



# Annual General Meeting

21 April 2017

# Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 4Q 2016 dated 26 January 2017.

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.

- 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 31 December 2016, 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*



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 31 Dec 2016</b>	Office: 97.7% Retail: 100.0% Overall: 97.8%
<b>Number of Car Park Lots</b>	245
<b>Valuation (as at 31 Dec 2016)</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

## 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 (Tower 1): 29,045.0 Office (Tower 2): 27,045.0 Retail: 9,500.0 Overall: 65,590.0
<b>Committed Occupancy as at 31 Dec 2016</b>	Office: 92.2% Retail: 97.2% Overall: 93.0%
<b>Number of Car Park Lots</b>	326
<b>Valuation<sup>(1)</sup> (as at 31 Dec 2016)</b>	S\$1,738.3 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

## *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

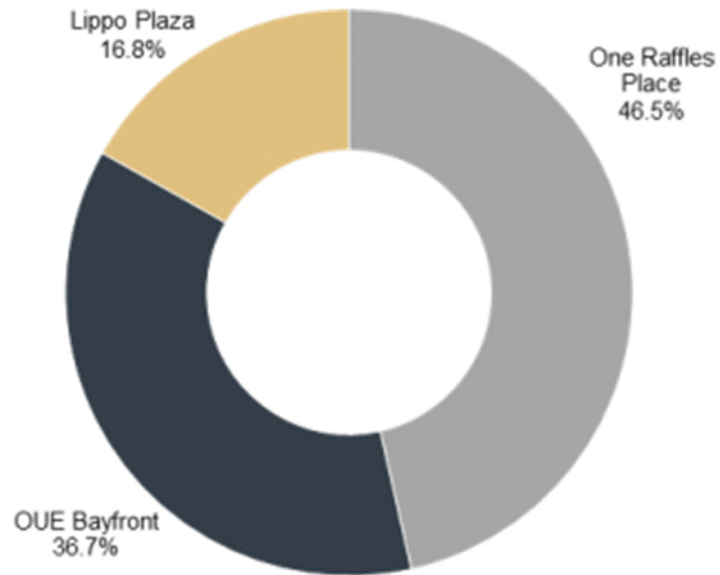
Lippo Plaza	
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6 Retail: 5,685.9 Overall: 39,224.5
<b>Committed Occupancy as at 31 Dec 2016</b>	Office: 94.5% Retail: 98.1% Overall: 95.0%
<b>Number of Car Park Lots</b>	168
<b>Valuation<sup>(1)</sup> (as at 31 Dec 2016)</b>	RMB2,524.0 m / (S\$524.2m) <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

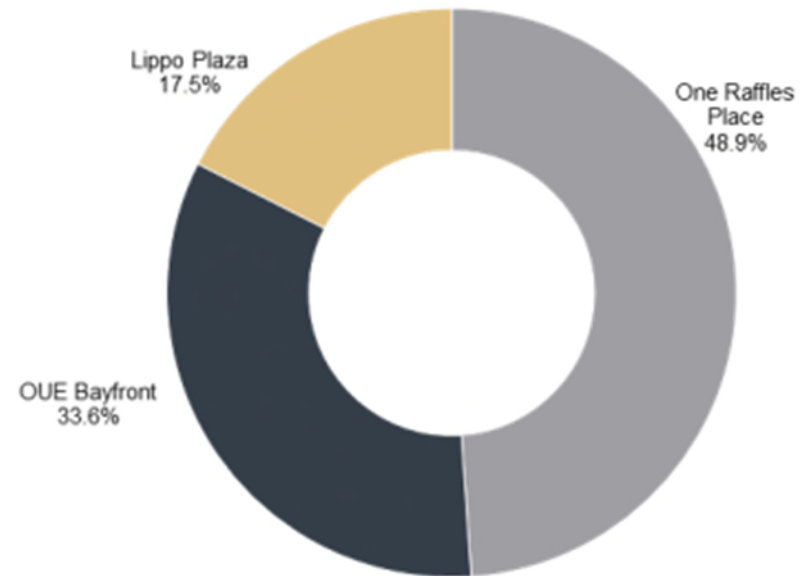
(2) Based on SGD:CNY exchange rate of 1 : 4.815 as at 31 December 2016

