



# Investor Presentation for DBS Vickers / Alliance Investment Bank Corporate Day

7 September 2016

# Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 1Q 2016 dated 10 May 2016.

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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

- Overview
- Key Highlights
- Financial Performance and Capital Management
- Portfolio Performance
- 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 65.1% 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*



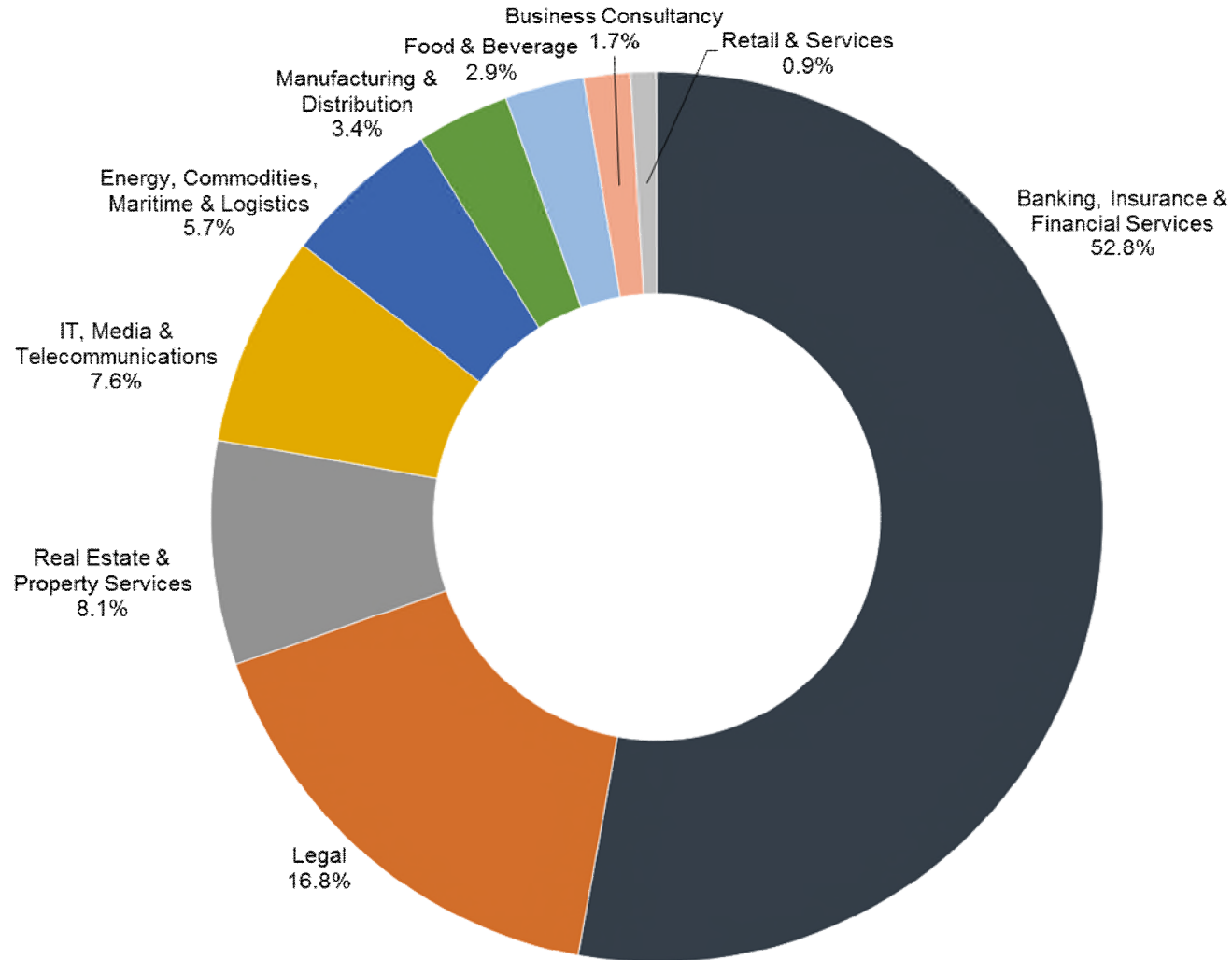
Located at Collyer Quay in Singapore's CBD, comprising:

- **OUE Bayfront** : 18-storey premium office building with rooftop restaurant premises
- **OUE Tower** : conserved tower building with panoramic views of the Marina Bay landscape which is currently occupied by a fine dining restaurant
- **OUE Link** : link bridge with retail shops

OUE Bayfront	
<b>GFA (sq m)</b>	46,774.6
<b>NLA (sq m)</b>	Office: 35,334.5 Retail: 1,830.1 Overall: 37,164.6
<b>Committed Occupancy as at 30 Jun 2016</b>	Office : 98.2% Retail : 100.0% Overall : 98.3%
<b>Number of Car Park Lots</b>	245
<b>Valuation (as at 31 Dec 2015)</b>	S\$1,146.0 m
<b>Land Use Right Expiry</b>	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
<b>Completion Year</b>	2011

# Premium Portfolio of Assets

## *OUE Bayfront – Tenants by Trade Sector*



As at June 2016

# Premium Portfolio of Assets

## One Raffles Place



Located at Raffles Place in the heart of Singapore's CBD comprising:

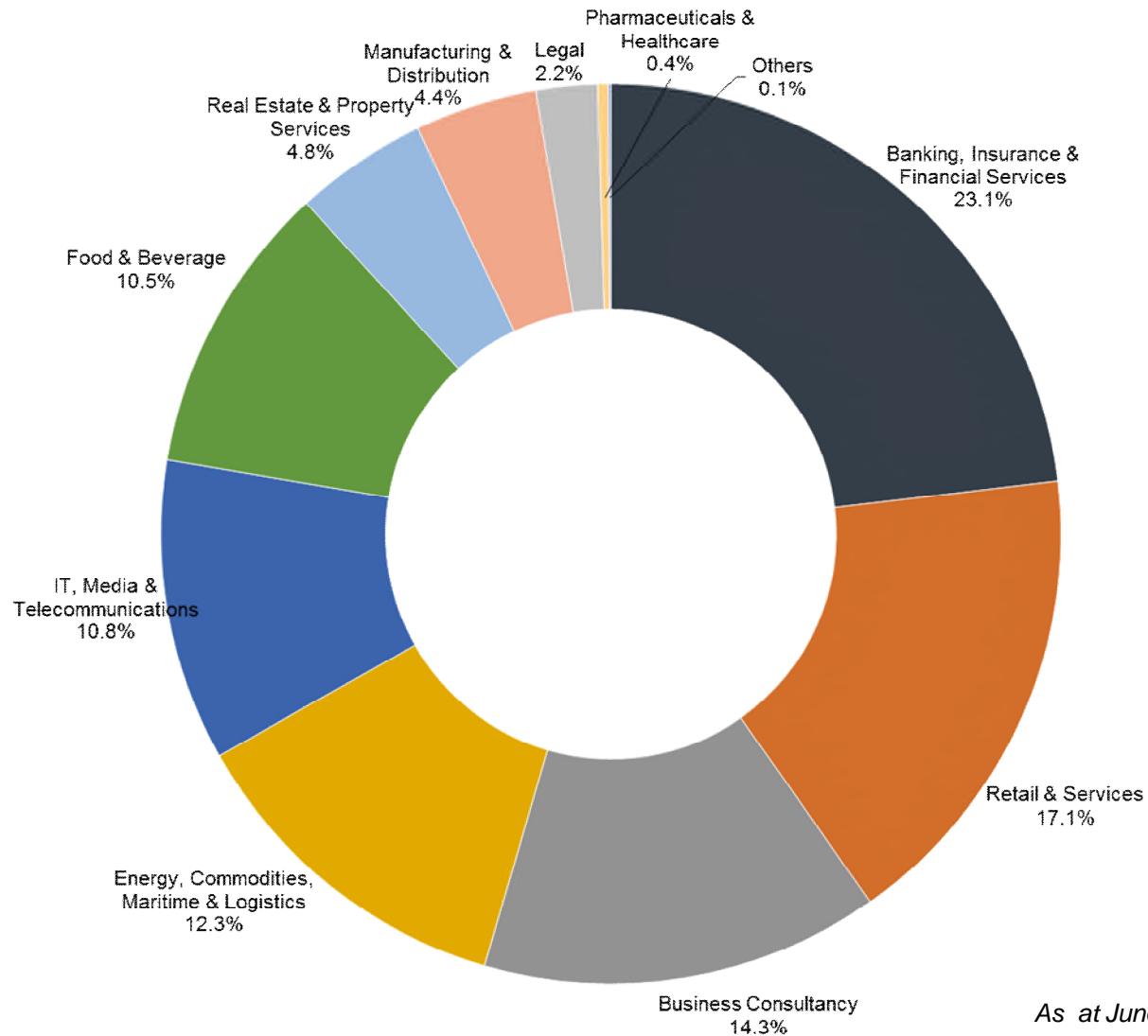
- **Tower 1** : 62-storey Grade A office with rooftop restaurant and observation deck
- **Tower 2** : 38-storey Grade A office completed in 2012
- **One Raffles Place Shopping Mall** : six-storey retail podium which is the largest purpose-built mall in Raffles Place
- OUE C-REIT has a 67.95% effective stake

One Raffles Place	
<b>GFA (sq m)</b>	119,626.2
<b>Attributable NLA (sq m)</b>	Office (Tower 1): 28,890.7 Office (Tower 2): 27,061.8 Retail: 9,500.2 Overall: 65,452.7
<b>Committed Occupancy as at 30 Jun 2016</b>	Office (Tower 1): 89.3% Office (Tower 2): 94.4% Retail: 97.1% Overall: 92.7%
<b>Number of Car Park Lots</b>	326
<b>Valuation<sup>(1)</sup> (as at 31 Dec 2015)</b>	S\$1,734.0 m
<b>Land Use Right Expiry</b>	Office Tower 1 : 841 yrs from 1 November 1985 Office Tower 2: 99 yrs from 26 May 1983 Retail: ~75% of NLA is on 99 yrs from 1 November 1985
<b>Completion Year</b>	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 2016



# Premium Portfolio of Assets

## *Lippo Plaza*



- Located on Huaihai Zhong Road within the Huangpu district in the Puxi area of downtown Shanghai
- Grade-A 36 storey commercial building with a three-storey retail podium and basement carpark
- OUE C-REIT has 91.2% strata ownership of Lippo Plaza

