



# SGX - DBS Vickers - REITAS SREITS Corporate Day Investor Presentation

27 Feb – 1 Mar 2018

# Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 4Q 2017 dated 31 January 2018.

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in OUE Commercial 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. as the Manager of OUE Commercial REIT (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 Commercial REIT is not necessarily indicative of the future performance of OUE Commercial 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 Commercial 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.

# Agenda

- Overview
- Financial Highlights
- Portfolio Performance
- Summary
- 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 55.6% 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

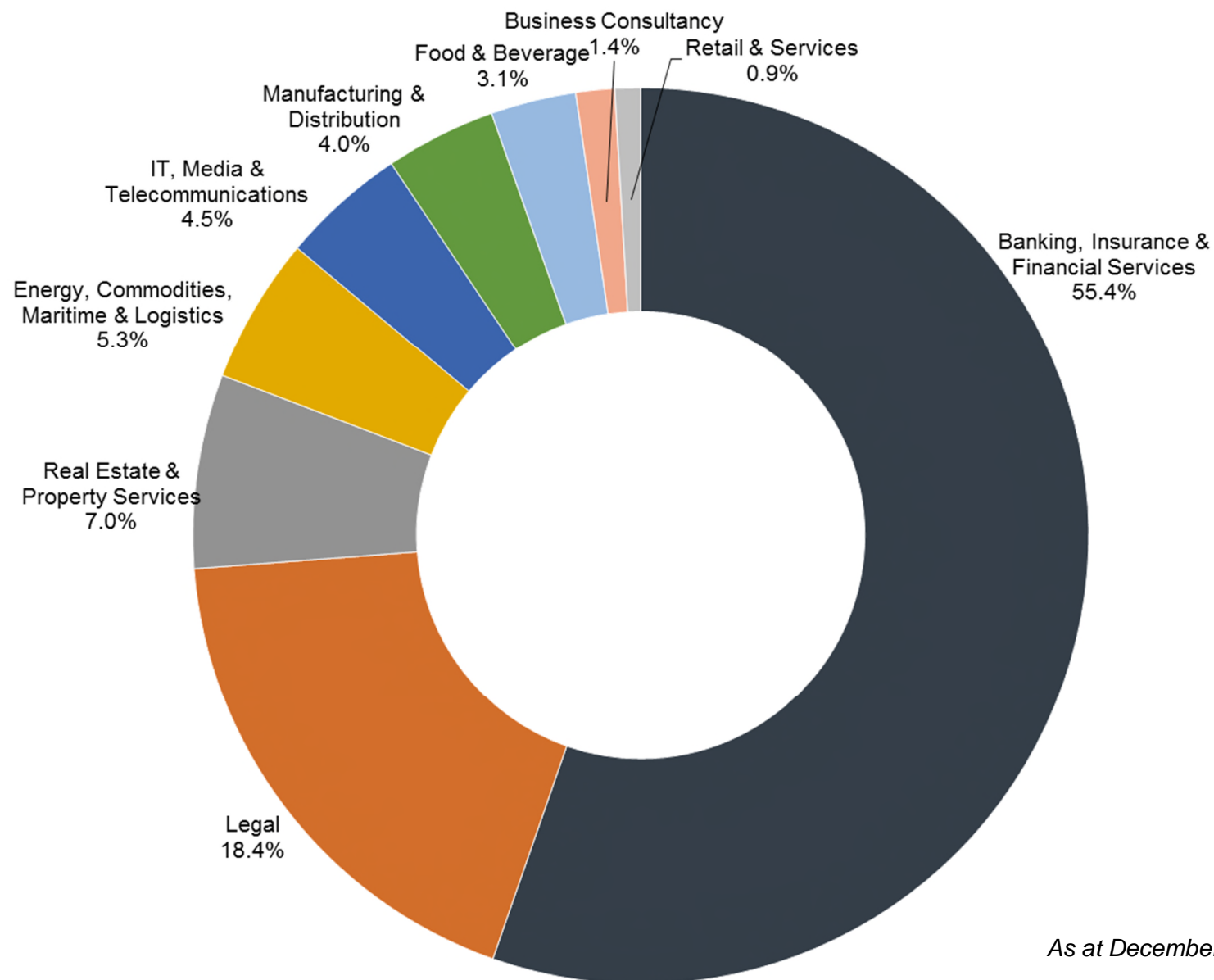
## *OUE Bayfront*



<b>GFA (sq m)</b>	46,774.6
<b>NLA (sq m)</b>	Office: 35,298.3; Retail: 1,830.1; Overall: 37,128.4
<b>Committed Occupancy (@ 31 Dec 2017)</b>	Office: 98.2%; Retail: 100.0%; Overall: 98.2%
<b>Valuation (@ 31 Dec 2017)</b>	S\$1,153.0 m (S\$2,885 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 December 2017*



# Premium Portfolio of Assets

## *One Raffles Place*

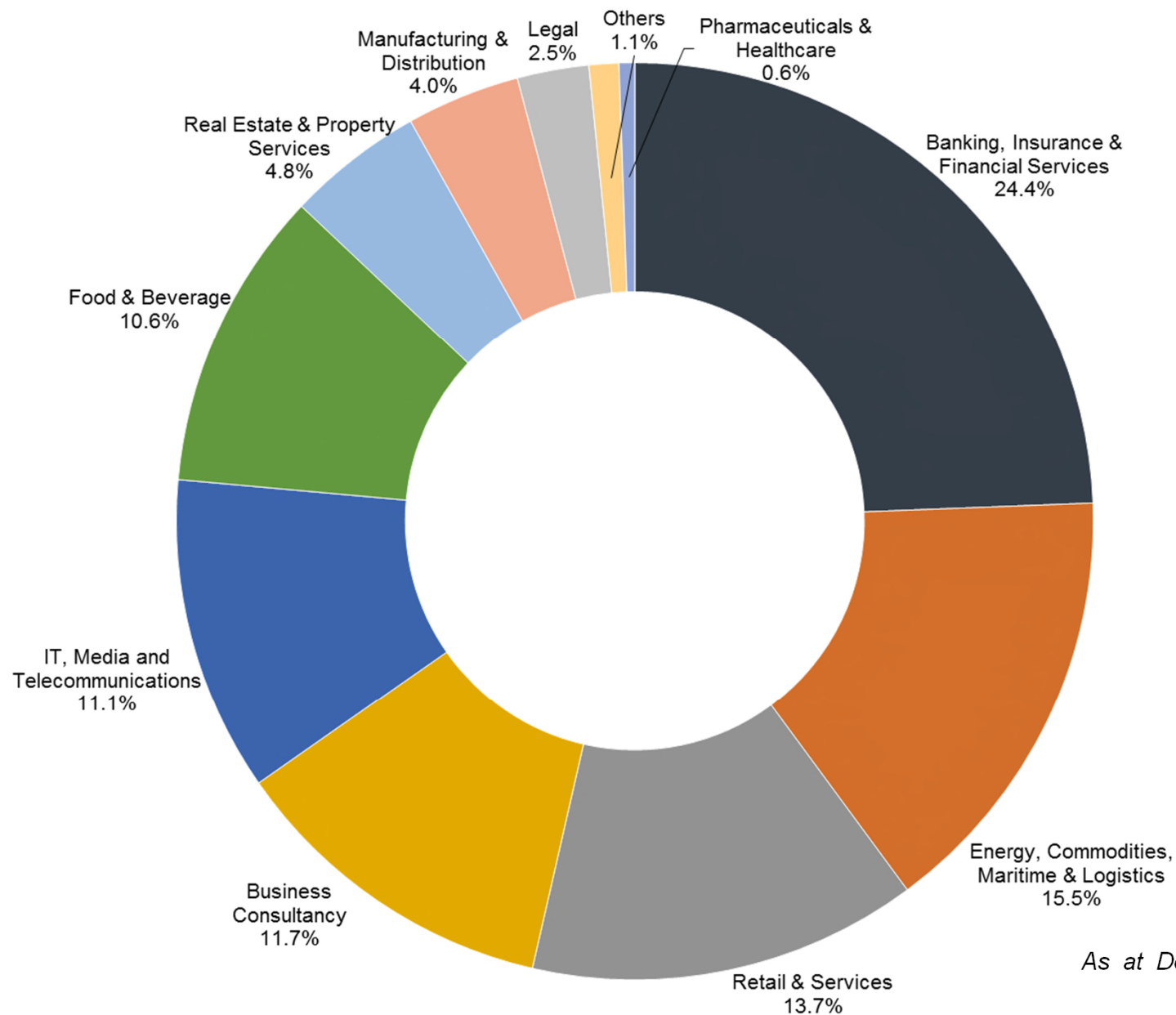


<b>GFA (sq m)</b>	119,626.3
<b>Attributable NLA (sq m)</b>	Office: 56,013.0; Retail: 9,386.0; Overall: 65,399.0
<b>Committed Occupancy (@ 31 Dec 2017)</b>	Office: 96.5%; Retail: 86.4%; Overall: 94.9%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2017)</b>	S\$1,773.2 m (S\$2,519 psf)
<b>Valuation Cap Rate (Office):</b>	3.60% - 3.90%
<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 December 2017*



# Premium Portfolio of Assets

## *Lippo Plaza*



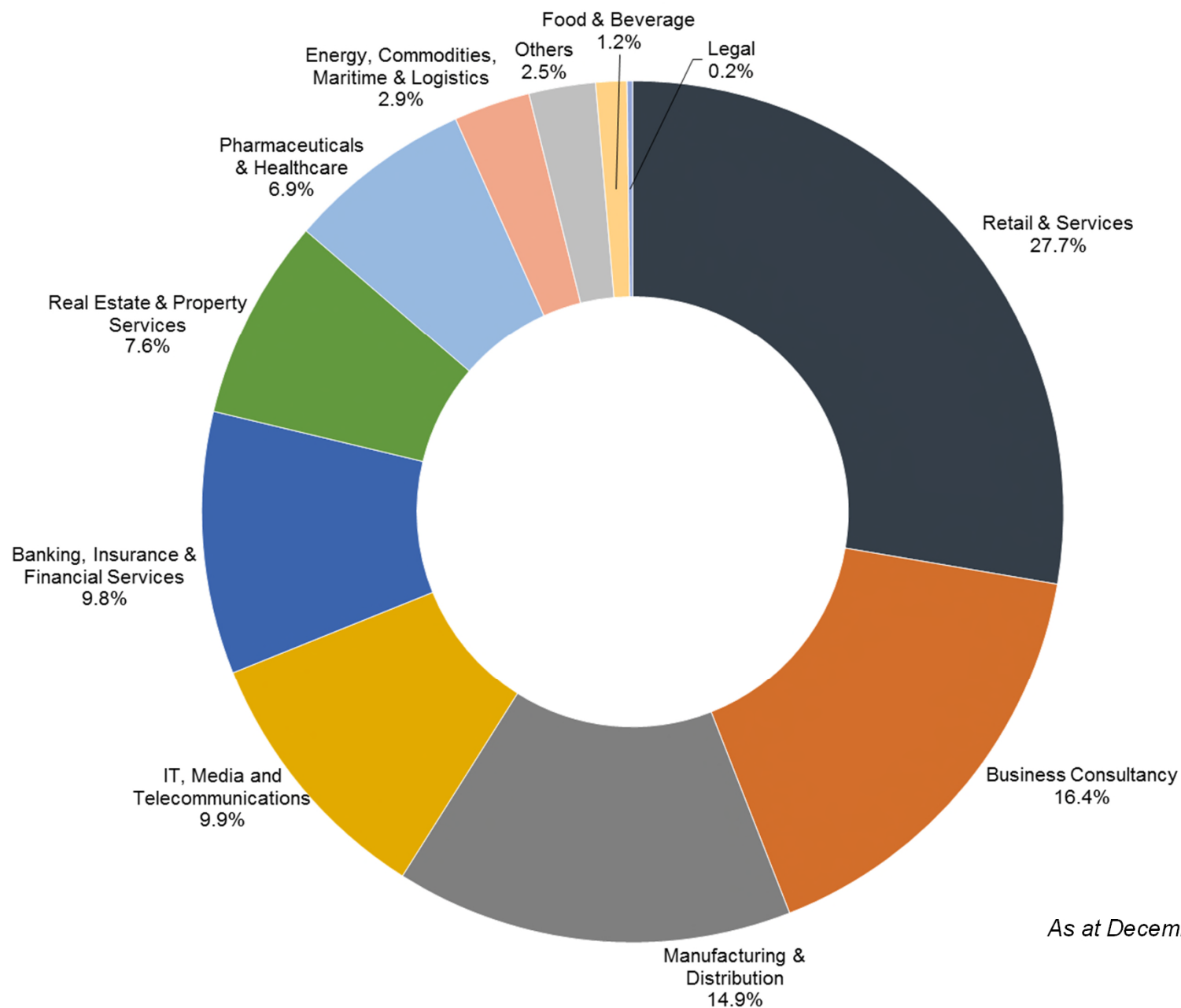
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
<b>Committed Occupancy (@ 31 Dec 2017)</b>	Office: 100.0%; Retail: 90.4%; Overall: 98.6%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2017)</b>	RMB2,887.0 m / RMB49,332 psm (S\$588.9m) <sup>(2)</sup>
<b>Land Use Right Expiry</b>	50 yrs from 2 July 1994
<b>Completion Year</b>	1999; Retail (major refurbishment) : 2010

