



# Presentation for SGX-REITAS Education Series

14 August 2017

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This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 2Q 2017 dated 2 August 2017.

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- Overview
- Financial Performance & Capital Management
- Portfolio Performance
- Summary

# About OUE Commercial REIT

- OUE C-REIT's principal investment strategy is to invest in income-producing real estate which is used primarily for commercial purposes in financial and business hubs in key gateway cities
- With a total assets-under-management of approximately S\$3.4 billion as at 30 June 2017, 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



# Premium Portfolio of Assets

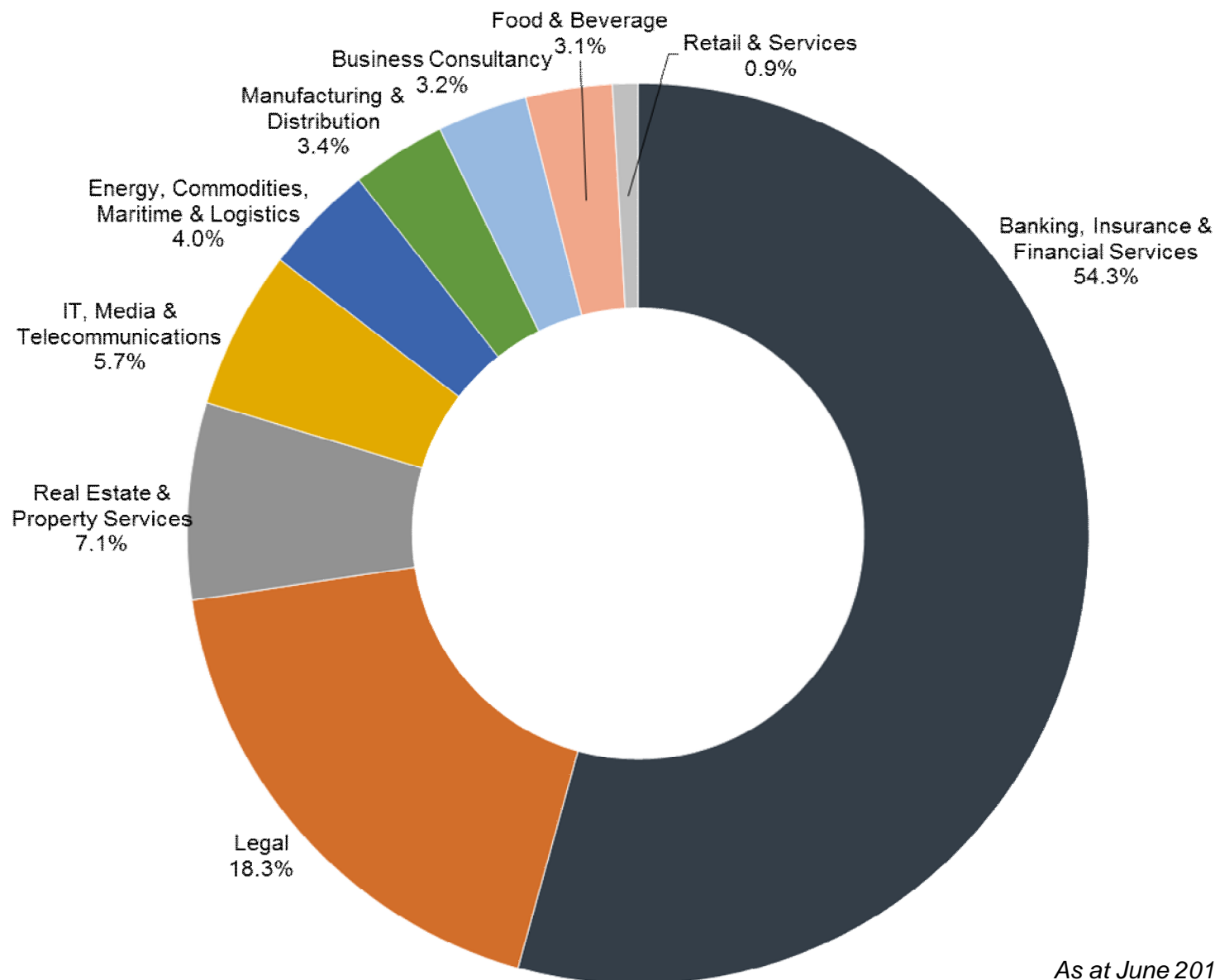
## *OUE Bayfront*



<b>GFA (sq m)</b>	46,774.6
<b>NLA (sq m)</b>	Office: 35,342.7; Retail: 1,830.0; Overall: 37,172.7
<b>Committed Occupancy (@ 30 Jun 2017)</b>	Office: 98.9%; Retail: 100.0%; Overall: 98.9%
<b>Valuation (@ 31 Dec 2016)</b>	S\$1,146.0 m (S\$2,864 psf)
<b>Valuation Cap Rate (Office):</b>	3.75%
<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 2017*

# Premium Portfolio of Assets

## *One Raffles Place*



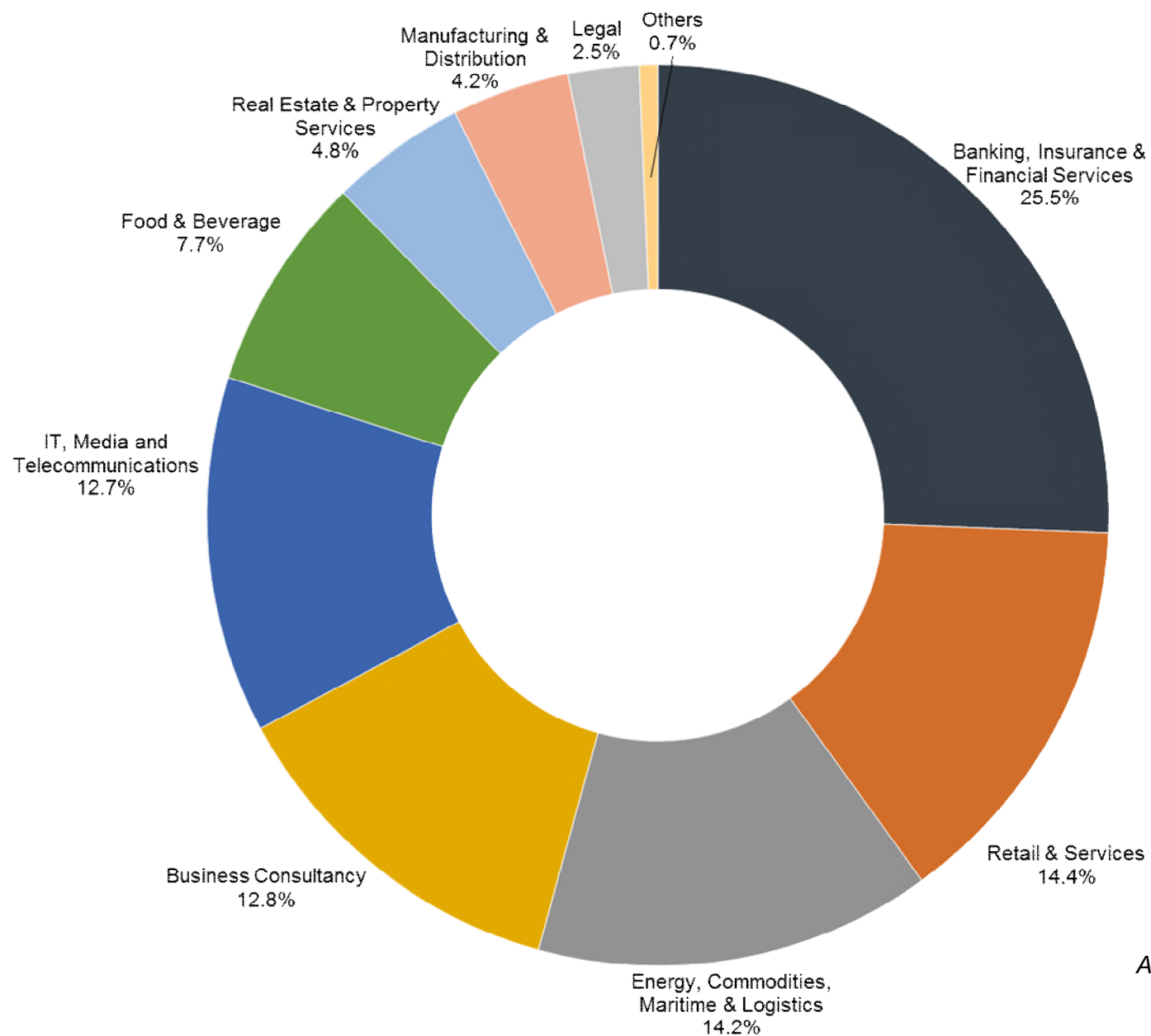
<b>GFA (sq m)</b>	119,626.3
<b>Attributable NLA (sq m)</b>	Office: 56,090.0; Retail: 9,500.0; Overall: 65,590.0
<b>Committed Occupancy (@ 30 Jun 2017)</b>	Office: 95.0%; Retail: 87.7%; Overall: 93.8%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2016)</b>	S\$1,738.3 m (S\$2,462 psf)
<b>Valuation Cap Rate (Office):</b>	3.65% - 4.00%
<b>Land Use Right Expiry</b>	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
<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 2017



