OUE COMMERCIAL REIT

# 9th Annual General Meeting

**20 April 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.

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. These forward-looking statements speak only as at the date of this presentation. Past performance is not necessarily indicative of future performance. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

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.

# Overview of OUE C-REIT

| Total Assets | 7 High quality prime assets | Manages more than 2.1 mil sq ft in net lettable area | 88% |
|---|---|---|---|
| S$6.0 billion[1] | 6 properties in Singapore and 1 property in Shanghai | 1,643 upper upscale hotel rooms | of portfolio are certified green buildings |

## 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

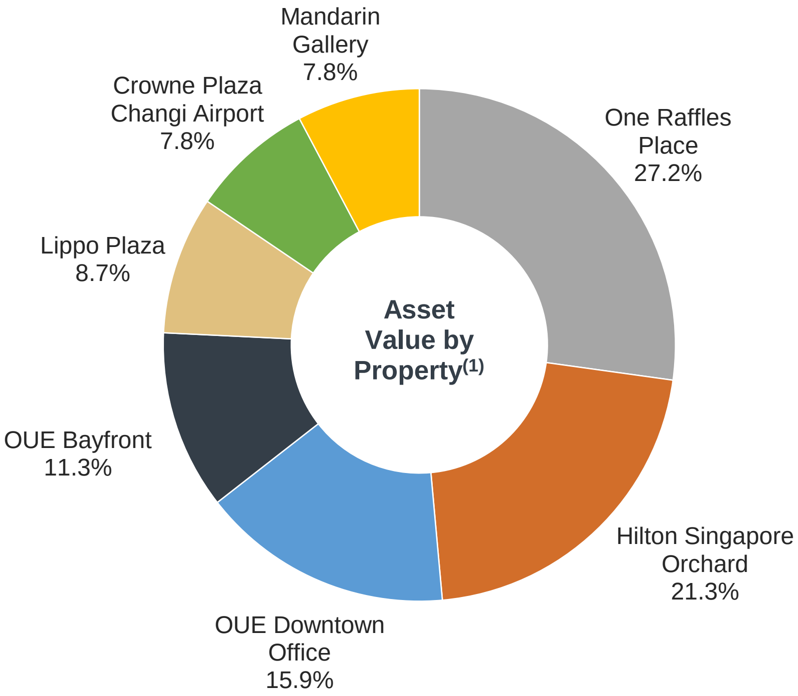
Lippo Plaza

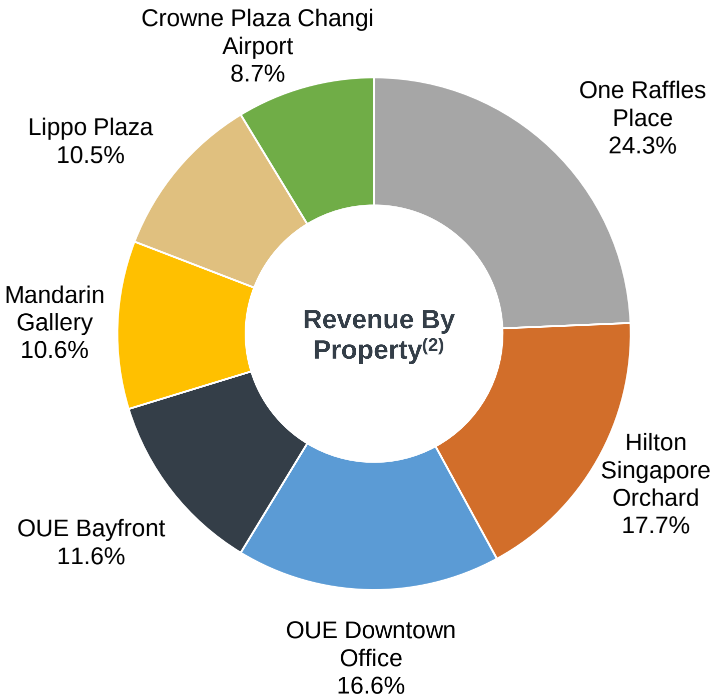
- Benefits from Shanghai's dominant position as a major financial and service hub in China

