

OUE COMMERCIAL REIT

Presentation for UOB Kay Hian Meet The CEO Seminar

6 November 2015

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Agenda

- Overview
- Financial Performance and Capital Management
- Portfolio Performance
- Investment Update: One Raffles Place
- 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

- OUE C-REIT's initial portfolio comprises OUE Bayfront in Singapore and Lippo Plaza in Shanghai, with a portfolio value of S$1.6 billion as at 30 June 2015

- With the completion of the acquisition of One Raffles Place in October 2015, OUE C-REIT's total assets-under-management is approximately S$3.4 billion

About OUE Commercial REIT

- OUE C-REIT's current 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	
GFA (sq m)	46,774.6
NLA (sq m)	Office: 35,569.0 Retail: 1,830.1 Overall: 37,399.1
Committed Occupancy as at 30 June 2015	Office : 95.1% Retail : 100.0% Overall : 95.4%
Number of Car Park Lots	245
Valuation (as at 31 Dec 2014)	S$1,135m
Land Use Right Expiry	OUE Bayfront & OUE Tower : 99 yrs from 12 Nov 2007 OUE Link : 15 yrs from 26 Mar 2010 Underpass : 99 yrs from 7 Jan 2002
Completion Year	2011

Premium Portfolio of Assets

One Raffles Place



- Located at Raffles Place in the heart of Singapore 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	
GFA (sq m)	119,626
NLA (sq m)	Office (Tower 1): 38,583 Office (Tower 2): 33,376 Retail: 9,525 Overall: 81,484
Number of Car Park Lots	326
Valuation (as at 5 June 2015)	S$1,734.m
Land Use Right Expiry	Office Tower 1 : 841 yrs from 1 November 1985 Office Tower 2: 99 yrs from 26 May 1983 Retail: Retail podium straddles two land plots - ~75% of NLA is on 99 yrs from 1 November 1985 - balance 25% is on 841 yrs from 1 November 1985
Completion Year	Office Tower 1 : 1986 Office Tower 2 : 2012 Retail (major refurbishment) : 2014

Premium Portfolio of Assets

Lippo Plaza



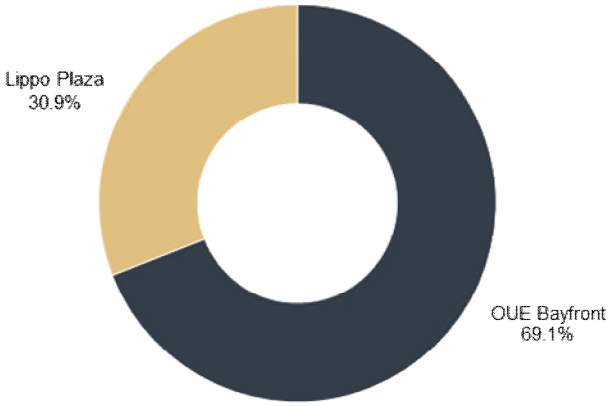
Lippo Plaza	
GFA (sq m)	58,521.5
NLA (sq m)	Office: 33,538.6 Retail: 5,685.9 Overall: 39,224.5
Committed Occupancy as at 30 June 2015	Office : 95.2% Retail : 95.1% Overall : 95.2%
Number of Car Park Lots	168
Valuation (as at 31 Dec 2014)	RMB2,340m / RMB39,985 psm (S$507.3m)[(1)]
Land Use Right Expiry	50 yrs from 2 Jul 1994
Completion Year	1999

- 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

(1) Based on SGD:CNY exchange rate of 1 : 4.613 as at 30 June 2015

Portfolio Composition

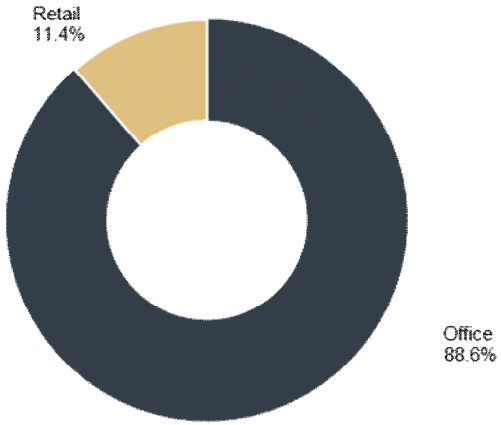
By Asset Value[1]



By Gross Rental Income[2]



By Segment Revenue[2]



(1) Based on SGD:CNY exchange rate of 1:4.613
(2) For 2Q 2015 and based on SGD:CNY exchange rate of 1:4.598

Strategy of OUE C-REIT

Maximising Operational Performance

- Actively managing OUE C-REIT's property portfolio to maintain high occupancy levels and optimise rental growth, to achieve sustainable revenue and net property income
- Improving operational and cost efficiency without comprising on safety or comfort of tenants

Growth Through Quality Acquisitions

- Pursuing investment opportunities with strong real estate fundamentals and growth potential
- OUE C-REIT's Right of First Refusal over its Sponsor's income-producing properties provides a strong and visible pipeline that enhances its growth profile significantly

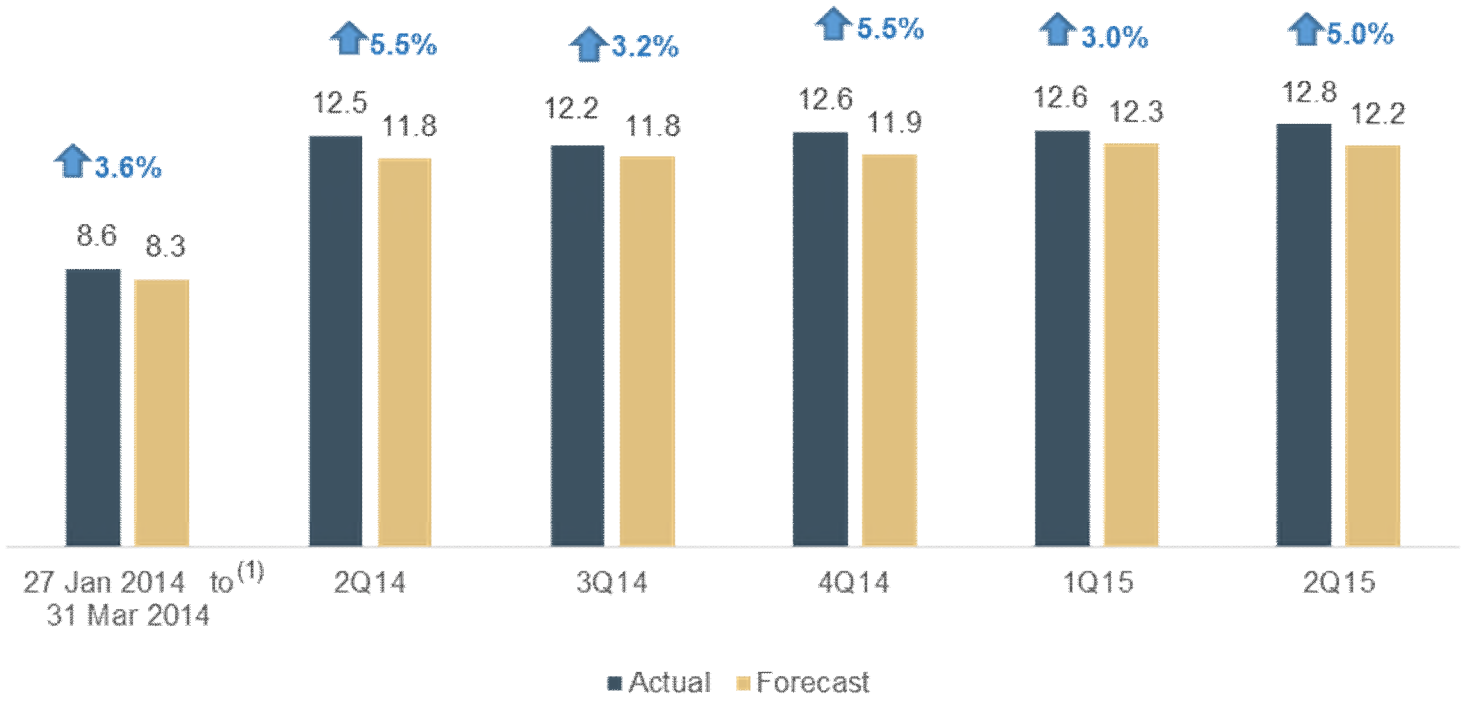
Pro-active Capital And Risk Management

- Adopting a prudent capital management strategy, striving to maintain a strong balance sheet while maintaining financial flexibility by employing an appropriate combination of debt and equity

Consistently Outperformed Forecast since Listing

DPU has exceeded Forecast for six consecutive quarters since IPO

Actual vs Forecasted Distribution (S$ million)

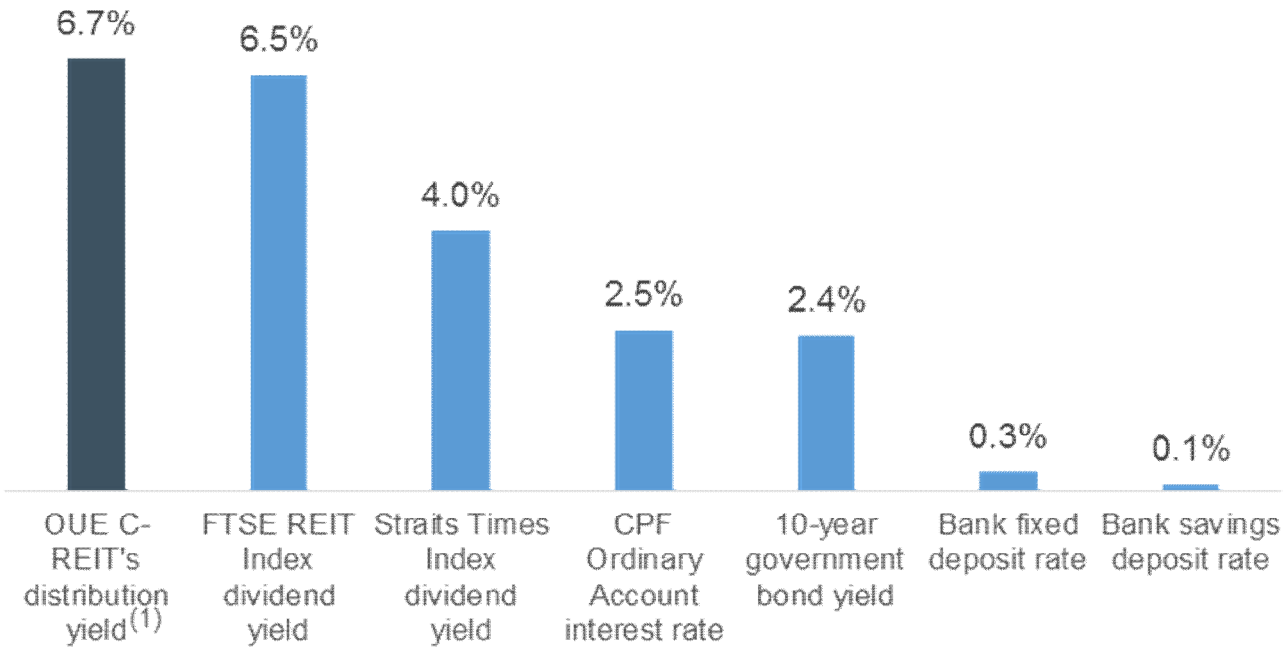


(1) OUE C-REIT was incorporated on 1 October 2013 but was dormant until Listing Date of 27 January 2014

Attractive Distribution Yield

OUE C-REIT's distribution yield is 420bps above the 10-year government bond yield

Dividend Yield Comparison (As at 30 October 2015)



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

(1) OUE C-REIT's distribution yield based on the Forecast as disclosed in the circular dated 1 July 2015 for the period 1 October 2015 to 31 December 2015, annualised over the closing price of S$0.685 as at 30 October 2015

(2) All information as at 30 October 2015

Financial Performance and Capital Management



1H 2015 vs 1H 2014

	1H 2015	Prior Period[1]	Change	1H 2014[2]	Change
Gross Revenue (S$m)	40.1	32.5	+23.4%	37.9	+5.7%
Net Property Income (S$m)	30.4	24.6	+23.5%	28.7	+5.8%
Amount Available for Distribution (S$m)	25.4	21.1	+20.3%	24.6	+3.1%
DPU (cents)	2.90[3]	2.43	+19.3%	2.84	+2.1%
Actual DPU[4] (cents)	2.00	N.M.	N.M.	N.M.	N.M.

- 1H 2015 gross revenue of $40.1 million was 5.7% higher y-o-y mainly due to higher rental income achieved in Lippo Plaza and other property-related income from both properties
- Net property income was 5.8% higher y-o-y due to higher gross revenue, and lower utilities cost incurred at OUE Bayfront
- The outperformance in net property income was partially offset by higher finance costs arising from a higher proportion of fixed rate borrowings, as well as higher interest rates in 1H 2015
- As a result, 1H 2015 amount available for distribution was 3.1% higher

(1) Prior Period relates to the period from listing date of 27 January 2014 to 30 June 2014
(2) For a meaningful comparison of 1H 2015 performance against the prior corresponding period, 1H 2014 figures were extrapolated from the Prior Period
(3) Based on 875,566,958 Units in issue and to be issued as at 30 June 2015, excluding new Units issued pursuant to the Rights Issue. This DPU is presented for comparison purposes only
(4) Based on 1,268,872,775 Units in issue and to be issued as at 30 June 2015, including the new Units issued on 4 August 2015 pursuant to the Rights Issue. Unitholders will be entitled to this Actual DPU

Balance Sheet as at 30 Jun 2015

S$'000	
Investment properties	1,642,529
Non-current assets	12,601
Current assets	29,081
Total Assets	**1,684,211**
Borrowings	628,592
Non-current liabilities	59,927
Current liabilities	32,721
Total Liabilities	**721,240**
Net Assets	**962,971**
Units in issue and to be issued ('000)	875,567
NAV per Unit (S$)	**1.10**

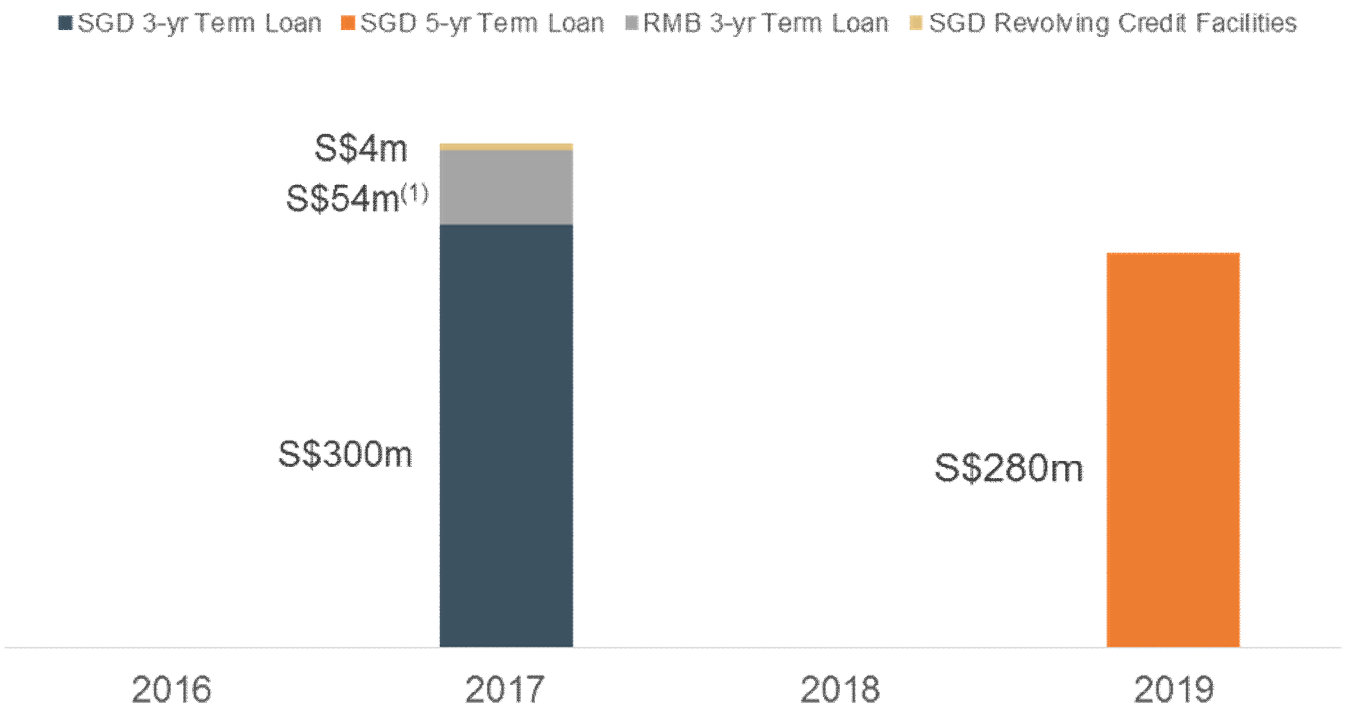
Capital Management as at 30 Jun 2015

- Post 30 June 2015, OUE C-REIT entered into additional interest rate swaps, resulting in a higher proportion of fixed rate debt of 82.1% with an average term of fixed rate debt of 2.76 years
- Consequently, average cost of debt is expected to increase to about 2.82% per annum

	As at 30 Jun 2015	As at 31 Mar 2015
Aggregate Leverage	37.9%	38.6%
Total debt	S$638m(1) comprising - S$584m - RMB249m	S$659m(2) comprising - S$591m - RMB304m
Average cost of debt(3)	2.74% p.a.	2.88% p.a.
Average term of debt	2.46 years	2.68 years
% fixed rate debt	72.7%	72.5%
Average term of fixed rate debt	2.72 years	2.94 years
Interest service ratio	4.1x	3.9x

(1) Based on SGD:CNY exchange rate of 1:4.613 as at 30 June 2015
(2) Based on SGD:CNY exchange rate of 1:4.502 as at 31 March 2015
(3) Including amortisation of debt establishment costs

Debt Maturity Profile



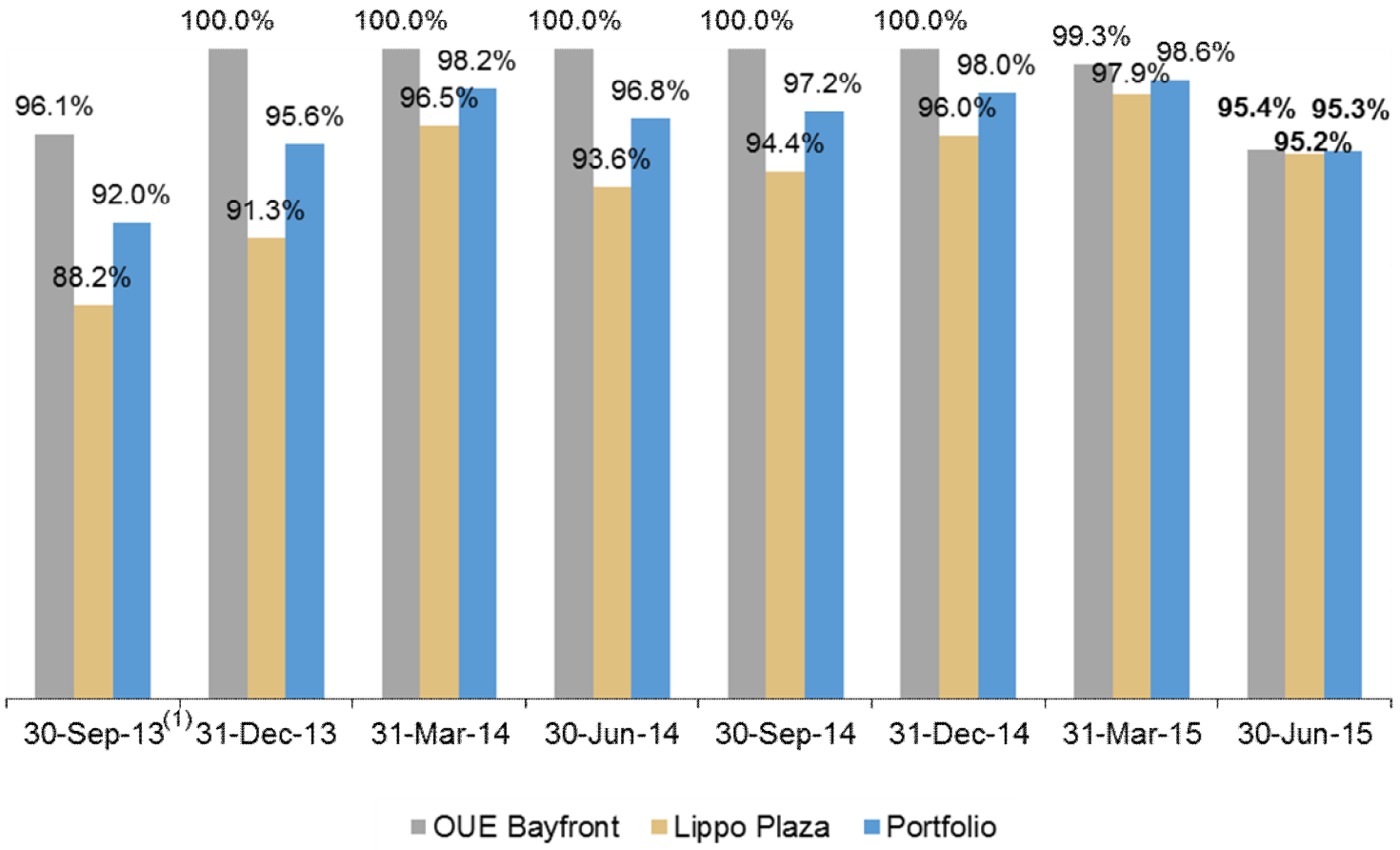
No refinancing requirement until 2017

(1) Based on SGD:CNY exchange rate of 1:4.613



Portfolio Performance

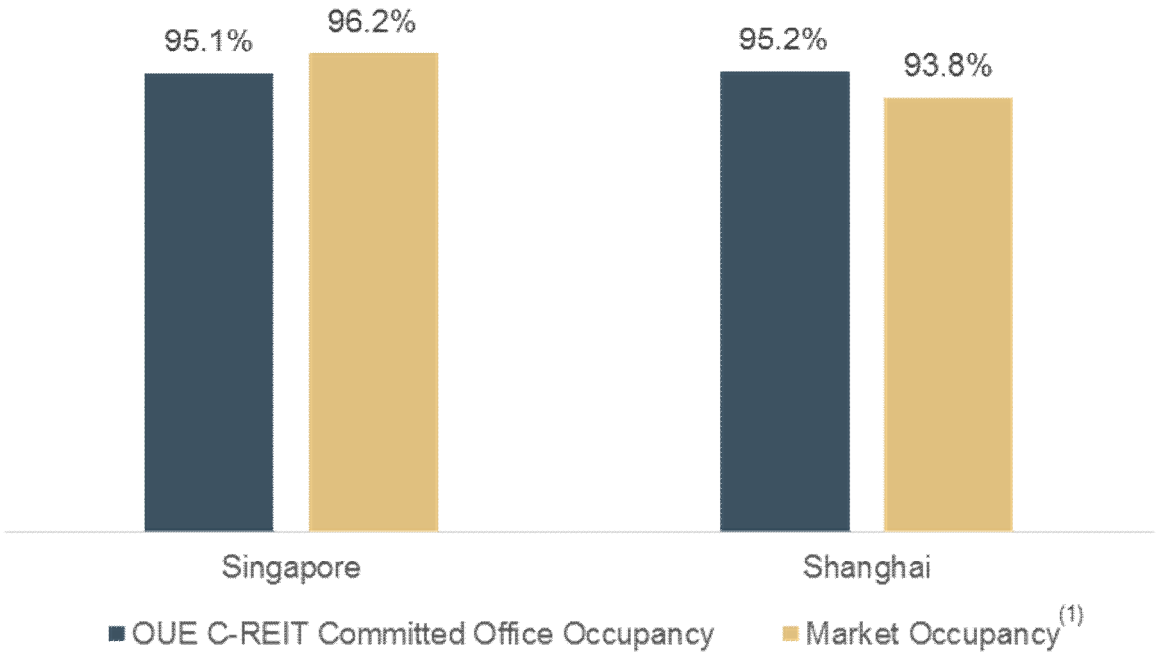
Steady and High Portfolio Occupancy



(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

OUE C-REIT's Office Portfolio Committed Occupancy vs Market Occupancy



(1) Market Occupancy for Singapore refers to Core CBD occupancy for 2Q 2015 according to CBRE Research. Market Occupancy for Shanghai refers to Shanghai Grade A Office occupancy for 2Q 2015 according to Colliers International Shanghai

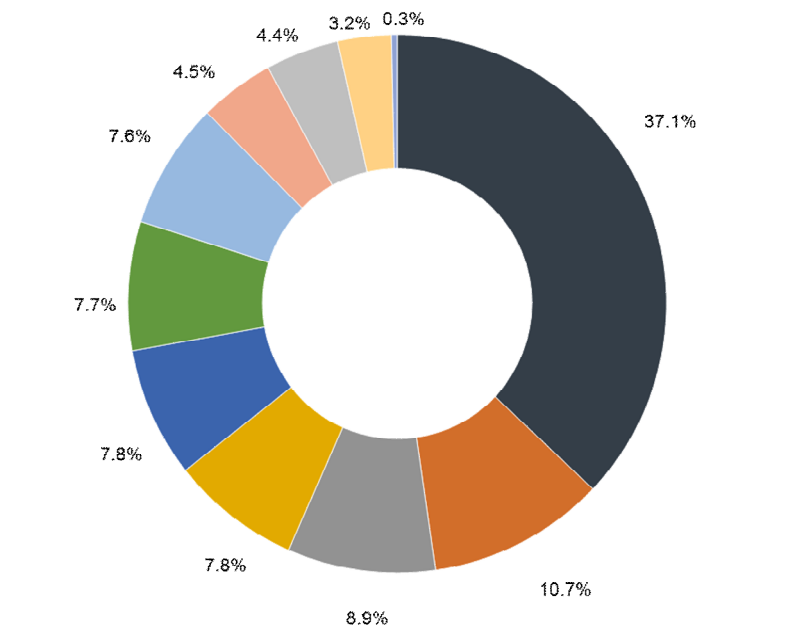
Positive Office Rental Reversions

	2Q 2015	1H 2015	2Q 2015 Committed rents[2]	IPO[3]	1Q 2015	2Q 2015[4]
	Rental reversions[1]			Average passing rent		
OUE Bayfront	14.6%	25.5%	S$12.00 – S$14.50 psf/mth	S$10.40 psf/mth	S$10.60 psf/mth	S$11.04 psf/mth
Lippo Plaza	12.9%	12.5%	RMB7.30 – RMB10.50 psm/day	RMB9.06 psm/day	RMB9.18 psm/day	RMB9.21 psm/day

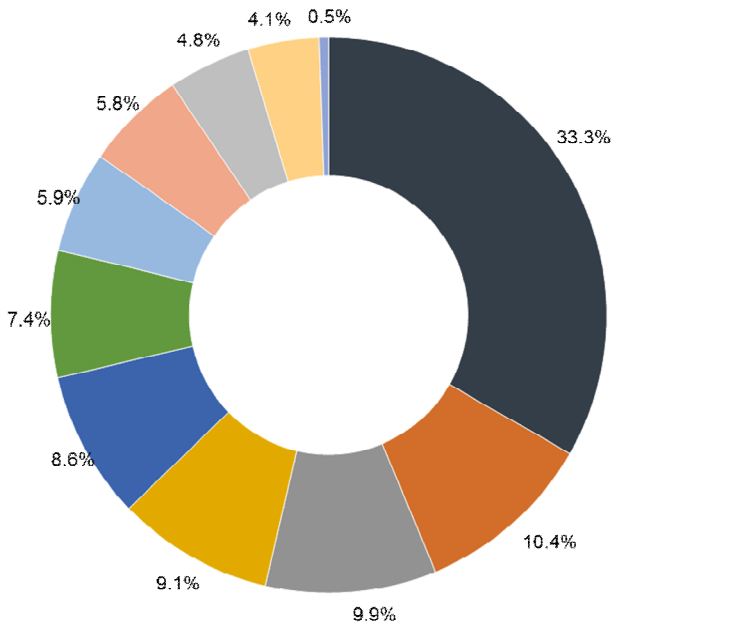
(1) Includes rent reviews. Computed based on renewal / reviewed rental rates vs preceding rental rates
(2) Committed rents for both renewal/reviewed leases and new leases
(3) As at 30 September 2013 as disclosed in OUE C-REIT's prospectus dated 17 January 2014
(4) For the month of June 2015

Diversified Tenant Base

Gross Rental Income by Trade Sector(1)



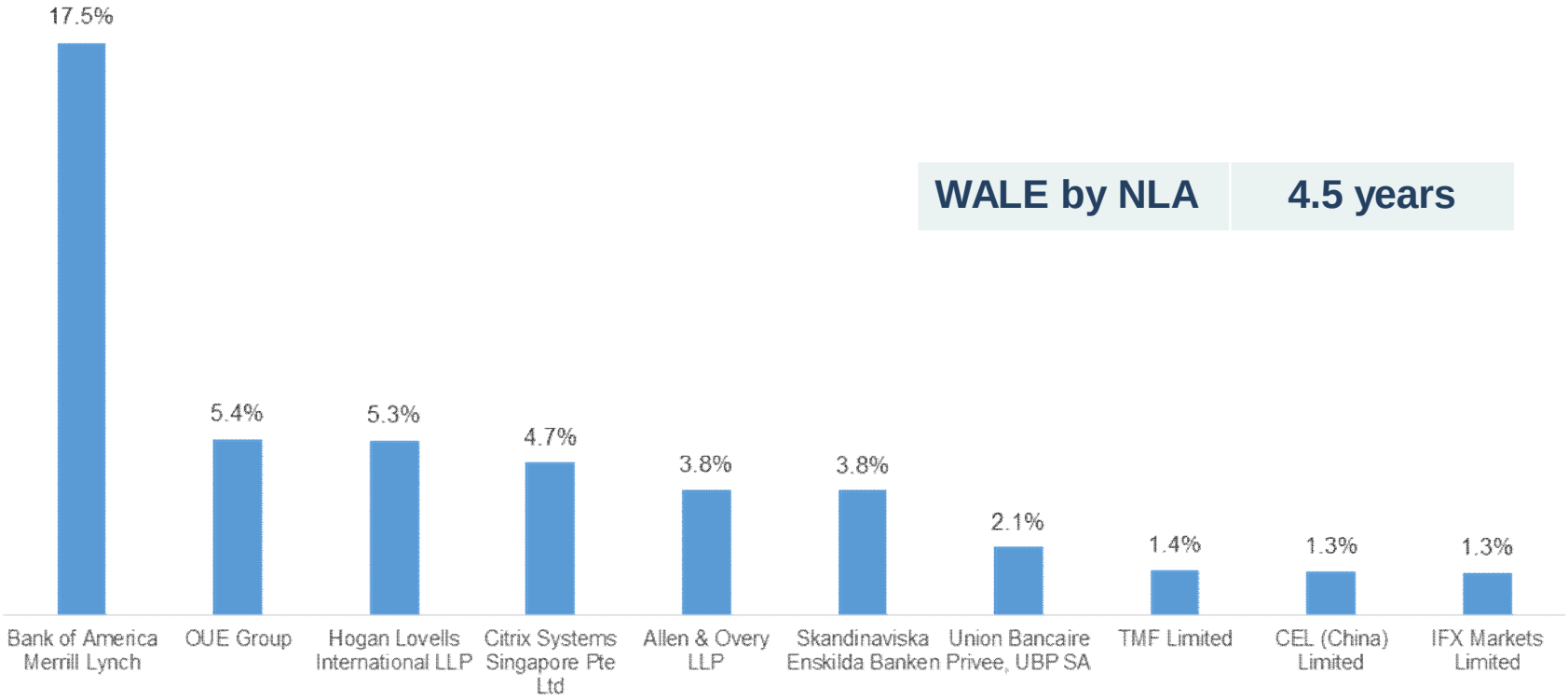
NLA by Trade Sector(1)



(1) For the month of June 2015

Top 10 Tenants

Top 10 tenants of the portfolio contribute approximately 46.5% of Gross Rental Income(1)

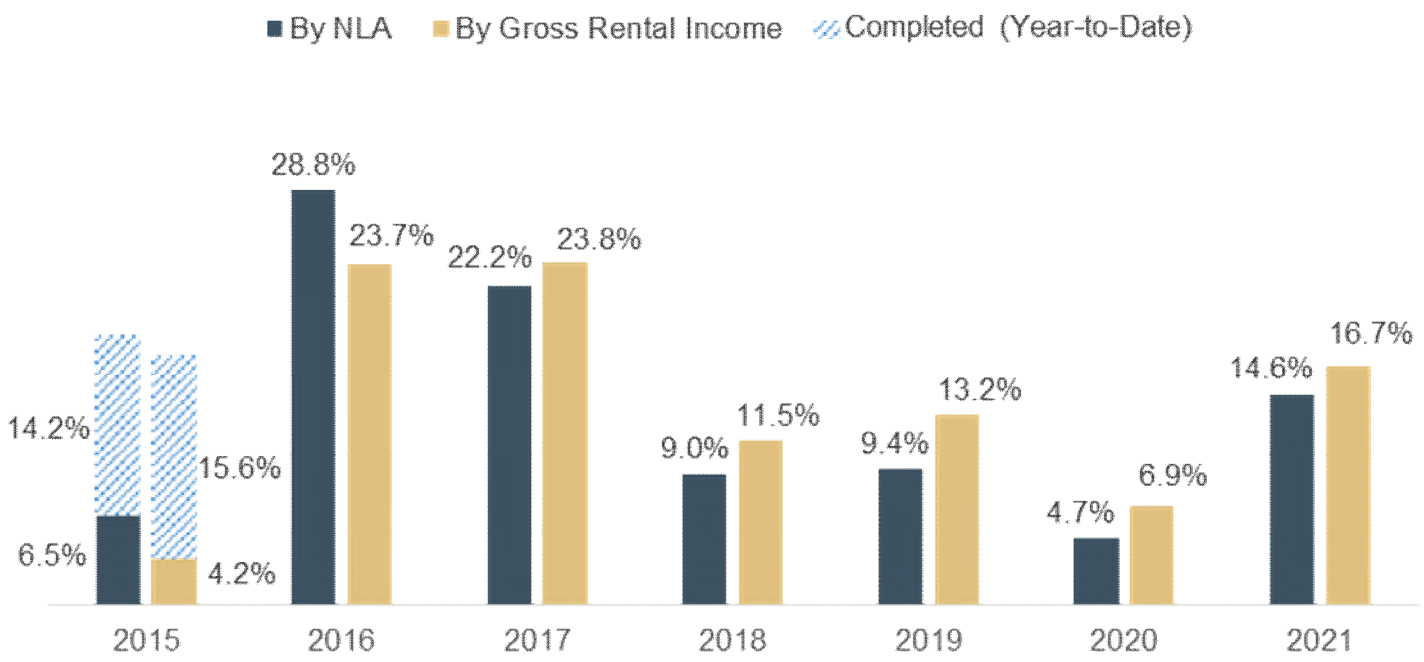


WALE by NLA	4.5 years

(1) For the month of June 2015

Lease Expiry Profile as at 30 Jun 2015

Portfolio



WALE(1) of 2.7 years by NLA(2) and 3.0 years by Gross Rental Income

(1) "WALE" refers to the weighted average lease term to expiry
(2) "NLA" refers to net lettable area

Investment Update: One Raffles Place



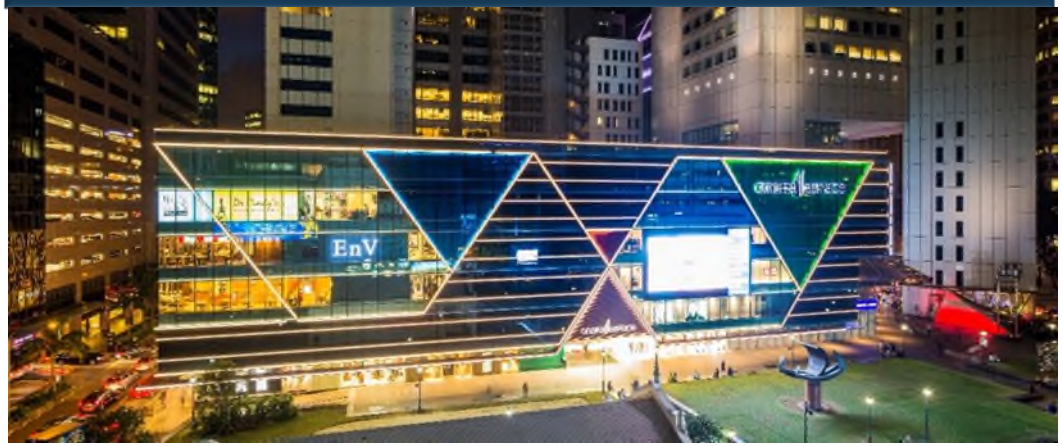


Overview of One Raffles Place

Most Accessible Location and Focal Point of the CBD



Largest Purpose-Built Shopping Mall in Raffles Place





One of the Tallest Buildings in the CBD

Acquisition Completed on 8 Oct 2015

Acquisition Details	• Completed the acquisition of an indirect interest in One Raffles Place through the acquisition of Beacon Property Holdings Pte. Ltd. ("BPHPL") which holds 83.33% interest in OUB Centre Limited ("OUBC") • OUBC owns 81.54% of the beneficial interest in One Raffles Place ("OUBC Interest"), giving OUE C-REIT an effective interest of 67.95% in One Raffles Place
Valuation of OUBC Interest as at 5 June 2015	• S$1,734.0m by Savills Valuation and Professional Services (S) Pte Ltd • S$1,733.0m by Cushman & Wakefield VHS Pte Ltd
Purchase Consideration	• Agreed value of S$1,715.0m for the OUBC Interest (S$2,382 psf) • The purchase consideration is approximately S$1,145.8m(1)

(1) As announced on 8 October 2015, subject to post completion adjustments

Key Rationale for the Acquisition

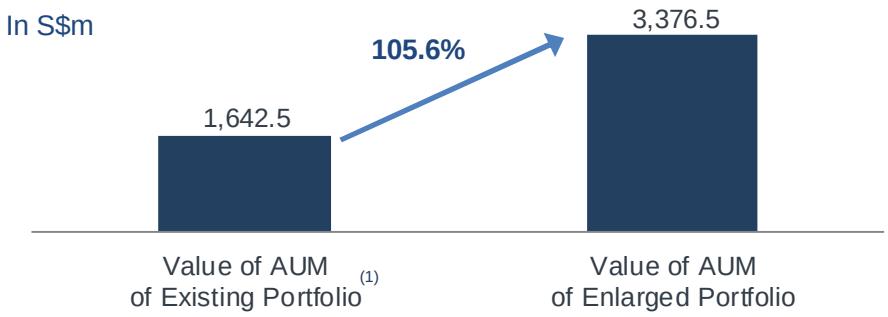
1. Acquisition of a majority interest in a landmark commercial property in the Singapore CBD on a long land lease
2. Acquisition of a quality commercial property at an attractive price of S$2,382 psf
3. Favourable growth profile from potential increase in occupancy, positive rental reversion and limited new office supply in Raffles Place
4. Achieve transformational scale for OUE C-REIT and strengthens competitive position in Singapore by enlarging the size of its portfolio
5. Enhanced portfolio diversification and resilience, as well as reduced asset concentration risk



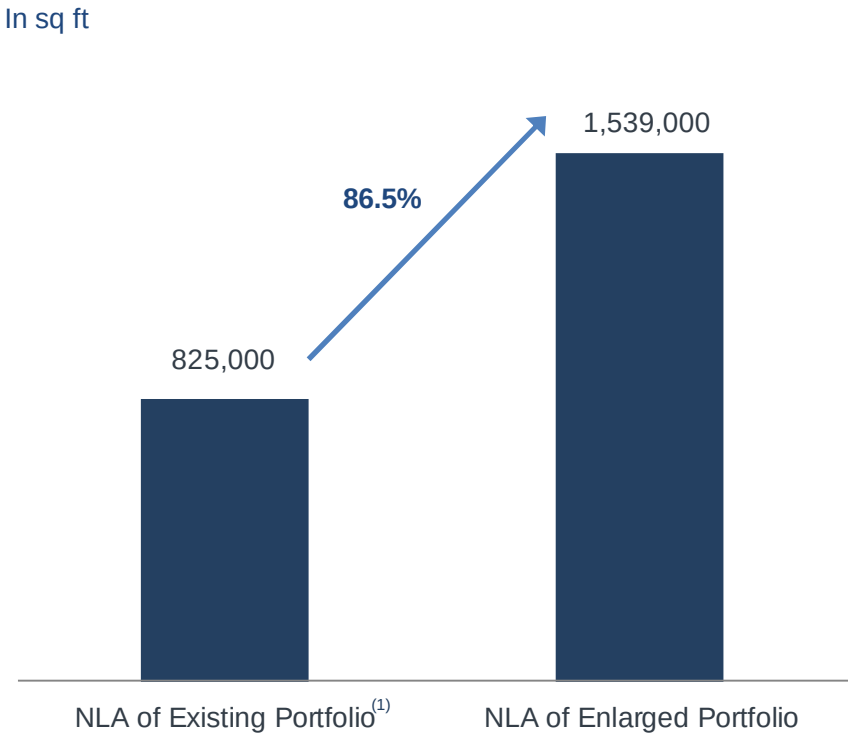
Achieve Transformational Scale

Achieve transformational scale through the acquisition of One Raffles Place which will significantly enlarge OUE C-REIT's assets-under-management ("AUM") and strengthen its competitive position in Singapore

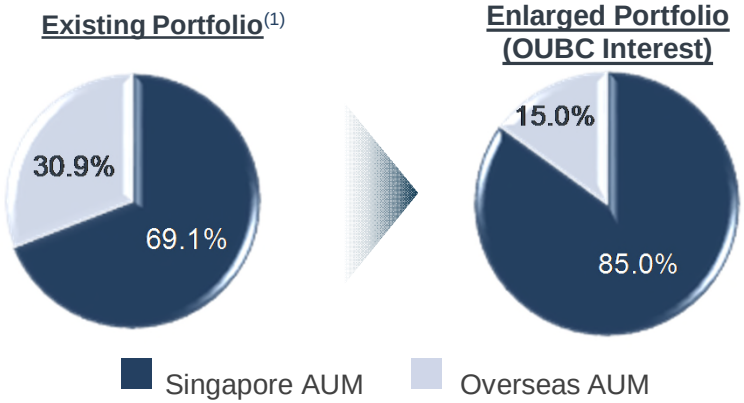
Increase in Total AUM



Increase in Total Net Lettable Area



Increase in Proportion of Singapore AUM

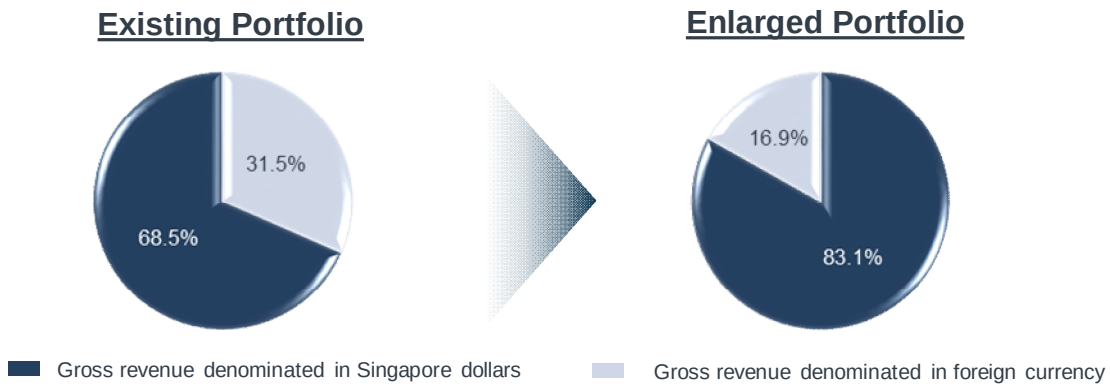


(1) As at 30 June 2015

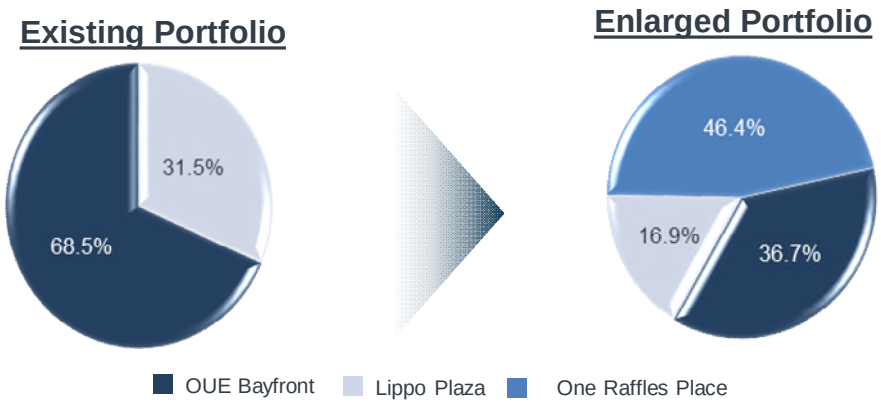
Enhanced Portfolio Diversification & Resilience

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

Proportion of Portfolio Gross Revenue Contribution Denominated in Singapore dollars(1)



Portfolio Gross Revenue Contribution by Property(1)



(1) For the Forecast Period from 1 October 2015 to 31 December 2015

Summary



Summary

- Strategically located, landmark commercial properties in international financial and business hubs
- Stable and resilient portfolio with high occupancy, downside protection from income support at OUE Bayfront
  - ✓ Continue to deliver on portfolio performance for OUE Bayfront and Lippo Plaza
  - ✓ Enhance operating performance of One Raffles Place; potential upside from backfilling of vacancy
- Significant potential acquisition pipeline from Right of First Refusal over the Sponsor's income-producing properties
  - ✓ Leverage on the Sponsor's industry experience, network and expertise in assessing potential acquisition opportunities



OUE COMMERCIAL REIT

Thank you