# Premium Portfolio of Assets

## *Lippo Plaza*



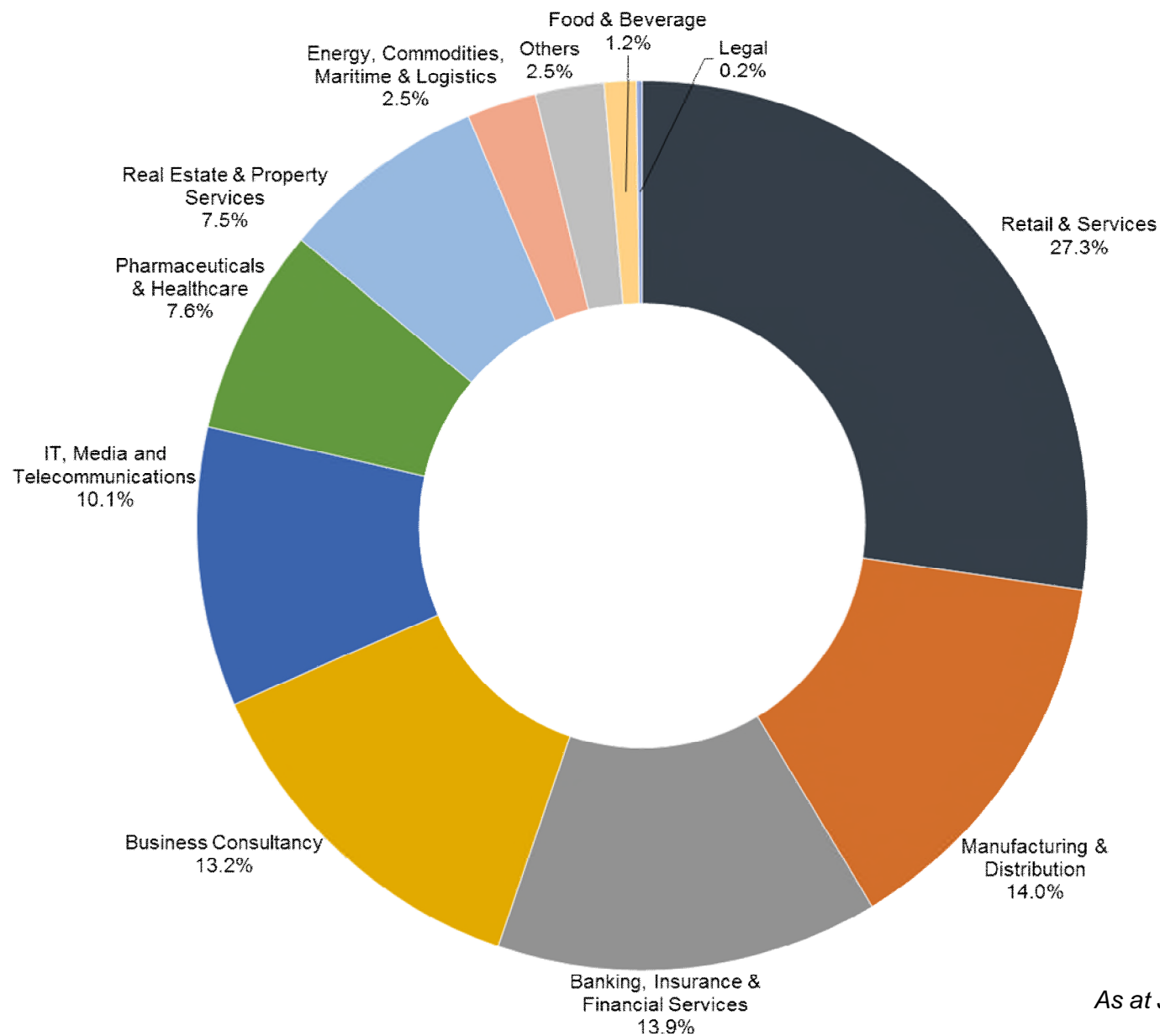
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
<b>Committed Occupancy (@ 30 Jun 2017)</b>	Office: 100.0%; Retail: 90.4%; Overall: 98.6%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2016)</b>	RMB2,524.0 m / RMB43,129 psm (S\$514.5m) <sup>(2)</sup>
<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 : 4.909 as at 30 June 2017

# Premium Portfolio of Assets

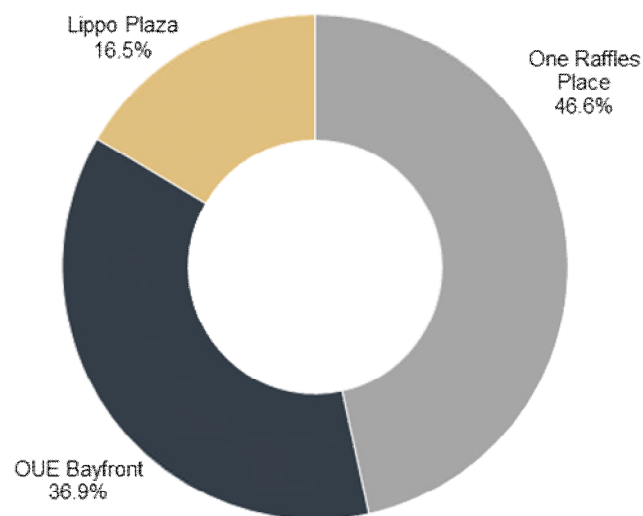
## *Lippo Plaza – Tenants by Trade Sector*



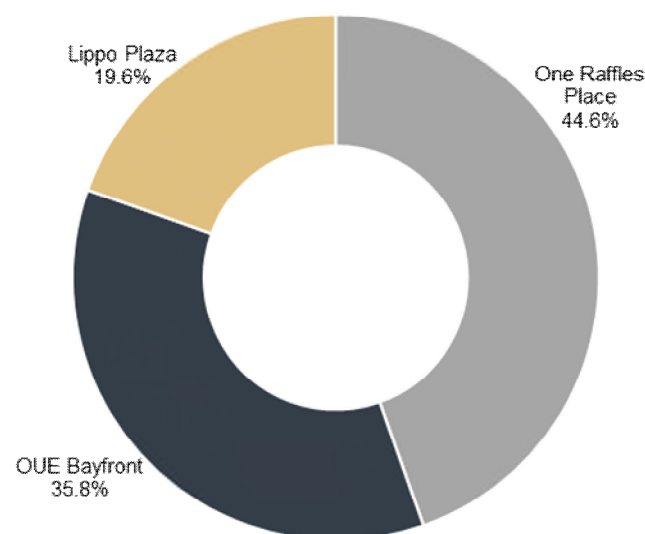
*As at June 2017*

# Portfolio Composition

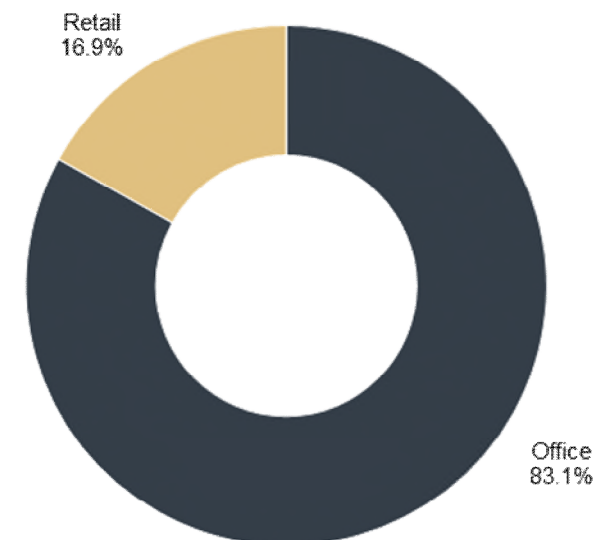
## By Asset Value<sup>(1)</sup>



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



## By Segment Income<sup>(2)</sup>

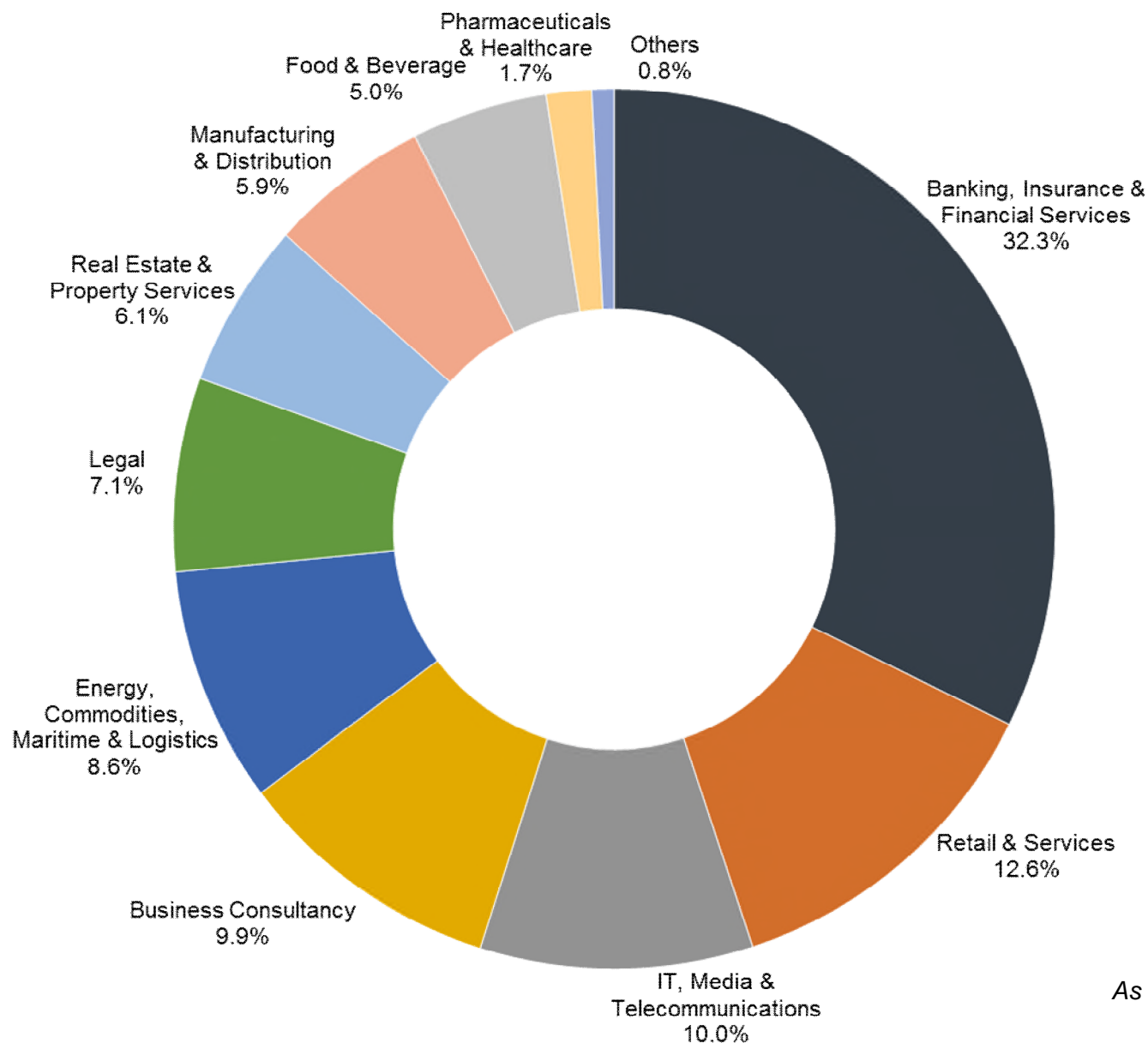


(1) Based on independent valuations as at 31 December 2016 and OUE C-REIT's proportionate interest in One Raffles Place