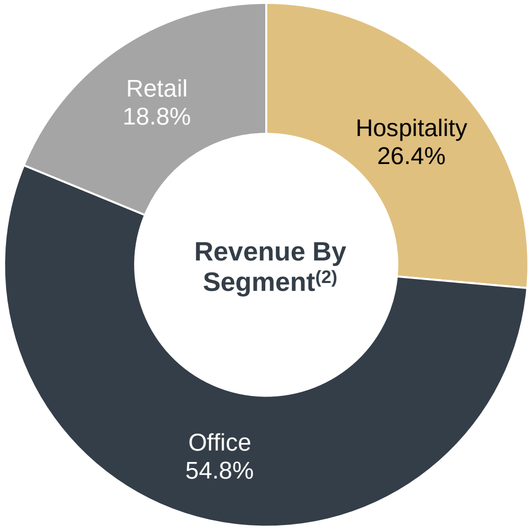


(1) As at 31 December 2022

# Diversified Portfolio Provides Resilience and Stable Growth



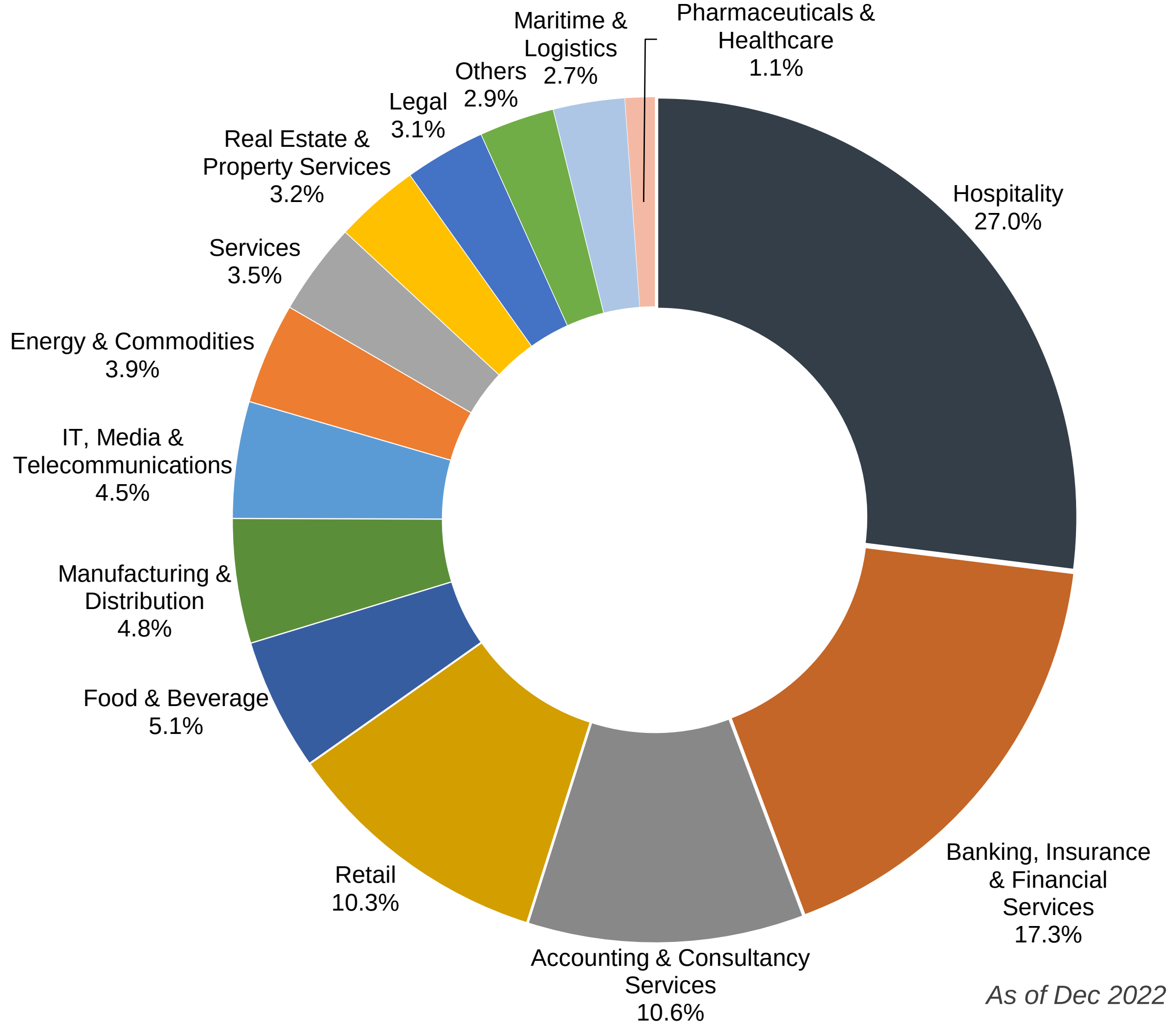



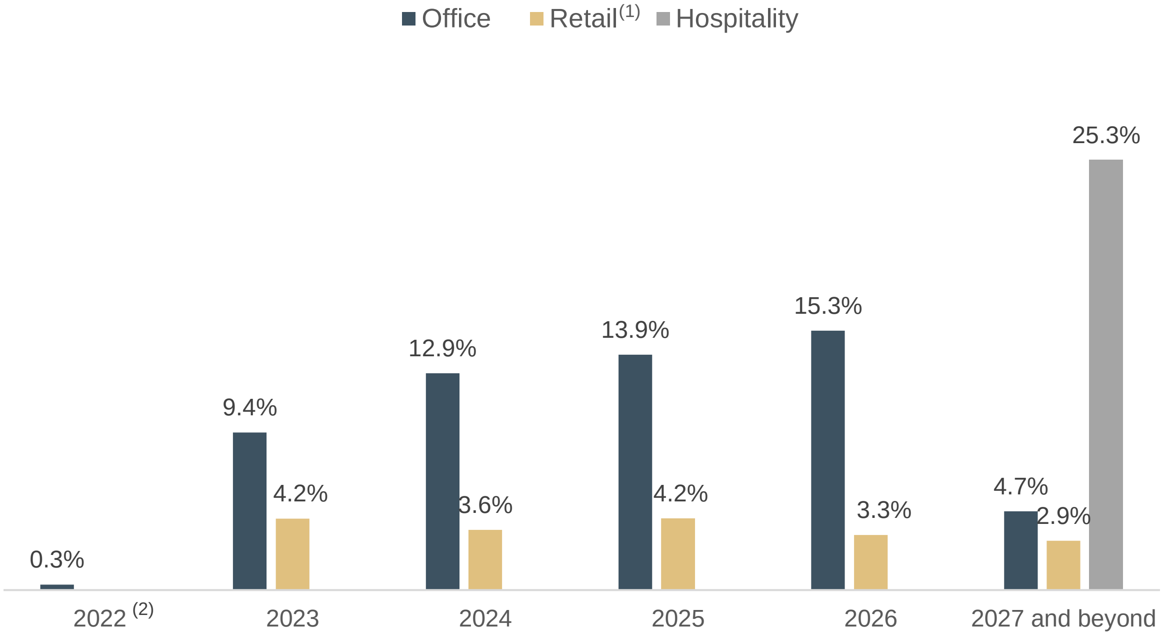

- ~91% of assets under management in Singapore
- No single asset contributes more than 24.3% to the portfolio revenue
- 54.8% of portfolio contribution is underpinned by the office segment

(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

# Well-diversified Tenant Mix with Stable Lease Expiry Profile




*As of Dec 2022*




**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.


# DELIVERED

## a Stable Performance

# 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%

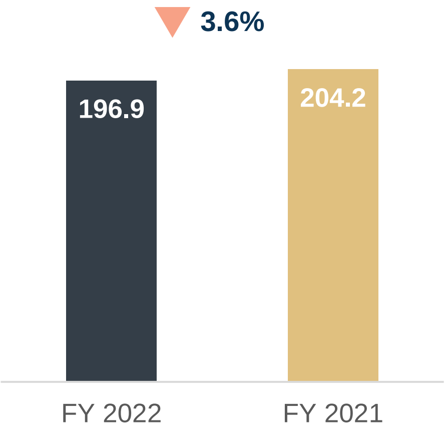
| | S$ million | | Change (%) | Capitalisation Rate | Unit Valuation |
|---|---|---|---|---|---|
| | As at 31 Dec 2022 | As at 31 Dec 2021 | | | |
