OUE COMMERCIAL REIT

Business Update for 3Q 2022

3 November 2022

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Agenda

- Key Highlights
- Financial Summary & Capital Management
- Commercial Segment
- Hospitality Segment
- Looking Ahead
- Appendices

Key Highlights:
Proactive Capital Management and Healthy Operational Metrics

Financial performance

- Revenue increased 1.7% YoY to S$59.5 million
- Net Property Income ("NPI") increased 4.4% YoY to S$48.3 million
- Stable NAV per Unit of S$0.56 as at 30 September 2022

Proactively mitigated refinancing risk

- Successfully obtained an unsecured S$978 million sustainability-linked loan ("SLL") to refinance existing secured borrowings in August
- No further refinancing requirements until September 2023 where only 12% (S$283 million) of total debt is due, and none due in 2024

Office

- Consecutive rise in Singapore office committed occupancy of 2.5 percentage points ("ppt") QoQ to 95.4% as at 30 September 2022
- Achieved positive rental reversions for all Singapore office properties ranging from 1.6% to 9.2%

Hospitality

- Hospitality segment RevPAR increased 15.5% QoQ to S$262 in 3Q 2022 fuelled by Hilton Singapore Orchard's re-branding and the recovery in visitor arrivals and MICE sector

Retail

- Shopper traffic and sales remained stable at approximately 90% and 85% of pre-COVID levels
- Positive rental reversion of 9.2% at Mandarin Gallery

Financial Summary & Capital Management

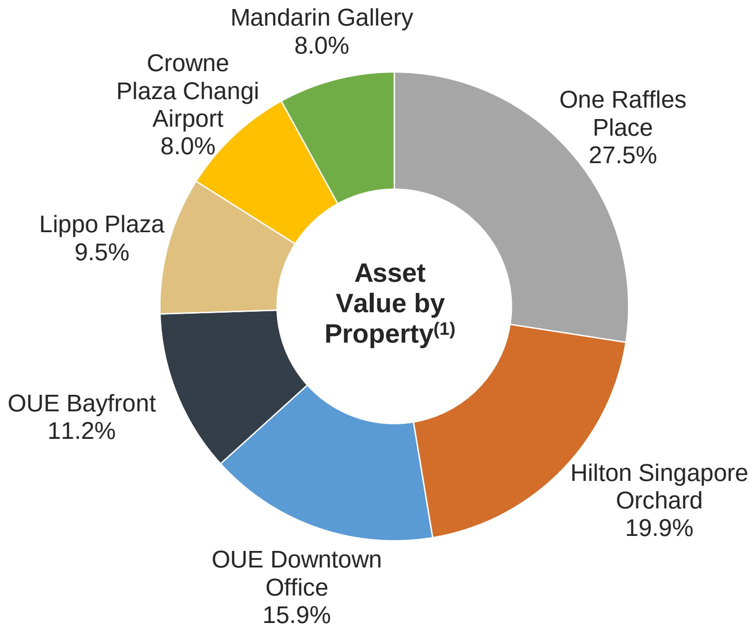
3Q 2022 Financial Performance

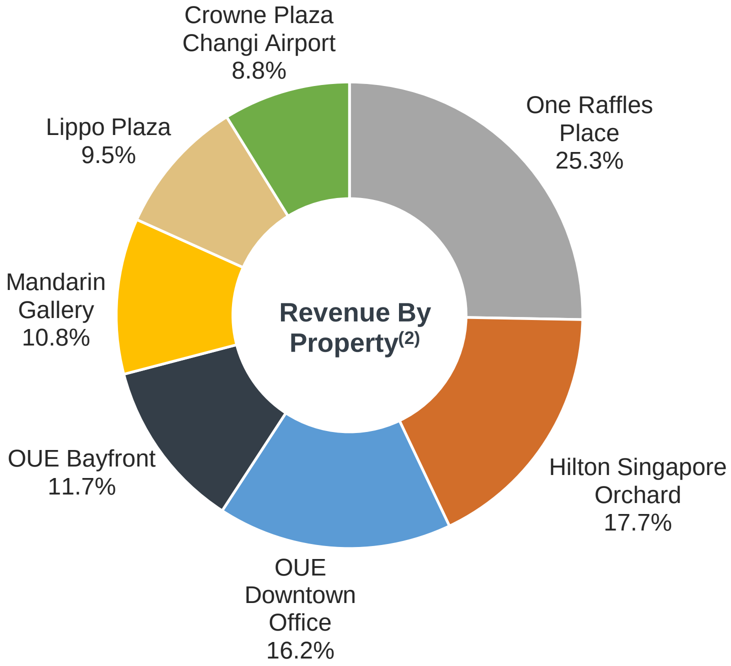
	3Q 2022 (S$m)	3Q 2021 (S$m)	YoY Change (%)
Revenue	**59.5**	58.5	1.7
Net Property Income	**48.3**	46.2	4.4
Share of Joint Venture Results	**3.4**	4.0	(13.6)
Amount Available for Distribution[1]	**26.2**	30.2	(13.3)

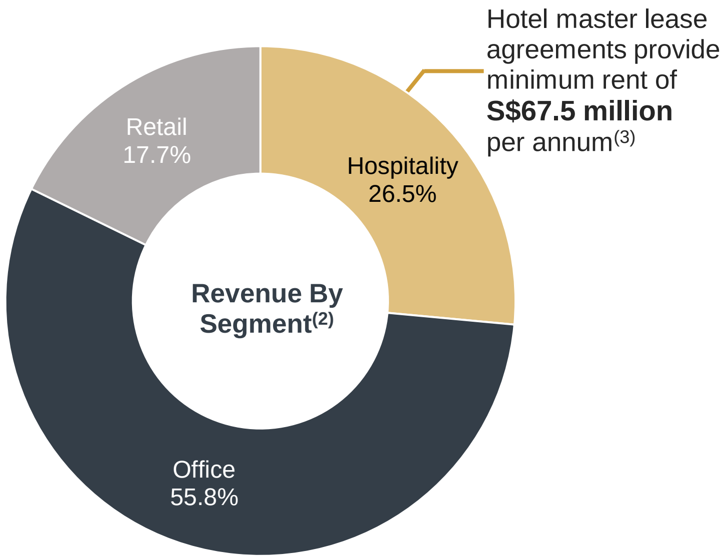
- NPI increased 4.4% YoY to S$48.3 million mainly due to lower property expenses
- Amount available for distribution was 13.3% lower YoY at S$26.2 million, mainly due to lower income support for OUE Downtown Office and higher interest expense

(1) Net of retention for working capital requirements relating to the hospitality segment

Diversified Portfolio Provides Resilience And Growth



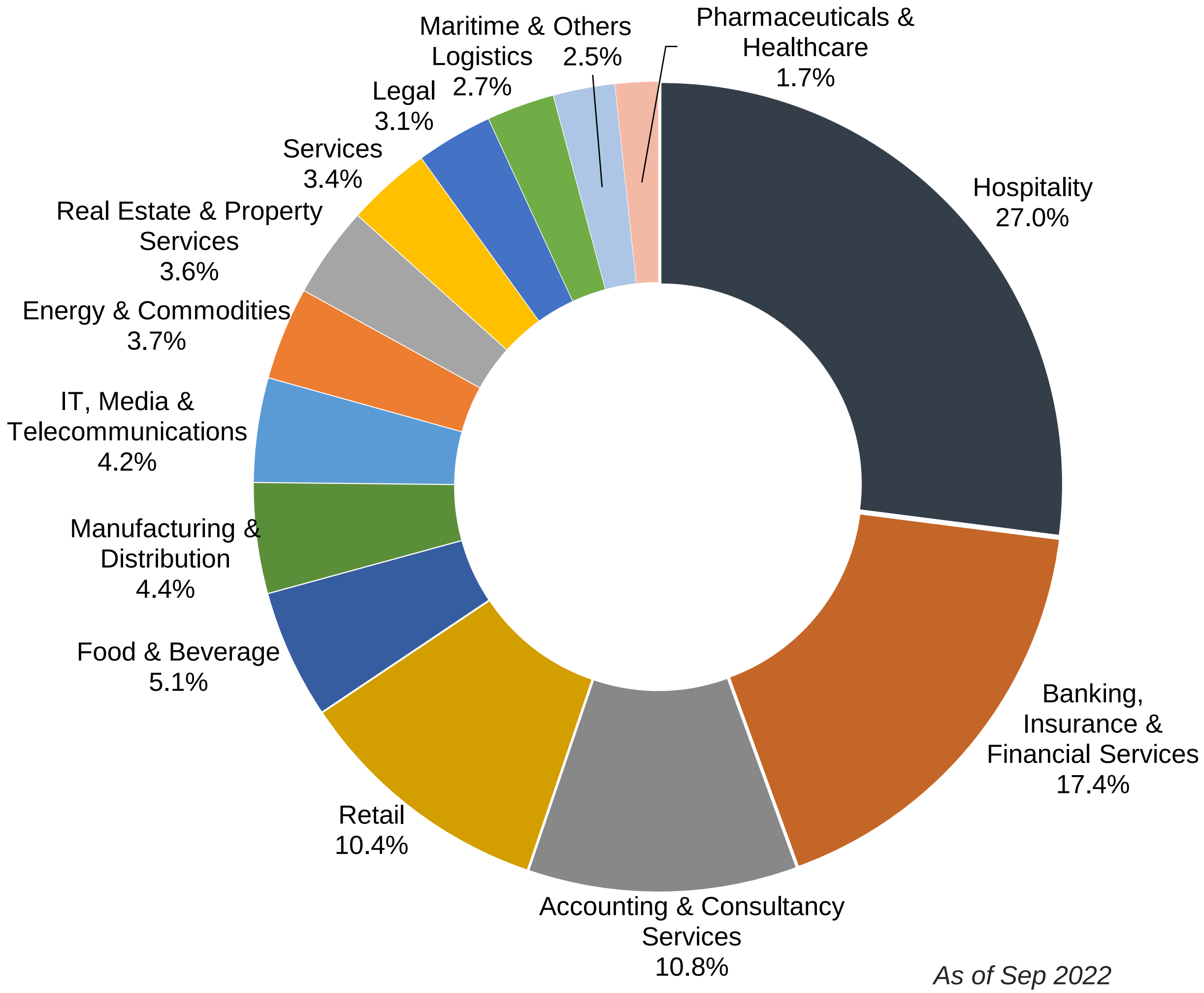




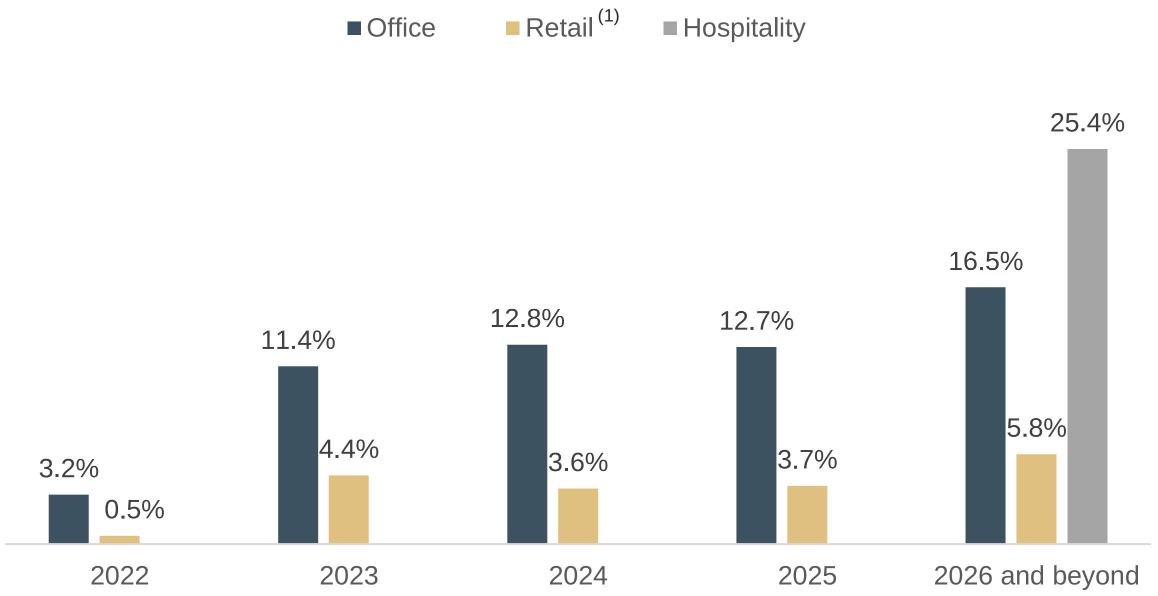
- 90.5% of assets under management in Singapore
- No single asset contributes more than 25.3% to portfolio revenue
- 55.8% of portfolio contribution is underpinned by the office segment