(2) For 2Q 2017 and based on OUE C-REIT's attributable interest in One Raffles Place



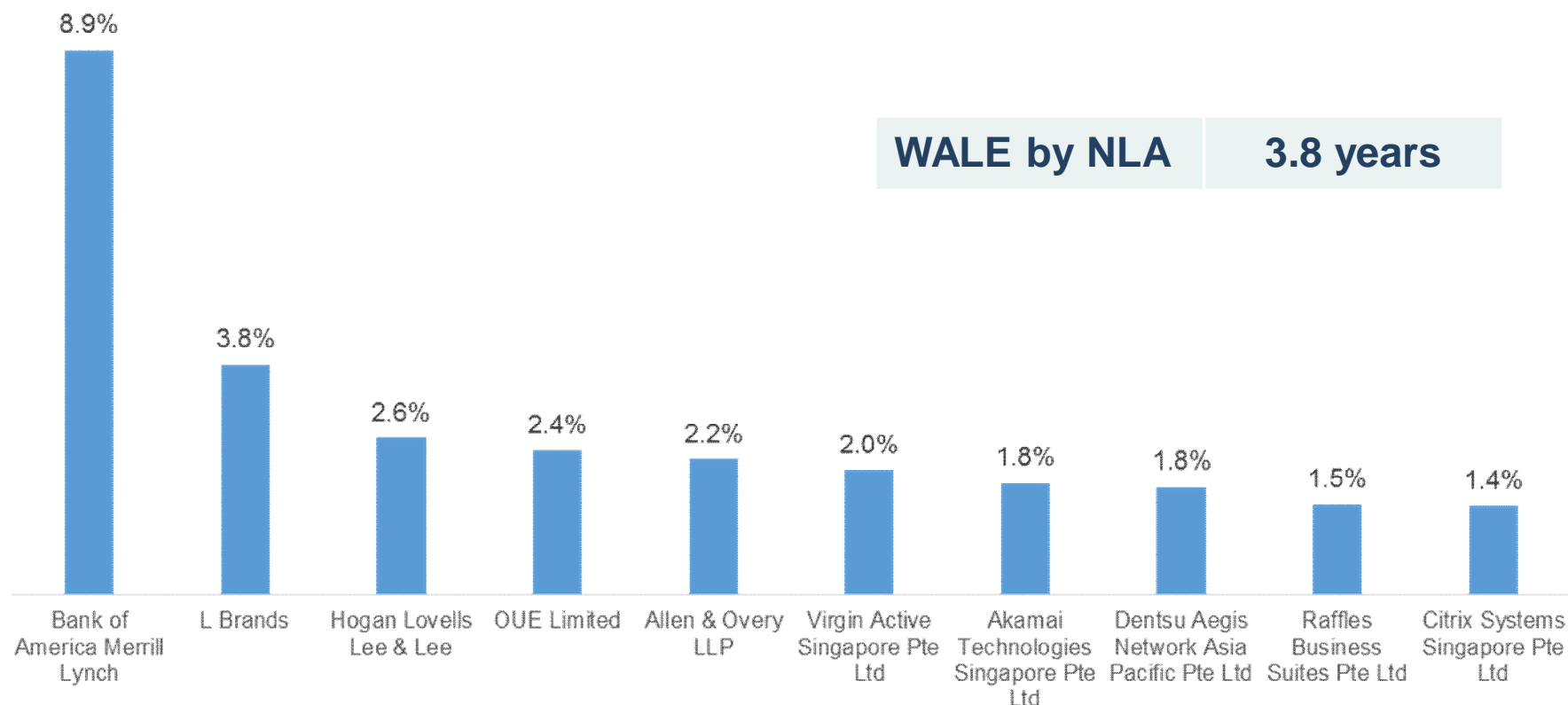
# Well-Diversified Portfolio Tenant Base



*As at June 2017*

# Quality and Diversified Tenant Base

- Top 10 tenants contribute approximately 28.4% of gross rental income



As at 30 Jun 2017

# Financial Performance & Capital Management

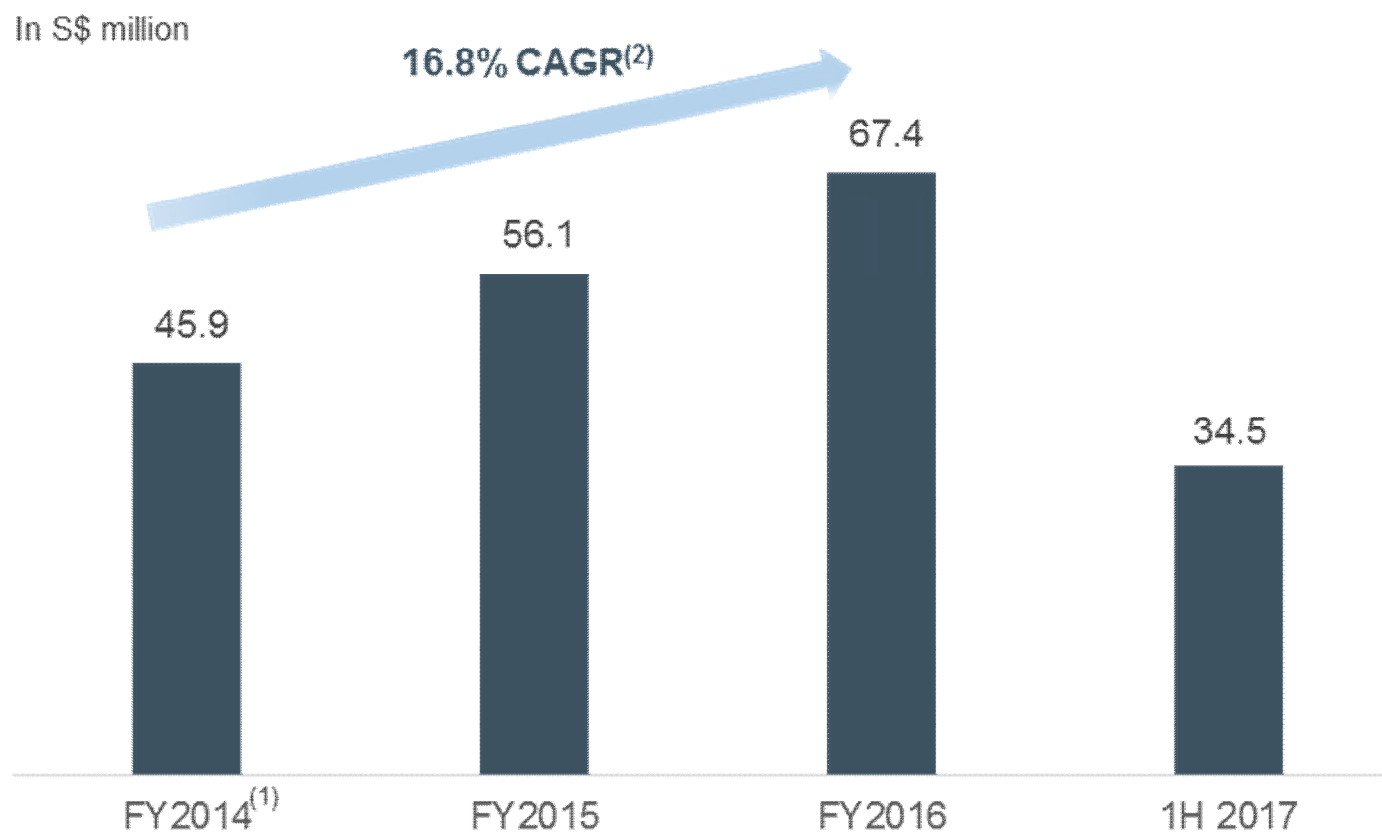




# Delivered Sustainable Distribution

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-FY2016 compound annual growth rate (CAGR) computed 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 2017 Highlights