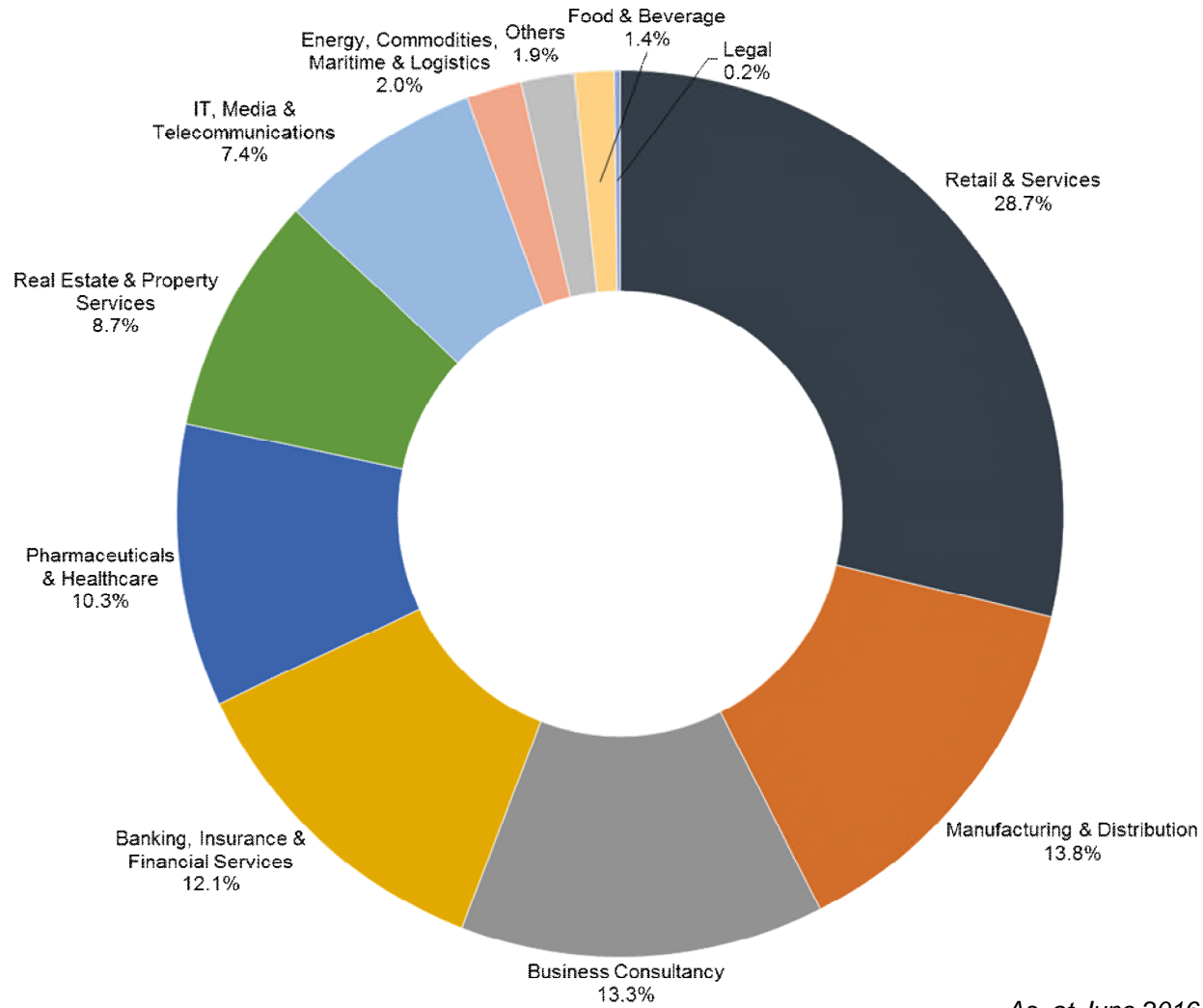
Lippo Plaza	
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6 Retail: 5,685.9 Overall: 39,224.5
<b>Committed Occupancy as at 30 June 2016</b>	Office : 93.4% Retail : 97.3% Overall : 93.9%
<b>Number of Car Park Lots</b>	168
<b>Valuation<sup>(1)</sup> (as at 31 Dec 2015)</b>	RMB2,401.0 m / RMB41,028 psm (S\$490.5m) <sup>(2)</sup>
<b>Land Use Right Expiry</b>	50 yrs from 2 July 1994
<b>Completion Year</b>	1999

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

(2) Based on SGD:CNY exchange rate of 1 : 4.895 as at 30 June 2016

# Premium Portfolio of Assets

## *Lippo Plaza – Tenants by Trade Sector*



As at June 2016

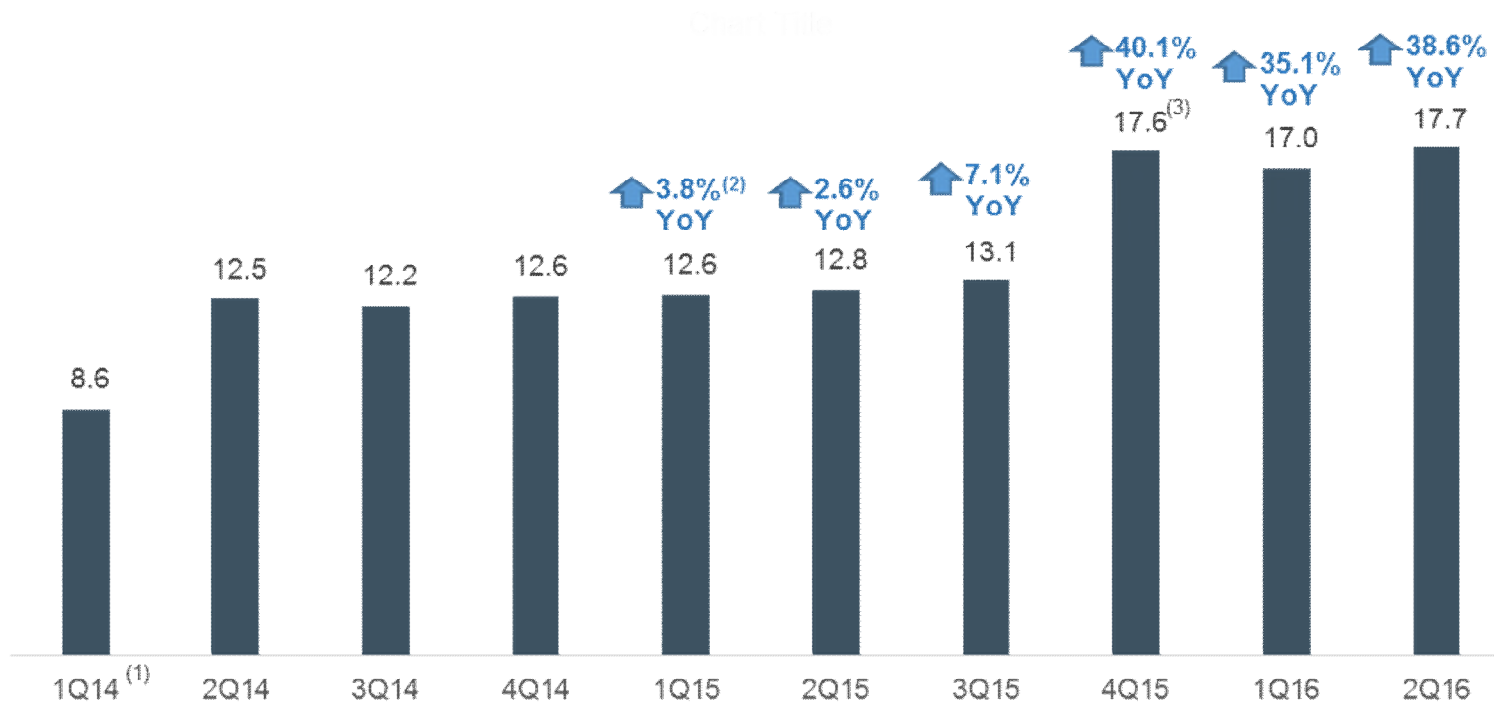
# Financial Performance & Capital Management



# Consistent Growth in Distribution

Delivered consistent year-on-year growth in distribution to Unitholders

## Distribution Since IPO



(1) Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 March 2014

(2) For a meaningful comparison, the amount available for distribution for the period 27 January 2014 to 31 March 2014 of S\$8.6 million was extrapolated to a full quarter in the computation of the year-on-year growth in distribution for 1Q 2015

(3) Includes a one-off distribution of capital return of S\$1.3 million in relation to certain expenses which are non-tax deductible from a tax perspective

## 2Q 2016 vs 2Q 2015

	2Q 2016	2Q 2015	Change
<b>Gross Revenue (S\$m)</b>	<b>45.7</b>	<b>19.7</b>	<b>+132.2%</b>
<b>Net Property Income (S\$m)</b>	<b>35.2</b>	<b>14.7</b>	<b>+139.8%</b>
<b>Amount Available for Distribution (S\$m)</b>	<b>17.7<sup>(1)</sup></b>	<b>12.8</b>	<b>+38.6%</b>
<b>DPU (cents)</b>	<b>1.36</b>	<b>1.01<sup>(2)</sup></b>	<b>+34.7%</b>

- Higher gross revenue of S\$45.7 million was mainly due to contribution from One Raffles Place which was acquired on 8 October 2015, coupled with improved performance at OUE Bayfront and Lippo Plaza
- 2Q 2016 organic growth in net property income of OUE Bayfront and Lippo Plaza continued to be strong at 15.9% YoY
- As a result, 2Q 2016 net property income increased to S\$35.2 million, from S\$14.7 million in 2Q 2015
- As 2Q 2016 finance costs were higher due to higher amount of loans outstanding as well as higher interest rates, amount available for distribution was S\$17.7 million, 38.6% higher YoY

(1) Excludes amount reserved for distribution to convertible perpetual preferred units ("CPPU") holder

(2) Based on the number of Units in issue and to be issued as at 30 June 2015, including the 393,305,817 new Units issued on 4 August 2015 as such Units were entitled to the amount available for distribution in respect of 1H 2015

## 2Q 2016 vs 2Q 2015

S\$'000	2Q 2016	2Q 2015	Change (%)
<b>Gross revenue</b>	<b>45,688</b>	<b>19,677</b>	<b>132.2</b>
Property operating expenses	(10,460)	(4,984)	109.9
<b>Net property income</b>	<b>35,228</b>	<b>14,693</b>	<b>139.8</b>
Other income	759	2,651	(71.4)
Amortisation of intangible asset	(1,118)	(1,047)	6.8
Manager's management fees	(3,528)	(1,260)	NM <sup>(1)</sup>
Net non-property expenses	(462)	(472)	(2.1)
Net finance costs	(13,762)	(4,585)	NM
Foreign exchange differences	(276)	(263)	4.9
<b>Total return before tax</b>	<b>16,841</b>	<b>9,717</b>	<b>73.3</b>
Tax expense	(4,460)	(1,320)	NM
<b>Total return for period</b>	<b>12,381</b>	<b>8,397</b>	<b>47.4</b>
Non-controlling interests	(1,732)	-	NM
CPPU holder distribution	(1,368)	-	NM
Distribution adjustments	8,453	4,397	92.2
<b>Amount available for distribution to Unitholders</b>	<b>17,734</b>	<b>12,794</b>	<b>38.6</b>

