



# Financial Results for 2<sup>nd</sup> Quarter 2017

2 August 2017

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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

- Key Highlights
- Financial Performance and Capital Management
- Portfolio Performance
- Outlook
- Appendices

# Key Highlights

## Financial Highlights

- 2Q 2017 revenue of S\$44.2 million was marginally lower year-on-year (“YoY”) due to lower one-off income recognised during the quarter
- With lower operating expenses and lower borrowings costs in 2Q 2017, amount available for distribution was S\$17.8 million, 0.6% higher YoY. 2Q 2017 DPU was 1.15 cents

## Portfolio Performance

- Portfolio committed occupancy continued to increase in 2Q 2017, rising to 96.4%
- All three properties enjoyed above-market committed office occupancy as at 30 June 2017; OUE Bayfront’s committed office occupancy was at 98.9% while One Raffles Place saw a 2.0 percentage point (“ppt”) quarter-on-quarter (“QoQ”) improvement to 95.0%. Lippo Plaza achieved 100% committed office occupancy, up 4.2 ppt QoQ
- Committed rents for new and renewed Singapore office rents in 2Q 2017 were in line with or above the market rent of S\$8.95 psf per month<sup>(1)</sup>
- Average office passing rent was S\$11.42 psf per month at OUE Bayfront, and S\$10.14 psf per month at One Raffles Place. Lippo Plaza’s average office passing rent was 1.8% higher YoY at RMB9.84 psm per day

(1) CBRE Singapore MarketView 2Q 2017



# Key Highlights

## Capital Management

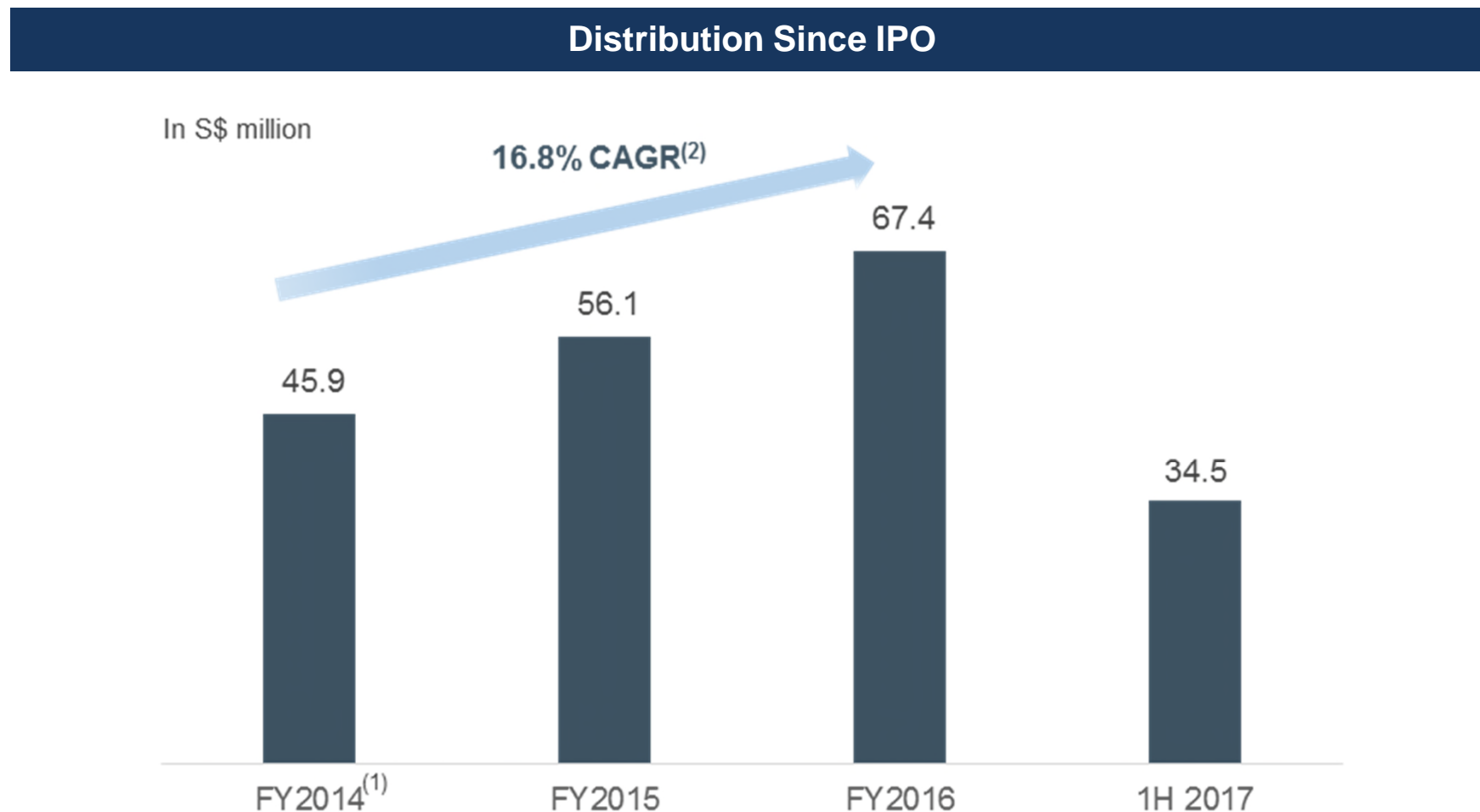
- Aggregate leverage as at 30 June 2017 was 36.4% with a weighted average cost of debt of 3.4% p.a.
- As at 30 June 2017, 80.7% of borrowings were on fixed rate basis, with an average term of fixed rate debt of 2.3 years
- With an average term of debt of 3.1 years, OUE C-REIT has no refinancing requirement in 2017
- For 2Q 2017, the Manager has elected to receive 20% of its base management fees in cash, with the balance in Units

# Financial Performance & Capital Management



# 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-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 vs 2Q 2016

	2Q 2017	2Q 2016	Change
<b>Revenue (S\$m)</b>	<b>44.2</b>	<b>45.7</b>	<b>-3.2%</b>
<b>Net Property Income (S\$m)</b>	<b>34.8</b>	<b>35.2</b>	<b>-1.3%</b>
<b>Amount Available for Distribution to Unitholders (S\$m)</b>	<b>17.8</b>	<b>17.7</b>	<b>+0.6%</b>
<b>DPU (cents)</b>	<b>1.15</b>	<b>1.36</b>	<b>-15.4%</b>
<b>Pro forma DPU (cents)</b>	<b>-</b>	<b>1.15<sup>(1)</sup></b>	<b>-</b>

- In 2Q 2017, OUE C-REIT's property portfolio achieved stronger operational performance. Revenue however was 3.2% lower YoY due to lower one-off income recognised during the quarter
- With lower operating expenses and lower borrowings costs, 2Q 2017 amount available for distribution was S\$17.8 million, 0.6% higher YoY

(1) 2Q 2016 pro forma DPU has been calculated based on 2Q 2016 amount available for distribution of S\$17.7 million and the number of units in issue and to be issued as at 30 June 2017 which included the 233.3 million new units issued pursuant to the private placement in March 2017



# 2Q 2017 vs 2Q 2016

S\$'000	2Q 2017	2Q 2016	Change (%)
<b>Revenue</b>	<b>44,214</b>	<b>45,688</b>	<b>(3.2)</b>
Property operating expenses	(9,445)	(10,460)	(9.7)
<b>Net property income</b>	<b>34,769</b>	<b>35,228</b>	<b>(1.3)</b>
Other income	756	759	(0.4)
Amortisation of intangible asset	(1,113)	(1,118)	(0.4)
Manager's management fees	(2,367)	(3,528)	(32.9)
Other expenses	(583)	(462)	26.2
Interest income	180	29	NM <sup>(1)</sup>
Interest expense	(9,423)	(9,873)	(4.6)
Amortisation of debt establishment costs	(1,353)	(1,989)	(32.0)
Net fair value movement of financial derivatives	655	(1,929)	NM
Foreign exchange differences	(112)	(276)	(59.4)
<b>Total return before tax</b>	<b>21,409</b>	<b>16,841</b>	<b>27.1</b>
Tax expense	(4,489)	(4,460)	0.7
<b>Total return for period</b>	<b>16,920</b>	<b>12,381</b>	<b>36.7</b>
Non-controlling interests	(1,969)	(1,732)	13.7
CPPU holder distribution	(1,371)	(1,368)	0.2
Distribution adjustments	4,253	8,453	(49.7)
<b>Amount available for distribution to Unitholders</b>	<b>17,833</b>	<b>17,734</b>	<b>0.6</b>

