



OUE Commercial REIT

SGX-NH Virtual S-REITS Corporate Day

26 November 2020

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The information and opinions contained in this presentation are subject to change without notice.

Agenda

- Overview
- Financial Summary and Capital Management
- Commercial Segment
- Hospitality Segment
- Navigating COVID-19
- Summary

Overview



Overview of OUE C-REIT

One of the
Largest Diversified
SGX-listed REITs

Total assets under management

S\$6.8billion⁽¹⁾

7 High quality prime assets

6 properties in Singapore and 1 property in Shanghai



OUE Bayfront



One Raffles Place



OUE Downtown Office



Lippo Plaza



Mandarin Gallery



Mandarin Orchard Singapore



Crowne Plaza Changi Airport

Strong Support
OUE Group

47.9% stake⁽¹⁾

More than in net lettable area **2.0** mil sq ft

1,640 upscale
hotel rooms

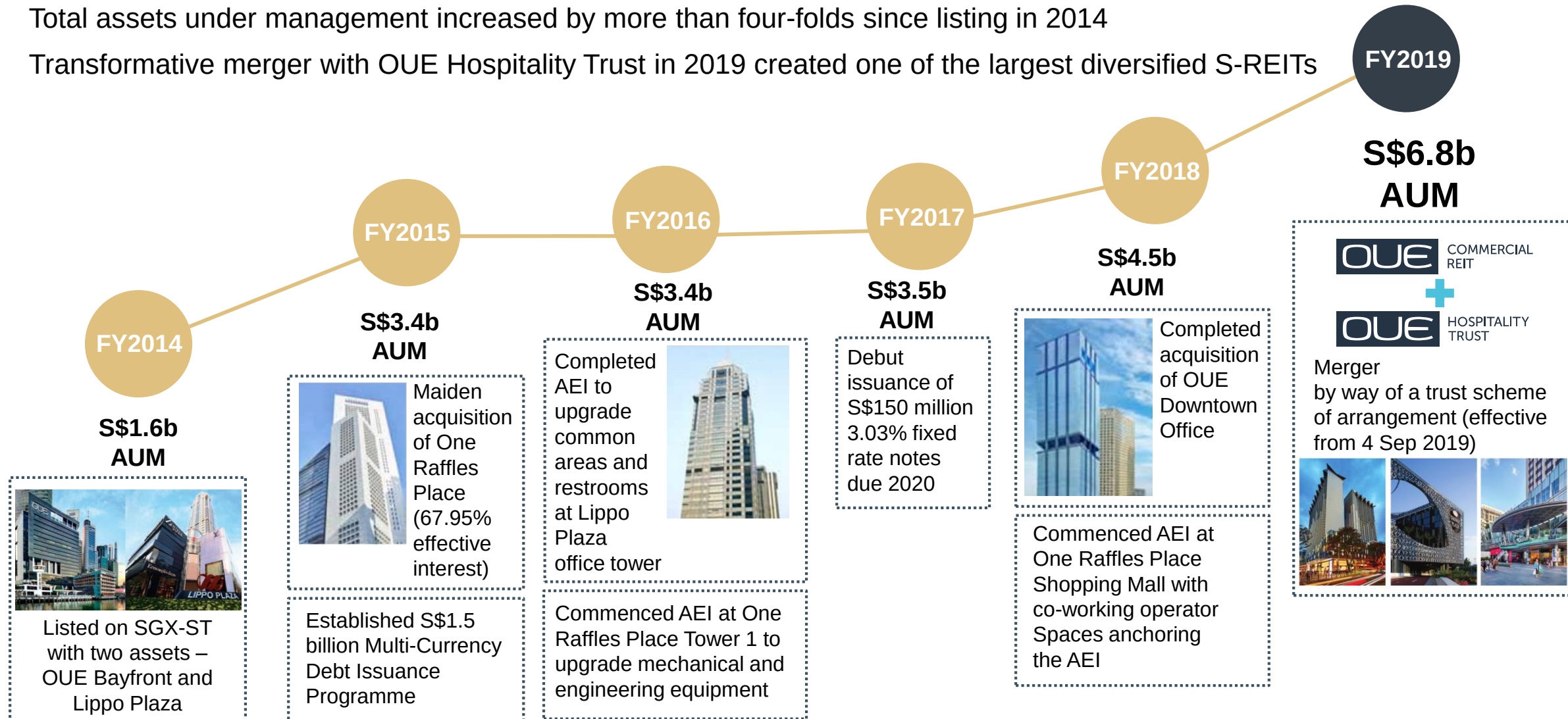
Investment Mandate

✓ Commercial
✓ Hospitality / Hospitality-related

(1) As at 30 September 2020

Milestones Since Listing

- Total assets under management increased by more than four-folds since listing in 2014
- Transformative merger with OUE Hospitality Trust in 2019 created one of the largest diversified S-REITs



Premium Portfolio of Assets

Strategically-located assets in the prime business districts of Singapore and Shanghai



	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Mandarin Orchard Singapore	Crowne Plaza Changi Airport	Total
Description	A landmark Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place, completed in 2011	Iconic integrated development with two Grade A office towers and a retail mall located in Singapore's CBD at Raffles Place; latest AEI completed in 2019	Grade A office space, a mixed-used development with offices, retail and serviced residences at Shenton Way, recently refurbished in 2017	Grade A commercial building located along Huaihai Zhong Road within the established commercial district of Huangpu in Puxi, Shanghai	Prime retail landmark on Orchard Road – preferred location for flagship stores of international brands	A world class hospitality icon in Singapore since 1971, Mandarin Orchard Singapore is the largest hotel along Orchard Road	Award-winning hotel at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport	NLA: Office: 1,869,003 Retail: 307,561 Overall: 2,176,564 1,640 hotel rooms
Attributable NLA (sq ft)	Office: 378,692 Retail: 21,132	Office: 598,814 Retail: 99,370	Office: 530,487	Office: 361,010 Retail: 60,776	Retail : 126,283	1,077 hotel rooms	563 hotel rooms	
Occupancy⁽¹⁾	Office: 100.0% Retail: 97.8% Overall: 99.9%	Office: 92.9% Retail: 94.9% Overall: 93.2%	Office: 92.3%	Office: 82.8% Retail: 84.3% Overall: 83.0%	Retail: 93.9%	-	-	Office: 92.3% Retail: 92.7% Overall: 92.3%
Valuation⁽²⁾	S\$1,181.0m (S\$2,954 psf)	S\$1,862.0m ⁽³⁾ (S\$2,667 psf)	S\$912.0m (S\$1,719 psf)	RMB2,950.0m / RMB50,409 psm GFA S\$594.8m ⁽⁴⁾ (S\$1,410 psf)	S\$493.0m (S\$3,904 psf)	S\$1,228.0m (S\$1.1m / key)	S\$497.0m (S\$0.9m / key)	S\$6,767.8m

