



**OUE** COMMERCIAL  
REIT

## Rights Issue and Financing Plan for Proposed Acquisition of an Indirect Interest in One Raffles Place

29 June 2015

# Disclaimer

This presentation should be read in conjunction with the announcements released by OUE Commercial REIT (“OUE C-REIT”) on 10 June 2015 (in relation to its proposed Acquisition of an indirect interest in One Raffles Place (the “Acquisition”)) and 29 June 2015 (in relation to the underwritten renounceable rights issue to raise gross proceeds of approximately S\$218.3 million).

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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.

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## 1. Overview of OUE C-REIT

# Overview of OUE C-REIT

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

The portfolio comprises:

- **OUE 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\$964.3m

Market Capitalisation<sup>(2)</sup>: S\$708.0m



Notes:

(1) As at 31 March 2015

(2) As at 29 June 2015





## 2. Transaction Overview

# 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\$1,734.0m 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
- Agreed value for the OUBC interest is expected to be between:
  - S\$1,286.3m (based on a 75.0% indirect interest in OUBC); and
  - S\$1,429.2m (based on an 83.33% indirect interest in OUBC)
- Accordingly, the purchase consideration<sup>(1)</sup> is expected to be between **S\$1,034.0m** and **S\$1,148.8m** (“**Purchase Consideration**”)

## Funding Structure

- Rights Issue: S\$218.3m (18.5% - 20.6%)
- CPPUs: S\$500.0m – S\$550.0m (46.7% - 47.1%)
- Debt: S\$333.3m – 399.3m (31.4% - 33.9%)
- Acquisition Fees in Units: S\$9.6m – S\$10.7m (0.9%)

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 shareholding 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>



