OUE COMMERCIAL REIT

Business Update for 1st Quarter 2023

4 May 2023

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

Agenda

- 1Q 2023 Key Highlights
- Financial Summary & Capital Management
- Portfolio Performance
- Outlook
- Appendices

OUE Bayfront

1Q 2023 Key Highlights

Revenue

S$68.4m ▲ 14.9% YoY

Net Property Income

S$56.6m ▲ 18.0% YoY

Singapore Office

- Committed occupancy of Singapore office properties increased 1.2 ppt QoQ to 96.7% as at 31 March
- Secured positive rental reversion of 6.7%

Hospitality

- Hospitality segment revenue increased 30.0% YoY to S$21.9 million
- Revenue per available room ("RevPAR") doubled YoY to S$227 due to higher room rates supported by the ongoing recovery in the hospitality sector

Retail

- Mandarin Gallery shopper traffic and sales in March remained stable at approximately 95% and 87% of pre-COVID levels
- Achieved positive rental reversion of 11.6% at Mandarin Gallery

Financial Summary & Capital Management

One Raffles Place

1Q 2023 Financial Performance

Higher revenue and net property income recorded

	1Q 2023 (S$m)	1Q 2022 (S$m)	YoY Change (%)
Revenue	**68.4**	**59.5**	14.9
Net Property Income	**56.6**	**48.0**	18.0
Share of Joint Venture Results	**2.2**	**4.2**	(47.5)

- Revenue and net property income increased 14.9% and 18.0% YoY to S$68.4 million and S$56.6 million respectively, mainly driven by higher contributions from Hilton Singapore Orchard and Singapore commercial properties
- Higher interim interest expense due to steep interest rate hikes over the past year to impact upcoming distributions in 2023
- From 1Q 2023, 65% of base management fees to be paid in cash with the balance in Units, an increase from 50% previously

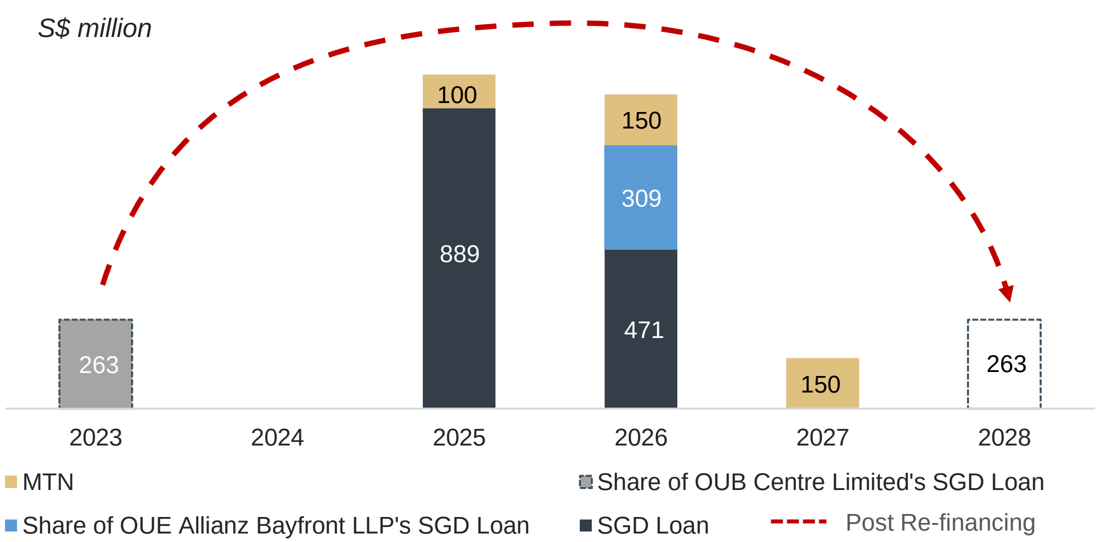
Proactive and Prudent Capital Management

11.3% of debt due in 2023 to be refinanced ahead of maturity and no debt due in 2024

- Aggregate leverage remained healthy at 39.0% as at 31 March 2023
- 69.4% of total debt hedged into fixed rates and weighted average cost of debt was 3.8% per annum
- In advanced discussions with banks for the refinancing of S$263 million of debt due in September 2023. Upon completion of the early refinancing, OUE C-REIT's average term of debt is expected to lengthen to 3.2 years from 2.7 years as at 31 March 2023
- Assuming a 25 basis points increase in interest rates, impact on DPU would be 0.03 Singapore cent per unit