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

(2) Based on SGD:CNY exchange rate of 1 : 4.902 as at 31 December 2017

# Premium Portfolio of Assets

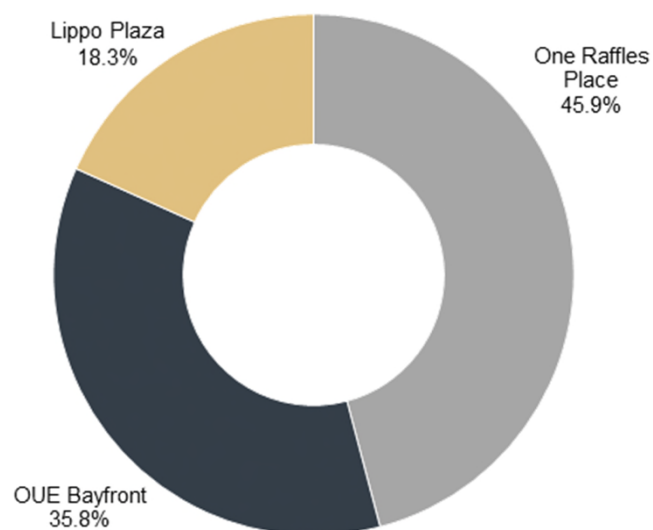
## *Lippo Plaza – Tenants by Trade Sector*



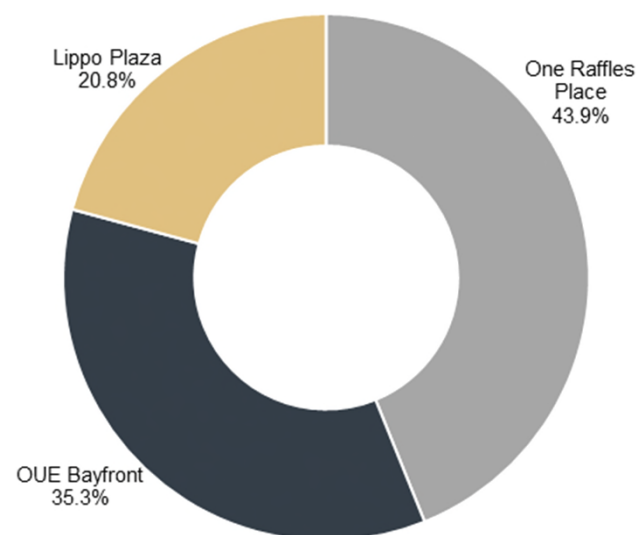
*As at December 2017*

# Portfolio Composition

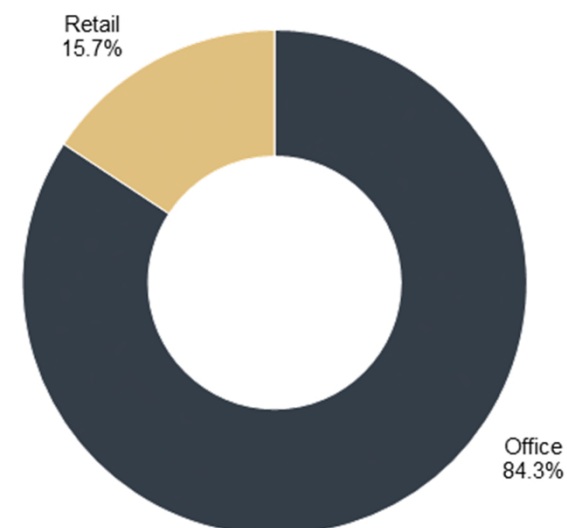
## By Asset Value<sup>(1)</sup>



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



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

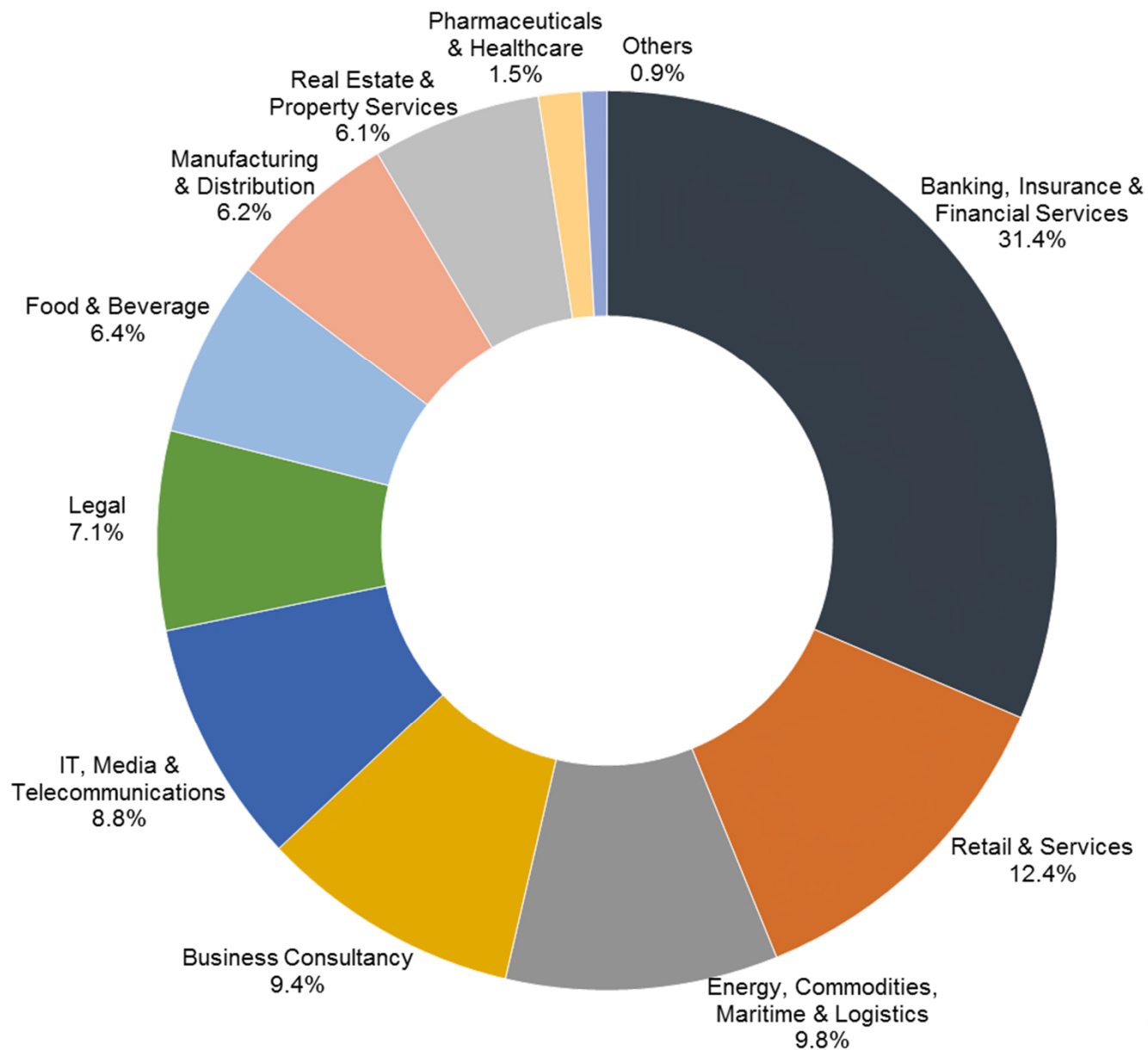


(1) Based on independent valuations as at 31 December 2017 and OUE C-REIT's proportionate interest in One Raffles Place

(2) For 4Q 2017 and based on OUE C-REIT's attributable interest in One Raffles Place



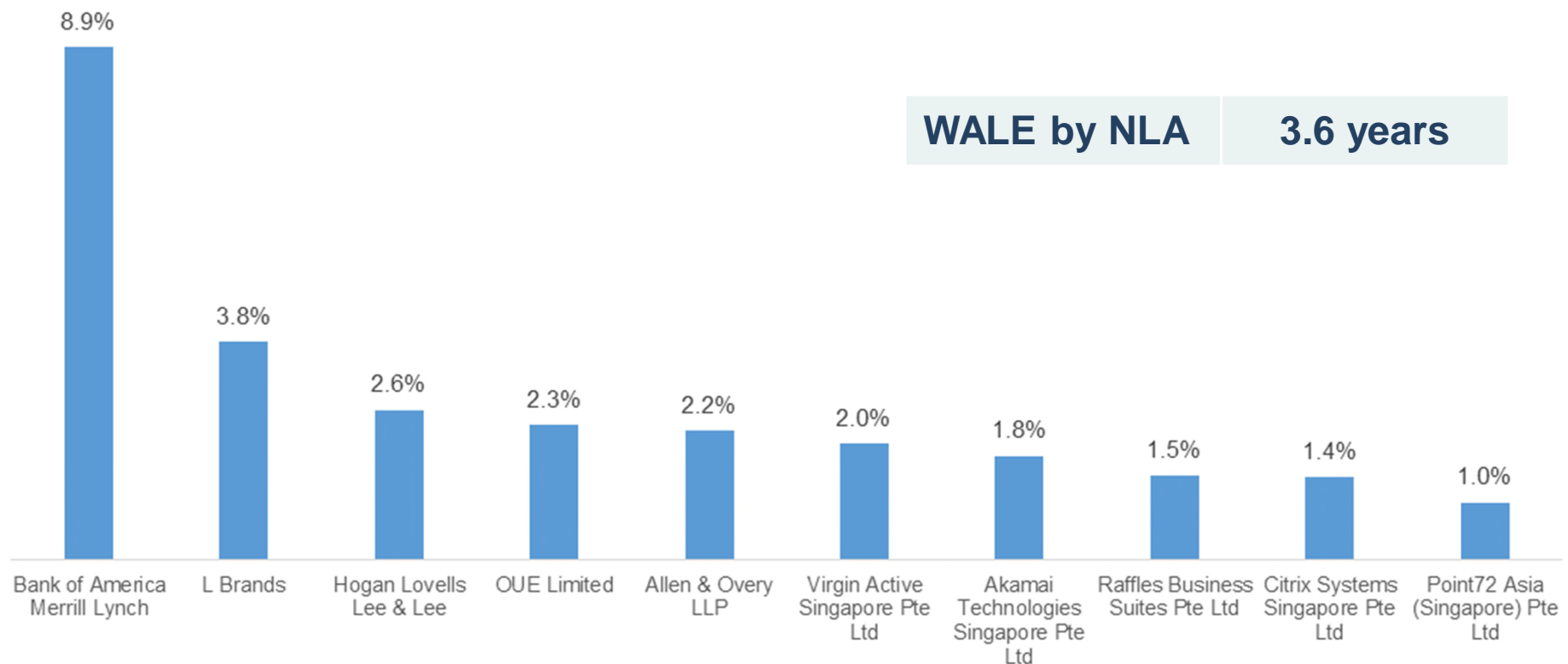
# Well-Diversified Portfolio Tenant Base



*As at December 2017*

# Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 27.5% of gross rental income