(1) NM: Not meaningful

# 1H 2016 vs 1H 2015

	1H 2016	1H 2015	Change
<b>Gross Revenue (S\$m)</b>	<b>88.6</b>	<b>40.1</b>	<b>+121.0%</b>
<b>Net Property Income (S\$m)</b>	<b>68.5</b>	<b>30.4</b>	<b>+125.3%</b>
<b>Amount Available for Distribution (S\$m)</b>	<b>34.8<sup>(1)</sup></b>	<b>25.4</b>	<b>+36.9%</b>
<b>DPU (cents)</b>	<b>2.68</b>	<b>2.00<sup>(2)</sup></b>	<b>+34.0%</b>

- Higher 1H 2016 gross revenue of S\$88.6 million was achieved mainly due to contribution from One Raffles Place which was acquired on 8 October 2015, coupled with improved performance at OUE Bayfront and Lippo Plaza
- 1H 2016 organic growth in net property income of OUE Bayfront and Lippo Plaza was 10.9% YoY
- As a result, 1H 2016 net property income was S\$68.5 million, increasing from S\$30.4 million in 1H 2015
- As 1H 2016 finance costs were higher due to higher amount of loans outstanding as well as higher interest rates, the amount available for distribution was S\$34.8 million, 36.9% higher YoY

(1) Excludes amount reserved for distribution to CPPU holder

(2) Based on the number of Units in issue and to be issued as at 30 June 2015, including the 393,305,817 new Units issued on 4 August 2015 as such Units were entitled to the amount available for distribution in respect of 1H 2015

# 1H 2016 vs 1H 2015

S\$'000	1H 2016	1H 2015	Change (%)
<b>Gross revenue</b>	<b>88,602</b>	<b>40,088</b>	<b>121.0</b>
Property operating expenses	(20,119)	(9,688)	107.7
<b>Net property income</b>	<b>68,483</b>	<b>30,400</b>	<b>125.3</b>
Other income	1,462	4,449	(67.1)
Amortisation of intangible asset	(2,236)	(2,094)	6.8
Manager's management fees	(5,873)	(2,522)	NM <sup>(1)</sup>
Net non-property expenses	(1,166)	(991)	17.7
Net finance costs	(27,463)	(9,112)	NM
Foreign exchange differences	(672)	226	NM
<b>Total return before tax</b>	<b>32,535</b>	<b>20,356</b>	<b>59.8</b>
Tax expense	(8,371)	(2,651)	NM
<b>Total return for period</b>	<b>24,164</b>	<b>17,705</b>	<b>36.5</b>
Non-controlling interests	(3,550)	-	NM
CPPU holder distribution	(2,735)	-	NM
Distribution adjustments	16,896	7,706	NM
<b>Amount available for distribution to Unitholders</b>	<b>34,775</b>	<b>25,411</b>	<b>36.9</b>

(1) NM: Not meaningful



# Healthy Balance Sheet

<b>S\$ million</b>	<b>As at 30 June 2016</b>
<b>Investment Properties</b>	3,370.6
<b>Total Assets</b>	3,419.3
<b>Loans and borrowings</b>	1,298.4
<b>Total Liabilities</b>	1,482.8
<b>Net Assets Attributable to Unitholders</b>	1,179.7
<b>Units in Issue ('000)</b>	1,296,928
<b>NAV per Unit (S\$)</b>	0.91

# Capital Management

Every 25bps increase in floating interest rates is expected to reduce distribution by S\$0.6 million per annum, or 0.05 cents in DPU

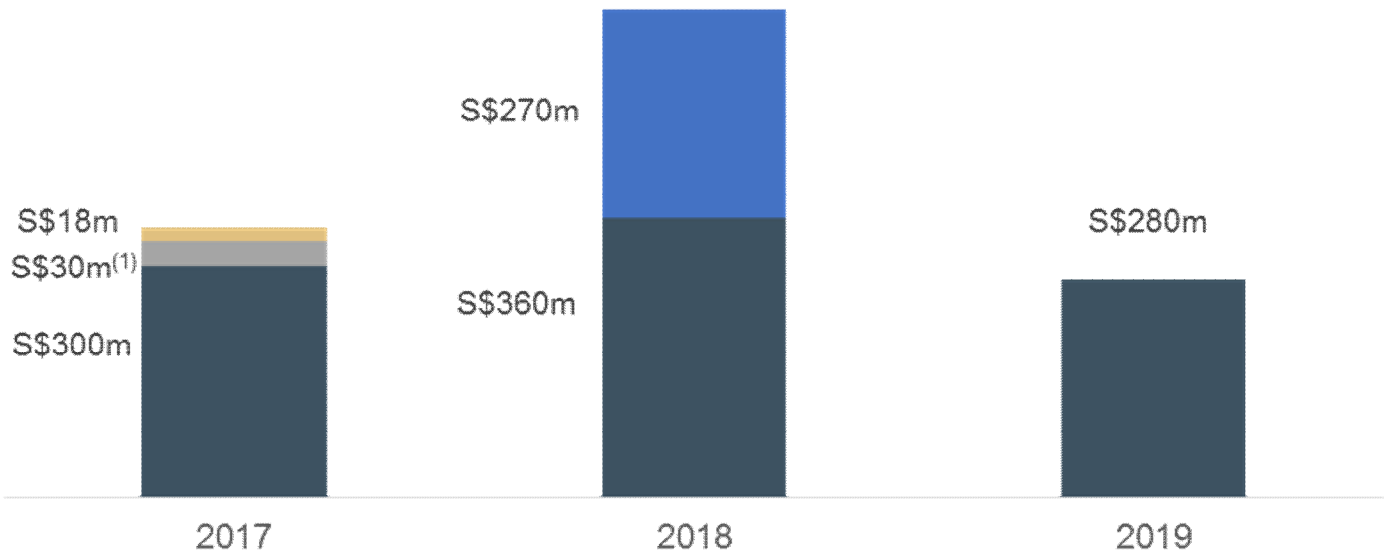
	As at 30 Jun 2016	As at 31 Mar 2016
<b>Aggregate Leverage</b>	40.2%	40.5%
<b>Total debt</b>	S\$1,258m <sup>(1)</sup> comprising - S\$1,228m - RMB145m	S\$1,274m <sup>(2)</sup> comprising - S\$1,236m - RMB185m
<b>Weighted average cost of debt<sup>(3)</sup></b>	3.53% p.a.	3.56% p.a.
<b>Average term of debt</b>	1.86 years	2.04 years
<b>% fixed rate debt</b>	79.5%	79.2%
<b>Average term of fixed rate debt</b>	2.72 years	2.95 years
<b>Interest service ratio</b>	3.2x	3.4x

- (1) Based on SGD:CNY exchange rate of 1:4.895 as at 30 June 2016 and includes OUE C-REIT's share of OUB Centre Limited's loan  
 (2) Based on SGD:CNY exchange rate of 1:4.764 as at 31 March 2016 and includes OUE C-REIT's share of OUB Centre Limited's loan  
 (3) Including amortisation of debt establishment costs

# Debt Maturity Profile as at 30 Jun 2016

In July 2016, secured refinancing of RMB onshore loan ahead of maturity in 2017 with a new 8-year term loan expiring in 2024

■ SGD Term Loan ■ RMB Term Loan ■ SGD Revolving Credit Facilities ■ Share of OUB Centre Limited's Loan



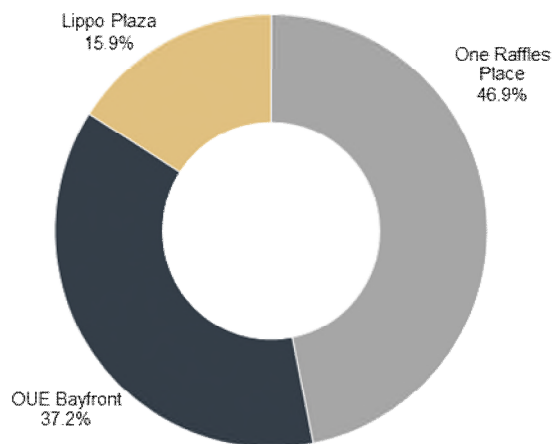
(1) Based on SGD:CNY exchange rate of 1:4.895

