



# Financial Results for 1<sup>st</sup> Quarter 2015

6 May 2015

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The Issue Managers assume no responsibility for the contents of this presentation.

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 1Q 2015.

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# Agenda

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

# Key Highlights

## Financial Highlights

- Gross revenue in 1Q 2015 of S\$20.4 million exceeded Forecast<sup>1</sup> by 7.0%
- Net property income of S\$15.7 million was 12.1% ahead of Forecast
- Amount available for distribution of S\$12.6 million was 3.0% higher than Forecast, while DPU of 1.44 cents was 2.9% ahead of Forecast

## Portfolio Performance

- Portfolio committed occupancy improved to 98.6% as at 31 March 2015, from 98.0% a quarter ago, due to improved office occupancy at Lippo Plaza
- Achieved positive office rental reversions of 37.3% at OUE Bayfront and 12.2% at Lippo Plaza
- Average passing office rent for OUE Bayfront rose to S\$10.60 psf per month while that for Lippo Plaza increased to RMB9.18 psm per day

<sup>1</sup> The Forecast was derived from the Projection for 2015 as disclosed in OUE C-REIT's prospectus dated 17 January 2014 (the "Prospectus")

# Key Highlights

## Capital Management

- Aggregate leverage as at 31 March 2015 is 38.6%, with average term of debt of 2.68 years
- Proportion of fixed rate borrowings as at 31 March 2015 is 72.5%, with average term of fixed debt of 2.94 years
- Average cost of debt was 2.88% per annum

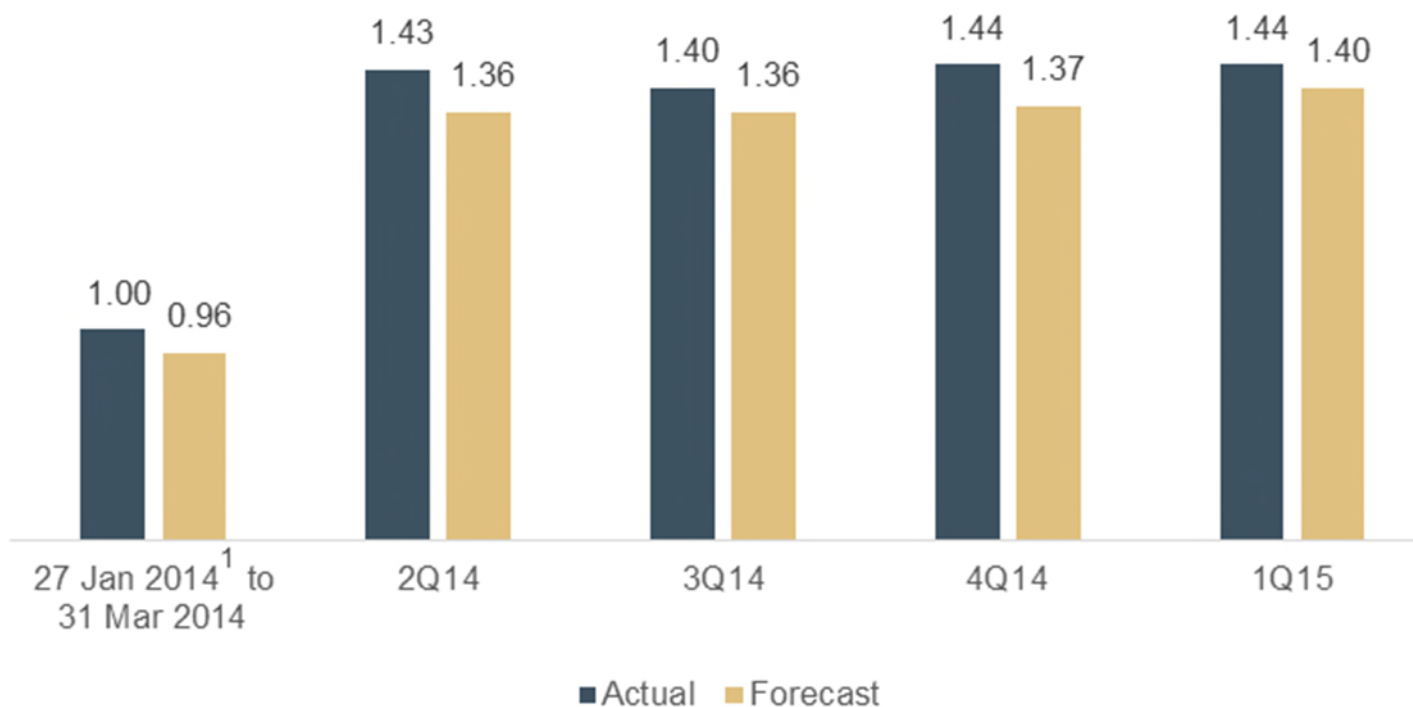


# Financial Performance & Capital Management



# Consistently Outperformed Forecast since Listing

**DPU has exceeded Forecast for the 5<sup>th</sup> consecutive quarter since IPO**



<sup>1</sup> OUE C-REIT was incorporated on 1 October 2013 but was dormant until Listing Date of 27 January 2014

# 1Q 2015 - Actual vs Forecast

	Actual	Forecast <sup>1</sup>	Change
Gross Revenue (S\$m)	20.4	19.1	+7.0%
Net Property Income (S\$m)	15.7	14.0	+12.1%
Amount Available for Distribution (S\$m)	12.6	12.3	+3.0%
DPU (cents)	1.44	1.40	+2.9%

- Gross revenue exceeded Forecast by 7.0% due to better occupancy and higher rental rates achieved than Forecast
- The higher gross revenue, as well as lower utilities and maintenance costs incurred led to net property income outperforming Forecast by 12.1%
- OUE Bayfront continued to achieve stronger than forecast rental revenue, resulting in lower drawdown of income support
- DPU was 2.9% higher than Forecast due to higher net property income, offset by lower drawdown of income support

<sup>1</sup> The Forecast was derived from the Projection for 2015 as disclosed in the Prospectus



# 1Q 2015 - Actual vs Forecast

S\$'000	Actual	Forecast <sup>1</sup>	Change (%)
<b>Gross revenue</b>	<b>20,411</b>	<b>19,080</b>	<b>7.0</b>
Property operating expenses	(4,704)	(5,070)	(7.2)
<b>Net property income</b>	<b>15,707</b>	<b>14,010</b>	<b>12.1</b>
Other income	1,798	2,428	(25.9)
Amortisation of intangible asset	(1,047)	(1,650)	(36.5)
Manager's management fees	(1,262)	(1,342)	(6.0)
Net non-property expenses	(519)	(725)	(28.4)
Net finance costs	(4,527)	(4,442)	1.9
Foreign exchange differences	489	-	NM <sup>3</sup>
<b>Total return before tax</b>	<b>10,639</b>	<b>8,279</b>	<b>28.5</b>
Tax expense	(1,331)	(933)	42.7
<b>Total return after tax</b>	<b>9,308</b>	<b>7,346</b>	<b>26.7</b>
Distribution adjustments <sup>2</sup>	3,309	4,906	(32.6)
<b>Amount available for distribution to Unitholders</b>	<b>12,617</b>	<b>12,252</b>	<b>3.0</b>