# Portfolio Composition

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



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



(1) Based on OUE C-REIT's proportionate interest in One Raffles Place

(2) For FY2016 and based on OUE C-REIT's attributable interest in One Raffles



# Financial Performance



# FY2016 vs FY2015

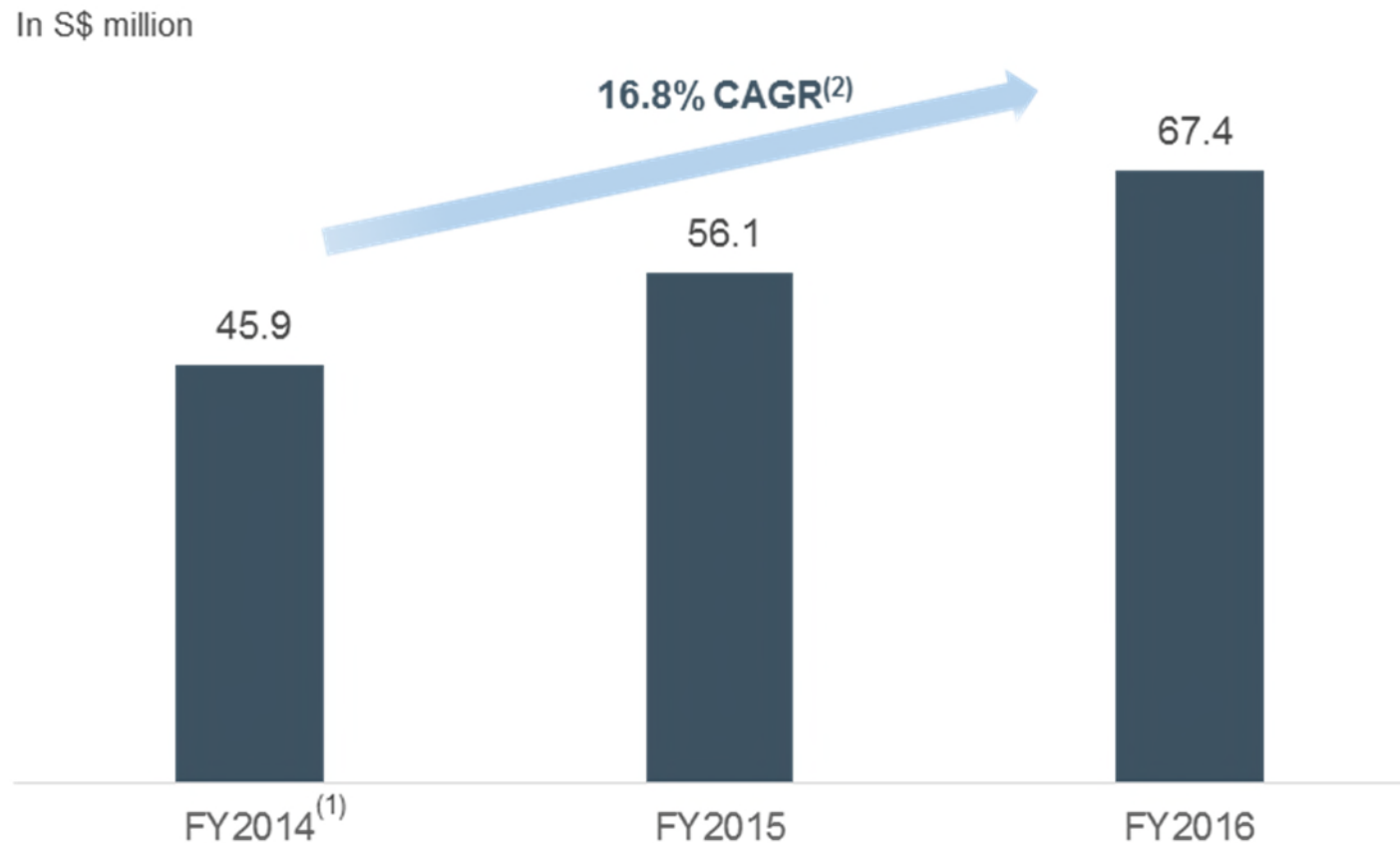
	FY2016	FY2015	Change
<b>Revenue (S\$m)</b>	<b>177.8</b>	<b>101.0</b>	<b>+76.0%</b>
<b>Net Property Income (S\$m)</b>	<b>138.6</b>	<b>75.6</b>	<b>+83.3%</b>
<b>Amount Available for Distribution to Unitholders (S\$m)</b>	<b>67.4</b>	<b>56.1</b>	<b>+20.1%</b>
<b>DPU (cents)</b>	<b>5.18</b>	<b>4.38</b>	<b>+18.3%</b>

- Higher FY2016 revenue of S\$177.8 million was mainly due to a full year's contribution from One Raffles Place which was acquired on 8 October 2015, coupled with improved performance at OUE Bayfront and Lippo Plaza where organic growth was 10.4%
- As a result, FY2016 net property income was S\$138.6 million, 83.3% higher than FY2015
- As FY2016 finance costs were higher YoY mainly due to the full year impact of borrowing costs on loans drawn to finance the acquisition of One Raffles Place, the resultant FY2016 DPU was 5.18 cents, 18.3% higher YoY