# Portfolio Performance

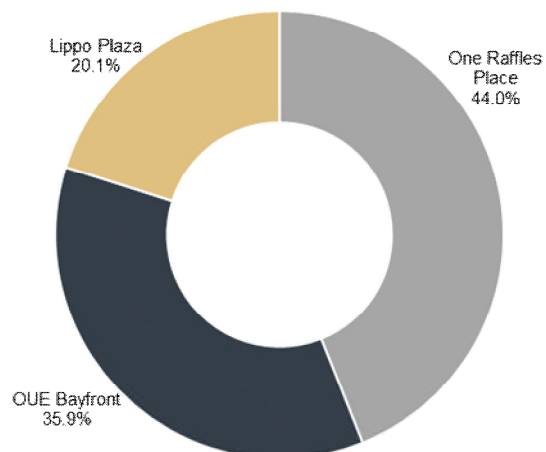


# Portfolio Composition

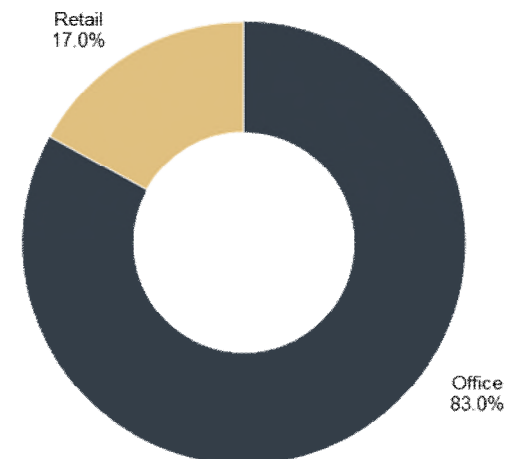
**By Asset Value<sup>(1)</sup>**



**By Revenue Contribution<sup>(2)</sup>**



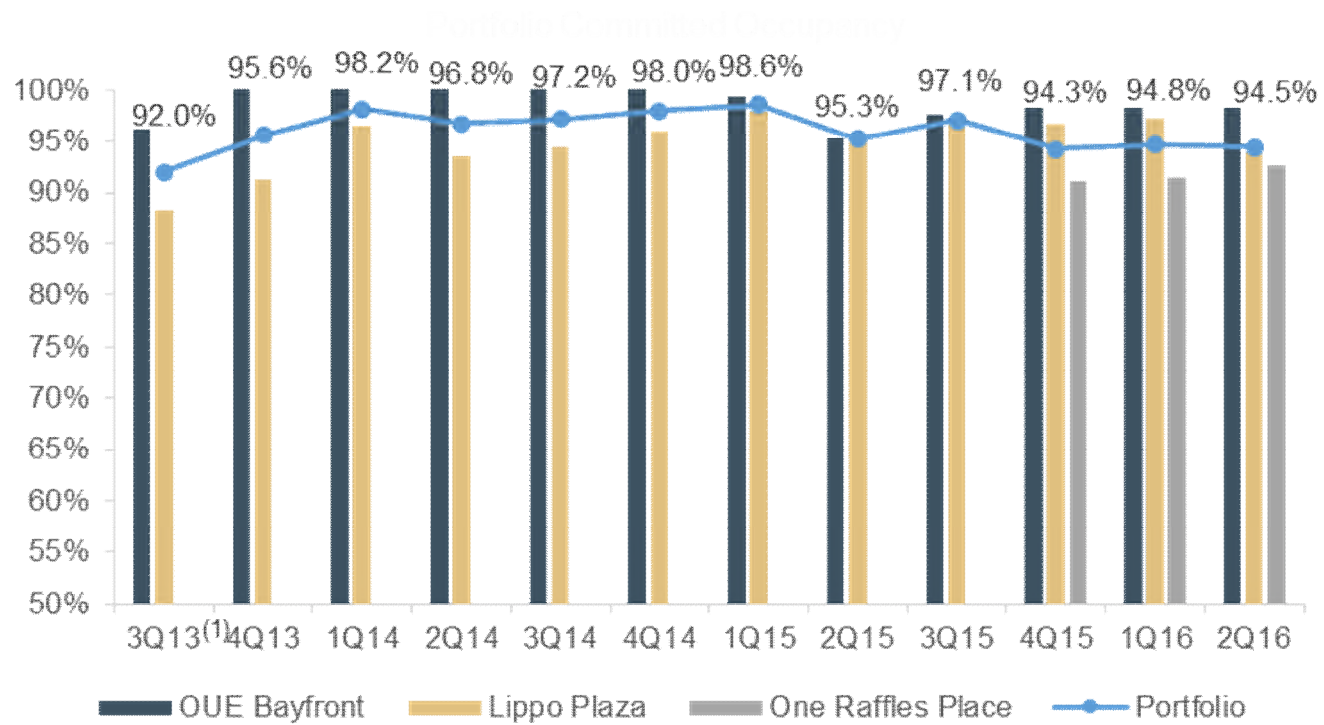
**By Segment Revenue<sup>(2)</sup>**



(1) Based on independent valuations as at 31 December 2015 and OUE C-REIT's proportionate interest in One Raffles Place  
 (2) For 2Q 2016 and based on OUE C-REIT's attributable interest in One Raffles Place

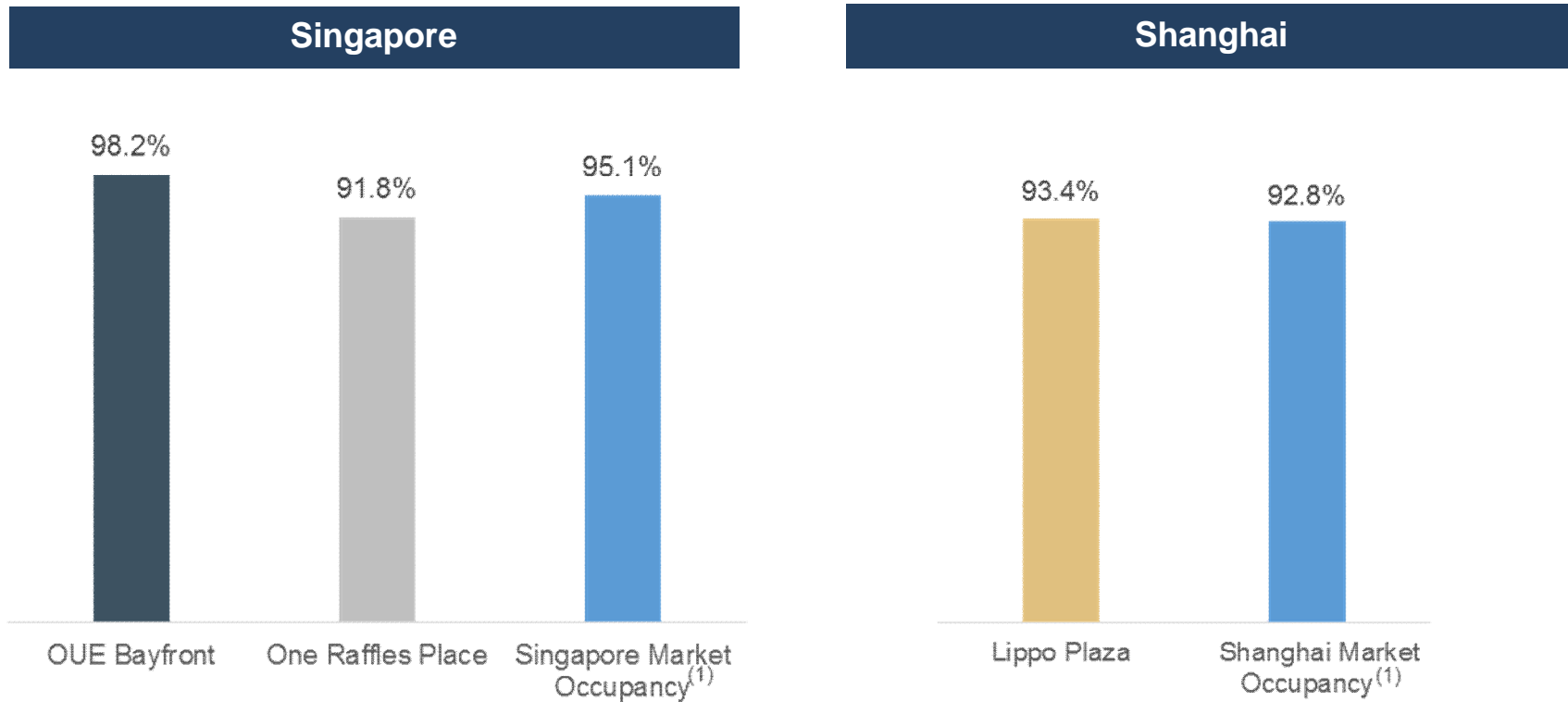
# Resilient and Stable Portfolio

## 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 In Line with Market



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 2Q 2016 according to CBRE Research. Shanghai Market Occupancy refers to Shanghai Grade A office occupancy for 2Q 2016 according to Colliers International Shanghai

# Improved Office Passing Rents

	Rental Reversions <sup>(1)</sup>		2Q 2016 Committed Rents <sup>(2)</sup>	Average Passing Rent	
	2Q 2016	1H 2016		Jun 2016	Jun 2015
OUE Bayfront	-0.9%	1.8%	S\$11.00 – S\$14.20 psf/mth	S\$11.84 psf/mth	S\$11.04 psf/mth
One Raffles Place	-0.1%	2.1%	S\$8.40 – S\$11.00 psf/mth	S\$10.33 psf/mth	N.A. <sup>(3)</sup>
Lippo Plaza	12.5%	9.0%	RMB9.10 – RMB11.30 psm/day	RMB9.67 psm/day	RMB9.21 psm/day

- Average passing rent continued to increase due to positive rental reversions year-to-date
- Weighted average committed office rents for both OUE Bayfront and One Raffles Place were above the market rent of S\$9.50 psf per month as at 2Q 2016<sup>(4)</sup>
- At OUE Bayfront, 2Q 2016 rental reversion marginally negative due to the renewal of a tenant with high passing rent

(1) Computed based on renewal / reviewed rental rates vs preceding rental rates

(2) Committed rents for renewal leases, reviewed leases and new leases

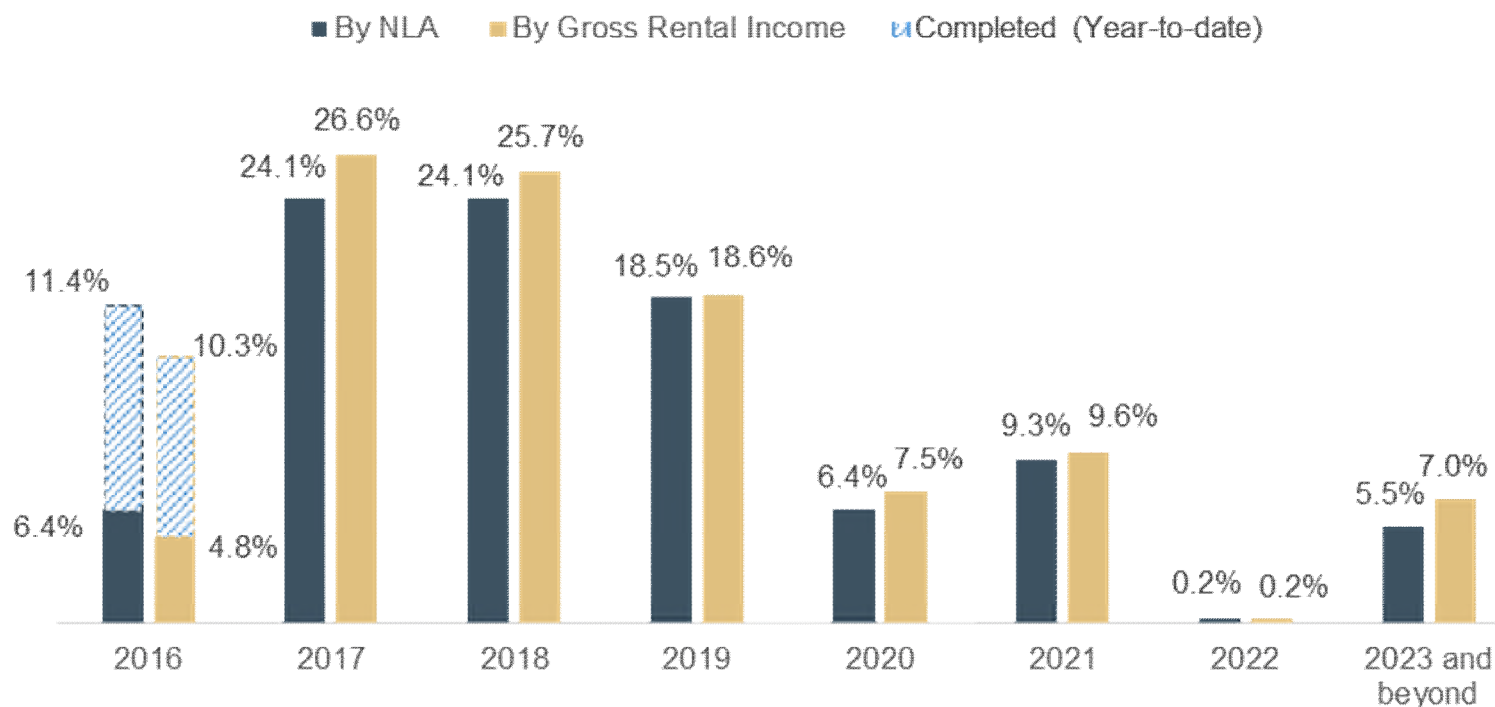
(3) OUE C-REIT acquired One Raffles Place on 8 October 2015