<sup>1</sup> The Forecast was derived from the Projection for 2015 as disclosed in the Prospectus

<sup>2</sup> Includes non-tax deductible expenses, management fees paid in Units, trustee fees, amortization of debt establishment costs and amortisation of income support

<sup>3</sup> NM: Not meaningful

# 1Q 2015 vs 1Q 2014<sup>1</sup>

	1Q 2015	Prior Period <sup>2</sup>	Change	1Q 2014 <sup>1</sup>	Change
Gross Revenue (S\$m)	20.4	13.8	+47.7%	19.4	+5.0%
Net Property Income (S\$m)	15.7	10.3	+52.2%	14.5	+8.3%
Amount Available for Distribution (S\$m)	12.6	8.6	+46.0%	12.2	+3.8%
DPU (cents)	1.44	1.00	+44.0%	1.41	+2.4%

- 1Q 2015 gross revenue of \$20.4 million was 5.0% higher compared to 1Q 2014 due to better occupancy and higher rental reversions achieved
- Net property income was 8.3% higher mainly due to lower utilities and maintenance costs incurred
- 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 1Q 2015 compared to 1Q 2014
- 1Q 2015 DPU was 2.4% higher compared to 1Q 2014

<sup>1</sup>For a meaningful comparison of 1Q 2015 performance against the prior corresponding period, 1Q 2014 figures were extrapolated from the Prior Period

<sup>2</sup>Prior Period refers to the period from Listing Date of 27 January 2014 to 31 March 2014

# Balance Sheet as at 31 Mar 2015

S\$'000	
Investment properties	1,654,921
Non-current assets	14,699
Current assets	36,621
<b>Total Assets</b>	<b>1,706,241</b>
Interest-bearing borrowings	647,997
Non-current liabilities	60,657
Current liabilities	33,335
<b>Total Liabilities</b>	<b>741,989</b>
<b>Net Assets</b>	<b>964,252</b>
Units in issue ('000)	874,013
<b>NAV per Unit (S\$)</b>	<b>1.10</b>

# Capital Management as at 31 Mar 2015

	As at 31 Mar 2015	As at 31 Dec 2014
<b>Aggregate Leverage</b>	38.6%	38.3%
<b>Total debt</b>	S\$659m <sup>1</sup> comprising - S\$591m - RMB304m	S\$644m <sup>2</sup> comprising - S\$580m - RMB304m
<b>Average cost of debt<sup>3</sup></b>	2.88% p.a.	2.81% p.a.
<b>Average term of debt</b>	2.68 years	2.95 years
<b>% fixed rate debt</b>	72.5%	73.6%
<b>Average term of fixed rate debt</b>	2.94 years	3.19 years
<b>Interest service ratio</b>	3.9x	3.9x

<sup>1</sup>Based on SGD:CNY exchange rate of 1:4.502 as at 31 March 2015

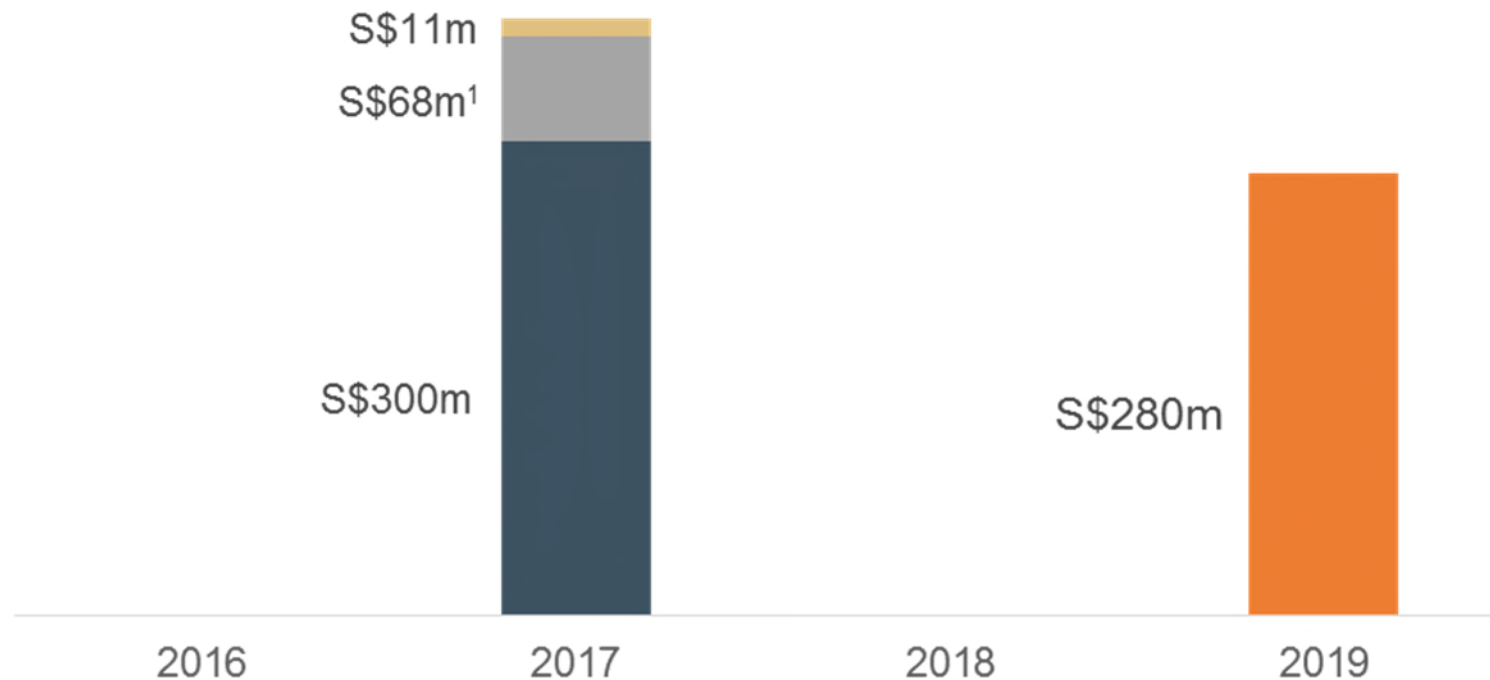
<sup>2</sup>Based on SGD:CNY exchange rate of 1:4.721 as at 31 December 2014

<sup>3</sup>Including amortization of debt establishment costs



# Debt Maturity Profile

■ SGD 3-yr Term Loan ■ SGD 5-yr Term Loan ■ RMB 3-yr Term Loan ■ SGD Revolving Credit Facilities



