



## Proposed Acquisition of an Indirect Interest in One Raffles Place

10 June 2015

# Disclaimer

This presentation should be read in conjunction with the announcement on the proposed acquisition of an indirect interest in One Raffles Place dated 10 June 2015 released by OUE Commercial REIT ("OUE C-REIT") .

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. (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. 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.

# Table of Contents

**1. Overview of OUE Commercial REIT**

**2. Transaction Overview**

**3. Overview of One Raffles Place**

**4. Acquisition Structure**

**5. Key Rationale for the Proposed Acquisition**



# Overview of QUE C-REIT

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

The portfolio comprises :

- **QUE 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<sup>(1)</sup>: S\$964.3 million

Market Capitalization<sup>(2)</sup>: S\$712.3 million



Notes:

(1) As at 31 March 2015

(2) As at 9 June 2015

# Transaction Overview

## 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")
- One Raffles Place is an integrated commercial development comprising two Grade-A office towers and a retail podium

## Valuation of OUBC Interest as at 5 June 2015

- S\$1,734 million by Savills Valuation and Professional Services (S) Pte Ltd
- S\$1,733 million by Cushman & Wakefield VHS Pte Ltd

## Purchase Consideration

- Agreed value of **S\$1,715.0** million for the OUBC Interest
- Agreed value for OUBC's interest is expected to be between:
  - S\$1,286.3 million (based on a 75.0% indirect interest in OUBC); and
  - S\$1,429.2 million (based on a 83.33% indirect interest in OUBC)
- Accordingly, the purchase consideration<sup>(1)</sup> is expected to be between **S\$1,034.0** million and **S\$1,148.8** million