*As at 31 Dec 2017*

# Financial Highlights





# FY2017 Highlights

Revenue

**S\$176.3** million

Distribution Per Unit

**4.67** cents

Aggregate Leverage  
(As at 31 December 2017)

**37.3%**

Net Property Income

**S\$138.2** million

Distribution Yield

**6.5%**<sup>(1)</sup>

Fixed Rate Debt  
(As at 31 December 2017)

**84.3%**

Amount Available for  
Distribution

**S\$70.0** million

Portfolio Committed  
Occupancy  
(As at 31 December 2017)

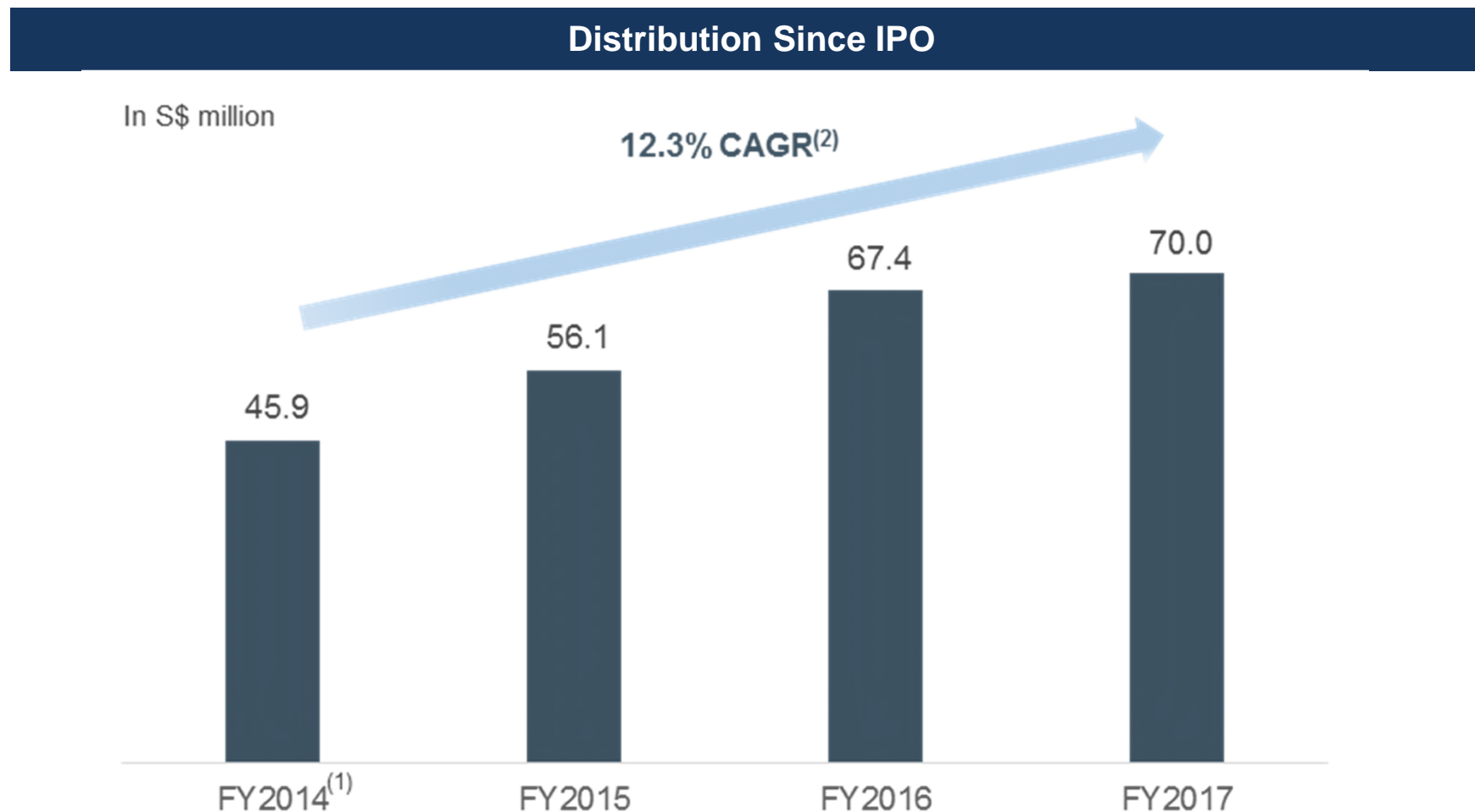
**96.8%**

Raised **S\$300** million  
via debt and equity markets  
to strengthen balance sheet  
and diversify funding sources

(1) OUE C-REIT's distribution yield based on FY2017 distribution per unit of 4.67 cents and Unit closing price as at 31 December 2017 of S\$0.72

# Delivered Sustainable Distribution

Delivered sustainable distribution to Unitholders since IPO



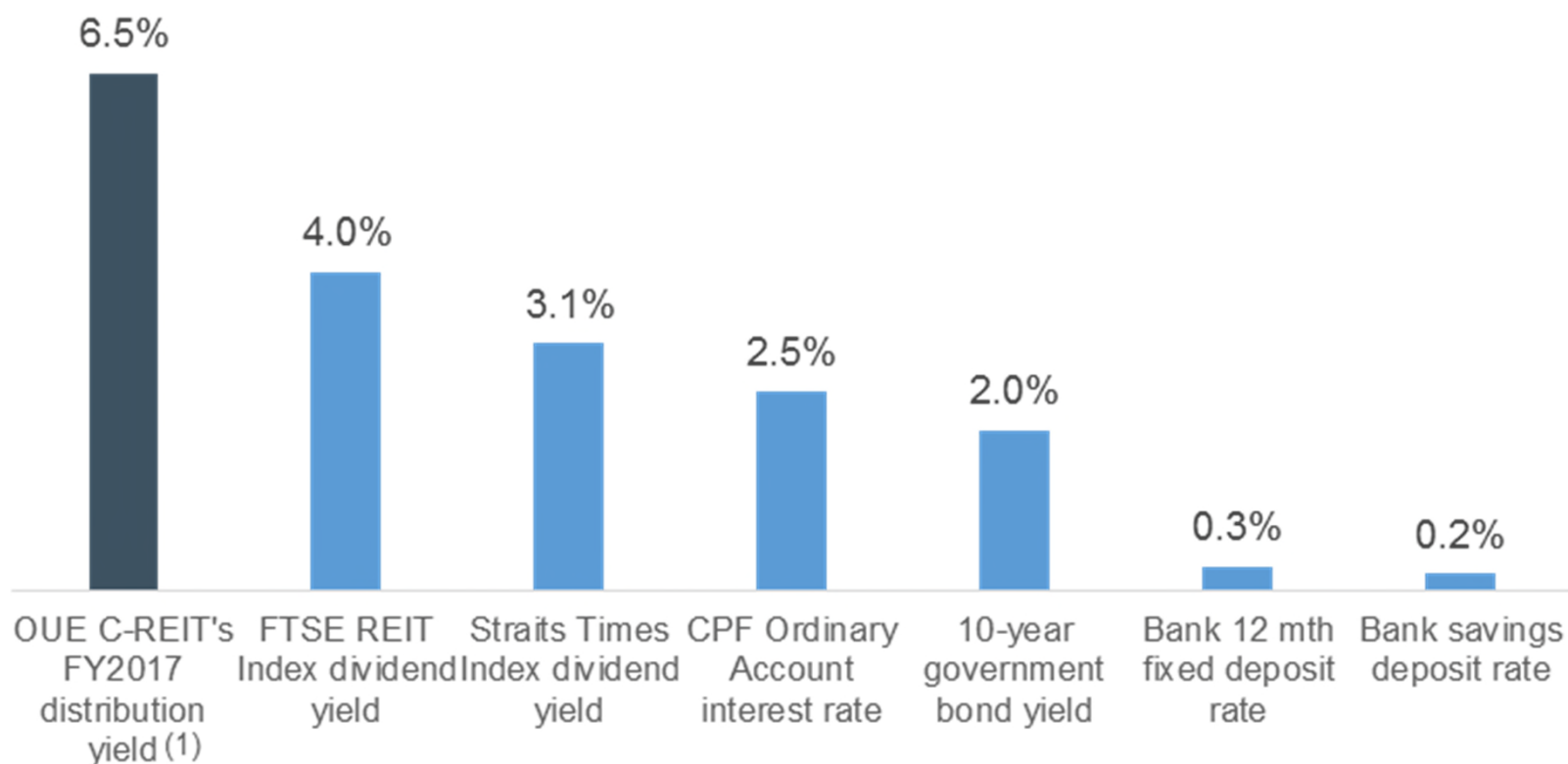
(1) Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

(2) FY2014-FY2017 compound annual growth rate (CAGR) 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

# Attractive Distribution Yield

OUE C-REIT's distribution yield is 450bp above the 10-year government bond yield

## Yield Comparison



*As at 31 Dec 2017*

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

(1) OUE C-REIT's distribution yield based on FY2017 distribution per unit of 4.67 cents and Unit closing price as at 31 December 2017 of S\$0.72



# Valuation as at 31 Dec 2017

- Stable office capitalisation rates

	Valuation as at 31 December 2017 <sup>(1)</sup> (S\$ m)	Valuation as at 31 December 2016 <sup>(2)</sup> (S\$ m)	Office Cap Rate
OUE Bayfront	1,153.0	1,146.0	3.75%
One Raffles Place <sup>(3)</sup>	1,773.2	1,738.3	3.60% - 3.90%
Lippo Plaza	588.9 (RMB 2,887.0 m)	524.2 (RMB 2,524.0 m)	N.A. <sup>(4)</sup>

(1) Based on independent valuations as at 31 December 2017 and SGD:CNY exchange rate of 1:4.902

(2) Based on independent valuations as at 31 December 2016 and SGD:CNY exchange rate of 1:4.815

(3) Based on OUB Centre's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited

(4) Not applicable. Valuation of Lippo Plaza was conducted based on Discounted Cashflow Approach and Direct Comparison Approach only

# Healthy Balance Sheet

S\$ million	As at 31 Dec 2017
Investment Properties	3,515.1
Total Assets	3,573.6
Loans and borrowings	1,262.3
Total Liabilities	1,569.5
Net Assets Attributable to Unitholders	1,407.3
Units in issue and to be issued ('000)	1,546,769
NAV per Unit (S\$)	0.91

# Capital Management

- Raised S\$150 million from an equity placement in March 2017 to strengthen balance sheet

	As at 31 Dec 2017	As at 31 Dec 2016
<b>Aggregate Leverage</b>	37.3%	39.8%
<b>Total debt</b>	S\$1,221m <sup>(1)</sup>	S\$1,261m <sup>(2)</sup>
<b>Weighted average cost of debt</b>	3.5% p.a.	3.4% p.a.
<b>Average term of debt</b>	2.7 years	1.5 years
<b>% fixed rate debt</b>	84.3%	79.3%
<b>Average term of fixed rate debt</b>	2.0 years	2.5 years
<b>Interest service ratio</b>	3.2x	3.1x

