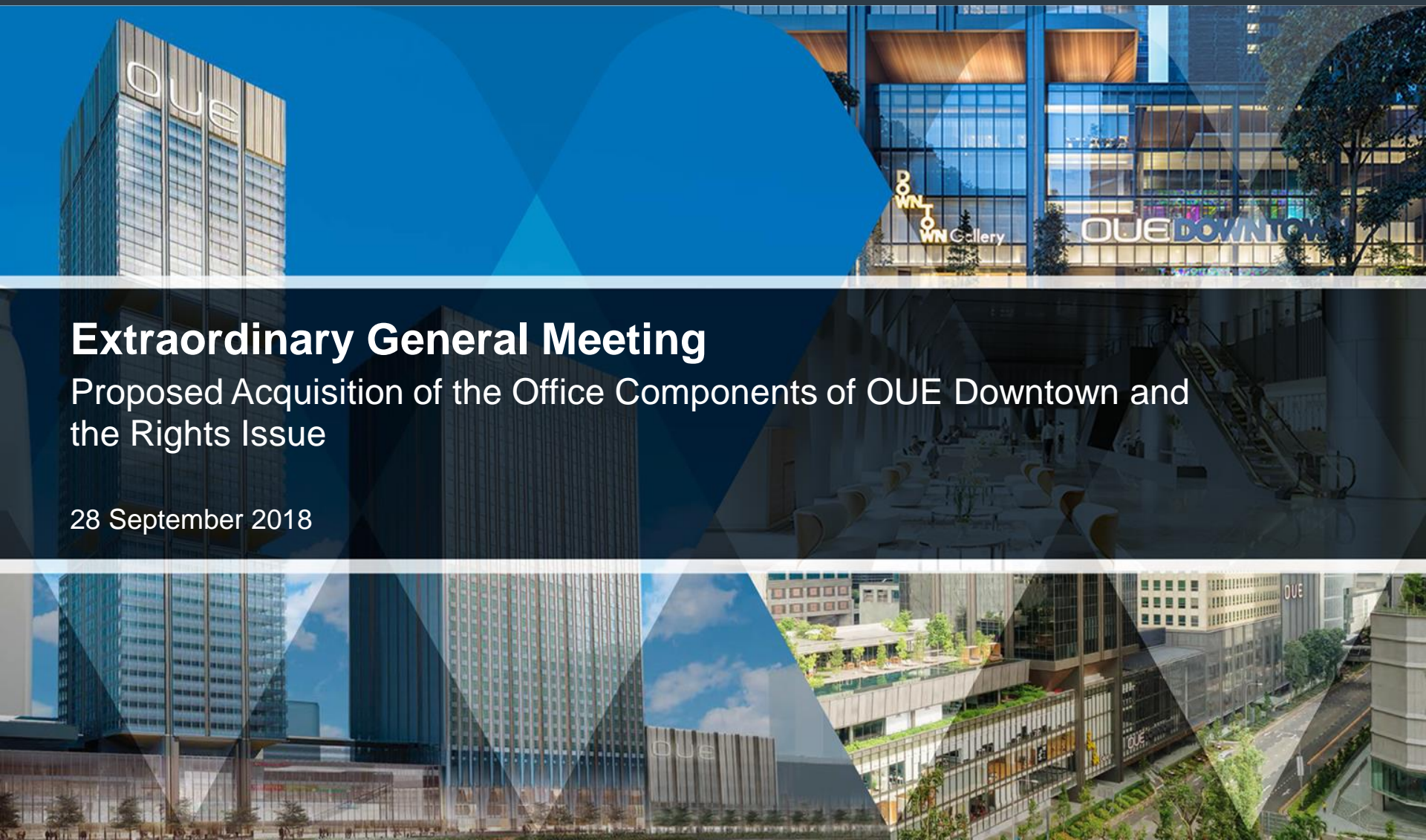
COMMERCIAL
REIT

investors

Extraordinary General Meeting

Proposed Acquisition of the Office Components of OUE Downtown and the Rights Issue

28 September 2018



Important Notice

This presentation should be read in conjunction with the announcement released by OUE Commercial REIT (“OUE C-REIT”) on 10 September 2018 (in relation to its proposed Acquisition of the Office Components of OUE Downtown (the “Acquisition”), the proposed fully underwritten and renounceable Rights Issue and the proposed payment of the sub-underwriting commission.

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This presentation may contain forward-looking statements that involve risks and uncertainties. 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. Past performance is not necessarily indicative of future performance. 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 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.

The presentation is qualified in its entirety by, and should be read in conjunction with, the full text of the Circular dated 10 September 2018. Meanings of defined terms may be found in the Glossary of the Circular dated 10 September 2018.

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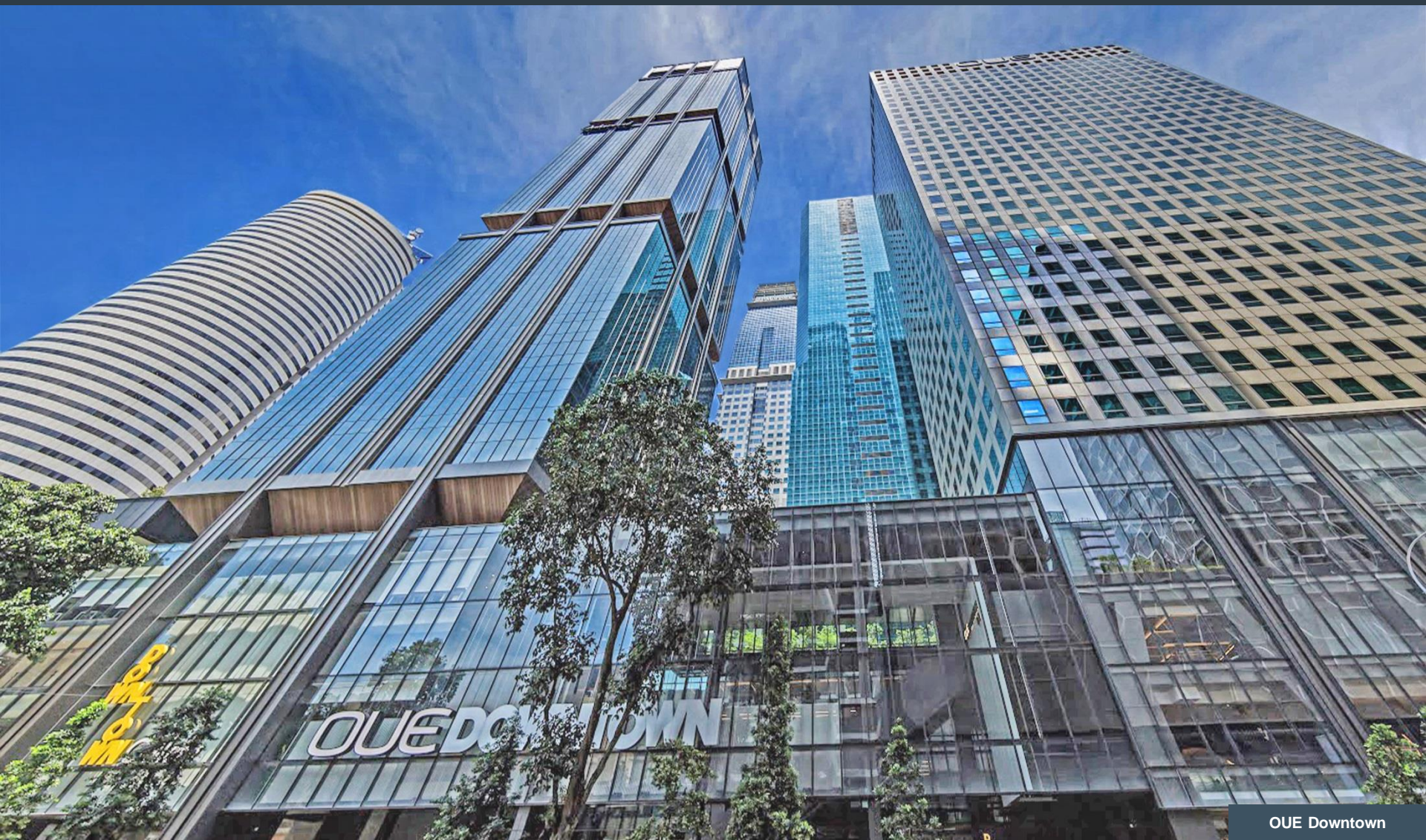
Section 2 Key Transaction Rationale

