



## Presentation for REITs Symposium 2017

27 May 2017

# Important Notice

This presentation shall be read in conjunction with OUE Commercial REIT's Financial Results announcement for 1Q 2017 dated 5 May 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.

- 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 March 2017, 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

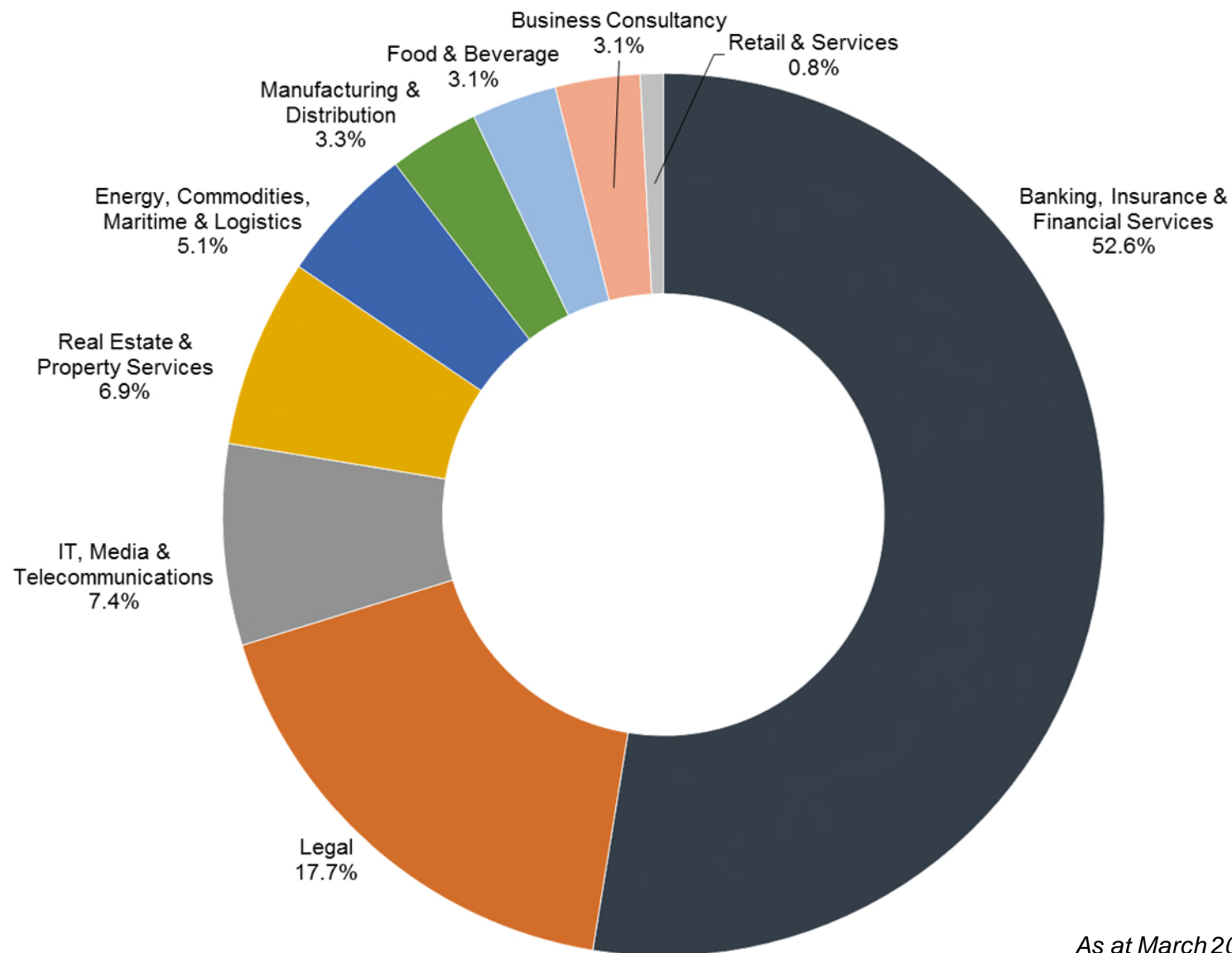
## *OUE Bayfront*



<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 (@ 31 Mar 2017)</b>	Office: 100.0%; Retail: 100.0%; Overall: 100.0%
<b>Valuation (@ 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