Revenue

**S\$44.2** million

↓ 3.2% YoY

Distribution Per Unit

**1.15** cents

Aggregate Leverage

**36.4%**

↔ 1Q 2017: 36.2%

Net Property Income

**S\$34.8** million

↓ 1.3% YoY

Annualised Yield

**6.4%**<sup>(1)</sup>

Fixed Rate Debt

**80.7%**

↔ 4Q 2016: 81.2%

Amount Available for  
Distribution

**S\$17.8** million

↑ 0.6% YoY

Portfolio Committed  
Occupancy

**96.4%**

↑ 0.6 ppt QoQ

No refinancing  
requirement in

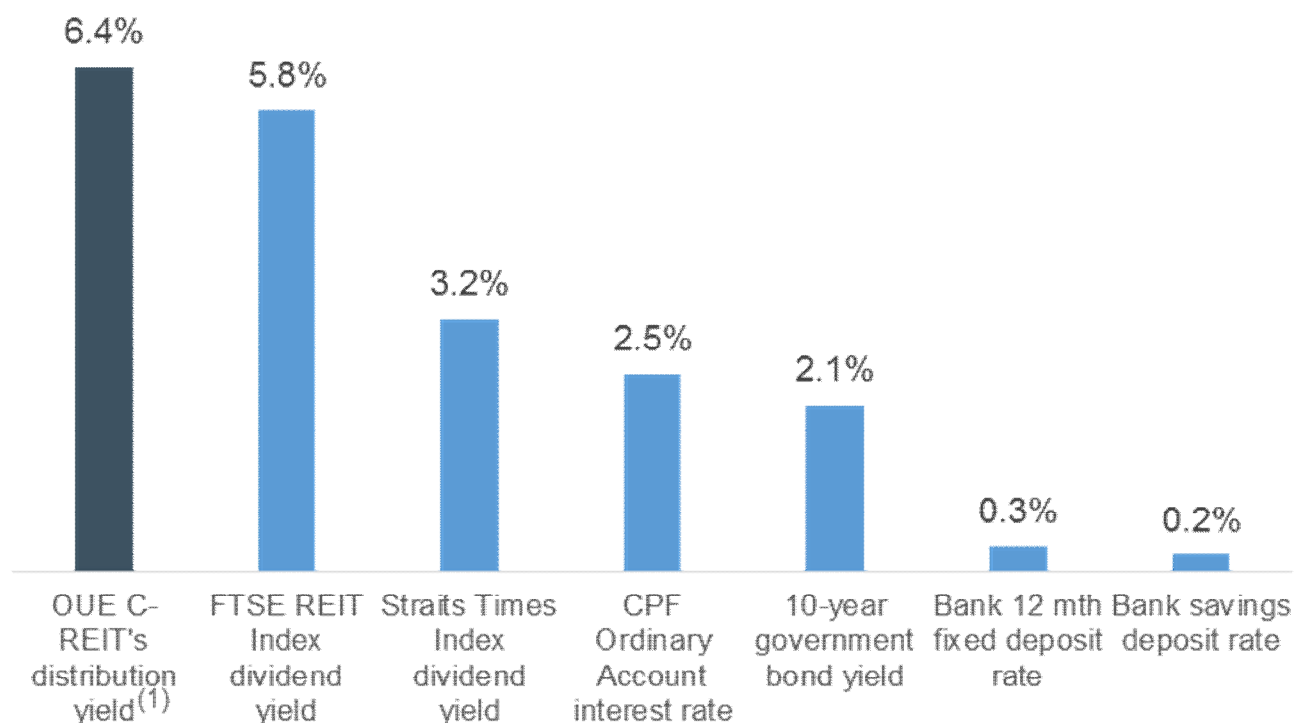
**2017**

(1) OUE C-REIT's distribution yield based on annualised 2Q 2017 distribution per Unit of 1.15 cents and Unit closing price of S\$0.72 as at 11 August 2017

# Attractive Distribution Yield

OUE C-REIT's distribution yield is 430bp above the 10-year government bond yield

## Yield Comparison



Source: Bloomberg, Monetary Authority of Singapore, Central Provident Fund, Singapore Government Securities

(1) OUE C-REIT's distribution yield based on annualised 2Q 2017 distribution per Unit of 1.15 cents and the Unit closing price of S\$0.72 as at 11 August 2017

(2) All information as at 31 December 2016 except for FTSE REIT Index, Straits Times Index and 10-year government bond yield which are as at 11 August 2017



# Healthy Balance Sheet

- With 80.7% of debt on fixed rate basis, earnings are mitigated against fluctuations in interest rates
- Every 25bps increase in floating interest rates is expected to reduce distribution by S\$0.6 million per annum, or 0.04 cents in DPU

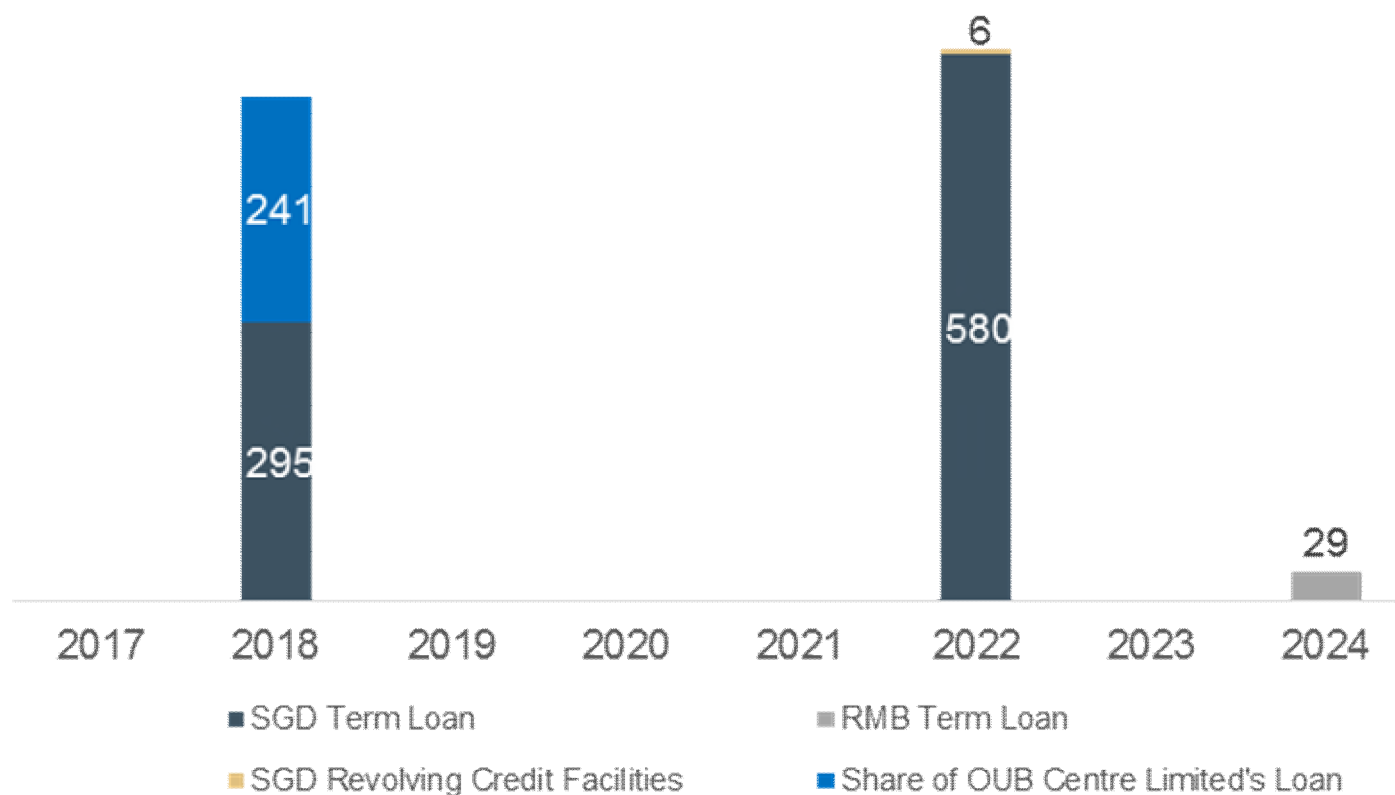
	As at 30 Jun 2017	As at 31 Mar 2017
<b>Aggregate Leverage</b>	36.4%	36.2%
<b>Total debt</b>	S\$1,151m <sup>(1)</sup>	S\$1,145m <sup>(2)</sup>
<b>Weighted average cost of debt</b>	3.4% p.a.	3.4% p.a.
<b>Average term of debt</b>	3.1 years	3.3 years
<b>% fixed rate debt</b>	80.7%	81.2%
<b>Average term of fixed rate debt</b>	2.3 years	2.5 years
<b>Interest service ratio</b>	3.3x	3.2x

(1) Based on SGD:CNY exchange rate of 1:4.909 as at 30 June 2017 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:4.919 as at 31 March 2017 and includes OUE C-REIT's share of OUB Centre Limited's loan

# Debt Maturity Profile as at 30 Jun 2017

- No refinancing requirement in 2017



# Portfolio Performance

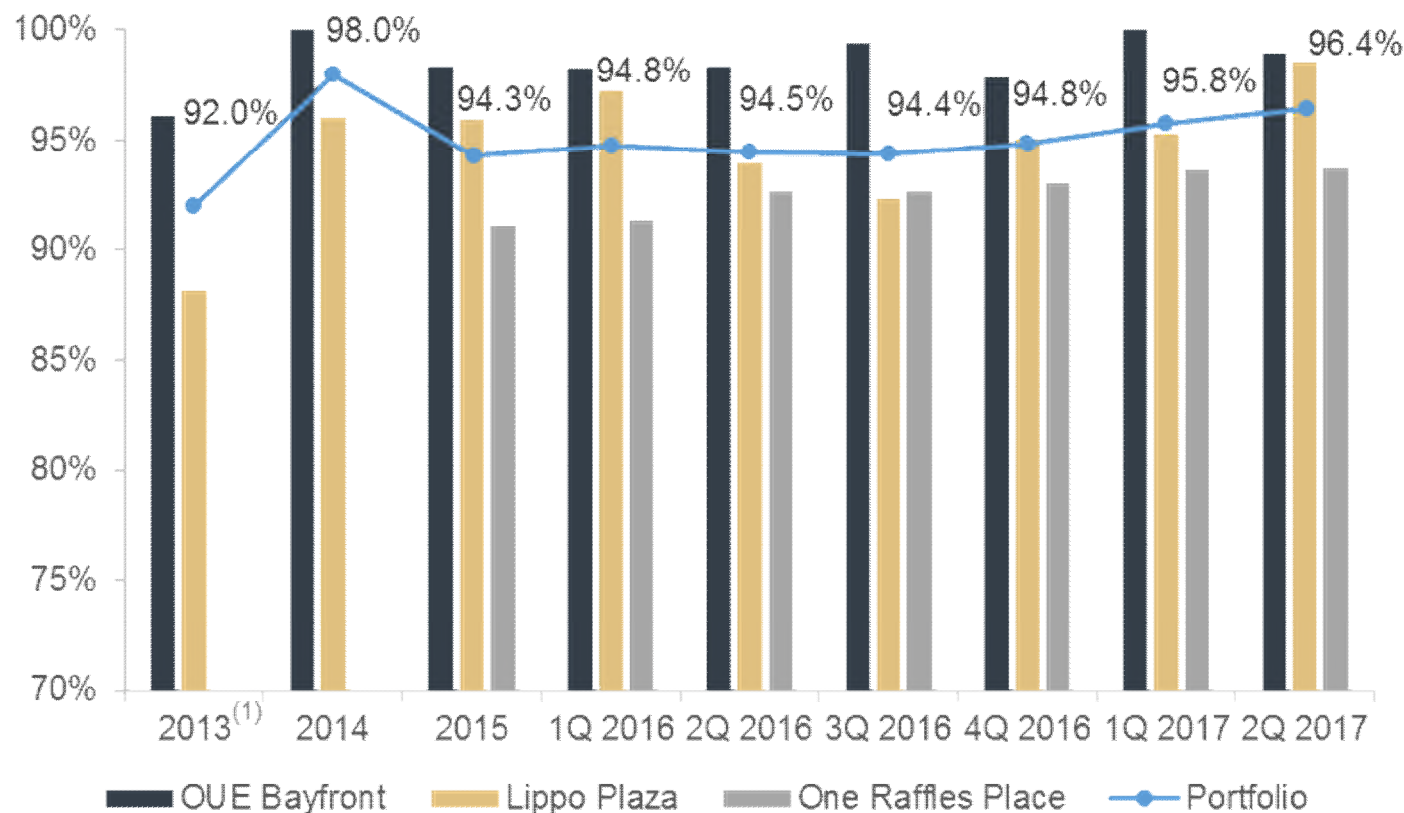




# Resilient and Stable Portfolio

- One Raffles Place achieved six consecutive quarters of increase in committed occupancy since acquisition in October 2015
- Lippo Plaza achieved 100% committed office occupancy in 2Q 2017

## OUE C-REIT's Portfolio Committed Occupancy

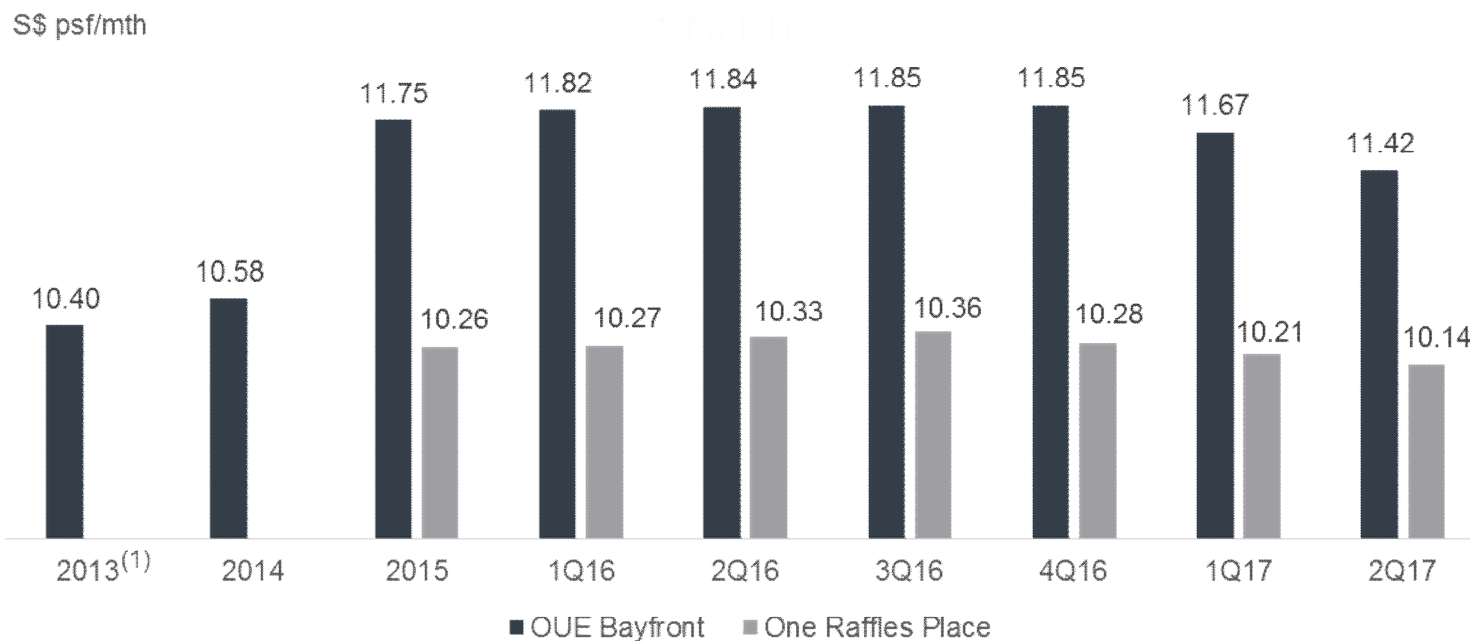


(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

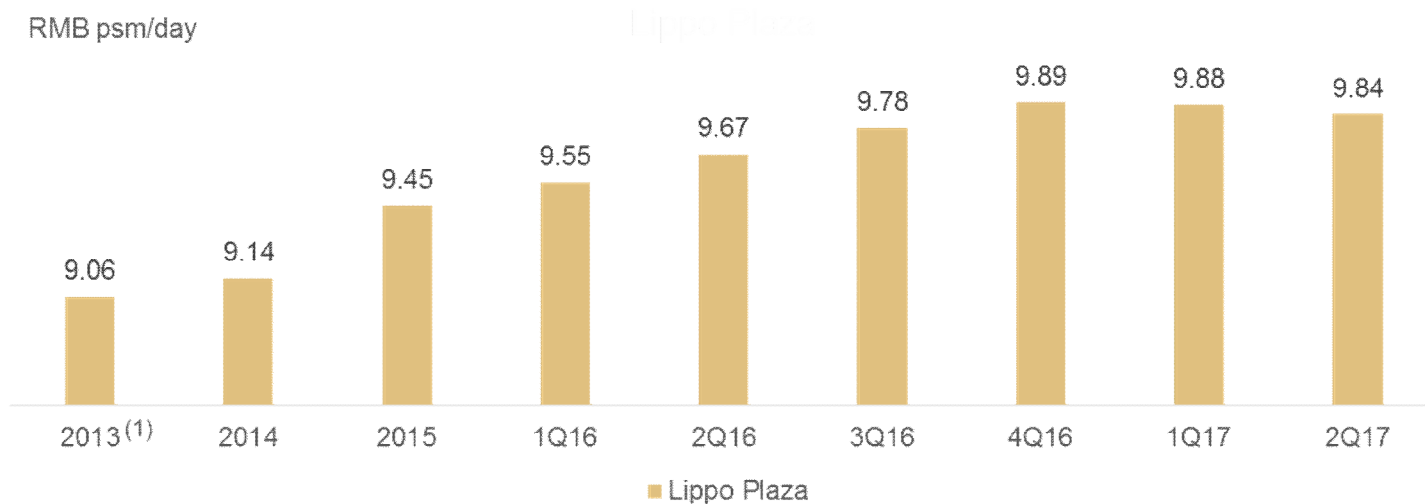


# Average Passing Office Rents

## Singapore



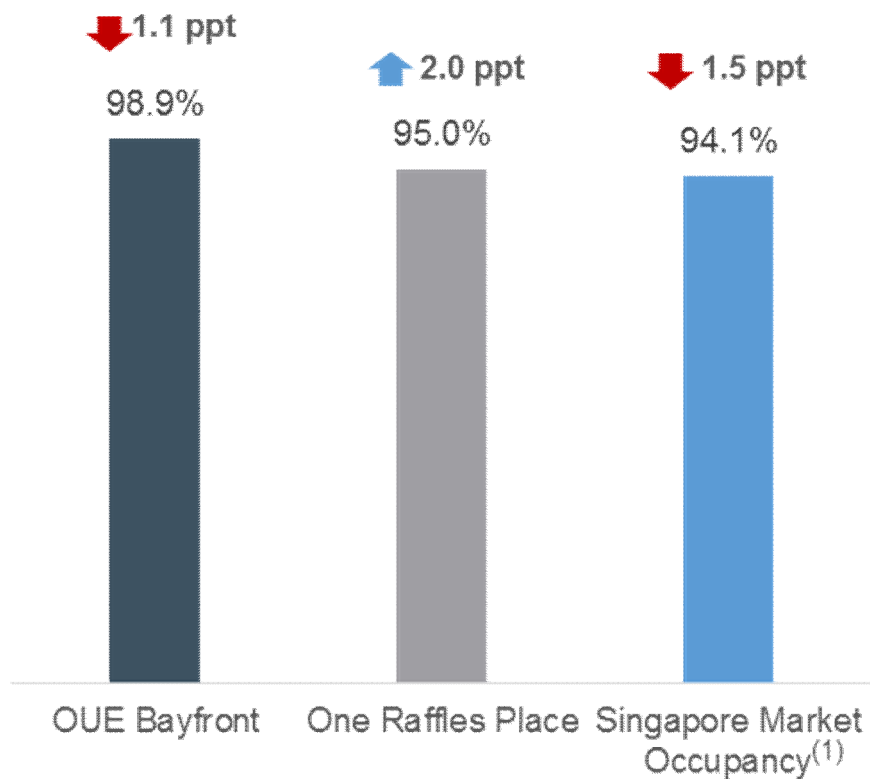
## Shanghai



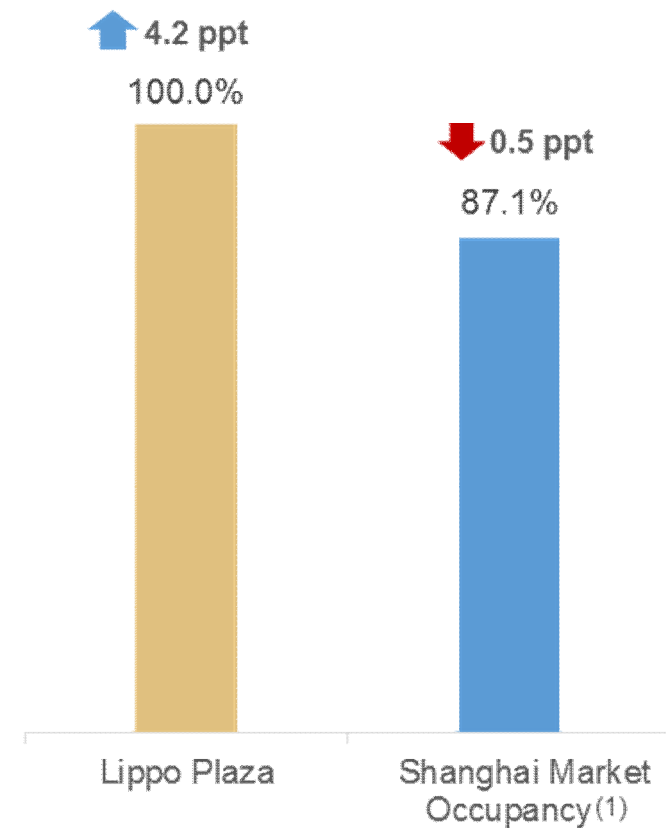
(1) Proforma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

# Office Occupancy Higher Than Market

## Singapore



## Shanghai



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 2Q 2017 according to CBRE Research. Shanghai Market Occupancy refers to Shanghai Grade A office occupancy as at 2Q 2017 according to Colliers International Shanghai

# Committed Office Rents In Line with Market

2Q 2017	Average Expired Rents	Committed Rents <sup>(1)</sup>	Market Rents	Average Passing Rents in Jun 2017
OUE Bayfront	S\$15.50 psf/mth	S\$10.85 – S\$14.00 psf/mth	S\$8.95 psf/mth <sup>(2)</sup>	S\$11.42 psf/mth
One Raffles Place	S\$10.66 psf/mth	S\$8.00 – S\$11.80 psf/mth	S\$8.95 psf/mth <sup>(2)</sup>	S\$10.14 psf/mth
Lippo Plaza	RMB9.37 psm/day	RMB8.60 – RMB11.00 psm/day	RMB9.30 psm/day <sup>(3)</sup>	RMB9.84 psm/day

- The average of new and renewal office rents committed at OUE Bayfront and One Raffles Place in 2Q 2017 were at a premium to the market office rent of S\$8.95 psf per month<sup>(2)</sup>, although some renewals were committed at rents below expiring rates
- Average passing office rent for Lippo Plaza in June 2017 of RMB9.84 psm per day was 1.8% higher YoY

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

(2) Refers to Grade A CBD Core office rents in Singapore. Source: CBRE Singapore MarketView 2Q 2017

(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International Shanghai Research and Forecast Report, 2Q 2017

# New Tenants at One Raffles Place Shopping Mall

- New tenants signed to-date include existing brands as well as new-to-market concepts
- Management is focused on rebalancing the retail tenant mix at One Raffles Place Shopping Mall for a more sustainable tenant profile given the competitive environment



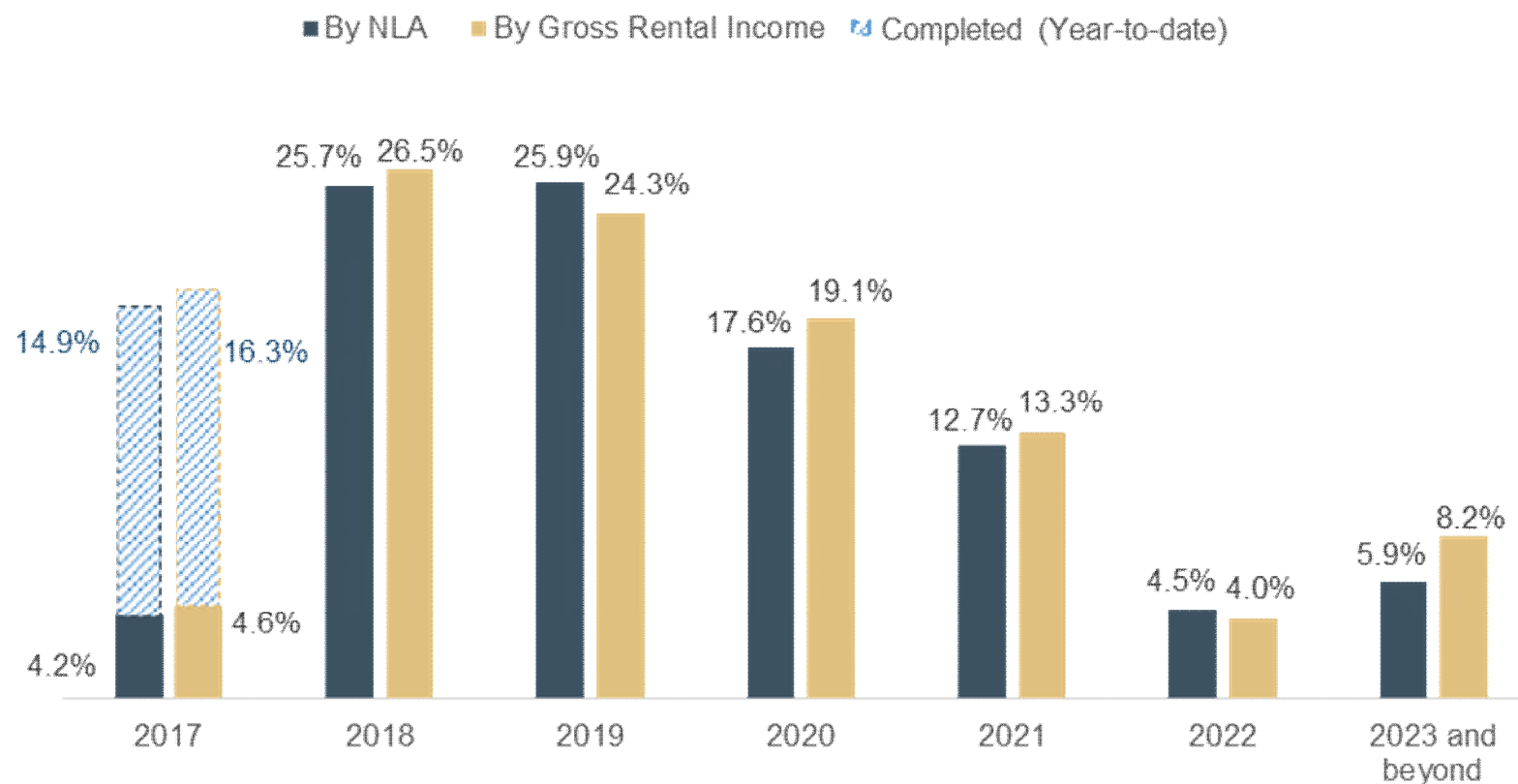
amamoto  
cafe

*Japanese fermented rice drink*





# Lease Expiry Profile - Portfolio



**WALE<sup>(1)</sup> of 2.6 years by NLA<sup>(2)</sup> and 2.8 years by Gross Rental Income**

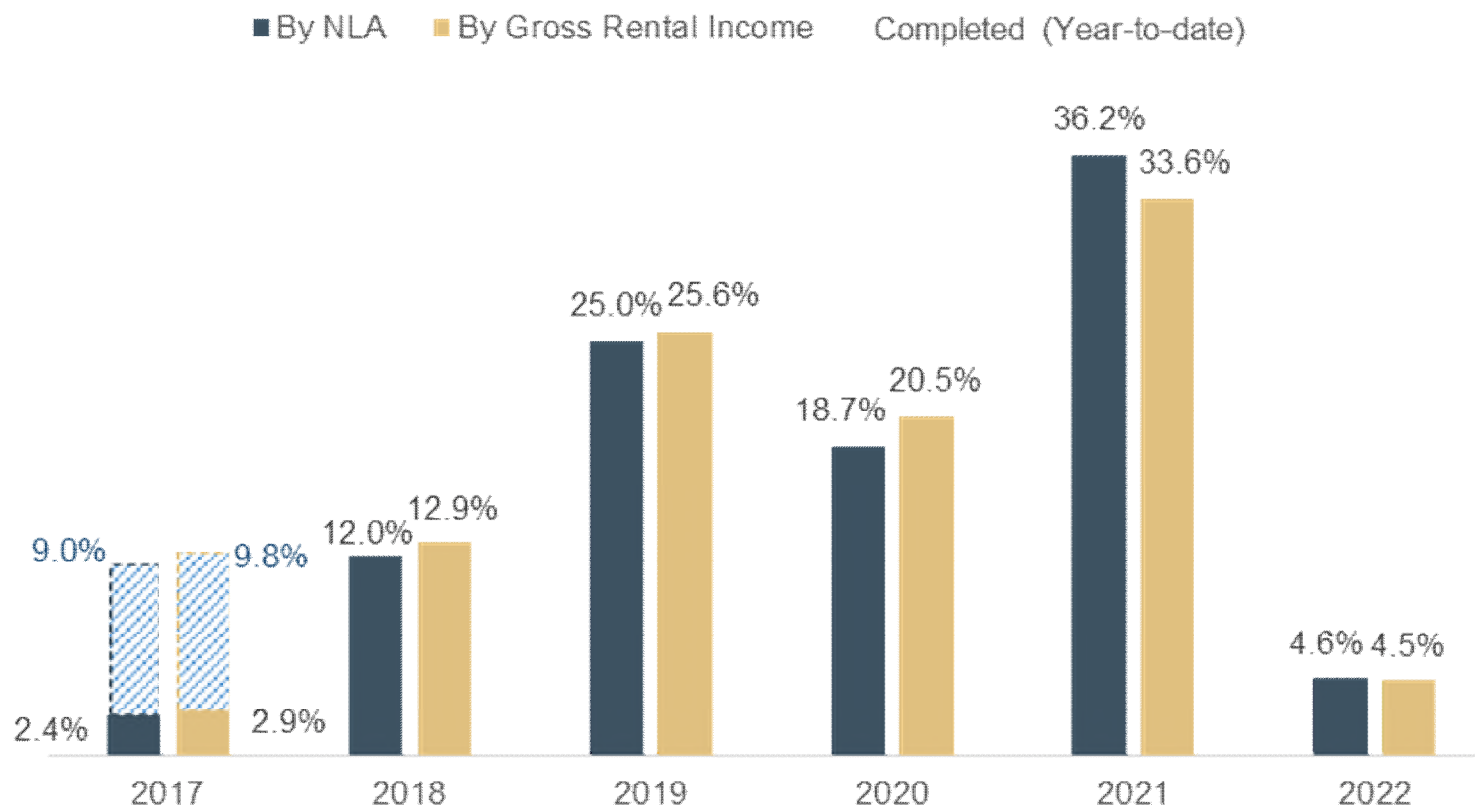
*As at 30 Jun 2017*

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

(2) "NLA" refers to net lettable area

# Lease Expiry Profile - OUE Bayfront

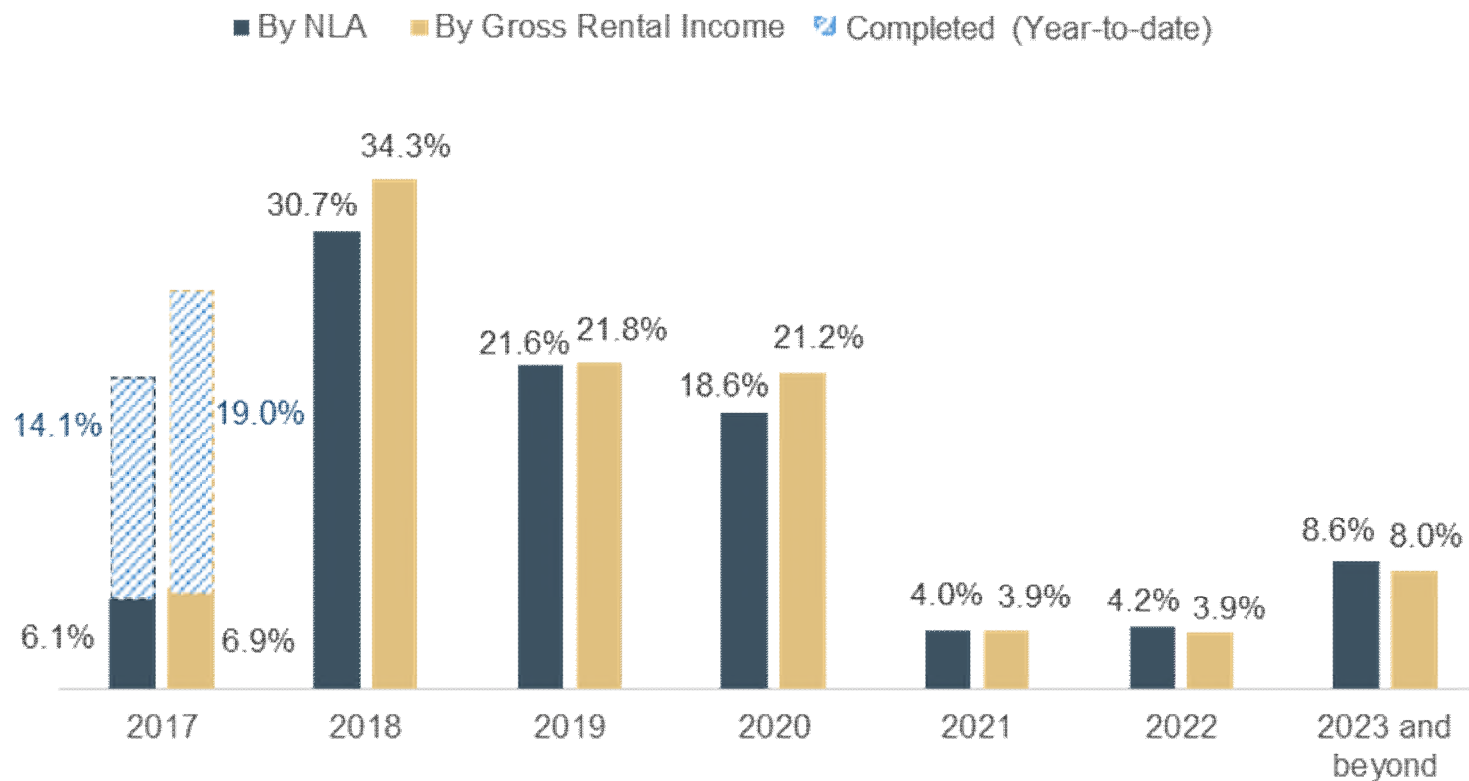
- Close to 80% of OUE Bayfront's gross rental income is due only in 2019 and beyond
- In 2Q 2017, forward renewed 4.8% of 2018 lease expiry by gross rental income



**WALE of 3.0 years by NLA and Gross Rental Income**

As at 30 Jun 2017

# Lease Expiry Profile - One Raffles Place

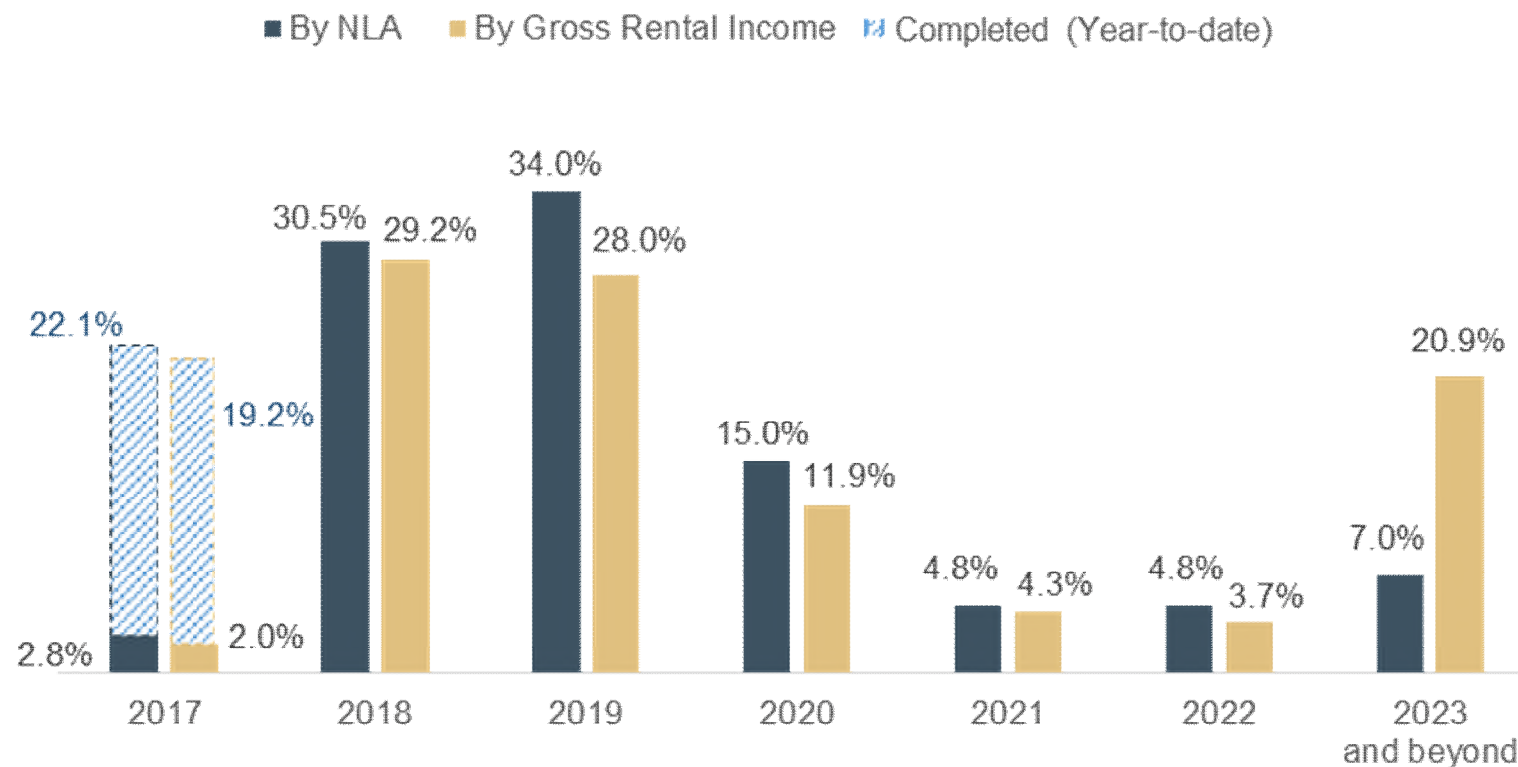


**WALE of 2.4 years by NLA and 2.3 years by Gross Rental Income**

*As at 30 Jun 2017*

# Lease Expiry Profile - Lippo Plaza

- Substantially renewed 2017 lease expiry by gross rental income



**WALE of 2.6 years by NLA and 3.5 years by Gross Rental Income**

As at 30 Jun 2017

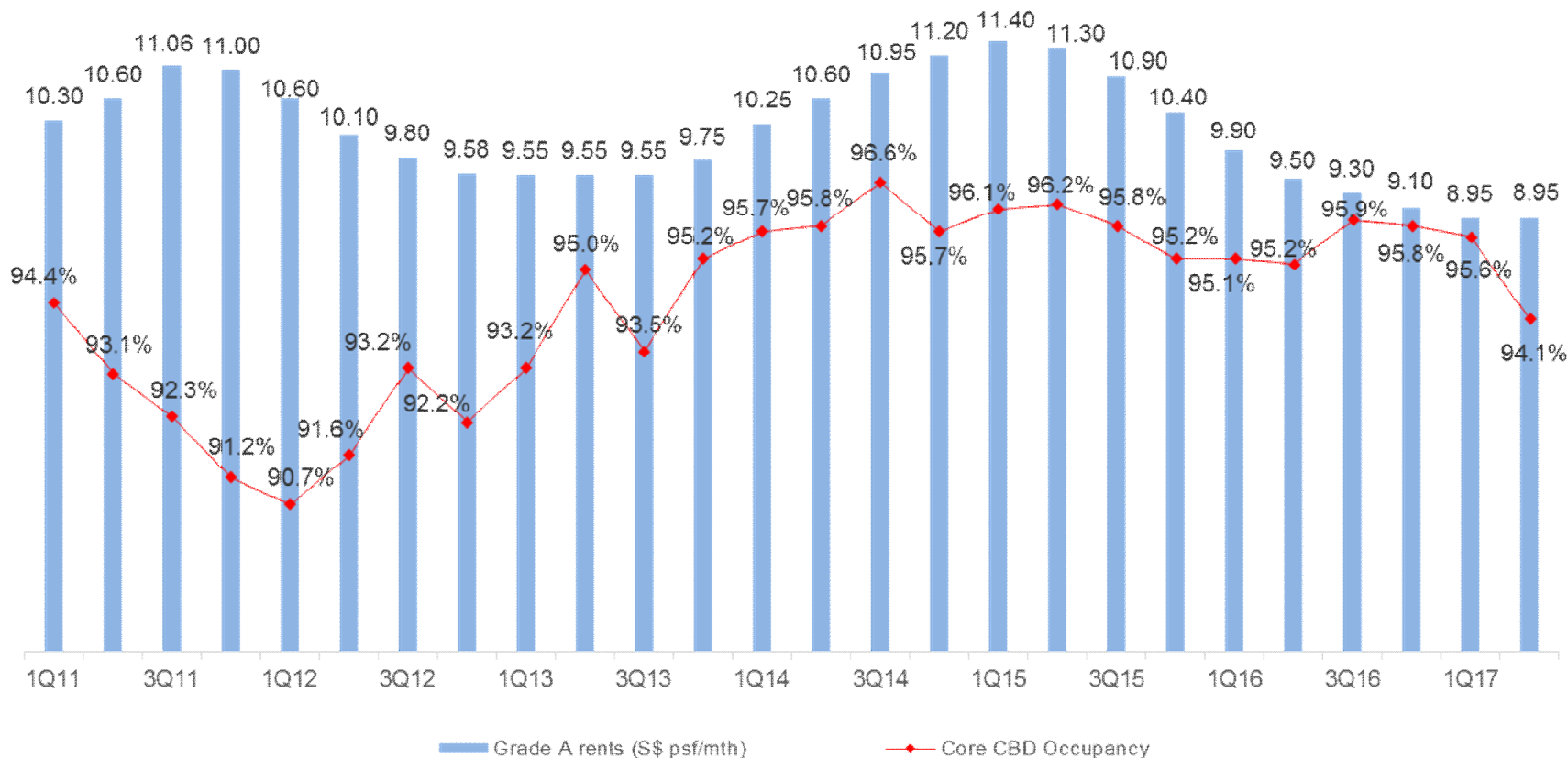


# Outlook & Summary



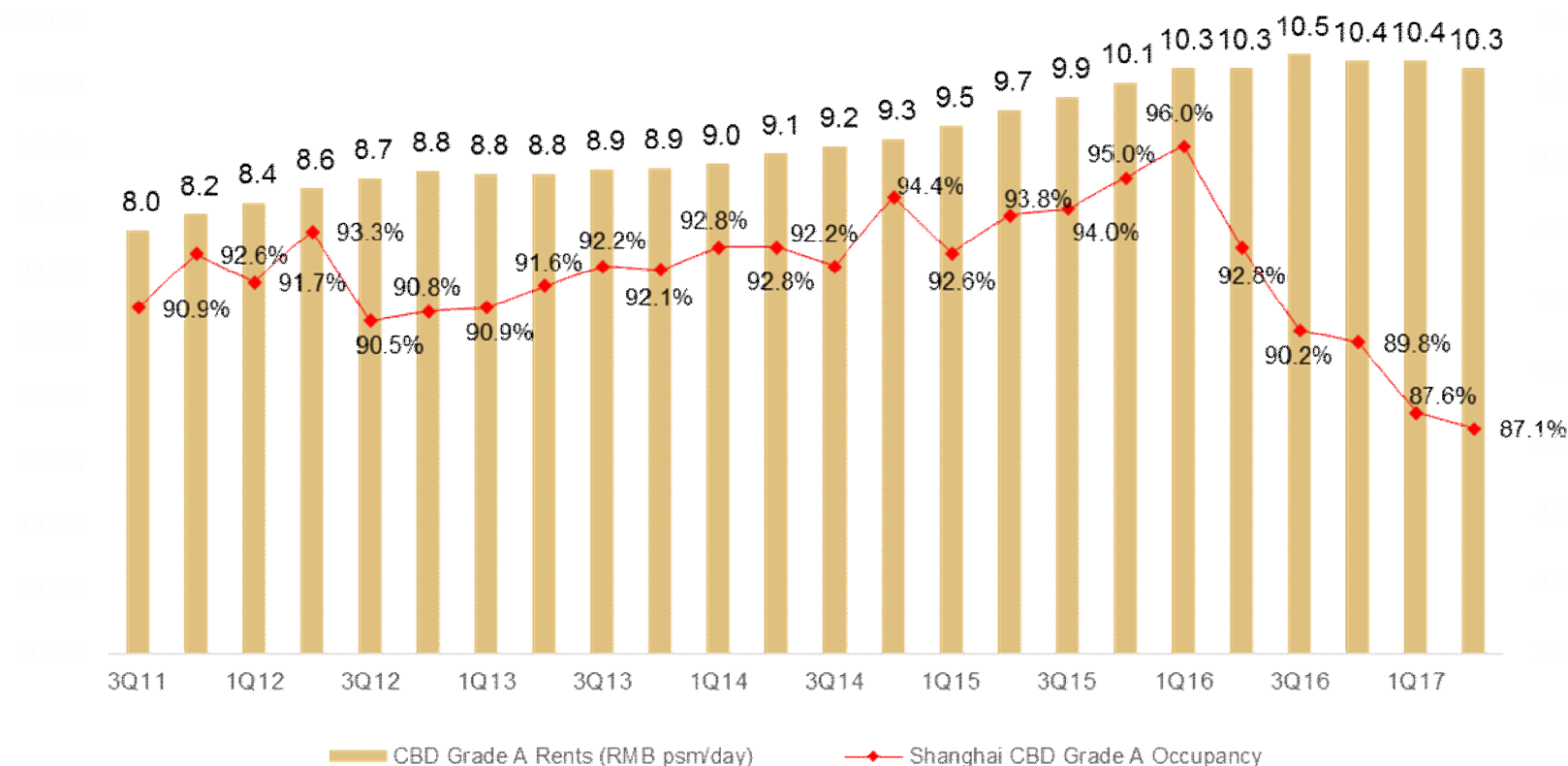
# Singapore Office Market

- Core CBD office occupancy slipped 1.5 ppt QoQ to 94.1% as at 2Q 2017 with the completion of two new office developments, while Grade A office rents stabilised at S\$8.95 psf/mth unchanged from the previous quarter
- Net absorption was 923,810 sq ft in 2Q 2017, boosted by pre-commitments in the newly completed office buildings. Otherwise, leasing activity remains tepid with mostly small and medium-sized transactions



# Shanghai Office Market

- In 2Q 2017, Shanghai CBD Grade A office occupancy edged down 0.5 ppt QoQ to 87.1% due to significant new office completions while CBD Grade A office rents were RMB10.3 psm/day, marginally lower by 0.3% QoQ.
- In the Puxi area, Grade A office occupancy increased by 0.4 ppt QoQ to 87.6% as at 2Q 2017, with rents 0.7% QoQ lower at RMB9.3 psm/day



# Summary

- Strategically located, landmark Grade A commercial properties in Singapore and Shanghai
- Stable and resilient portfolio with healthy occupancy providing stability income
  - ✓ Income support provides downside protection for rental revenue at OUE Bayfront
  - ✓ Stable performance from Lippo Plaza
  - ✓ Focus on enhancing operating performance of One Raffles Place
- Potential acquisition pipeline from Right of First Refusal over the Sponsor's income-producing properties





Thank you