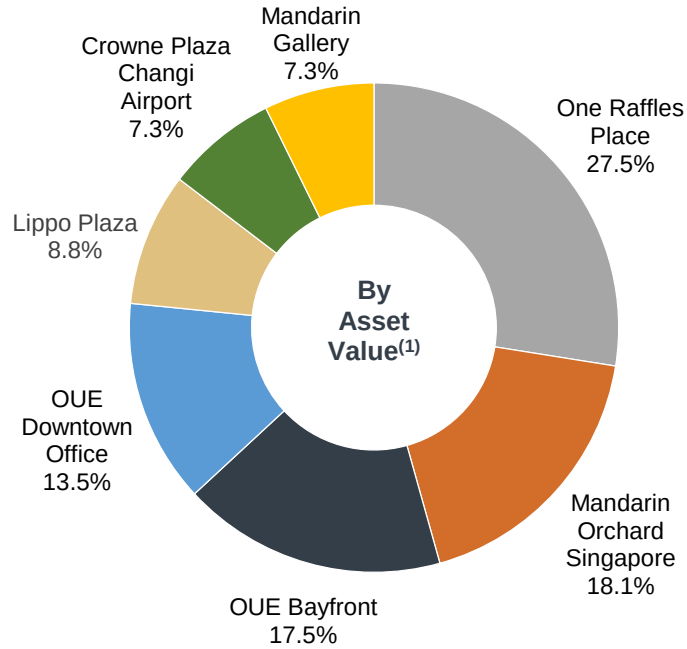
(1) Committed Occupancy as at 30 Sep 2020

(2) As at 31 December 2019

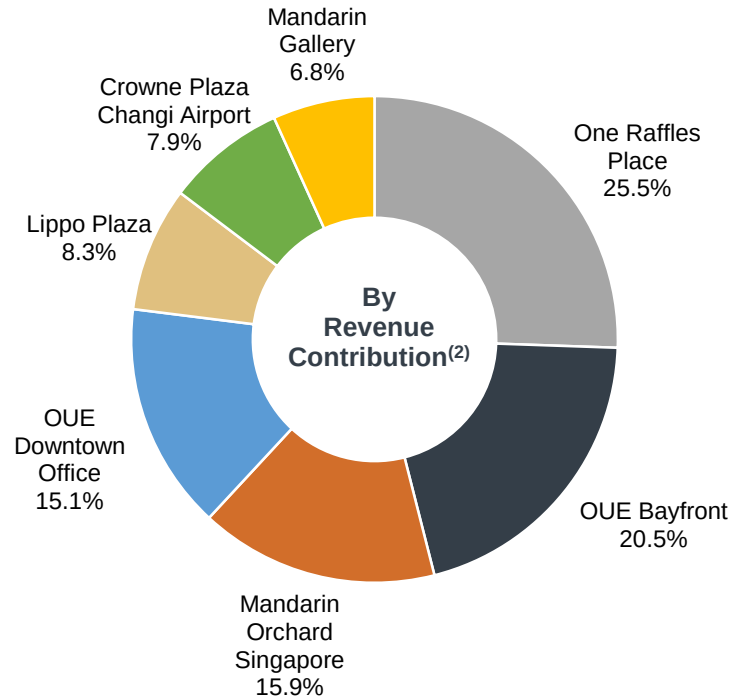
(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries

(4) Based on SGD:CNY exchange rate of 1:4.960 as at 30 Sep 2020

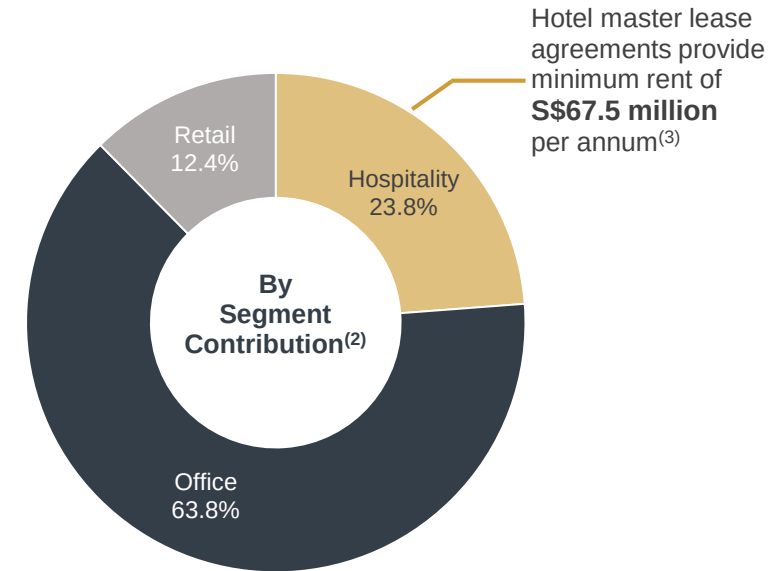
Portfolio Composition



- 91.2% of assets under management in Singapore



- No single asset contributes more than 25.5% to total revenue



- 63.8% of 3Q 2020 revenue underpinned by the office sector

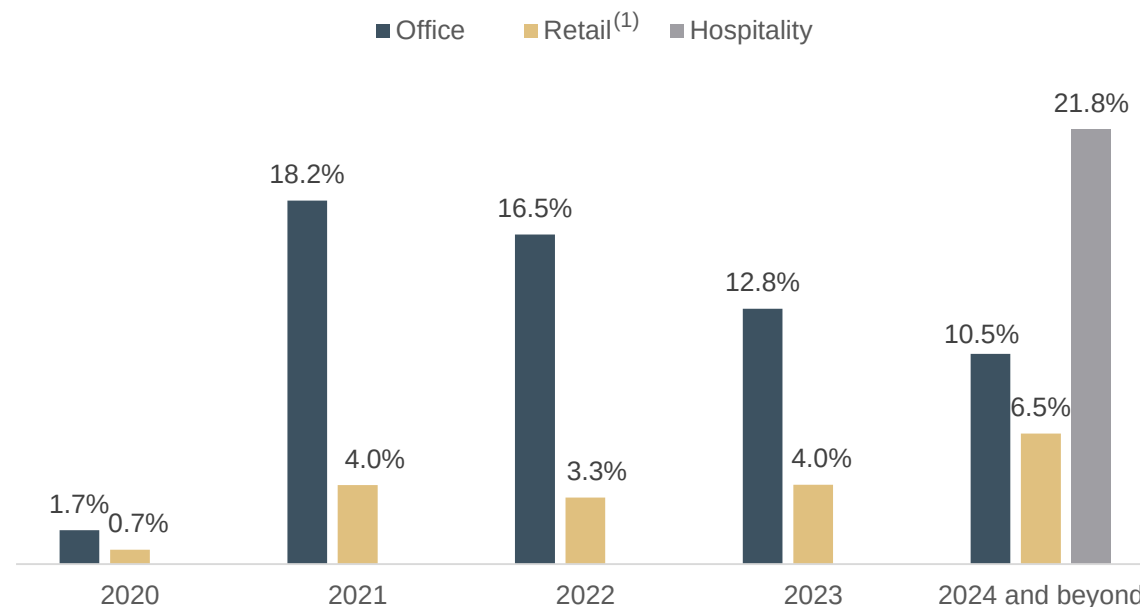
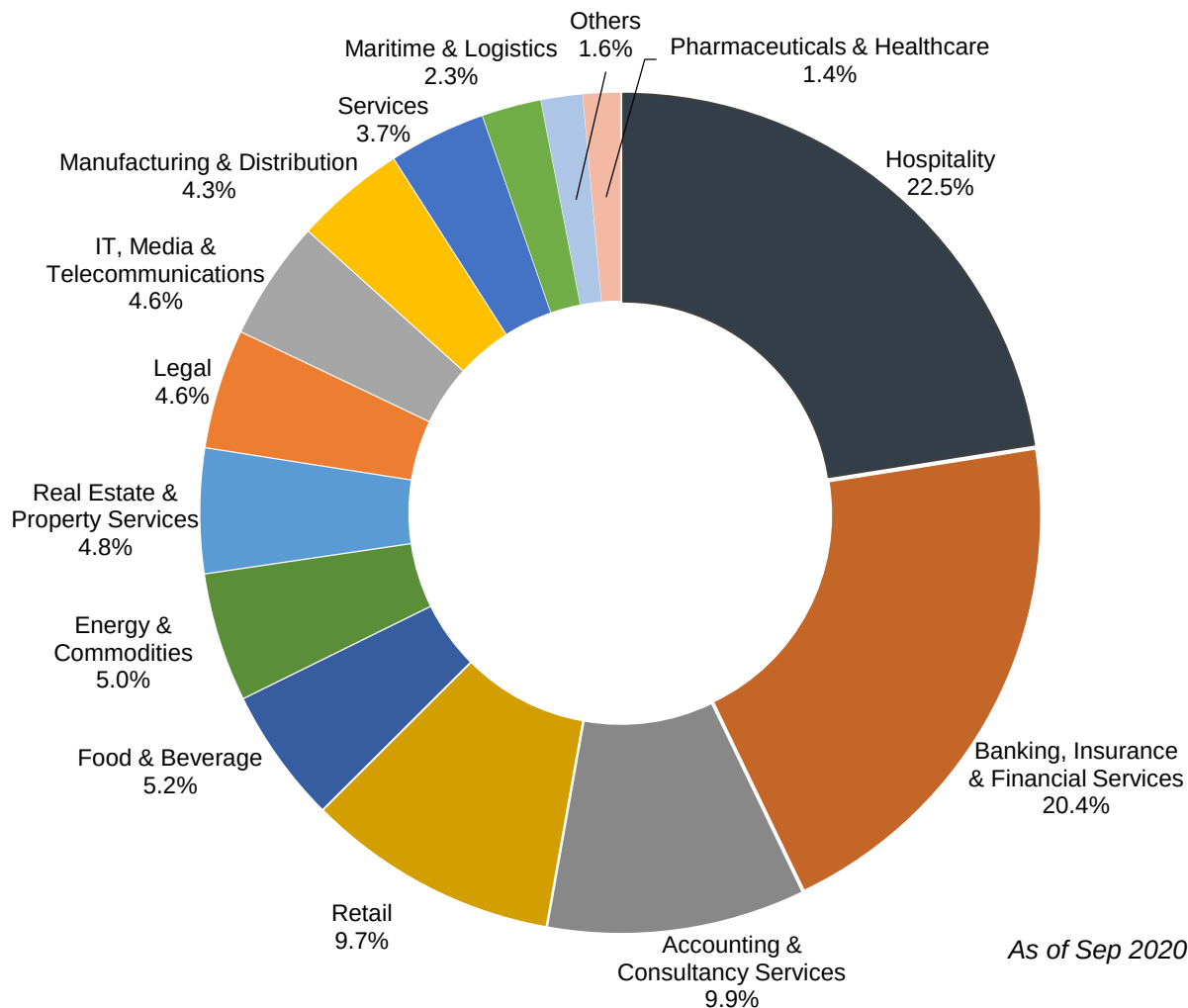
Commercial segment comprises the office and/or retail contribution from OUE Bayfront, One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

(1) Based on independent valuations as at 31 December 2019 and SGD: CNY exchange rate of 1:4.960 as at 30 September 2020

(2) For 3Q 2020

(3) Mandarin Orchard Singapore and Crowne Plaza Changi Airport's master lease agreements are subject to a minimum rent of S\$45.0 million and S\$22.5 million per annum respectively, totalling S\$67.5 million per annum

Tenant Base and Lease Expiry Profile – All Segments



WALE⁽²⁾ of 3.6 years by Gross Rental Income

As at 30 Sep 2020

Note: Tenant by trade sector is based on gross rental income excluding any provisions of rental rebates

(1) Refers to contribution from Mandarin Gallery and all other retail components within OUE C-REIT's portfolio

(2) "WALE" refers to the weighted average lease term to expiry. Based on committed tenancies and excludes turnover rent

Financial Summary & Capital Management



3Q 2020 Key Highlights

Financial Highlights

Revenue	Net Property Income	Amount Available For Distribution	As at 30 Sep 2020 NAV per Unit
S\$70.9m	S\$55.8m	S\$34.2m	S\$0.61
▲ 12.0% YoY	▲ 11.4% YoY	▲ 15.8% YoY	↔ No change YoY