## *OUE Bayfront – Tenants by Trade Sector*



*As at March 2017*



# Premium Portfolio of Assets

## *One Raffles Place*

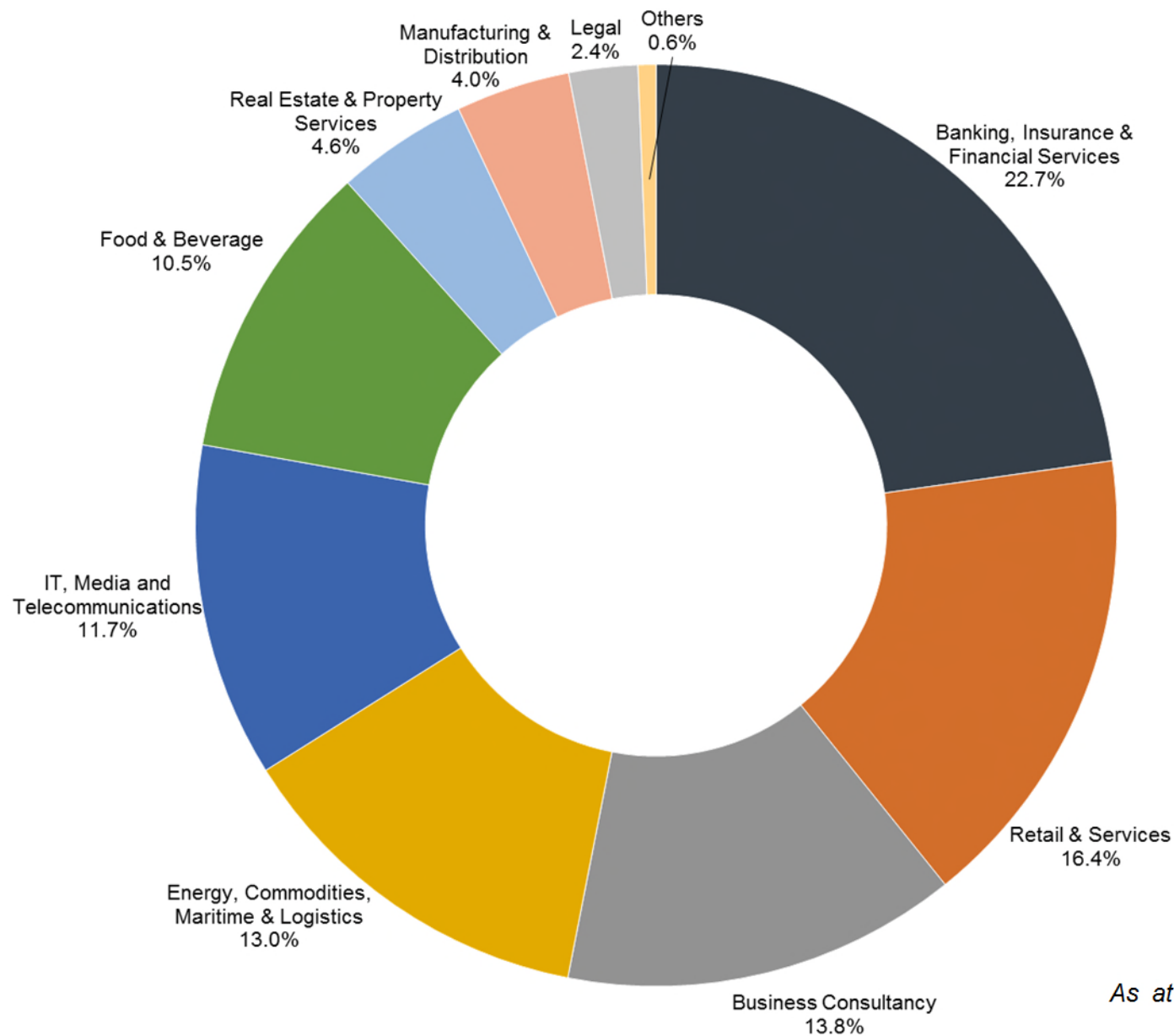


<b>GFA (sq m)</b>	119,626.3
<b>Attributable NLA (sq m)</b>	Office: 56,090.0; Retail: 9,500.0; Overall: 65,590.0
<b>Committed Occupancy (@ 31 Mar 2017)</b>	Office: 93.0%; Retail: 97.1%; Overall: 93.6%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2016)</b>	S\$1,738.3 m (S\$2,462 psf)
<b>Valuation Cap Rate (Office):</b>	3.65% - 4.00%
<b>Land Use Right Expiry</b>	Office Tower 1: 841 yrs from 1 Nov 1985; Office Tower 2: 99 yrs from 26 May 1983; Retail: ~75% of NLA is on 99 yrs from 1 Nov 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

## *One Raffles Place – Tenants by Trade Sector*



*As at March 2017*



# Premium Portfolio of Assets

## *Lippo Plaza*



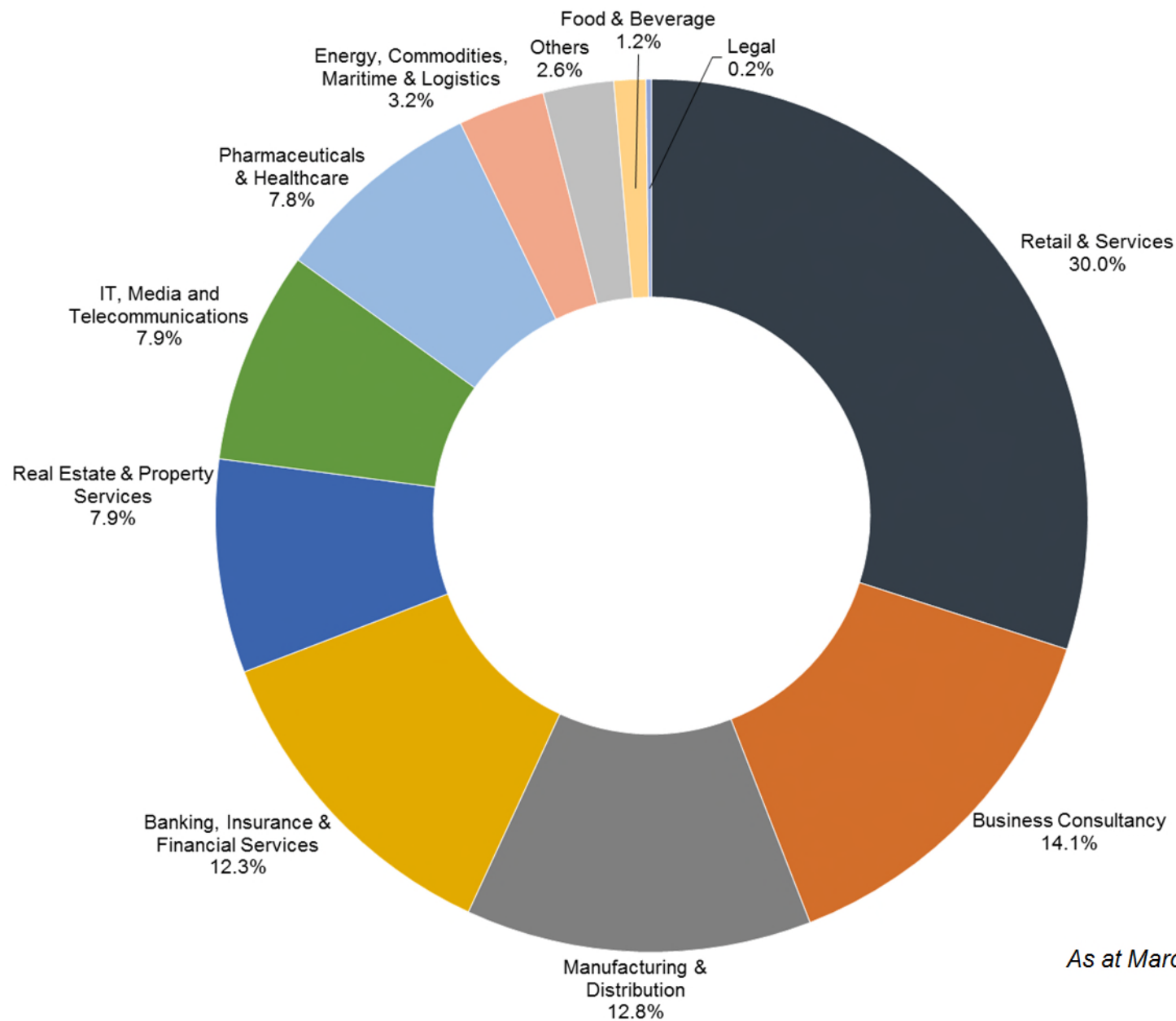
<b>GFA (sq m)</b>	58,521.5
<b>Attributable NLA (sq m)</b>	Office: 33,538.6; Retail: 5,685.9; Overall: 39,224.5
<b>Committed Occupancy (@ 31 Mar 2017)</b>	Office: 95.8%; Retail: 92.3%; Overall: 95.3%
<b>Valuation<sup>(1)</sup> (@ 31 Dec 2016)</b>	RMB2,524.0 m / RMB43,129 psm (S\$513.1m) <sup>(2)</sup>
<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 : 4.919 as at 31 March 2017

# Premium Portfolio of Assets

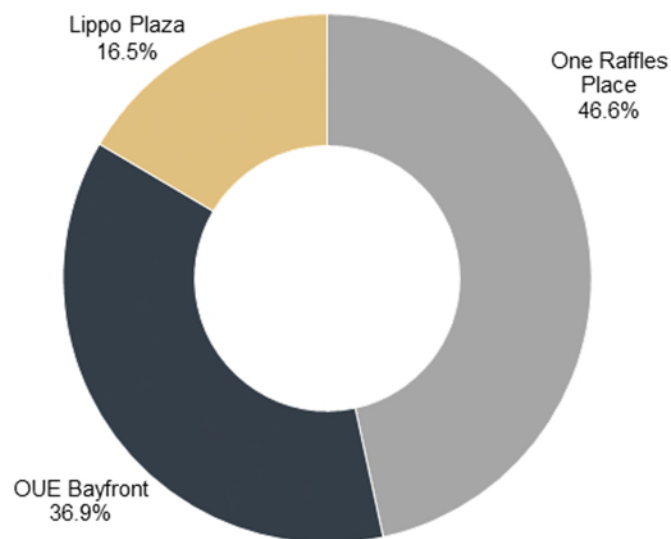
## *Lippo Plaza – Tenants by Trade Sector*