(1) Based on independent valuations as at 31 December 2021 and OUE C-REIT's proportionate interest in the respective properties as at 31 December 2021, assuming SGD:CNY exchange rate of 1:4.990 as at 30 September 2022
(2) Based on 3Q 2022 revenue and OUE C-REIT's proportionate interest in the respective properties
(3) Hilton Singapore Orchard 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, totaling S$67.5 million per annum

Diversified Tenant Base and Well-Staggered Portfolio Lease Expiry Profile



As of Sep 2022



WALE(2) of 3.3 years by Gross Rental Income

As at 30 Sep 2022

Note: Tenant by trade sector and lease expiry profile is based on gross rental income (excluding provision of rental rebates and turnover rent), and OUE C-REIT's proportionate interest in the respective properties

(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.

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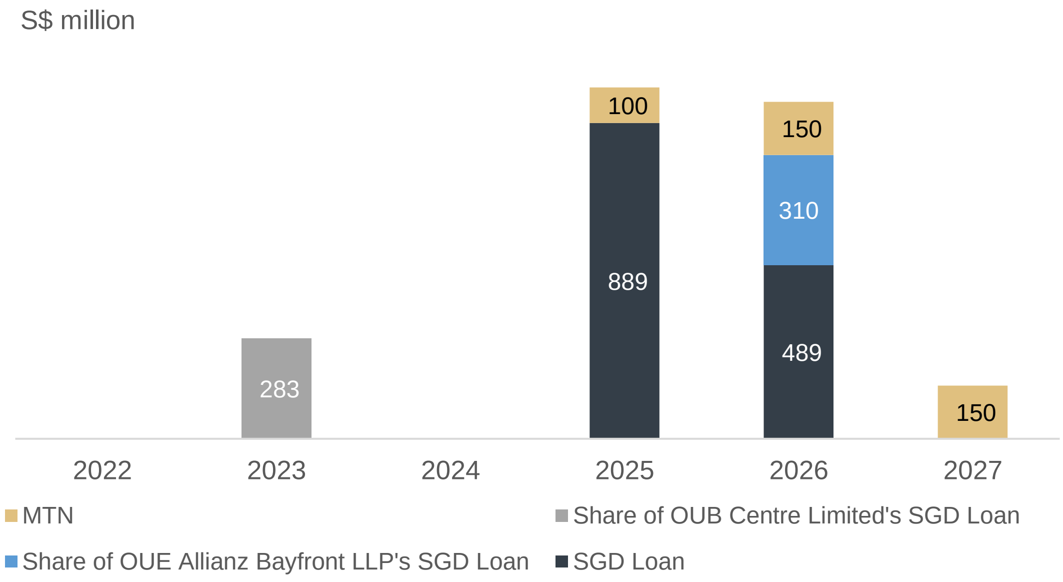
Proactive and Prudent Capital Management

- Obtained an unsecured S$978 million SLL in August 2022, the largest amongst S-REITs and OUE C-REIT's second SLL, to refinance existing secured borrowings
  - ➢ Proportion of unsecured debt increased significantly to 70.1% from 30.9% post refinancing
  - ➢ Average term of debt lengthened to 3.1 years as at 30 September 2022
- Circa 70% of total debt on fixed rate basis mitigating interest rate impact on distributions
- No further refinancing requirements until September 2023 where only 12% (S$283 million) of total debt is due, with none due in 2024

	As at 30 Sep 2022	As at 30 Jun 2022
Aggregate leverage	40.3%	39.1%
Total debt(1)	S$2,371m	S$2,285m
Weighted average cost of debt	3.2% p.a.(2)	3.1% p.a.
Average term of debt	3.1 years	2.7 years
% fixed rate debt	69.2%	76.3%
% unsecured debt	70.1%	30.9%
Interest coverage ratio ("ICR")(3)	2.7x(4)	3.0x
Adjusted ICR(5)	2.7x(4)	2.9x

Debt Maturity Profile (as at 30 Sep 2022)



(1) Includes OUE C-REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan
(2) Including the write-off of upfront fees from early refinancing, weighted average cost of debt is 3.6% p.a.
(3) As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 3 March 2022). Based on earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) over interest expense and borrowing-related fees, on a trailing 12-month basis.
(4) Excluding the write-off of upfront fees from early refinancing, both ICR and adjusted ICR are 2.9x
(5) As above in (3) and including distributions on hybrid securities in the denominator

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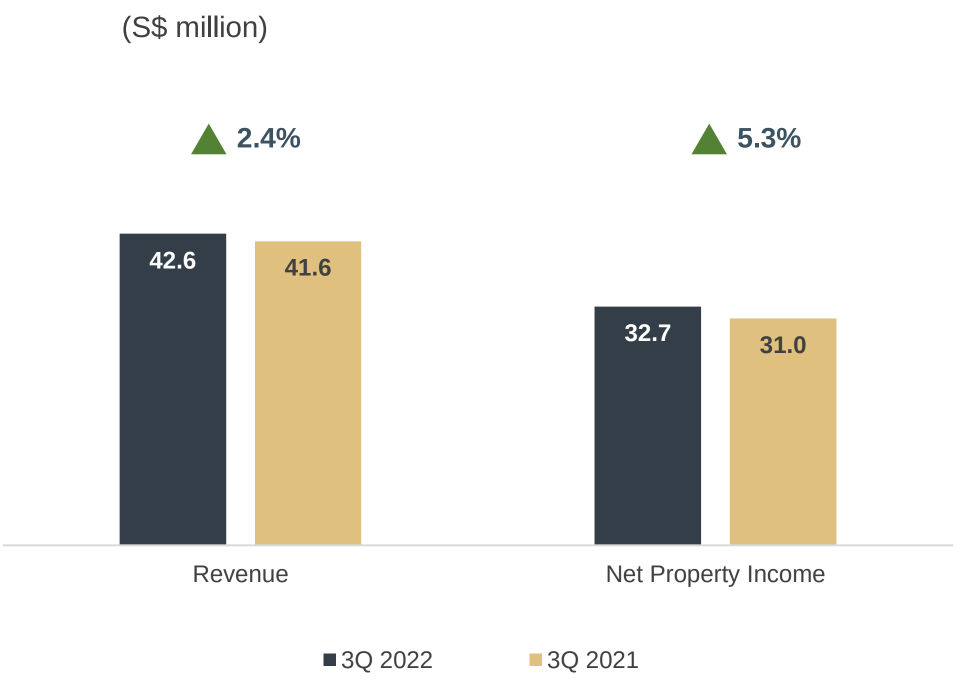
Commercial Segment

Commercial Segment Performance – 3Q 2022

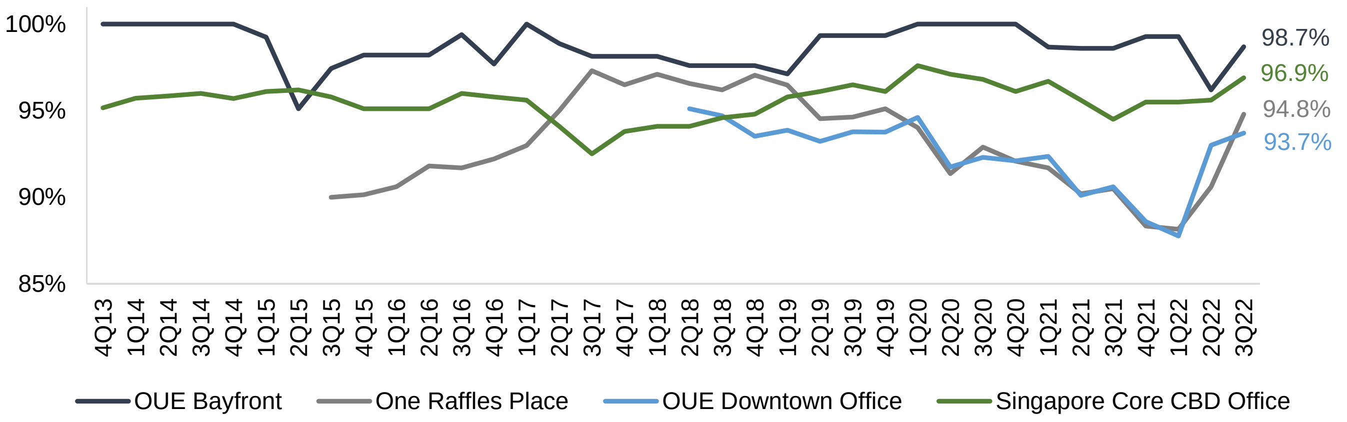


- Revenue and NPI were S$42.6 million and S$32.7 million, 2.4% and 5.3% higher YoY, respectively
- Approximately S$0.9 million of rental rebates were extended to Lippo Plaza's retail tenants due to continued challenges facing retail businesses in Shanghai