Portfolio Performance

Commercial Segment⁽¹⁾
Committed Occupancy

92.3%

3Q 2019: 95.2%;
2Q 2020: 91.6%

Singapore Office
Rental Reversions

2.9% - 22.1%

Portfolio WALE
by Gross Rental Income

3.6 years

Capital Management

Aggregate Leverage

40.3%

3Q 2019: 40.5%

Weighted Average
Cost of Debt

3.1%

3Q 2019: 3.5%

% Fixed Rate Debt

76.3%

3Q 2019: 73.4%

(1) Commercial segment comprises OUE Bayfront, One Raffles Place (67.95% effective interest), office components of OUE Downtown ("OUE Downtown Office"), Lippo Plaza (91.2% strata interest) and Mandarin Gallery

3Q 2020 Financial Performance

	3Q 2020 (S\$m)	3Q 2019 (S\$m)	YoY Change (%)	2Q 2020 (S\$m)	QoQ Change (%)
Revenue	70.9	63.3	12.0	64.3	10.3
Net Property Income	55.8	50.1	11.4	50.4	10.6
Amount Available for Distribution	34.2	29.5	15.8	30.7	11.5

- Net property income and amount available for distribution in 3Q 2020 was higher YoY as a result of the merger with OUE Hospitality Trust in September 2019. This increase was partially offset by rental rebates to retail tenants in 3Q 2020 of about S\$5.0 million to cushion the impact of business disruption due to COVID-19.
- Compared to 2Q 2020, net property income and amount available for distribution in 3Q 2020 were higher QoQ due to a lower quantum of rental rebates.
- From 3Q 2020, 50% of base management fees to be paid in cash with the balance in Units, an increase from 20% previously, in line with Manager's objective of delivering long-term sustainable DPU

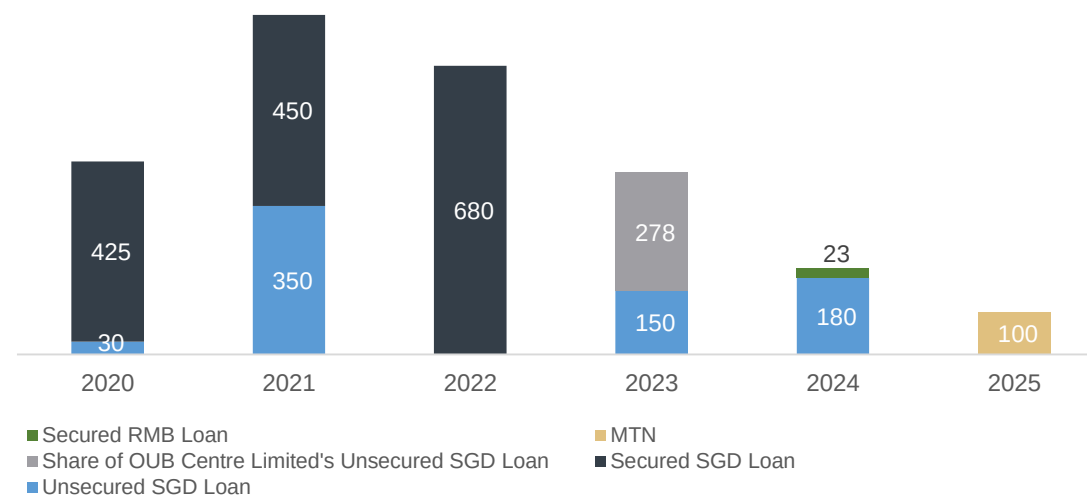
Capital Management

- As at 30 September 2020, aggregate leverage remains stable at 40.3%. With 76.3% of debt on fixed rate basis, earnings are mitigated against interest rate fluctuations
- In documentation stages for the refinancing of borrowings due in late 2020, while refinancing of S\$450 million of borrowings due in 2021 is in progress. Upon completion of refinancing activities, average term of debt expected to increase to 2.6 years

	As at 30 Sep 2020	As at 30 Jun 2020
Aggregate Leverage	40.3%	40.1%
Total debt	S\$2,666m ⁽¹⁾	S\$2,644m ⁽²⁾
Weighted average cost of debt	3.1% p.a.	3.1% p.a.
Average term of debt	1.6 years	1.8 years
% fixed rate debt	76.3%	80.7%
Average term of fixed rate debt	2.0 years	2.1 years
Interest coverage ratio⁽³⁾	2.7x	2.8x

Debt Maturity Profile as at 30 September 2020

S\$ million



(1) Based on SGD:CNY exchange rate of 1:4.960 as at 30 September 2020 and includes OUE C-REIT's share of OUB Centre Limited's loan

(2) Based on SGD:CNY exchange rate of 1:5.092 as at 30 June 2020 and includes OUE C-REIT's share of OUB Centre Limited's loan

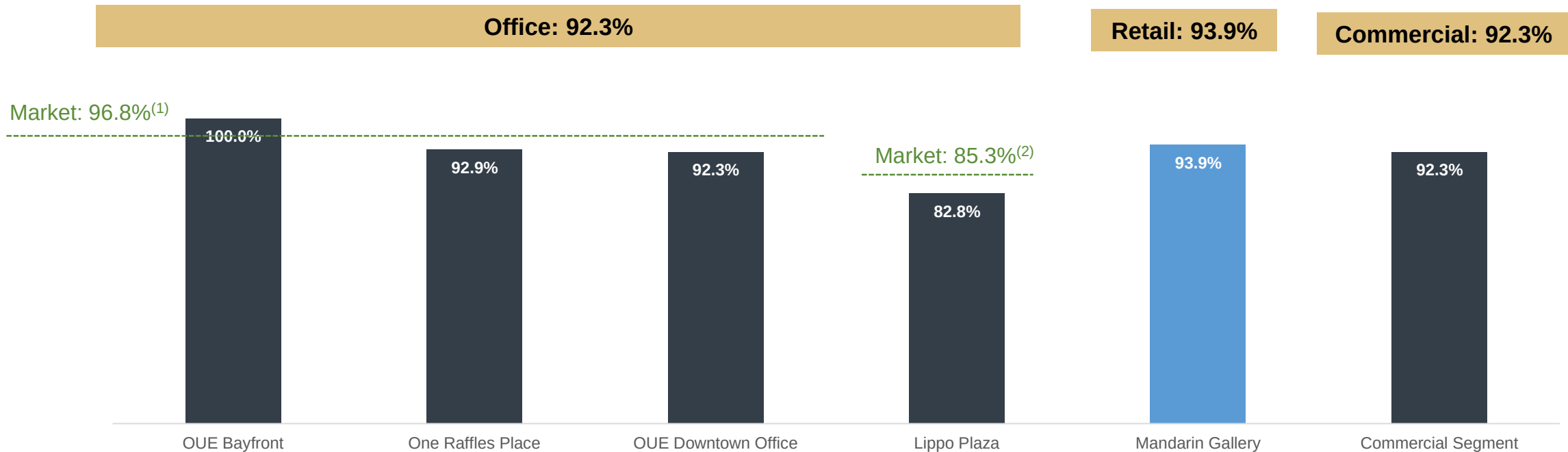
(3) Interest coverage ratio as prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 16 April 2020)