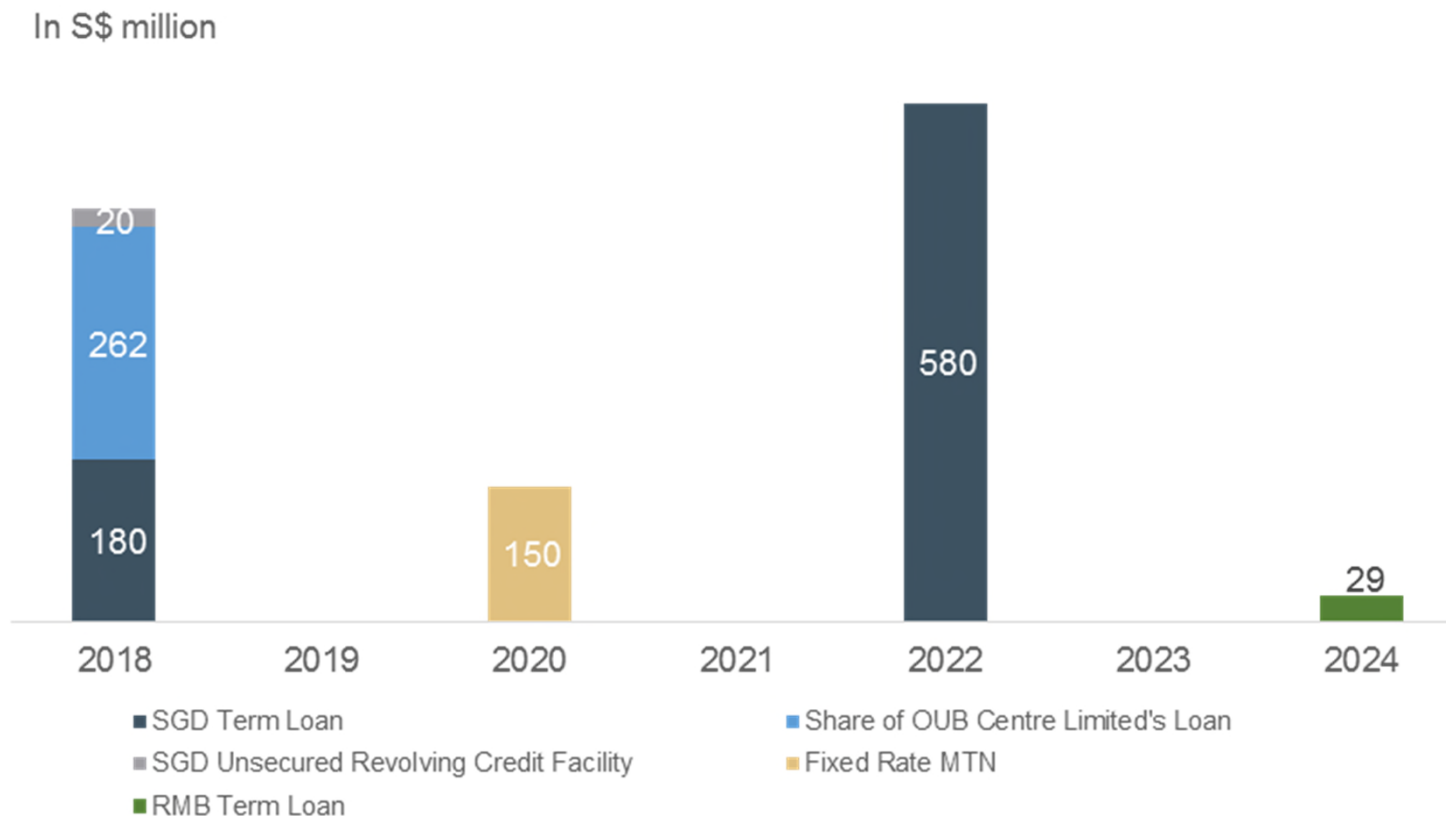
(1) Based on SGD:CNY exchange rate of 1:4.902 as at 31 December 2017 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:4.815 as at 31 December 2016 and includes OUE C-REIT's share of OUB Centre Limited's loan



# Debt Maturity Profile as at 31 Dec 2017

- Successfully diversified funding sources in September 2017 via a S\$150 million 3.03% fixed rate notes issuance maturing in 2020 which saw strong take up
- Already in active negotiations to complete 2018 refinancing ahead of maturity in 2H 2018



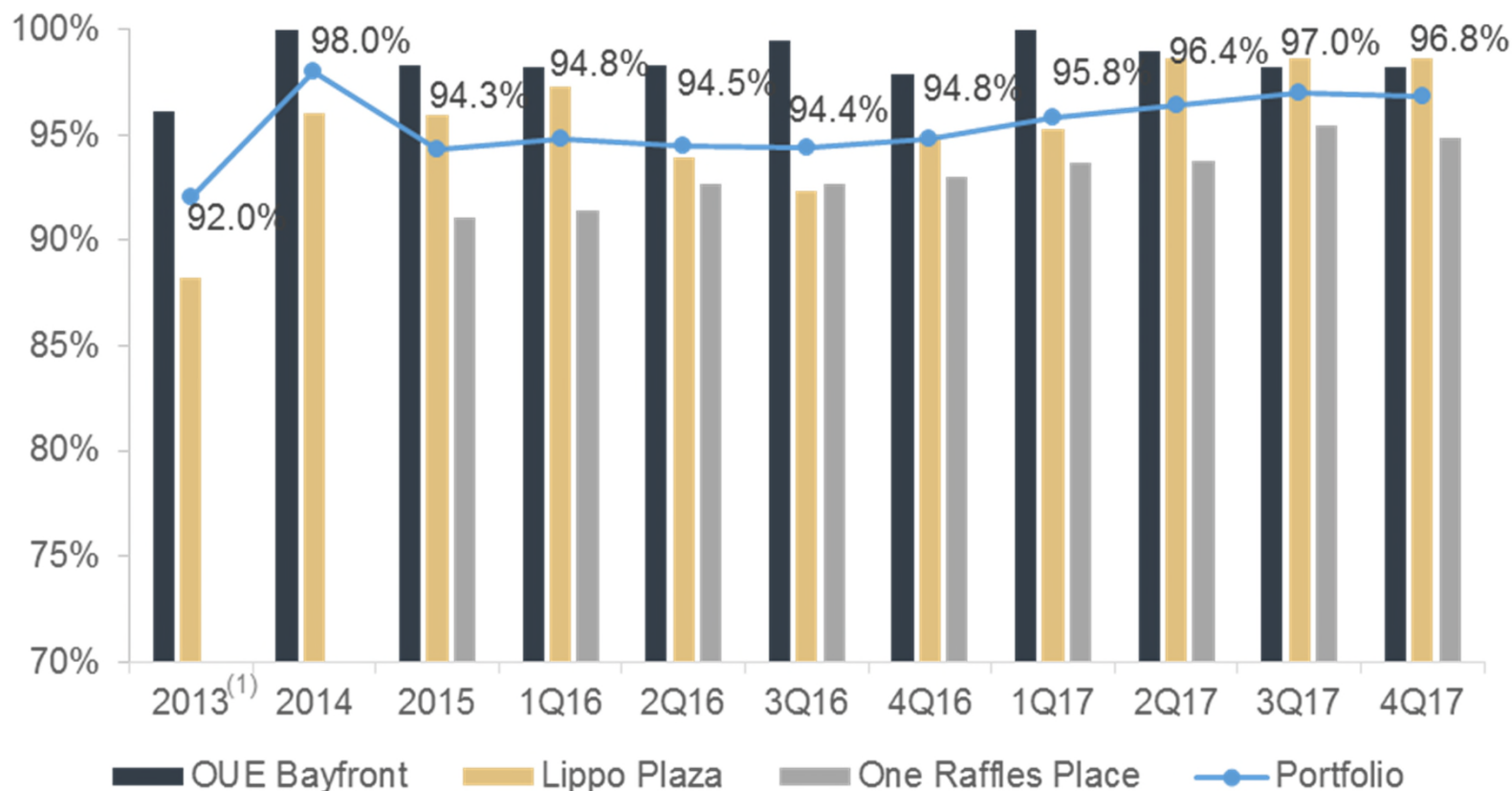
# Portfolio Performance



# Resilient and Stable Portfolio

- All three properties saw increased occupancy in 2017 and achieved above market office occupancy in a challenging leasing market environment
- Lippo Plaza maintained 100% committed office occupancy for three consecutive quarters since June 2017

## OUE C-REIT's Portfolio Committed Occupancy

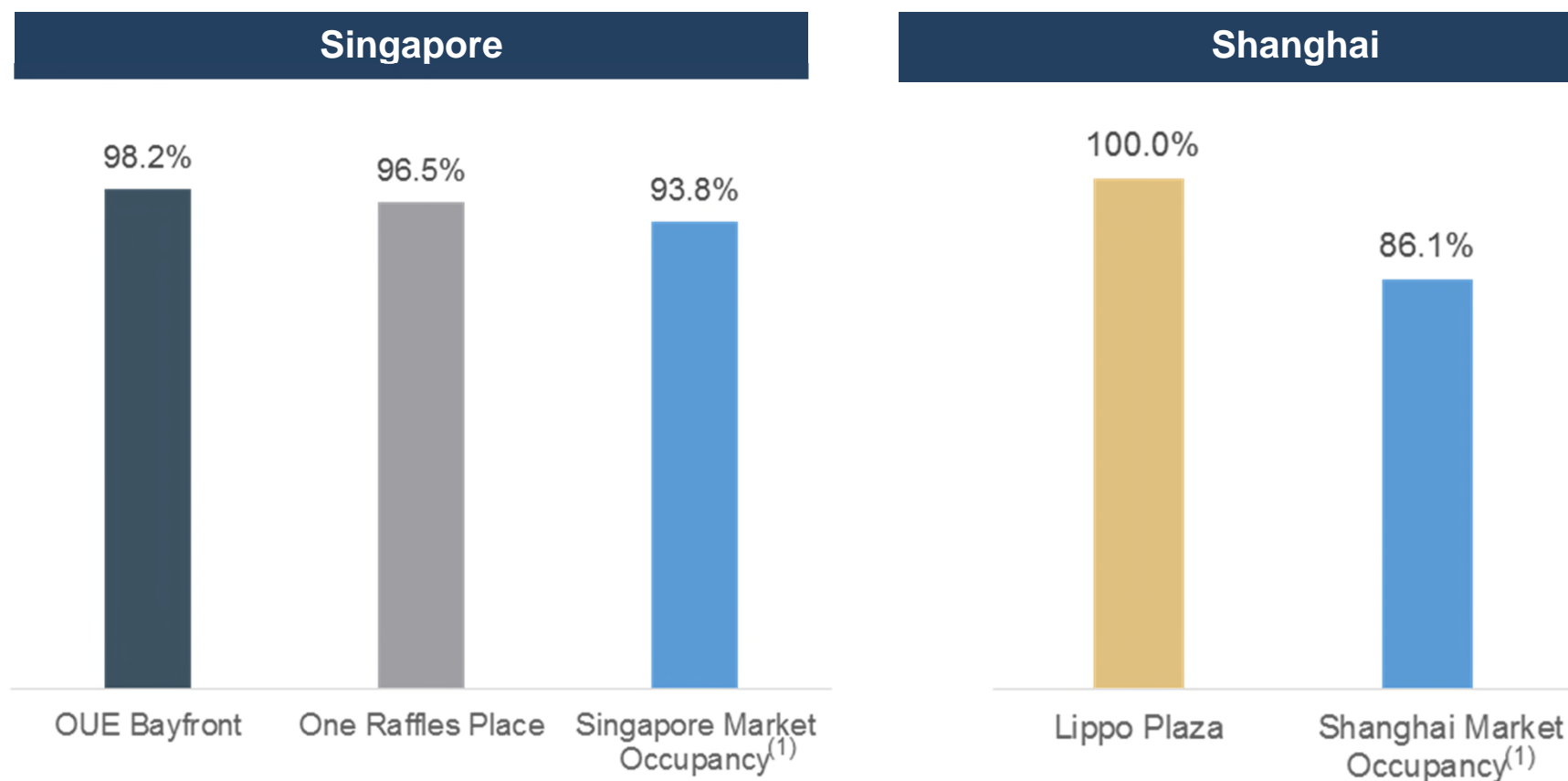


(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014



# Office Occupancy Higher Than Market

- Committed office occupancy at One Raffles Place increased 4.3 ppt in 2017, despite Singapore's core CBD office occupancy declining 2.0 ppt in the same period
- Increased committed office occupancy by 5.5 ppt to full occupancy at Lippo Plaza when CBD Grade A office occupancy in Shanghai fell 3.7 ppt in 2017



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 4Q 2017 according to CBRE Research. Shanghai Market Occupancy refers to Shanghai CBD Grade A office occupancy as at 4Q 2017 according to Colliers International Shanghai



# Committed Office Rents In Line Or Above Market

4Q 2017	Average Expired Rents	Committed Rents <sup>(1)</sup>	Market Rents	Average Passing Rents in Dec 2017
OUE Bayfront	S\$12.79 psf/mth	S\$12.00 – S\$12.50 psf/mth	S\$9.40 psf/mth <sup>(2)</sup>	S\$11.43 psf/mth
One Raffles Place	S\$10.88 psf/mth	S\$8.50 – S\$10.50 psf/mth	S\$9.40 psf/mth <sup>(2)</sup>	S\$9.92 psf/mth
Lippo Plaza	RMB10.08 psm/day	RMB9.70 – RMB12.00 psm/day	RMB9.14 psm/day <sup>(3)</sup>	RMB9.79 psm/day