Section 3 Conclusion



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1. Transaction Overview



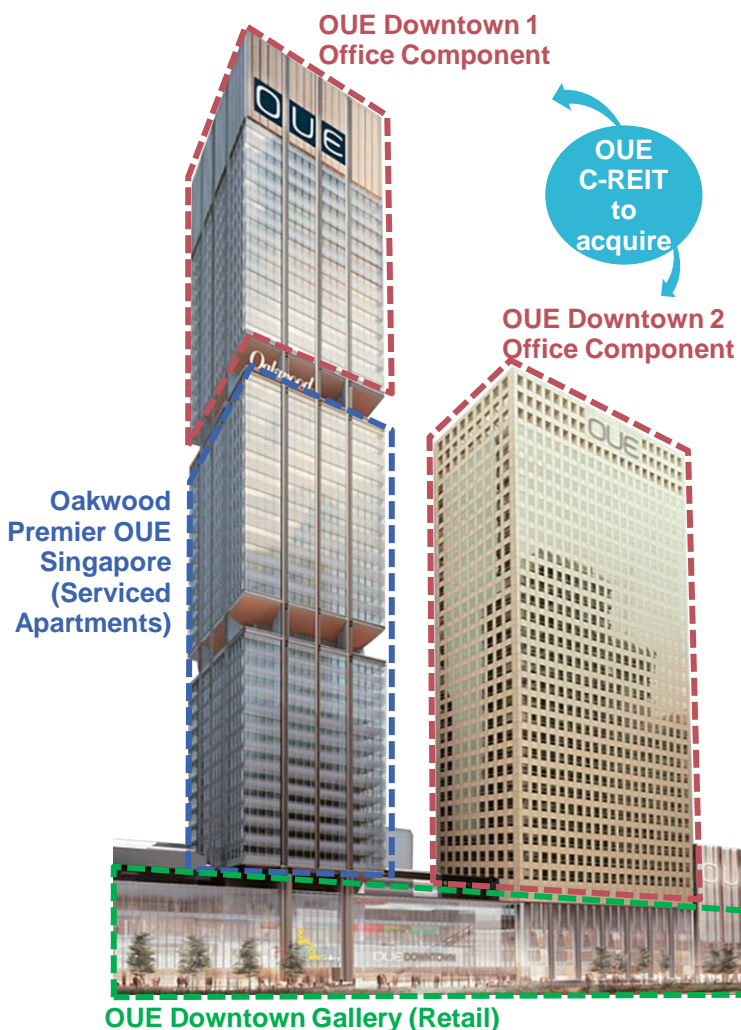
OUE C-REIT's second acquisition since IPO and a strategic addition of a new Singapore CBD submarket to the portfolio

Proposed Acquisition	<ul style="list-style-type: none"> ■ OUE Downtown 1 Office Component and OUE Downtown 2 Office Component (the "Properties") ■ Purchase consideration of S\$908.0 million (S\$1,713 psf) ■ Rental support for up to an aggregate amount of S\$60.0 million or for a period of up to 5 years upon Completion, whichever is earlier ■ Total Acquisition Cost⁽¹⁾ of S\$955.9 million
Funding Structure	<ul style="list-style-type: none"> ■ Rights Issue (S\$587.5 million) : Underwritten and renounceable Rights Issue on a basis of 83 Rights Units for every 100 Existing Units in OUE C-REIT at S\$0.456 per Rights Unit ■ Debt (S\$361.6 million) : Commitments from lenders for debt facilities are in place ■ Acquisition Fee in Units (S\$6.8 million) : To be issued at TERP⁽²⁾ of S\$0.570 per Unit
Proposed Sub-Underwriting Arrangement	<ul style="list-style-type: none"> ■ Sub-Underwriting Commitment from the Sponsor to subscribe for 66% of the total number of Underwritten Rights Units ■ Sub-Underwriting Commission of 1.80% payable to Sponsor by the Joint Lead Managers and Underwriters

(1) Total Acquisition Cost is the sum of the purchase consideration of S\$908.0 million, transaction costs of S\$41.1 million and acquisition fee of S\$6.8 million.

(2) TERP = (Market capitalisation of OUE C-REIT as at 10 September 2018 + Gross proceeds from the Rights Issue) divided by Units in issue after the Completion of the Rights Issue

Overview of the Properties



Description	<ul style="list-style-type: none"> The Properties are part of OUE Downtown, a mixed-use development, comprising two high-rise towers, a retail podium and a multi-storey car park The Properties comprise only the office components of OUE Downtown 		
Head Title	<ul style="list-style-type: none"> 99-year leasehold title commencing 19 July 1967 		
Area	<ul style="list-style-type: none"> Gross floor area : 752,634 sq ft Net lettable area : 529,981 sq ft 		
Independent Valuation⁽¹⁾		With the Rental Support	Without the Rental Support
	Savills	S\$927.0 million (S\$1,749 psf)	S\$891.0 million (S\$1,681 psf)
	Colliers	S\$945.0 million (S\$1,783 psf)	S\$920.0 million (S\$1,736 psf)
Committed Occupancy⁽²⁾	<ul style="list-style-type: none"> 95.1% 		
Net Property Income Yield⁽³⁾	<ul style="list-style-type: none"> 5.0% 		
Weighted Average Lease Expiry⁽²⁾	<ul style="list-style-type: none"> By gross rental income: 2.0 years By NLA: 2.0 years 		
Key Tenants	<ul style="list-style-type: none"> Deloitte & Touche LLP Aviva Ltd Moody's Analytics Singapore Pte. Ltd. 		
Share Value	<ul style="list-style-type: none"> 53.16% of the total share value of the strata lots in OUE Downtown 		

(1) Valuation of the Properties with and without the Rental Support by Independent Valuers as at 30 June 2018.

(2) As at 30 June 2018.

(3) Based on the Properties' 1H 2018 annualised NPI including the Rental Support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.

Rental Support helps to align the rental rates of the Properties to prevailing market rates for a period of 5 years upon Completion of the proposed Acquisition

Rationale

- The majority of the existing committed leases at the Properties were negotiated and signed between 2015 and 2017, when the Singapore CBD office market experienced a downturn
 - Unprecedented level of supply, where over 3.4 million sq ft of space was completed in 2016 and 2017 alone
 - Lower office absorption as employment growth in key office-occupier industries slowed due to lower economic activity
- The average monthly gross rent for the Properties was approximately S\$7.00 psf per month as of June 2018, which is lower than the S\$8.43 psf per month in 1Q 2018 for comparable Shenton Way/Tanjong Pagar office properties⁽¹⁾
- Rental Support helps to align the rental rates of the Properties to the market rate of the Shenton Way/Tanjong Pagar submarket, forecast to be between S\$8.40 to S\$9.00 psf per month by end-2018⁽¹⁾
- Provides income stability for Unitholders and mitigates potential risks caused by volatility and uncertainty of global economic conditions

Rental Support structure

- **Maximum aggregate amount:** S\$60.0 million
- **Period:** Up to 5 years upon Completion
- **Rental Support payment:** Rental income top up if actual rental income falls below the target rent ("Base Rate")⁽²⁾

(S\$ psf per month)

	2018	2019	2020	2021	2022	2023
Base Rate	8.90	9.10	9.25	9.40	9.40	9.40
Forecast Gross Effective Rents ⁽¹⁾⁽³⁾	8.40 to 9.00	8.75 to 9.15	8.90 to 9.30	9.10 to 9.50	9.30 to 9.75	9.50 to 10.25

- Base Rate is in line with the Independent Market Research forecast of the premium and Grade A office rents for the Shenton Way/Tanjong Pagar submarket

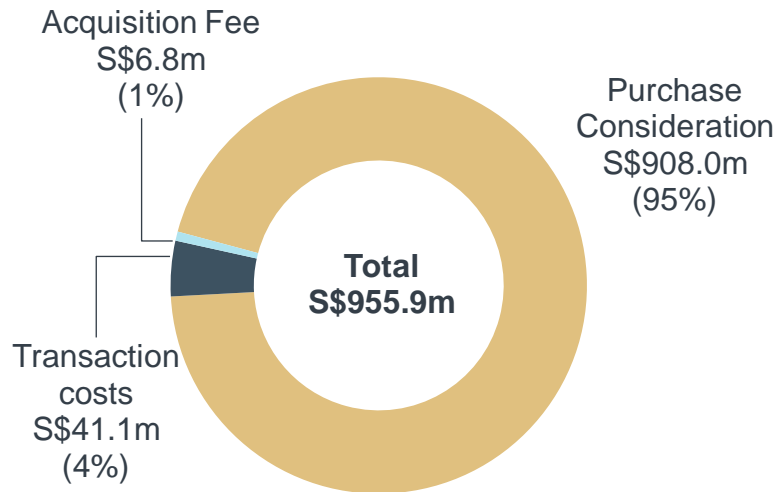
(1) Extracted from the Independent Market Research Report.

(2) Pursuant to the Deed of Rental Support, the Target Quarterly Rent for each calendar quarter shall start at the Base Rate of S\$8.90 psf per month, multiplied by the total NLA of the Properties of 529,981 sq ft.

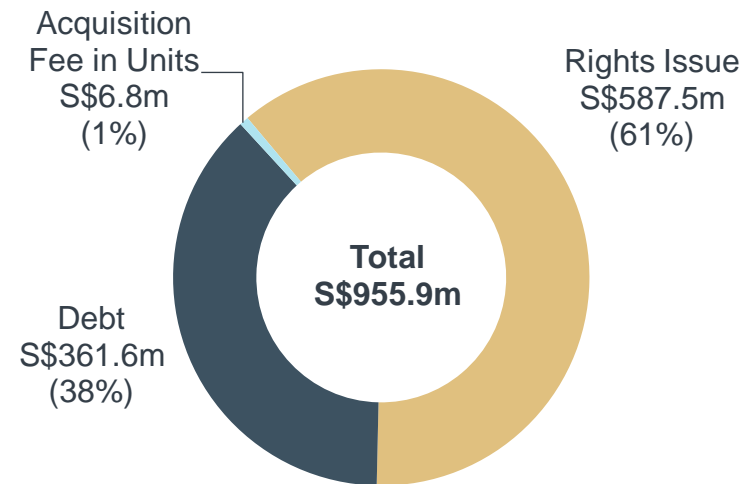
(3) Premium and Grade A office average gross effective rents for Shenton Way/Tanjong Pagar submarket.