Commercial Segment



Commercial Segment Occupancy

- Commercial segment committed occupancy improved 0.7 percentage points (“ppt”) QoQ to 92.3% as at 30 September 2020
- Committed office occupancy in Singapore increased 0.8 ppt QoQ to 94.5% as at 30 September 2020 with the resumption of leasing activities post circuit breaker and gradual opening of the economy
- Mandarin Gallery’s committed occupancy declined 0.5 ppt QoQ to 93.9% given the ongoing challenges facing the retail sector



As at 30 Sep 2020

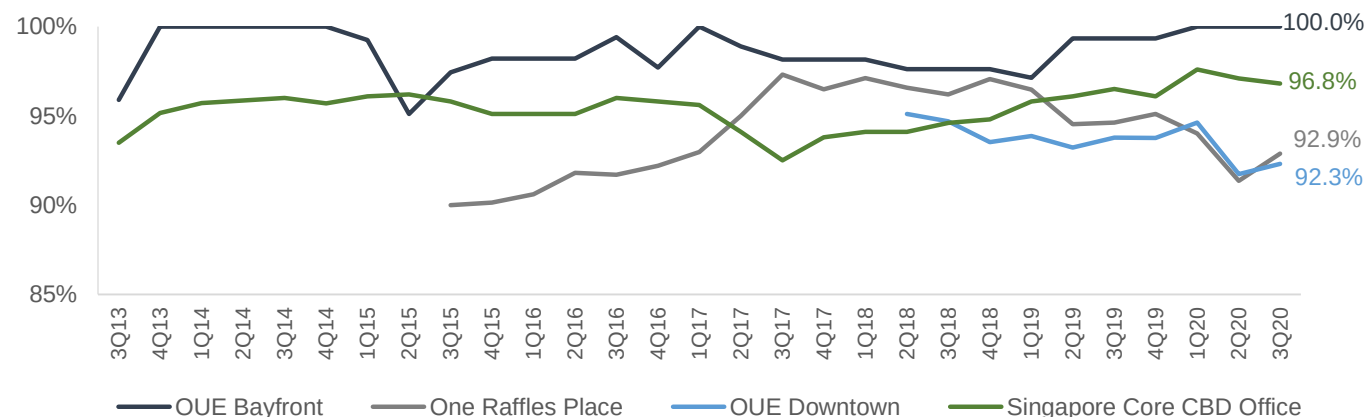
(1) Source: CBRE Singapore MarketView 3Q 2020 for Singapore Grade A office occupancy of 96.8%

(2) Source: Colliers Shanghai Office Property Market Overview 3Q 2020 for Shanghai CBD Grade A office occupancy of 85.3%

Office Segment Occupancy

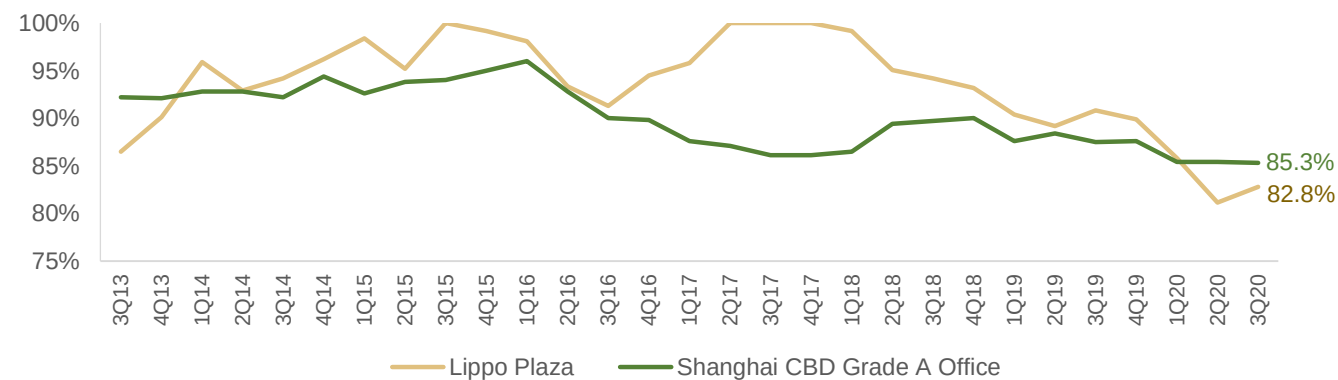
- OUE Bayfront's committed office occupancy remained at 100%
- One Raffles Place's committed office occupancy rose 1.5 ppt QoQ to 92.9%
- OUE Downtown's committed office occupancy increased 0.6 ppt QoQ to 92.3%

Singapore



- Lippo Plaza's committed office occupancy rose 1.7 ppt QoQ to 82.8% despite new office supply entering the market in 3Q 2020

Shanghai



Committed Office Rents In Line Or Above Market

- Singapore office properties continued to achieve rents which were in line or above their respective market rents
- Continued to record positive rental reversions across Singapore office properties in 3Q 2020, ranging from 2.9% to 22.1%

3Q 2020	Average Expired Rents	Committed Rents ⁽¹⁾	Sub-market	Comparable Sub-market Rents	
				Colliers ⁽²⁾	Savills ⁽³⁾
Singapore					
OUE Bayfront	S\$12.90	S\$13.28	New Downtown/ Marina Bay	S\$11.63	S\$12.60
One Raffles Place	S\$8.44	S\$8.00 – S\$10.15	Raffles Place	S\$10.00	S\$9.83
OUE Downtown Office	S\$6.37	S\$7.30 – S\$9.20	Shenton Way/ Tanjong Pagar	S\$10.16	S\$8.69 – S\$8.96
Shanghai					
Lippo Plaza	RMB10.36	RMB7.62 – RMB9.00	Puxi	RMB8.73	RMB9.60 ⁽⁴⁾

(1) Committed rents for renewals and new leases

(2) Source: Colliers Singapore Office Quarterly 3Q 2020 for Singapore comparable sub-market rents; Colliers Shanghai Office Property Market Overview 3Q 2020 for Shanghai comparable sub-market rents