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 shareholdings in OUBC

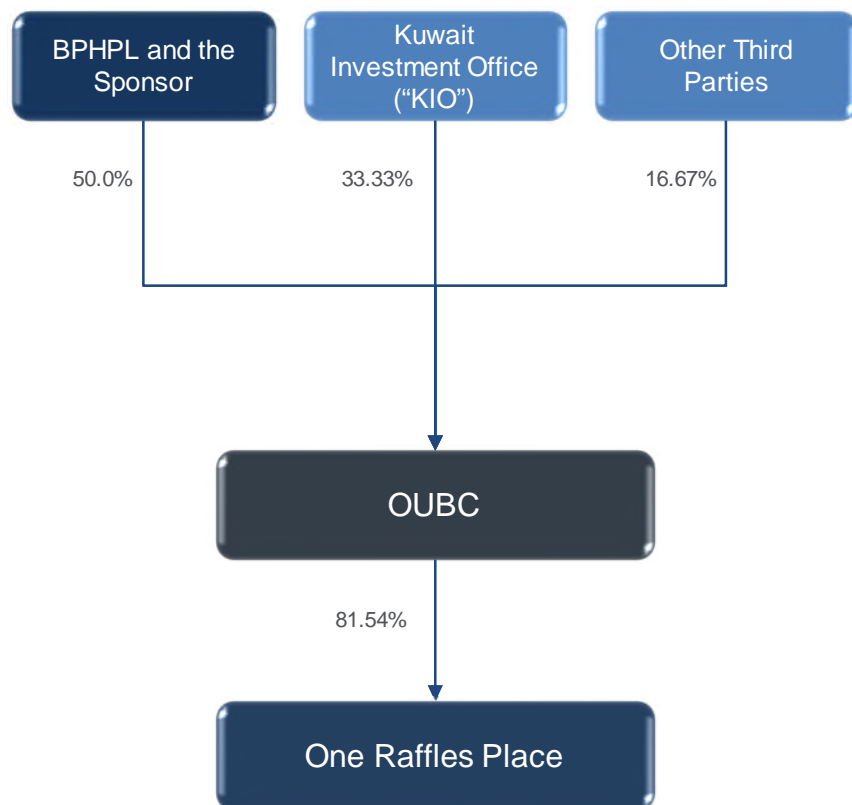
# Overview of One Raffles Place

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

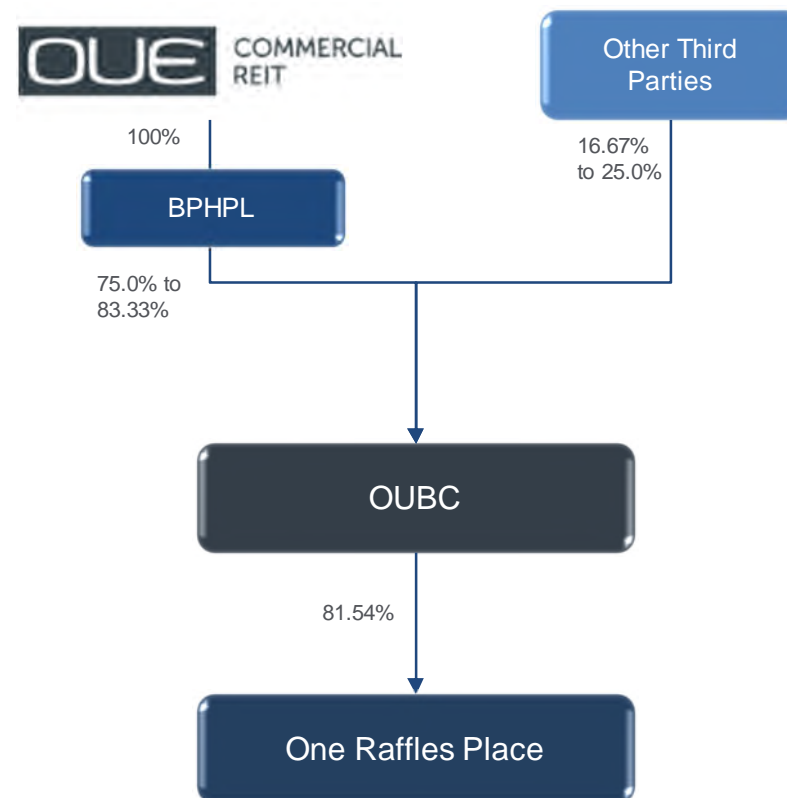


# Acquisition Structure

## Before Acquisition



## After Acquisition



# Key Rationale for the Proposed Acquisition

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 psf

3

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

4

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

5

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





# Acquisition of a Landmark Commercial Property

Raffles Place is perceived as the most accessible office location in the CBD and is expected to remain a focal point of the CBD even with the expansion of the Marina Bay precinct, with One Raffles Place's strategic location being a strong pull-factor for existing and prospective tenants

Situated above and seamlessly linked to the Raffles Place MRT interchange station, one of Singapore's major interchange stations

Enjoys enhanced accessibility to other parts of Singapore via proximity to major expressways:

- Marina Coastal Expressway
- Central Expressway
- East Coast Parkway

Links to an extensive underground network of pedestrian walkways connecting other developments within Raffles Place as well as Marina Bay



# Acquisition of a Landmark Commercial Property (Cont'd)

The proposed acquisition of the Grade-A commercial property is expected to increase OUE C-REIT's exposure to its core Singapore office market



## One Raffles Place Tower 1 and Tower 2

- The 2 office towers offer quality and efficient column-free space with regular floor plates
- Tower 1 is one of the tallest buildings in Singapore, and comprises a 62-storey Grade-A office building with a rooftop restaurant and observation deck
- Tower 2 is a 38-storey Grade-A office building which has been awarded the Platinum Green Mark Award by the Building and Construction Authority for its energy efficiency and environmentally sustainable design
- Enjoys an established blue-chip tenant base which include reputable banking, insurance, financial, information and technology, media and telecommunications companies and multi-national corporations
- Key tenants include Petrobras, Alipay Singapore E-commerce, Virgin Active Singapore, Pramerica Investment Management and China Merchant Bank