Funding Structure

Total Acquisition Cost



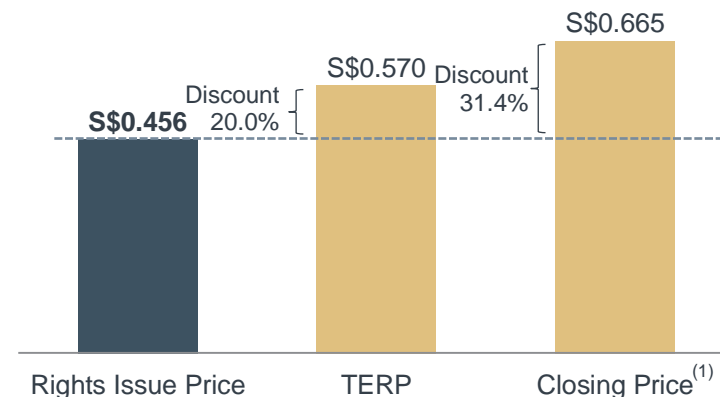
Sources of funding



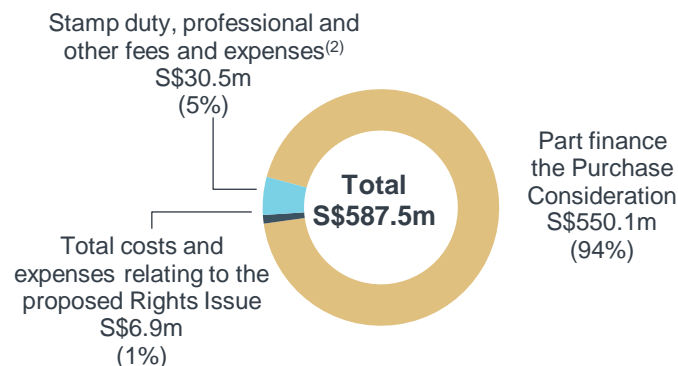
Details of the Rights Issue and Sub-Underwriting Agreement

Proposed Rights Issue	<ul style="list-style-type: none"> Fully underwritten and renounceable Rights Issue to raise gross proceeds of approximately S\$587.5 million
Rights Ratio	<ul style="list-style-type: none"> 83 Rights Units for every 100 Existing Units
Sponsor Irrevocable Undertaking	<ul style="list-style-type: none"> Irrevocable undertaking by Sponsor to subscribe and pay in full for its provisional allotments of Right Units, representing about 55.9% of the Rights Issue size
Joint Lead Managers and Underwriters	<ul style="list-style-type: none"> Credit Suisse (Singapore) Limited Oversea-Chinese Banking Corporation Limited
Proposed Sub-Underwriting Agreement	<ul style="list-style-type: none"> Sponsor to sub-underwrite 66% of the total number of Underwritten Rights Units Sub-Underwriting Commission of 1.80% payable by the Joint Lead Managers and Underwriters to the Sponsor

Rights Issue Price



Use of proceeds of the Rights Issue



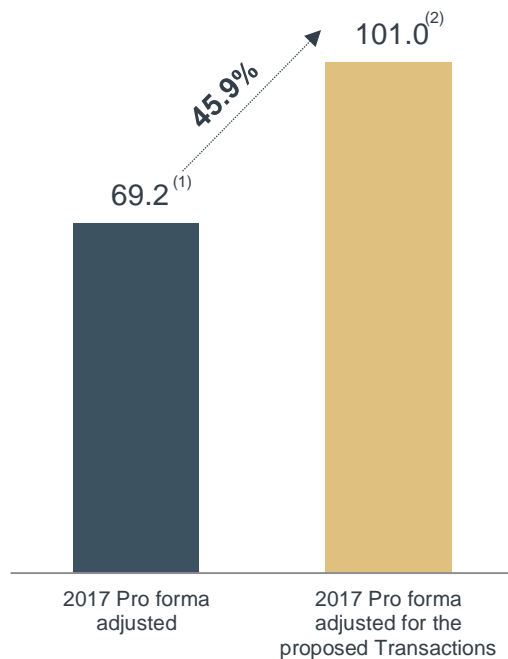
(2) Closing Price as at 10 September 2018.

(3) Incurred or to be incurred by OUE C-REIT in connection with the proposed Acquisition and for general corporate funding purposes.

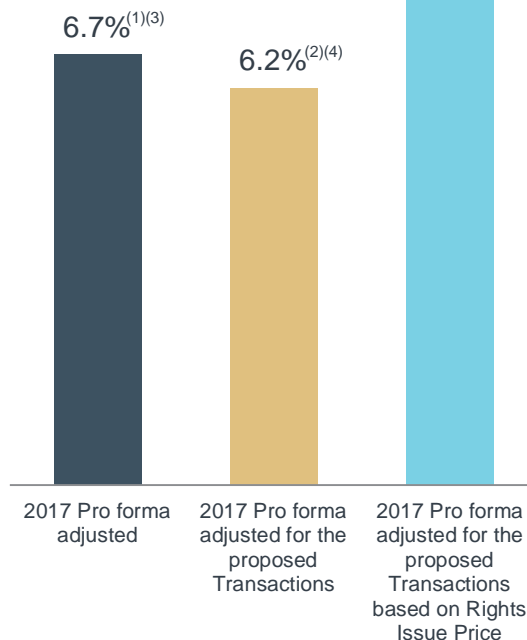
Pro Forma Financial Effects

Amount available for distribution

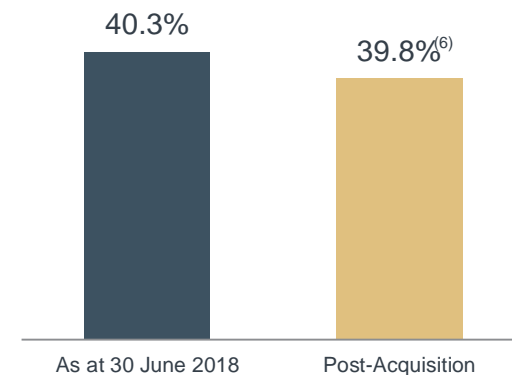
(S\$ million)