**No refinancing requirement until 2017**

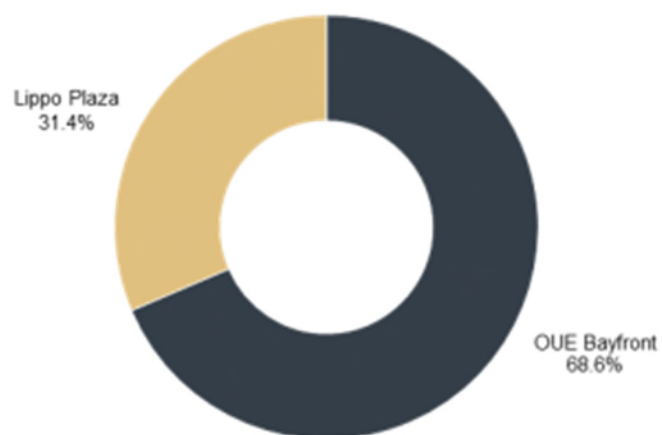
<sup>1</sup>Based on SGD:CNY exchange rate of 1:4.502

# Portfolio Performance



# Portfolio Composition

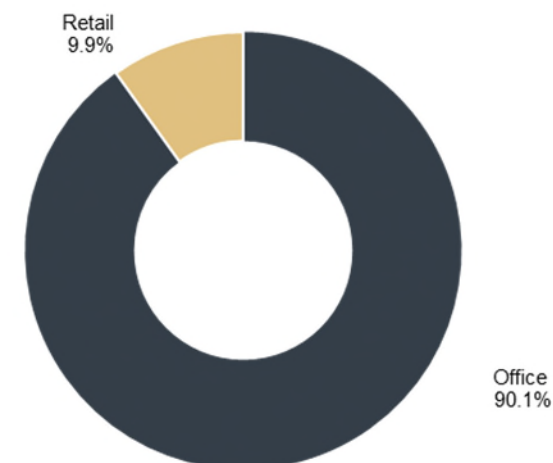
## By Asset Value<sup>1</sup>



## By Gross Rental Income<sup>2</sup>



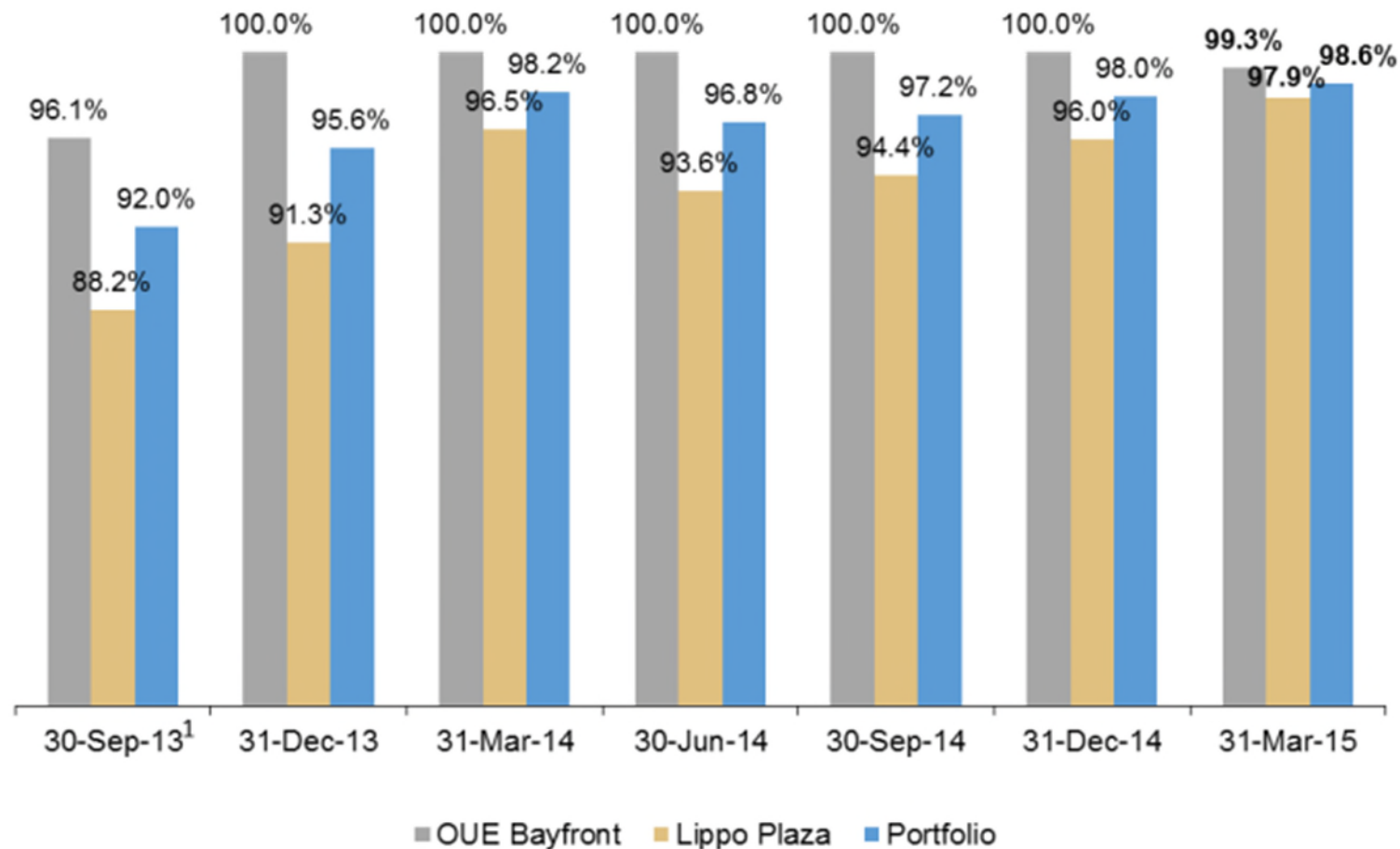
## By Segment Revenue<sup>2</sup>



<sup>1</sup> Based on exchange rate of 1:4.502

<sup>2</sup> For 1Q 2015 and based on SGD:CNY exchange rate of 1:4.583

# Steady and High Portfolio Occupancy

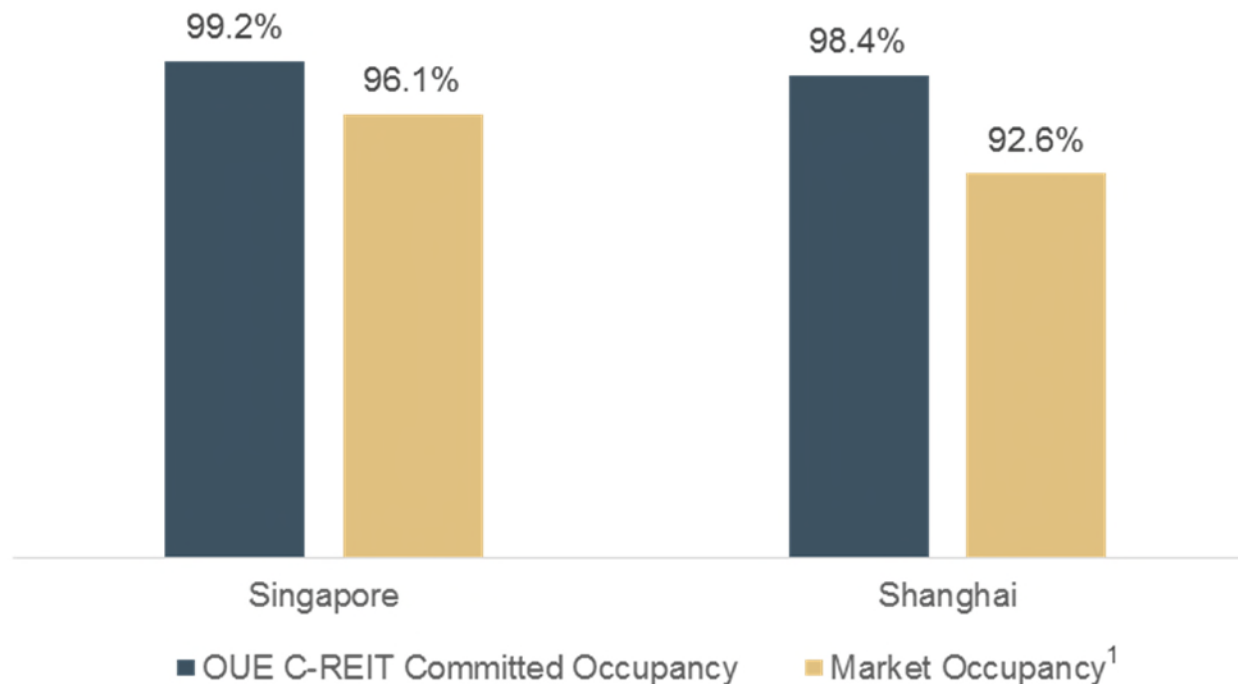


<sup>1</sup> Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014