(4) CBRE Singapore MarketView 2Q 2016



# Lease Expiry Profile - Portfolio

Only 4.8% of OUE C-REIT's gross rental income is due for renewal for balance of 2016, reduced from 15.1% at the start of the year



**WALE<sup>(1)</sup> of 2.7 years by NLA<sup>(2)</sup> and 2.8 years by Gross Rental Income**

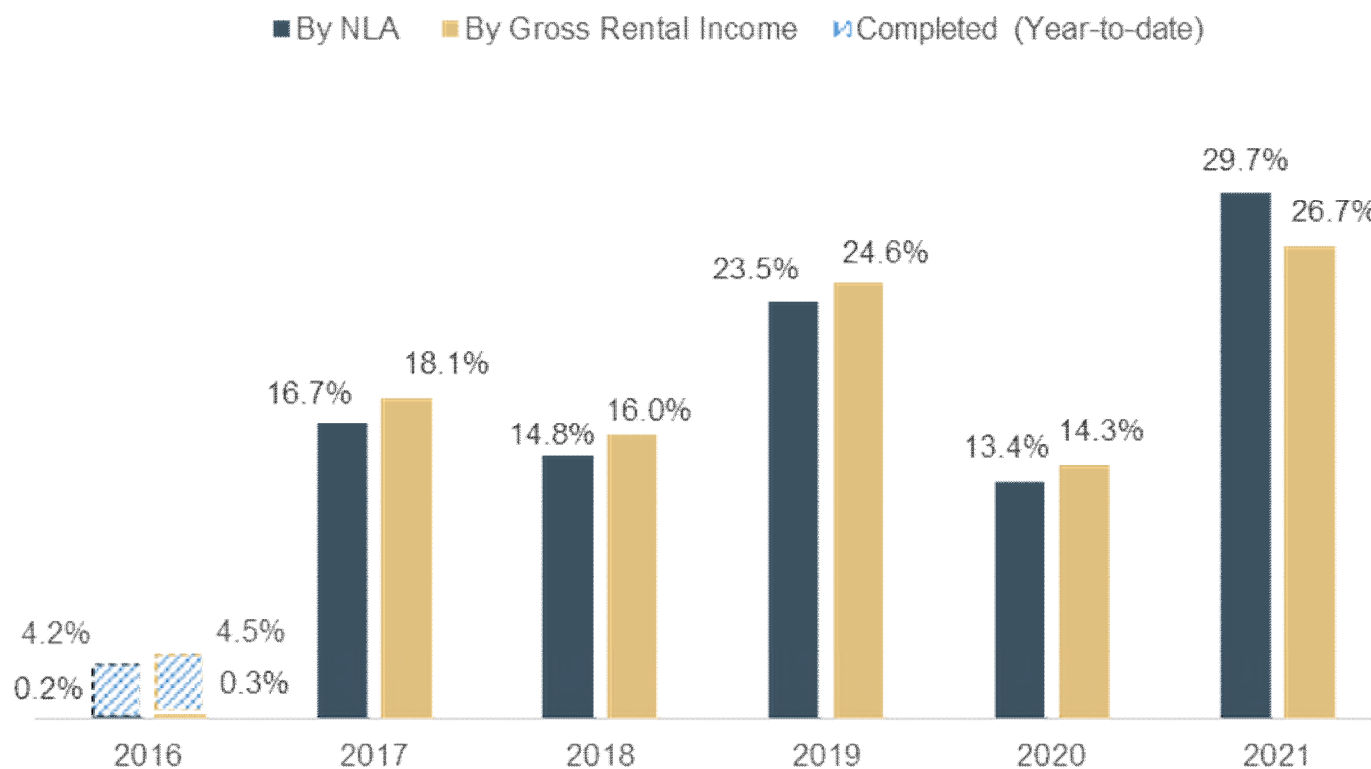
As at 30 June 2016

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

(2) "NLA" refers to net lettable area

# Lease Expiry Profile - OUE Bayfront

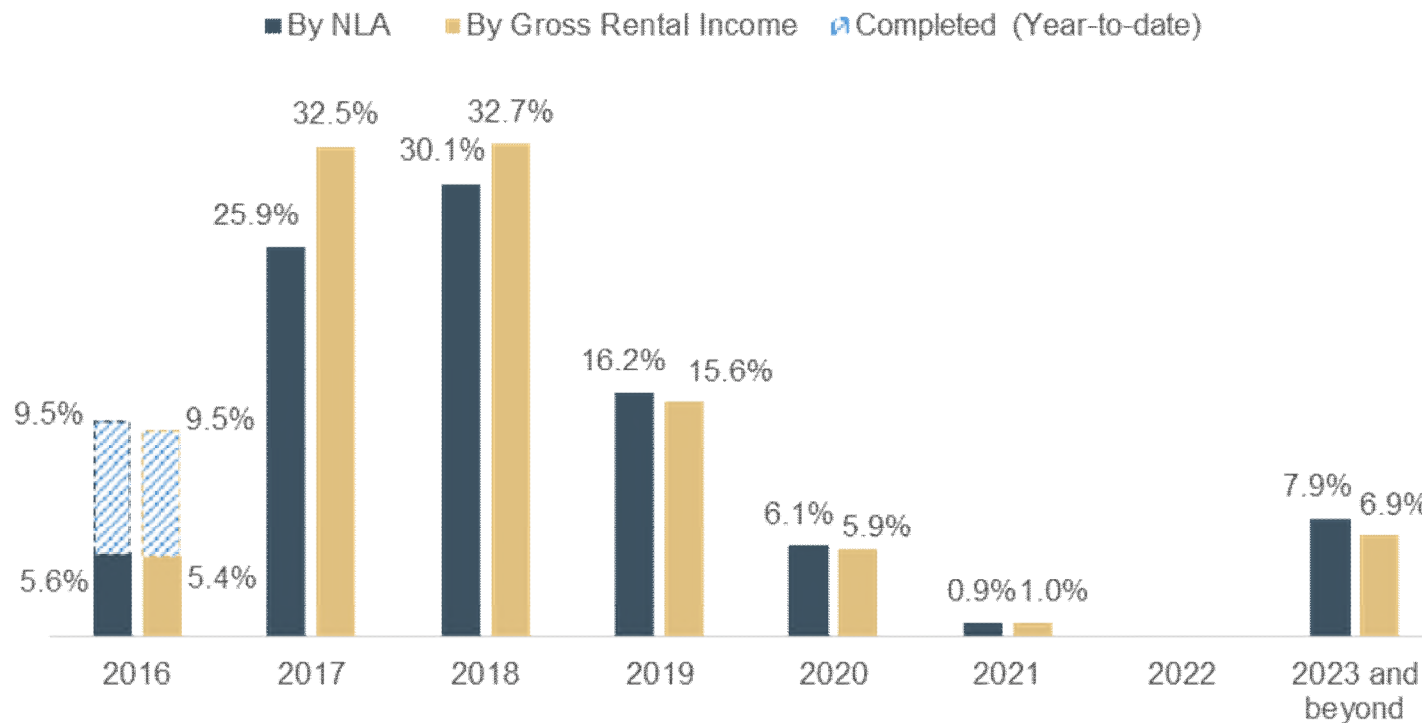
More than 65% of OUE Bayfront's gross rental income is due only in 2019 and beyond. To-date, the Manager has completed the renewal of all expiring office leases in 2016



**WALE of 3.4 years by NLA and 3.3 years by Gross Rental Income**

# Lease Expiry Profile - One Raffles Place

Approximately 45.8% of 2017 renewals by gross rental income is attributable to retail income as One Raffles Place Shopping Mall was re-opened after a major refurbishment in 2014

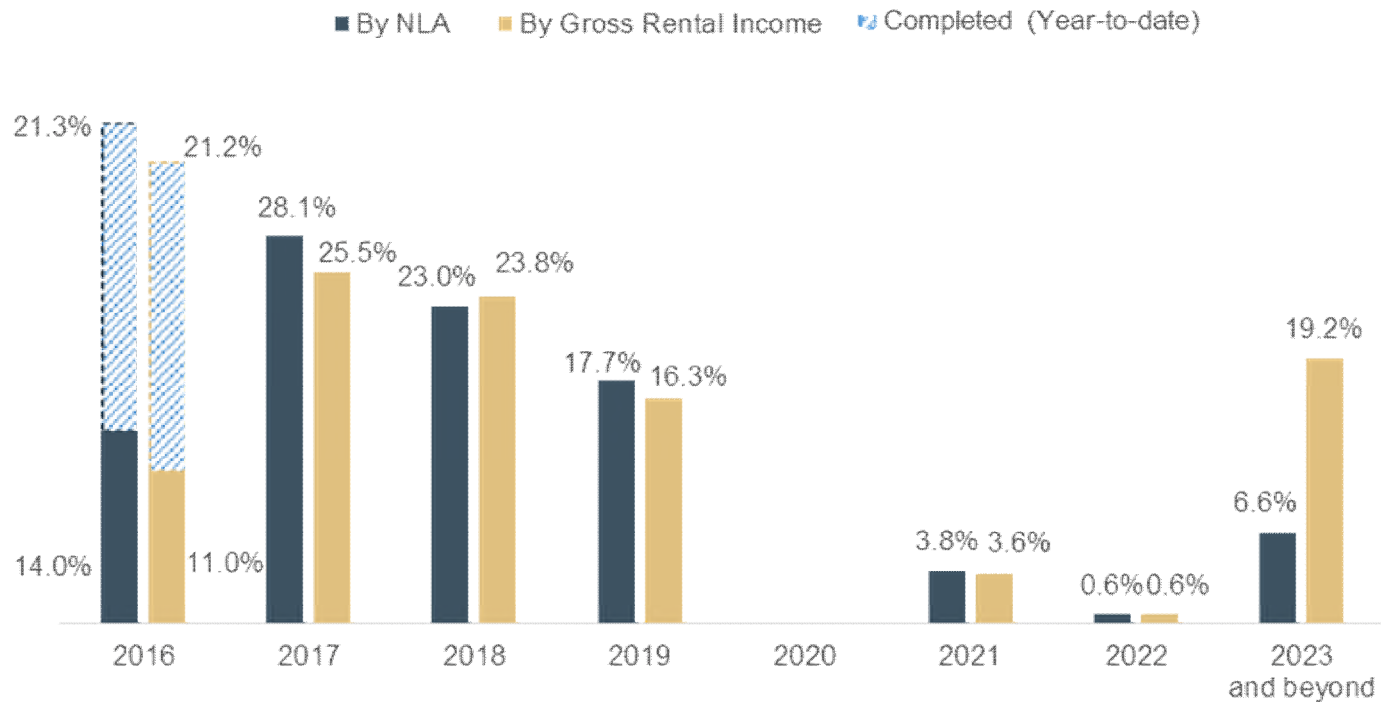


**WALE of 2.4 years by NLA and 2.3 years by Gross Rental Income**

As at 30 June 2016

# Lease Expiry Profile - Lippo Plaza

Significantly increased the weighted average lease expiry to 3.4 years by gross rental income compared to 1.6 years<sup>(1)</sup> a year ago, with leases that extend beyond 2023