Office Segment Occupancy

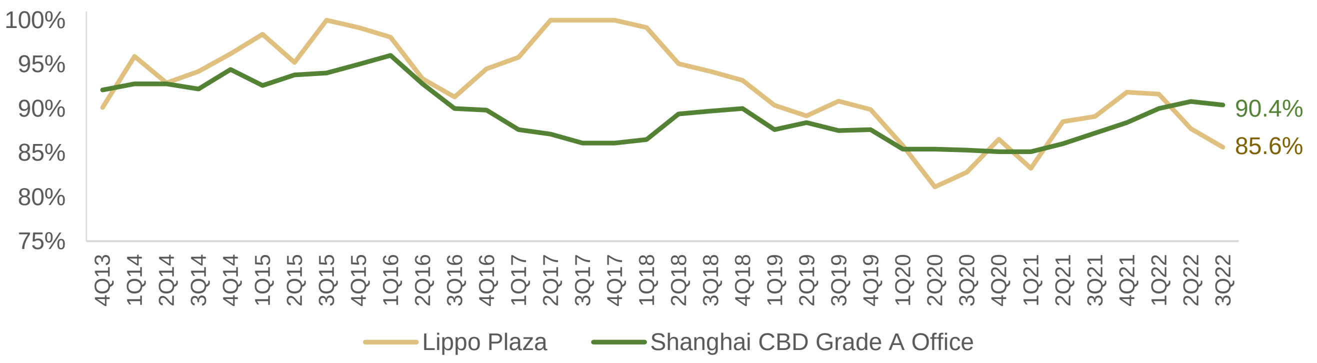
- OUE Bayfront's committed office occupancy increased 2.5 ppt to 98.7%, maintaining ahead of the wider market
- Committed office occupancy of One Raffles Place increased 4.2 ppt to 94.8%
- OUE Downtown Office edged up 0.7 ppt to 93.7%

Singapore



- Lippo Plaza's committed office occupancy declined 2.1 ppt to 85.6% due to tepid leasing demand against the backdrop of persistent business uncertainties

Shanghai



Source: CBRE, Colliers Shanghai

Office Segment Rental Performance

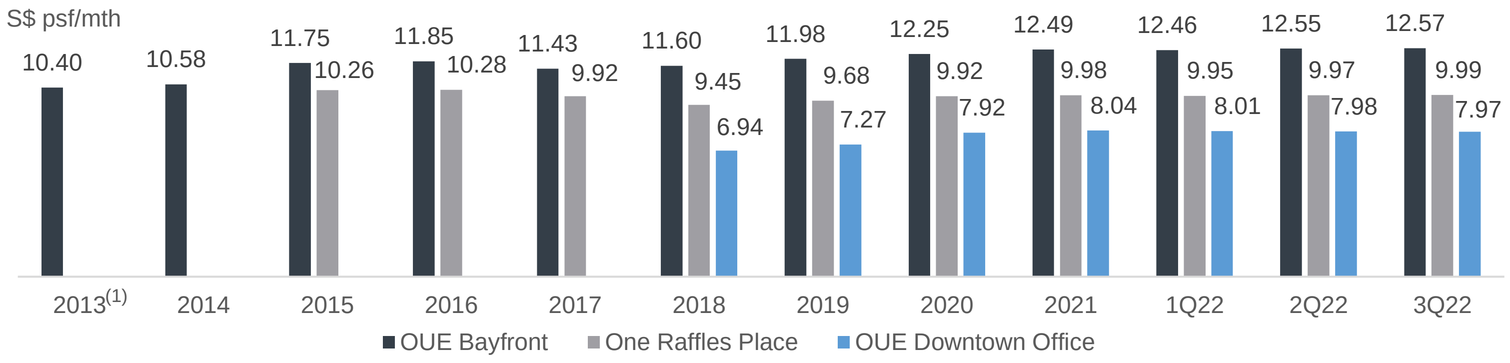
- Singapore office properties achieved rents which were in line with or above their respective market rents in 3Q 2022
- Rental reversion at OUE Downtown Office turned positive at 1.6% in 3Q 2022
- Lippo Plaza continues to face intense leasing competition amidst significant new supply

3Q 2022	Average Expired Rents	Rental Reversions	Sub-market	Comparable Sub-market Rents	
				Colliers[1]	Savills[2]
Singapore					
OUE Bayfront	S$14.20	9.2%	New Downtown/ Marina Bay	S$12.42	S$12.31
One Raffles Place	S$10.31	4.2%	Raffles Place	S$10.40	S$9.68
OUE Downtown Office	S$8.58	1.6%	Shenton Way/ Tanjong Pagar	S$9.37	S$8.50 – S$8.75
Shanghai					
Lippo Plaza	RMB9.75	-5.4%	Puxi	RMB9.16	RMB9.80[3]

(1) Source: Colliers Singapore Office Quarterly 3Q 2022 for Singapore comparable sub-market rents; Colliers Shanghai Grade A Office Market Overview and Forecast 3Q 2022 for Shanghai comparable sub-market rents
(2) Source: Savills Singapore Office Briefing 3Q 2022 for Singapore comparable sub-market rents; Savills Shanghai Grade A Office Market 3Q 2022 for Shanghai comparable sub-market rents
(3) 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 2022 Core CBD Grade A Singapore office rent is S$11.60 psf/mth. Sub-market rents are not published

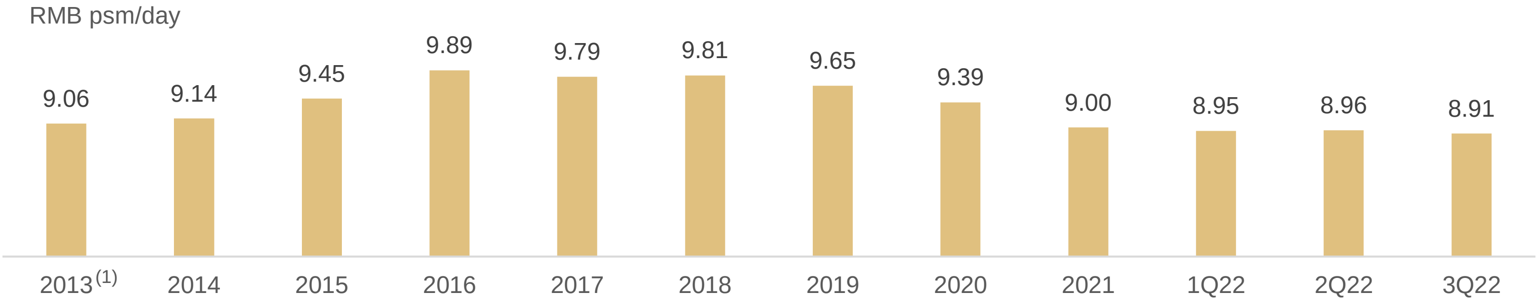
Average Passing Rents

Singapore (Office)



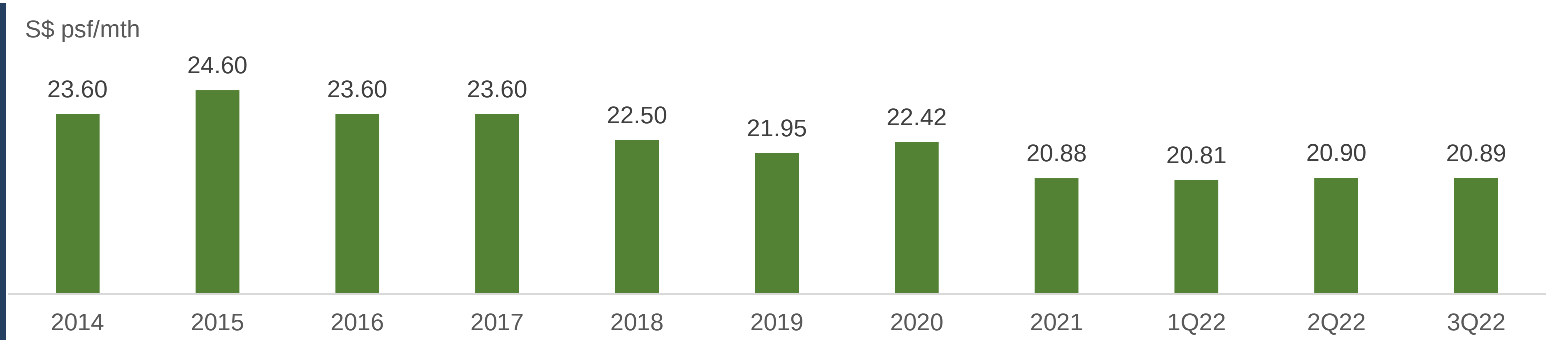
- Average passing rents for all Singapore office properties remained stable as at September 2022, with OUE Bayfront reaching a high of S$12.57 psf per month due to positive rental reversions in past quarters

Lippo Plaza (Office)



- Average passing office rent for Lippo Plaza was stable at RMB8.91 psm per day

Mandarin Gallery



- Average passing retail rent at Mandarin Gallery held steady at S$20.89 psf per month

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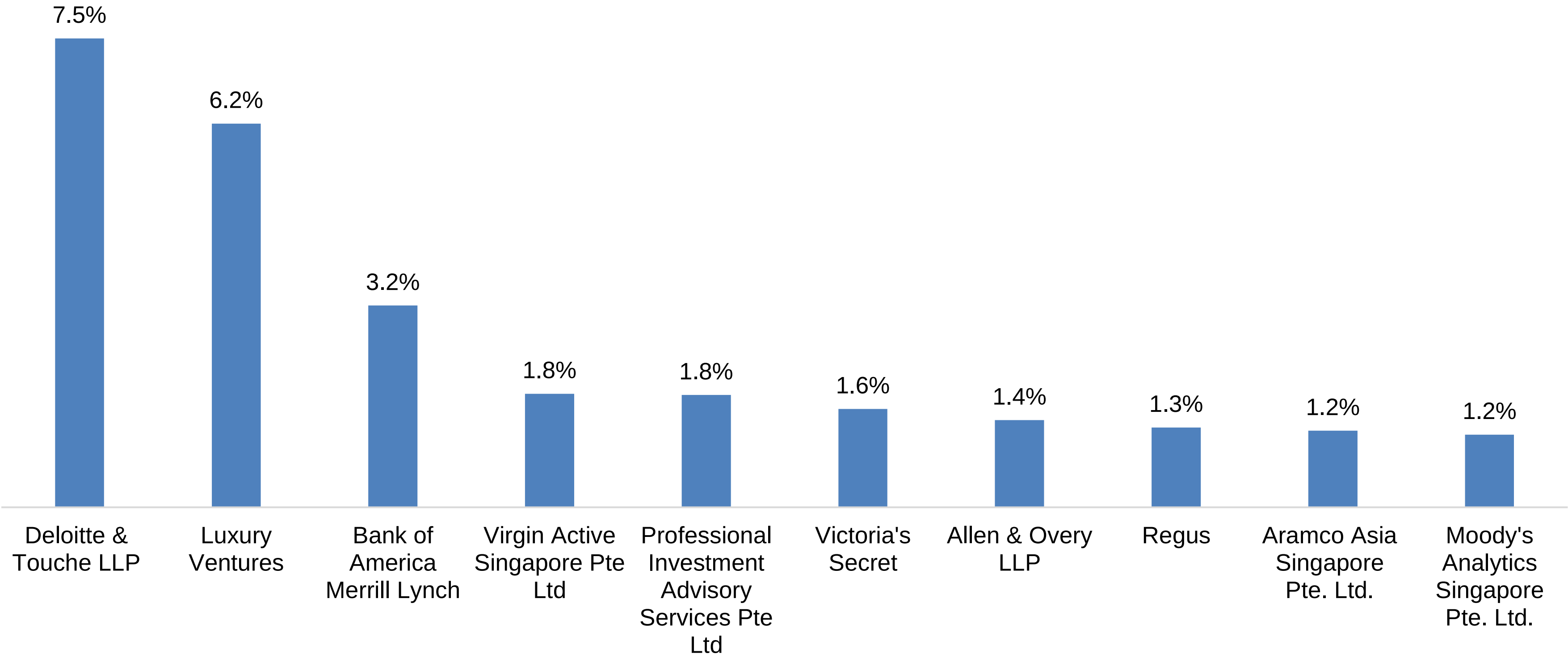
(1) Pro forma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