# 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

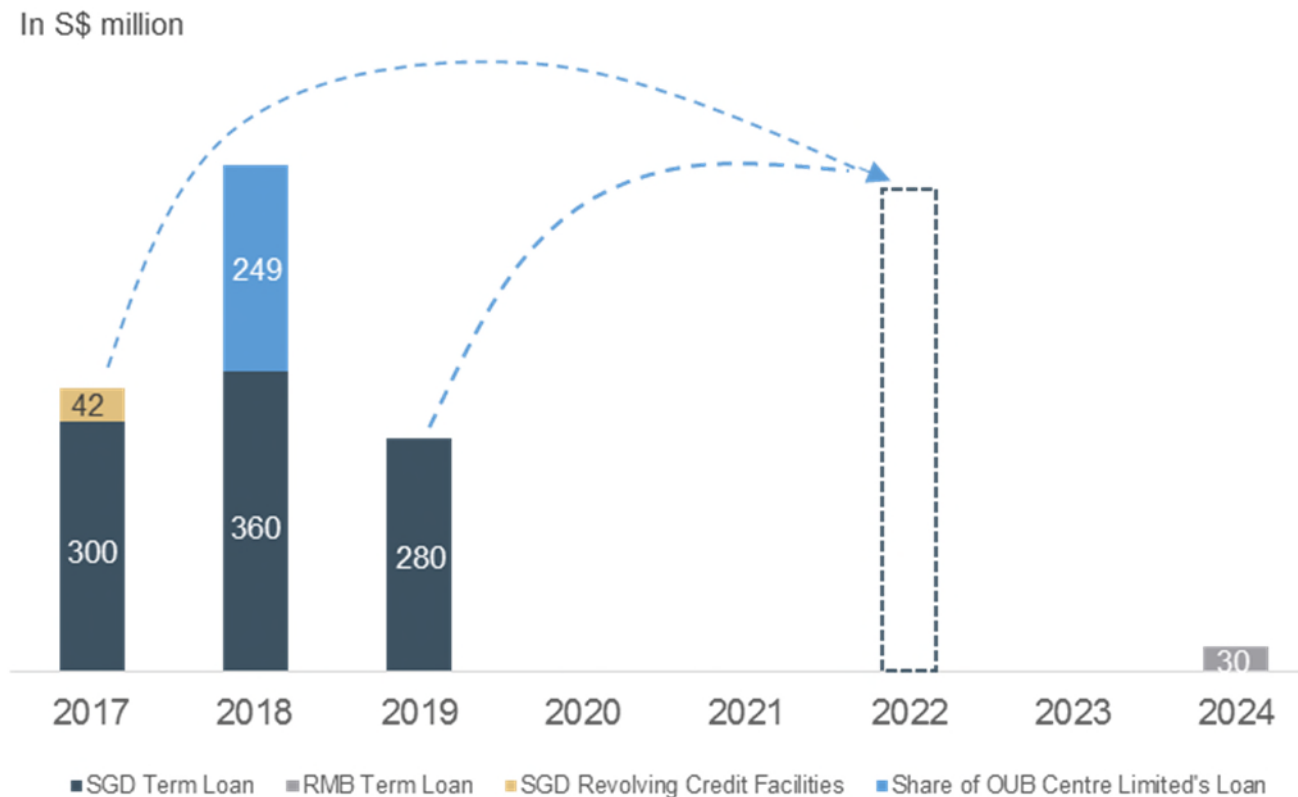
(2) Compound annual growth rate (CAGR) computed on the basis of annualised amount available for distribution for the period from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014

# Capital Management



# Debt Maturity Profile as at 31 Dec 2016

- Refinanced RMB onshore loan in July 2016 ahead of maturity in 2017 with an eight-year term loan expiring in 2024
- Secured refinancing for the Singapore dollar loans due in 2017 as well as 2019, ahead of maturity in January 2017, with a new five-year facility due in 2022
- As a result, OUE C-REIT has no refinancing requirement until 2018



# Valuation as at 31 Dec 2016

	Valuation <sup>(1)</sup> as at 31 December 2015 (S\$ m)	Valuation <sup>(2)</sup> as at 31 December 2016 (S\$ m)	Office Cap Rate
OUE Bayfront	1,146.0	1,146.0	3.75%
One Raffles Place <sup>(3)</sup>	1,734.0	1,738.3	3.60% - 4.00%
Lippo Plaza	523.2 (RMB 2,401.0 m)	524.2 (RMB 2,524.0 m)	N.A. <sup>(4)</sup>

(1) Based on independent valuations as at 31 December 2015 and SGD:CNY exchange rate of 1:4.589

(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 Analysis and Direct Comparison Approach only

Every 25bps increase in floating interest rates is expected to reduce distribution by S\$0.7 million per annum, or 0.05 cents in DPU

	As at 31 Dec 2016	As at 30 Sep 2016
<b>Aggregate Leverage</b>	39.8%	40.8%
<b>Total debt</b>	S\$1,261m <sup>(1)</sup>	S\$1,277m <sup>(2)</sup>
<b>Weighted average cost of debt<sup>(3)</sup></b>	3.6% p.a.	3.4% p.a.
<b>Average term of debt</b>	1.5 years	1.8 years
<b>% fixed rate debt</b>	79.3%	78.3%
<b>Average term of fixed rate debt</b>	2.5 years	2.7 years
<b>Interest service ratio</b>	3.1x	3.1x

(1) 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

(2) Based on SGD:CNY exchange rate of 1:4.897 as at 30 September 2016 and includes OUE C-REIT's share of OUB Centre Limited's loan

(3) Including amortisation of debt establishment costs. Excluding the one-off accelerated amortisation in 4Q 2016, the weighted average cost of debt as at 31 December 2016 is 3.4%

# Key Events Post FY2016

- On 23 January 2017, refinanced Singapore dollar loans with new \$680m credit facilities
- On 8 March 2017, raised gross proceeds of S\$150.0 million in a private placement to institutional and local investors to strengthen OUE C-REIT’s balance sheet by maintaining a prudent aggregate leverage ratio and enhancing financial flexibility, as well as improve the trading liquidity of the REIT
- Proforma key capital management indicators as follows :