- Average expired rents for the portfolio in 4Q 2017 continued to be above market rents. Nevertheless, the average of new and renewal office rents committed across the portfolio were in line with or at a premium to their respective market office rents

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

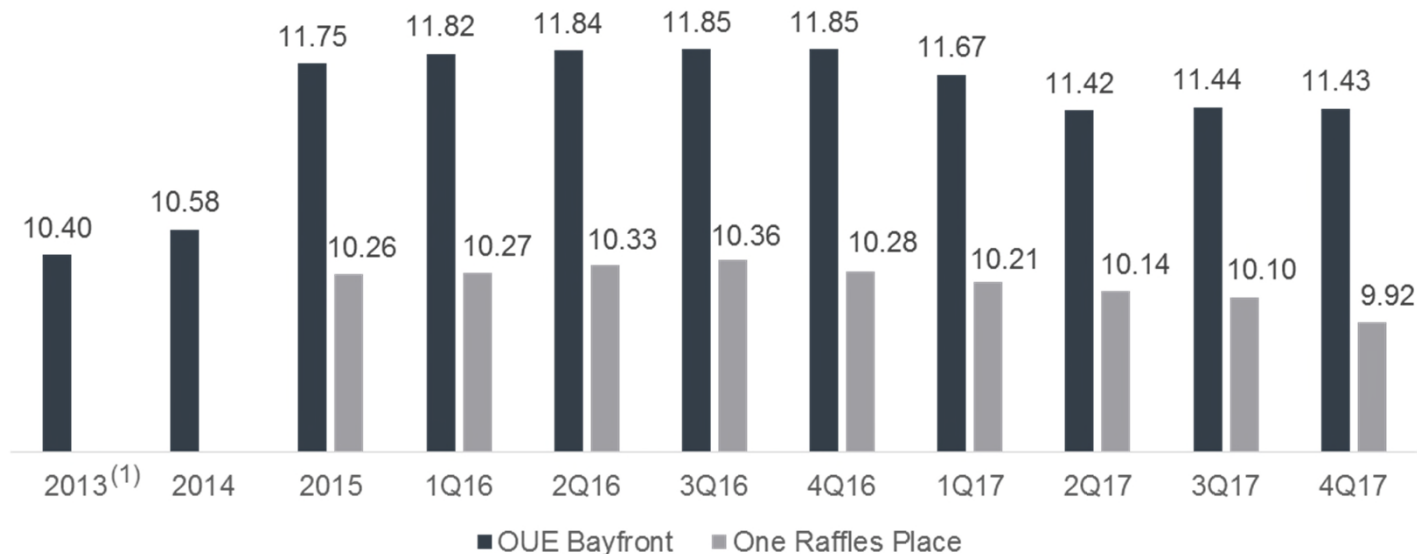
(2) Refers to Grade A CBD Core office rents in Singapore. Source: CBRE Singapore MarketView 4Q 2017

(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International Shanghai 2017 Review and 2018 Outlook, 23 January 2018