Top 10 Tenants – Commercial Segment

Top 10 Tenants contribute 27.2% of Commercial Segment Gross Rental Income(1)

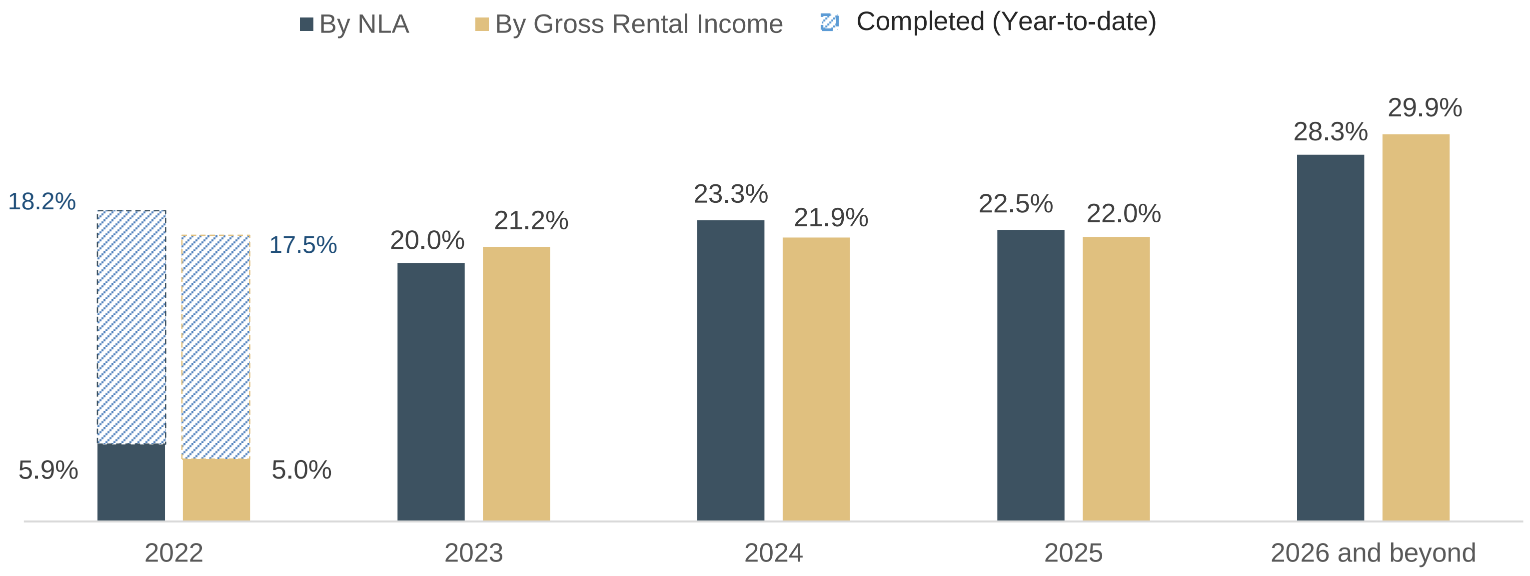


As of Sep 2022

(1) Based on gross rental income (excluding turnover rent), and OUE C-REIT's proportionate interest in the respective properties

Lease Expiry Profile – Commercial Segment

5.0% of OUE C-REIT's commercial segment gross rental income remains due for renewal for balance of 2022



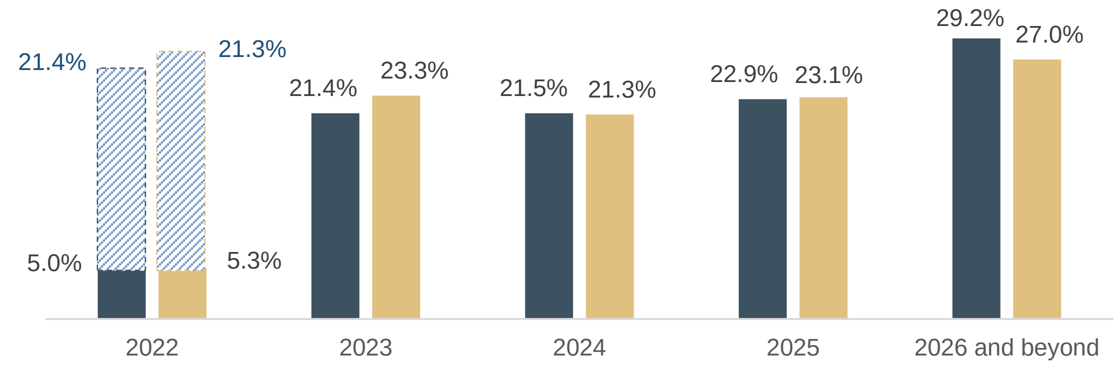
WALE(1) of 2.4 years by NLA and 2.5 years by GRI(2)

As at 30 Sep 2022

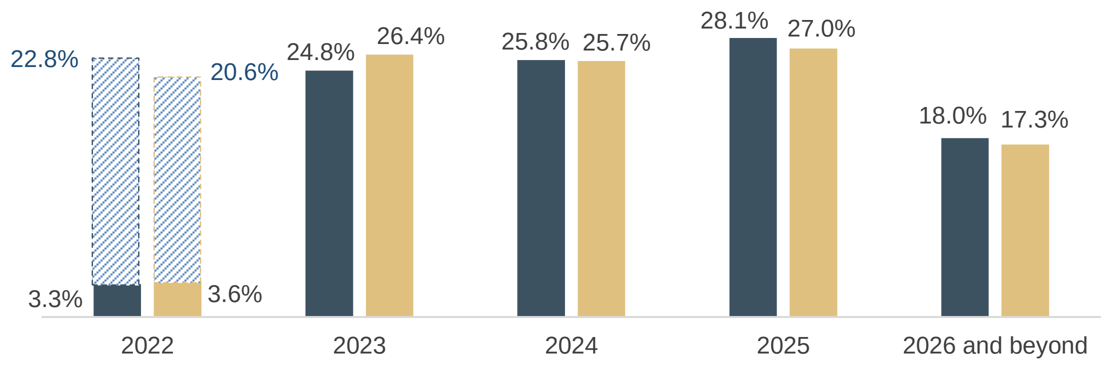
(1) Based on gross rental income (excluding turnover rent), and OUE C-REIT's proportionate interest in the respective properties
(2) "NLA" refers to net lettable area and "GRI" refers to gross rental income

Lease Expiry Profile by Commercial Property

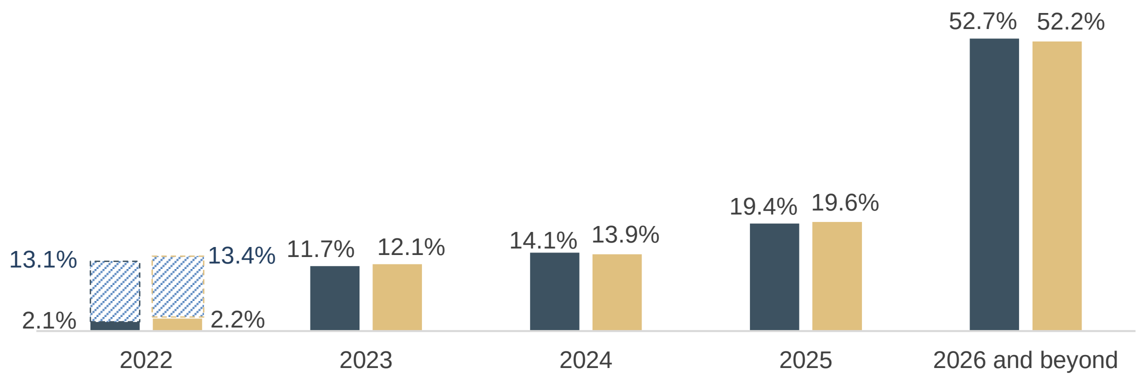
OUE Bayfront
WALE: 2.5 years (NLA); 2.4 Years (GRI)



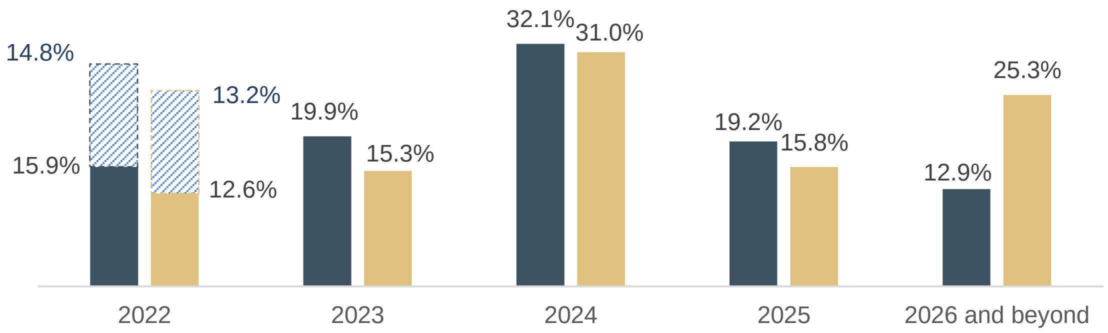
One Raffles Place
WALE: 2.2 years (NLA); 2.1 Years (GRI)



OUE Downtown Office
WALE: 3.2 years (NLA); 3.2 years (GRI)



Lippo Plaza
WALE: 1.8 years (NLA); 2.1 years (GRI)



As at 30 Sep 2022

By NLA   By Gross Rental Income   Completed (Year-to-date)