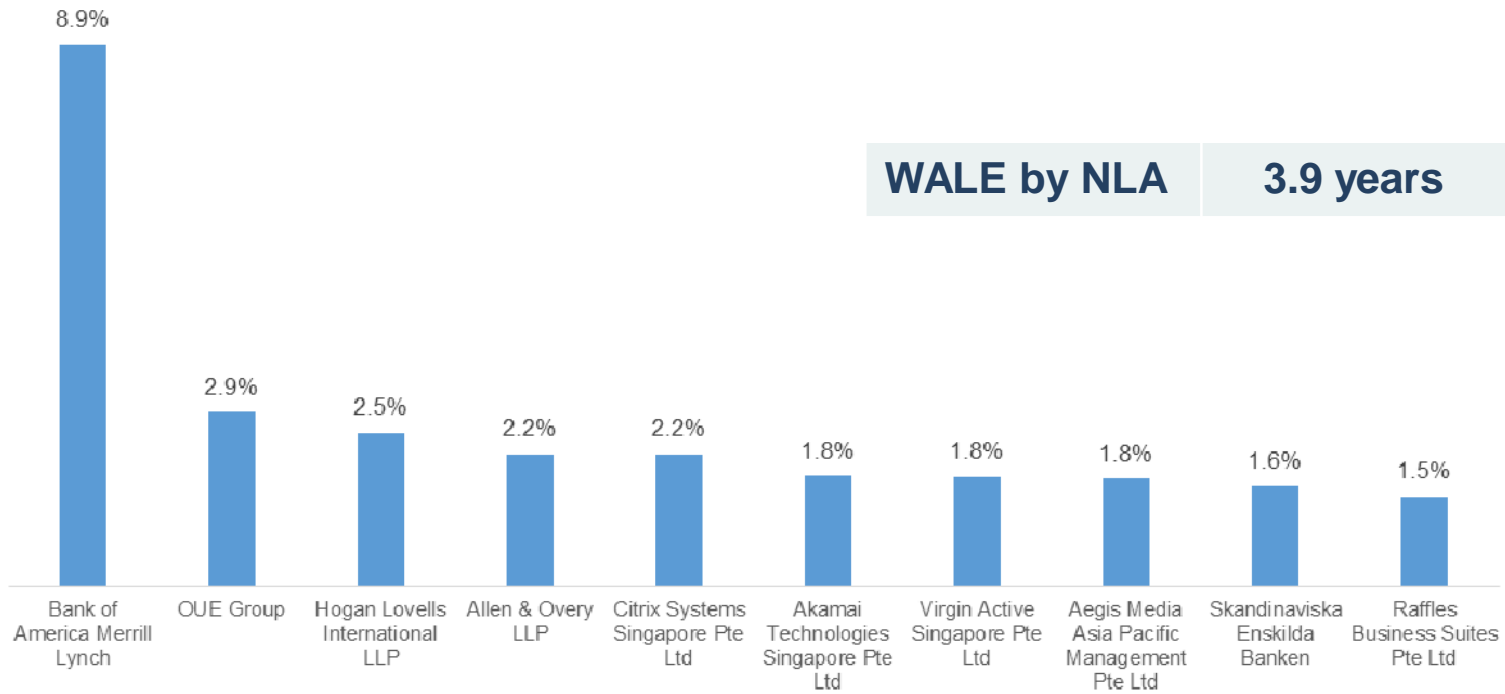
**WALE of 2.4 years by NLA and 3.4 years by Gross Rental Income**

As at 30 June 2016

(1) Based on OUE C-REIT's 2Q 2015 results presentation dated 12 August 2015

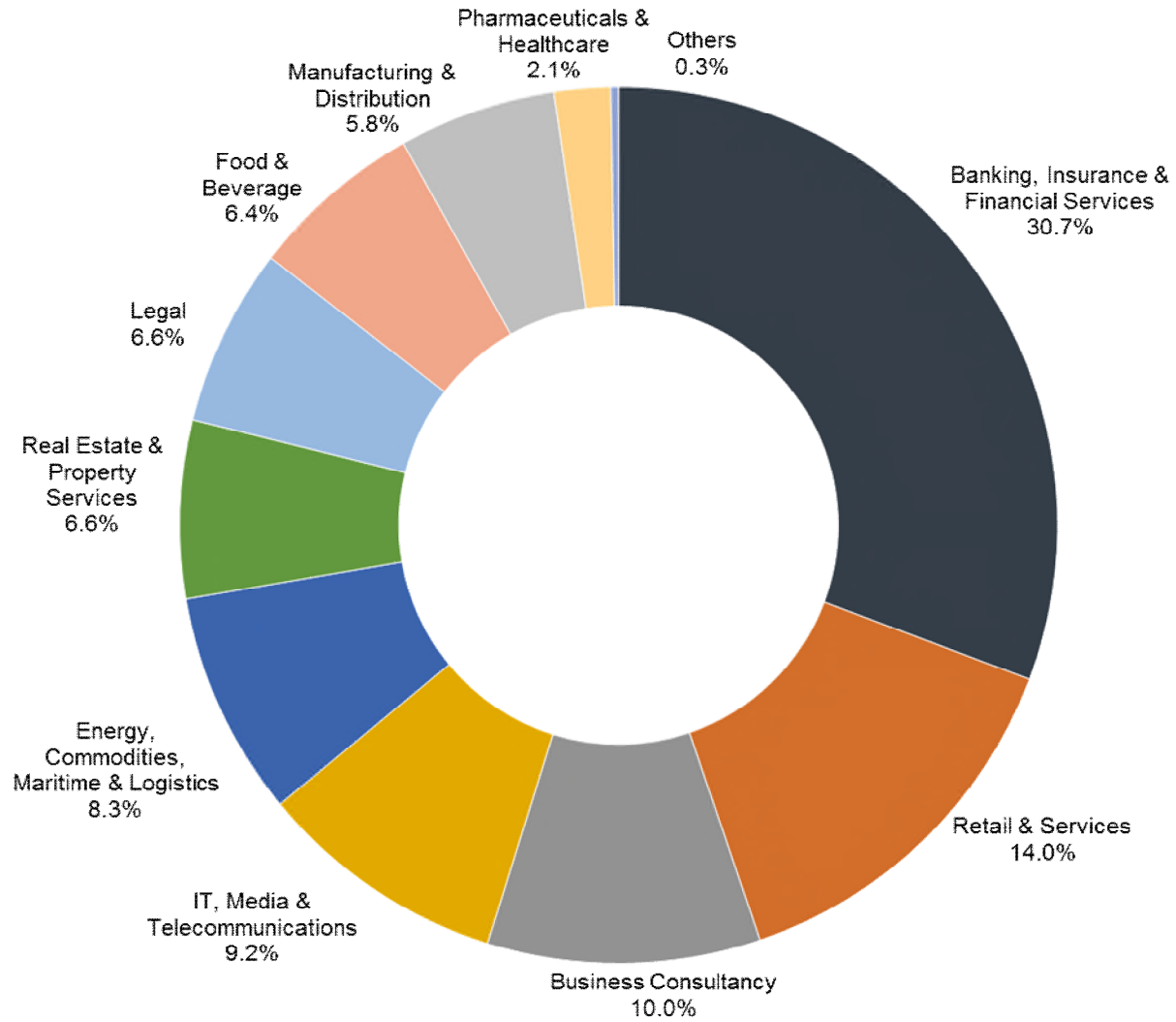
# Quality and Diversified Tenant Base

Top 10 tenants<sup>(1)</sup> contribute approximately 27.2% of gross rental income



As at 30 June 2016

# Diversified Tenant Base



As at June 2016

# 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**

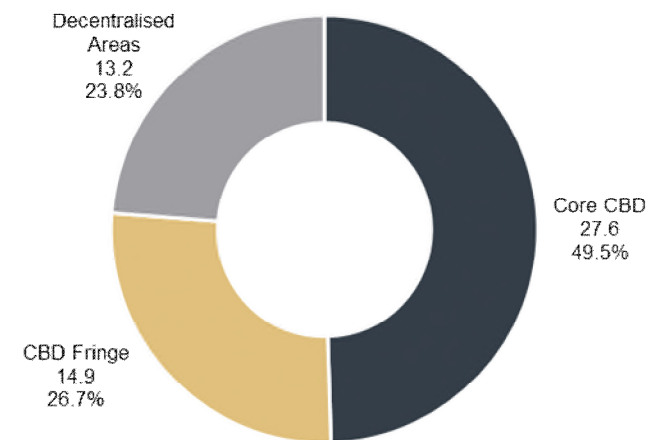
- Annual island-wide demand for office space from 2004 – 2014 was about 1.4 million sq ft, compared to annual supply of 1.1 million sq ft over the same period. For 2015, island-wide demand was about 670,000 sq ft due to a contraction in demand from financial services, as well as the energy & commodities sectors.