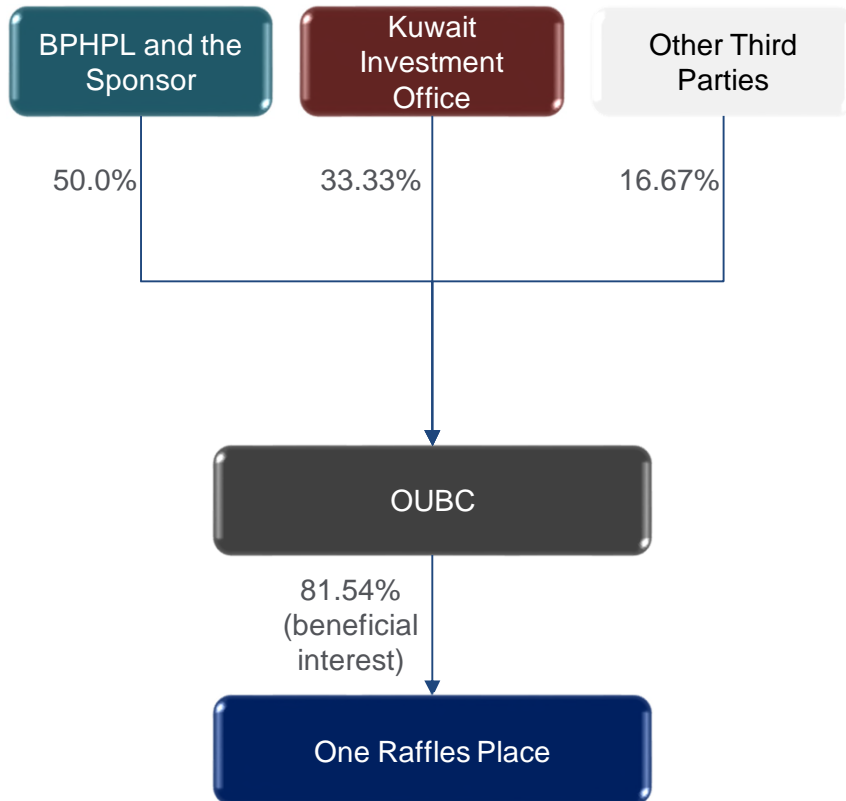




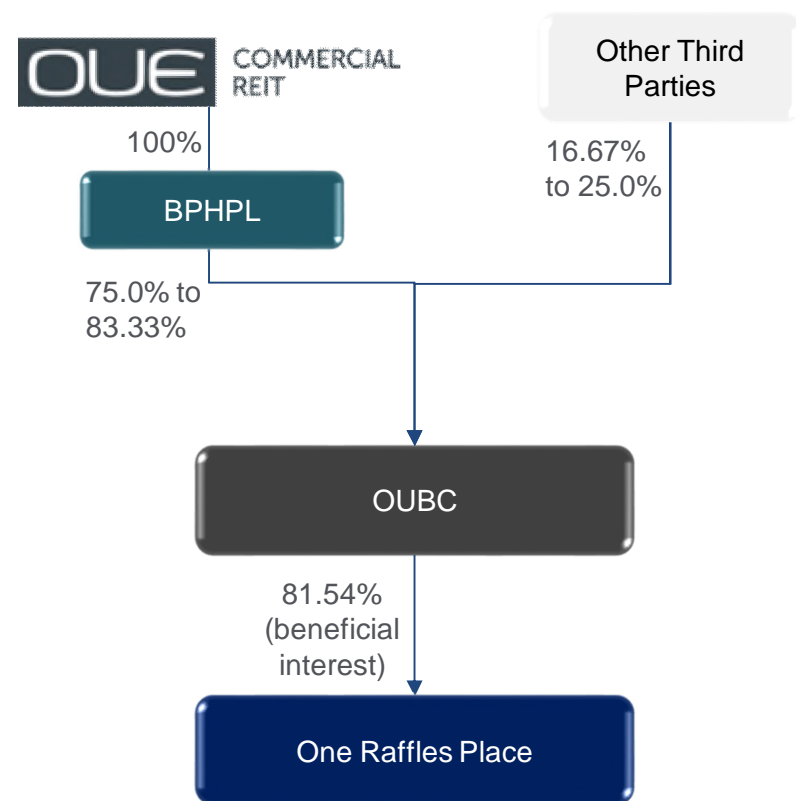
### 3. Details of the Proposed Transactions

# Acquisition Structure

## Before the Proposed Acquisition



## After the Proposed Acquisition





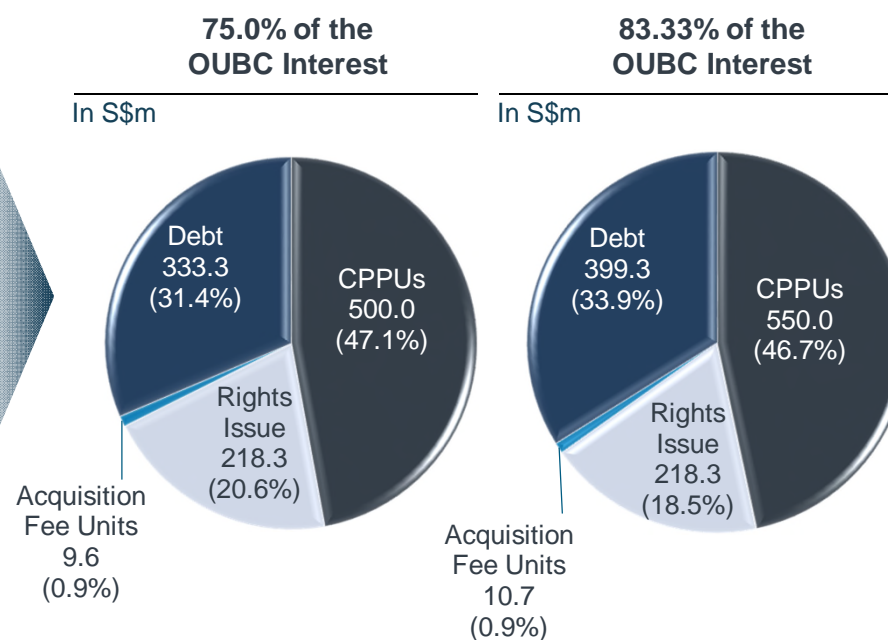
# Financing Structure

The Manager intends to finance all acquisition costs relating to the proposed Acquisition (excluding the Acquisition Fee Units) through a combination of debt and equity financing

## Estimated Total Acquisition Cost

In S\$m	75.0% of the OUBC Interest	83.33% of the OUBC Interest
Purchase Consideration	1,034.0	1,148.8
Acquisition Fee	9.6	10.7
Transaction Costs	17.6	18.8
<b>Estimated Total Acquisition Cost</b>	<b>1,061.2</b>	<b>1,178.3</b>