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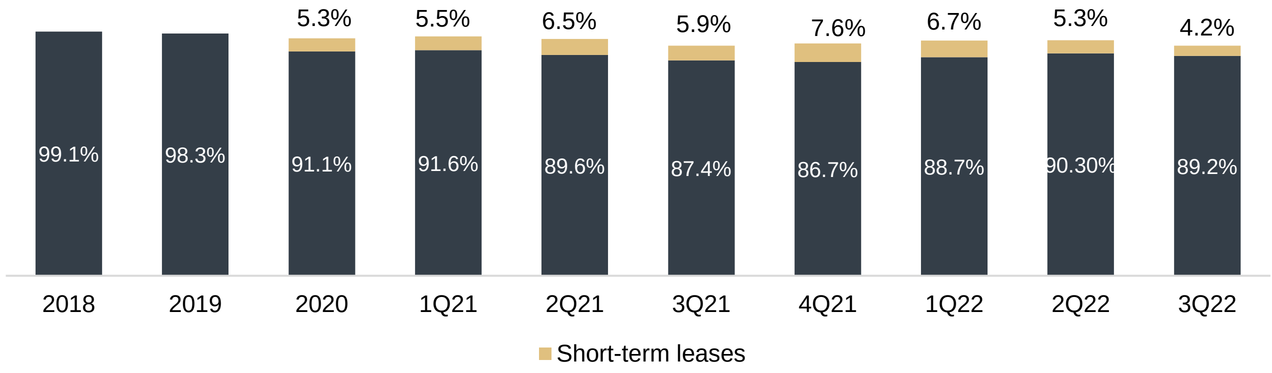
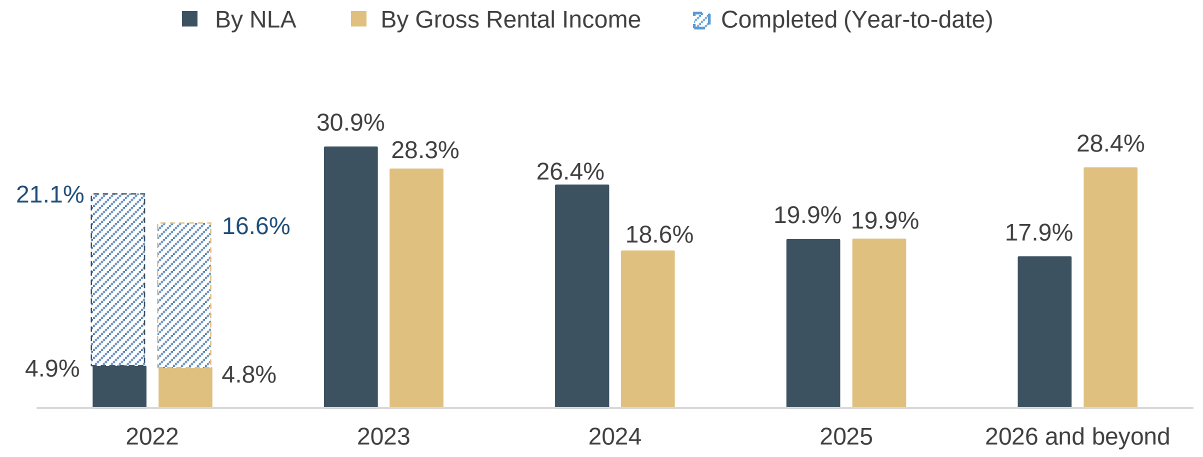
Mandarin Gallery

Committed Occupancy

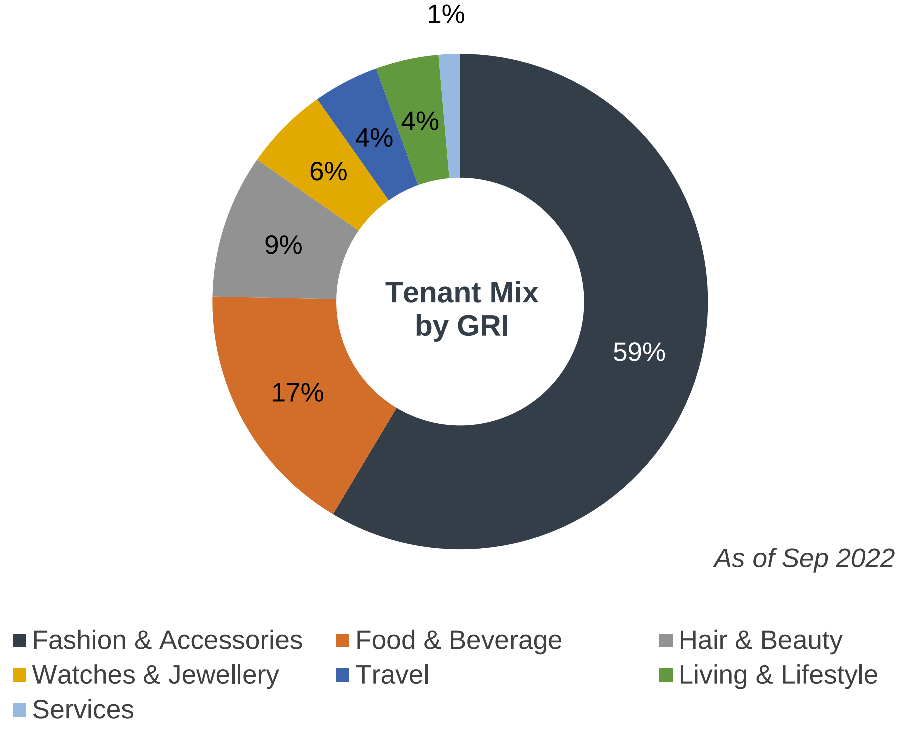


WALE: 2.1 years (NLA); 2.4 Years (GRI[1])



As at 30 Sep 2022

- Positive rental reversion of 9.2% in 3Q 2022 due to the Manager's focus on optimising rents while sustaining occupancy
- Shopper traffic and sales in 3Q 2022 remained stable at ~90% and ~85% of pre-COVID-levels, respectively

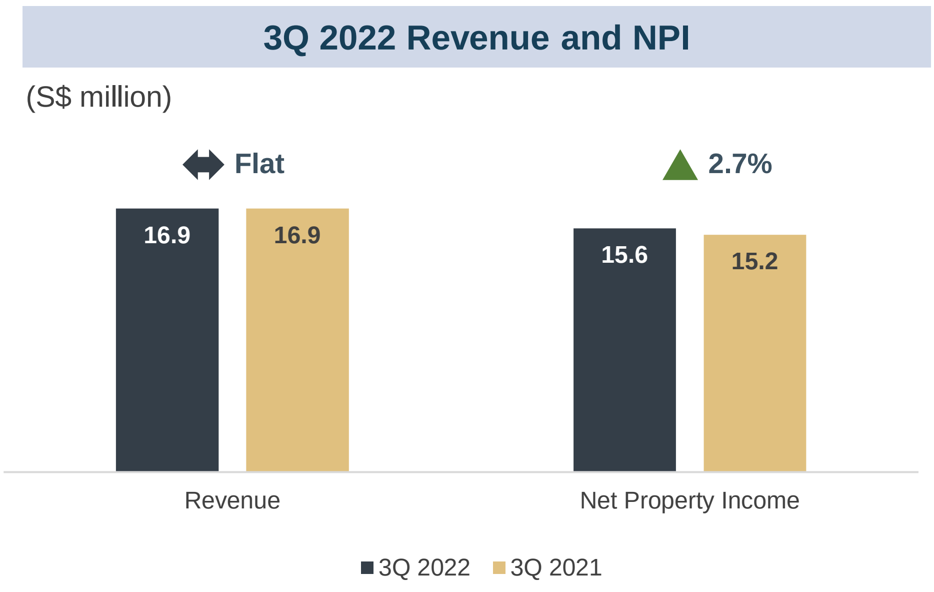


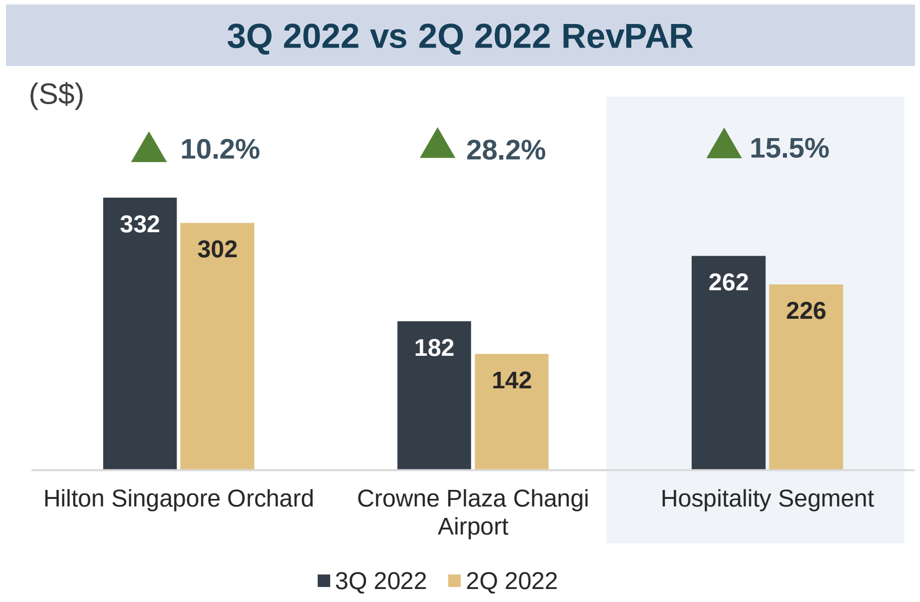
As of Sep 2022

(1) Based on gross rental income (excluding turnover rent)

Hospitality Segment

Hospitality Segment Performance



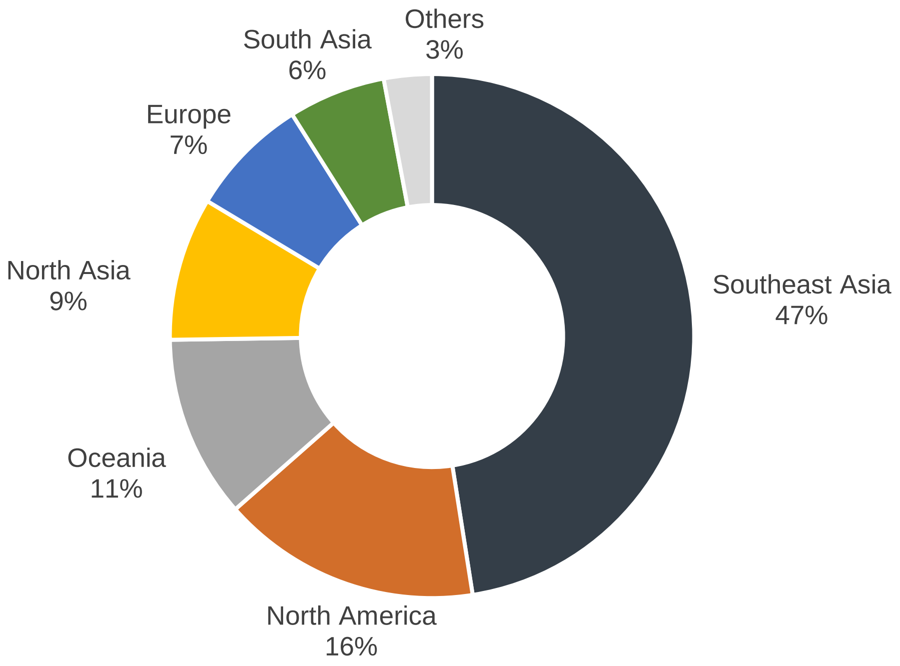


- 3Q 2022 hospitality segment revenue remained at the minimum rent level under the master lease arrangements of the hotel properties due to the reduced inventory. Net property income for 3Q 2022 was 2.7% higher YoY at S$15.6 million
- Hospitality segment RevPAR increased 15.5% QoQ to S$262 in 3Q 2022 due to higher room rates at the newly re-branded Hilton Singapore Orchard ("HSO"), strong demand at both hotels with the increase in visitor arrivals and nascent recovery in the MICE sector. HSO's RevPAR increased 10.2% QoQ to S$332, surpassing the previous RevPARs of the property before its re-branding
- Ongoing refurbishment of HSO's Orchard Wing (446 rooms) is expected to complete by end 2022