DPU yield



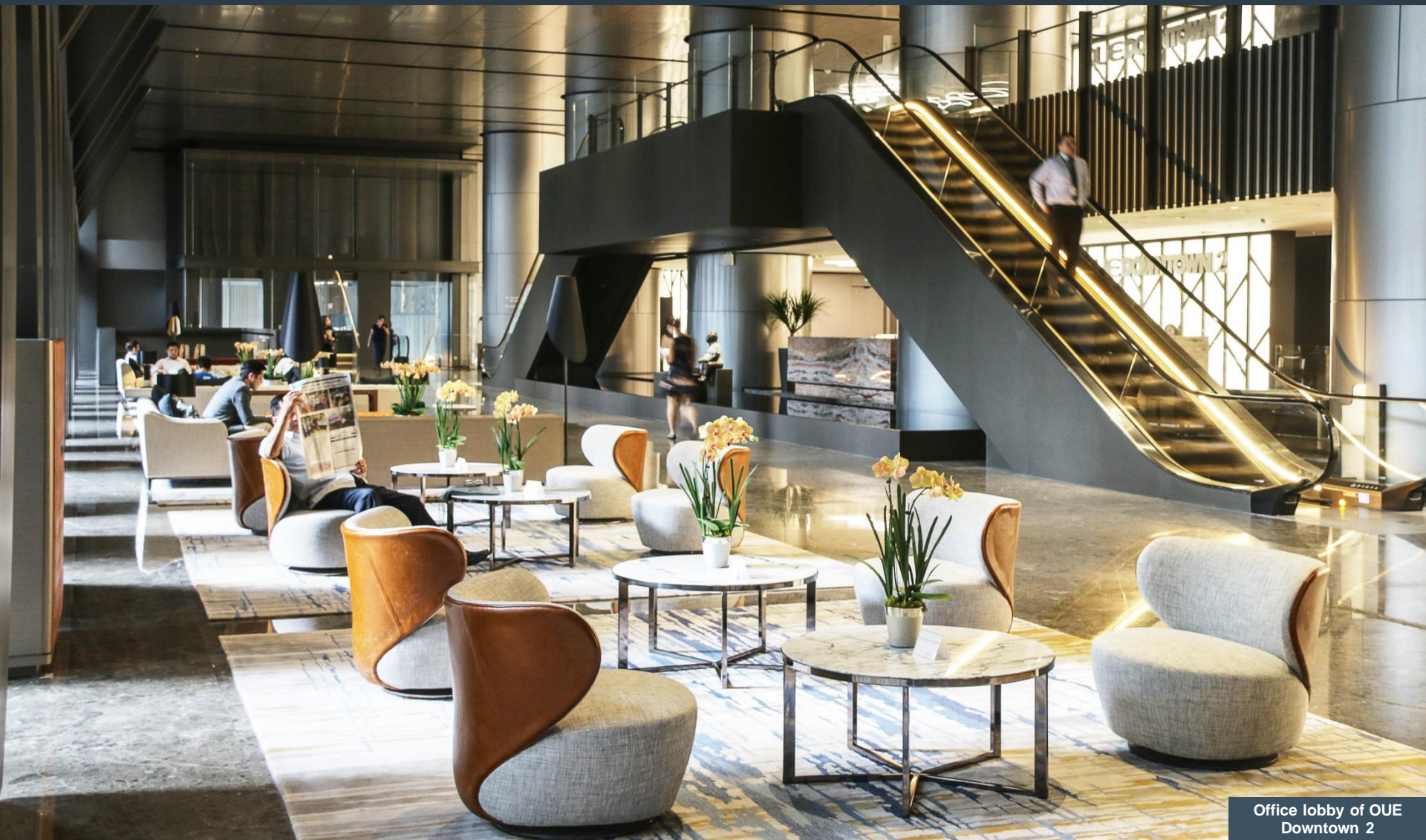
Aggregate leverage



Note: For illustration purposes only. The *pro forma* financial effects of the proposed Transactions on OUE C-REIT's DPU for FY2017, as if the proposed Transactions were completed on 1 January 2017, and OUE C-REIT held the Properties through to 31 December 2017.

- (1) These figures were adjusted as if the Private Placement, the Debt Issuance and the Redemption of CPPUs were completed on 1 January 2017 to show the full year impact of these exercises.
- (2) These figures incorporate the *pro forma* adjustments for the Private Placement, the Debt Issuance, the Redemption of CPPUs and the proposed Transactions. These figures also assume that after the proposed Transactions, the Outstanding CPPUs are not redeemed. Based on the Properties' 1H 2018 annualised NPI including Rental Support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses.
- (3) Based on Closing Price of S\$0.665 per Unit.
- (4) Based on TERP of S\$0.570 per Unit.
- (5) Based on Rights Issue Price of S\$0.456 per Unit.
- (6) *Pro forma* aggregate leverage as at 30 June 2018 assuming additional debt of S\$361.6 million is raised for the proposed Transactions.

2. Key Transaction Rationale



Key Transaction Highlights

- 1 **Strategic acquisition to benefit from the transformation of Tanjong Pagar**
- 2 **Attractive price and Acquisition NPI yield for a high quality Grade A office property**
- 3 **Favourable growth profile from a rising Singapore CBD office market and potential positive rental reversions**
- 4 **Enhanced market positioning and diversified product offering**
- 5 **Increased portfolio size post-Acquisition**
- 6 **Improved portfolio diversification with reduced asset and tenant concentration risk**
- 7 **Increased market capitalisation and potential increased liquidity through the Rights Issue**

1 Strategic acquisition to benefit from the transformation of Tanjong Pagar

OUE Downtown possesses full suite of integrated amenities, allowing the Properties to deliver a superior “live, work and play” environment for its tenants

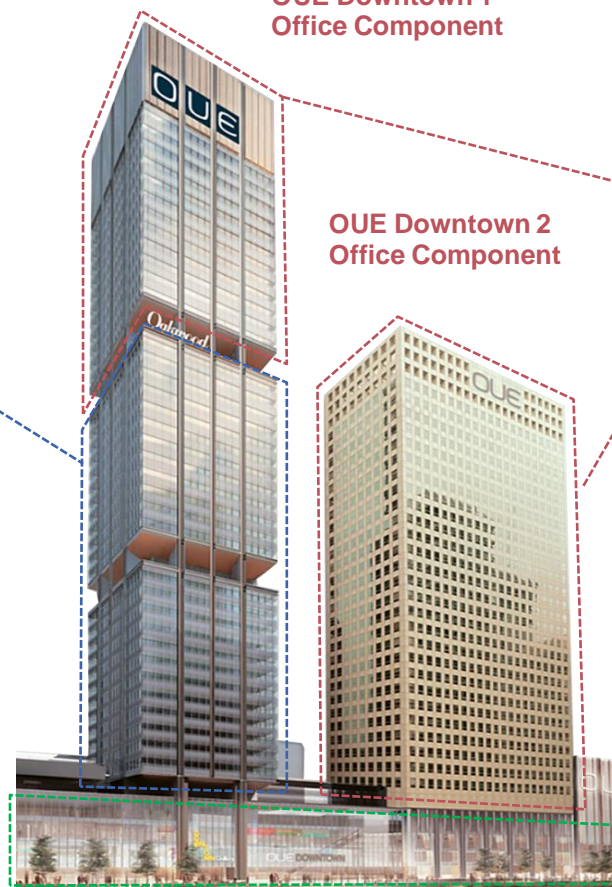
**Oakwood Premier OUE Singapore
(Serviced Apartments)**



- Provides convenience and accessibility for office occupiers with international employees on overseas assignments in Singapore
- Integral part of the development's “Live” vision

**OUE Downtown 1
Office Component**

**OUE Downtown 2
Office Component**



The Properties (Office)



- Grade A office space
- Integral part of the development's “Work” vision

**OUE Downtown Gallery
(Retail)**

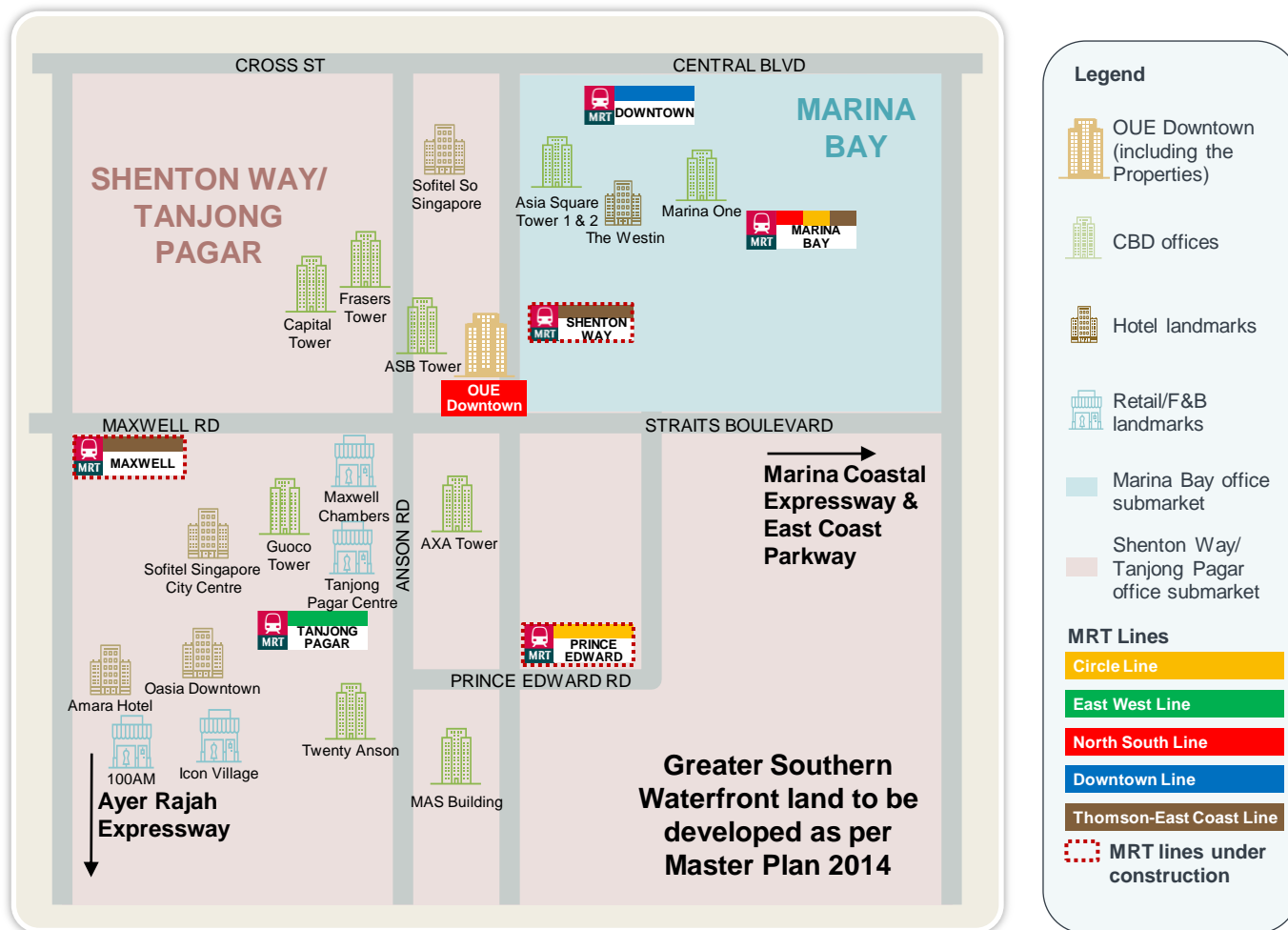


- Gives office tenants direct access to a wide range of food options and lifestyle amenities
- Integral part of the development's “Play” vision