| OUE Bayfront (100% interest) | 1,321.0 | 1,270.0 | 4.0 | Office: 3.50% | S$3,307 psf |
| OUE Bayfront (50% interest) | 660.5 | 635.0 | 4.0 | As above | As above |
| One Raffles Place[1] | 1,909.0 | 1,867.7 | 2.2 | Office: 3.40% – 3.55%<br>Retail: 4.43% | S$2,708 psf |
| OUE Downtown Office | 930.0 | 902.0 | 3.1 | 3.90% | S$1,755 psf |
| Lippo Plaza | 509.8[2]<br>(RMB 2,640.0 m) | 574.5[3]<br>(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** | - | - |

OUE COMMERCIAL REIT

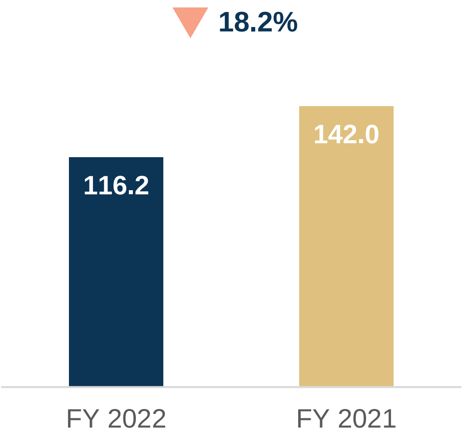
(1) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an 83.33% indirect interest in OUB Centre Limited
(2) Based on independent valuation as at 31 December 2022 and SGD:CNY exchange rate of 1:5.179
(3) Based on independent valuation as at 31 December 2021 and SGD:CNY exchange rate of 1:4.666
(4) Blended capitalisation rate

# Delivering a Stable Performance

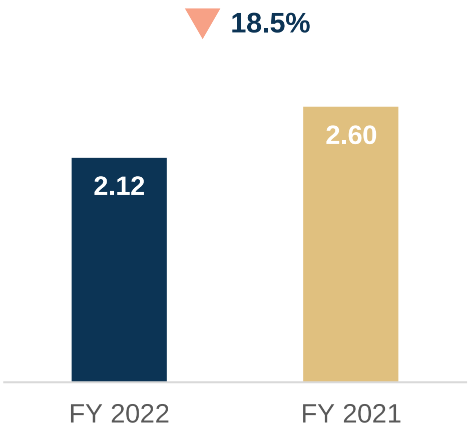
**Net Property Income**
(S$)