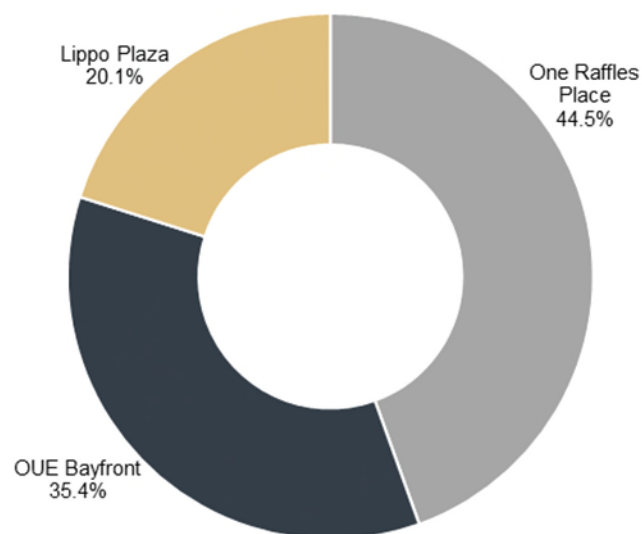
*As at March 2017*

# Portfolio Composition

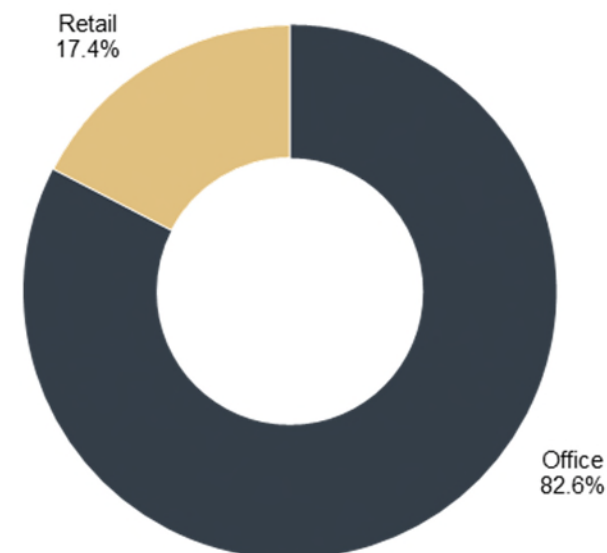
**By Asset Value<sup>(1)</sup>**



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



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



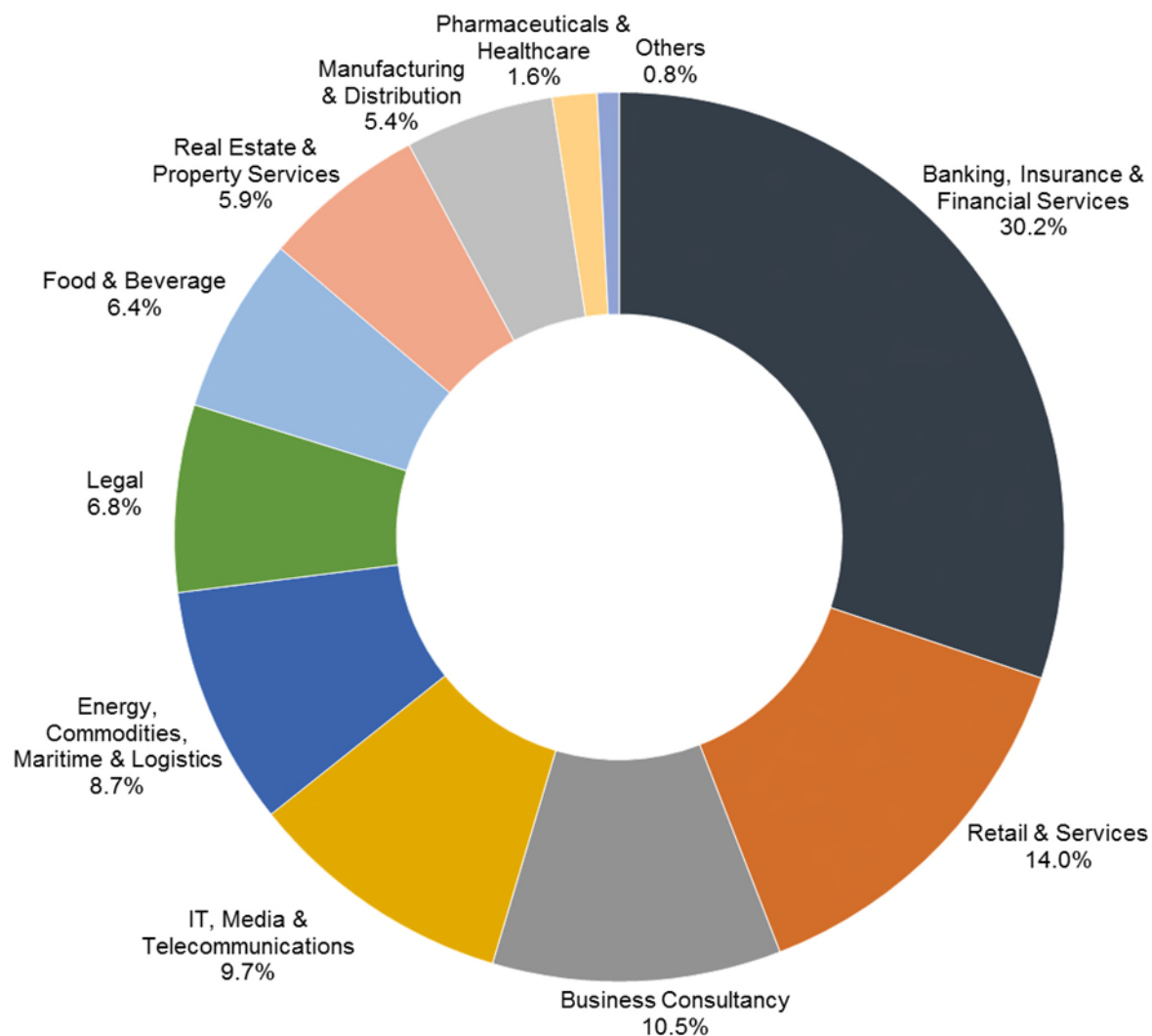
(1) Based on independent valuations as at 31 December 2016 and OUE C-REIT's proportionate interest in One Raffles Place

(2) For 1Q 2017 and based on OUE C-REIT's attributable interest in One Raffles Place