## Intended Sources of Funds

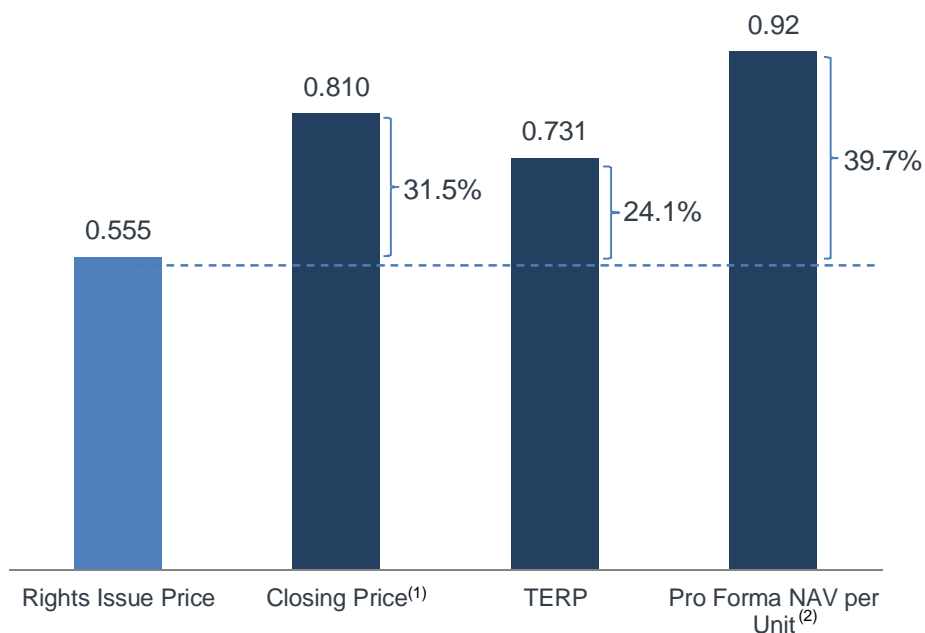


# Details of Rights Issue

9-for-20 Rights Issue to raise gross proceeds of c.S\$218.3m and net proceeds of c.S\$214.9m. The Sponsor has provided an irrevocable undertaking to take up its full pro rata entitlement, representing 48.3% of voting rights

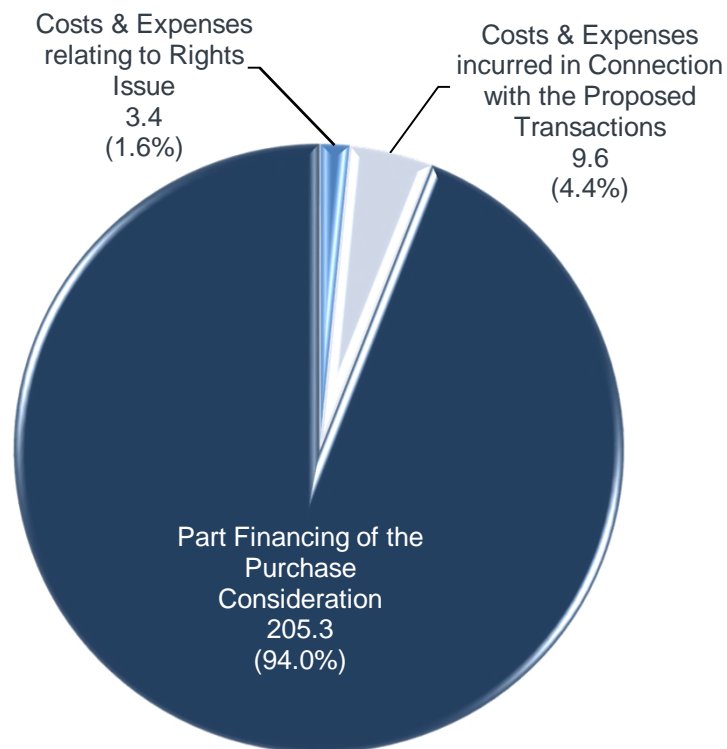
## Rights Issue Price

In S\$ per Unit



## Use of Gross Proceeds of Rights Issue

In S\$m



Notes:

- (1) The closing price of S\$0.810 per Unit on the SGX-ST on 29 June 2015, being the last trading day of the Units prior to the announcement of the Rights Issue
- (2) Pro forma NAV per Unit after completion of the proposed Acquisition, the proposed issuance of CPPUs and the Rights Issue and before conversion of the CPPUs as at 31 December 2014