**Amount to be Distributed**
(S$)




**Distribution per Unit ("DPU")**
(Singapore cents)




**Distribution Yield(1)**

**6.3%**

**Net Asset Value ("NAV") per Unit(2)**

**S$0.59** ▲ **3.5% YoY**

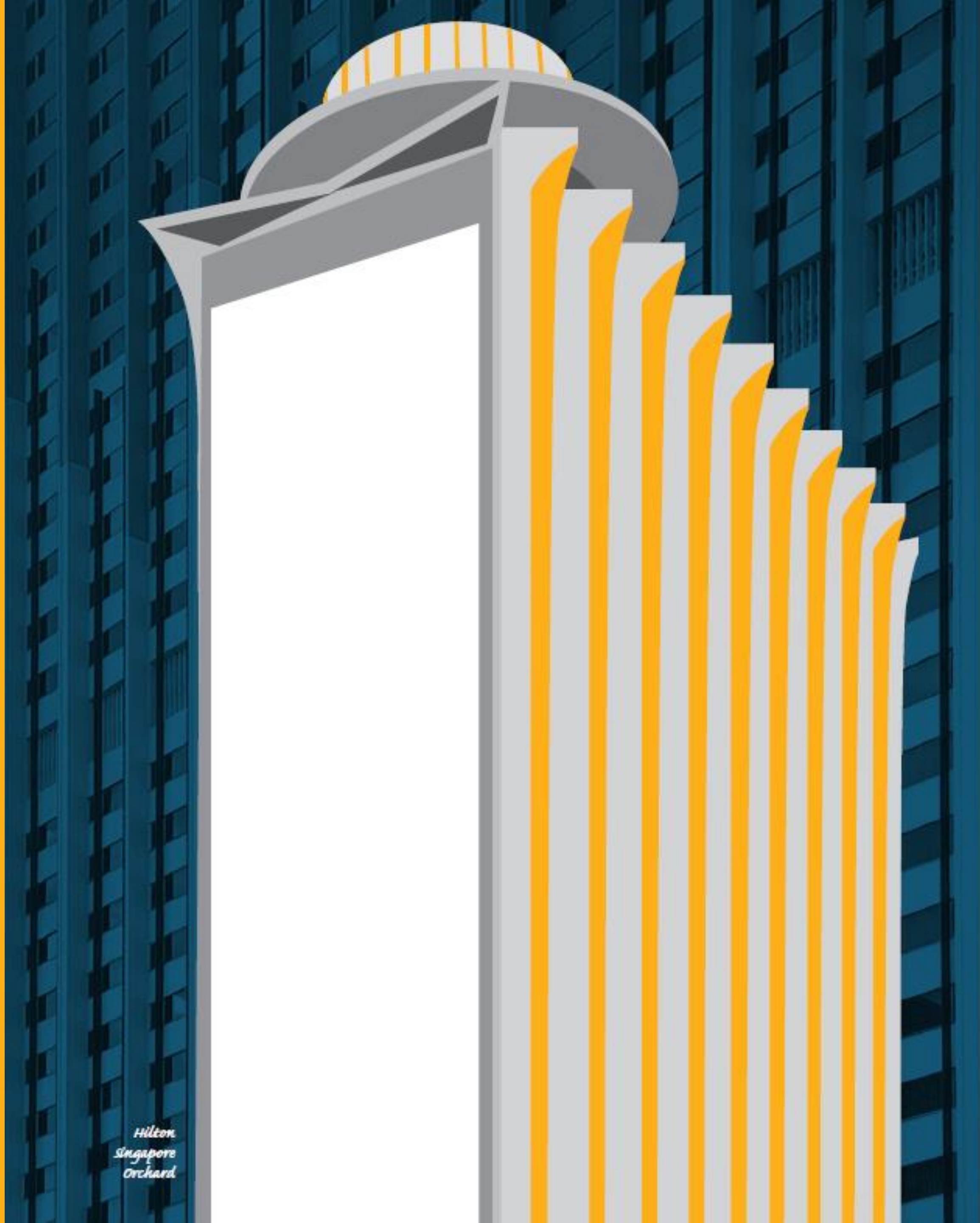
- Decline in net property income was mainly due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021, partially offset by lower rental rebates and property expenses, as well as higher turnover rent
- With lower income support for OUE Downtown Office which has been fully drawn down in 2H 2022, 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

OUE COMMERCIAL REIT

(1) Based on FY 2022 DPU of 2.12 Singapore cents and unit closing price of S$0.335 on the last trading day in 2022
(2) As at 31 December 2022