Hospitality Segment Customer Profile

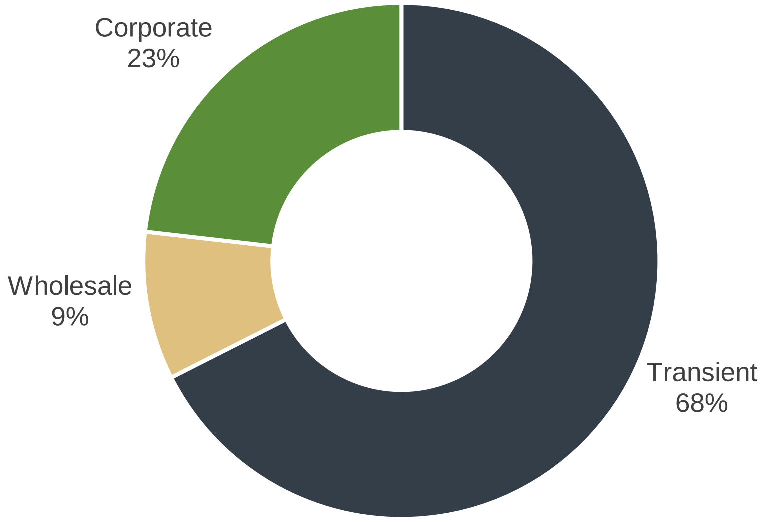
By Geography

3Q 2022
(By room nights)



By Type

3Q 2022
(By room revenue)



Notes:
Excludes aircrew and delays
"Transient" refers to revenue derived from the rental of rooms and suites to individuals or groups, who do not have a contract with the hotel
"Corporate" refers to revenue derived from the rental of rooms and suites booked via a corporate or government company that has contracted annual rates with the hotel
"Wholesale" refers to revenue derived from the rental of rooms and suites booked via a third party travel agent on a wholesale contracted rate basis

Looking Ahead

Outlook

Singapore Office	▪ Strong positive net absorption in 3Q 2022 drove YTD take-up to 0.56 million sq ft, surpassing total take-up in 2021. Demand was largely driven by technology firms, flexible workspace operators and non-banking financial companies ▪ While global macroeconomic headwinds and consolidation in the technology sector could weigh on demand and rents in 2023, core CBD Grade A office rental growth is expected to remain positive for the rest of 2022 and 2023 due to the limited supply pipeline, barring a sustained recession ▪ OUE C-REIT's portfolio of core Grade A offices and well-diversified tenant base is expected to underpin a stable performance as the Singapore office rental recovery continues
Singapore Hospitality	▪ In September 2022, Singapore's international visitor arrivals grew for the eighth consecutive month, bringing the YTD total to 3.7 million, against the Singapore Tourism Board's forecast of between 4 to 6 million visitor arrivals in 2022(1) ▪ Even as the hospitality sector continues to face inflationary pressures and an uncertain economic outlook, the further easing of pandemic measures, pick up in MICE events and a limited hotel supply CAGR of 0.7% from 2022 to 2024, significantly lower than the 4.1% CAGR from 2015 to 2021, are expected to sustain hotel demand ▪ Minimum rent component of S$67.5 million embedded in the master lease arrangements of OUE C-REIT's hospitality portfolio provides downside protection

1) Singapore Tourism Board: "STB expects 4 to 6 million international visitor arrivals for 2022 as tourism recovery gains momentum", 14 July 2022. URL: https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/STB-expects-4-to-6-million-international-visitor-arrivals-for-2022-as-tourism-recovery-gains-momentum.html

Outlook

Singapore Retail	▪ With the recovery in visitor arrivals, prime Orchard Road retail rents bottomed out in 3Q 2022, though it was still below pre-COVID levels ▪ While improvements in shopper traffic and retail sales have provided some landlords with the confidence to raise rents, retailer confidence continues to be tempered by rising business costs, labour shortage and a weaker economic outlook.
Shanghai Office	▪ Shanghai CBD Grade A office demand fell in 3Q 2022 due to economic and business uncertainties posed by the COVID-19 pandemic ▪ While overall demand is expected to be stable in 2022, rents and occupancy will remain under pressure in view of the significant new supply over the next two years ▪ At Lippo Plaza, the Manager remains focused on prioritising occupancy

Looking Ahead: OUE C-REIT's Pillars of Growth

Strengthen portfolio fundamentals to drive organic growth

- ☑ **Proactive and dynamic asset management** to sustain occupancy while optimising rents
- ☑ **Prudent management of operating expenditure** through mitigation strategies such as usage of energy-efficient equipment and technology, deployment of technology to mitigate labour and material costs, as well as a continued focus on green building certifications
- ☑ **Mitigate rising costs** through service charge increase for the Singapore commercial portfolio from January 2023

Reinforce the capital structure

- ☑ **Optimise cost of debt** by adopting appropriate hedging strategies to maintain fixed rate debt proportion and strengthen credit profile to lower funding costs from capital markets
- ☑ **Manage refinancing requirements** to mitigate refinancing risks and further extend OUE C-REIT's debt maturity profile
- ☑ **Diversify funding sources** to maintain financial flexibility

Capitalise on opportunities to enhance value

- ☑ **Overseas inorganic growth strategy**, seek further exposure to offices or mixed-use developments with a significant office component in key gateway cities such as Australia (Sydney, Melbourne) and United Kingdom (London)
- ☑ **Tap on asset enhancement initiatives** to create value and enhance portfolio returns
- ☑ **Leverage on potential portfolio reconstitution opportunities**

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Thank You

Appendices

- Premium Portfolio of Assets
- Singapore Office Market
- Shanghai Office Market
- Singapore Hospitality Market
- Hotel Master Lease Details

Premium Portfolio of Assets

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





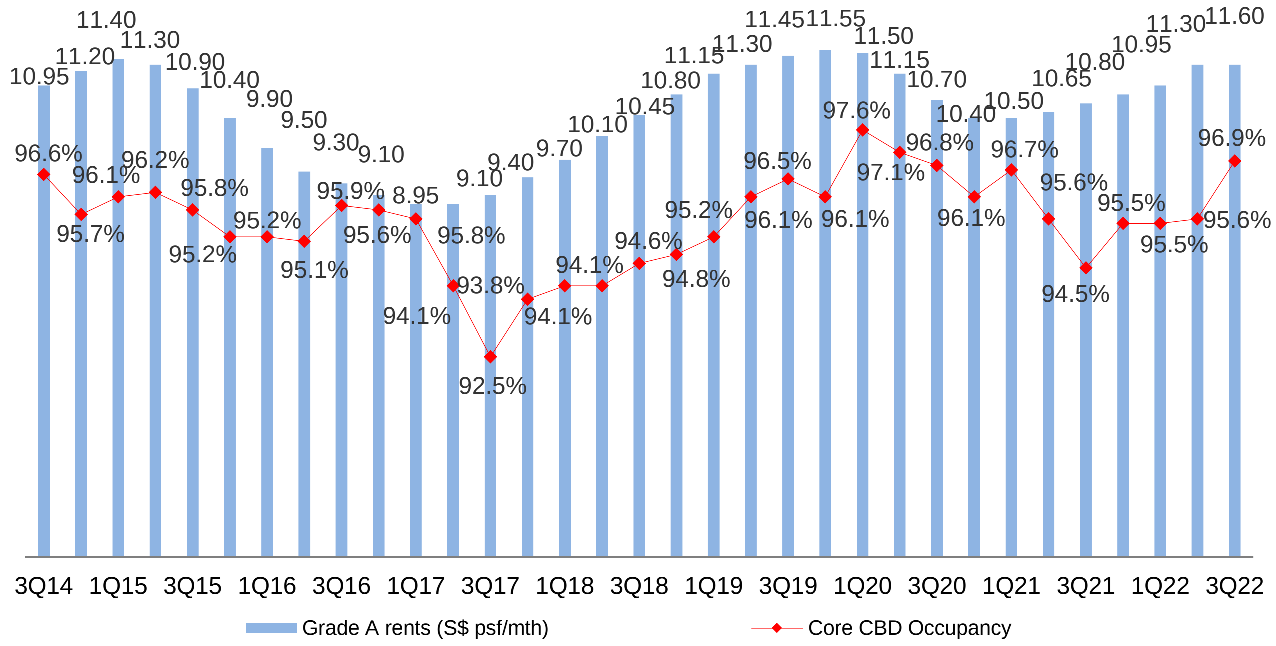
	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Hilton Singapore Orchard	Crowne Plaza Changi Airport
Description	A landmark Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Iconic integrated development with two Grade A office towers and a retail mall located in Singapore's CBD at Raffles Place	Grade A office space, a mixed-used development with offices, retail and serviced residences at Shenton Way	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	Hilton's flagship hotel in Singapore and its largest in Asia Pacific, strategically located in the heart of Singapore's shopping and entertainment district	Award-winning hotel at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport
Ownership Interest	50%	67.95%	100%	91.2% strata ownership	100%	100%	100%
NLA (sq ft) /No. of Rooms	Office: 378,801 Retail: 21,132	Office: 605,529 Retail: 99,370	Office: 529,297	Office: 361,007 Retail: 61,575	Retail: 126,283	1,080 hotel rooms	563 hotel rooms
Occupancy[1]	Office: 98.7% Retail: 93.4% Overall: 98.4%	Office: 94.8% Retail: 85.9% Overall: 93.5%	Office: 93.7%	Office: 85.6% Retail: 97.8% Overall: 87.4%	Retail: 89.2%	-	-
Valuation as at 31 Dec 2021	S$1,270.0m[2] (S$3,176 psf)	S$1,867.7m[3] (S$2,650 psf)	S$902.0m (S$1,704 psf)	RMB2,681.0m / RMB45,812 psm GFA	S$453.9m (S$3,594 psf)	S$1,130.0m (S$1.0m / key)	S$455.2m (S$0.8m / key)

(1) Committed occupancy as at 30 September 2022
(2) Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront. OUE C-REIT has a direct 50.0% interest in OUE Allianz Bayfront LLP
(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