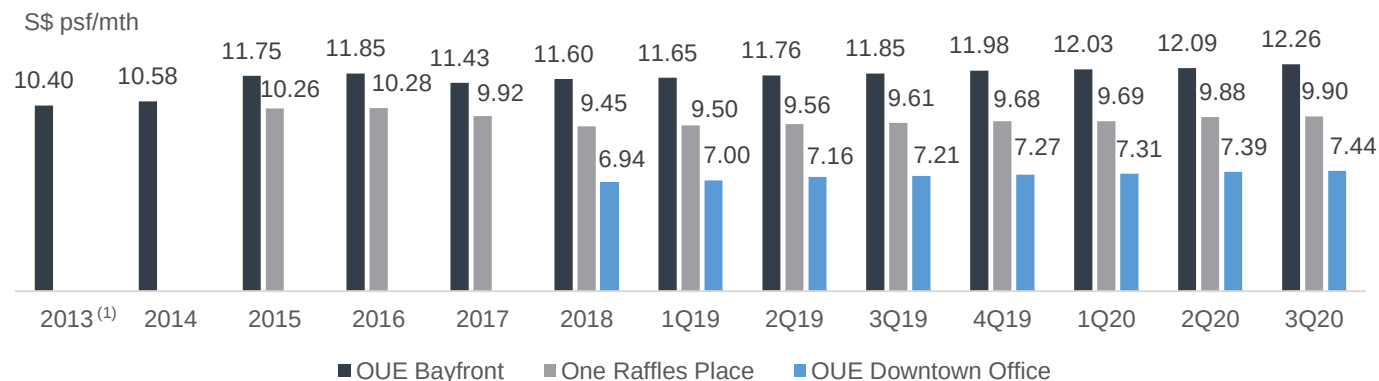
(3) Source: Savills Singapore Office Briefing 3Q 2020 for Singapore comparable sub-market rents; Savills Shanghai Grade A Office Market Report 3Q 2020 for Shanghai comparable sub-market rents

(4) Shanghai Grade A office rent for prime districts of Nanjing Road West, Huaihai Middle Road and Lujiazui as defined by Savills

Note: For reference, CBRE Research's 3Q 2020 Grade A Singapore office rent is S\$10.70 psf/mth. Sub-market rents are not published

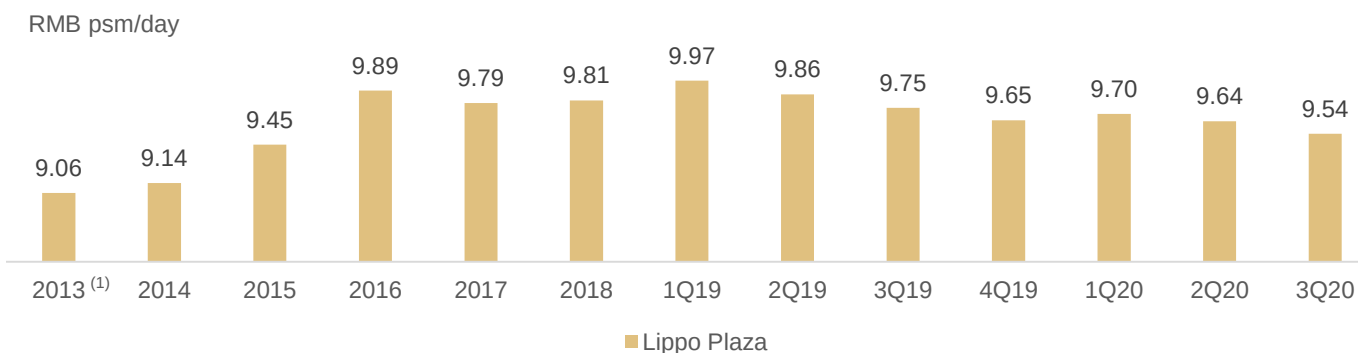
Average Passing Rents

Singapore (Office)



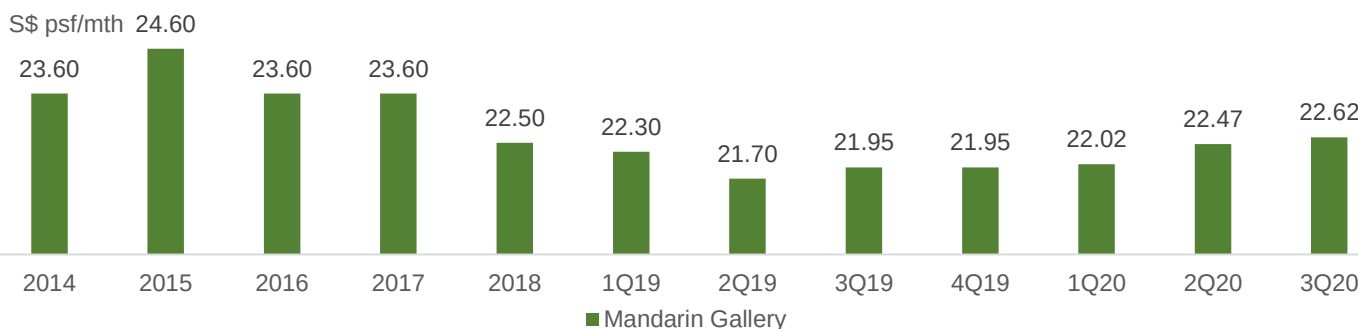
- Average passing office rent for all Singapore office properties improved as of September 2020 due to consecutive quarters of positive rental reversions

Shanghai (Office)



- Average passing office rent for Lippo Plaza declined slightly to RMB9.54 psm/day as of September 2020