# Above-Market Office Occupancy

**OUE C-REIT's office portfolio occupancy is above market occupancy**



<sup>1</sup> Market Occupancy for Singapore refers Core CBD occupancy for 1Q 2015 according to CBRE Research. Market Occupancy for Shanghai refers to Shanghai Grade A Office occupancy for 1Q 2015 according to Colliers International Shanghai

# Positive Office Rental Reversions

1Q15	Rental reversions <sup>1</sup>	Committed rents <sup>2</sup>	Average passing rent <sup>3</sup>
OUE Bayfront	37.3%	S\$11.60 – S\$14.50psf/mth	S\$10.60 psf/mth
Lippo Plaza	12.2%	RMB9.00 – RMB11.30 psm/day	RMB9.18 psm/day

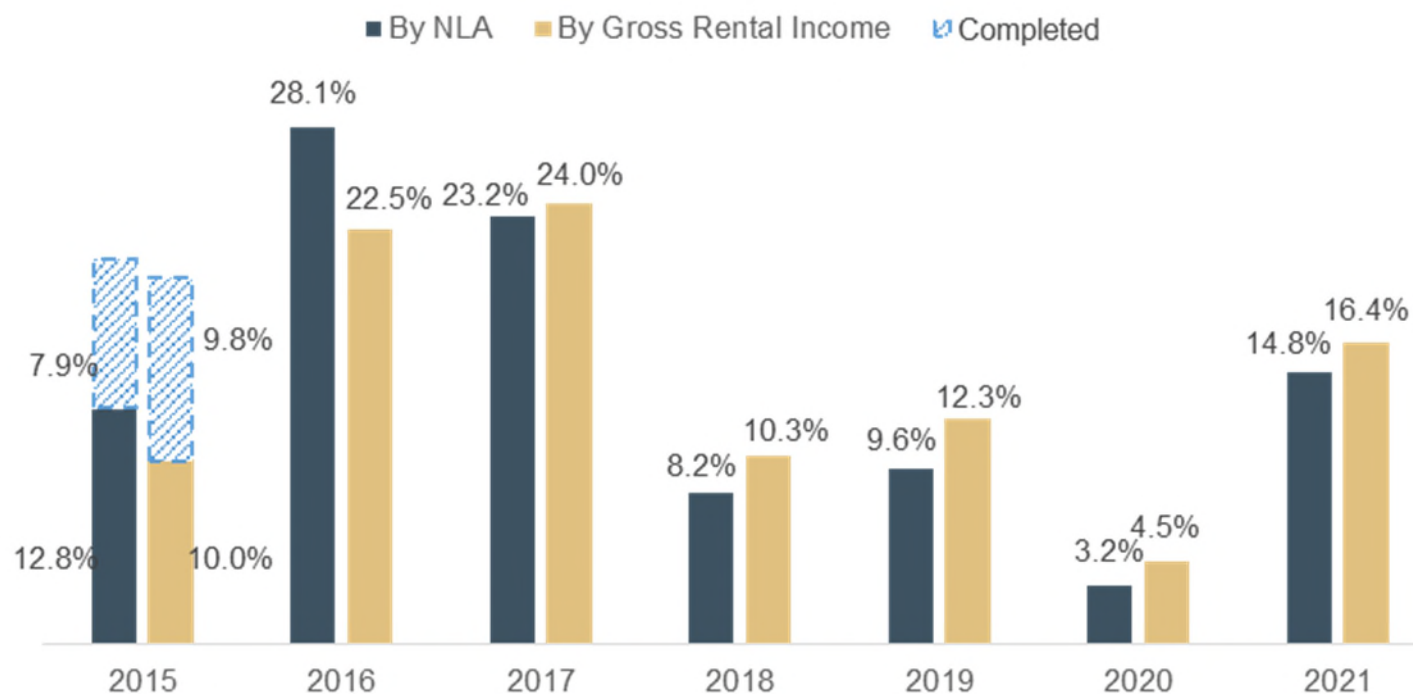
<sup>1</sup> Renewal rental rates vs preceding rental rates