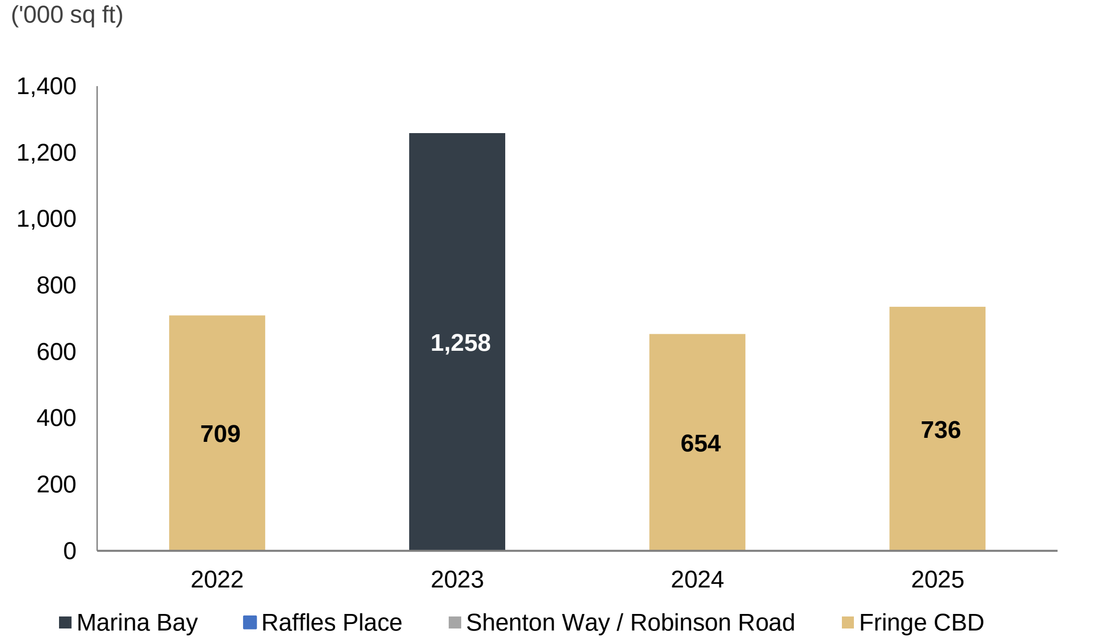
Singapore Office Market

- Strong positive net absorption in 3Q 2022 drove YTD take-up to 0.56 million sq ft, surpassing total take-up in 2021. Demand was driven by technology firms, flexible workspace operators and non-banking financial companies. Consequently, core CBD Grade A occupancy increased 1.3 ppt QoQ to 96.9% in 3Q 2022, while CBD Grade A office rents increased 2.7% QoQ to S$11.60 psf per month
- While macroeconomic headwinds and consolidation in the technology sector may weigh on demand and rents in 2023, core CBD Grade A rental growth is expected to remain positive with a limited supply pipeline and barring a sustained recession

Singapore CBD Grade A Rents and Occupancy



Office Supply Pipeline in Singapore (CBD and Fringe of CBD)



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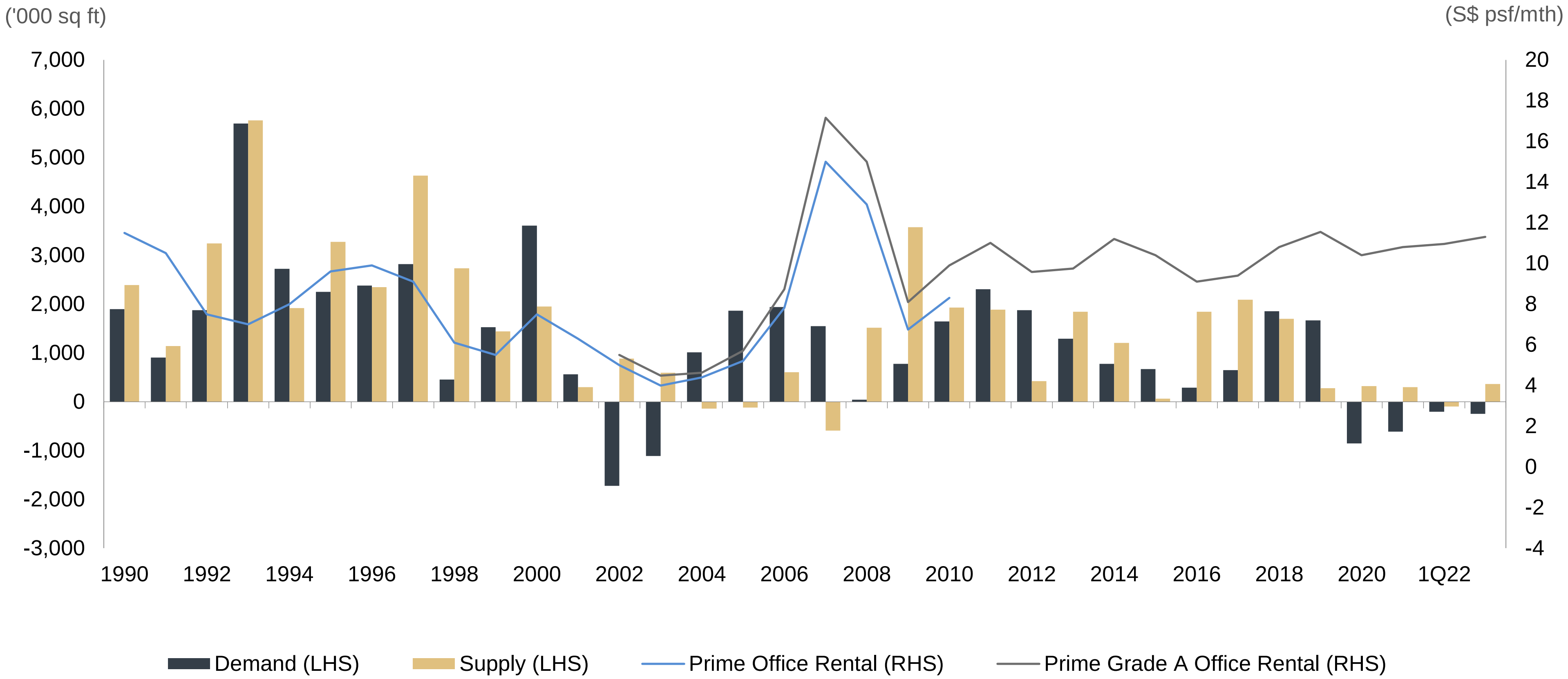
Note: Excluding strata-titled office
Source: CBRE Research

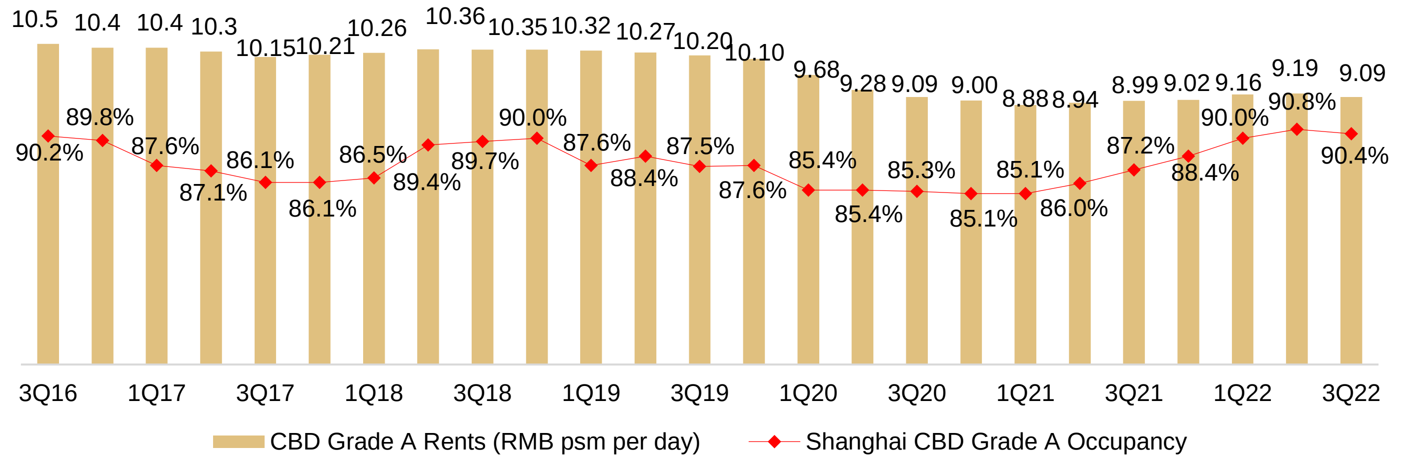
Singapore Office Demand, Supply & Office Rents



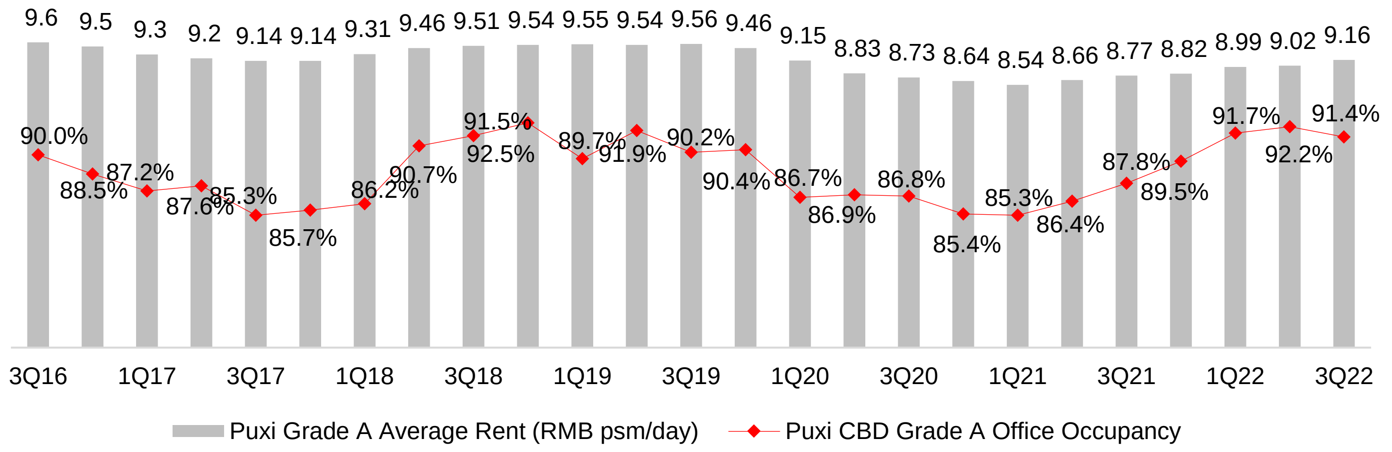
Source: URA statistics, CBRE Research
2Q 2011 was the last period where CBRE provided Prime Office Rental data. Prime Grade A office rental data not available prior to 1Q 2022