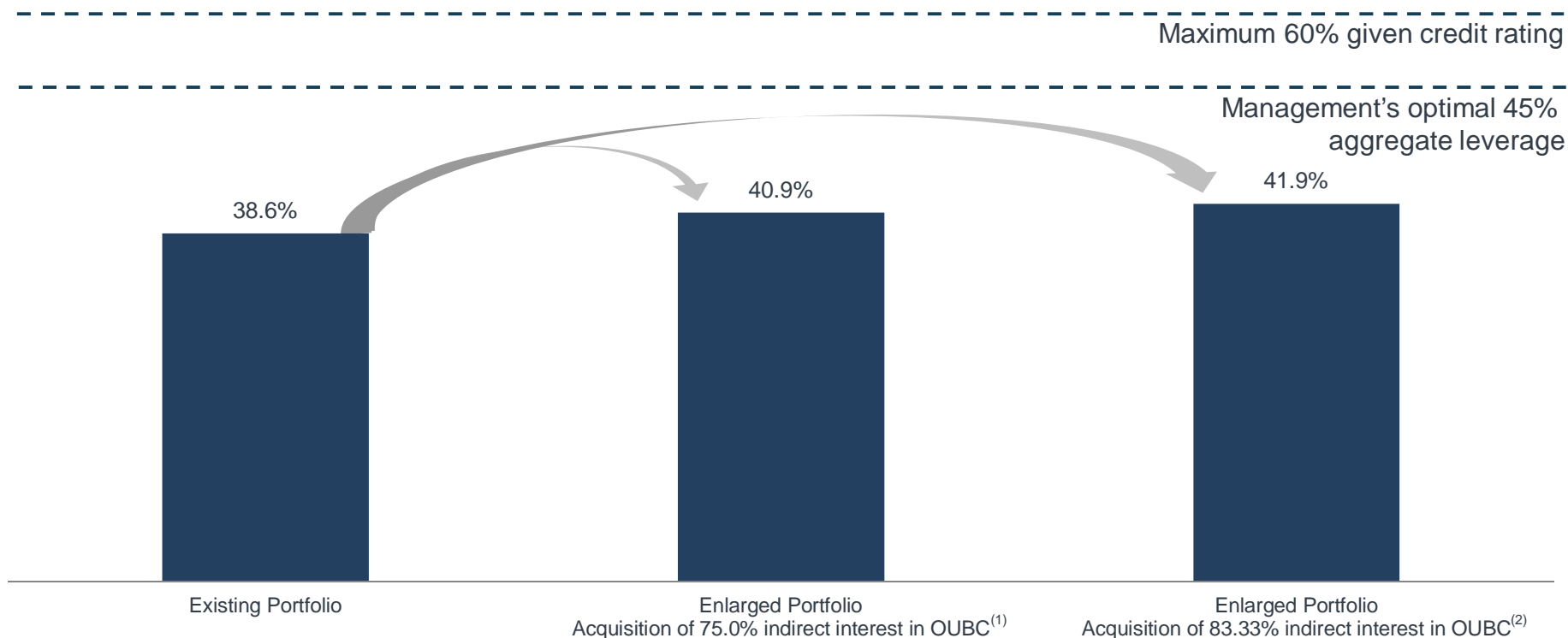
# Proposed CPPU Issue

Up to S\$550.0m of CPPUs to be issued to the Sponsor at a coupon of 1.0% p.a.. The CPPUs have a Restriction Period of 4 years, and only one-third of the CPPUs initially issued can be converted each year after the Restriction Period at a 15.0% conversion premium to TERP. The CPPUs will be classified as equity and will not increase OUE C-REIT's aggregate leverage

<b>Term</b>	Perpetual
<b>Issue Price</b>	S\$1.00 per CPPU
<b>Issue Size</b>	Up to S\$550.0m of CPPUs
<b>Listing</b>	Not Listed
<b>Distributions</b>	1.0% p.a. of the Issue Price of the CPPU
<b>Restriction Period</b>	<ul style="list-style-type: none"> <li>• 4 years from the date of issuance of the CPPUs</li> <li>• No conversion by CPPU Holder</li> </ul>
<b>Conversion Price</b>	S\$0.841 per Unit, representing a 15.0% premium to TERP per Unit in relation to the Rights Issue
<b>Conversion Restriction</b>	Not more than one-third of the CPPUs initially issued (i.e. S\$166.7m - S\$183.3m per annum) can be converted in any one year after the Restriction Period
<b>Redemption</b>	Redeemable any time at the Issue Price at the Manager's discretion

# Leverage Profile Impact

OUE C-REIT's pro forma aggregate leverage is expected to increase, though maintaining at comfortable level. The CPPUs will be treated as equity



Notes:

- (1) Based on financing structure with S\$333.3m additional debt
- (2) Based on financing structure with S\$399.3m additional debt





## 4. Key Rationale for Proposed Transactions

# Key Rationale for the Proposed Transactions

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

Achievement of 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





# Key Rationale for the Proposed Transactions (Cont'd)

6

Strong support from the Sponsor through the proposed CPPU Issue and its take-up of the *pro rata* stake in the Rights Issue

7

Increased market capitalisation and potential increased liquidity through the Rights Issue

8

Diversification of sources of funding

9

Future ordinary equity injection into OUE C-REIT at a premium to TERP through conversion of the CPPUs





## 5. Indicative Rights Issue Timetable

# Indicative Rights Issue Timetable

Key Events	Dates and Time
Last day of “cum-rights” trading	2 July 2015
First day of “ex-rights” trading	3 July 2015
Rights Issue Books Closure Date	7 July 2015 at 5:00pm
Commencement of the Rights Issue	10 July 2015
Commencement of trading of Rights Entitlements	10 July 2015 from 9:00am
Close of trading of Rights Entitlements	21 July 2015 at 5:00pm
Close of the Rights Issue	27 July 2015
Listing and Commencement of trading of Rights Units on the SGX-ST	5 August 2015





**Thank You**