



SGX-NHIS-DBS S-REITs Corporate Day in Seoul 2023

14 March 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).

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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

- Overview of OUE C-REIT
- Key Investment Highlights
- Looking Ahead
- Q&A



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 quadrupling from S\$1.7 billion at IPO to S\$6.8 billion

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



- Acquisition of OUE Downtown Office



2014

2015

2018

2019

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



- Merger with OUE Hospitality Trust effective 4 Sep 2019



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

- Announced S\$150 million AEI to transform and rebranding to Hilton Singapore Orchard (“HSO”) from the Mandarin Orchard Singapore



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 S\$540 million sustainability-linked loan



Key Investment Highlights



Key Investment Highlights



1. Quality Portfolio in Prime Locations



2. Diversified & Resilient Portfolio



3. Proactive & Prudent Capital Management



4. Experienced Management Team



5. Progressing on Sustainability

1 Quality Portfolio in Prime Locations

- 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

	Valuation (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

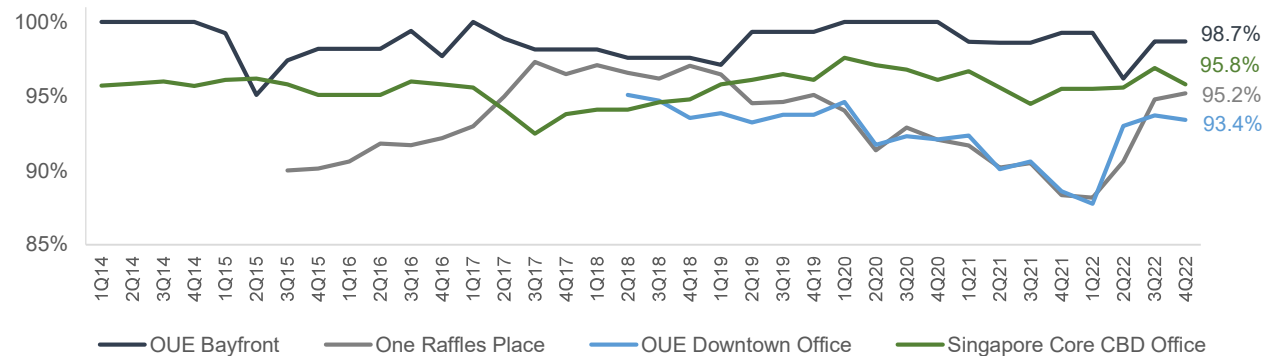
(3) Based on independent valuation as at 31 December 2021 and SGD:CNY exchange rate of 1:4.666

(4) Blended capitalisation rate

1 Quality Portfolio in Prime Locations

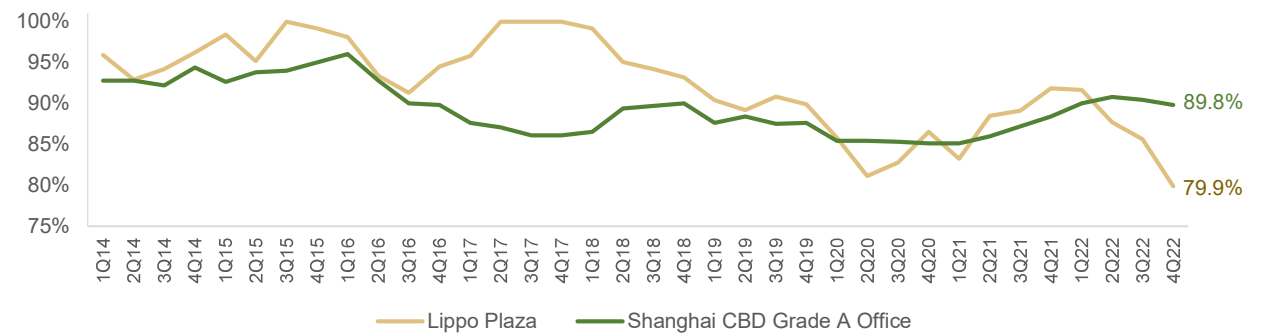
- Singapore office committed occupancy remained high at 95.5% as at 31 December 2022
- Achieved second consecutive quarter of positive rental reversions for all Singapore office properties ranging from 3.2% to 8.3% in 4Q 2022

Singapore Office Occupancy



- Lippo Plaza's committed office occupancy declined 5.7 ppt QoQ to 79.9% as of end December 2022 due to cautious leasing sentiment and competitive leasing environment

Shanghai Office Occupancy



1 Quality Portfolio in Prime Locations

Hilton Singapore Orchard Re-branding

- Relunched as Hilton Singapore Orchard, the Hilton brand's flagship hotel in Singapore and its largest in Asia Pacific in February 2022
- Completed the asset enhancement initiative with the full inventory of 1,080 rooms available since 1 January 2023
- 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
- ✓ Tap 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



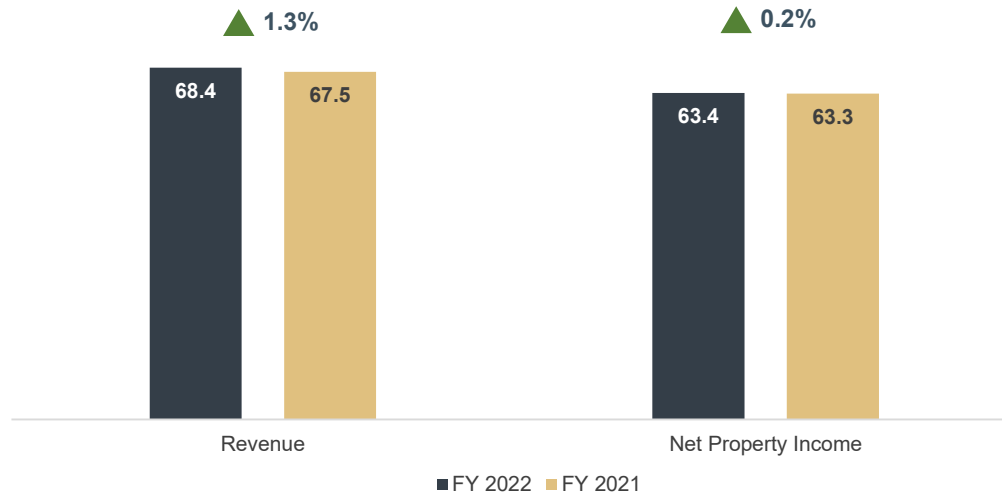
5 revamped and fresh F&B offerings



1 Quality Portfolio in Prime Locations

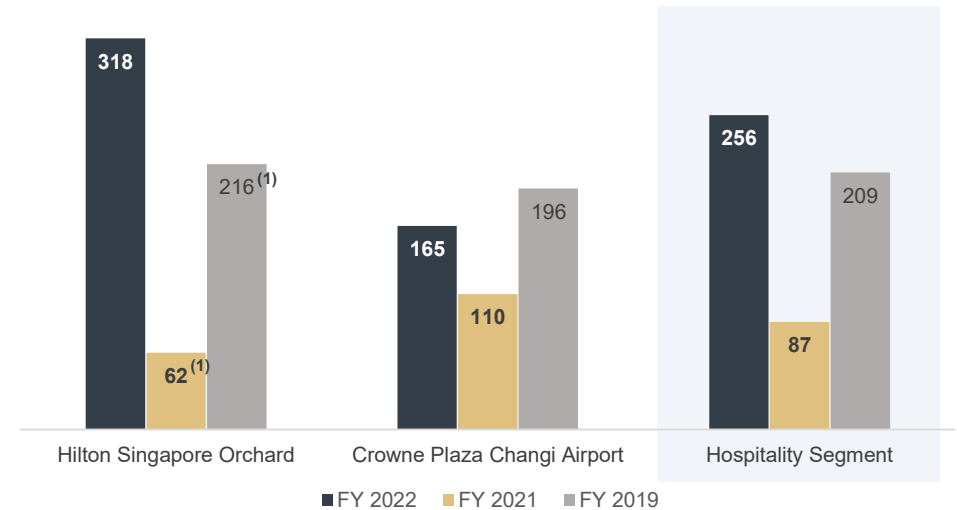
FY 2022 Hospitality Segment Revenue and NPI

(S\$ million)



FY 2022 Revenue per Available Room (“RevPAR”)

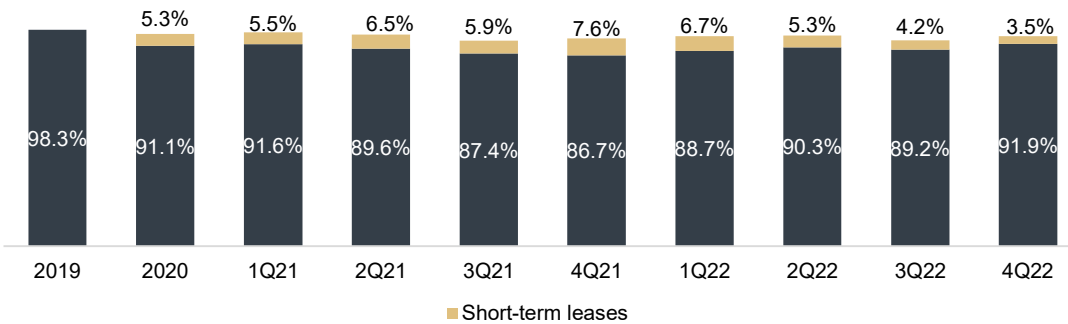
(S\$)



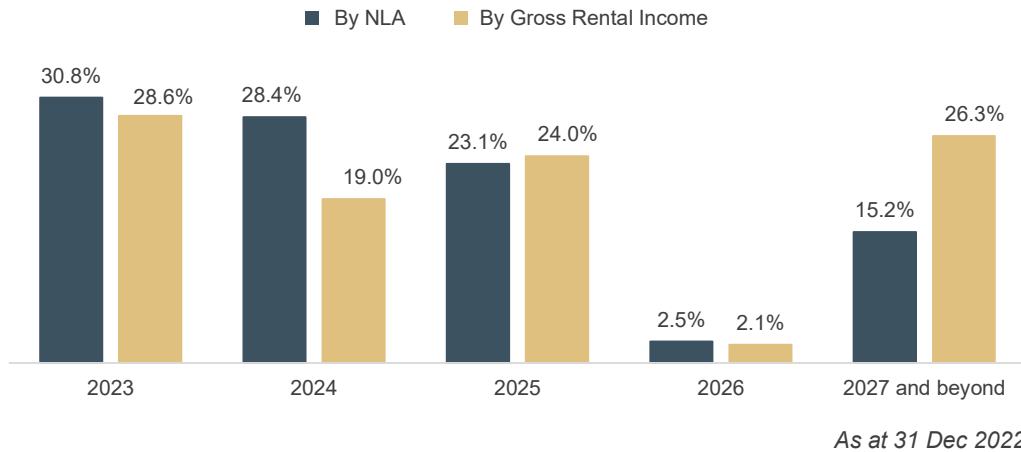
- Total revenue for FY 2022 was 1.3% higher YoY at S\$68.4 million. Despite limited inventory available for bookings in 2022, Hilton Singapore Orchard’s revenue exceeded the minimum rent of S\$45.0 million under the master lease agreement in FY 2022.
- For FY 2022, Hilton Singapore Orchard’s RevPAR reached S\$318, underpinned by the successful re-branding. Crowne Plaza Changi Airport, which started to receive corporate and leisure bookings from 2Q 2022, achieved a 50.2% YoY increase to S\$165. Overall hospitality RevPAR almost tripled to S\$256.

1 Quality Portfolio in Prime Locations

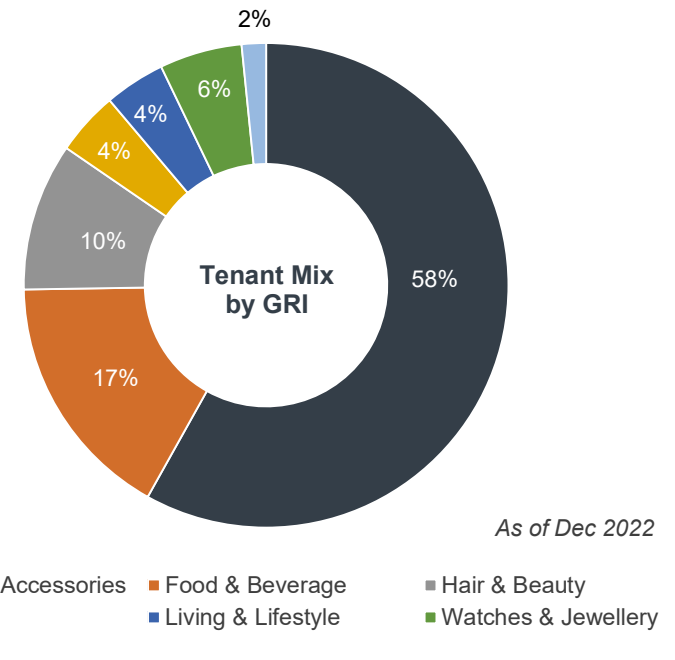
Mandarin Gallery Committed Occupancy



WALE: 2.0 years (NLA); 2.3 Years (GRI⁽¹⁾)

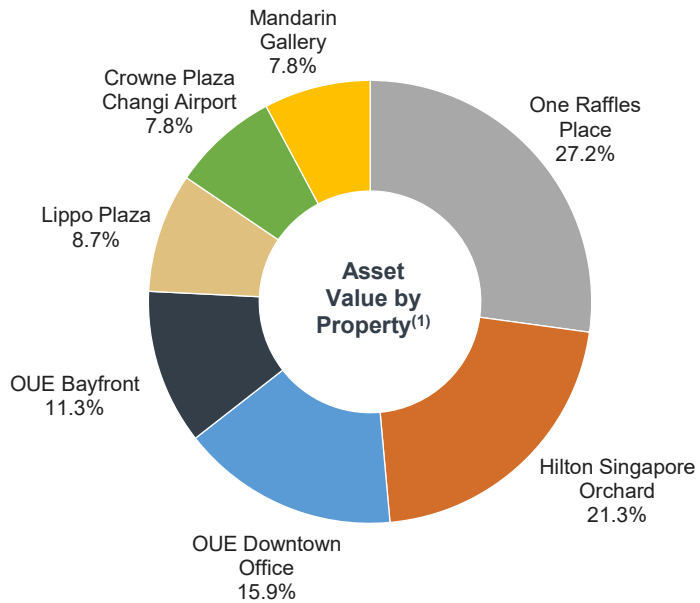


- Positive rental reversion of 10.4% in 4Q 2022 achieved from the Manager's focus on optimising rents while sustaining occupancy
- Shopper traffic in 4Q 2022 improved to ~95% of pre-COVID-levels. Tenant sales remained at ~85% of pre-COVID levels but grew 41.3% YoY

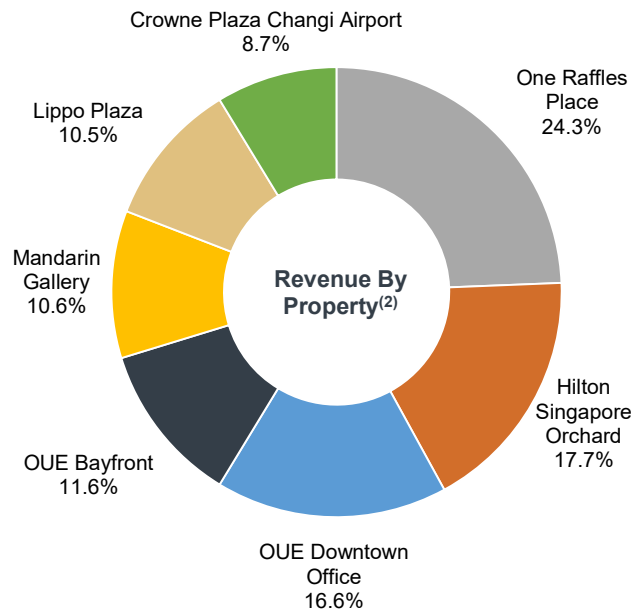


(1) Based on gross rental income (excluding turnover rent)

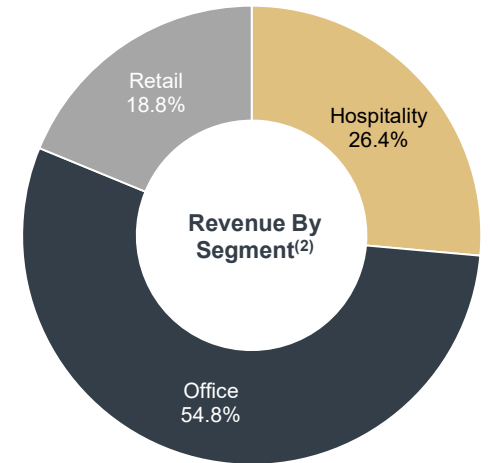
2 Diversified & Resilient Portfolio



■ ~91% of assets under management in Singapore



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



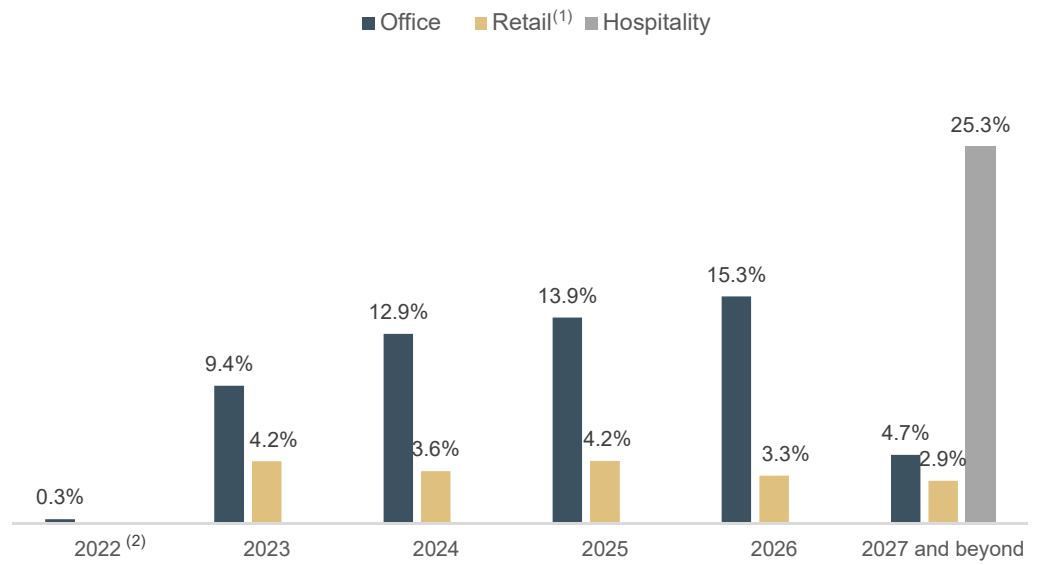
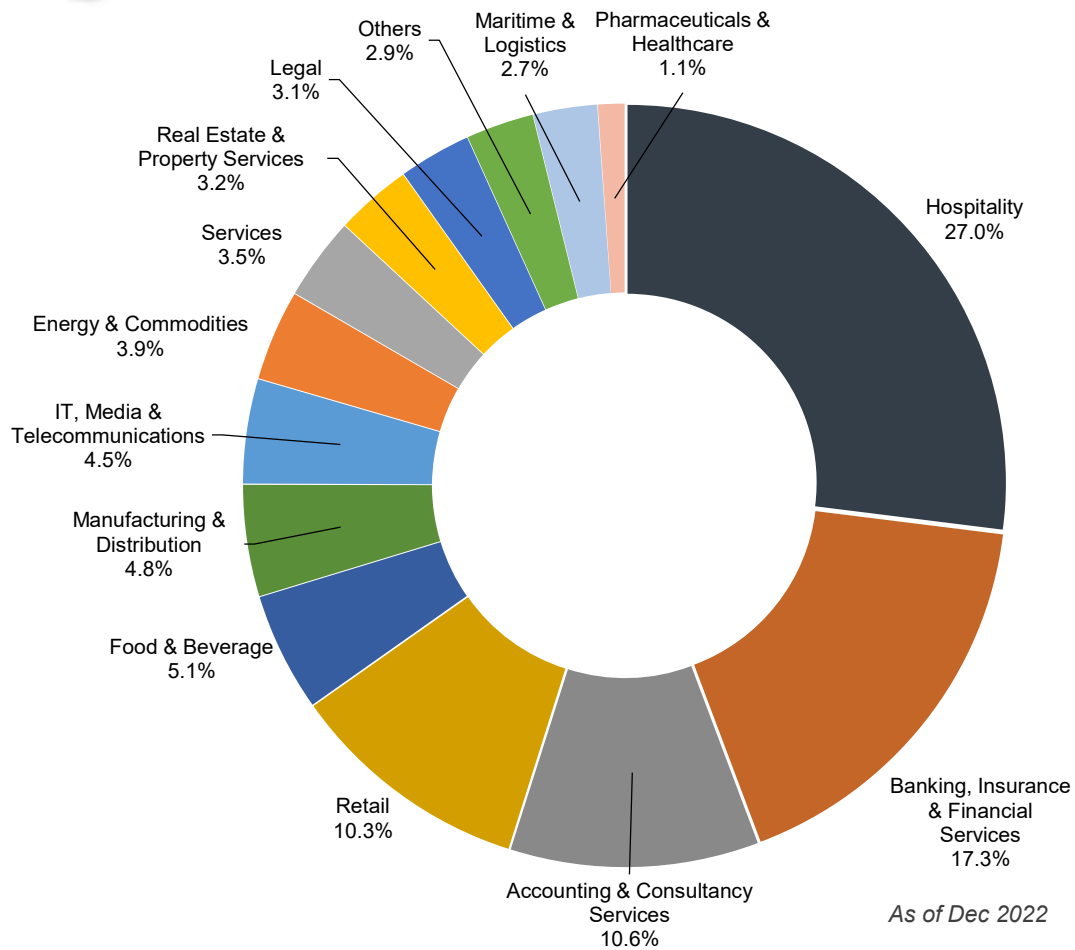
■ 54.8% of portfolio contribution is underpinned by the office segment

(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, totaling S\$67.5 million per annum

2 Diversified & Resilient Portfolio



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

As at 31 Dec 2022

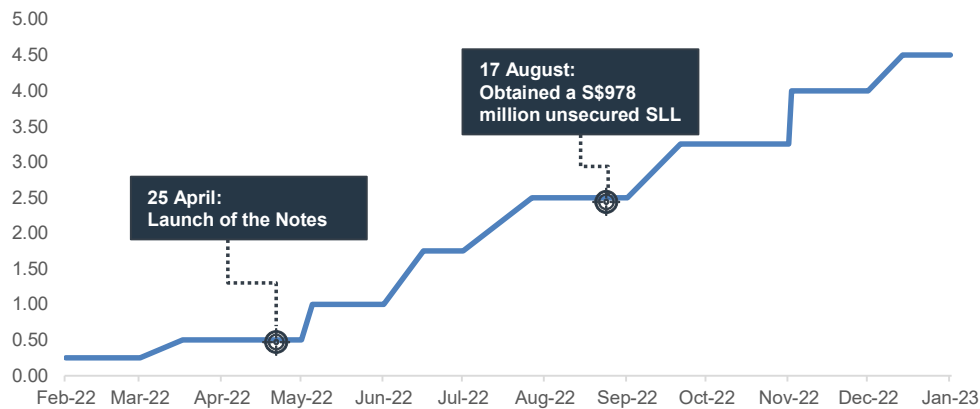
Note: Tenant by trade sector and lease expiry profile is based on GRI (excluding provision of rental rebates and turnover rent), and OUE C-REIT’s proportionate interest in the respective properties

- (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.

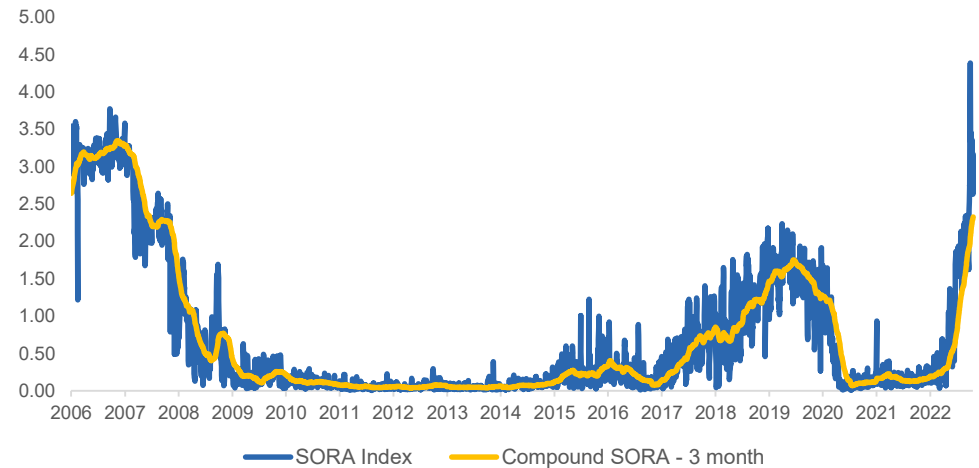
3 Proactive & Prudent Capital Management

- In April 2022, printed a S\$150 million MTN 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

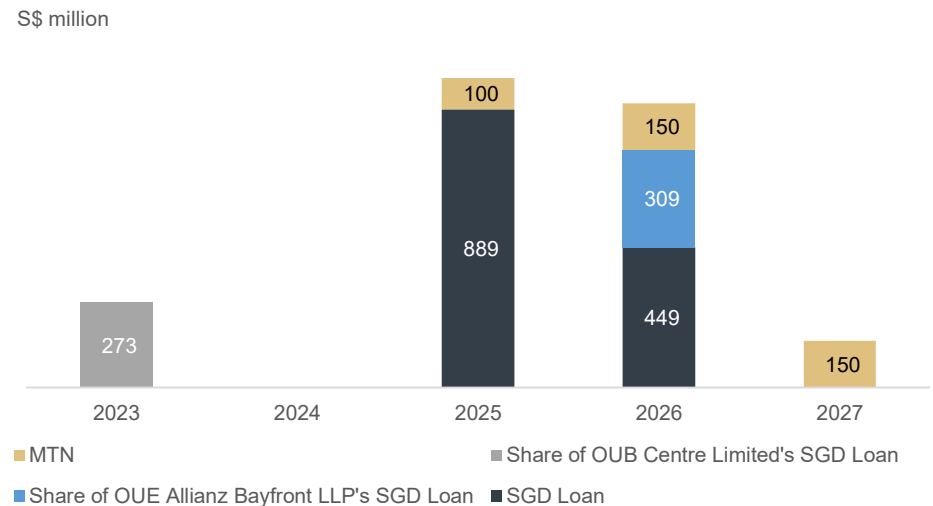


3 Proactive & Prudent Capital Management

- 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)