# Average Passing Office Rents

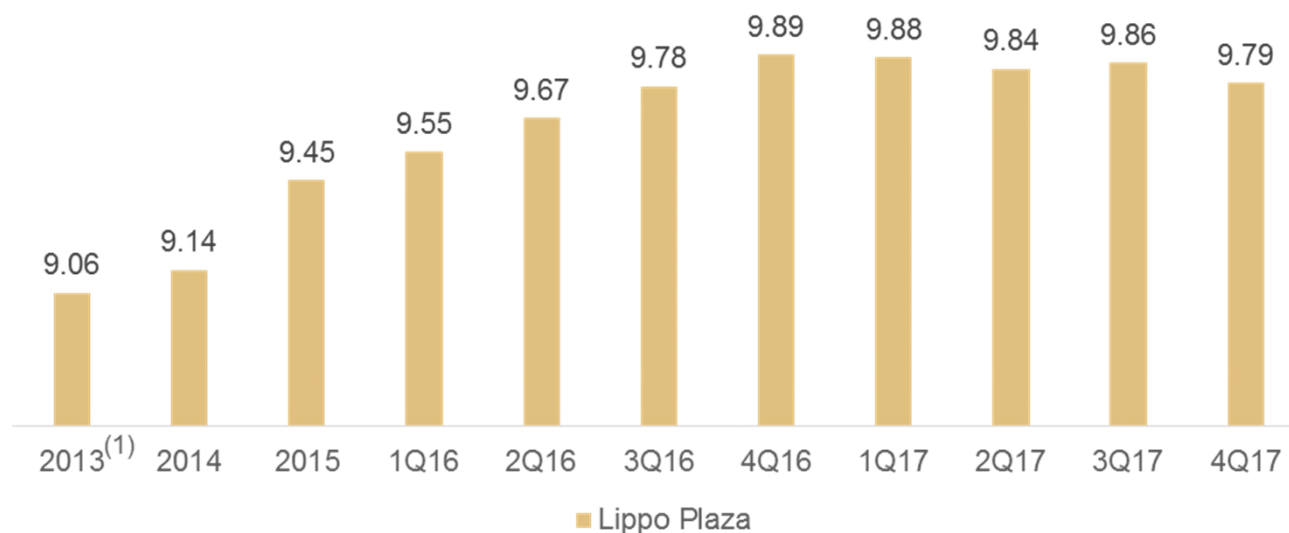
## Singapore

S\$ psf/mth



## Shanghai

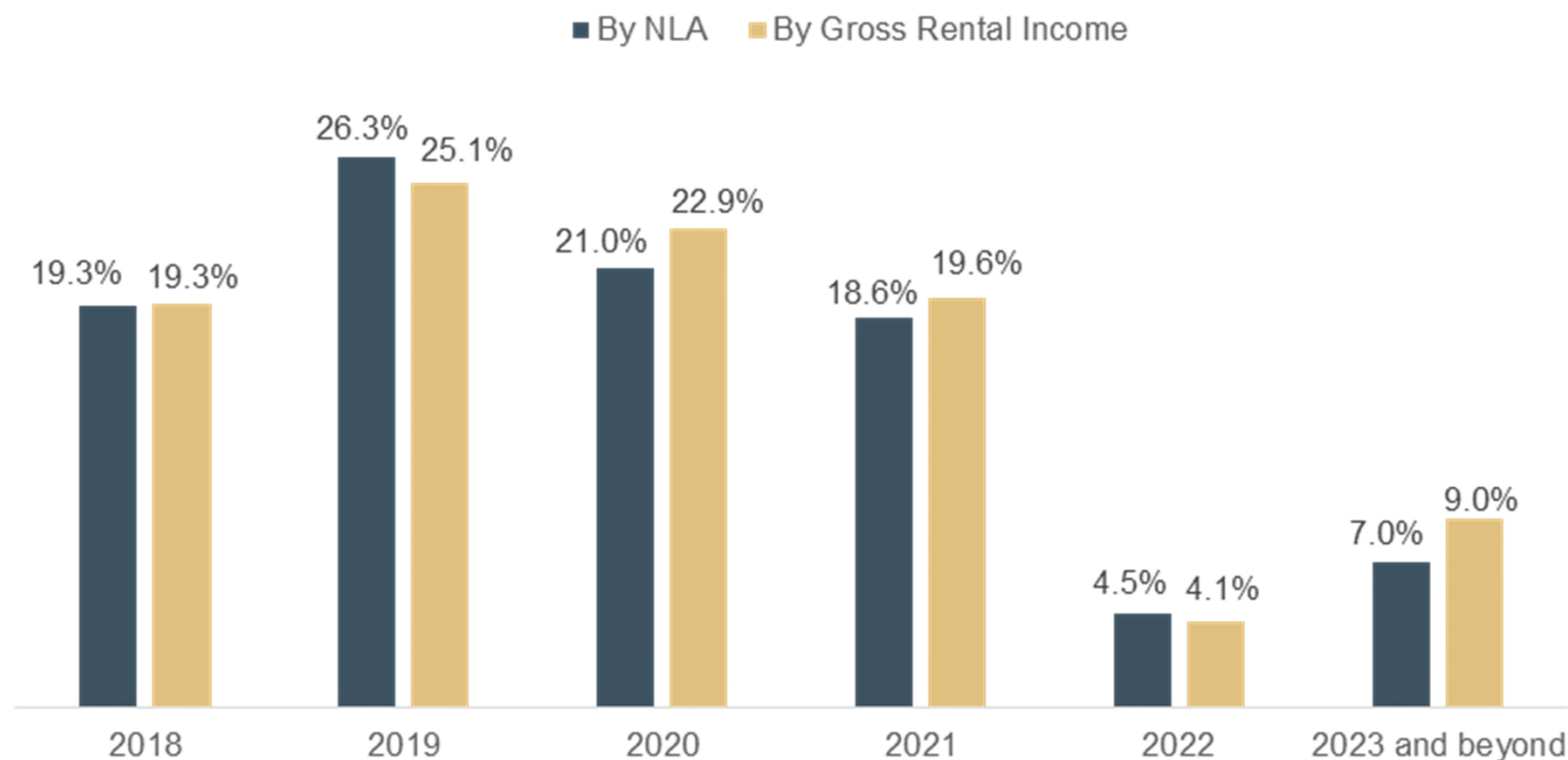
RMB psm/day



(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

19.3% of OUE C-REIT's portfolio gross rental income is due in 2018



**WALE<sup>(1)</sup> of 2.5 years by NLA<sup>(2)</sup> and 2.6 years by Gross Rental Income**

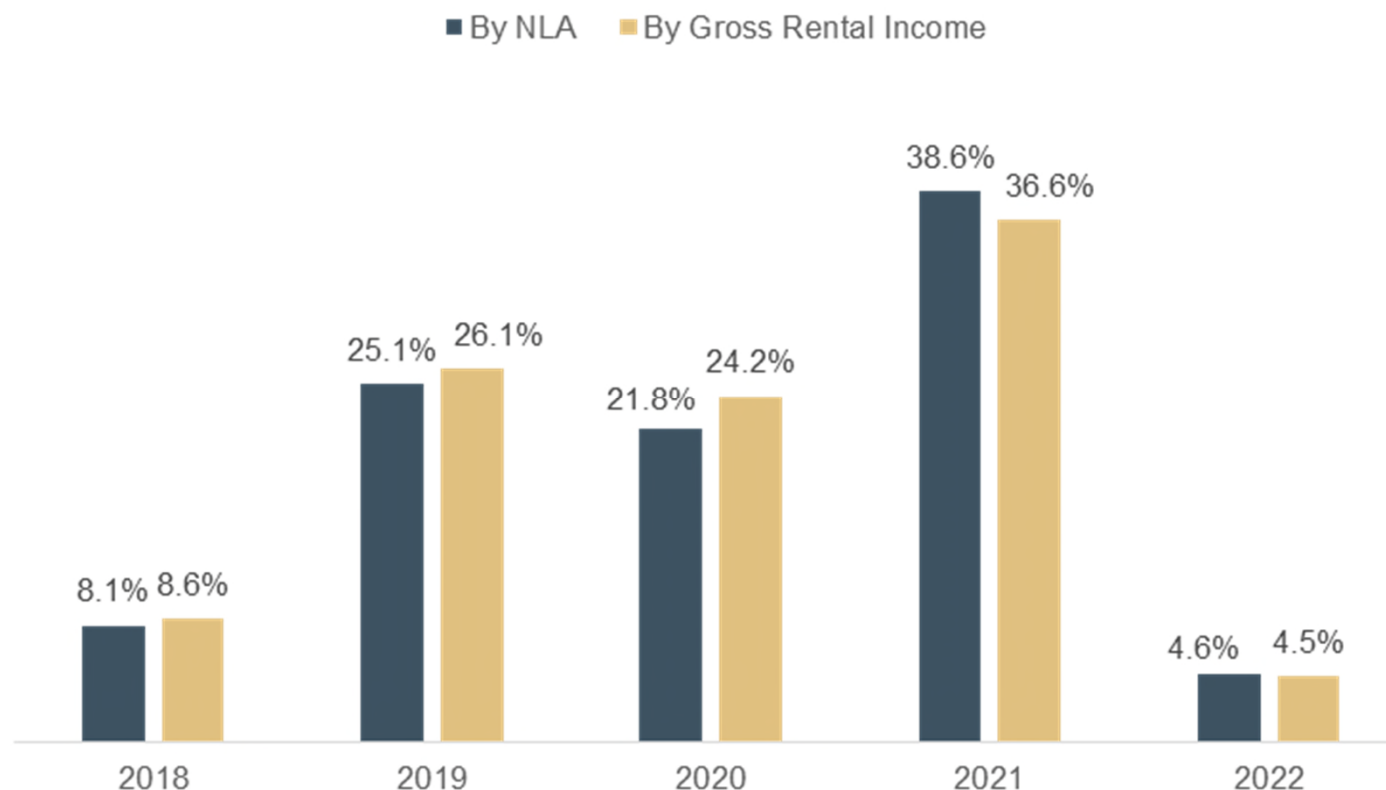
As at 31 Dec 2017

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

(2) "NLA" refers to net lettable area

# Lease Expiry Profile - OUE Bayfront

Only 8.6% of OUE Bayfront's gross rental income is due in 2018



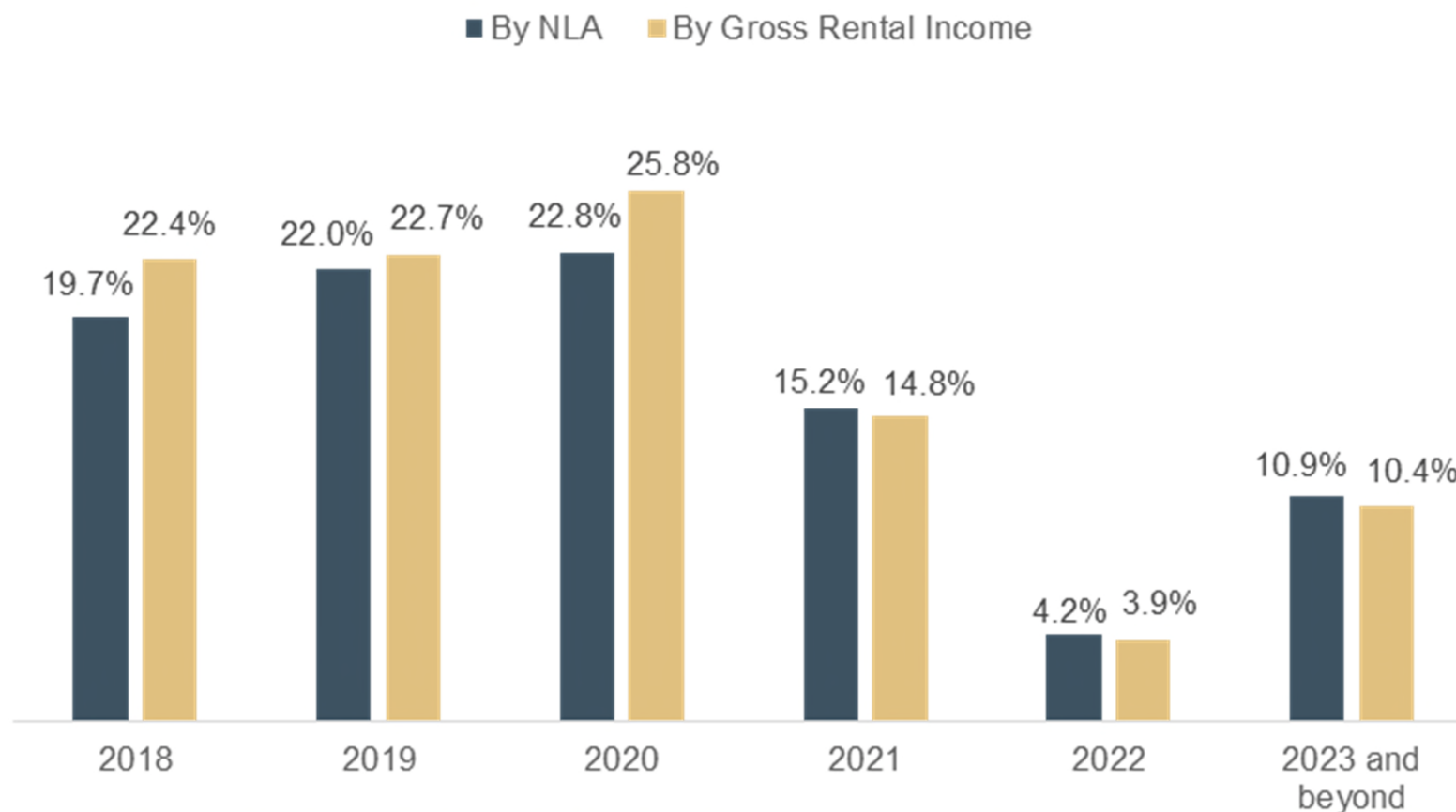
**WALE of 2.7 years by NLA and Gross Rental Income**

As at 31 Dec 2017



# Lease Expiry Profile - One Raffles Place

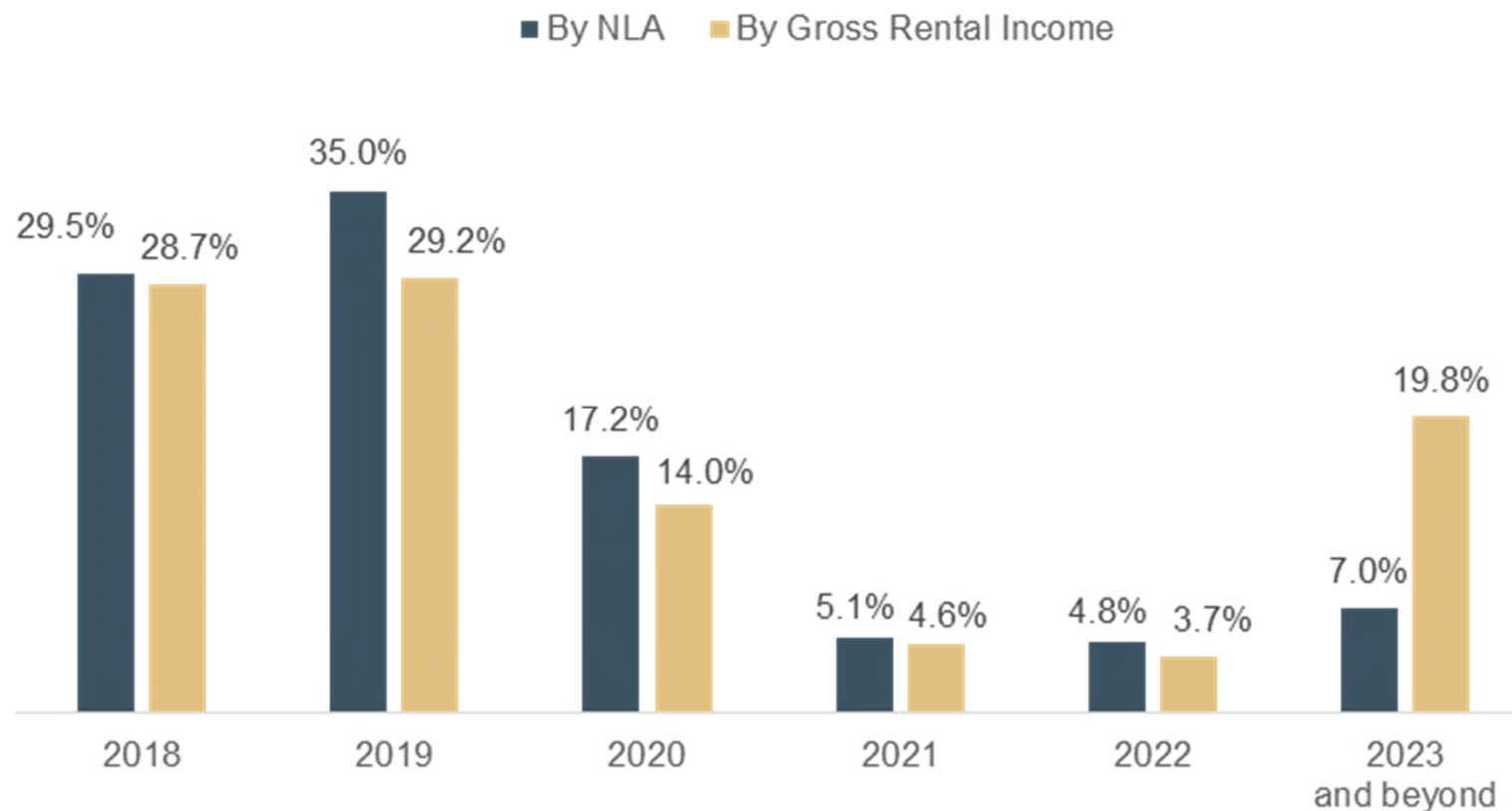
More than 70% of One Raffles Place's office gross rental income expiring in 2018 is due only in 2H 2018



**WALE of 2.5 years by NLA and 2.4 years by Gross Rental Income**

As at 31 Dec 2017

# Lease Expiry Profile - Lippo Plaza



**WALE of 2.2 years by NLA and 3.0 years by Gross Rental Income**

As at 31 Dec 2017

# 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

# 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

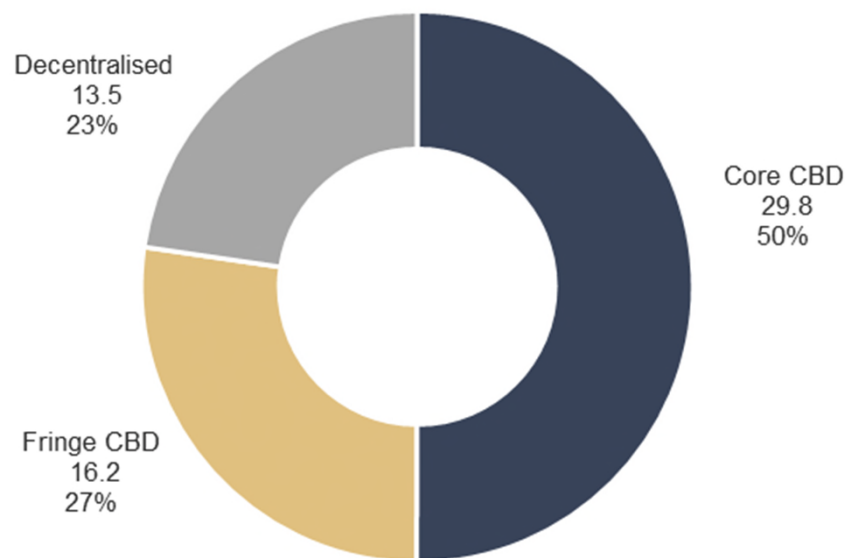
## ✓Historical supply-demand conditions

- Annual average island-wide demand for office space from 2007 – 2016 was about 1.1 million sq ft, compared to annual average supply of 1.4 million sq ft over the same period. For 2017, island-wide net absorption was 2.1 million sq ft, compared to net new supply of 2.7 million sq ft.