	As at 31 Mar 2023	As at 31 Dec 2022
Aggregate leverage	39.0%	38.8%
Total debt[(1)]	S$2,332m	S$2,321m
Weighted average cost of debt	3.8% p.a.	3.4% p.a.[(2)]
Average term of debt	2.7 years	2.9 years
% fixed rate debt	69.4%	71.5%
% unsecured debt	68.7%	69.4%
Interest coverage ratio ("ICR")[(3)]	2.5x[(4)]	2.6x[(5)]
Adjusted ICR[(6)]	2.4x[(4)]	2.5x[(5)]

Debt Maturity Profile (as at 31 March 2023)



(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
(3) As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 9 March 2023)
(4) Including the write-off of upfront fees from early refinancing, both ICR and adjusted ICR are 2.3x as at 31 March 2023
(5) Including the write-off of upfront fees from early refinancing, both ICR and adjusted ICR are 2.4x as at 31 December 2022
(6) As above in (3) and including distributions on hybrid securities in the denominator

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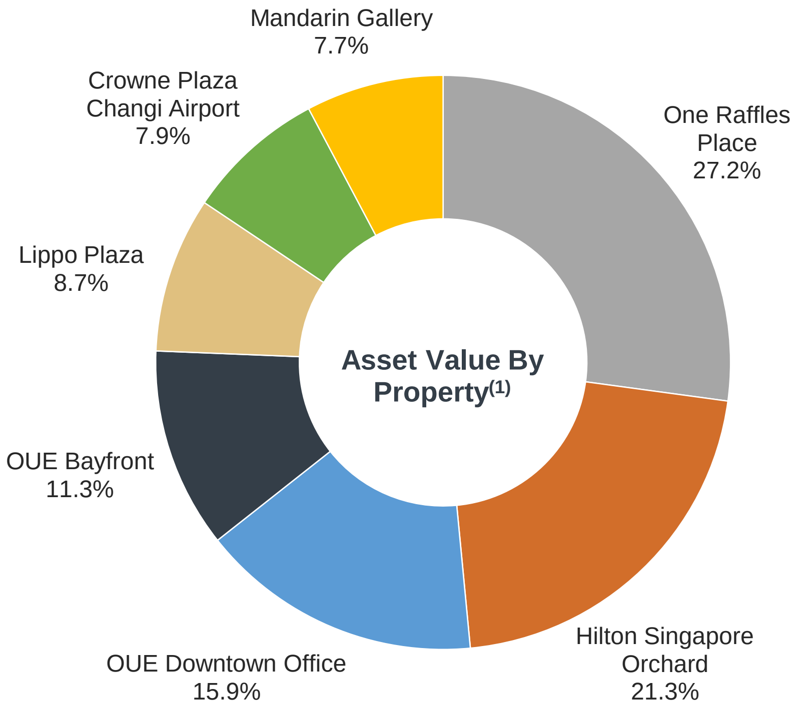
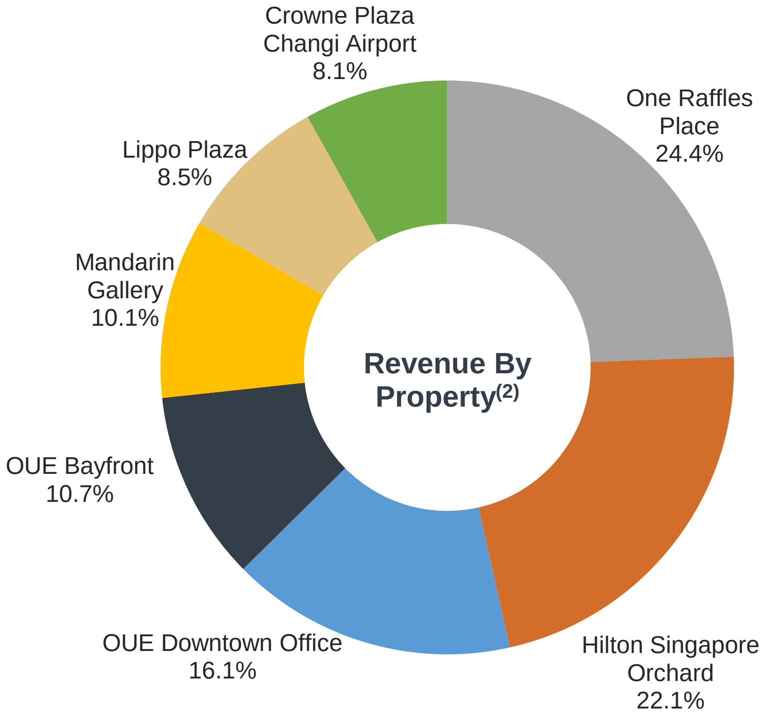
Portfolio Performance