<sup>2</sup> Committed rents for both renewal leases and new leases

<sup>3</sup> For the month of March 2015

# Lease Expiry Profile as at 31 Mar 2015

## Portfolio



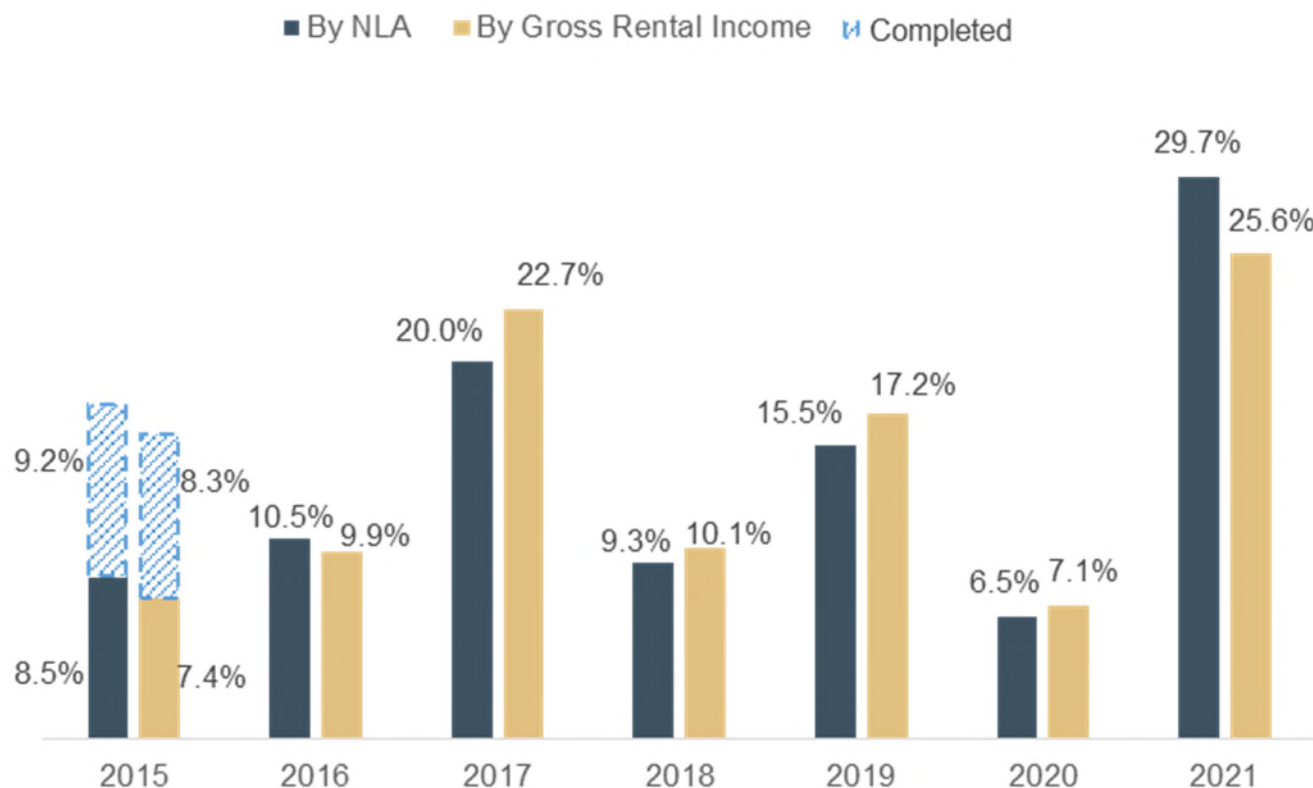
**WALE<sup>1</sup> of 2.8 years by NLA<sup>2</sup> and 3.1 years by Gross Rental Income**