1 Strategic acquisition to benefit from the transformation of Tanjong Pagar (cont'd)

Primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub

- Transformation of the Tanjong Pagar precinct has commenced with the completion of offices, new premium hotels and the entry of unique F&B players – elevate the “live, work and play” image of Tanjong Pagar district
- The Tanjong Pagar and Downtown MRT stations and the upcoming Prince Edward and Shenton Way MRT stations are within a short walking distance from the Properties, providing easy accessibility and connectivity for office tenants

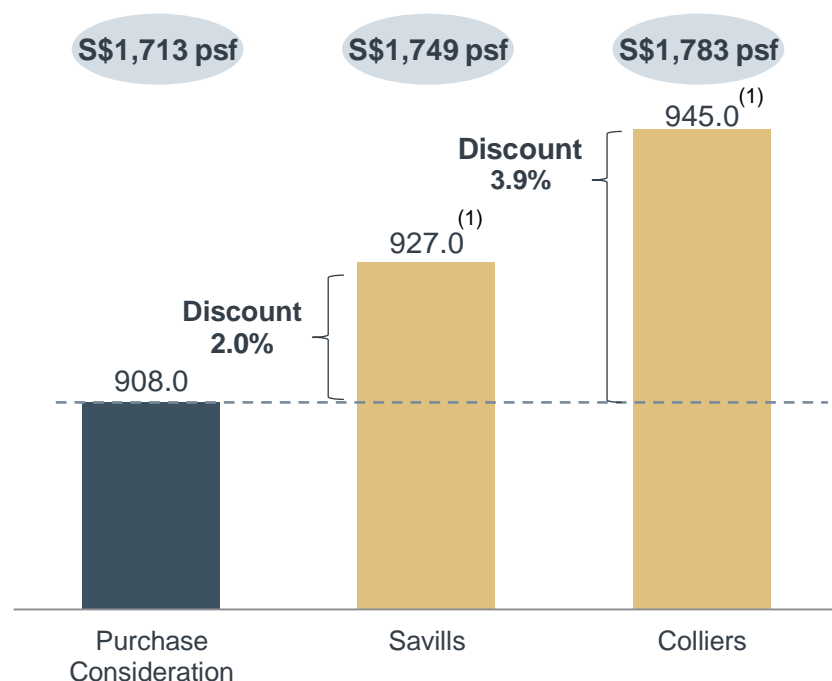


2 Attractive price and Acquisition NPI yield for a high quality Grade A office property

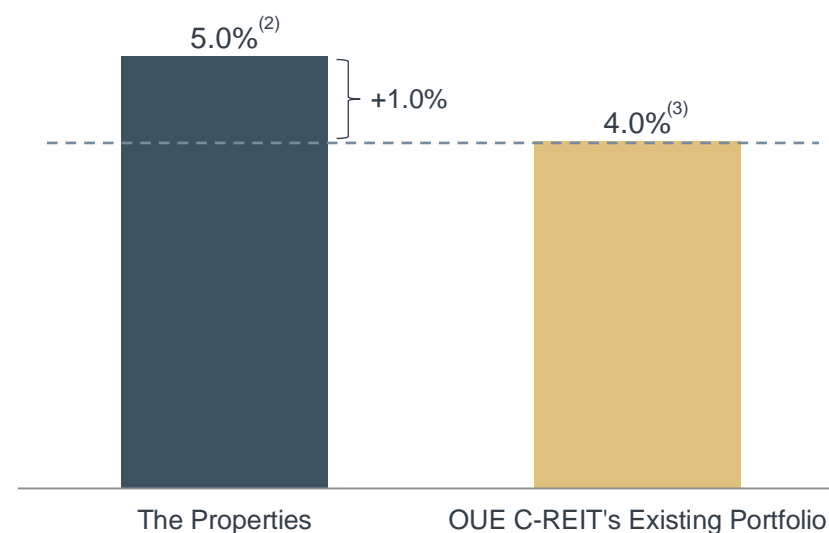
The Purchase Consideration of S\$908 million is at a discount to valuation and provides an attractive Acquisition NPI yield of 5.0%

Attractive Purchase Consideration

(S\$ million)



Attractive Acquisition NPI yield



(1) Valuation of the Properties with the Rental Support by Independent Valuers as at 30 June 2018.

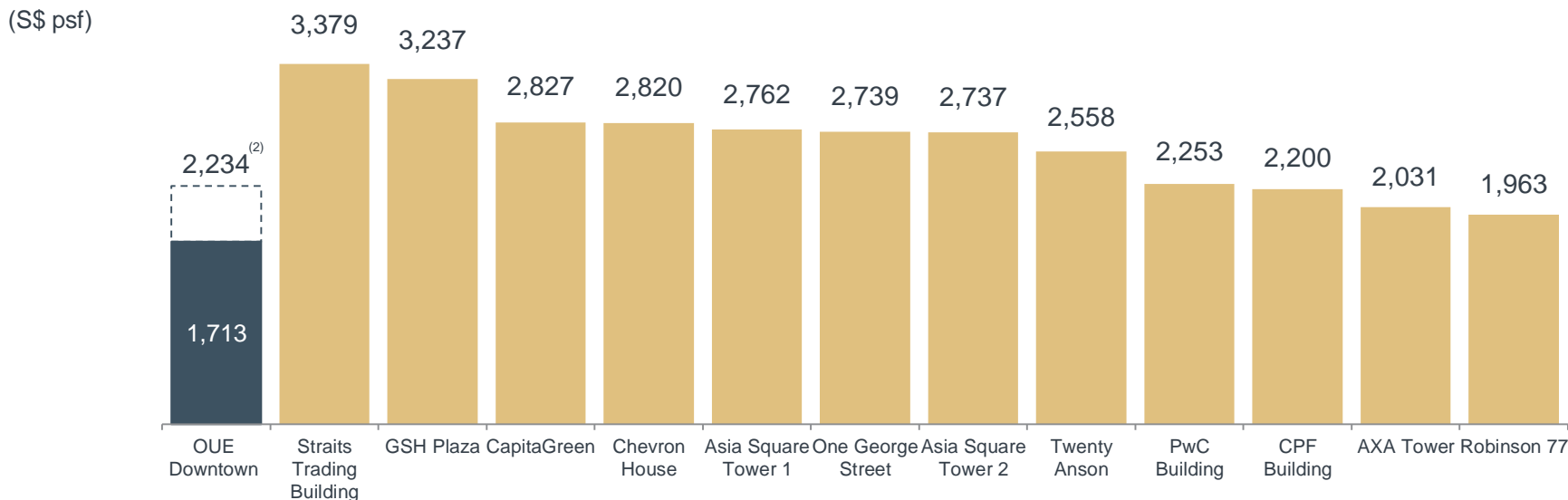
(2) Based on the Properties' 1H 2018 annualised NPI including Rental Support, adjusted for one-off expenses, and assumes 12 months of the Management Corporation expenses divided by the Purchase Consideration.

(3) Calculated based on the NPI of OUE C-REIT's Existing Portfolio (including income support in respect of OUE Bayfront) for FY2017 divided by total AUM as at 31 December 2017.

2 Attractive price and Acquisition NPI yield for a high quality Grade A office property (cont'd)

Acquisition price of S\$1,713 psf is attractive compared to the recently transacted Grade A properties in the Singapore CBD, even after adjusting for land tenure

Adjusted price assuming fresh 99 years lease⁽¹⁾



Remaining Land Lease Tenure (years)	48	999	70	55	70	88	85	89	88	77	49	63	75
Price on NLA (S\$ psf)	1,713	3,520	2,900	2,276	2,526	2,704	2,650	2,689	2,505	2,100	1,698	1,731	1,810
Transaction Date	In progress	Jun-16	Feb-17	May-16	Dec-17	Jun-16	May-17	Sep-17	Jun-18	Feb-17	Nov-15	Jan-15	Nov-16

Note: Based on transactions from 2015 of more than S\$500 million.

(1) These figures are provided to allow like-for-like price comparison between office properties of different land tenures within the CBD. This is an indicative value psf of NLA should the residual tenure of the land for each property be reset – or in the case of 999-year leasehold properties, converted – to a fresh 99-year leasehold tenure. The estimate, provided for comparison purposes only, is calculated by referencing the residual tenure of the land at the time of acquisition, and adjusting the price psf of NLA for each property using the Singapore Land Authority's Bala's table of discounted values. For the purpose of the adjusted price estimate, 999-year leasehold tenure is considered a form of freehold tenure. Accordingly, the same rates of discounted values apply.

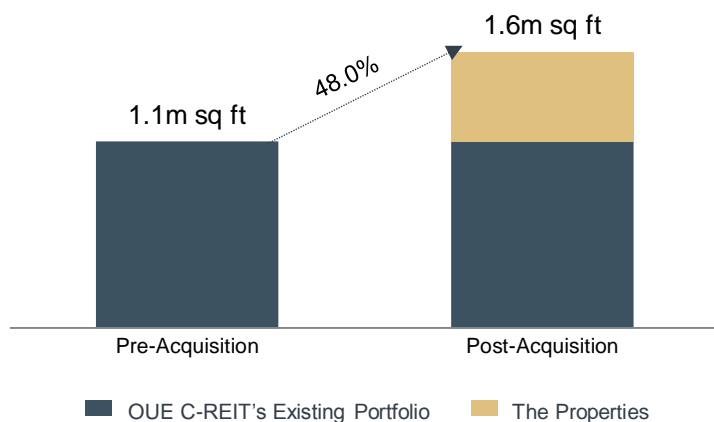
(2) The Purchase Consideration is equivalent to a price of S\$1,713 psf, and translates to an indicative value of S\$2,234 psf assuming that the Properties' remaining leasehold tenure of 48 years is reset to a fresh 99-year leasehold tenure.