Diversified Portfolio and Revenue Streams Provide Resilience and Stable Growth

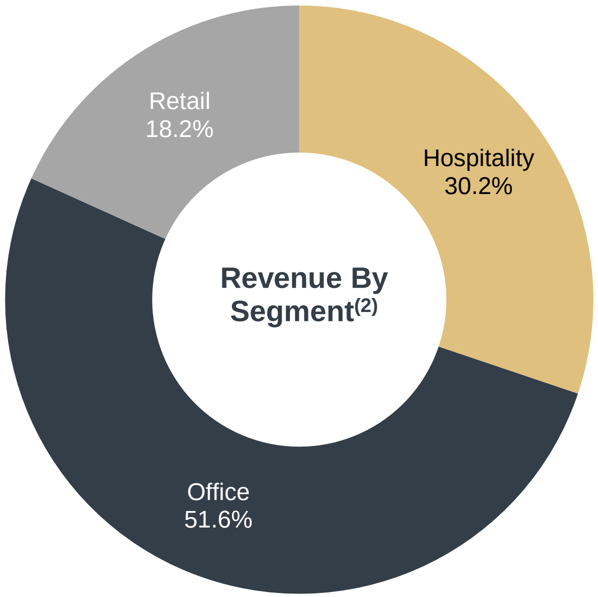
91.3% of assets under management in Singapore



No single asset contributes more than 24.4% to the portfolio revenue



48.4% of portfolio contribution is from retail and hospitality segment



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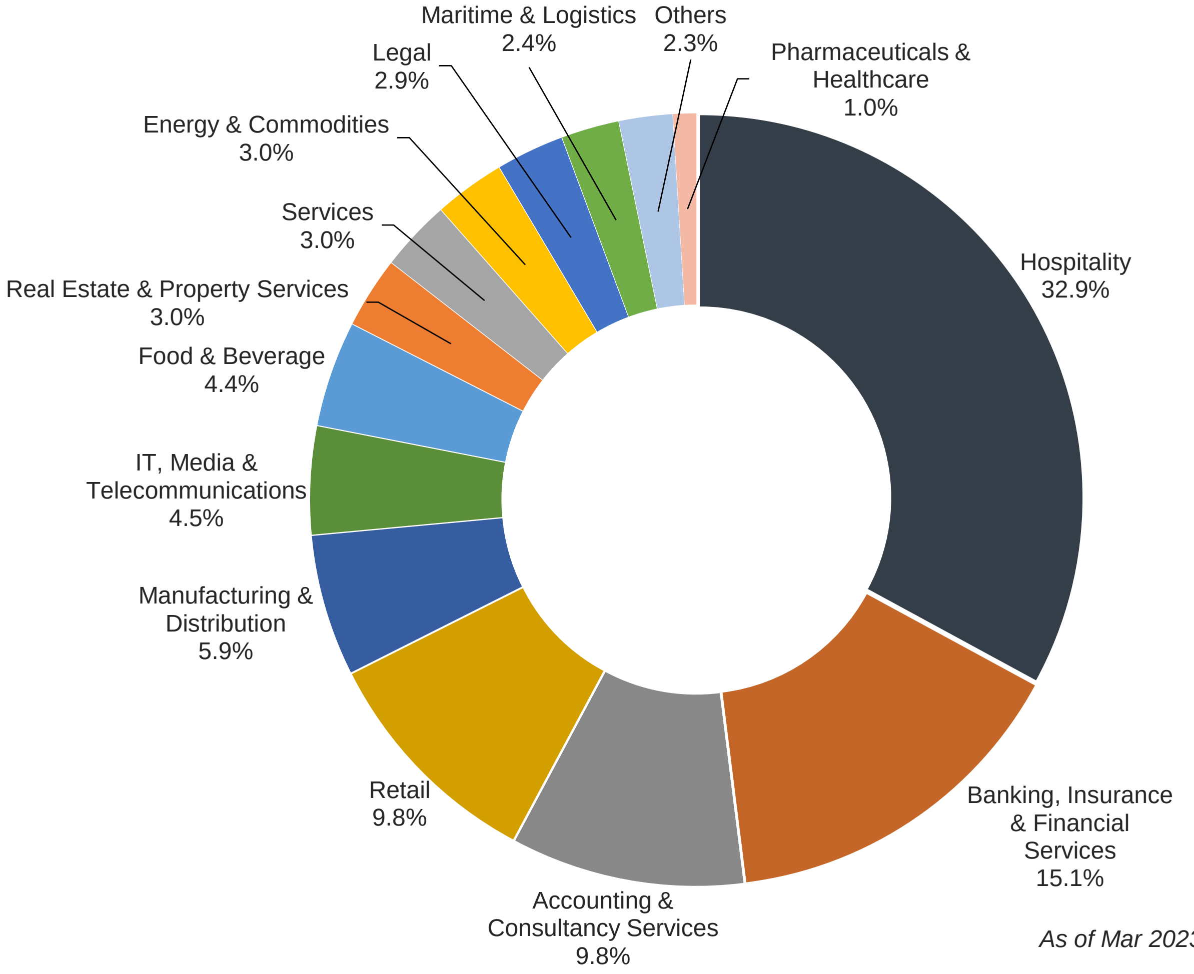
(1) Based on independent valuations as at 31 December 2022 and OUE C-REIT's proportionate interest in the respective properties as at 31 March 2023, assuming SGD:CNY exchange rate of 1:5.144 as at 31 March 2023