- (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

4 Experienced Management Team

A professional and diverse team offering wide-ranging industry expertise with a strong track record



Mr Han Khim Siew
Chief Executive Officer



Mr Lionel Chua
Chief Financial Officer



Mr Wong Cho Wai
*Senior Vice President,
Asset Management*



Ms Sarah Lei
*Vice President,
Capital Markets & Investment*



Ms Tang Sal Lee
Vice President, Finance



Ms Mary Ng
*Vice President,
Investor Relations*

5 Progressing on Sustainability



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



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



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



Outlook

Singapore Office

- Positive net absorption of 0.59 million square feet (“sq ft”) in 4Q 2022 with demand driven by legal firms, fast-moving consumer goods sector and non-banking financial companies. Gross effective rents for Grade A office recorded a full year growth of 8.3% in 2022, surpassing the rental growth of 3.8% in 2021.
- Core CBD Grade A office rental growth might be impacted by weaker economic growth expected in 2023 and slowing demand from large occupiers, especially the tech sector
- OUE C-REIT’s portfolio of core Grade A offices and well-diversified tenant base is expected to demonstrate its resilience in 2023

Singapore Hospitality

- Singapore’s international visitor arrivals totaled 6.3 million in 2022, exceeding the Singapore Tourism Board’s forecast of between 4 to 6 million visitor arrivals⁽¹⁾
- Continued recovery in the MICE sector and China’s gradual reopening are expected to provide a further boost to the recovery of the hospitality sector in 2023
- Rising operating costs, labor shortage and uncertainties over the return trajectory of Chinese tourists may dampen pace of recovery
- Remain cautiously optimistic with sustained tourism recovery supported by a healthy pipeline of MICE events and elevated tourism offerings

Outlook

Singapore Retail

- Retail leasing activity continued to pick up in 4Q 2022 with the demand mainly driven by food & beverage (“F&B”) operators
- The return of tourists is likely to spur further demand for retail spaces. In particular, the reopening of China’s borders, the largest source of overseas visitors in 2019 before the pandemic, is expected to further boost retail sales in tourist-dependent areas like Orchard Road
- Labour shortage, higher business costs and competition from e-commerce against the backdrop of an economic slowdown will continue to impact leasing sentiment

Shanghai Office

- Shanghai CBD Grade A office demand in 2022 was less than half that of 2021 due to continued economic and business uncertainties posed by the COVID-19 pandemic. Consequently, occupancy declined 0.5ppt QoQ to 89.8% while rents remained at RMB9.08 psm per day
- Rents and occupancy will remain under pressure before a gradual rebound in late 2024 due to significant new supply peaking in 2023 and 2024
- At Lippo Plaza, the Manager continues to prioritise occupancy as the office market gradually moves towards a full recovery

A Stronger Position for Growth

In view of challenges arising from a potential recession, elevated inflation and high interest rate environment

Reinforcing Capital Structure

- **Healthy balance sheet** with aggregate leverage at 38.8% and average cost of debt at 3.4% p.a.
- **Optimise cost of debt** by adopting appropriate hedging strategies to maintain fixed rate debt and **strengthen credit profile** to lower funding costs from capital markets
- **Proactively manage refinancing requirements** to mitigate refinancing risks and further extend OUE C-REIT's debt maturity profile

Asset Management

- **High committed occupancy of 95.5%** for Singapore offices with a well-staggered WALE
- Prudent **management of operating expenditures, raised service charges** for Singapore assets and a continued focus on **green building certifications**
- **Reopening of China and stronger travel demand** to drive further recovery of the tourism and MICE sectors which will benefit hospitality and retail assets

Inorganic Growth Opportunities

- Tap on **asset enhancement initiatives** to create value and maximise portfolio returns
- Eye on pricing 'reset' opportunities in **key gateway cities in Australia and UK**. Seek further exposure to offices or mixed-use developments with a significant office component

Q&A





COMMERCIAL
REIT



Thank You