# 1H 2017 vs 1H 2016

	1H 2017	1H 2016	Change
<b>Revenue (S\$m)</b>	<b>89.0</b>	<b>88.6</b>	<b>0.5%</b>
<b>Net Property Income (S\$m)</b>	<b>69.4</b>	<b>68.5</b>	<b>1.4%</b>
<b>Amount Available for Distribution to Unitholders (S\$m)</b>	<b>34.5</b>	<b>34.8</b>	<b>-0.9%</b>
<b>DPU (cents)</b>	<b>2.38</b>	<b>2.68</b>	<b>-11.2%</b>
<b>Pro forma DPU (cents)</b>	<b>-</b>	<b>2.41<sup>(1)</sup></b>	<b>-1.2%</b>

- 1H 2017 revenue of S\$89.0 million was 0.5% higher YoY, on improved operational performance. Coupled with lower property operating expenses, 1H 2017 net property income increased 1.4% YoY to S\$69.4 million
- Finance costs in 1H 2017 were lower due to the partial prepayment of loans in late 1Q 2017 with the private placement proceeds
- 1H 2017 amount available for distribution of S\$34.5 million was marginally lower due mainly to the adjustment for amount set aside for the transfer of China-sourced profits from Lippo Plaza to statutory reserve, as a prudent measure by the Manager to ensure sustainable distribution to Unitholders.

(1) 1H 2016 pro forma DPU has been calculated based on 1H 2016 amount available for distribution of S\$34.8 million and the weighted average number of units in issue for 1H 2017 which included the 233.3 million new units issued pursuant to the private placement in March 2017

# 1H 2017 vs 1H 2016

S\$'000	1H 2017	1H 2016	Change (%)
<b>Revenue</b>	<b>89,030</b>	<b>88,602</b>	<b>0.5</b>
Property operating expenses	(19,619)	(20,119)	(2.5)
<b>Net property income</b>	<b>69,411</b>	<b>68,483</b>	<b>1.4</b>
Other income	1,431	1,462	(2.1)
Amortisation of intangible asset	(2,226)	(2,236)	(0.4)
Manager's management fees	(4,706)	(5,873)	(19.9)
Other expenses	(1,208)	(1,166)	3.6
Interest income	225	78	NM <sup>(1)</sup>
Interest expense	(18,996)	(19,398)	(2.1)
Amortisation of debt establishment costs	(3,512)	(3,974)	(11.6)
Net fair value movement of financial derivatives	(1,260)	(4,169)	(69.8)
Foreign exchange differences	(333)	(672)	(50.4)
<b>Total return before tax</b>	<b>38,826</b>	<b>32,535</b>	<b>19.3</b>
Tax expense	(8,937)	(8,371)	6.8
<b>Total return for period</b>	<b>29,889</b>	<b>24,164</b>	<b>23.7</b>
Non-controlling interests	(3,961)	(3,550)	11.6
CPPU holder distribution	(2,727)	(2,735)	(0.3)
Distribution adjustments	11,274	16,896	(33.3)
<b>Amount available for distribution to Unitholders</b>	<b>34,475</b>	<b>34,775</b>	<b>(0.9)</b>

(1) NM: Not meaningful

# Distribution Details

<b>Distribution Period</b>	17 March 2017 to 30 June 2017 <sup>(1)</sup>
<b>Distribution Per Unit</b>	<b>1.38 cents<sup>(1)</sup></b> comprising (i) Taxable income distribution of 0.55 cents (ii) Tax-exempt income distribution of 0.53 cents (iii) Capital distribution of 0.30 cents

<b>Notice of Books Closure Date</b>	2 August 2017
<b>Ex-Date</b>	8 August 2017, 9.00 am
<b>Books Closure Date</b>	11 August 2017
<b>Distribution Payment Date</b>	5 September 2017

(1) As OUE C-REIT pays out its distribution on a semi-annual basis, based on amount available for distribution of S\$34.5 million for the financial period 1 January 2017 to 30 June 2017, 1H 2017 DPU is 2.38 cents. Pursuant to the private placement which was completed on 16 March 2017, an advance distribution of 1.00 cent per Unit for the period from 1 January 2017 to 16 March 2017 was paid on 6 June 2017. Hence the balance distribution from 17 March 2017 to 30 June 2017 is 1.38 cents per Unit.



# Healthy Balance Sheet

S\$ million	As at 30 Jun 2017
Investment Properties	3,398.9
Total Assets	3,457.6
Loans and borrowings	1,185.7
Total Liabilities	1,378.5
Net Assets Attributable to Unitholders	1,320.9
Units in issue and to be issued ('000)	1,541,257
NAV per Unit (S\$)	0.86

# Capital Management

- 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

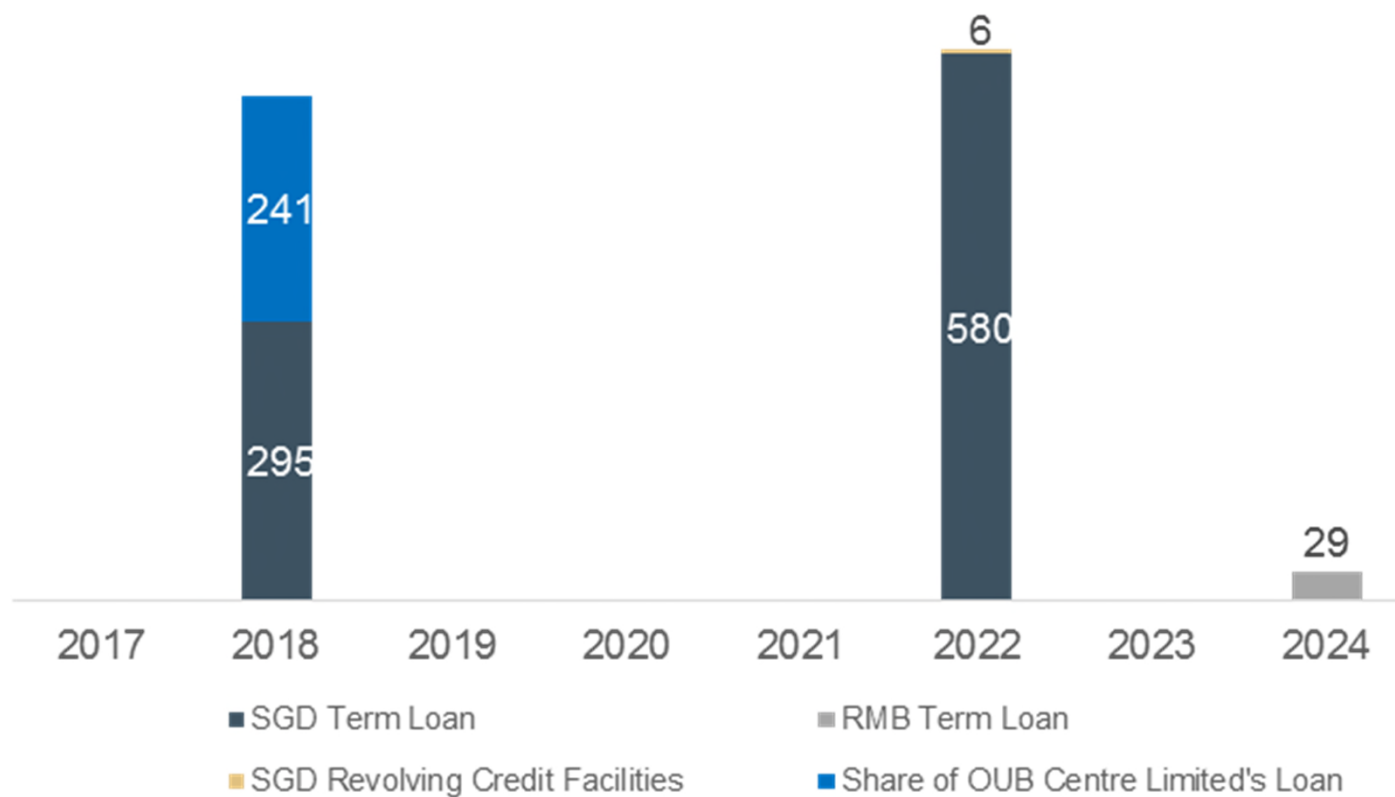
	As at 30 Jun 2017	As at 31 Mar 2017
<b>Aggregate Leverage</b>	36.4%	36.2%
<b>Total debt</b>	S\$1,151m <sup>(1)</sup>	S\$1,145m <sup>(2)</sup>
<b>Weighted average cost of debt</b>	3.4% p.a.	3.4% p.a.
<b>Average term of debt</b>	3.1 years	3.3 years
<b>% fixed rate debt</b>	80.7%	81.2%
<b>Average term of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