(2) Based on 1Q 2023 revenue and OUE C-REIT's proportionate interest in the respective properties

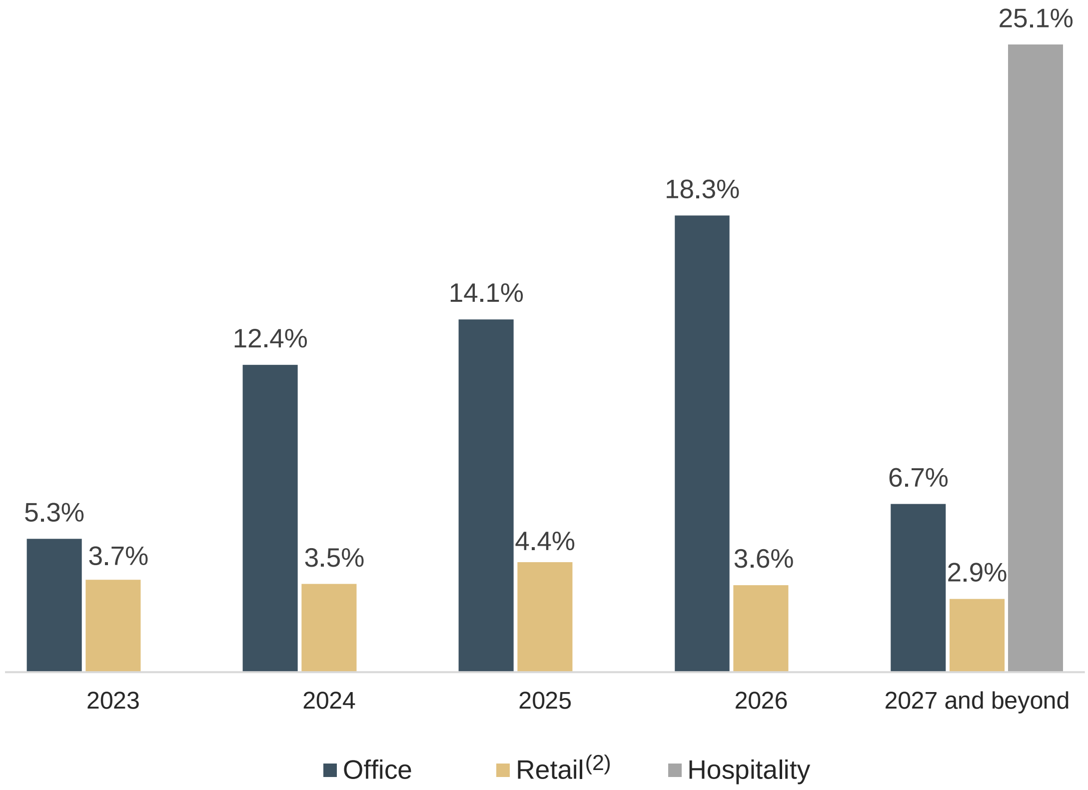
Well-diversified Tenant Mix with Stable Lease Expiry Profile

Underpinned by resilient trade sectors and limited technology sector exposure



As of Mar 2023

WALE(1) of 3.2 years by Gross Rental Income ("GRI")



As at 31 Mar 2023

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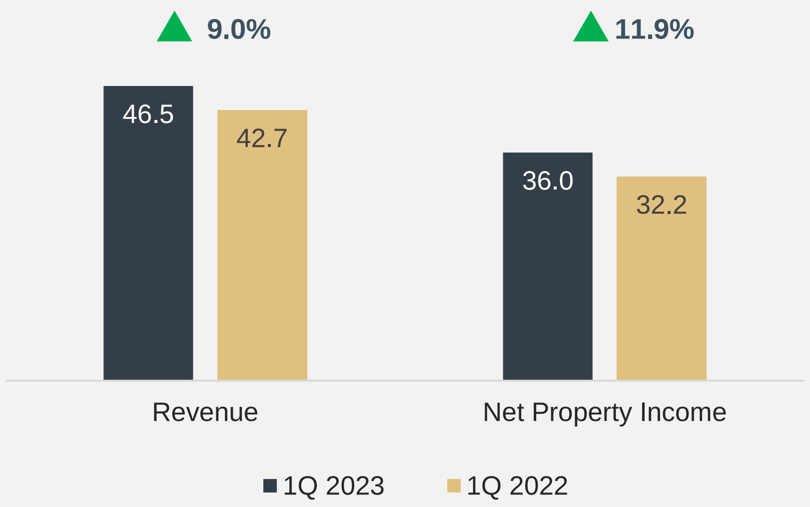
Note: Tenant by trade sector and lease expiry profile is based on GRI (excluding provision of rental rebates and turnover rent), and OUE C-REIT's proportionate interest in the respective properties

(1) "WALE" refers to the weighted average lease term to expiry.