# STRENGTHENED

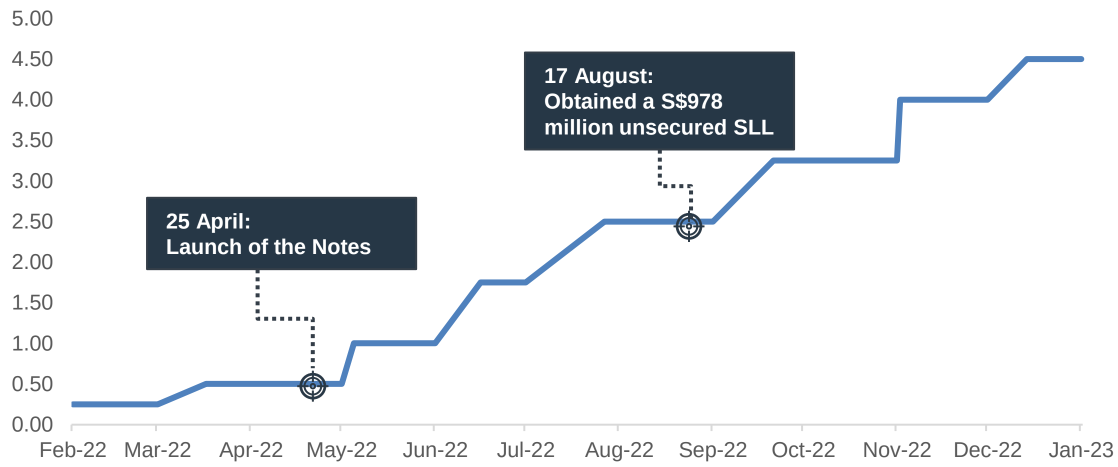
## Capital Structure



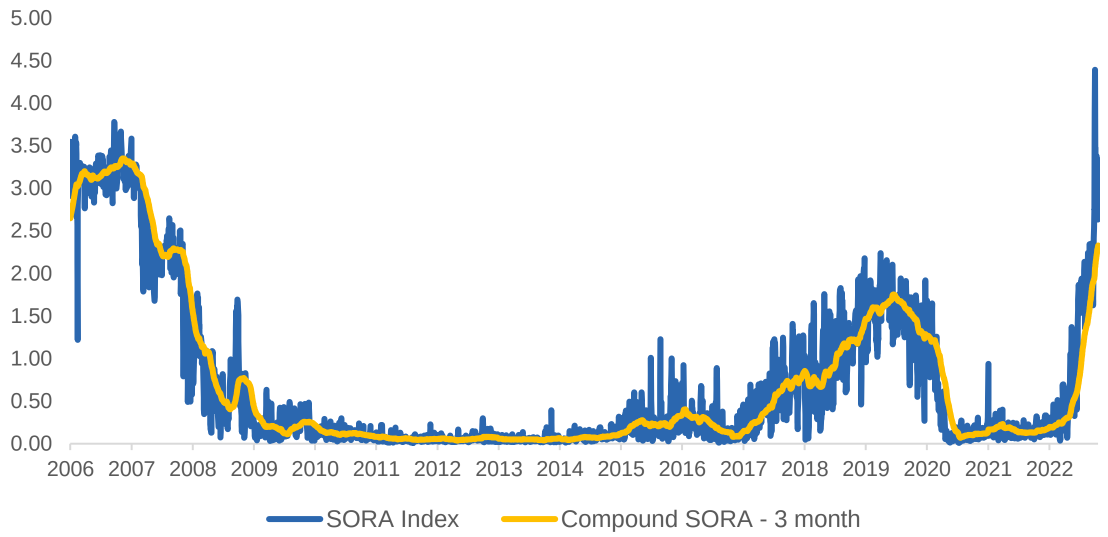
# Prudent Capital Management to Mitigate Refinancing Risk