3 Favourable growth profile from a rising Singapore CBD office market...

Positions OUE C-REIT favourably to benefit from a rising Singapore CBD office market

Increased portfolio exposure to Singapore CBD office market...

NLA of OUE C-REIT's Singapore portfolio

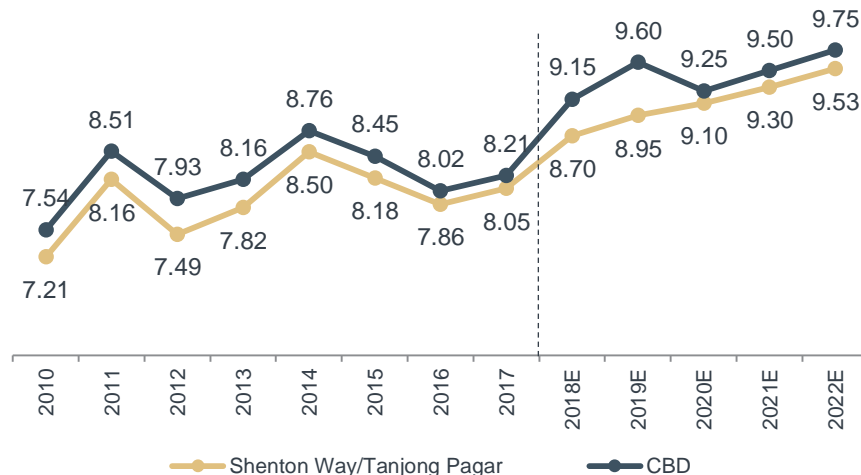


- The proposed Acquisition is expected to increase the NLA of OUE C-REIT's Singapore portfolio by 48.0% to 1.6 million sq ft
- Enlarges OUE C-REIT footprint within the Singapore CBD and exposure to a rising Singapore CBD office market

... with strong rental growth momentum

(S\$ psf per month)

Average gross effective rents of premium and Grade A office space in Singapore CBD and Shenton Way/Tanjong Pagar submarket⁽¹⁾



- Rental growth momentum for premium and Grade A office space in the Singapore CBD and Shenton Way/Tanjong Pagar submarket is expected to continue going forward

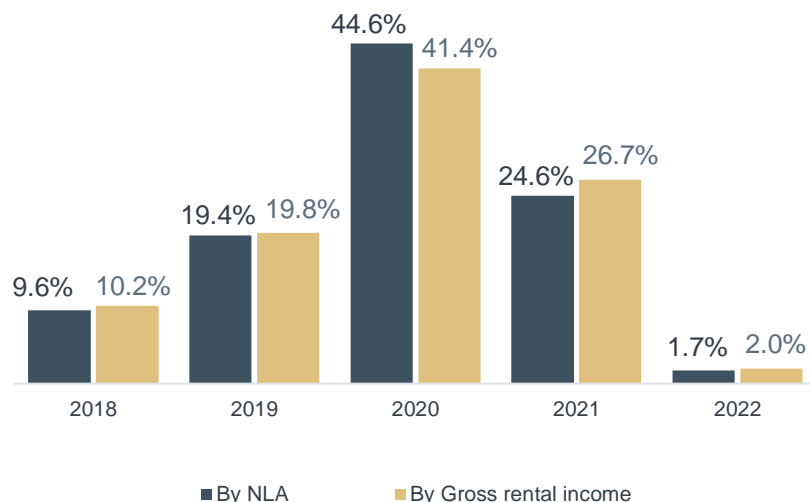
Source: Independent Market Research Report.

(1) 2018E to 2022E gross effective rents were calculated based on the mid-point of the range of gross effective rents of premium and Grade A office space in Shenton Way/Tanjong Pagar submarket and Singapore CBD as forecast by the Independent Market Research Consultant in the Independent Market Research Report.

The passing rent of the Properties and balanced lease expiry profile positions the Properties to achieve positive rental reversions

Balanced lease expiry profile provides for income stability...

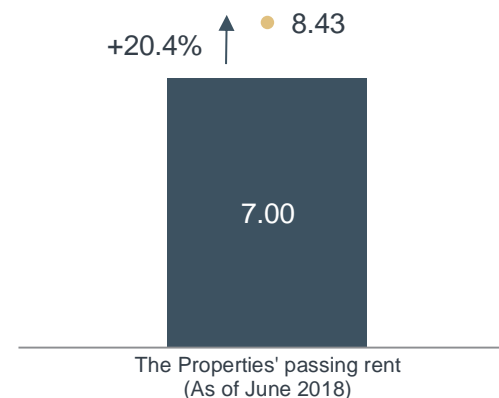
Lease expiry profile of the Properties⁽¹⁾



... and high growth potential from future rental reversions

(S\$ psf per month)

Difference between the Properties' passing rent and 1Q 2018 market rent for office properties in Shenton Way/Tanjong Pagar



- The passing rent for the Properties (as of June 2018) was approximately S\$7.00 psf per month, which is below the S\$8.43 psf per month in 1Q 2018 for comparable Shenton Way/Tanjong Pagar office properties
- Provides potential positive rent reversion of approximately 20.4%

Source: Independent Market Research Report.

(1) As of June 2018.

Enhanced market positioning and diversified product offering

Strengthens OUE C-REIT's footprint within the Singapore CBD and allows OUE C-REIT to capture tenant demand within the three major office rental submarkets

- The proposed Acquisition would allow OUE C-REIT to capture tenant demand within the three major office rental submarkets in the Singapore CBD, namely Raffles Place, New Downtown (Marina Bay area) and Shenton Way/Tanjong Pagar

- 1 One Raffles Place** – commanding an iconic position in the Raffles Place submarket
- 2 OUE Bayfront** – gateway between the developing Marina Bay area and the established financial hub of Raffles Place
- 3 The Properties** – positioned to benefit from the rejuvenation of the Tanjong Pagar precinct

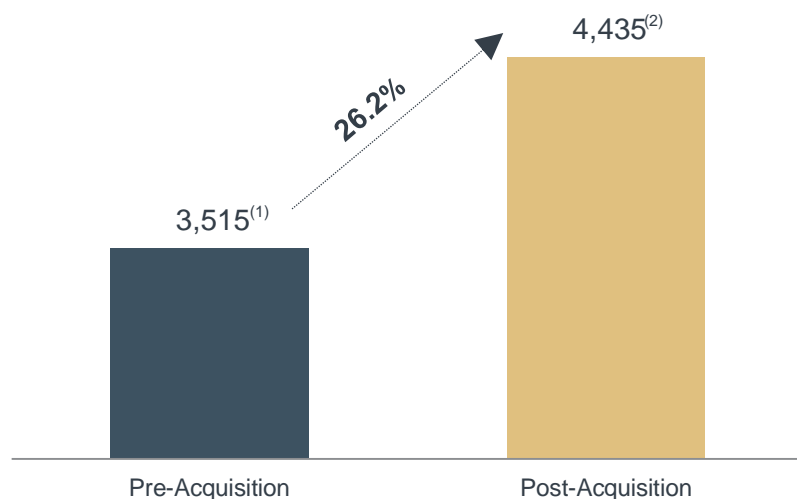


5 Increased portfolio size post-Acquisition

The increased portfolio size post-Acquisition will provide OUE C-REIT with an enlarged debt headroom and a stronger platform for growth

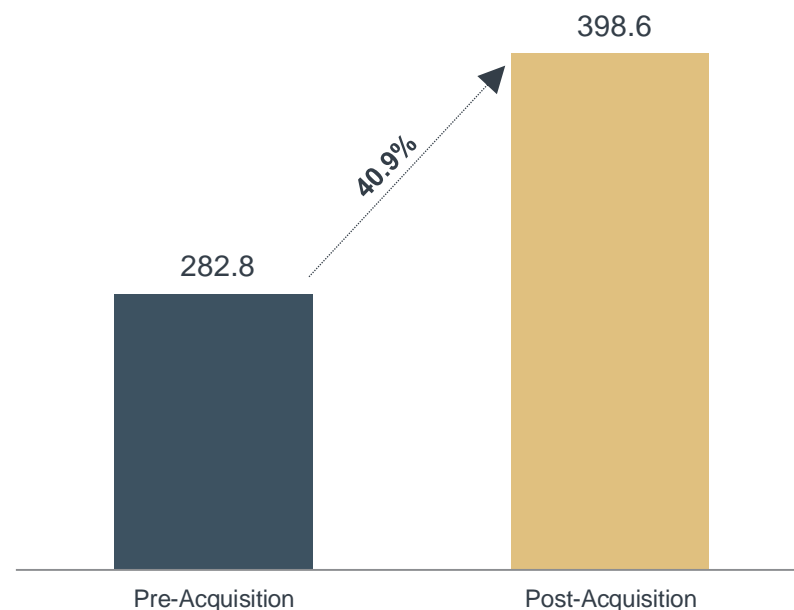
Increase in total AUM

(S\$ million)