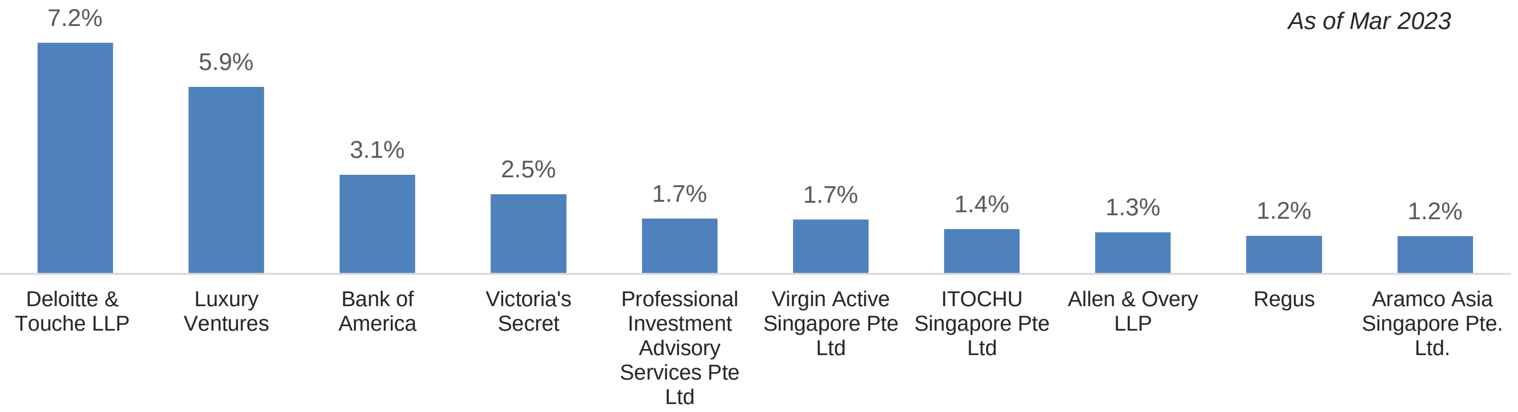
(2) Refers to contribution from Mandarin Gallery and all other retail components within OUE C-REIT's portfolio

Commercial Segment Performance – 1Q 2023

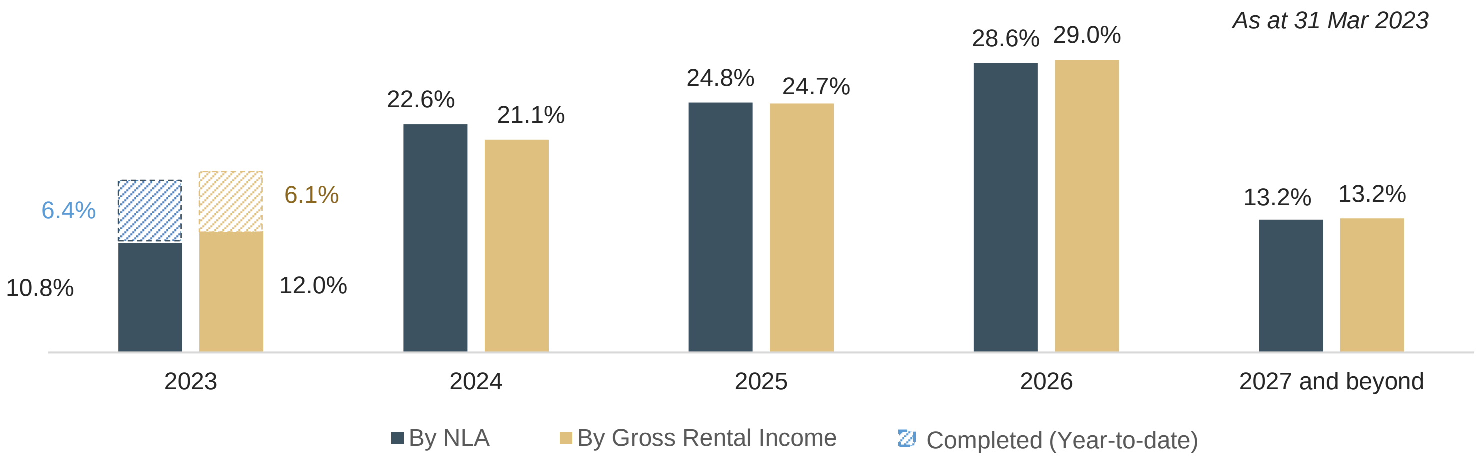


- Higher revenue and net property income of S$46.5 million (9.0% YoY) and S$36.0 million (11.9% YoY), respectively, due to better performance of the Singapore portfolio

Top 10 Tenants contribute 27.2% of Commercial Segment Gross Rental Income[1]



Well-staggered WALE at 2.5 years for both NLA and GRI[2]



(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

Singapore Office Portfolio Performance Overview

Resilient performance underpinned by prime assets and limited supply

Committed Occupancy

96.7% ▲ 1.2 ppt QoQ

As at 31 Mar 2023

Average Passing Rent

S$10.26 psf ▲ 1.6% QoQ

As of Mar 2023

Rental Reversion[1]

6.7%

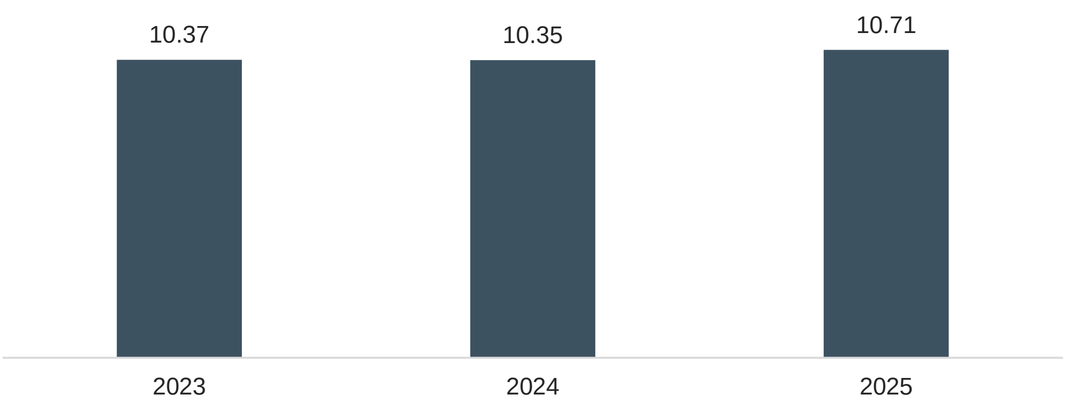
In 1Q 2023

Proactively managing lease renewals amidst macroeconomic uncertainties

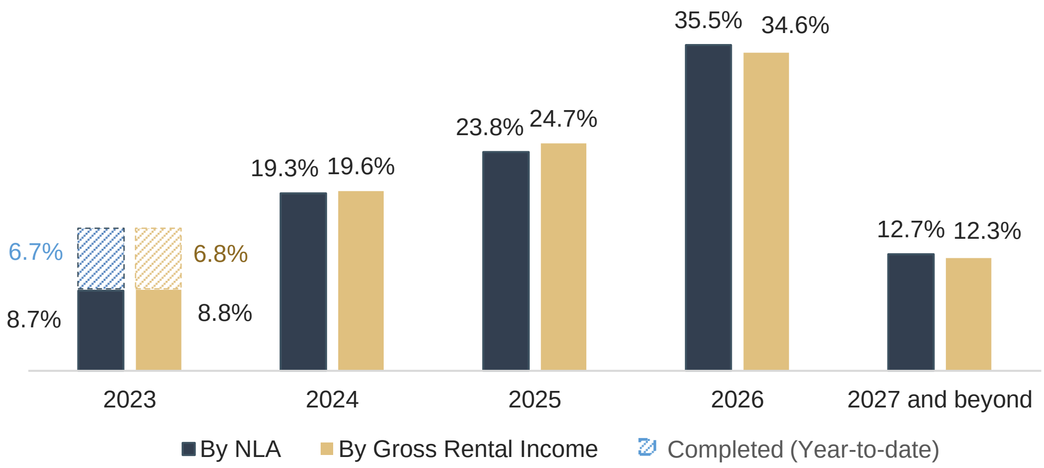
Average expiring rents in 2023 to 2025

S$ psf per month

As of Mar 2023



WALE of 2.6 years by GRI and 2.7 years by NLA



(1) Rental reversion is based on average incoming committed rents versus average outgoing rents

Shanghai Lippo Plaza Performance Overview

Slow recovery from COVID-19 due to Chinese New Year and strong leasing competition