- In April 2022, issued 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





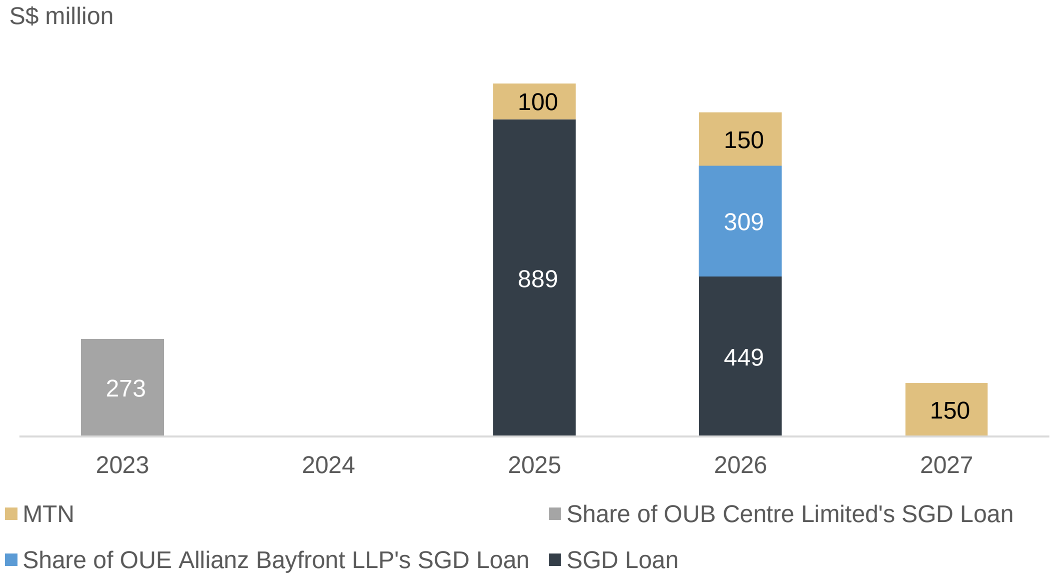

Source: Federal Reserve, MAS

# Proactive and Prudent Capital Management

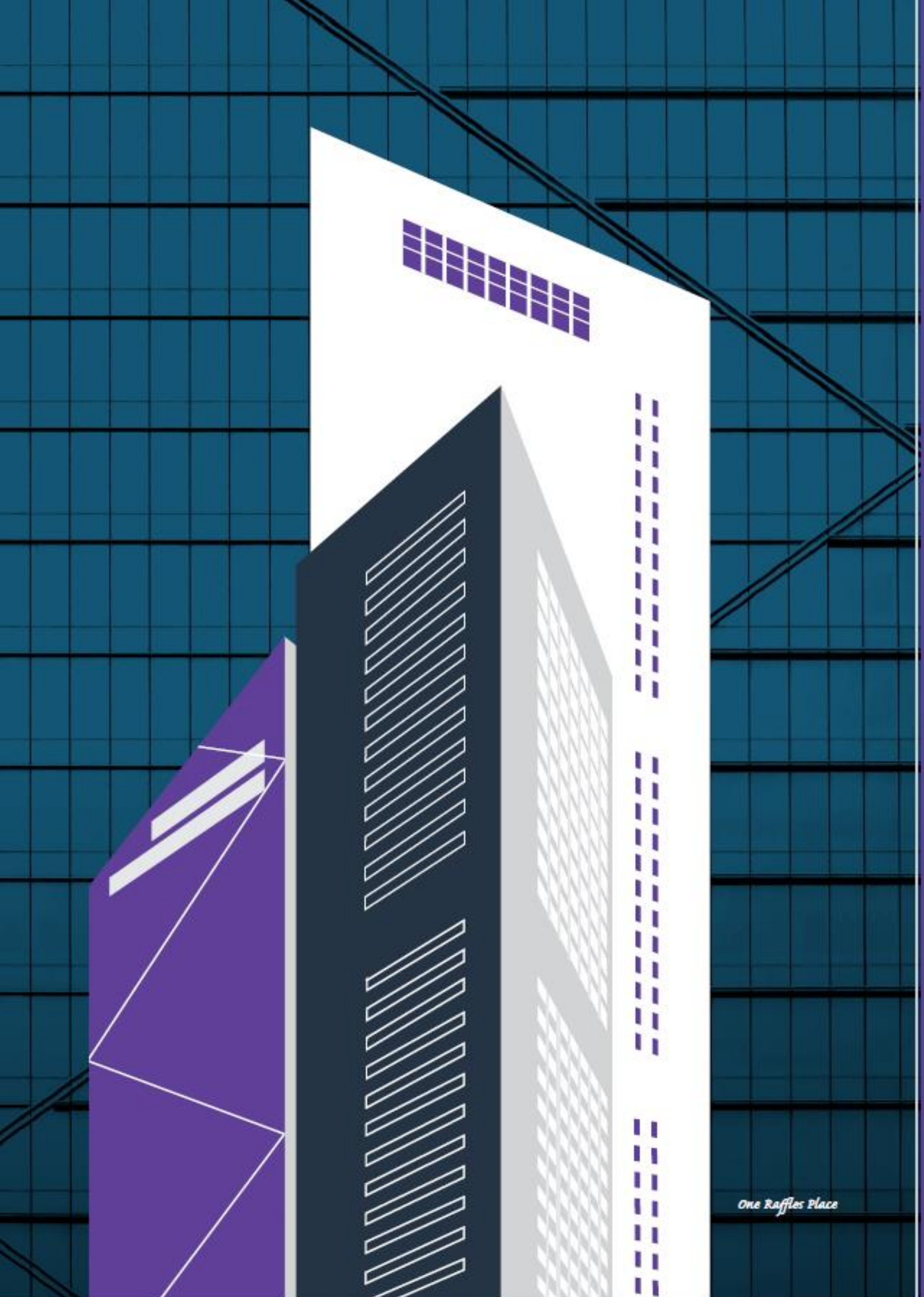
- Aggregate leverage decreased 1.5 ppt QoQ to 38.8% as of 31 December 2022
- 71.5% of total debt hedged and stable weighted average cost of debt of 3.4% per annum
- No further refinancing requirements until September 2023 where only 11.8% (S$273 million) of total debt is due, with none due in 2024

| | 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




# OPTIMISED

## Portfolio Performance

# 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
- Lippo Plaza's committed occupancy declined 5.7 ppt to 79.9% as at 31 December 2022 due to cautious leasing sentiment amidst a competitive leasing environment. The Manager continues to prioritise occupancy

## Retail

- Achieved positive rental reversion of 10.4% at Mandarin Gallery with committed occupancy (including short-term leases) increasing 2.0 percentage points ("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
- Mandarin Gallery tenant sales remained at ~85% of pre-COVID levels in 4Q 2022 but grew 41% YoY