Mandarin Gallery

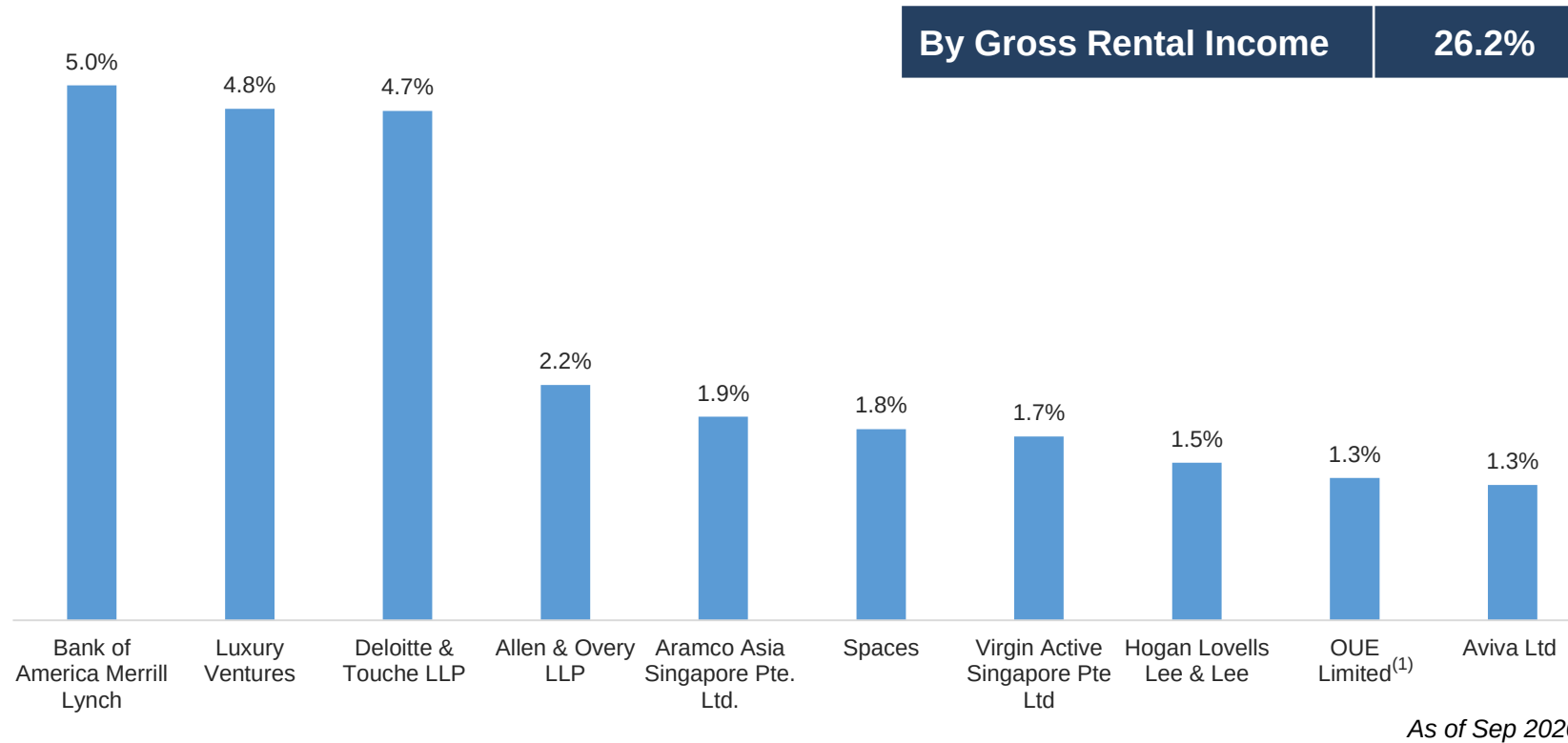


- Average retail rent at Mandarin Gallery remained stable

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

Top 10 Tenants – Commercial Segment

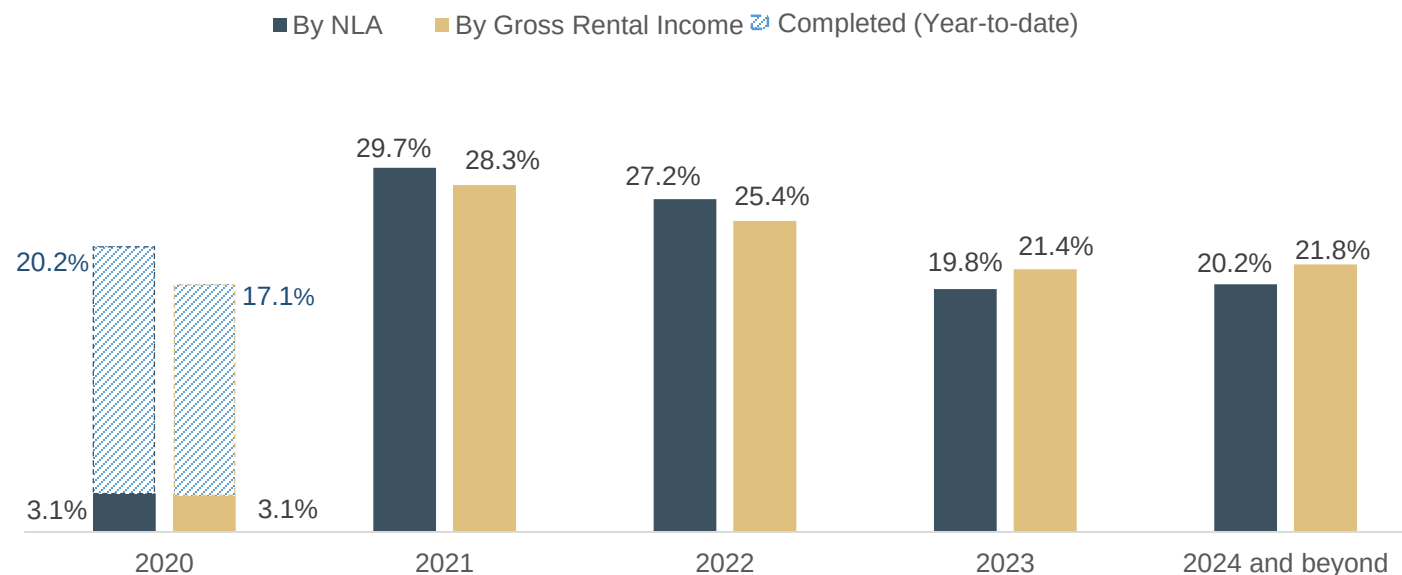
Top 10 Tenants



(1) Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited's contribution to the portfolio by gross rental income is 23.5%

Lease Expiry Profile - Commercial Segment

- 3.1% of OUE C-REIT's commercial segment gross rental income is due for renewal for the rest of 2020