# Well Diversified Portfolio Tenant Base

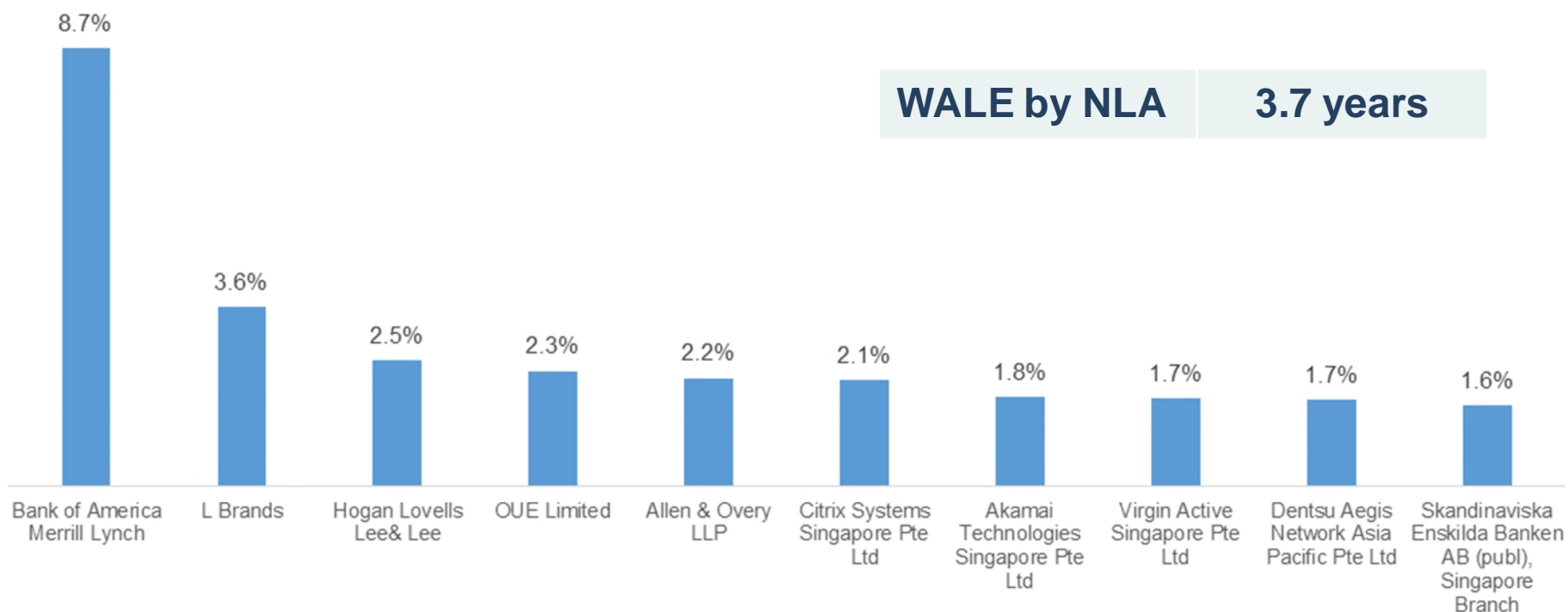
No single trade sector accounts for more than one-third of portfolio gross rental income



*As at March 2017*

# Quality and Diversified Tenant Base

Top 10 tenants contribute approximately 28.2% of gross rental income



As at 31 Mar 2017

# Financial Performance & Capital Management

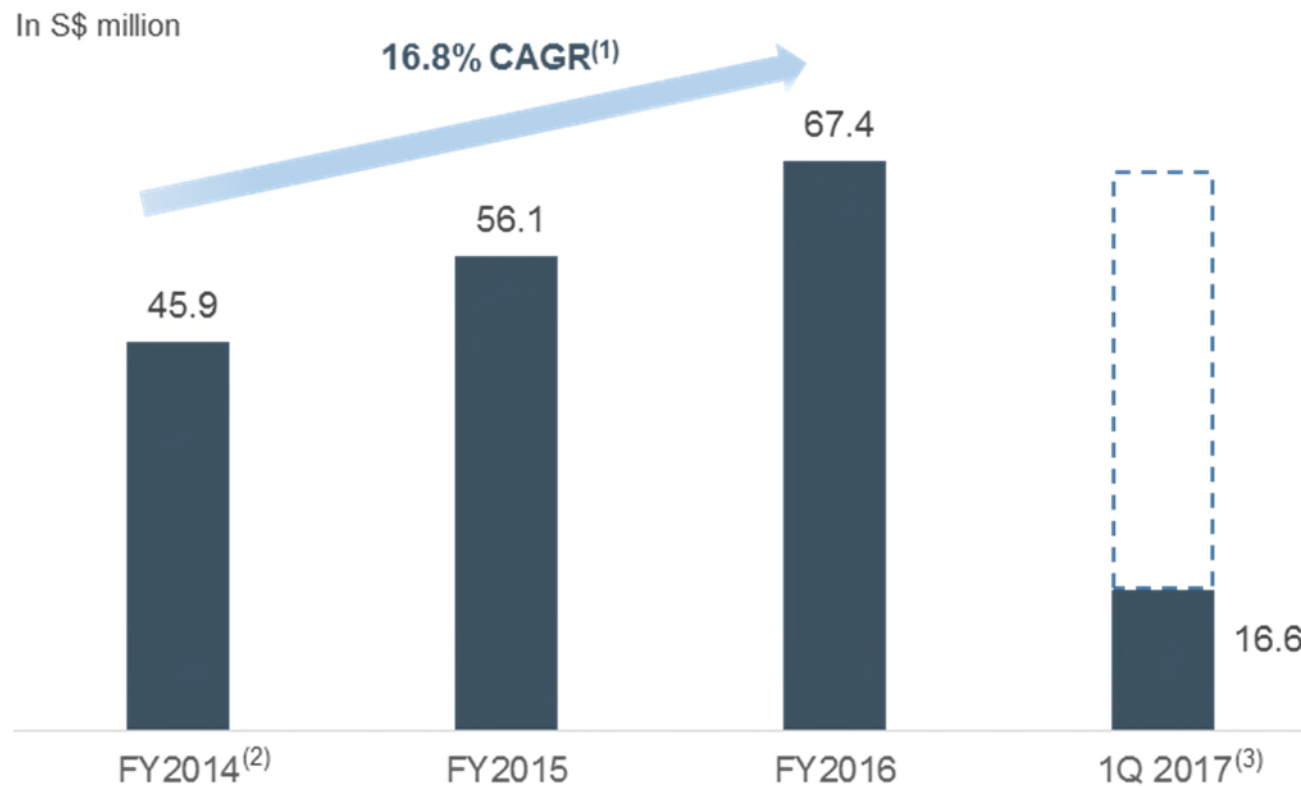




# Delivered Sustainable Distribution

Delivered sustainable distribution to Unitholders since IPO

## Distribution Since IPO



- (1) 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
- (2) Period commencing from OUE C-REIT's listing date of 27 January 2014 to 31 December 2014
- (3) Dotted bar represents the annualised amount available for distribution for 1Q 2017 of S\$16.6 million