**CBD Office Locations (Singapore)**



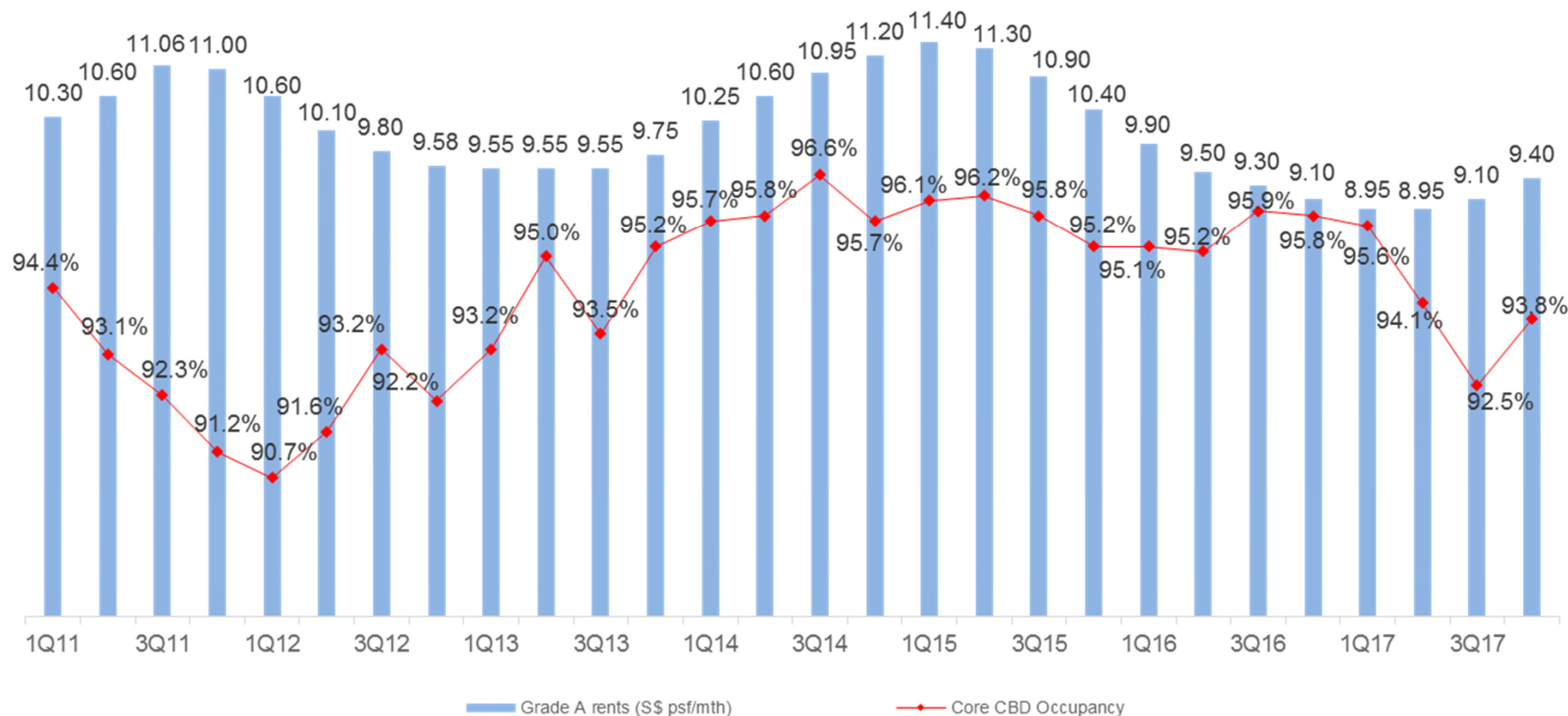
**Breakdown of Office Stock in Singapore (million sq ft)<sup>(1)</sup>**



<sup>(1)</sup> CBRE Pte Ltd, 4Q 2017

# Singapore Office Market

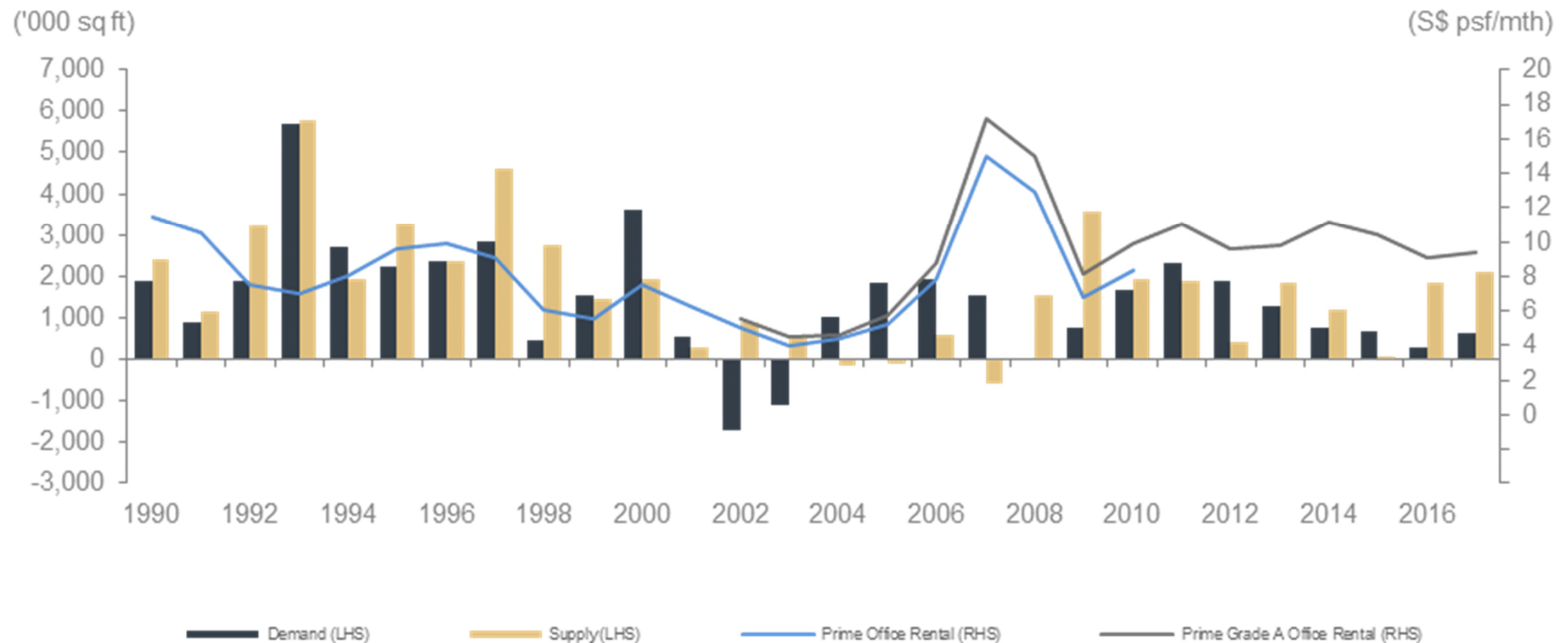
- Core CBD office occupancy improved 1.3ppt QoQ to 93.8% as at 4Q 2017 on the back of stronger leasing activity with quarterly islandwide net absorption of 783,621 sq ft. Expansionary demand was driven by the co-working and technology sectors
- CBD Grade A office rents continued to recover, rising 3.0% QoQ to S\$9.40 psf/mth as the outlook for the office market turned positive, underpinned by strong economic fundamentals and lower office supply expected over the medium term



Source: CBRE

# Demand and Supply vs Office Rental

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

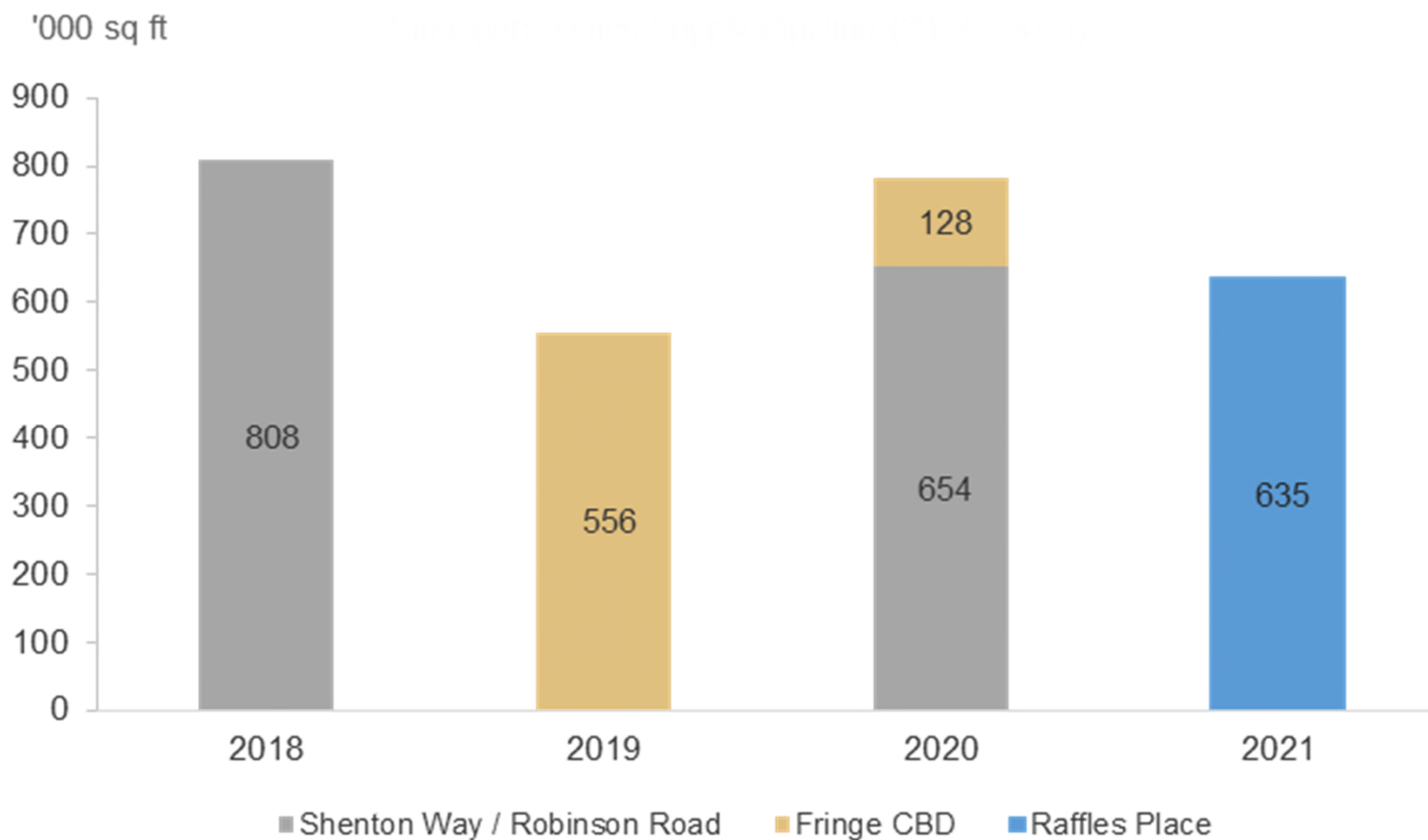


Source: URA statistics, CBRE Research

2Q 2011 was the last period where CBRE provided Prime office Rental data. Prime Grade A office rental data not available prior to 1Q 2002

# Known Office Supply Pipeline

## Office Supply Pipeline in Singapore's CBD and Fringe CBD



Note: Excluding strata-titled office  
Source: CBRE Research, 4Q 2017



# 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

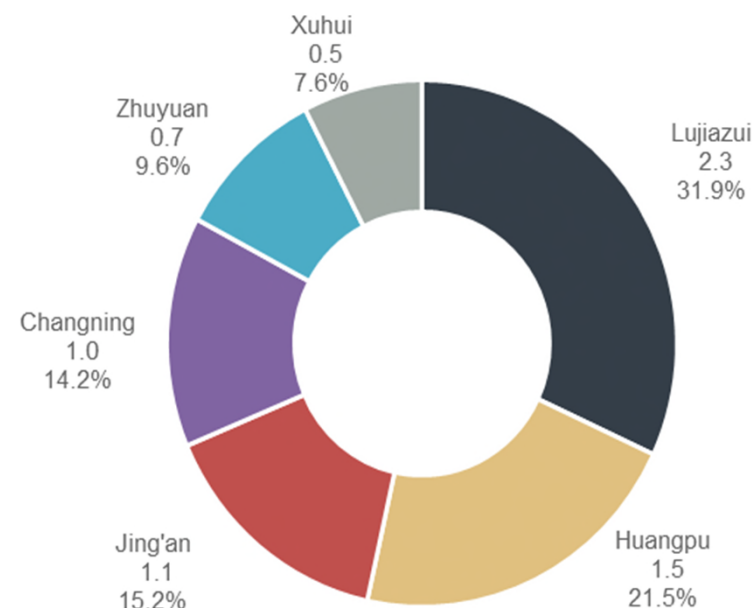
## ✓Historical supply-demand conditions

- The six main districts that make up Shanghai core CBD provide Grade-A office stock of about 7.1 million sq m as at 4Q 2017
- Average net demand for Shanghai CBD Grade A office from 2012 – 2016 was 290,000 sq m, compared to average net supply of 340,000 sq m over the same period. In 2017, net absorption was 599,000 sq m, compared to full year net absorption of 79,000 sq m for 2016. Net supply in 2017 was a record 956,000 sq m