Enlarged debt headroom⁽³⁾

(S\$ million)

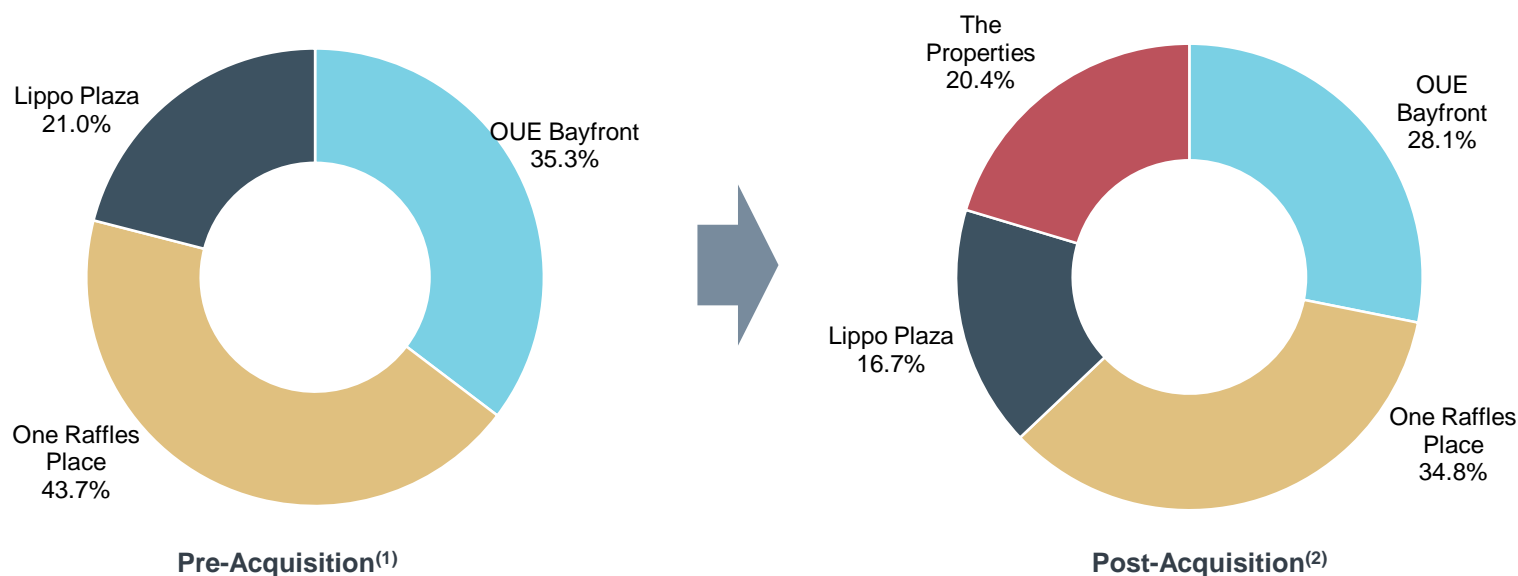


- OUE C-REIT's aggregate leverage of 40.3% as at 30 June 2018 is expected to improve to 39.8%⁽⁴⁾ after the proposed Transactions

(1) As at 31 December 2017.
 (2) Based on the AUM of OUE C-REIT's Existing Portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.
 (3) Based on the aggregate leverage limit of 45% under the Property Funds Appendix.
 (4) Pro forma aggregate leverage as at 30 June 2018 assuming additional debt of S\$361.6 million is raised for the proposed Transactions.

Reduce OUE C-REIT's asset and tenant concentration risks, and contribute to the long-term stability and resilience of income streams

Portfolio composition by revenue contribution



- No single property is expected to contribute to more than 34.8% of OUE C-REIT's revenue post-Acquisition

(1) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place).

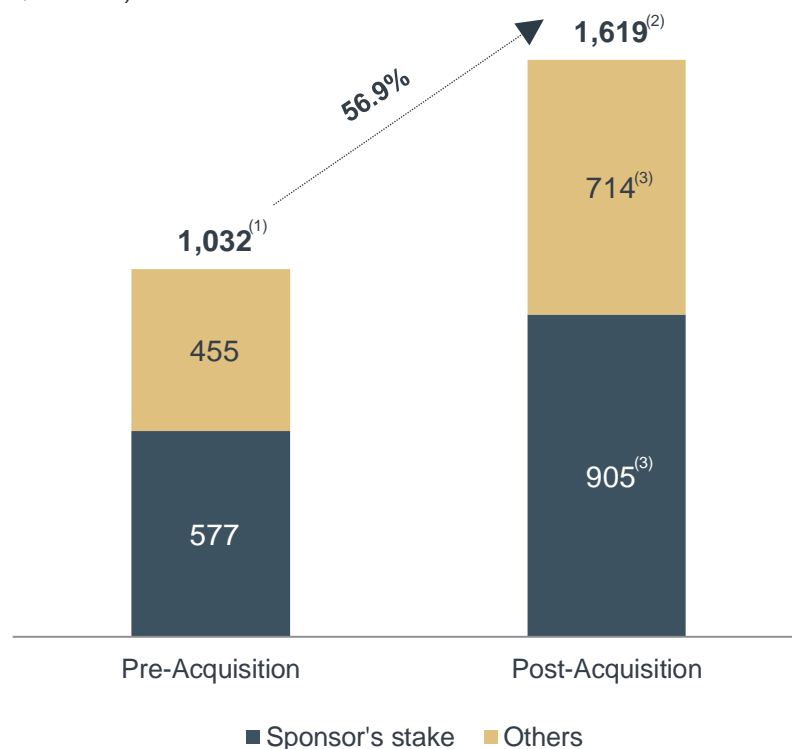
(2) Calculated based on the 1H 2018 revenue of OUE C-REIT's Existing Portfolio (adjusted for OUE C-REIT's attributable interest in One Raffles Place) and the 1H 2018 revenue of the Properties.

7 Increased market capitalisation and potential increased liquidity through the Rights Issue

The increased market capitalisation and liquidity would also provide OUE C-REIT with increased visibility within the investment community

Increased market capitalisation

(S\$ million)



(1) The pre-Acquisition market capitalisation is calculated based on the Closing Price, multiplied by the Existing Units.

(2) The post-Acquisition market capitalisation is calculated based on TERP of S\$0.570 per Unit, multiplied by the aggregation of the Existing Units and the Rights Units.

(3) Assumes all Unitholders subscribe for their *pro rata* share of the proposed Rights Issue (i.e. Sponsor does not subscribe more than its entitled *pro rata* stake).

3. Conclusion



Walkway between OUE Downtown 1
and OUE Downtown 2

A strategic acquisition and funding mix that delivers a compelling transaction rationale for OUE C-REIT Unitholders

1

Allows OUE C-REIT to own high quality Grade A office properties that will **benefit from the transformation of Tanjong Pagar**

2

Increases OUE C-REIT's Singapore exposure and positions the REIT to benefit from a **rising Singapore CBD office market and potential rental reversions**

3

Properties to be acquired at an attractive price of S\$908 million or **S\$1,713 psf** providing potential for uplift of asset value

4

Benefits of **improved portfolio diversification** with reduced asset and tenant concentration risk

5

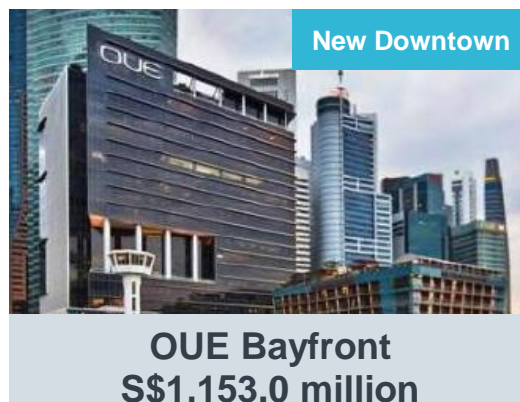
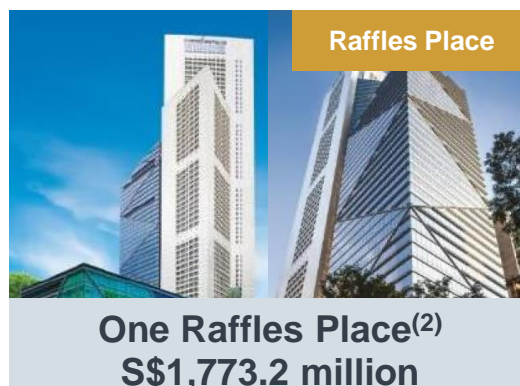
Increases OUE C-REIT's portfolio size and strengthens its balance sheet position by increasing its debt headroom from S\$283 million to S\$399 million

6

Increases OUE C-REIT's market capitalisation by 56.9% which potentially **enhances trading liquidity and investor interest** in OUE C-REIT

OUE C-REIT's Enlarged Portfolio Post-Acquisition

The proposed Acquisition would result in an enlarged asset size of S\$4.4 billion⁽¹⁾



(1) Based on the AUM of OUE C-REIT's Existing Portfolio as at 31 December 2017 and the valuation of the Properties without Rental Support.