Shanghai Office Market

Shanghai



Puxi

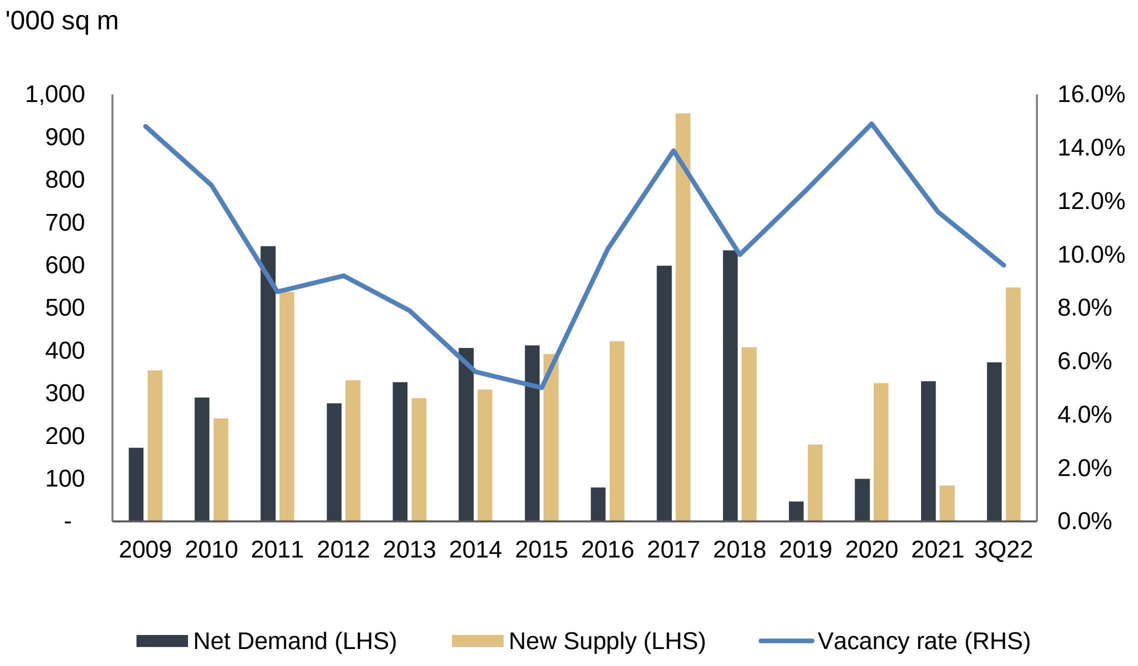


- Shanghai CBD Grade A office occupancy decreased 0.4 ppt QoQ to 90.4%, while rents declined 1.1% QoQ to RMB9.09 psm per day in 3Q 2022
- Puxi Grade A office occupancy fell 0.8 ppt QoQ to 91.4% as at 3Q 2022, however rents rose 1.6% QoQ to RMB9.16 psm per day
- Demand picked up in 3Q 2022 but is expected to remain tepid in 4Q 2022. Net absorption for the full year is likely to be below 2021 levels. Occupancy and rental growth are thus expected to come under pressure in view of the significant new supply

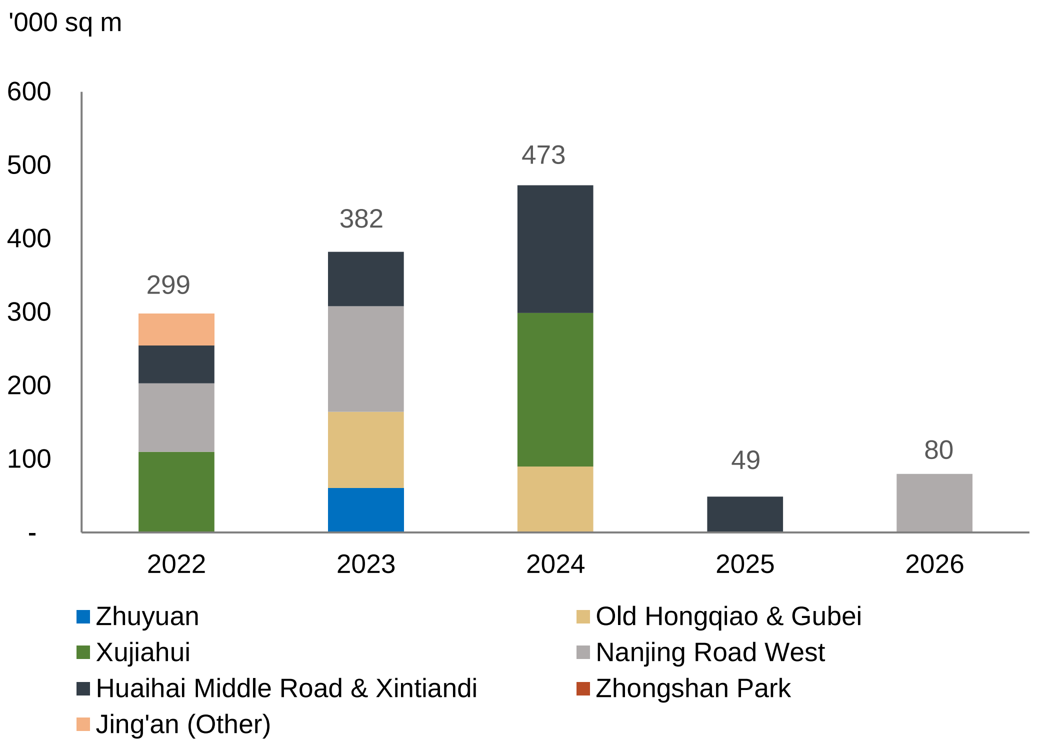
Source: Colliers International

Shanghai CBD Demand, Supply & Vacancy

Grade A Office Net Absorption, New Supply and Vacancy Rate



Office Supply Pipeline in Shanghai CBD



- Shanghai CBD Grade A office supply expected to abate after 2024

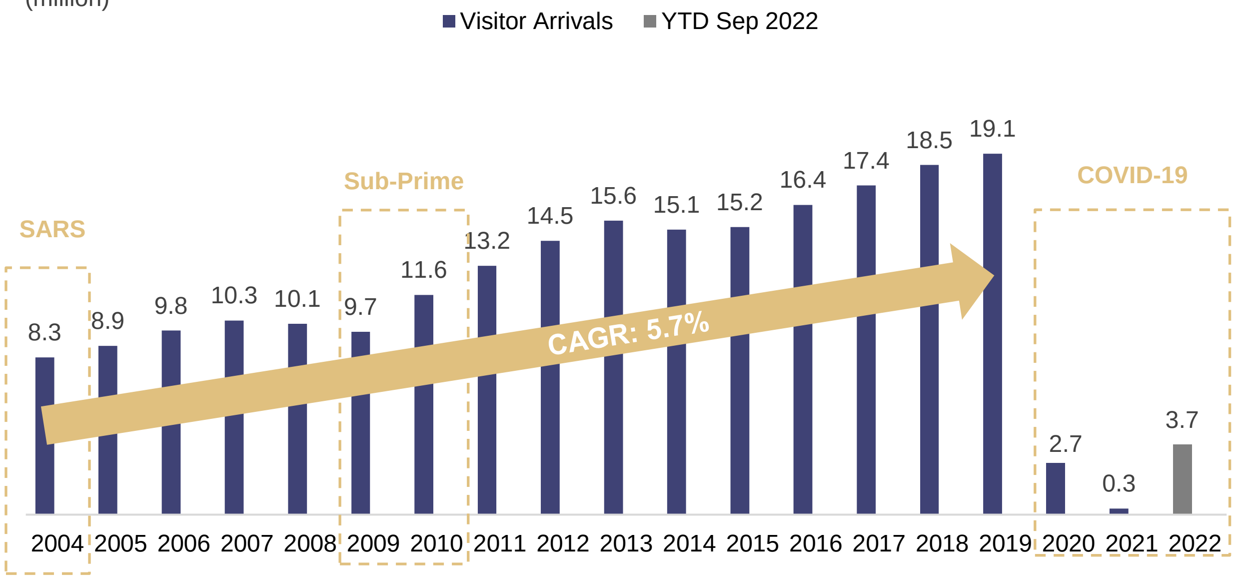
Source: Colliers International

Singapore Hospitality Market

- Visitor arrivals grew for the eighth consecutive month in September bringing the YTD 2022 figure to 3.7 million, on track to achieve total visitor arrivals within the upper band of the Singapore Tourism Board's ("STB") official forecast
- The STB expects Singapore to receive between 4 and 6 million visitors in 2022 with tourism flows recovering to pre-COVID levels by the mid-2020s[(1)]
- New hotel supply is expected to be limited over the next two years, with a CAGR of 0.7% from end-2022 to end-2024, lower than the 4.1% CAGR during the seven-year period from end-2015 to end-2021

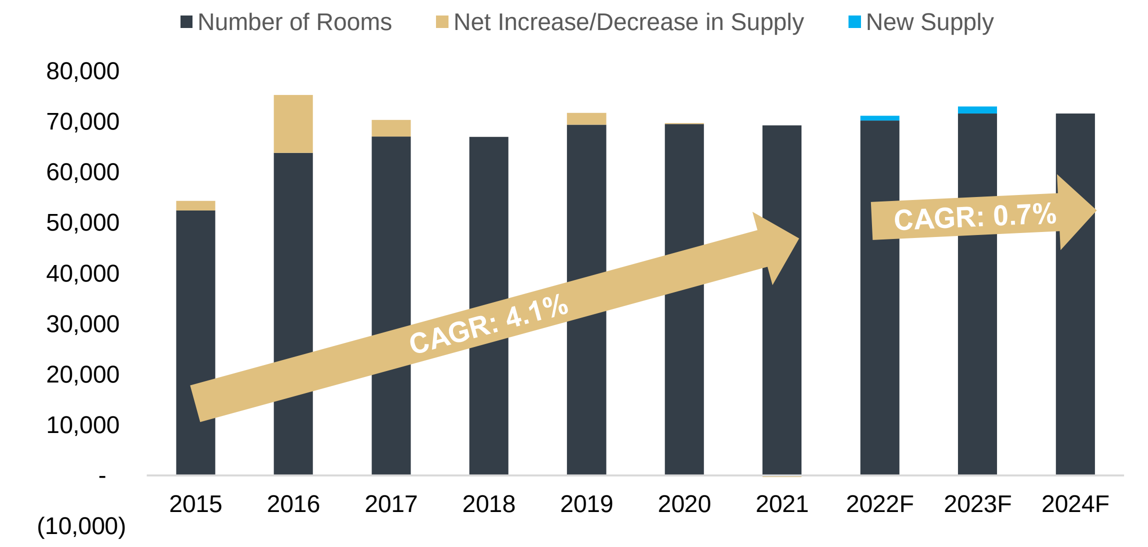
Visitor Arrivals in Singapore

(million)



Singapore Hotel Supply

(No. of Hotel Rooms)



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Source: Singapore Tourism Board, International Visitor Arrival Statistics, JLL Industry Sources

1) Singapore Tourism Board: "STB expects 4 to 6 million international visitor arrivals for 2022 as tourism recovery gains momentum", 14 July 2022. URL: https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/STB-expects-4-to-6-million-international-visitor-arrivals-for-2022-as-tourism-recovery-gains-momentum.html

Hotel Master Lease Details

   

Property	**Hilton Singapore Orchard ("HSO")**	**Crowne Plaza Changi Airport**
No. of Guestrooms	1,080	563
Master Lease Rental	Variable Rent Comprising Sum of: *(i) 33.0% of HSO GOR*[1] *; and* *(ii) 27.5% of HSO GOP*[2]*;* subject to minimum rent of S$45.0 million[3]	Variable Rent Comprising Sum of: *(i) 4% of Hotel F&B Revenues;* *(ii) 33% of Hotel Rooms and Other Revenues not related to F&B;* *(iii) 30% Hotel GOP; and* *(iv) 80% of Gross Rental Income from leased space;* subject to minimum rent of S$22.5 million[3]
Master Lessee	▪ OUE Limited	▪ OUE Airport Hotel Pte. Ltd. (OUEAH)
Tenure	▪ First term of 15 years to expire in July 2028 ▪ Option to renew for an additional 15 years on the same terms and conditions	▪ First term of Master Lease to expire in May 2028 ▪ Option to renew for an additional two consecutive 5-year terms
	FF&E Reserve	**Capital Replacement Contribution**
	▪ 3% of GOR	▪ Aligned with hotel management agreement between OUEAH and IHG ▪ Generally at 3% of GOR

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(1) GOR: Gross operating revenue
(2) GOP: Gross operating profit
(3) The rental under the master lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent