



COMMERCIAL
REIT



SIAS x SGX Corporate Connect Webinar

21 February 2023

Important Notice

This presentation should be read in conjunction with the announcements released by OUE Commercial REIT (“OUE C-REIT”) on 30 January 2023 (in relation to its Interim Financial Information for the Six-Month Period and Financial Year Ended 31 December 2022).

This presentation is for information purposes only and does not constitute an invitation, offer or solicitation of any offer to acquire, purchase or subscribe for units in OUE C-REIT (“Units”). The value of Units and the income derived from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, OUE Commercial REIT Management Pte. Ltd. (the “Manager”), DBS Trustee Limited (as trustee of OUE C-REIT) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

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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.



Agenda

- About OUE C-REIT
- Portfolio Overview
- FY 2022 Key Highlights



Overview of OUE C-REIT

One of the
Largest Diversified
SGX-listed REITs

Total Assets
S\$6.0 billion⁽¹⁾

7 High quality
prime assets

6 properties in Singapore and 1
property in Shanghai

Manages more than **2.1** mil sq ft
in net lettable area

1,643 upper upscale
hotel rooms

Singapore



OUE Bayfront



One Raffles Place



OUE Downtown Office



Mandarin Gallery



Hilton Singapore Orchard



Crowne Plaza Changi Airport

- Commercial assets are situated in the three key office sub-markets in Singapore (Marina Bay, Raffles Place and Shenton Way) where medium term supply is limited
- Delivered resilient performance despite macroeconomic uncertainties, underpinning OUE C-REIT's revenue contribution

- Strategically located assets along the prime Orchard Road belt and within the Changi Airport vicinity are well-positioned to benefit from Singapore's strong position as a key business and leisure destination

Shanghai



Lippo Plaza

- Benefits from Shanghai's dominant position as a major financial and service hub in China

Milestones Since Listing in 2014

Scaled up the portfolio with AUM tripling from S\$1.7 billion at IPO to S\$6.0 billion

Listed on SGX-ST with two assets – OUE Bayfront and Lippo Plaza



2014

2015

Maiden acquisition of One Raffles Place (67.95% effective interest)



Acquisition of OUE Downtown Office



2018

2019

Merger with OUE Hospitality Trust by way of a trust scheme of arrangement (effective 4 Sep 2019)



Strengthened capital structure while unlocking asset potential through AEI and portfolio reconstitution

Announced AEI to transform and rebrand Mandarin Orchard Singapore to Hilton Singapore Orchard (“HSO”)



2020

2021

Asset recycling via divestment of 50% interest in OUE Bayfront at 7.3% premium to book value & 26.1% to purchase consideration

Joined the FTSE EPRA Nareit Global Developed Index effective 20 September

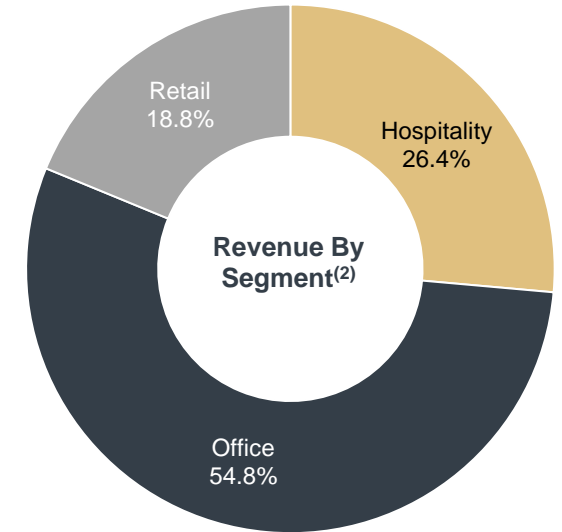
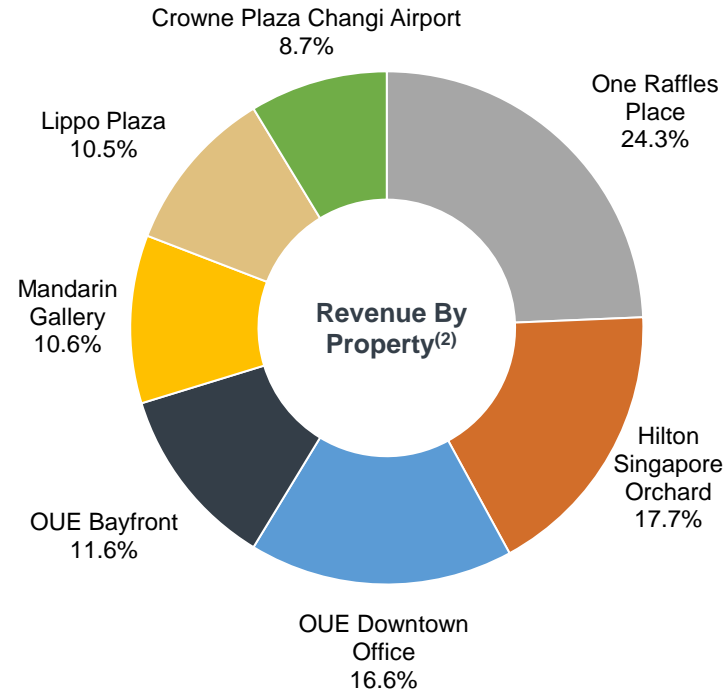
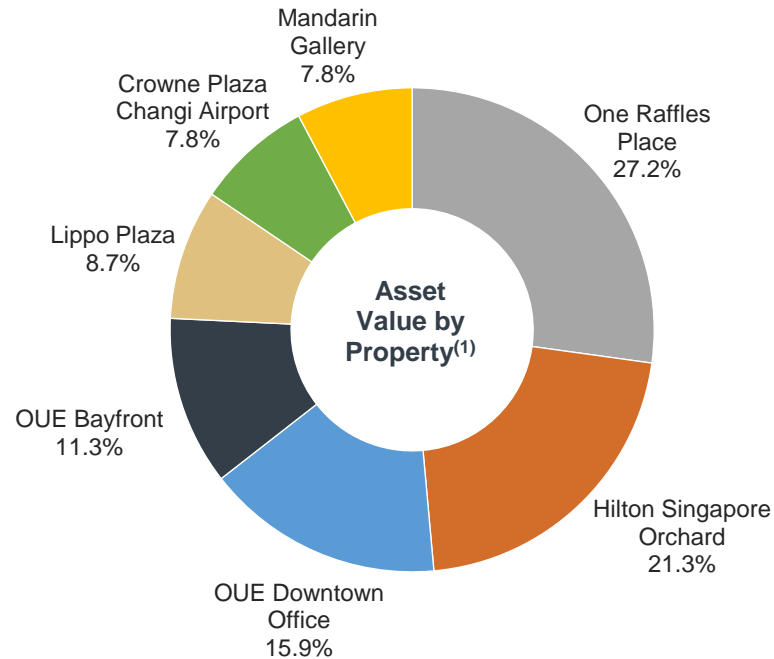
Obtained first sustainability-linked loan



Portfolio Overview



Diversified Portfolio Provides Resilience and Stable Growth



■ ~91% of assets under management in Singapore

■ No single asset contributes more than 24.3% to the portfolio revenue

■ 54.8% of portfolio contribution is underpinned by the office segment

(1) Based on independent valuations as at 31 December 2022 and OUE C-REIT's proportionate interest in the respective properties as at 31 December 2022, assuming SGD:CNY exchange rate of 1:5.179 as at 31 December 2022

(2) Based on FY 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, totalling S\$67.5 million per annum

Stable Valuation as at 31 December 2022

- Portfolio valuation increased 2.6% to S\$6,173.4 million as at 31 December 2022, mainly due to the Singapore office properties and Hilton Singapore Orchard
- While Lippo Plaza's valuation declined 11.3% in SGD, the decline in local currency was a smaller 1.5%

	S\$ million		Change (%)	Capitalisation Rate	Unit Valuation
	As at 31 Dec 2022	As at 31 Dec 2021			
OUE Bayfront (100% interest)	1,321.0	1,270.0	4.0	Office: 3.50%	S\$3,307 psf
OUE Bayfront (50% interest)	660.5	635.0	4.0	As above	As above
One Raffles Place⁽¹⁾	1,909.0	1,867.7	2.2	Office: 3.40% – 3.55% Retail: 4.43%	S\$2,709 psf
OUE Downtown Office	930.0	902.0	3.1	3.90%	S\$1,755 psf
Lippo Plaza	509.8 ⁽²⁾ (RMB 2,640.0 m)	574.5 ⁽³⁾ (RMB 2,681.0 m)	(11.3)	4.0% ⁽⁴⁾	RMB45,112 psm GFA
Mandarin Gallery	453.9	453.9	-	5.25%	S\$3,594 psf
Hilton Singapore Orchard	1,250.0	1,130.0	10.6	5.25%	S\$1.2m / key
Crowne Plaza Changi Airport	460.2	455.2	1.1	4.75%	S\$0.8m / key
Total (including attributable interest in OUE Bayfront)	6,173.4	6,018.3	2.6	-	-
Total (excluding OUE Bayfront)	5,512.9	5,383.3	2.4	-	-

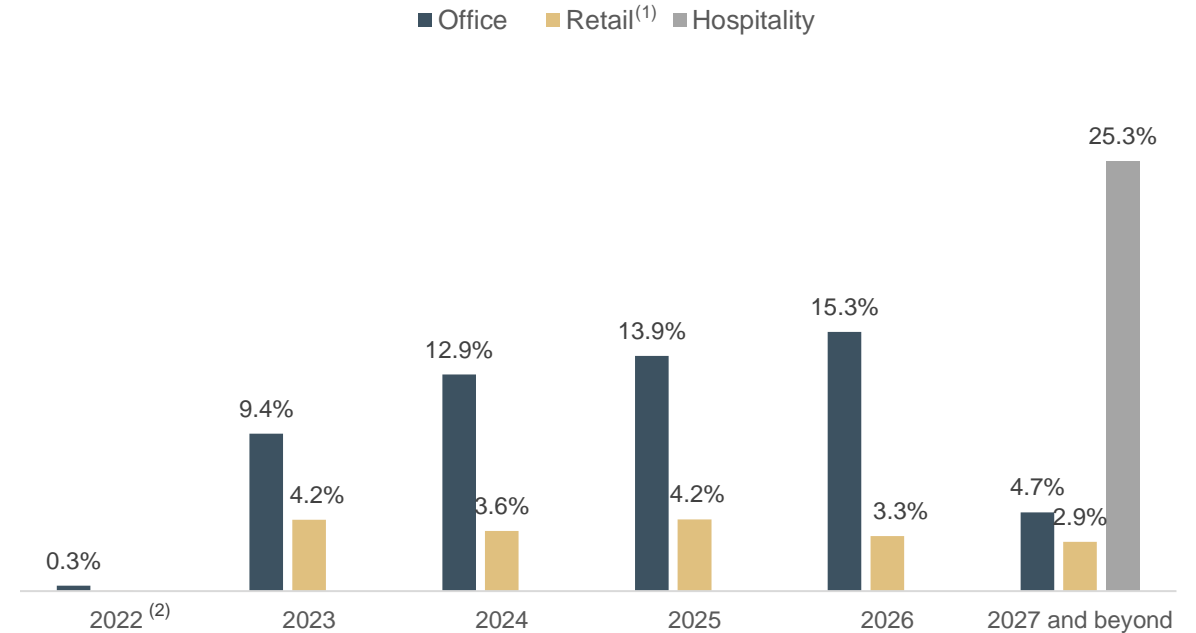
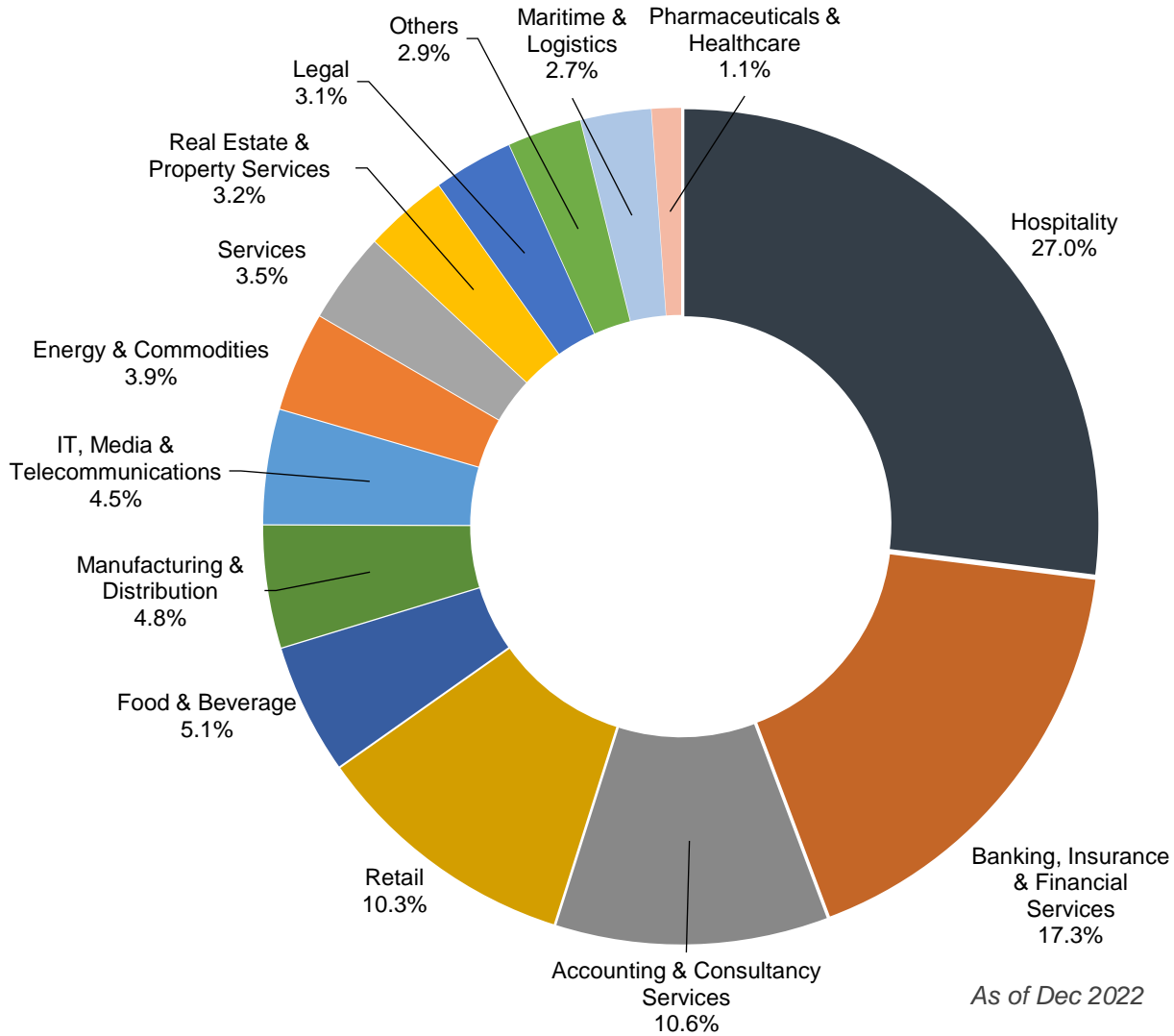
(1) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited

(2) Based on independent valuation as at 31 December 2022 and SGD:CNY exchange rate of 1:5.179

(3) Based on independent valuation as at 31 December 2021 and SGD:CNY exchange rate of 1:4.666

(4) Blended capitalisation rate

Well-diversified Tenant Mix with Stable Lease Expiry Profile



WALE⁽³⁾ of 3.3 years by Gross Rental Income (“GRI”)

As at 31 Dec 2022

Note: Tenant by trade sector and lease expiry profile is based on GRI (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) As at 31 December 2022, leases expiring on 31 December 2022 contributing 0.3% of portfolio GRI had not been renewed
- (3) “WALE” refers to the weighted average lease term to expiry.

FY 2022 Key Highlights



FY 2022 Financial Performance

	FY 2022 (S\$m)	FY 2021 (S\$m)	YoY Change (%)
Revenue	241.5	249.9	(3.4)
Net Property Income	196.9	204.2	(3.6)
Share of Joint Venture Results	37.1	13.2	NM
Amount Available for Distribution⁽¹⁾	111.6	131.6	(15.2)
Amount to be Distributed	116.2⁽²⁾	142.0 ⁽³⁾	(18.2)
Distribution per Unit (cents)	2.12	2.60	(18.5)

- Decline in gross revenue was mainly due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021, partially offset by lower rental rebates and property expenses, as well as higher turnover rent
- Higher share of joint venture results from OUE Bayfront mainly due to fair value gains. With lower income support for OUE Downtown Office as well as higher interest expense driven by macroeconomic factors, amount available for distribution was S\$111.6 million. Including the partial distribution of divestment gain from OUE Bayfront of S\$4.6 million, FY 2022 amount to be distributed was S\$116.2 million, DPU of 2.12 cents

NM: Not meaningful

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

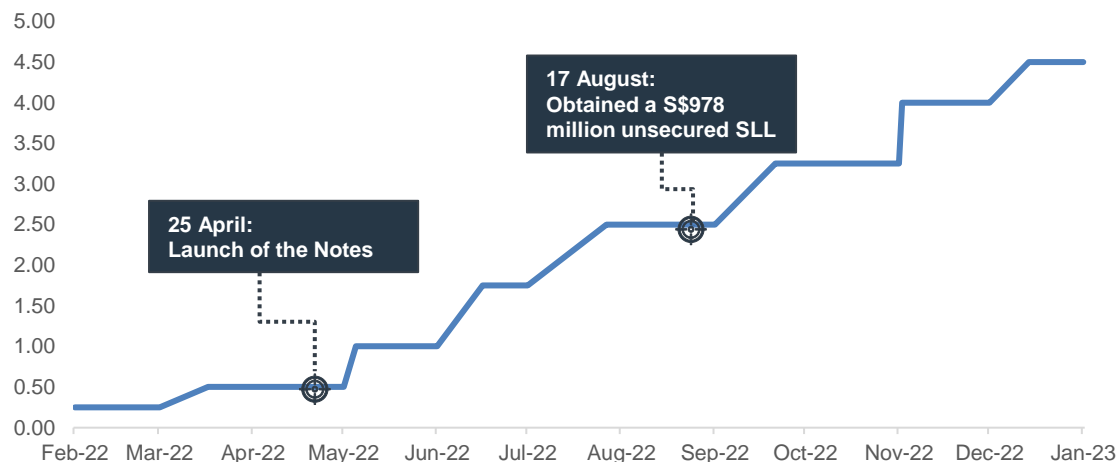
(2) Including S\$4.6 million capital distribution from divestment of OUE Bayfront in March 2021

(3) Including release of S\$5.0 million of distribution retained in FY 2020 and S\$5.4 million capital distribution from divestment of OUE Bayfront in March 2021

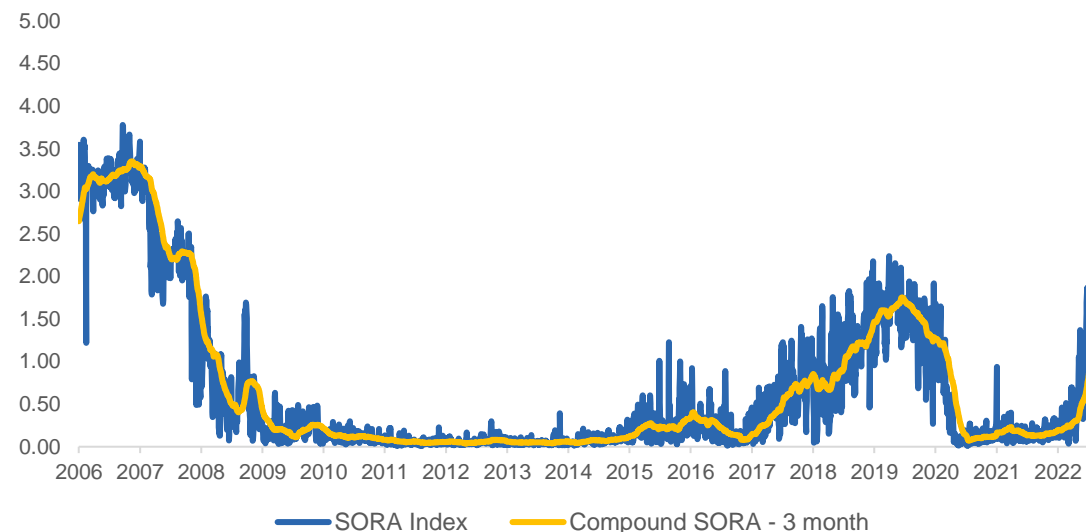
FY 2022 Key Highlights – Prudent Capital Management to Mitigate Refinancing Risk

- In May 2022, issued S\$150 million bond with a coupon step-down of 25 basis points upon OUE C-REIT obtaining an investment grade rating within 18 months of issuance date, **a first in Singapore’s capital markets**.
- In August 2022, successfully obtained an unsecured S\$978 million sustainability-linked loan (“SLL”) to refinance existing secured borrowings, **the largest SLL among S-REITs to date**
- Achieved greater financial flexibility with the proportion of unsecured debt increasing to 69.4% and an average term of debt of 2.9 years as at 31 December 2022

Federal Funds Rate (upper bound)



Historical SORA Rates since 2006



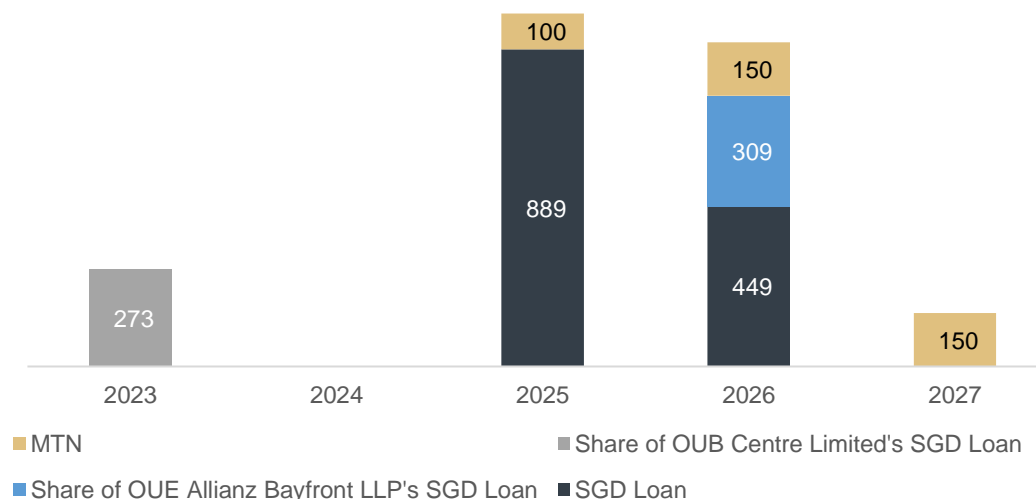
FY 2022 Key Highlights – Strengthened Capital Structure

- Aggregate leverage decreased 1.5 percentage points (“ppt”) to 38.8% as of 31 December 2022
- 71.5% of total debt hedged and stable weighted average cost of debt of 3.4% per annum
- No further refinancing requirements until September 2023 where only 11.8% (S\$273 million) of total debt is due, with none due in 2024

	As at 31 Dec 2022	As at 30 Sep 2022
Aggregate leverage	38.8%	40.3%
Total debt ⁽¹⁾	S\$2,321m	S\$2,371m
Weighted average cost of debt ⁽²⁾	3.4% p.a.	3.2% p.a.
Average term of debt	2.9 years	3.1 years
% fixed rate debt	71.5%	69.2%
% unsecured debt	69.4%	70.1%
Interest coverage ratio (“ICR”) ⁽³⁾	2.6x ⁽⁴⁾	2.9x ⁽⁵⁾
Adjusted ICR ⁽⁶⁾	2.5x ⁽⁴⁾	2.9x ⁽⁵⁾

Debt Maturity Profile (as at 31 Dec 2022)

S\$ million



- (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 3.7% p.a. as at 31 December 2022 and 3.6% p.a. as at 30 September 2022
(3) As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 3 March 2022)
(4) Including the write-off of upfront fees from early refinancing, both ICR and adjusted ICR are 2.4x as at 31 December 2022
(5) Including the write-off of upfront fees from early refinancing, both ICR and adjusted ICR are 2.7x as at 30 September 2022
(6) As above in (3) and including distributions on hybrid securities in the denominator

FY 2022 Key Highlights – Continued Improvement in Operational Metrics across Segments



Office

- Singapore office committed occupancy remained high at 95.5% as at 31 December 2022
- Achieved second consecutive quarter of positive rental reversions for all Singapore office properties ranging from 3.2% to 8.3% in 4Q 2022
- Actively mitigating rising costs through service charge increases for the Singapore commercial portfolio from January 2023



Hospitality

- Hospitality segment RevPAR increased 18.4% QoQ to S\$310 in 4Q 2022 fuelled by Hilton Singapore Orchard's re-branding and the recovery in visitor arrivals and MICE sector
- Despite limited inventory, Hilton Singapore Orchard performance exceeded the minimum rent of S\$45.0 million in FY 2022



Retail

- Achieved positive rental reversion of 10.4% at Mandarin Gallery with committed occupancy (including short-term leases) increasing 2.0 ppt QoQ to 95.4%
- Shopper traffic at Mandarin Gallery in 4Q 2022 improved to ~95% of pre-COVID levels, supported by the year-end festive period.
- Tenant sales remained at ~85% of pre-COVID levels during the quarter but grew 41.3% YoY

FY 2022 Key Highlights – Completion of Hilton Singapore Orchard Re-branding and AEI

- Completed the S\$150.0 million asset enhancement initiative (“AEI”) announced in March 2020
- Relunched as **Hilton Singapore Orchard, the Hilton brand’s flagship hotel in Singapore and its largest in Asia Pacific** with 634 rooms available in February 2022
- Full inventory of 1,080 rooms available since 1 January 2023 with the opening of Orchard Wing
- Strengthened the hotel’s positioning to capitalise on long-term growth drivers in the Singapore hospitality and MICE sector

Rationale for Re-branding

- ✓ Addition of new income-generating spaces to drive growth in sustainable returns and value
- ✓ Leverage on Hilton’s strong brand differentiation and the property’s prime location along Orchard Road
- ✓ Taps on Hilton’s global distribution network into the higher-yielding corporate segment and to drive more direct booking business
- ✓ Future-proofed with advance MICE amenities and sustainability initiatives

1,080 refurbished rooms and suites



16 state-of-the-art and versatile event spaces configured for MICE



5 revamped and fresh F&B offerings



FY 2022 Key Highlights – Gaining Momentum in our ESG journey



Stewarding the Environment

Continued to align financing needs with OUE C-REIT's sustainability commitment with our second SLL in 2022. **SLLs account for 57.7%** of OUE C-REIT's total debt as of 31 December 2022

Engaged with tenants to adopt **green practices and green lease agreements**. Green leases account for **21.1%** of OUE C-REIT's commercial segment net lettable area in Singapore as of 31 December 2022

Inaugural participation in the annual **Global Real Estate Sustainability Benchmark ("GRESB") assessment** in 2022



Strengthening Social Fabric

Achieved a **high overall satisfaction score** of 91.4% in the employee satisfaction survey in 2022

Maintained a fair and inclusive workplace with 40% or more of women in senior management and zero complaints of discrimination and harassment

Value continual learning by employees with a minimum 25 hours of training per employee per year

Developed and implemented succession and knowledge transfer plans to ensure business continuity

Work in partnership with various stakeholders to **engage and support the local community**



Building Trust



ACMF

Recognised as among the top ASEAN Asset Class publicly listed companies in the 2021 ASEAN Corporate Governance Scorecard (ACGS)



CENTRE FOR GOVERNANCE AND SUSTAINABILITY
治理与永续发展研究所

Improved by six positions and ranked at 28th out of a total 44 REITs and Business Trusts



Ranked #32 in the **GIFT Index**

Looking Ahead



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



Strengthen portfolio fundamentals to drive organic growth

- ✓ **Proactive and dynamic asset management and tenant engagement** to sustain occupancy whilst 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



Capitalise on opportunities to enhance value

- ✓ **Tap on asset enhancement initiatives** to create value and maximise portfolio returns
- ✓ **Overseas inorganic growth strategy**, eyeing on pricing 'reset' opportunity in key gateway cities in Australia and UK. Seek further exposure to offices or mixed-use developments with a significant office component
- ✓ **Leverage on potential portfolio reconstitution opportunities**



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
- ✓ **Diversify funding sources** to maintain financial flexibility
- ✓ **Proactively manage refinancing requirements** to mitigate refinancing risks and further extend OUE C-REIT's debt maturity profile



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Thank You