# 1Q 2017 Highlights

Revenue

**S\$44.8** million

 **4.4%** YoY

Annualised Yield

**6.1%**<sup>(1)</sup>

Aggregate Leverage

**36.2%**

 4Q 2016: 39.8%

Net Property Income

**S\$34.6** million

 **4.2%** YoY

Portfolio Committed  
Occupancy

**95.8%**

 **1.0 ppt** QoQ

Fixed Rate Debt

**81.2%**

 4Q 2016: 79.3%

Distribution Per Unit

**1.23** cents

 **6.8%** YoY

Completed

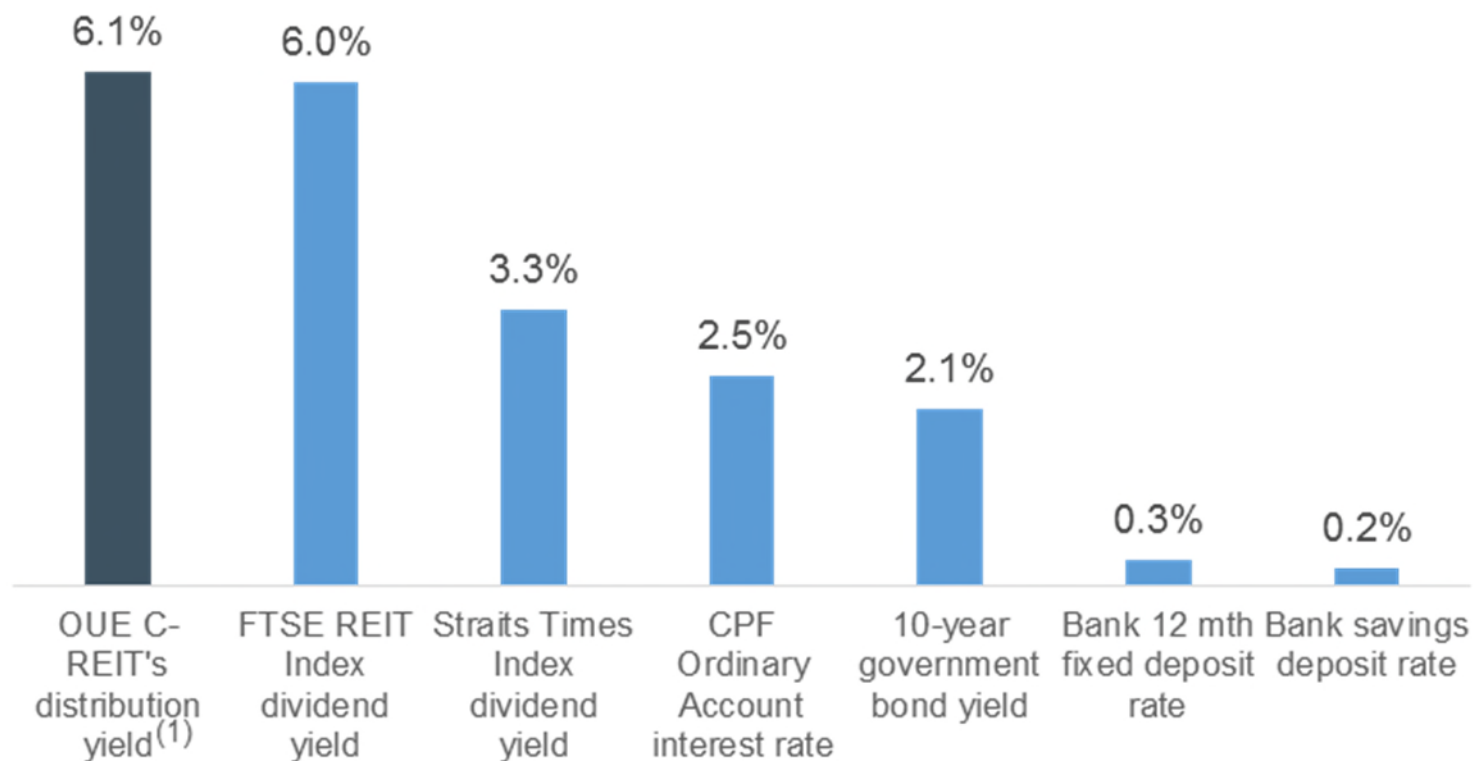
**2017 & 2019**  
refinancing

(1) OUE C-REIT's distribution yield based on annualised amount available for distribution for 1Q 2017 divided by the number of Units in issue and to be issued as at 31 March 2016, and Unit closing price as at 19 May 2017

# Attractive Distribution Yield

OUE C-REIT's distribution yield is 404bp above the 10-year government bond yield

## Yield Comparison



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

- (1) OUE C-REIT's distribution yield based on annualised amount available for distribution for 1Q 2017 divided by the number of Units in issue and to be issued as at 31 March 2016, and Unit closing price as at 19 May 2017
- (2) All information as at 31 December 2016 except for FTSE REIT Index, Straits Times Index and 10-year government bond yield which are as at 19 May 2017



# Healthy Balance Sheet

- Aggregate leverage improved to 36.2% as at 31 March 2017 from 39.8% a quarter ago
- Longer average term of debt of 3.3 years compared to 1.5 years as at 31 December 2016
- With 81.2% of debt on fixed rate basis, every 25bps increase in floating interest rates is expected to reduce distribution by S\$0.5 million per annum, or 0.03 cents in DPU