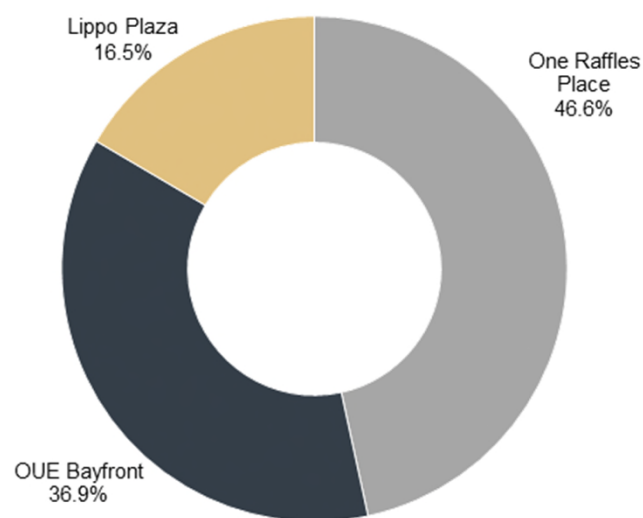
# Portfolio Performance



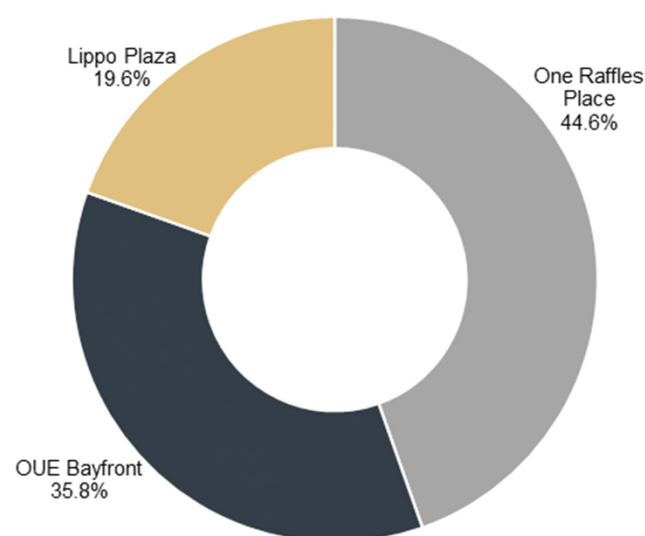


# Portfolio Composition

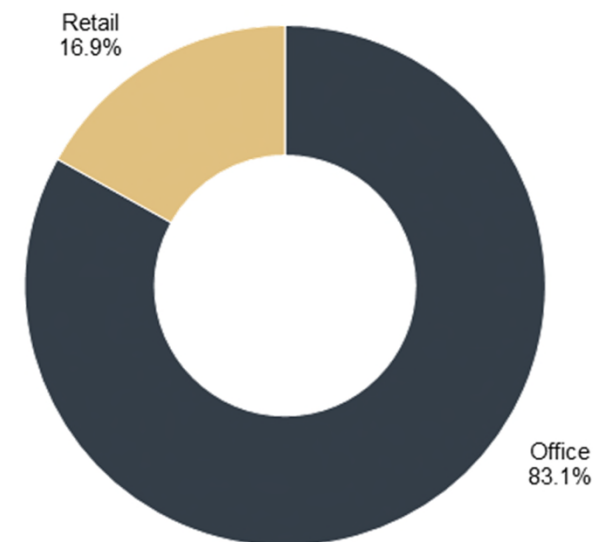
## By Asset Value<sup>(1)</sup>



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



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



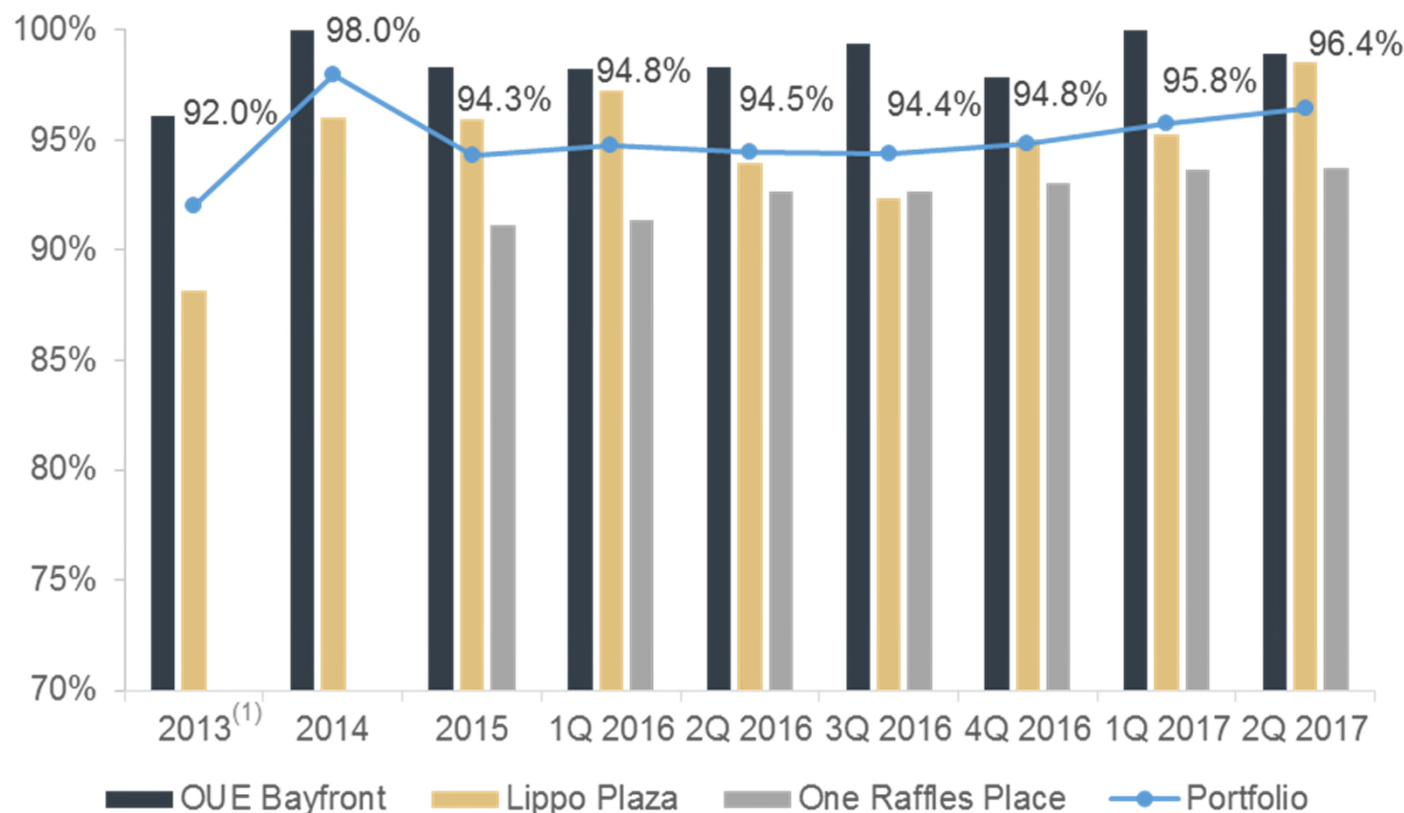
(1) Based on independent valuations as at 31 December 2016 and OUE C-REIT's proportionate interest in One Raffles Place

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

# 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

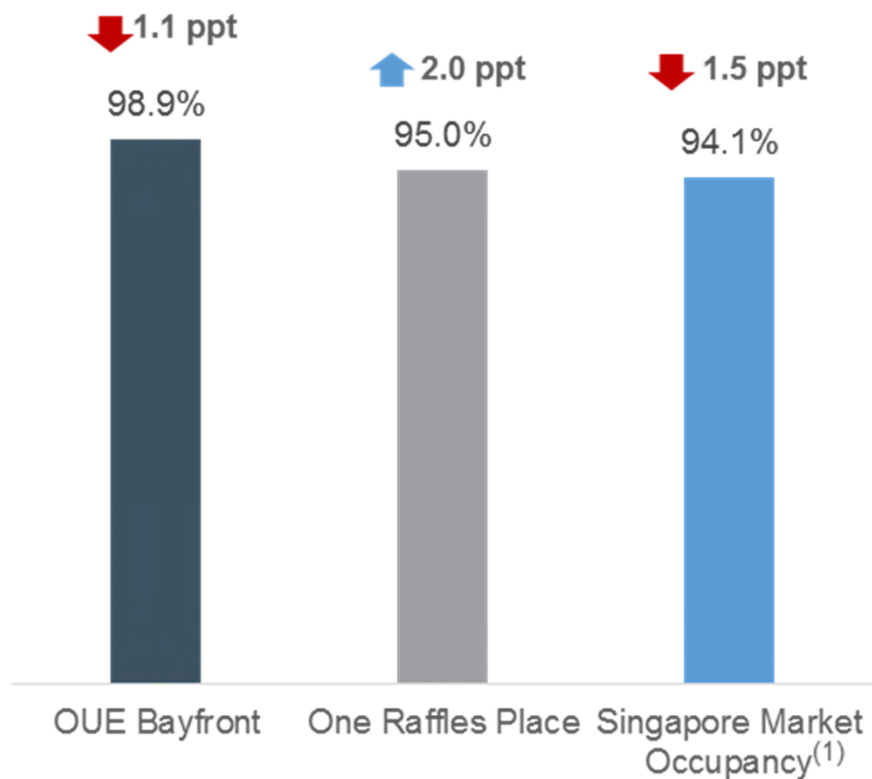
## OUE C-REIT's Portfolio Committed Occupancy



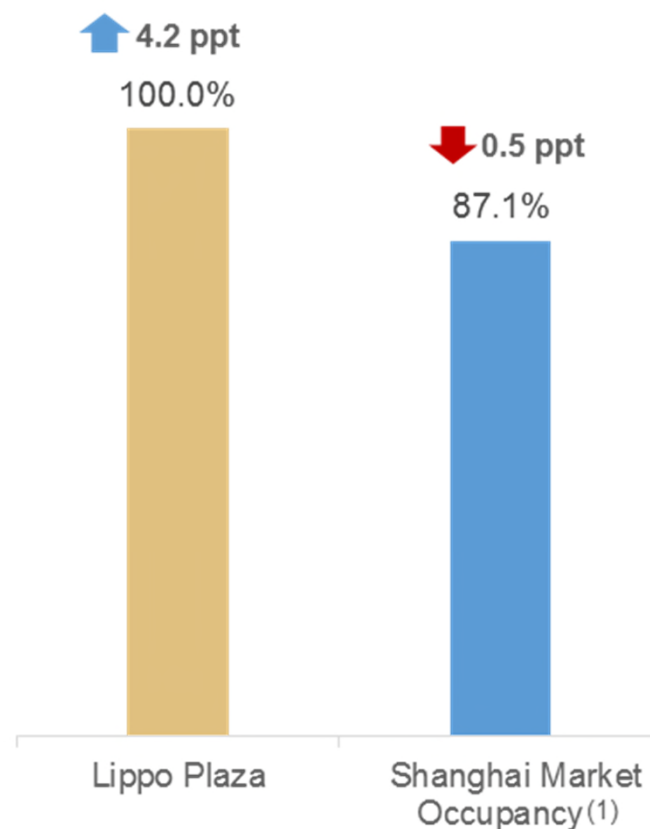
(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

# 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

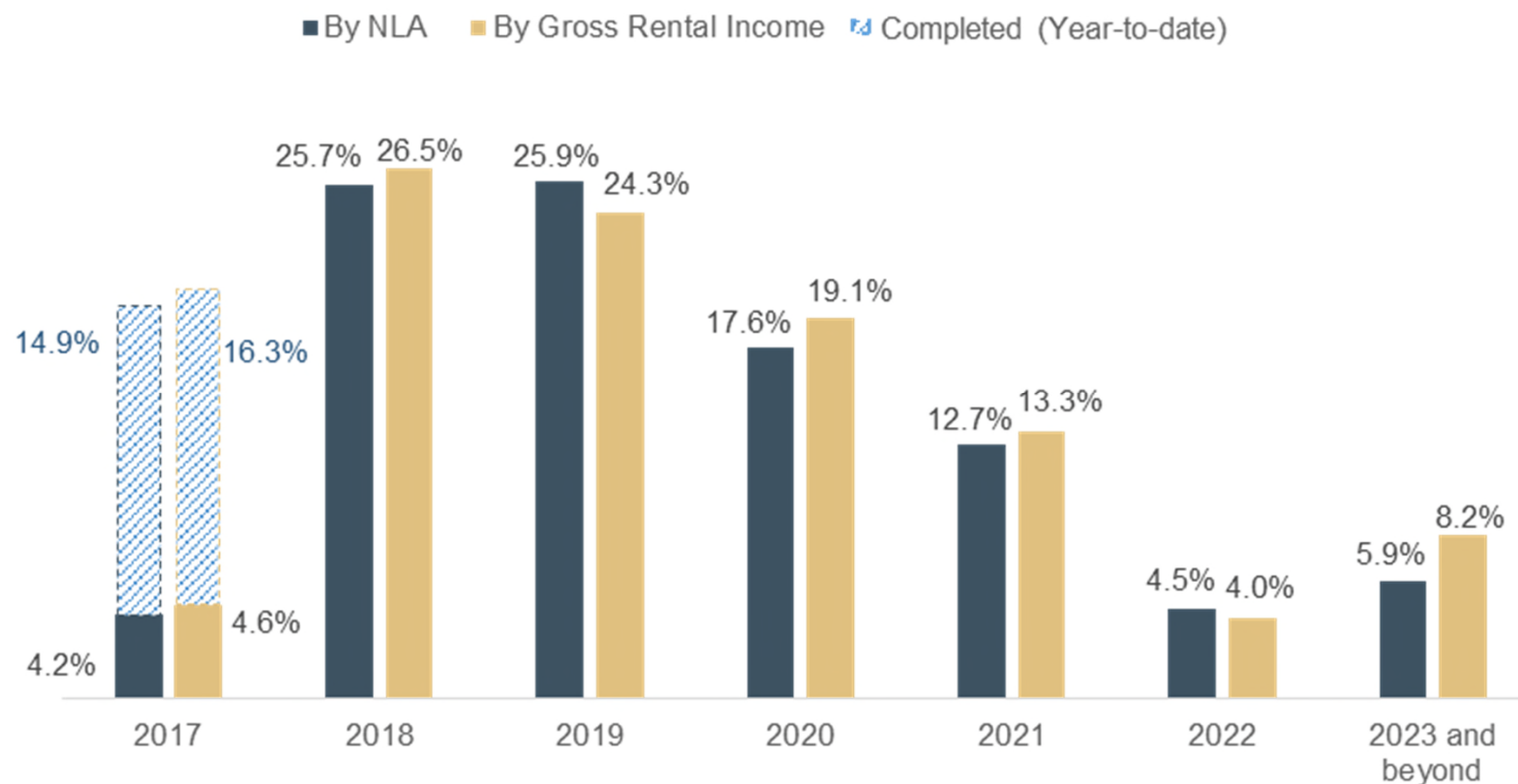


# New Tenants at One Raffles Place Shopping Mall

- 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



# 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**

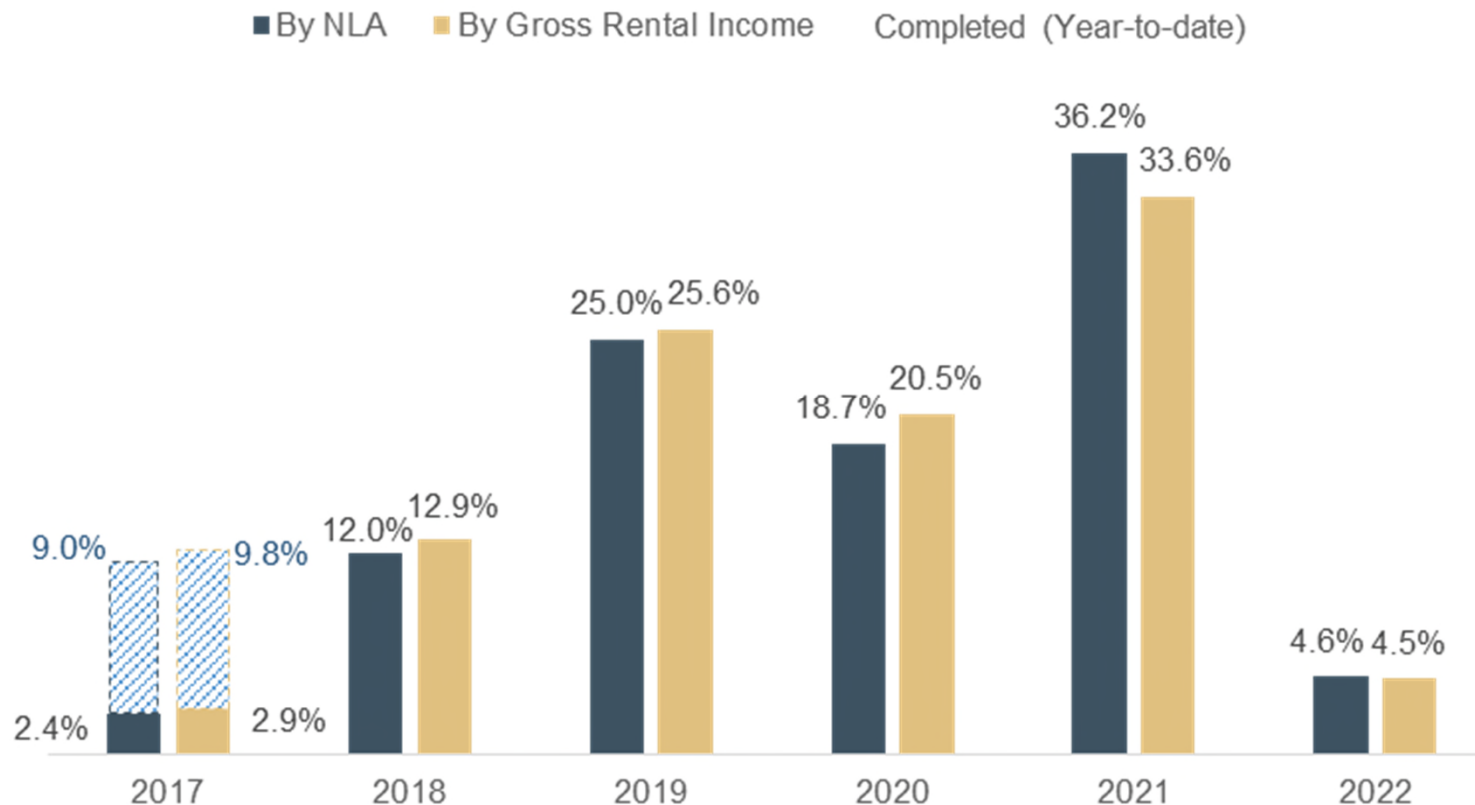
As at 30 Jun 2017

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

(2) "NLA" refers to net lettable area

# Lease Expiry Profile - OUE Bayfront

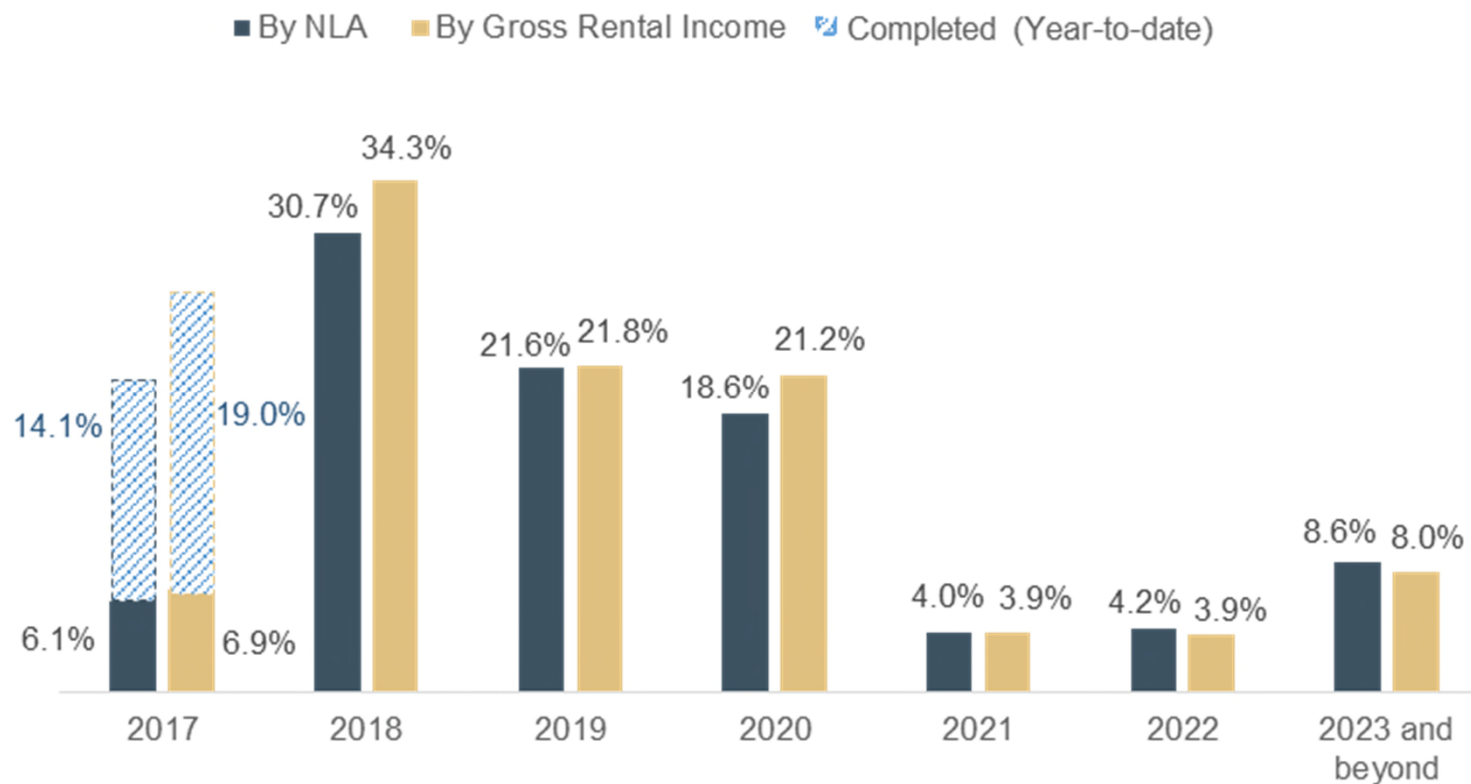
- Close to 80% of OUE Bayfront's gross rental income is due only in 2019 and beyond
- In 2Q 2017, forward renewed 4.8% of 2018 lease expiry by gross rental income



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

As at 30 Jun 2017

# Lease Expiry Profile - One Raffles Place



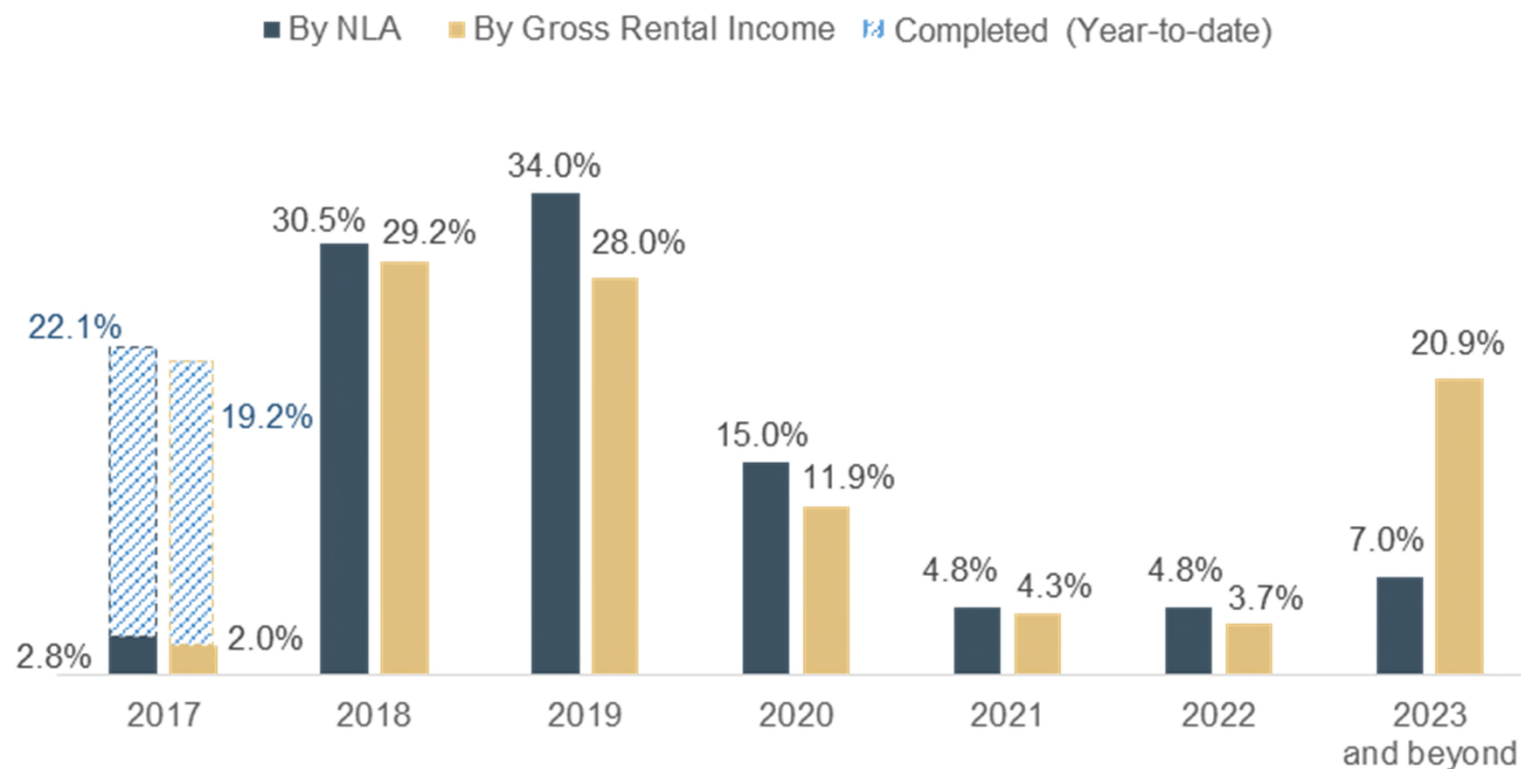
**WALE of 2.4 years by NLA and 2.3 years by Gross Rental Income**

*As at 30 Jun 2017*



# Lease Expiry Profile - Lippo Plaza

- Substantially renewed 2017 lease expiry by gross rental income

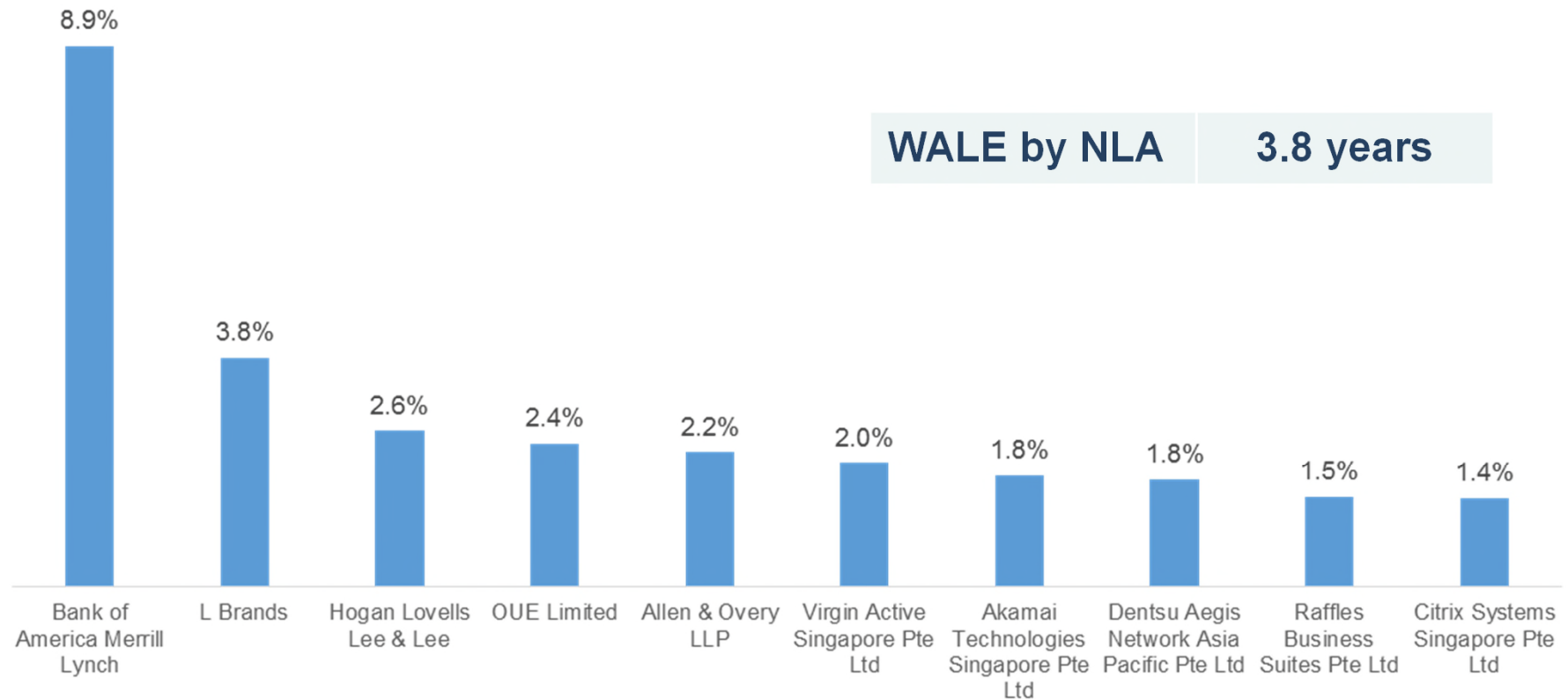


**WALE of 2.6 years by NLA and 3.5 years by Gross Rental Income**

As at 30 Jun 2017

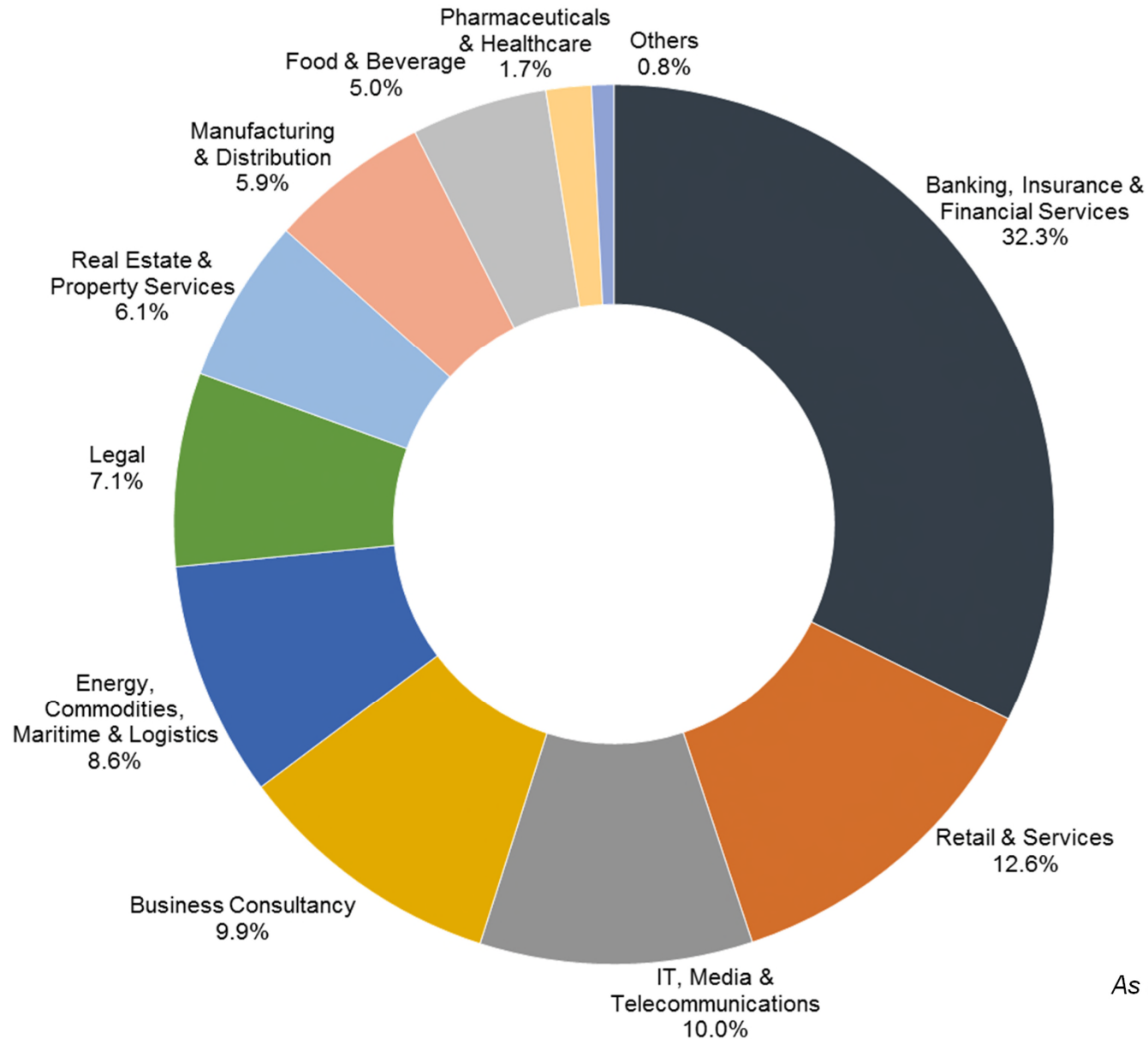
# Quality and Diversified Tenant Base

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



As at 30 Jun 2017

# Diversified Tenant Base



*As at June 2017*

# Outlook



## Singapore

- According to advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s economy grew 2.5%<sup>(1)</sup> YoY in 2Q 2017, at the same rate as the previous quarter. This is at the higher end of MTI’s GDP growth forecast of 1.0% to 3.0% for 2017
- CBD Grade A office rents stabilised at S\$8.95 psf per month<sup>(2)</sup> in 2Q 2017, unchanged QoQ after eight consecutive quarters of decline, according to CBRE. With the completion of Marina One East Tower and UIC Building recorded in 2Q 2017, core CBD occupancy in Singapore slipped 1.5 ppt QoQ to 94.1%. Net absorption was 923,810 sq ft in 2Q 2017, boosted by pre-commitments in the newly completed office buildings
- While Singapore office rents have stabilised on diminished fears of a supply overhang given the strong pre-commitment levels at new office developments, current market rents are still lower than that in 2014, when most of OUE C-REIT’s Singapore leases expiring in 2017 were committed. Hence, negative rental reversions for leases due for renewal in 2017 may be expected

(1) Ministry of Trade and Industry Press Release, 14 July 2017

(2) CBRE, Singapore Market View, 2Q 2017



## China

- China's 2Q 2017 GDP growth was 6.9%<sup>(1)</sup>, at the same rate as the previous quarter. Firmer exports and steel production, as well as stronger retail sales growth supported the expansion in output, while real estate investment growth eased on the back of government efforts to curb speculation. With the 2017 GDP growth target unchanged at around 6.5%, the stronger growth recorded in the first half of 2017 provides a favourable backdrop for policymakers to push through with structural reforms, especially in the financial system, for a more sustainable economy
  
- According to Colliers International, Shanghai CBD Grade A office occupancy edged down 0.5 ppt QoQ to 87.1%<sup>(2)</sup> as at 2Q 2017 despite strong net absorption of 261,000 sq m, due to significant new office completions during the quarter which increased stock by 5.2% to 6.75 million sq m. Consequently, Shanghai CBD Grade A office rents as at 2Q 2017 were RMB10.3 psm per day, marginally lower by 0.3 ppt QoQ. In Puxi, Grade A office occupancy increased 0.4 ppt QoQ to 87.6% as at 2Q 2017, with rents 0.7% QoQ lower at RMB 9.3 psm per day
  
- In view of further new office supply coming on-stream in Shanghai in 2017, the overall CBD Grade A vacancy rate may continue to increase in the coming quarters and hence the rental outlook continues to be soft

(1) National Bureau of Statistics of China Press Release, 17 July 2017

(2) Colliers International, Shanghai Office Research & Forecast Report 2Q 2017

# Appendices

- Overview of OUE C-REIT
- OUE C-REIT's Portfolio
- Singapore Office Market
- Shanghai Office Market





# 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 55.5% 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: 35,342.7 Retail: 1,830.0 Overall: 37,172.7
<b>Committed Occupancy as at 30 Jun 2017</b>	Office: 98.9% Retail: 100.0% Overall: 98.9%
<b>Number of Car Park Lots</b>	245
<b>Valuation (as at 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

## *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>	119,626.3
<b>Attributable NLA (sq m)</b>	Office: 56,090.0 Retail: 9,500.0 Overall: 65,590.0
<b>Committed Occupancy as at 30 Jun 2017</b>	Office: 95.0% Retail: 87.7% Overall: 93.8%
<b>Number of Car Park Lots</b>	326
<b>Valuation<sup>(1)</sup> (as at 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 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

## *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

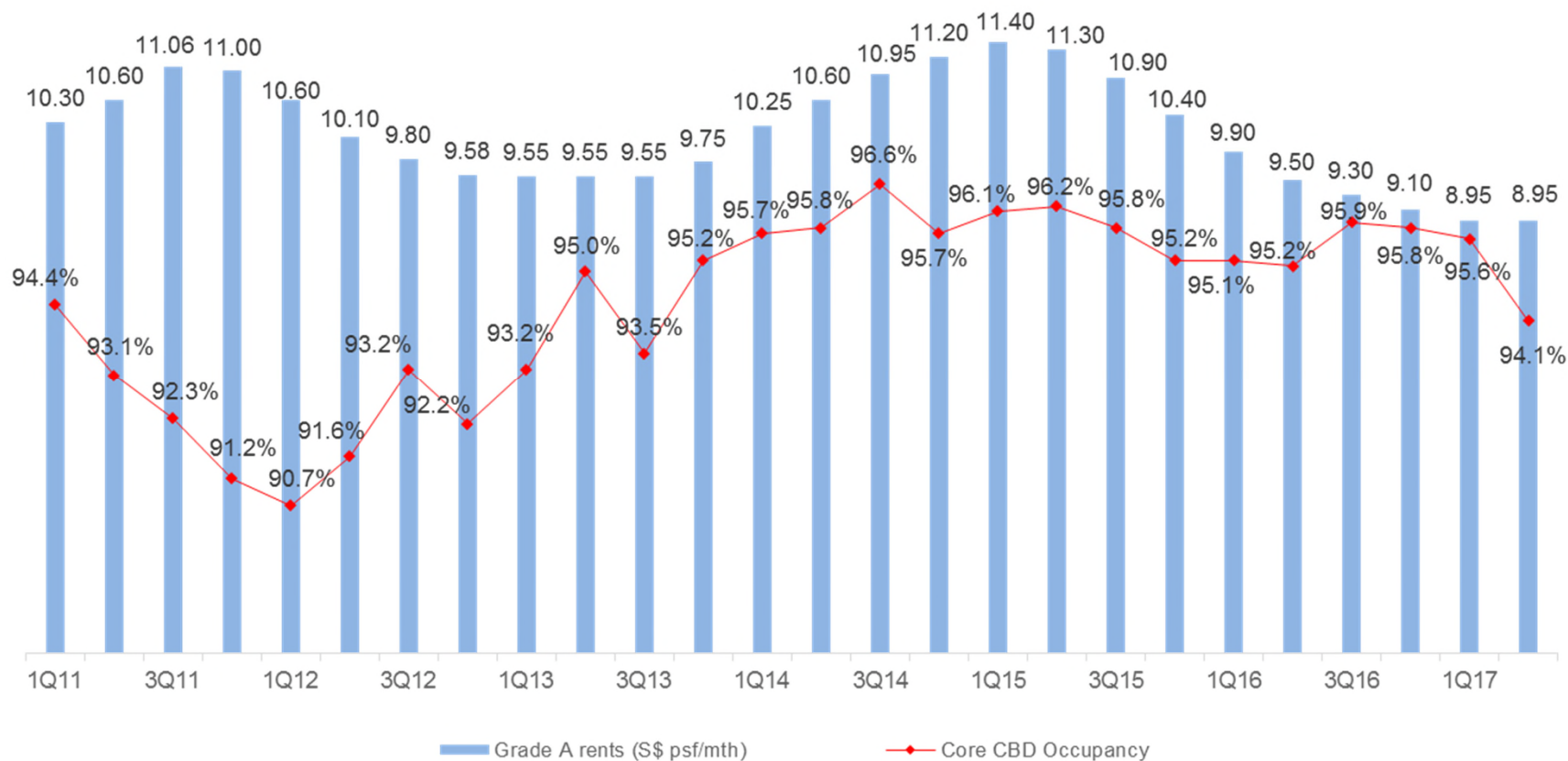
Lippo Plaza	
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6 Retail: 5,685.9 Overall: 39,224.5
<b>Committed Occupancy as at 30 Jun 2017</b>	Office: 100.0% Retail: 90.4% Overall: 98.6%
<b>Number of Car Park Lots</b>	168
<b>Valuation<sup>(1)</sup> (as at 31 Dec 2016)</b>	RMB2,524.0 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:CN¥ exchange rate of 1 : 4.909 as at 30 June 2017

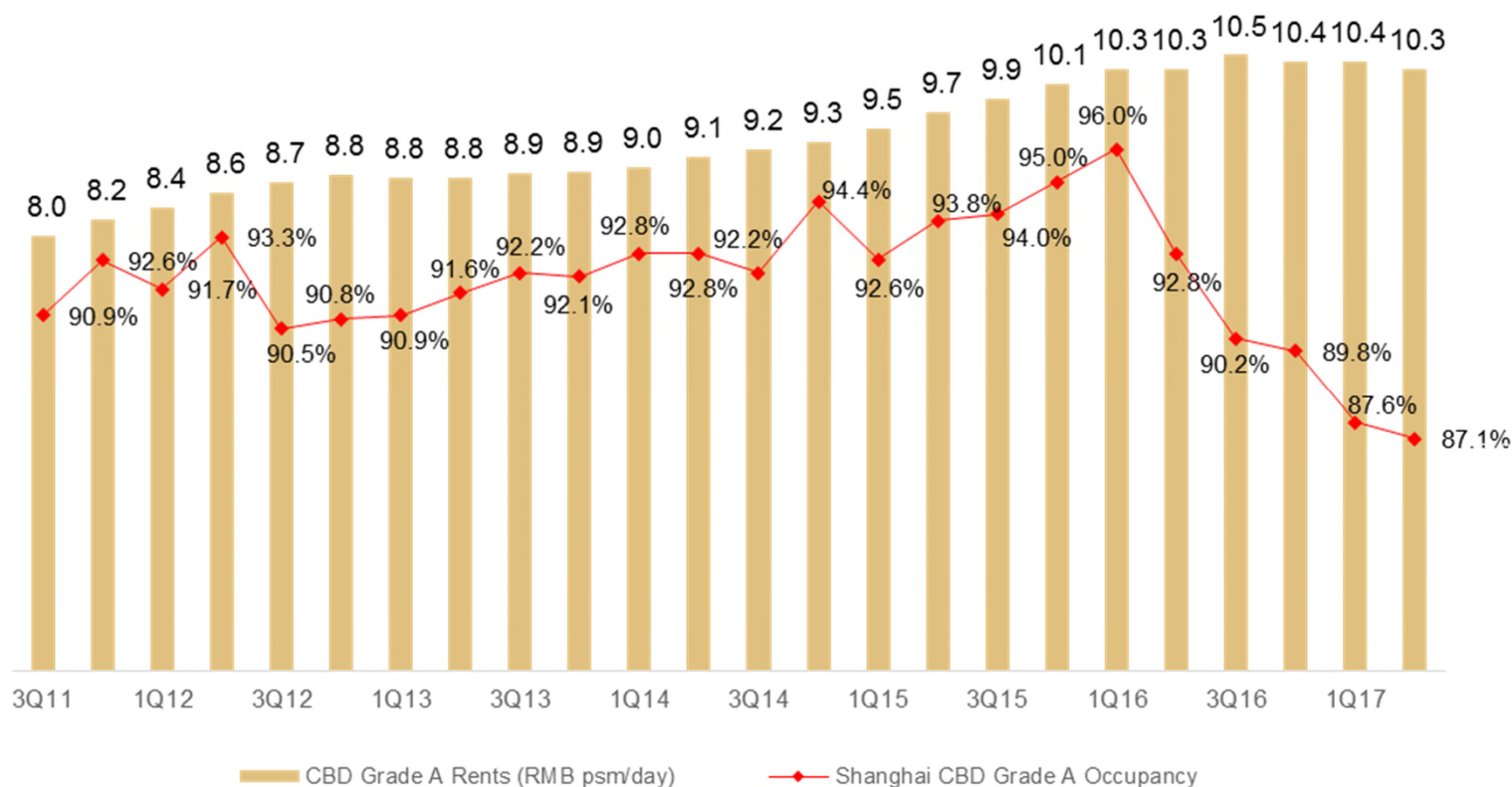
# Singapore Office Market

- 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







**Thank you**