Office Committed Occupancy

75.2%

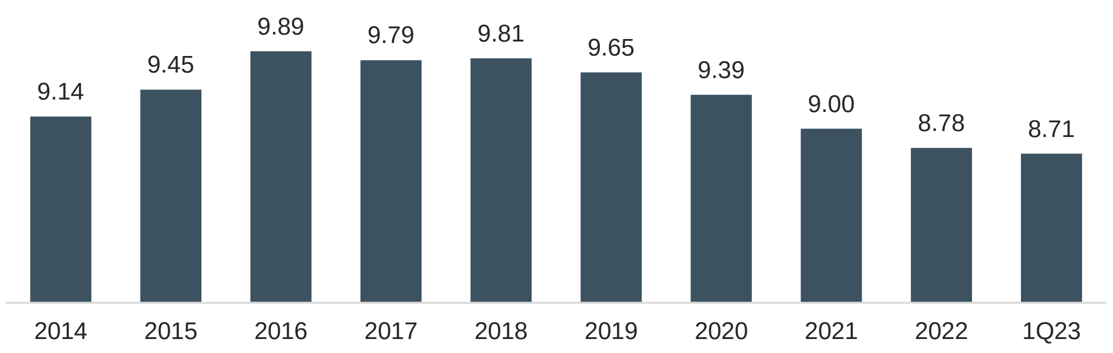
As at 31 Mar 2023

Retail Committed Occupancy

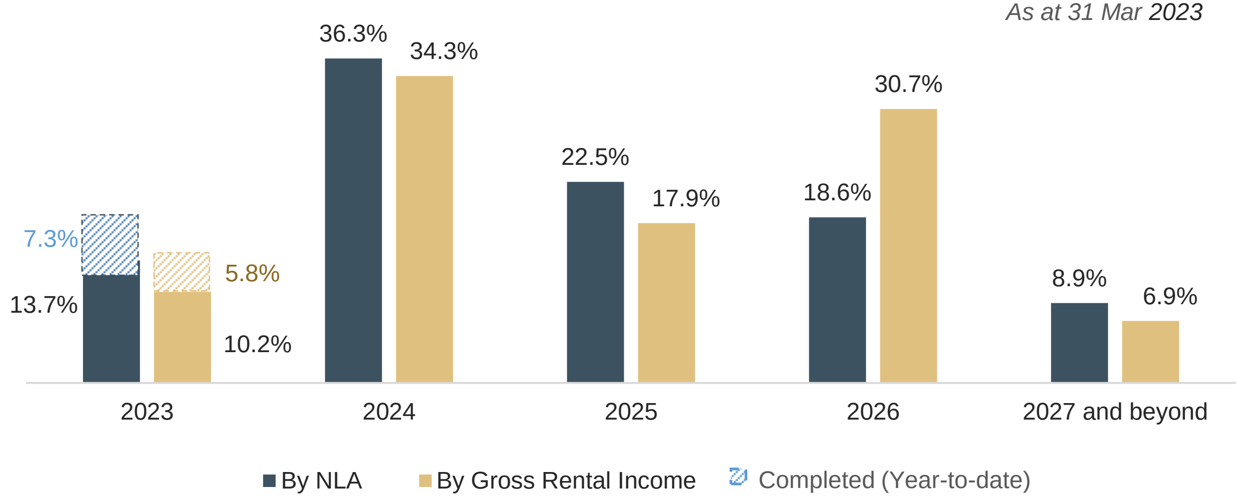
94.4%

As at 31 Mar 2023

Average office passing rent for Lippo Plaza was RMB8.71 psm per day



Prioritise occupancy optimisation
WALE of 2.0 years (NLA); 2.2 years (GRI)



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(1) Rental reversion is based on average incoming committed rents versus average outgoing rents

Mandarin Gallery Performance Overview

Steady improvement in operating metrics backed by healthy demand and proactive leasing strategy