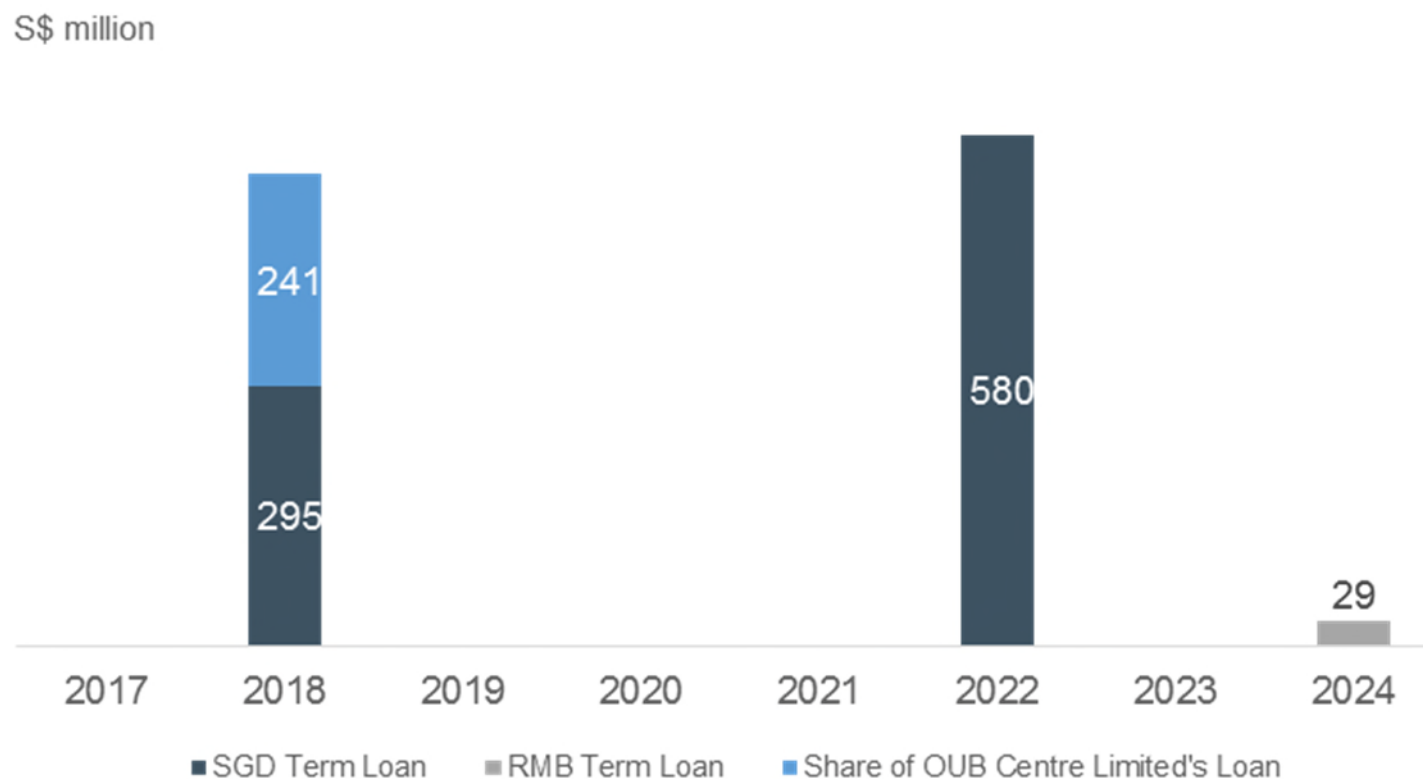
	As at 31 Mar 2017	As at 31 Dec 2016
<b>Aggregate Leverage</b>	36.2%	39.8%
<b>Total debt</b>	S\$1,145m <sup>(1)</sup>	S\$1,261m <sup>(2)</sup>
<b>Weighted average cost of debt</b>	3.4% p.a.	3.6% p.a.
<b>Average term of debt</b>	3.3 years	1.5 years
<b>% fixed rate debt</b>	81.2%	79.3%
<b>Average term of fixed rate debt</b>	2.5 years	2.5 years
<b>Interest service ratio</b>	3.2x	3.1x

(1) 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

(2) 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

# Debt Maturity Profile as at 31 Mar 2017

OUE C-REIT has no refinancing requirement in 2017



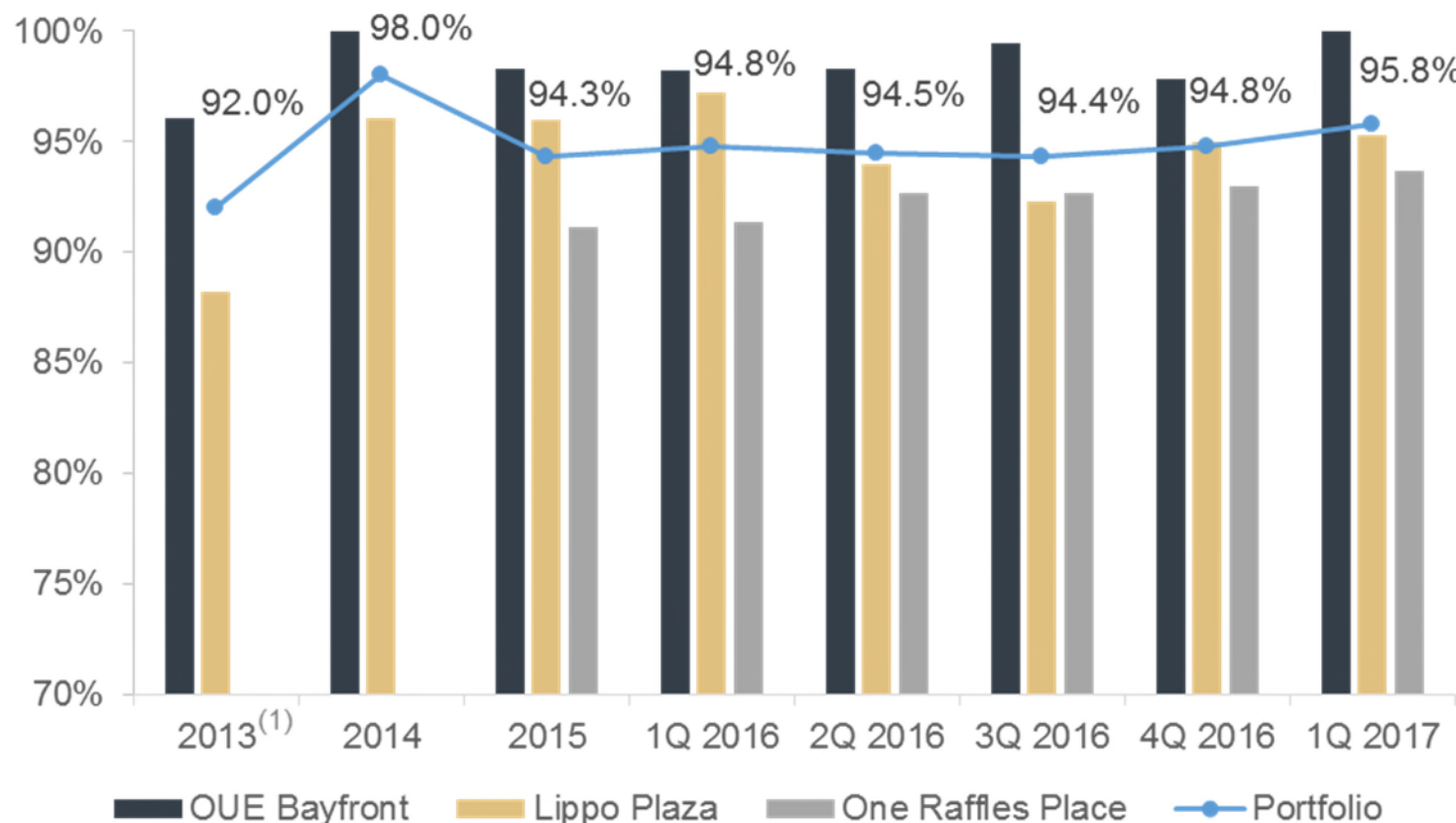
# Portfolio Performance



# Resilient and Stable Portfolio

One Raffles Place achieved five consecutive quarters of increase in committed occupancy since acquisition in October 2015