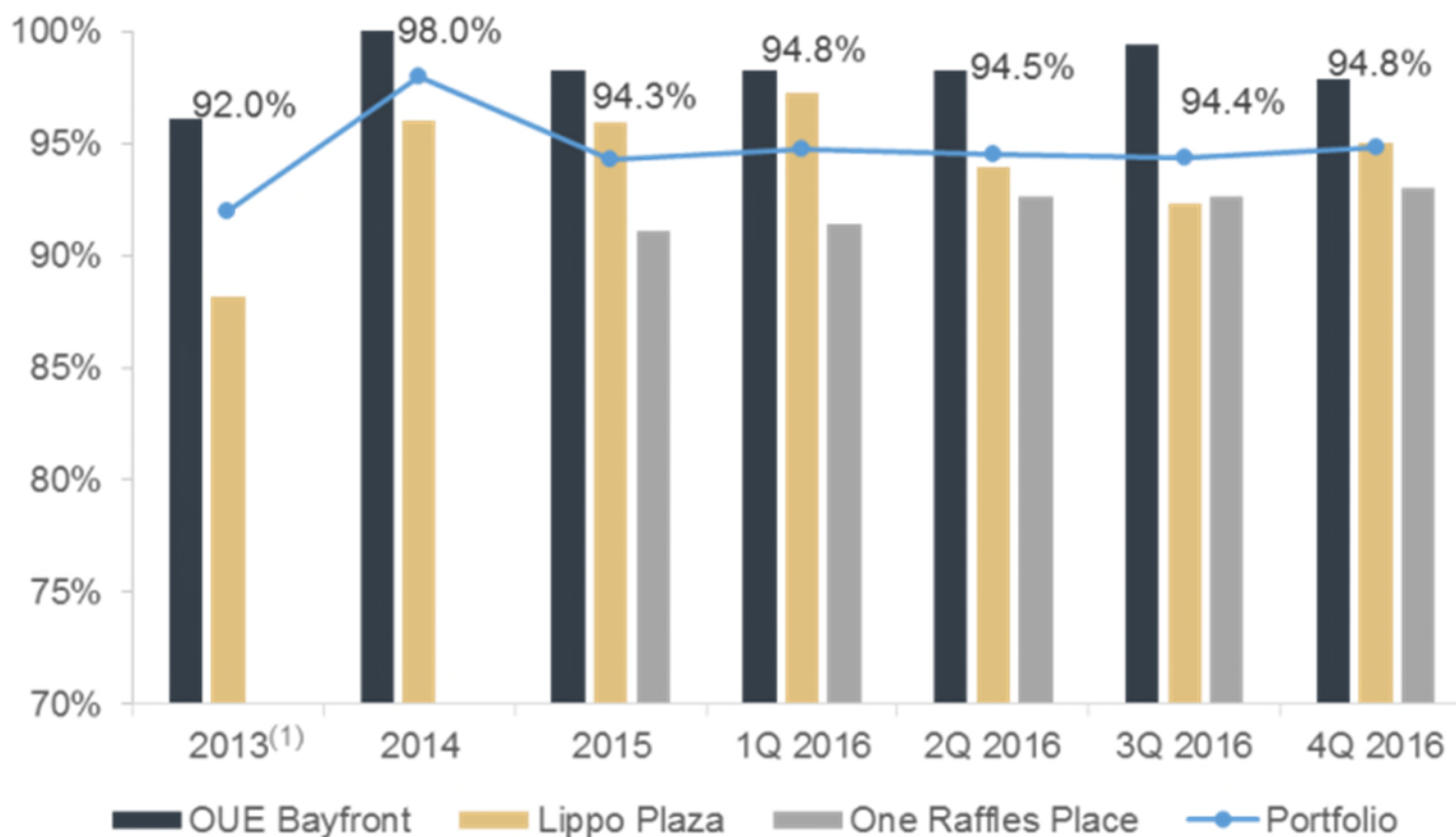
	As at 31 Dec 2016	Proforma (Post refinancing and private placement)
<b>Average term of debt</b>	1.5 years	3.6 years
<b>Aggregate Leverage</b>	39.8%	35.1%
<b>% fixed rate debt</b>	79.3%	83.5%



# Portfolio Performance



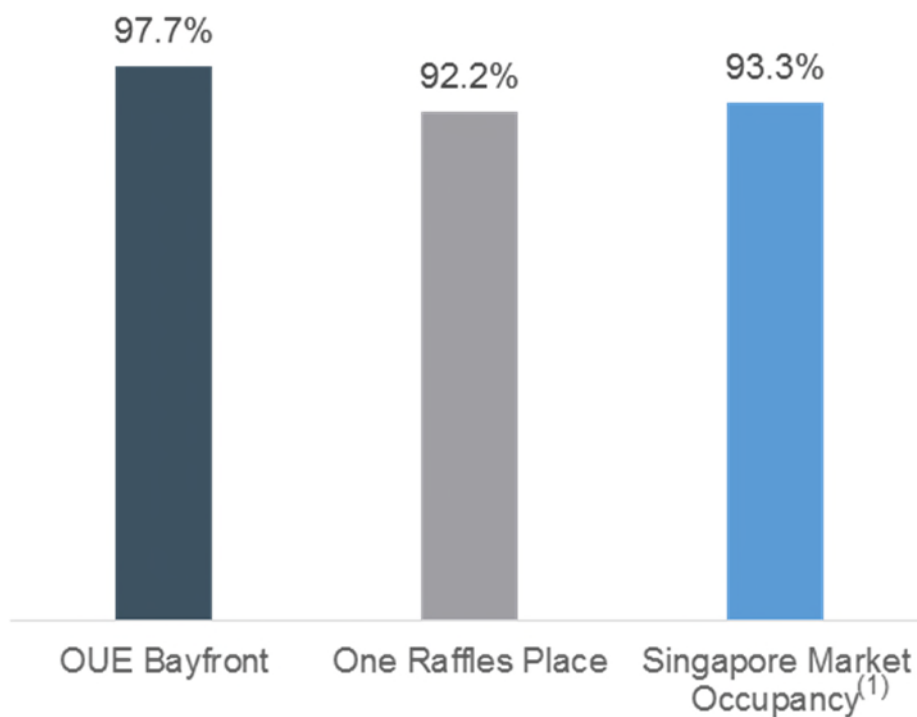
## OUE C-REIT's Portfolio Committed Occupancy