(2) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT owns 83.33% of OUB Centre Limited.

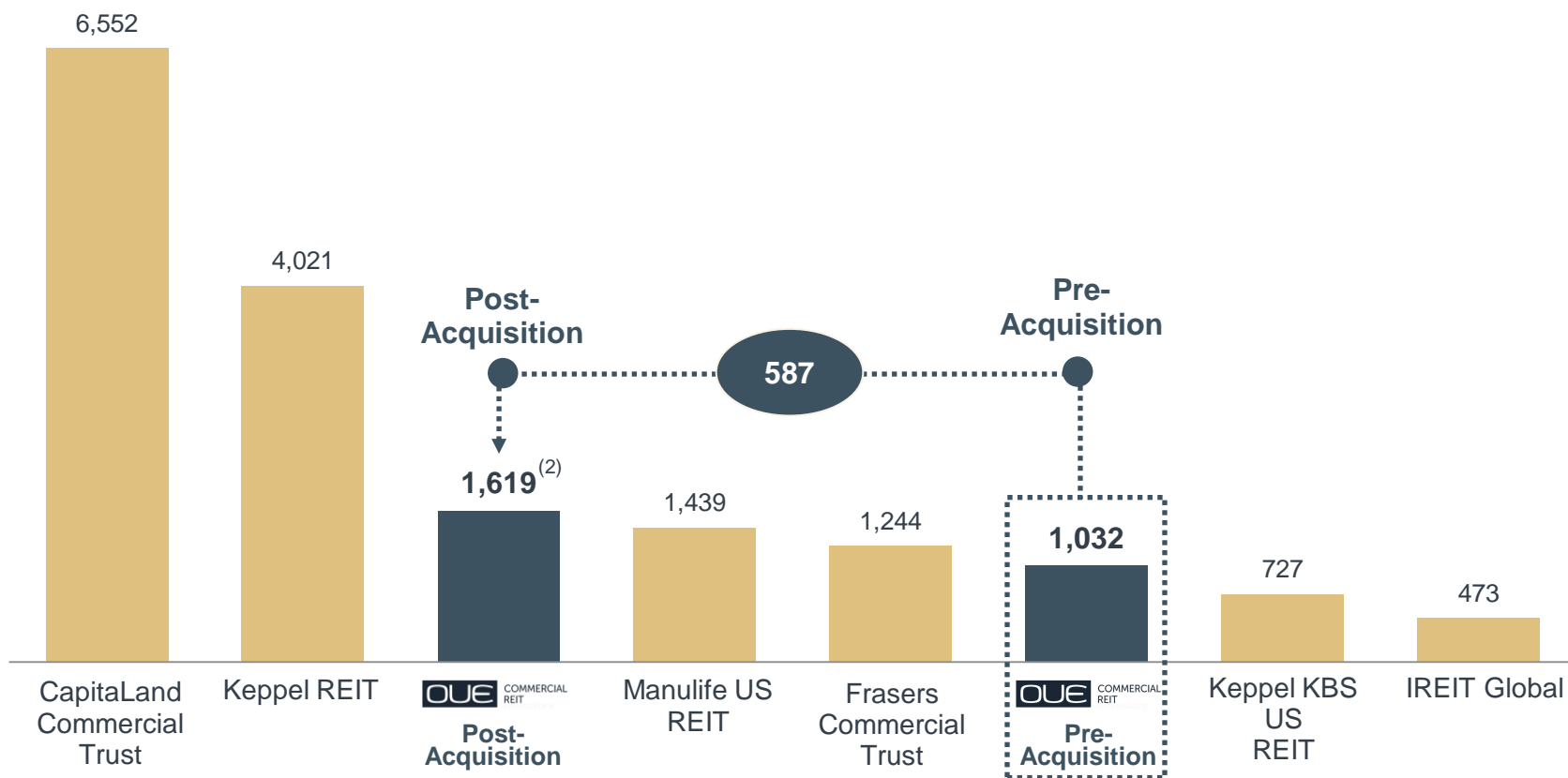
(3) Based on OUE C-REIT's 91.2% share of strata ownership in Lippo Plaza and exchange rate of S\$1 to RMB4.9024.

(4) Based on the valuation of the Properties prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 30 June 2018 without Rental Support.

OUE C-REIT becomes 3rd largest commercial REIT by market capitalisation

Increase in market capitalisation to become the third largest commercial S-REIT by market capitalisation post-Acquisition⁽¹⁾

(\$ million)



Source: SGX, Bloomberg as of 10 September 2018.

Note: For illustration purposes only. Actual OUE C-REIT post-Acquisition market capitalisation may differ.

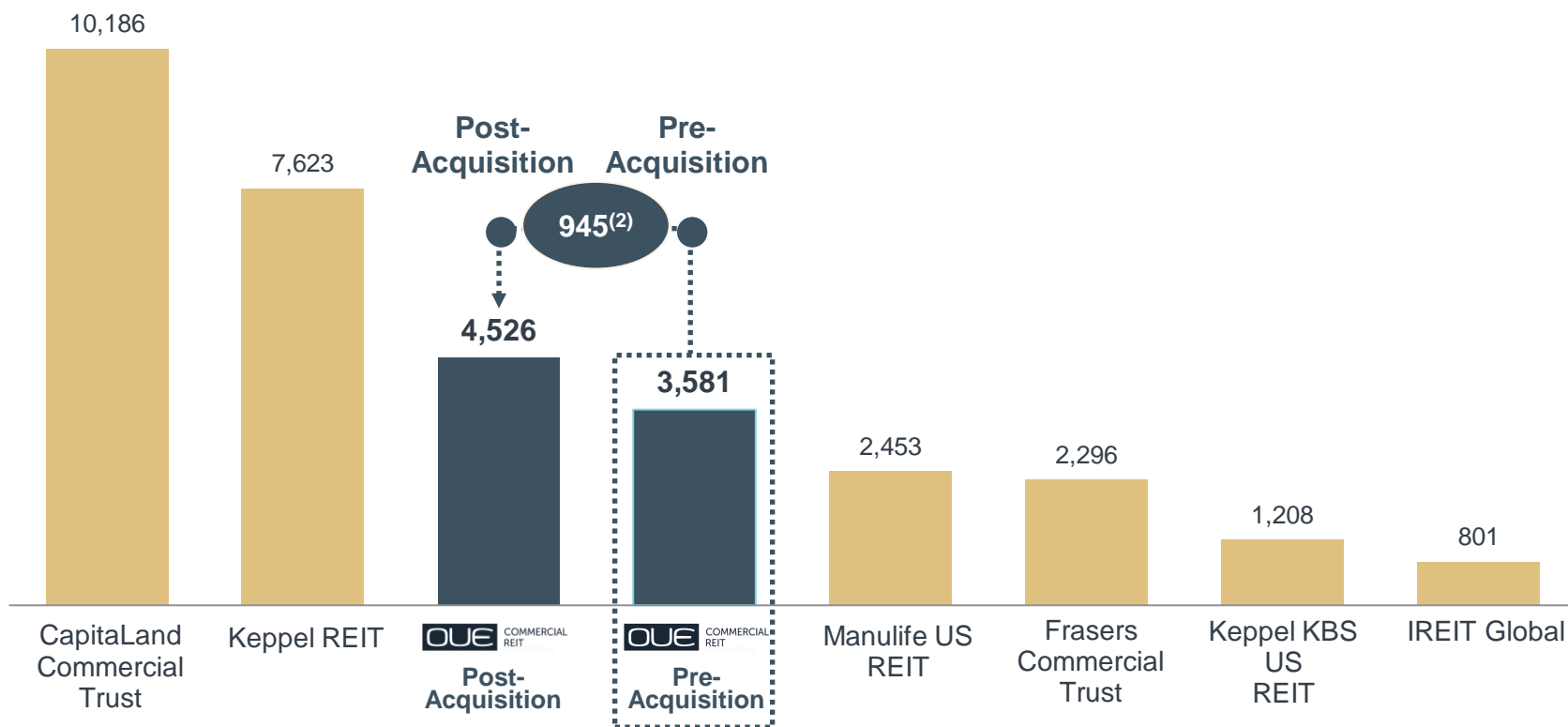
(1) Market capitalisation calculated based on the closing price of the units on 10 September 2018, multiplied by the units outstanding.

(2) The post-Acquisition market capitalisation is calculated based on TERP of S\$0.570 per Unit, multiplied by the aggregation of the Existing Units and the Rights Units.

OUE C-REIT solidifies position as 3rd largest commercial REIT by AUM

Increase in total assets to cement its position as the third largest commercial S-REIT by total assets post-Acquisition⁽¹⁾

(S\$ million)



Source: Company filings.

Note: For illustration purposes only. Based on exchange rate of USD1 to S\$1.3793 and EUR1 to S\$1.5994

(1) As of 30 June 2018.

(2) Assumes OUE C-REIT's post-Acquisition total assets increases by S\$945 million (S\$920 million and S\$25 million increase in investment properties and intangible assets respectively).



COMMERCIAL
REIT
investors

Thank You



OUE Downtown
main drop-off