**CBD Office Locations (Singapore)**



(1) CBRE Pte Ltd, 2Q 2016

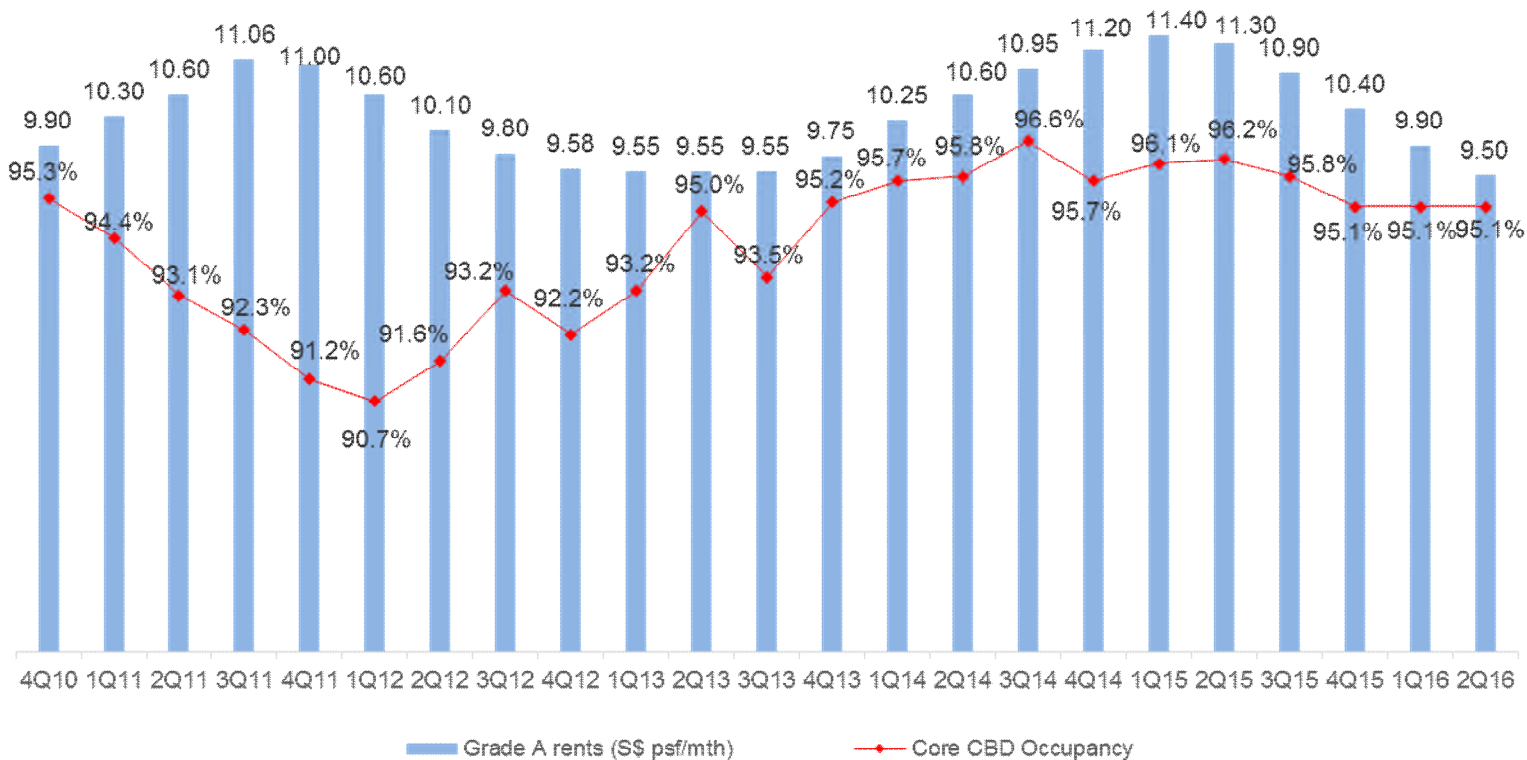
**Breakdown of Office Stock in Singapore (million sq ft)<sup>(1)</sup>**





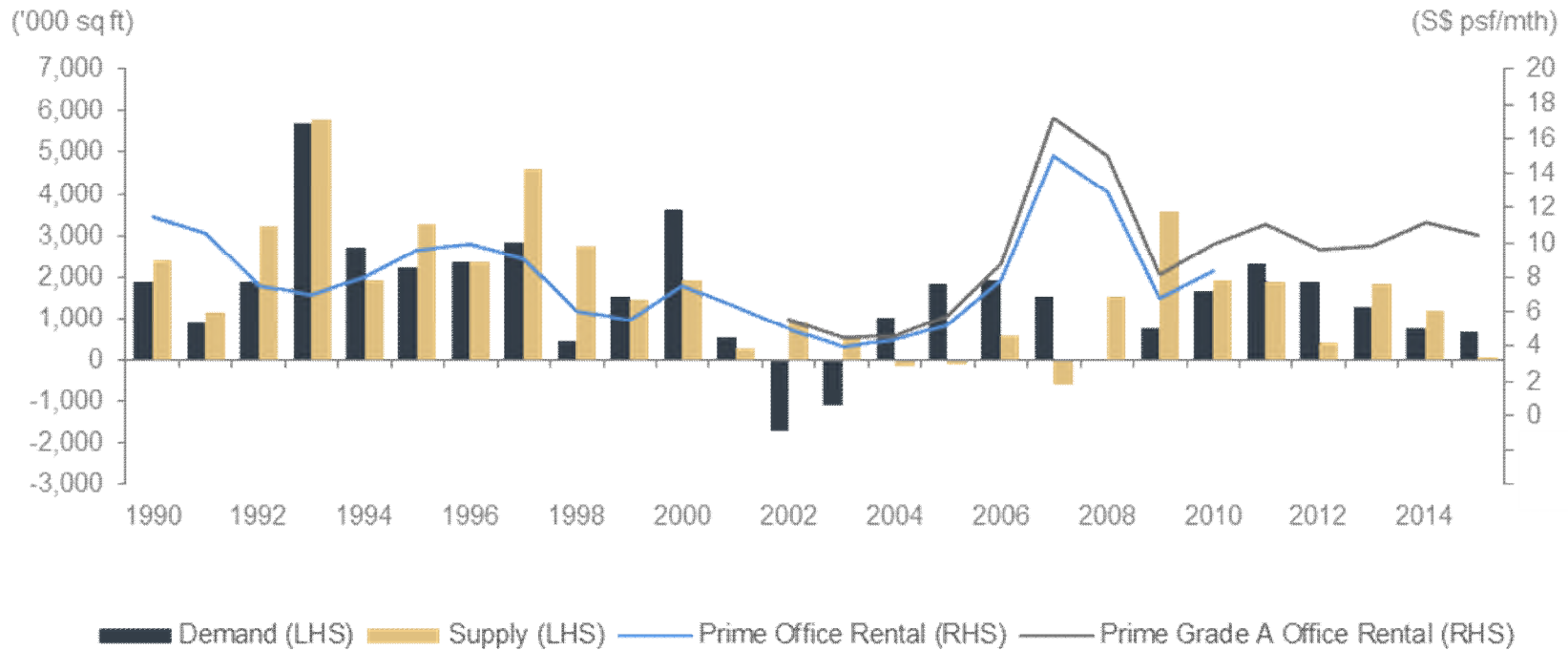
# Singapore Office Market

- As at 2Q 2016, core CBD office occupancy remained steady QoQ at 95.1%, while Grade A office rents declined 4.0% QoQ to S\$9.50 psf/mth
- Despite a pick-up in leasing activity, net demand continues to be negative. The completion of major new CBD office developments from 3Q 2016 is expected to impact vacancy



# Demand and Supply vs Office Rental

## Island-wide Office Demand, Supply vs Office Rental

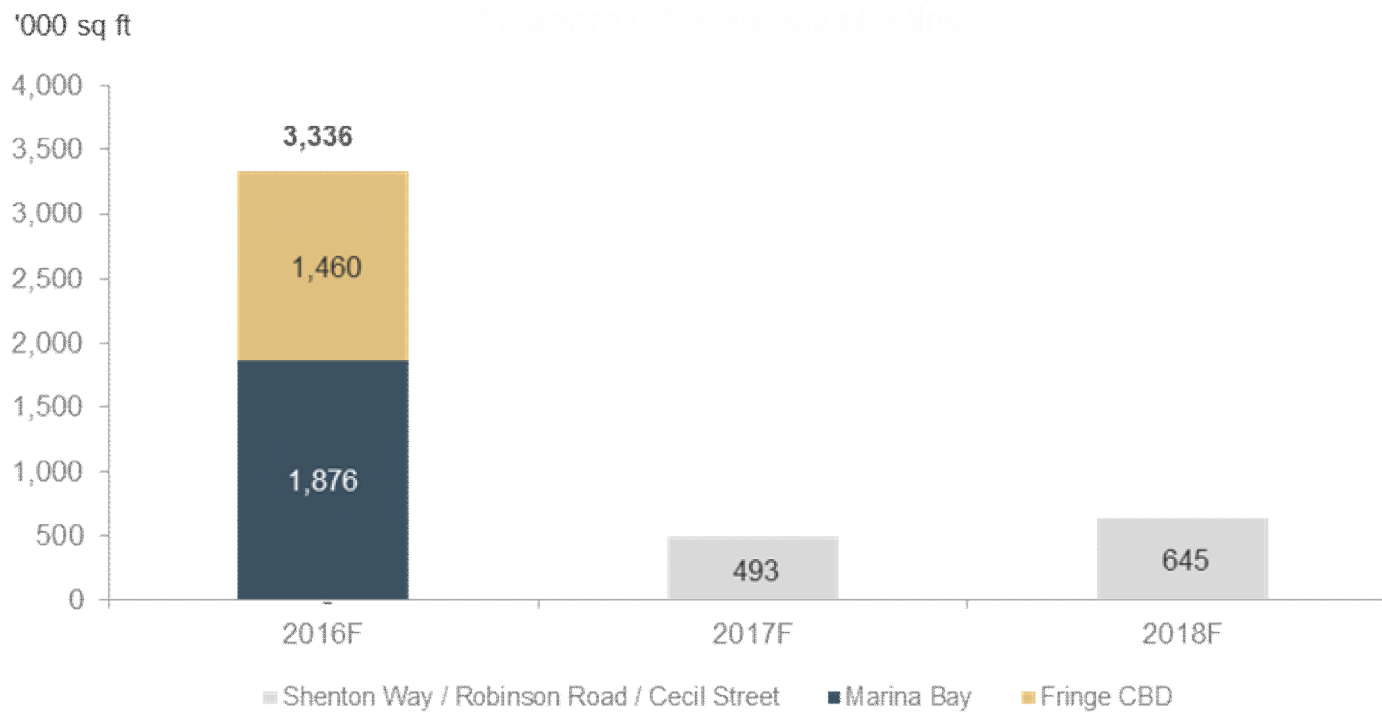


Source: URA statistics, CBRE Research

2Q11 was the last period where CBRE provided Prime office Rental data. Prime Grade A office rental data not available prior to 1Q02