## OUE C-REIT's Portfolio Committed Occupancy



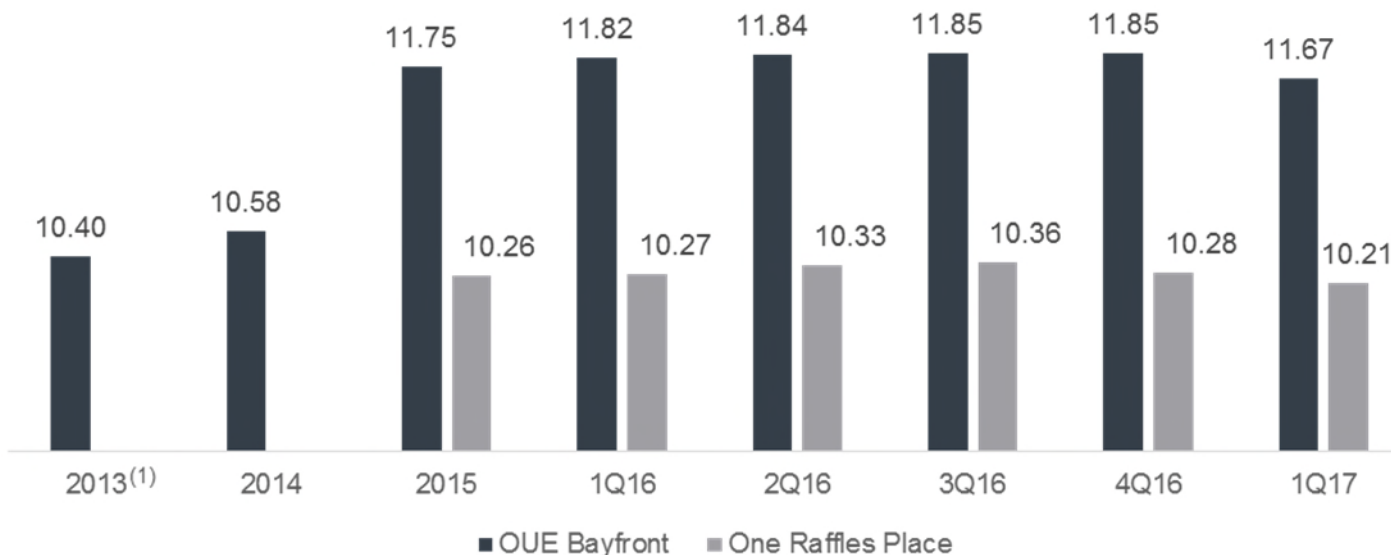
(1) Proforma committed occupancy as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014