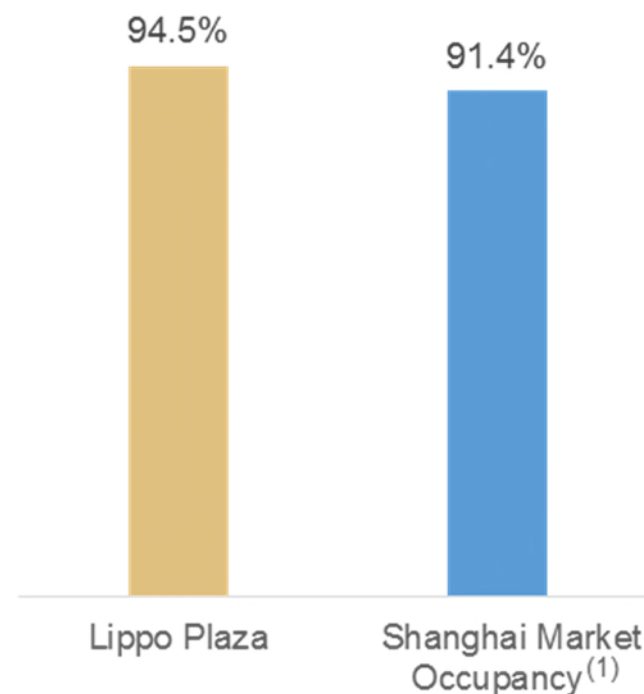
(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

# Office Occupancy In Line with Market

## Singapore



## Shanghai



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 4Q 2016 according to JLL Research. Shanghai Market Occupancy refers to Shanghai Grade A office occupancy as at end-2016 according to JLL Research

# Committed Office Rents In Line or Above Market

	FY 2016 Committed Office Rents <sup>(1)</sup>	Average Passing Office Rent	
		Dec 2016	Dec 2015
OUE Bayfront	S\$10.40 – S\$14.20 psf/mth	S\$11.85 psf/mth	S\$11.75 psf/mth
One Raffles Place	S\$6.20 – S\$12.50 psf/mth	S\$10.28 psf/mth	S\$10.26 psf/mth
Lippo Plaza	RMB6.86 – RMB11.33 psm/day (S\$4.04 – S\$6.67 psf/mth) <sup>(2)</sup>	RMB9.89 psm/day (S\$5.82 psf/mth) <sup>(2)</sup>	RMB9.45 psm/day (S\$5.56 psf/mth) <sup>(2)</sup>

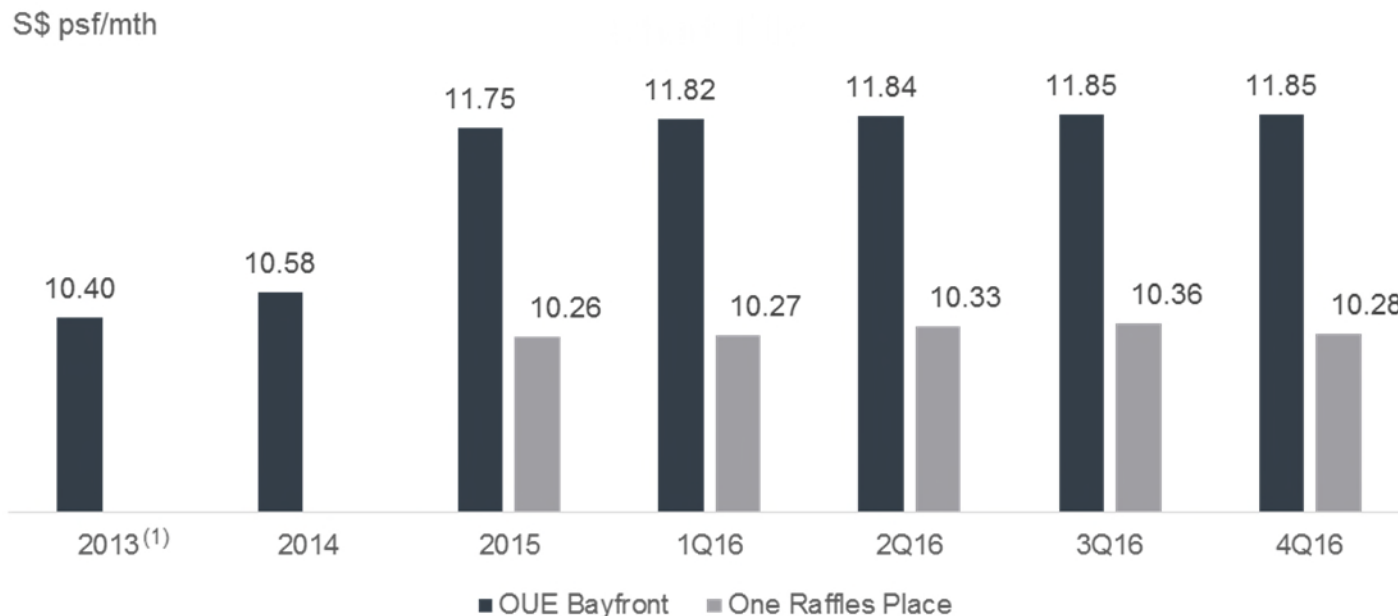
- Committed office rents were in line or above market
- Average office passing rents across the portfolio continued to be higher year-on-year

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

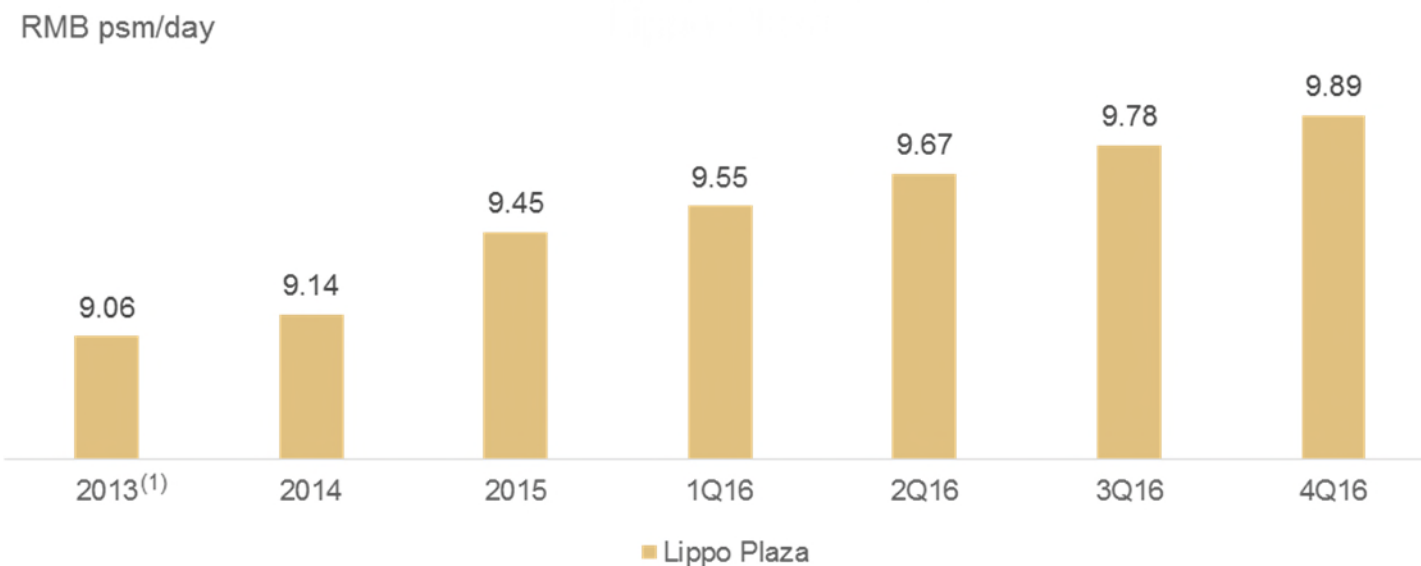
(2) Translated at an SGD:CNY exchange rate of 1:4.803

# Average Passing Office Rents

## Singapore

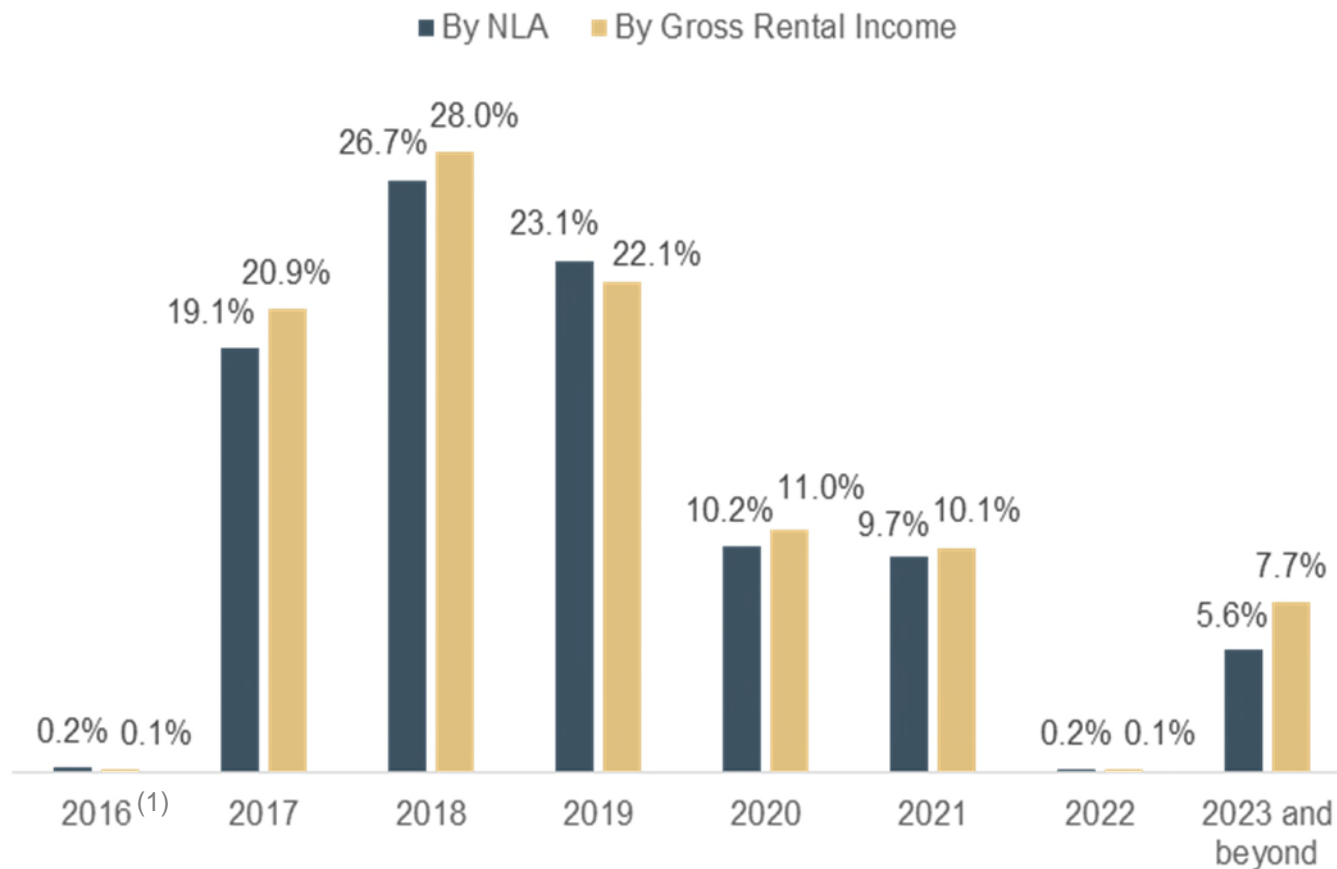


## Shanghai



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

# Portfolio Lease Expiry Profile

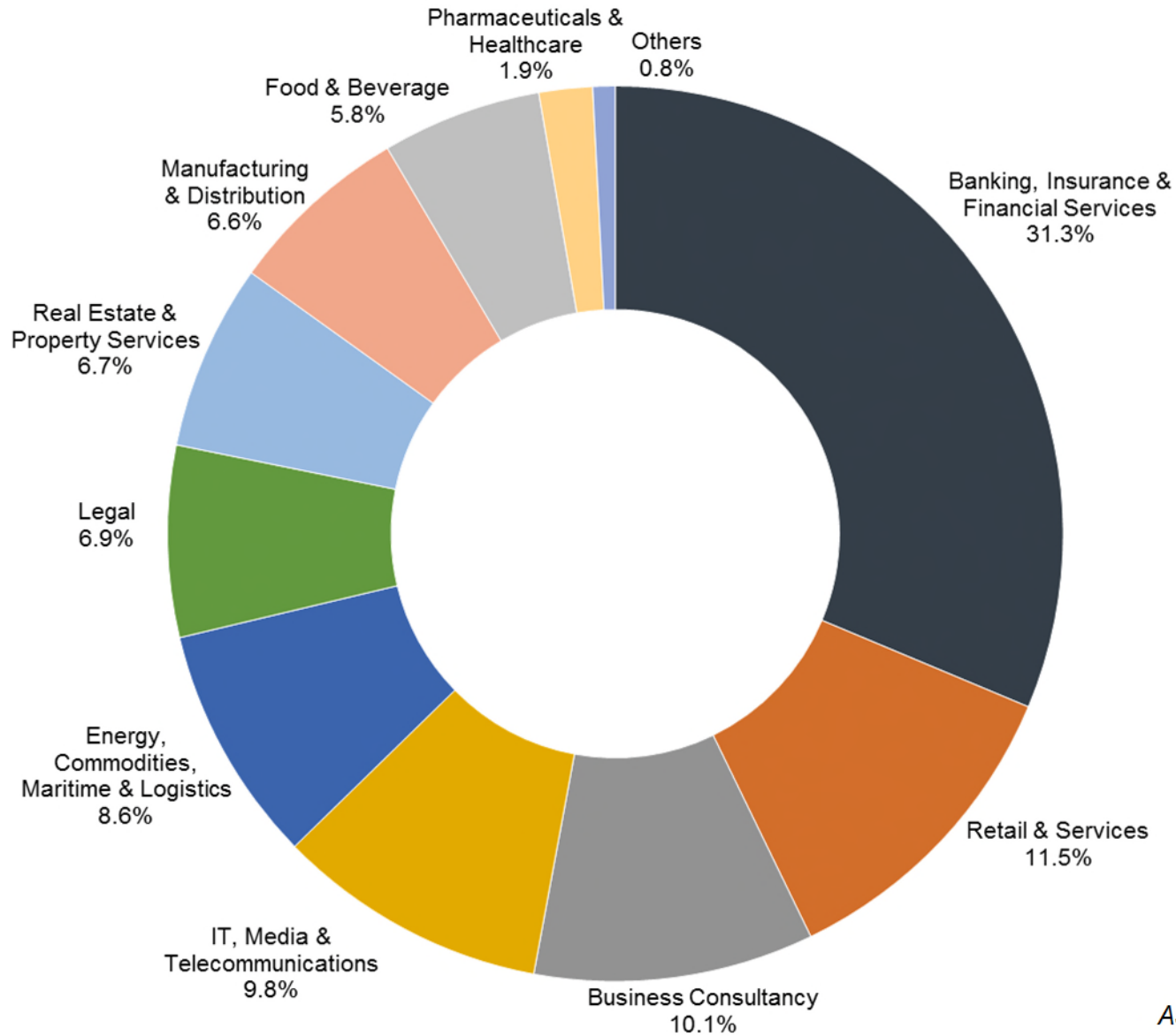


**WALE<sup>(2)</sup> of 2.5 years by NLA<sup>(3)</sup> and 2.6 years by Gross Rental Income**

As at 31 Dec 2016

- (1) As at 31 December 2016, one lease expiring on 31 December 2016 contributing 0.2% of portfolio net lettable area and 0.1% of portfolio gross rental income had not been renewed
- (2) "WALE" refers to the weighted average lease term to expiry
- (3) "NLA" refers to net lettable area

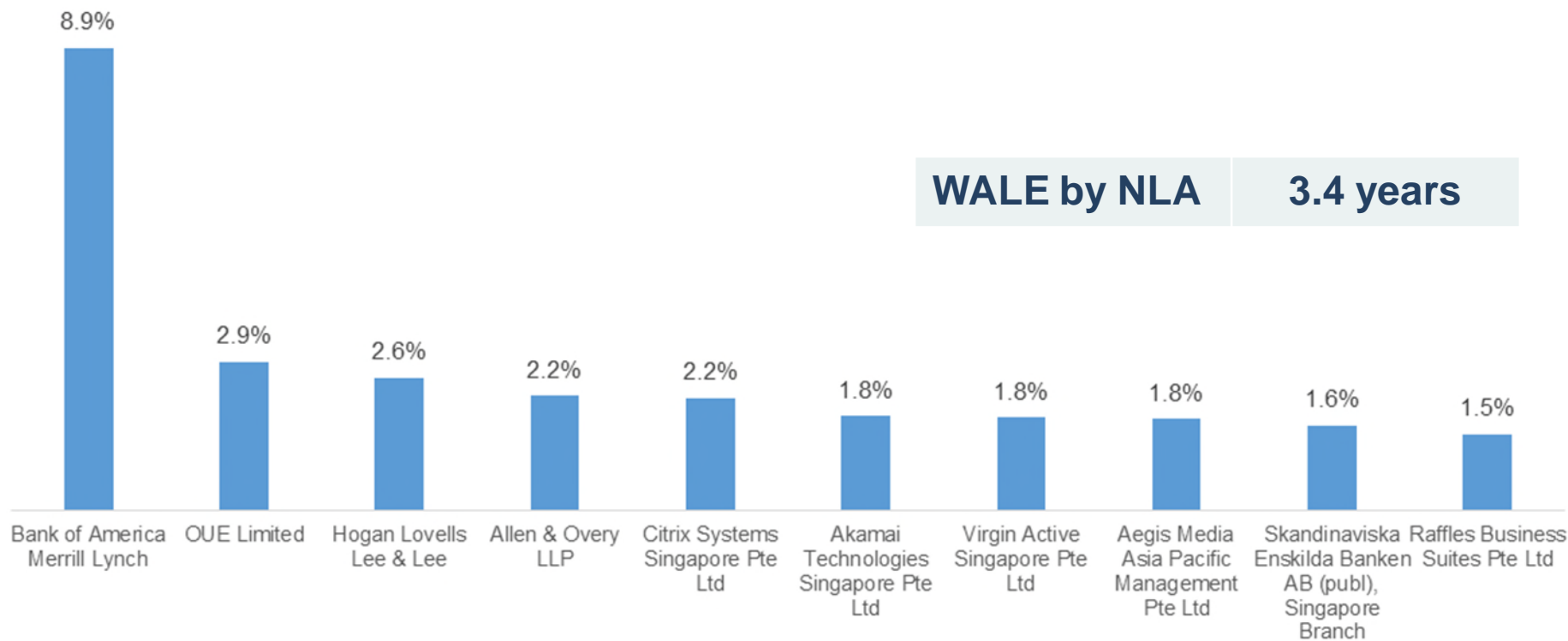
# Diversified Tenant Base



As at December 2016

# Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 27.3% of gross rental income



As at 31 Dec 2016



## **Lippo Plaza**

- Completed the rejuvenation of the common areas and restrooms of the 39-storey office tower in 2016, while building remained operational
- Achieved high committed office occupancy of 94.5% as at 31 December 2016 in recognition of the enhancement in value proposition

## **One Raffles Place Tower 1**

- Three-year asset enhancement programme to upgrade the mechanical and engineering equipment of the 62-storey tower
- In 2016, commenced replacement of the air-conditioning chillers, to improve operating efficiency and lower utility consumption to drive cost savings
- Other works planned include upgrading of the common areas and lift modernisation to improve the efficiency of vertical transportation

# Summary



# 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 underpinned by long-term lease committed by Victoria's Secret
  - ✓ Focus on enhance operating performance of One Raffles Place
- Potential acquisition pipeline from Right of First Refusal over the Sponsor's income-producing properties



**OUE** COMMERCIAL  
REIT

**Thank you**