<sup>1</sup> WALE: Weighted average lease term to expiry

<sup>2</sup> NLA: Net lettable area

# Lease Expiry Profile as at 31 Mar 2015

## OUE Bayfront

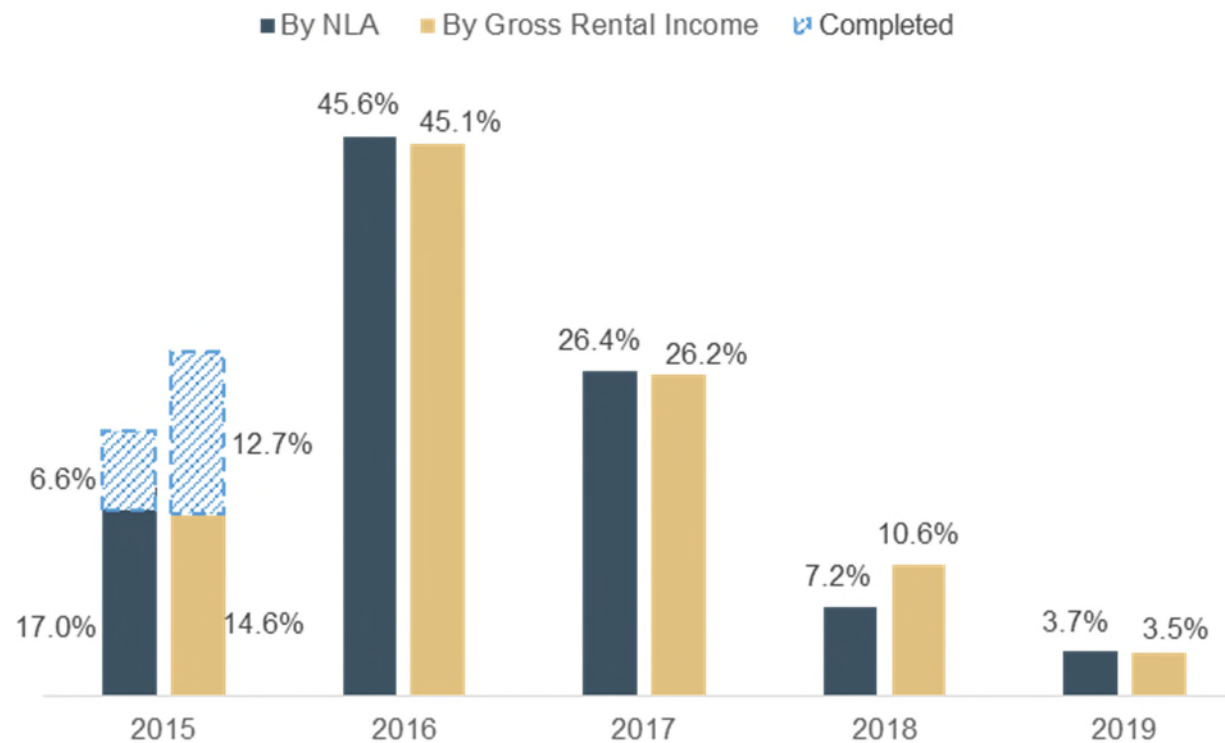


**WALE of 3.9 years by NLA and 3.8 years by Gross Rental Income**



# Lease Expiry Profile as at 31 Mar 2015

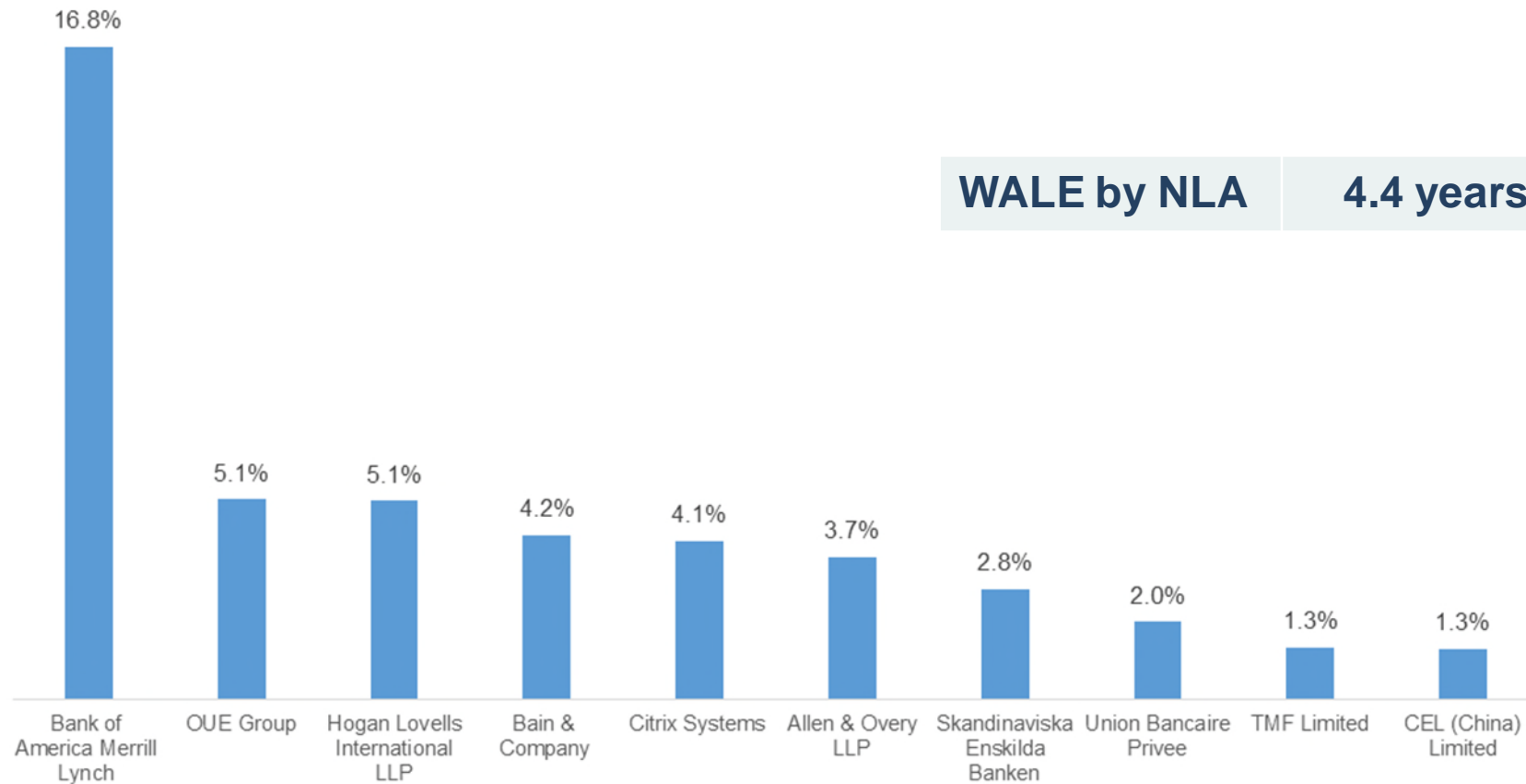
## Lippo Plaza



**WALE of 1.7 years by NLA and Gross Rental Income**

# Top 10 Tenants

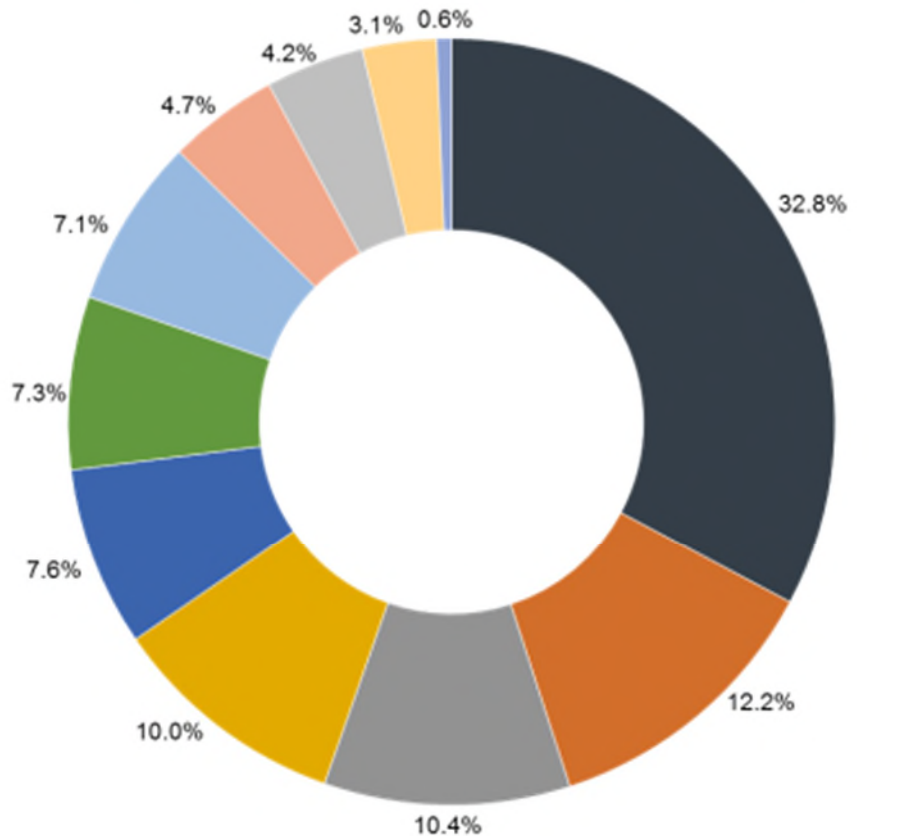
Top 10 tenants of the portfolio contribute approximately 46.5% of Gross Rental Income<sup>1</sup>