## One Raffles Place Shopping Mall

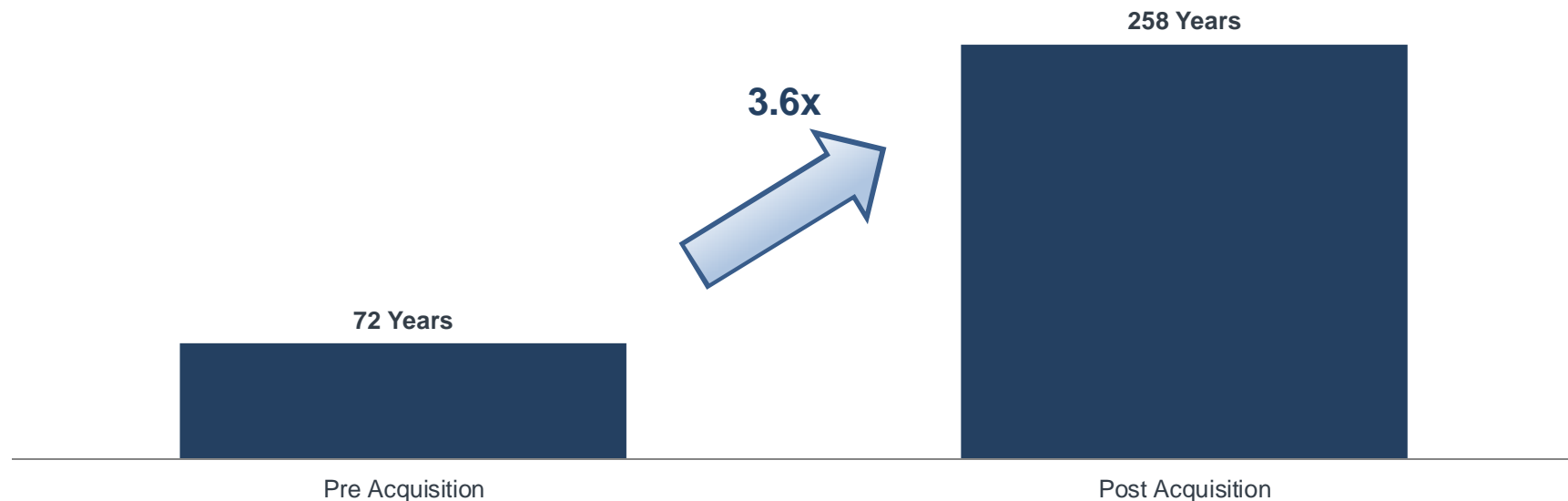
- One Raffles Place Shopping Mall is a six-storey retail podium that faces the length of the Raffles Place Park, and offers a diverse range of shopping, dining and leisure options to the working population in the CBD
- The main anchor tenants of One Raffles Place Shopping Mall include H&M, Uniqlo and other well-known local and international brands, such as Paris Baguette Café, The Hour Glass, Pandora and Tumi

# Acquisition of a Landmark Commercial Property (Cont'd)

One Raffles Place's long land leases provide an attractive investment opportunity, and the proposed acquisition is expected to increase the remaining land lease expiry of OUE C-REIT by approximately 3.6 times, from the current remaining weighted average land lease expiry of approximately 72 years to 258 years

- The property is situated primarily on three land plots with three different tenures with remaining long land leases of about 812 years, 69 years and 67 years respectively
- This translates to a remaining weighted average land lease expiry (by value) of 435 years

## Land Lease Expiry



## Acquisition At An Attractive Price

The agreed value for the OUBC Interest of S\$1,715 million translates to an attractive price of S\$2,382 psf, compared to recently transacted prices of Grade-A properties in the Raffles Place area

Property	Remaining Land Tenure	Date of Transaction	Transacted Price	Transacted Price
<b>The OUBC Interest</b>	Weighted average of 435 years	In progress	S\$1,715.0 m	S\$2,382 psf
Straits Trading Building	847 years	September 2014	S\$450.0 m	S\$2,830 psf
Prudential Tower	74 years	May 2014	S\$512.0 m	S\$2,316 psf
OUE Bayfront	92 years	January 2014	S\$1,005.0 m	S\$2,498 psf
Hitachi Tower	Over 840 years	January 2013	S\$660.0 m	S\$2,374 psf

Attractive price of S\$2,382 psf compared to the transacted prices of Grade-A properties in Raffles Place

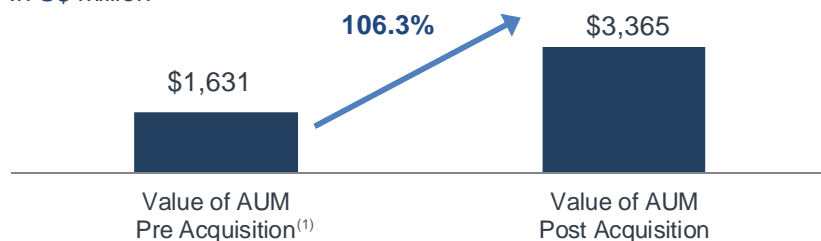


# Strengthened Competitive Position

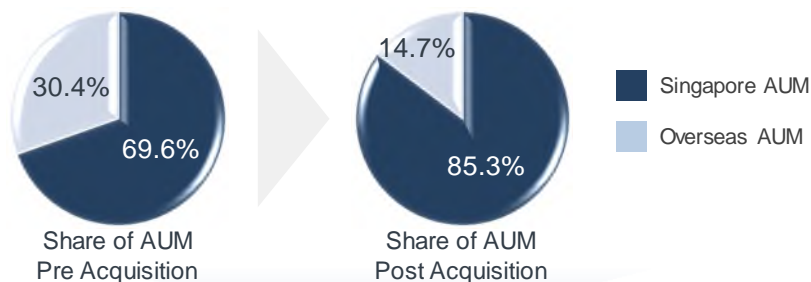
Achievement of transformational scale for OUE C-REIT through the proposed acquisition which will significantly enlarge the size of its assets-under-management (“AUM”) and strengthen its competitive position in Singapore

Increase in total AUM of **106.3%**, with increased proportion of AUM contribution from Singapore based assets

In S\$ million



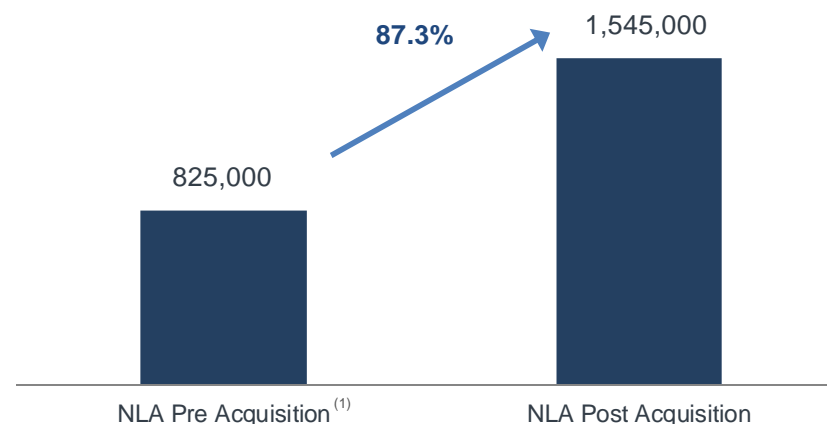
Enlarged Proportion of Singapore AUM



**A larger asset base with greater Singapore AUM contribution is expected to enhance overall capital management flexibility, which will facilitate future acquisitions and asset enhancement initiatives**

**87.3%** increase in the total net lettable area of OUE C-REIT's asset portfolio

In sq ft



**Enlarged footprint within the Singapore CBD is expected to strengthen its competitive position as a landlord in the Singapore office market**

Note:

(1) As at 31 December 2014

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

- No known premium and Grade-A offices in the pipeline 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 new and future developments with larger floor plates
- Average office rent at Raffles Place significantly lower than in Marina Bay

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

Estimated current in-place office rent and occupancy at One Raffles Place is significantly lower than the average rent and average occupancy for Grade-A office in Raffles Place

Potential to achieve strong rental reversions to market rents and increase in occupancy levels to market level

# Enhanced Portfolio Diversification & Resilience

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

A

Increase gross revenue contribution denominated in Singapore dollars, which will reduce the impact of foreign exchange fluctuations

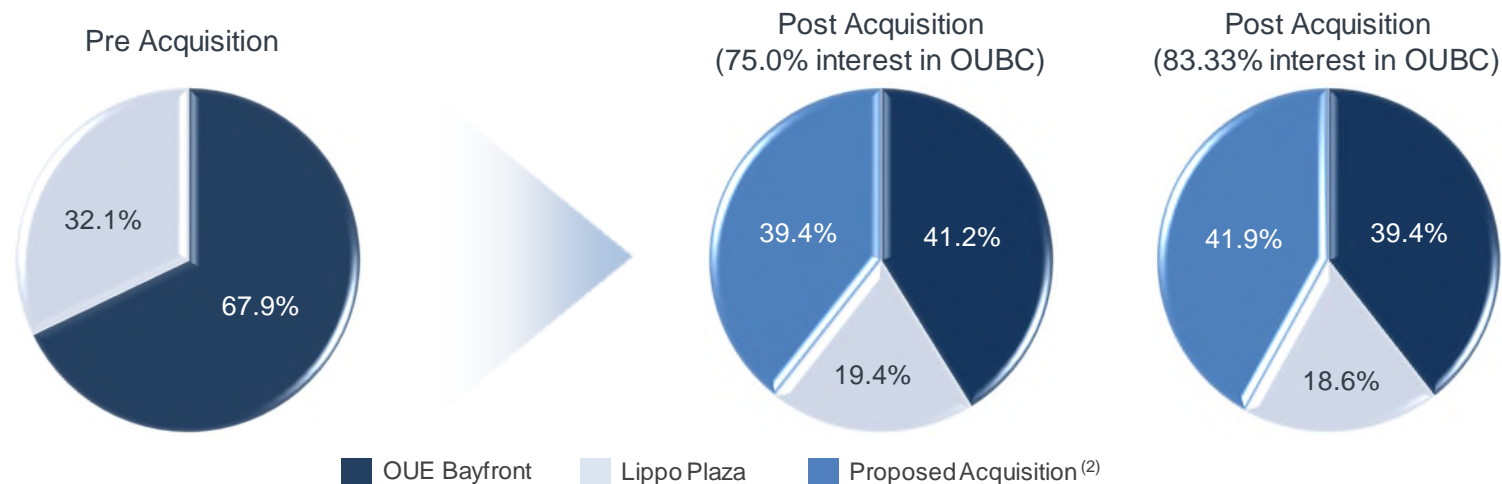
B

Enhance OUE C-REIT's revenue diversification and reduce the concentration risk of OUE C-REIT's income stream from any single property

C

Enhanced quality of OUE C-REIT's tenant base, with the addition of several established MNCs

## Overview of OUE C-REIT's Portfolio Gross Revenue Contribution<sup>(1)</sup>



Notes:

(1) For the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

(2) The gross revenue contribution from the OUBC Interest is derived from OUE Limited's Annual Report 2014, representing OUBC's gross revenue for the year ended 31 December 2014, pro-rated for the period from 27 January 2014 to 31 December 2014 to align with the operating period of OUE C-REIT



**Thank You**