WALE of 2.3 years by NLA⁽¹⁾ and 2.4 years by Gross Rental Income

As at 30 Sep 2020

Based on committed tenancies and excludes turnover rent

(1) "NLA" refers to net lettable area

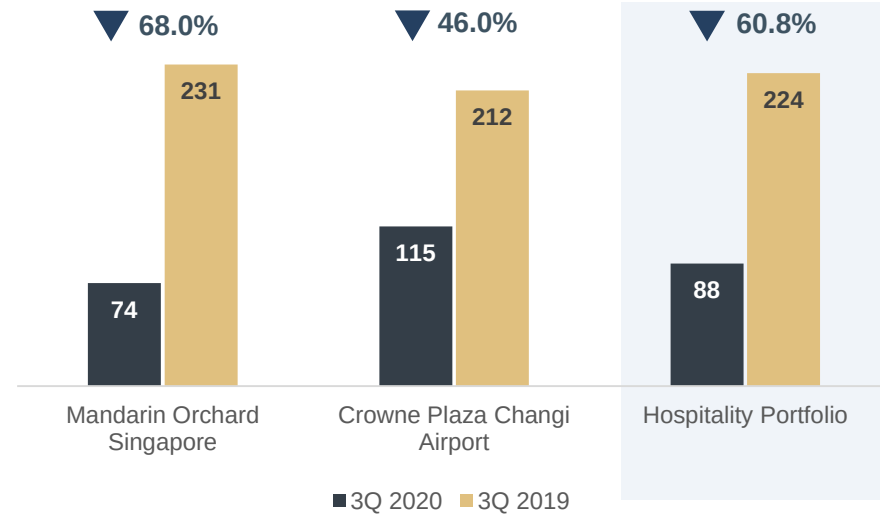
Hospitality Segment



RevPAR Performance

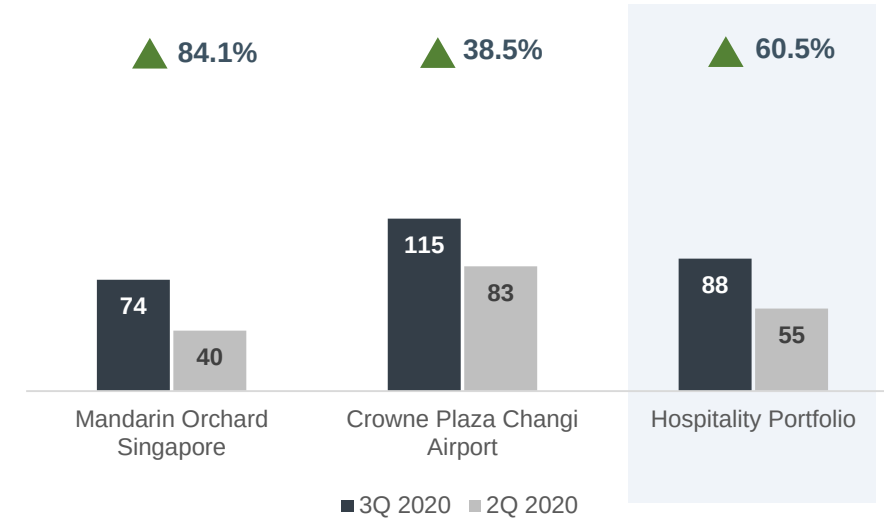
3Q 2020 vs 3Q 2019

(S\$)



3Q 2020 vs 2Q 2020

(S\$)



- For 3Q 2020, Mandarin Orchard Singapore's RevPAR declined 68.0% YoY to S\$74, while RevPAR for Crowne Plaza Changi Airport declined 46.0% YoY to S\$115. RevPAR performance for Crowne Plaza Changi Airport was better due to additional demand from the air crew segment.
- QoQ improvement in RevPAR for Mandarin Orchard Singapore was driven by both higher occupancy and average room rates. While staycations command higher room rates, contribution from this segment remains small due to limited availability and capacity due to safe management measures.
- Higher QoQ RevPAR for Crowne Plaza Changi Airport was due to additional demand from the air crew segment.

Re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard

- ✓ Transformational re-branding with addition of new income-generating spaces to drive growth in sustainable returns and value
- ✓ Re-branding will allow the hotel to leverage on Hilton's strong brand recognition and global sales & distribution network



- ✓ Re-branded hotel set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia-Pacific
- **Income assurance for Unitholders** - Downside protection from master lease throughout phased renovation and ramping-up period

Navigating COVID-19



Navigating COVID-19

	Office (63.8% of 3Q 2020 Revenue)	Retail (12.4% of 3Q 2020 Revenue)	Hospitality (23.8% of 3Q 2020 Revenue)
Impact	- Resumption of leasing activities and gradual reopening of economy led to improvement in committed occupancy and sustained positive rental reversions SG portfolio expected to remain resilient given high quality and strategic location	- Mandarin Gallery shopper traffic and sales recovered to approximately 80% and 70% of pre-COVID levels respectively Continued operating challenges for retailers relying on short-term visitors and office-based employees	- Hotels have sought alternative sources of demand due to continued restrictions on short-term visitors to Singapore Downside protection from minimum rent component of S\$67.5 million p.a. under the hotel master lease agreements
Tenant Support Measures	- Passed on in full property tax rebate as well as cash rebates from the Singapore Government - Various assistance schemes (e.g. rental rebates, flexible rental payment and marketing assistance) to eligible tenants ➤ OUE C-REIT's commitment to tenants to date amounts to c.S\$18.5 million		Passed on in full Singapore property tax rebate
	➤ Government support amounts to c.S\$20.5 million of relief		



- Rental collections for portfolio remain healthy** at above 90%
- Rent deferments⁽¹⁾ manageable at S\$1.2 million

(1) Includes tenants who have invoked the Notice of Relief under the COVID-19 (Temporary Measures Act), as well as those under flexible repayment schemes for YTD 30 September 2020

Summary



Priorities Ahead

Asset Management

- Proactive asset management to sustain occupancy and preserve cash flows
- Capitalising on weak operating environment to rebrand Mandarin Orchard Singapore to Hilton Singapore Orchard to reposition the property for future growth

Capital Management

- Proactive and prudent capital management that continues to focus on financial flexibility and liquidity
- Refinancing of part of 2021 borrowings in progress
- Asset values would have to correct by ~20%, before regulatory limit of 50% is reached

✓ Proactive lease management to maintain stability of portfolio

✓ Focus on cost management and cash conservation, and maintaining financial flexibility

✓ Preserve sustainable long term returns for Unitholders

Summary

1**S\$6.8 billion portfolio of high quality, strategically located landmark assets**

- Quality assets are well-positioned to maintain their values throughout economic cycles and tend to rebound faster when the economy recovers
- Assets have yielded resilient performance since listing

2**Enlarged capital base**

- Improved access to various competitive sources of capital
- Ability to undertake larger asset enhancement initiatives such as the rebranding of Mandarin Orchard Singapore to Hilton Singapore Orchard

3**Enhanced portfolio diversification**

- Reduced concentration risk associated with exposure to any single real estate class or asset
- Stability of OUE C-REIT's income is underpinned by stable operating performance of the commercial segment; hotel minimum rent component provides downside protection

4**Broadened investment mandate**

- Greater flexibility in assessing investment targets with broadened investment mandate
- Scope for investment management strategies such as asset recycling with 7 properties in the portfolio



Thank You