# Hilton Singapore Orchard: Driving Growth in Returns and Value

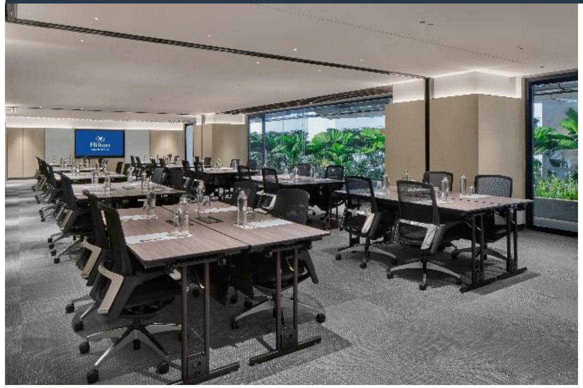
- Completed the S$150.0 million asset enhancement initiative (“AEI”) announced in March 2020
- Relaunched as **Hilton Singapore Orchard, the Hilton brand’s flagship hotel in Singapore and its largest in Asia Pacific** with 634 rooms available in February 2022
- Full inventory of 1,080 rooms available 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 and AEI

- ✓ 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**

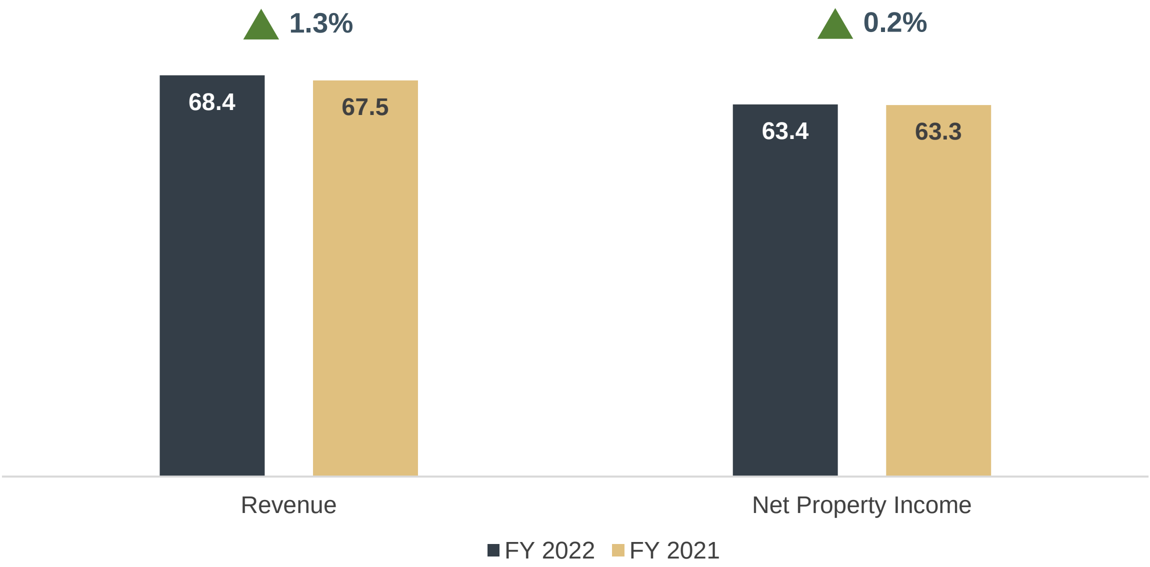



**5 revamped and fresh F&B offerings**

# Stronger Operating Performance Riding on Travel Recovery

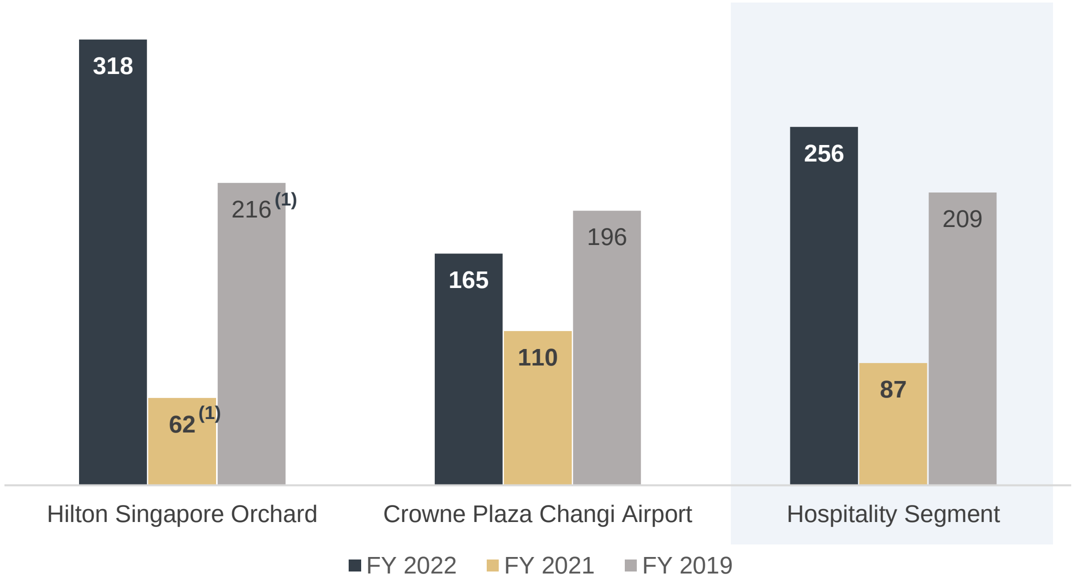
## FY 2022 Hospitality Segment Revenue and NPI

(S$ million)




## FY 2022 Revenue per Available Room ("RevPAR")

(S$)

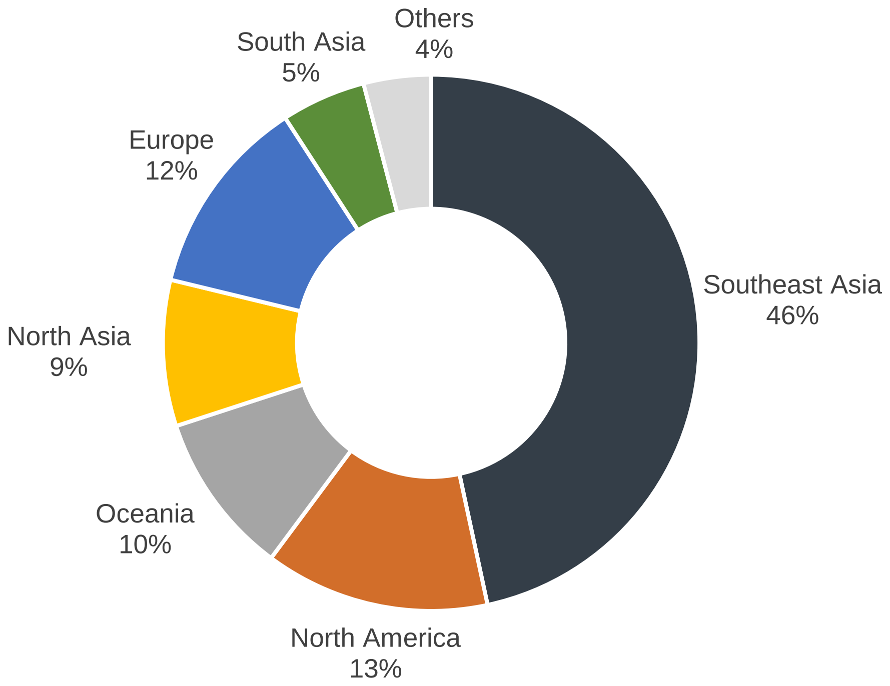



- Total revenue for FY 2022 was 1.3% higher YoY at S$68.4 million. Despite limited inventory available for bookings in 2022, Hilton Singapore Orchard's revenue exceeded the minimum rent of S$45.0 million under the master lease agreement in FY 2022
- For FY 2022, Hilton Singapore Orchard's RevPAR reached 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 RevPAR increase to S$165. Overall hospitality RevPAR almost tripled to S$256

# Diversified Business Mix Towards Higher-Yielding Markets

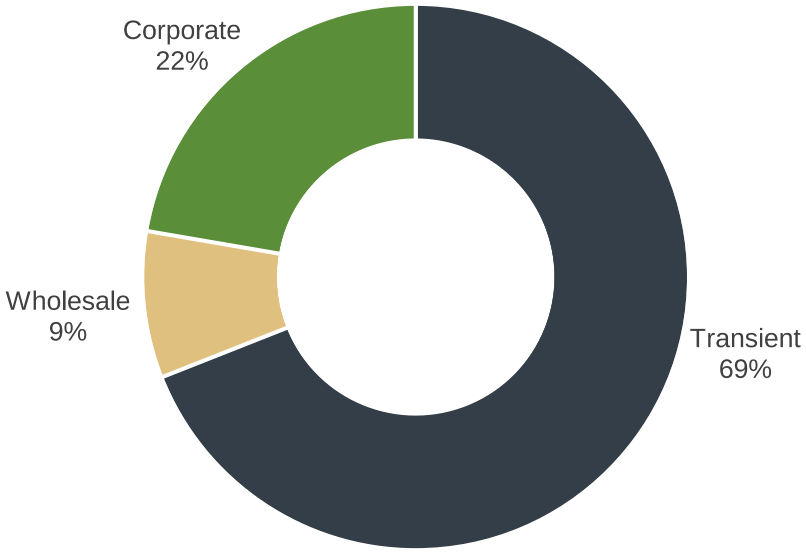
## By Geography

4Q 2022
(By room nights)




## By Type

4Q 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

# Progressing on Sustainability

## Stewarding the Environment

88% of our assets have either attained LEED (Gold) certification or Singapore's BCA Green Mark Gold certification or higher

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 50% or more of women in senior management and zero complaints of discrimination and harassment

**Value continual learning by employees** with an average of approx. 40 training hours per employee achieved in 2022

**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

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

GIFT

Ranked #32 in the **GIFT Index**


# Looking Ahead

# Strengthening Management Bench

**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*

# 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.<br>▪ **Optimise cost of debt** by adopting appropriate hedging strategies to maintain proportion of fixed rate debt, act on opportunities with the inverted yield curve and **strengthen credit profile** to lower funding costs from capital markets<br>▪ **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<br>▪ Prudent **management of operating expenditures**, **raised service charges** for Singapore assets and a continued focus on **green building certifications**<br>▪ **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<br>▪ Eye on 'pricing reset' opportunities **in key gateway cities in Australia (Sydney and Melbourne) and the UK (London)**. Seek further exposure to offices or mixed-use developments with a significant office component |

OUE COMMERCIAL REIT

# Thank You