<sup>1</sup> For the month of March 2015

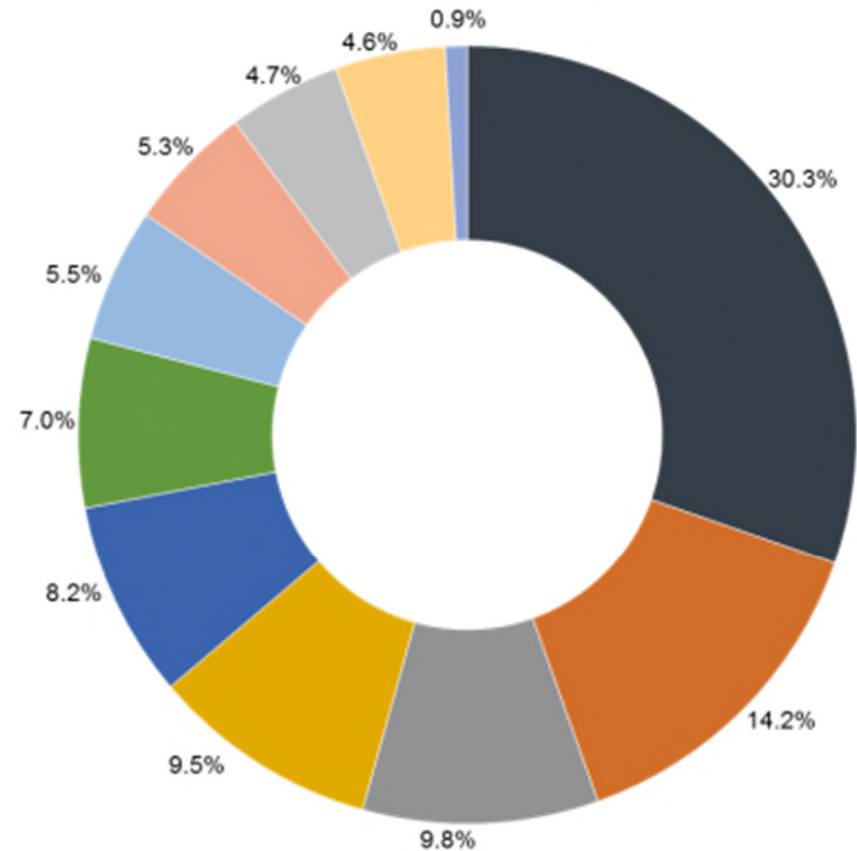
# Diversified Tenant Base

## Gross Rental Income by Trade Sector<sup>1</sup>



- Banking, Insurance, and Financial Services
- Legal
- Retail, Services
- IT, Media and Telecommunication
- Pharmaceuticals & Healthcare
- Others
- Business Consultancy
- Real Estate and Property Services
- Manufacturing and Distribution
- Energy, Commodities, Maritime and Logistics
- Food & Beverage

## NLA by Trade Sector<sup>1</sup>



- Banking, Insurance, and Financial Services
- Real Estate and Property Services
- Legal
- Pharmaceuticals & Healthcare
- Energy, Commodities, Maritime and Logistics
- Others
- Business Consultancy
- Manufacturing and Distribution
- IT, Media and Telecommunication
- Retail, Services
- Food & Beverage

<sup>1</sup> For the month of March 2015

# Outlook





# Outlook and Prospects

- Based on advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s 1Q 2015 GDP growth was 2.1%<sup>1</sup> year-on year (“YoY”). On a quarter-on-quarter (“QoQ”) basis, it expanded at a slower pace of 1.1% compared to the 4.9% in the previous quarter. For 2015, MTI expects GDP growth of 2.0% to 4.0% given the uneven global recovery.
- Core CBD occupancy rose 0.4 percentage points (“ppt”) QoQ to 96.1%, while Grade A office rents in Singapore rose by 1.8%<sup>2</sup> QoQ to S\$11.40 psf/mth as at 1Q 2015. With limited new office space in the pipeline over the next 12 months, vacancy levels are expected to remain low which is positive for the rental outlook in 2015.
- China’s GDP growth in 1Q 2015 was 7.0%<sup>3</sup> YoY, slowing from the 7.3% recorded last quarter but in line with the official growth target for 2015. The central bank has since lowered the reserve requirement ratio for the banking sector to stimulate growth. Further policy easing and stimulus measures by the authorities can be expected if economic activities remain lacklustre.
- As at 1Q 2015, overall Shanghai CBD Grade A office vacancy rose 1.8 ppt QoQ to 7.4%<sup>4</sup> while market rents increased 2.3% QoQ to RMB9.5 psm per day. In Puxi, despite vacancy increasing 0.8 ppt QoQ to 9.1%, rents rose 1.4% QoQ to about RMB9.0 psm per day. Rental outlook is expected to be subdued given the additional new supply coming onstream in Puxi in 2015
- Barring any unforeseen event and unexpected weakening of the economic environment, the Manager expects to meet OUE C-REIT’s forecast for the financial year ending 2015 as disclosed in the Prospectus

<sup>1</sup>Ministry of Trade and Industry Press Release, 14 April 2015

<sup>2</sup>CBRE, Singapore Market View, 1Q 2015

<sup>3</sup>National Bureau of Statistics of China Press Release, 15 April 2015

<sup>4</sup>Colliers International, Shanghai Research and Forecast Report 1Q15

# 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 has a total asset value of about S\$1.6 billion comprising :
  - OUE Bayfront**, a premium Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place in Singapore; 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 Limited which has retained a stake of 47.5% 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: 35,569.0
	Retail: 1,830.1
	Overall: 37,399.1
<b>Committed Occupancy as at 31 Mar 2015</b>	Office : 99.2%
	Retail : 100.0%
	Overall : 99.3%
<b>Number of Car Park Lots</b>	245
<b>Valuation (as at 31 Dec 2014)</b>	S\$1,135m
<b>Land Use Right Expiry</b>	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
<b>Completion Year</b>	2011

# Vantage Position in Singapore's CBD

## Location within the Singapore CBD



## Landmark commercial property

- ✓ One of the latest premium office buildings located at Collyer Quay between the new Marina Bay downtown and Raffles Place
- ✓ Excellent connectivity and convenient access to major transportation network
  - Convenient access to Raffles Place MRT station and Telok Ayer MRT Station
  - Within walking distance to the Downtown MRT station, which serves the Downtown line
  - Convenient access to expressways such as the Ayer Rajah Expressway, the new Marina Coastal Expressway, the Kallang-Paya Lebar Expressway and the East Coast Parkway, providing swift access to Changi Airport and the city centre
- ✓ Panoramic views of Marina Bay

# 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>NLA (sq m)</b>	Office: 33,538.6
	Retail: 5,685.9
	Overall: 39,224.5
<b>Committed Occupancy as at 31 Mar 2015</b>	Office : 98.4% Retail : 95.1% Overall : 97.9%
<b>Number of Car Park Lots</b>	168
<b>Valuation (as at 31 Dec 2014)</b>	RMB2,340m / RMB39,985 psm (S\$519.8m) <sup>1</sup>
<b>Land Use Right Expiry</b>	50 yrs from 2 Jul 1994
<b>Completion Year</b>	1999