# Average Passing Office Rents

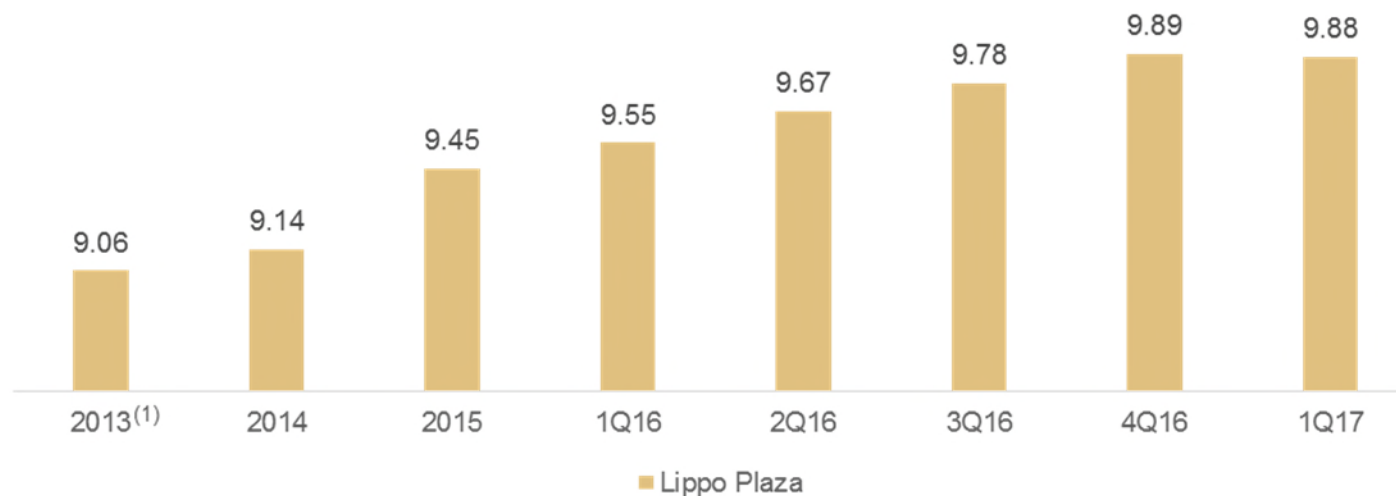
S\$ psf/mth

## Singapore



RMB psm/day

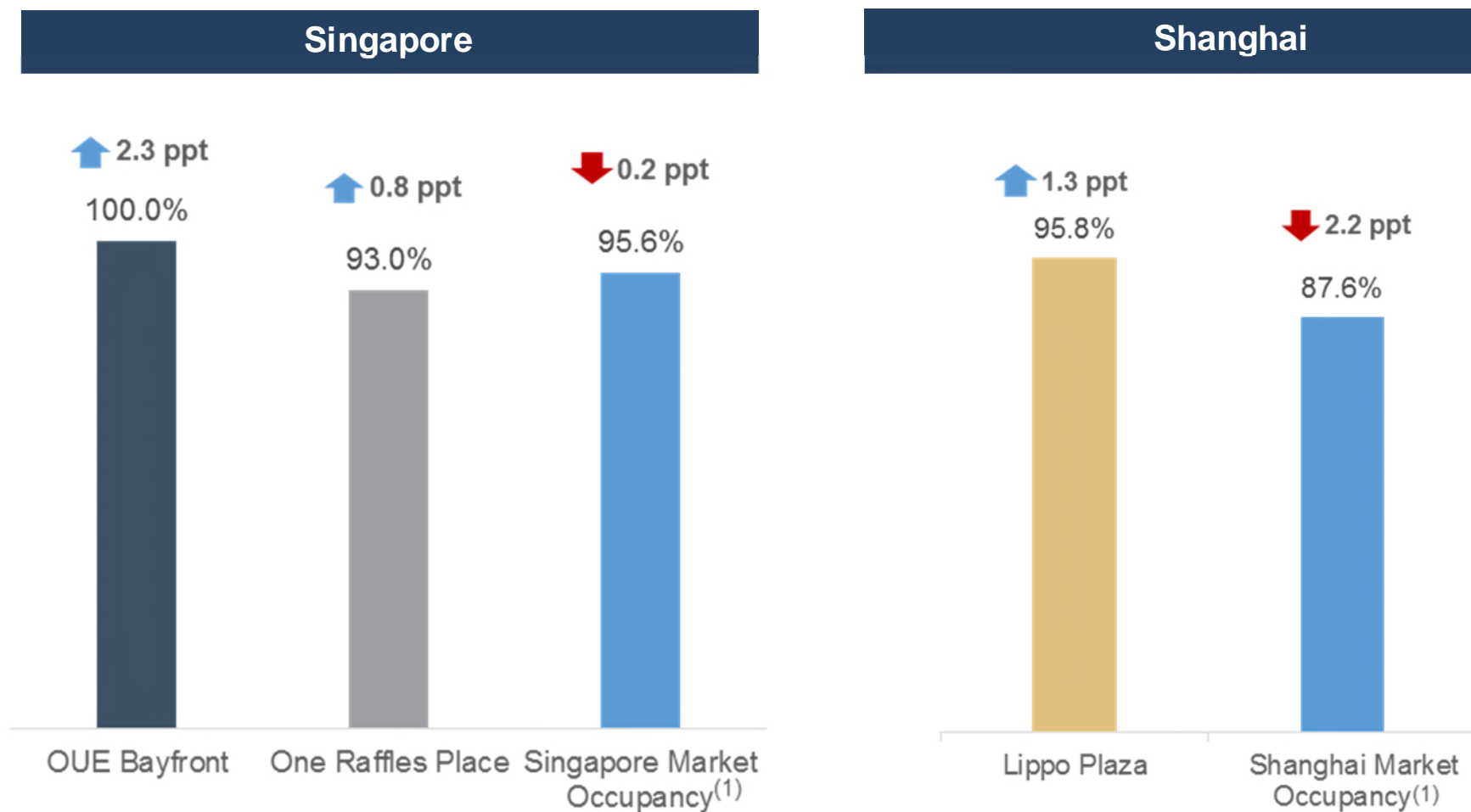
## Shanghai



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

# Increased Occupancy Across All Properties

In 1Q 2017, OUE C-REIT increased committed office occupancy across its portfolio despite declining market occupancy in Singapore and Shanghai in the same period



(1) Singapore Market Occupancy refers to Core CBD office occupancy for 1Q 2017 according to CBRE Research. Shanghai Market Occupancy refers to Shanghai Grade A office occupancy as at 1Q 2017 according to Colliers International Shanghai

# Committed Office Rents In Line with Market

1Q 2017	Average Expired Rents	Committed Rents <sup>(1)</sup>	Market Rents	Average Passing Rents @ Mar 2017
OUE Bayfront	S\$11.41 psf/mth	S\$10.00 – S\$11.70 psf/mth	S\$8.95 psf/mth <sup>(2)</sup>	S\$11.67 psf/mth
One Raffles Place	S\$11.38 psf/mth	S\$8.00 – S\$10.20 psf/mth	S\$8.95 psf/mth <sup>(2)</sup>	S\$10.21 psf/mth
Lippo Plaza	RMB9.17 psm/day	RMB8.00 – RMB11.30 psm/day	RMB9.3 psm/day <sup>(3)</sup>	RMB9.88 psm/day

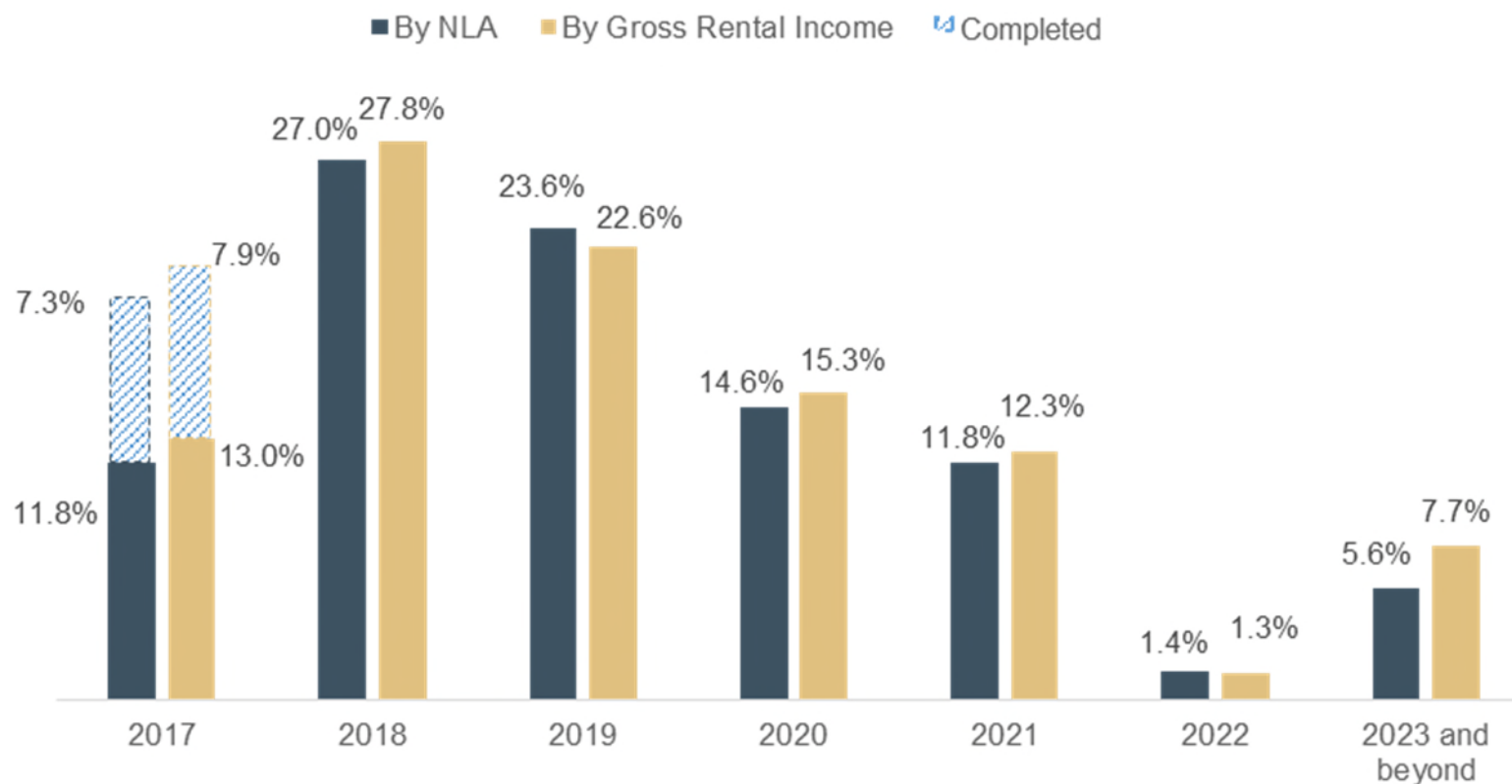
- The average of new and renewal office rents committed at OUE Bayfront and One Raffles Place in 1Q 2017 were at a premium to the market office rent of S\$8.95 psf per month, although some renewals were committed at rents below expiring rates
- Lippo Plaza continued to enjoy positive rental reversion in 1Q 2017 while average passing office rent in March 2017 continued to increase, improving 3.5% YoY to RMB9.88 psm per day

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

(2) Refers to Grade A CBD Core office rents. Source: CBRE Singapore MarketView, 1Q 2017

(3) Refers to CBD Grade A office rents in Puxi. Source: Colliers International Shanghai Research and Forecast Report, 1Q 2017

# Lease Expiry Profile - Portfolio



**WALE<sup>(1)</sup> of 2.5 years by NLA<sup>(2)</sup> and 2.2 years by Gross Rental Income**

As at 31 Mar 2017

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

(2) "NLA" refers to net lettable area



# 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
  - ✓ Focus on enhancing operating performance of One Raffles Place
- Potential acquisition pipeline from Right of First Refusal over the Sponsor's income-producing properties





Thank you