**Key Districts of Shanghai CBD**



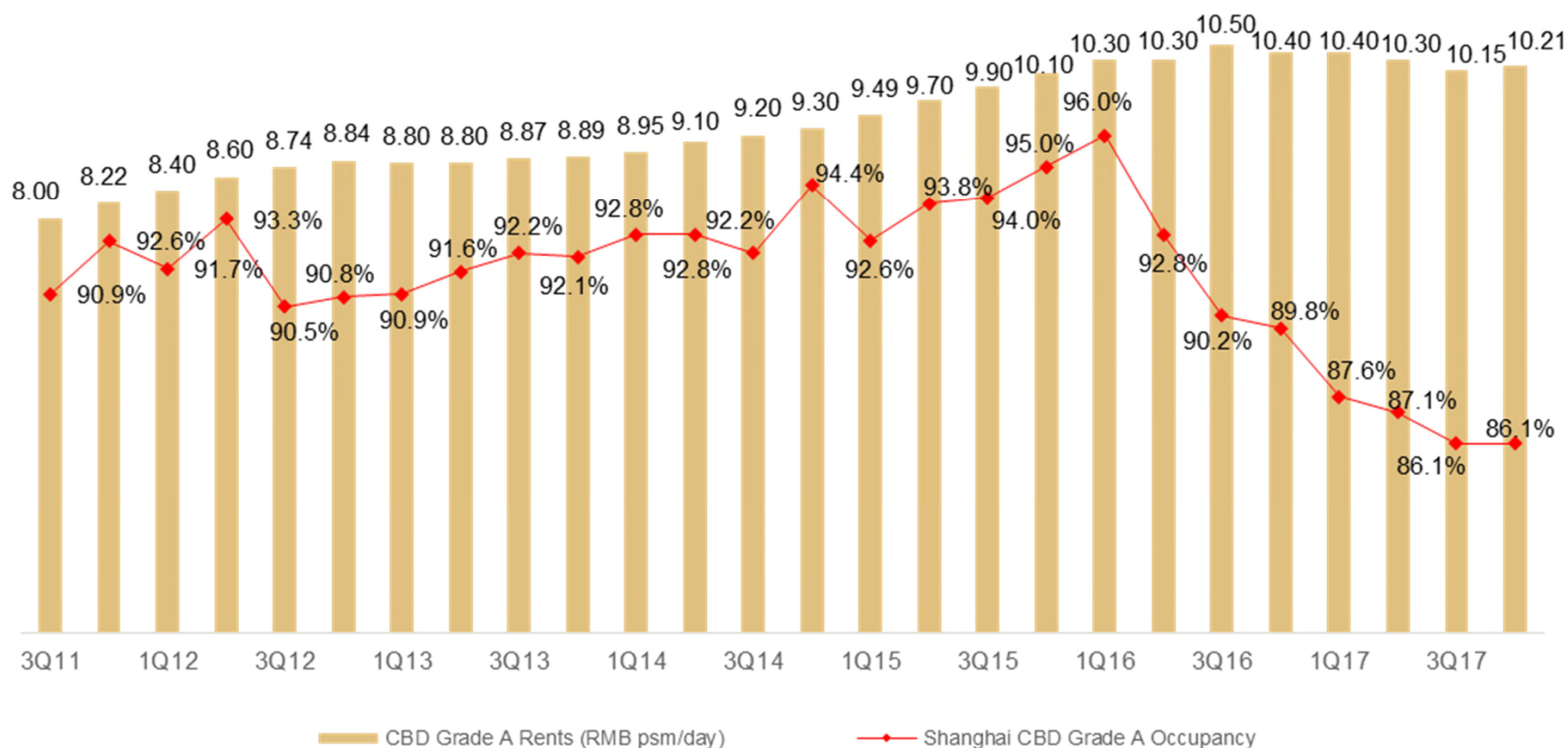
**Breakdown of CBD Grade-A office stock ( million sq m)<sup>(1)</sup>**



<sup>(1)</sup> Colliers International Research, 4Q 2017

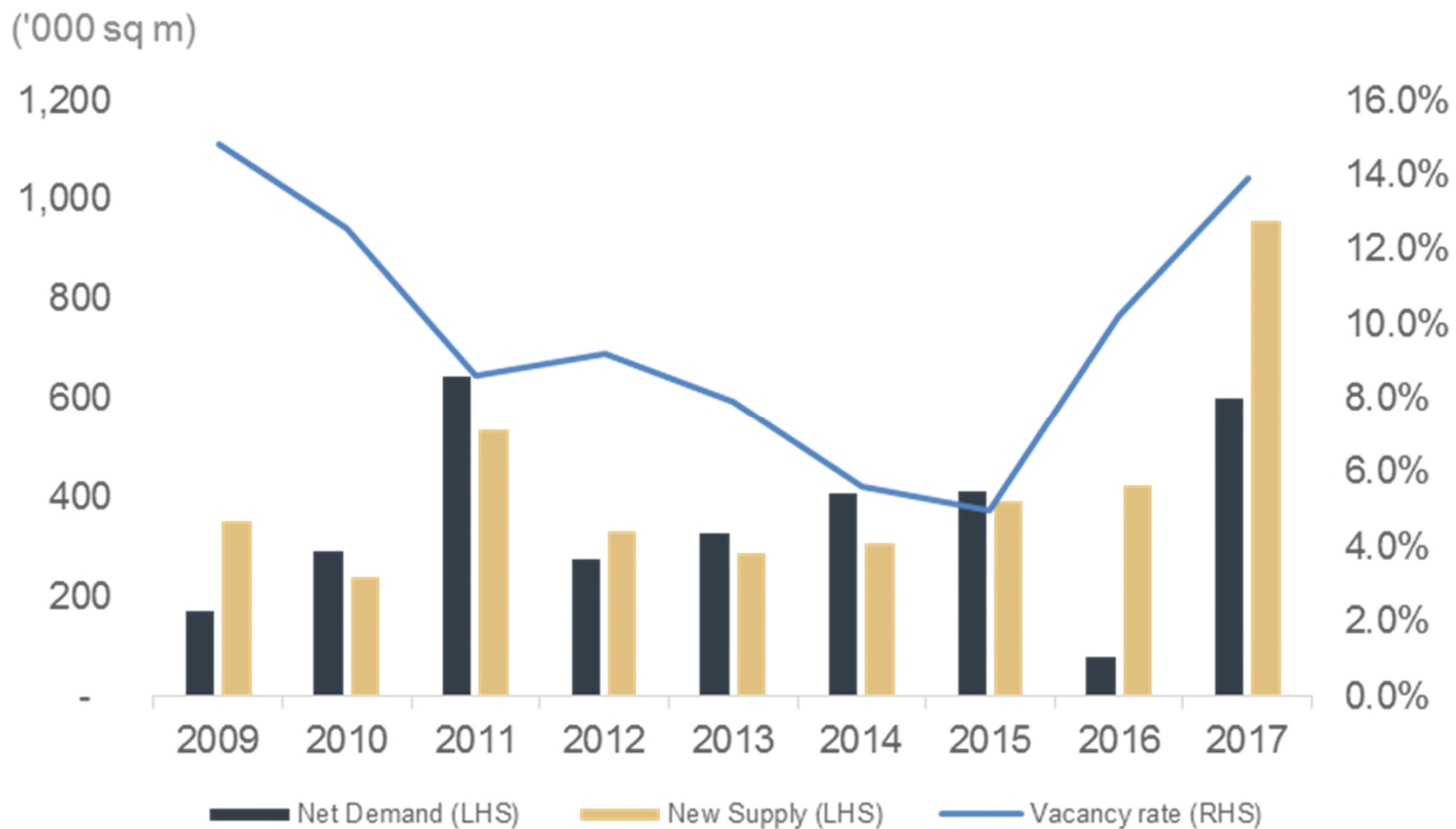
# Shanghai Office Market

- Shanghai CBD Grade A office occupancy as at 4Q 2017 was 86.1%, flat QoQ but declined 3.7 ppt YoY due to significant new office completions during the year. CBD Grade A office rents as at 4Q 2017 were RMB10.21 psm/day, up 0.6% QoQ but down 2.4% YoY given the competition to retain tenants.
- In the Puxi area, Grade A office occupancy rose 0.4 ppt QoQ to 85.7% as at 4Q 2017, with rents holding steady at RMB9.14 psm/day



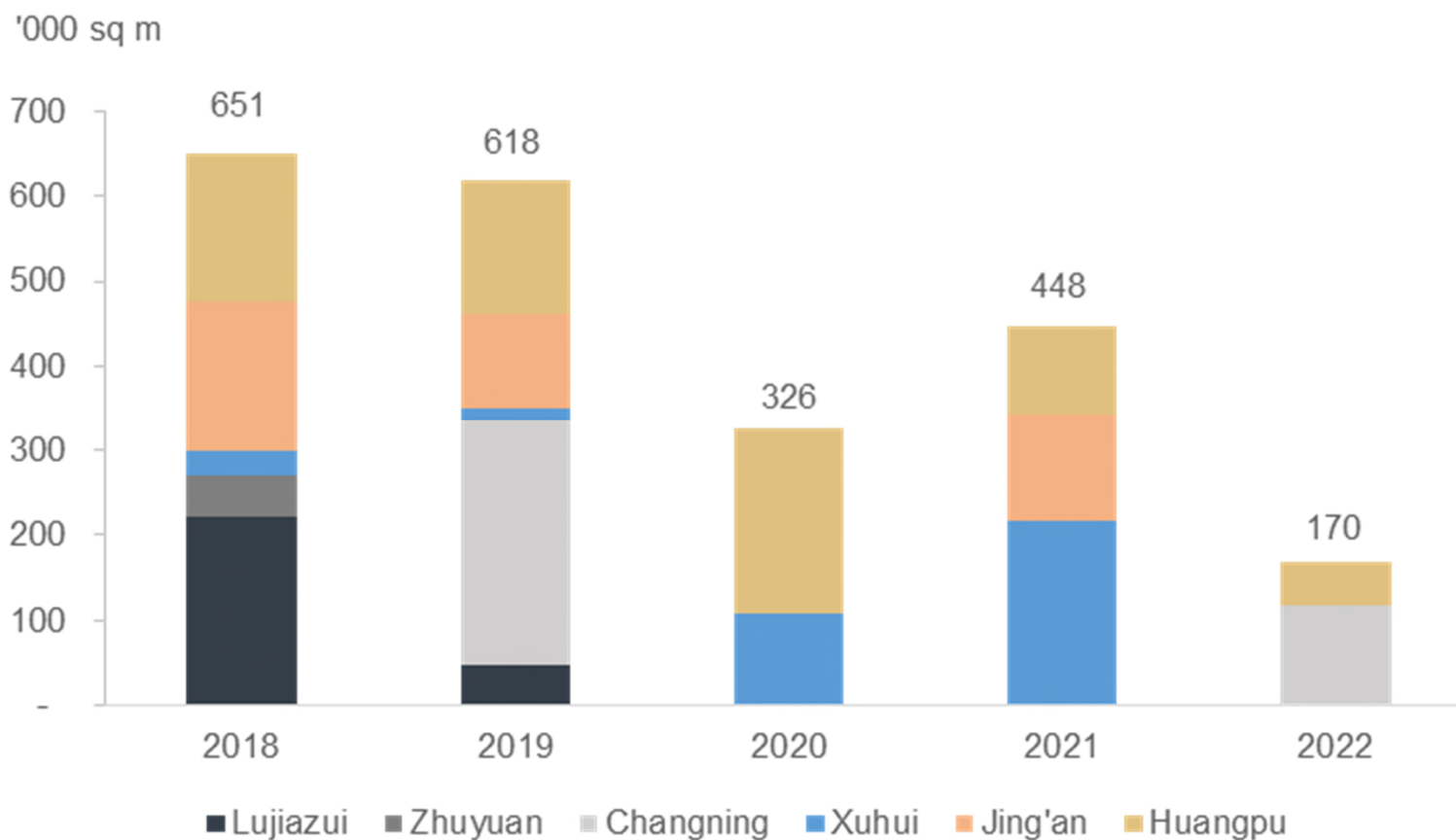
# Demand, Supply and Vacancy

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



# CBD Grade A Office Supply Pipeline

## Office Supply Pipeline in Shanghai CBD







**Thank you**