<sup>1</sup> Based on SGD:CNY exchange rate of 1 : 4.502 as at 31 March 2015



# Grade A Building in Prime Commercial District

## The Huangpu District



## Immediate Vicinity of the Lippo Plaza Property



## Located Within Shanghai's Established Core CBD

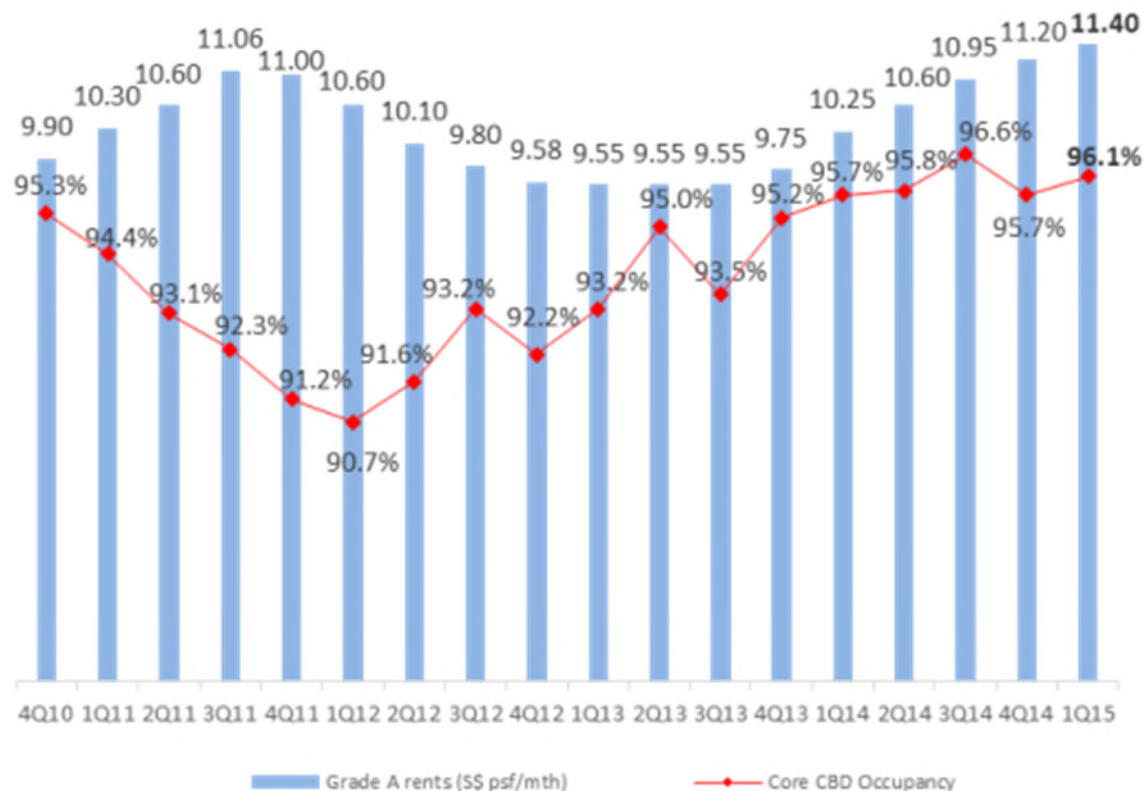
- ✓ Grade-A commercial building located in Huangpu, Central Shanghai, one of the main commercial districts in Puxi
- ✓ The Huaihai Road precinct, in which the Lippo Plaza Property is situated, is a prime retail area in Shanghai
- ✓ Excellent connectivity and convenient access to major transportation network
  - 5 minute walk to South Huangpi Road Metro Station
  - Convenient access to major expressways
- ✓ Main tenants in the area comprise MNCs, financial institutions and state-owned enterprises

Other Office Properties		Other Retail Properties	
1	Hong Kong New World Tower	1	Pacific Department Store
2	Hong Kong Plaza	2	Huaihai Mall
3	Shui On Plaza	3	Infinity Plaza
4	Shanghai Central Plaza	4	K11 mall
5	Shanghai Times Square		

— Metro Line 1

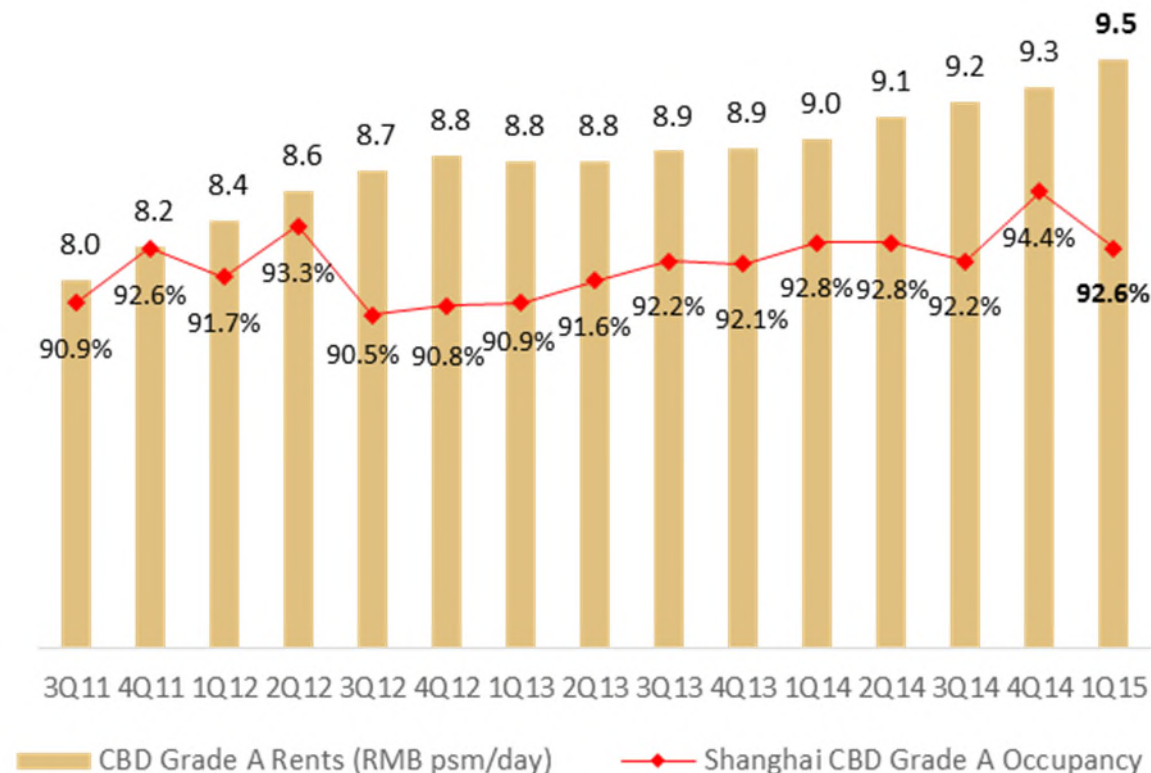
# Singapore Office Market

- Core CBD office occupancy rose 0.4 ppt QoQ to 96.1% as at 1Q 2015, while Grade A office rents rose 1.8% QoQ to S\$11.40 psf/mth
- With limited new office space in the pipeline over the next 12 months, vacancy levels are expected to remain low



# Shanghai Office Market

- CBD Grade A office occupancy in Shanghai declined 1.8 ppt QoQ to 92.6% as at 1Q 2015, while average market rents rose by 2.3% QoQ to RMB9.5 psm/day
- In the Puxi CBD Grade A office submarket, occupancy dipped 0.8 ppt QoQ to 90.9%, and average market rents rose by 1.4% QoQ to RMB9.0 psm/day







**Thank you**