# Known Office Supply Pipeline

## Office Supply Pipeline in Singapore's CBD and Fringe CBD (NLA sq ft)



Note: Excluding strata-titled office  
Source: CBRE Research, 2Q 2016

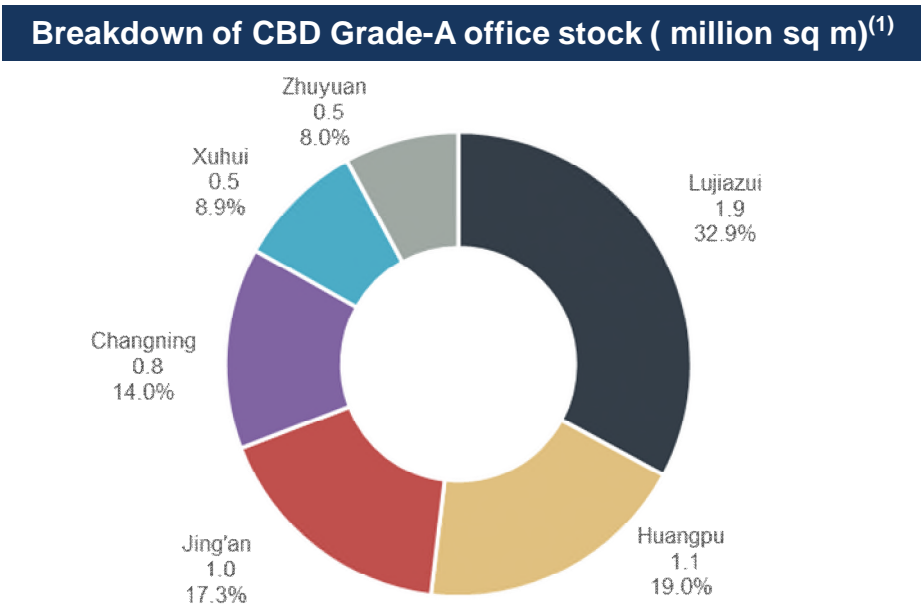
# Overview of Shanghai Office Sector

✓ **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**

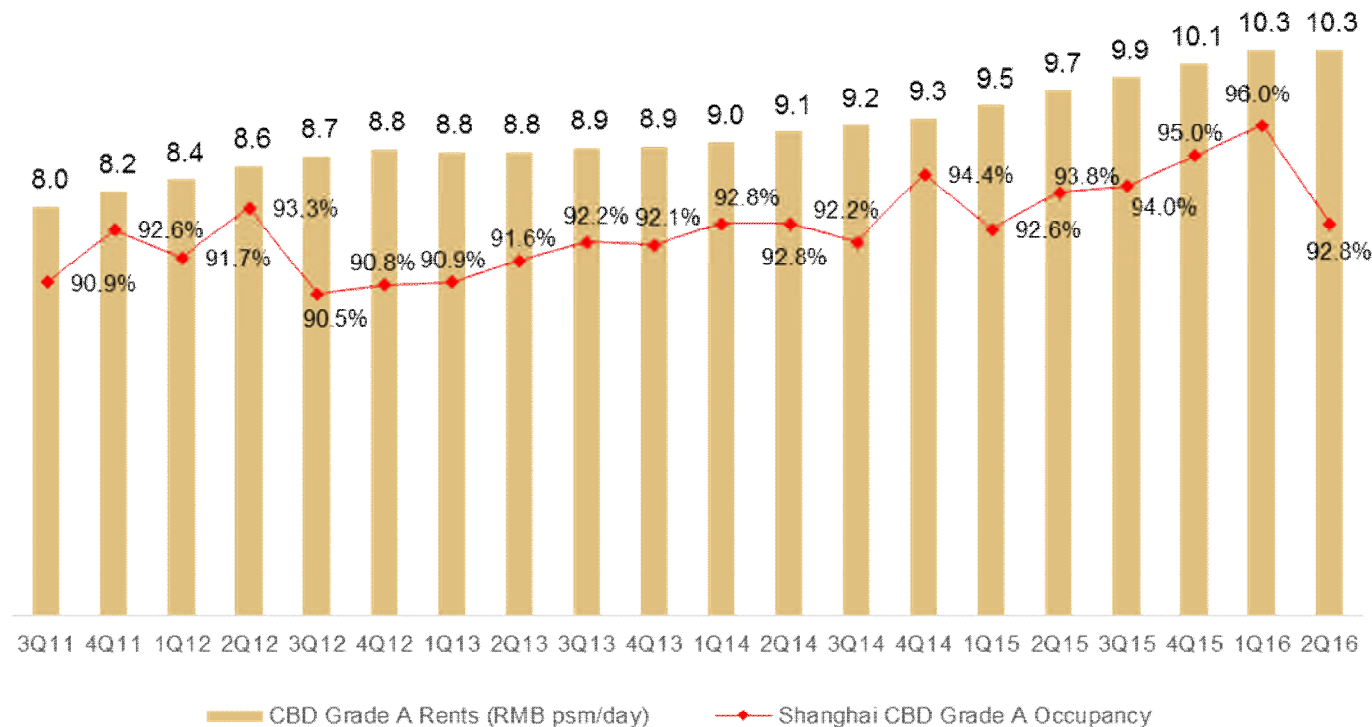
- The six main districts that make up Shanghai core CBD have a total Grade-A office stock of approximately 5.8 million sq m as at 2Q 2016
- Average new supply of Shanghai CBD Grade A office from 2010-2014 was 341,000 sq m, compared to average net demand of 389,000 sq m over the same period. In 2015, net demand was about 420,000 sq m, with net supply of about 400,000 sq m



(1) Colliers International Research, 2Q16

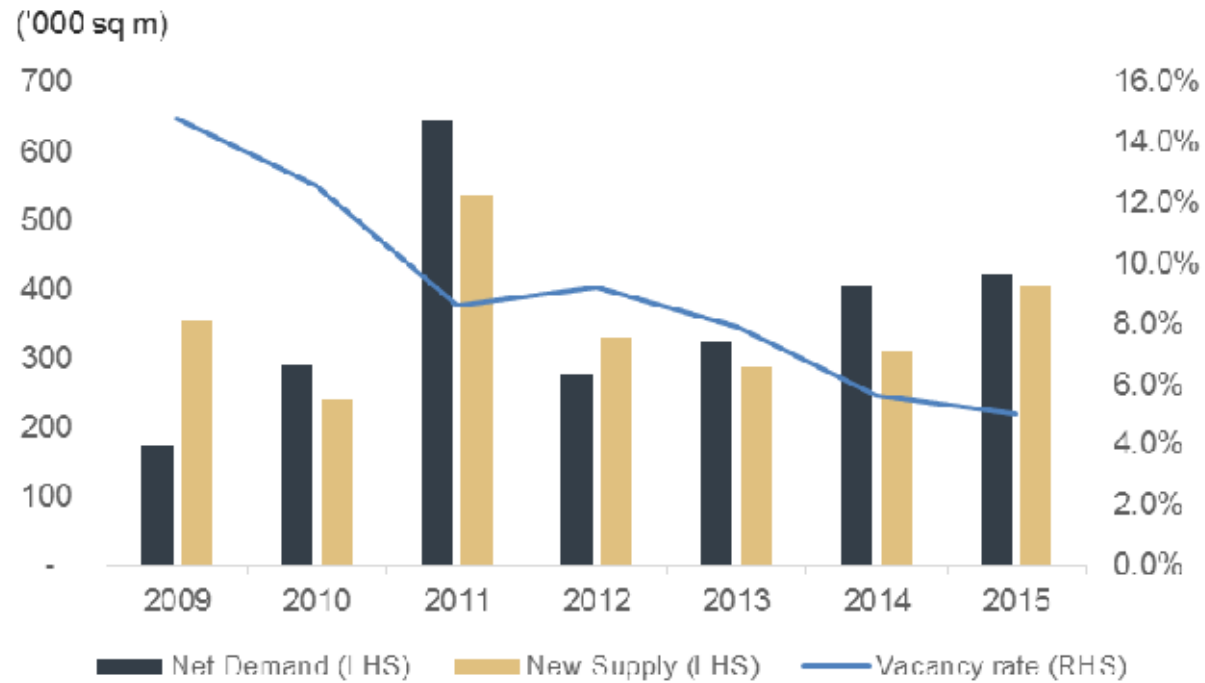
# Shanghai Office Market

- CBD Grade A office occupancy decreased 3.2 ppt QoQ to 92.8% as at 2Q 2016, due to new office completions during the quarter as well as net absorption turning negative. As a result, average Shanghai CBD Grade A office rents edged down 0.5% QoQ to RMB10.3 psm/day
- In Puxi, occupancy declined 2.7 ppt QoQ to 93.6% as a 2Q 2016, while average rents in Puxi declined 1.3% QoQ to RMB9.4 psm/day



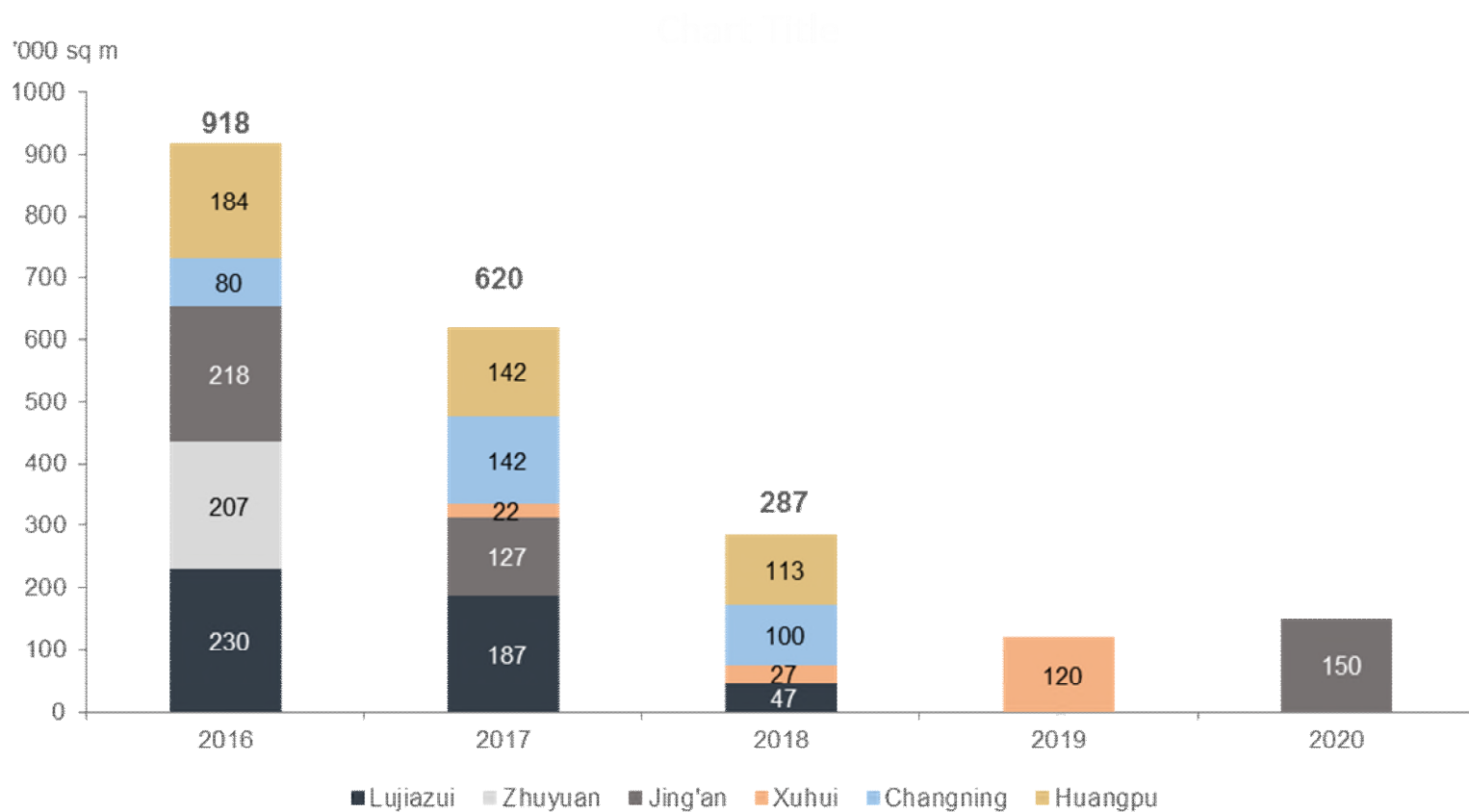
# Demand, Supply and Vacancy

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



# CBD Grade A Office Supply Pipeline

## Office Supply Pipeline in Shanghai CBD (sq m)



Source: Colliers International



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**Thank you**