March 2023

Shopper Traffic
c.95%

Tenant Sales
c.87%

compared to pre-COVID level

Committed Occupancy(1)
96.4% ▲ 1.0 ppt QoQ

As at 31 Mar 2023

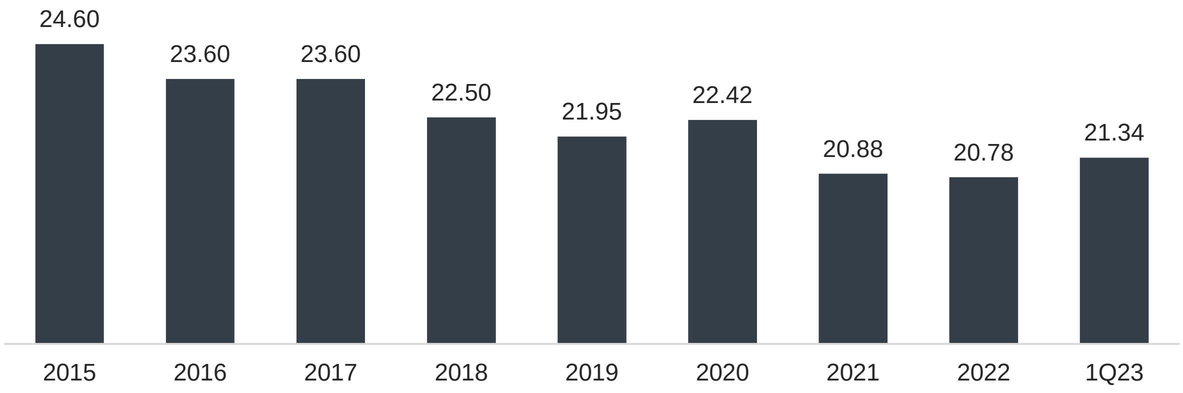
Rental Reversion(2)
11.6%

In 1Q 2023

Average passing rent climbed 2.7% QoQ to S$21.34 psf per month

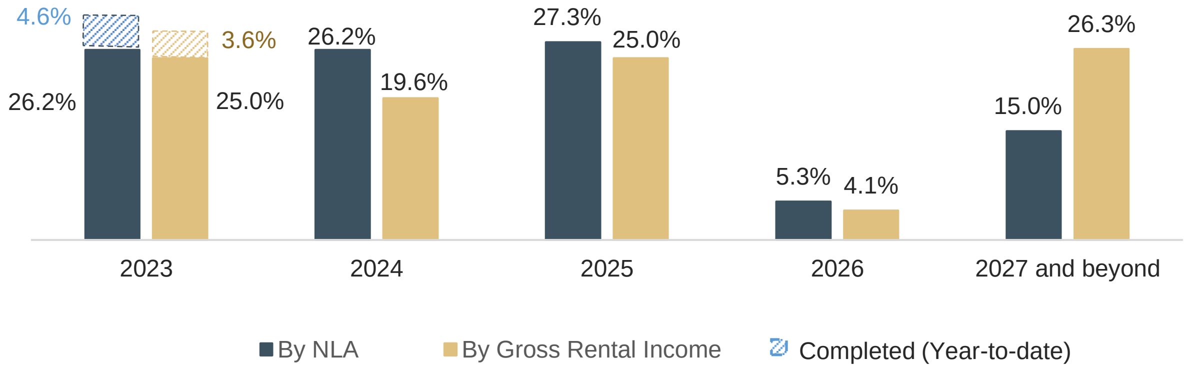
S$ psf per month

As of Mar 2023



WALE stood at 1.9 years (NLA); 2.2 years (GRI)

As at 31 Mar 2023



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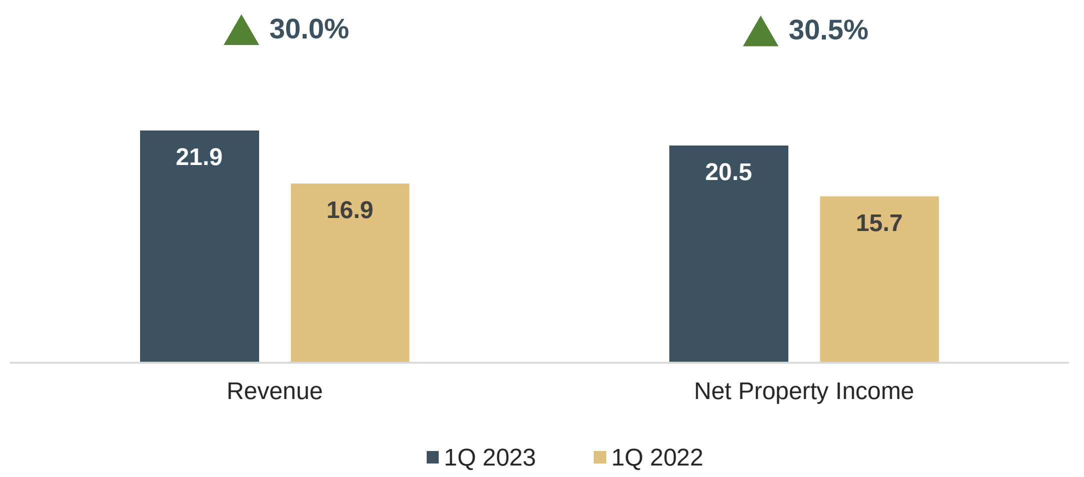
(1) Including short-term leases
(2) Rental reversion is based on average incoming committed rents versus average outgoing rents

Hospitality Segment Performance

Higher RevPAR compared to pre-COVID supported by tourism recovery and timely AEI

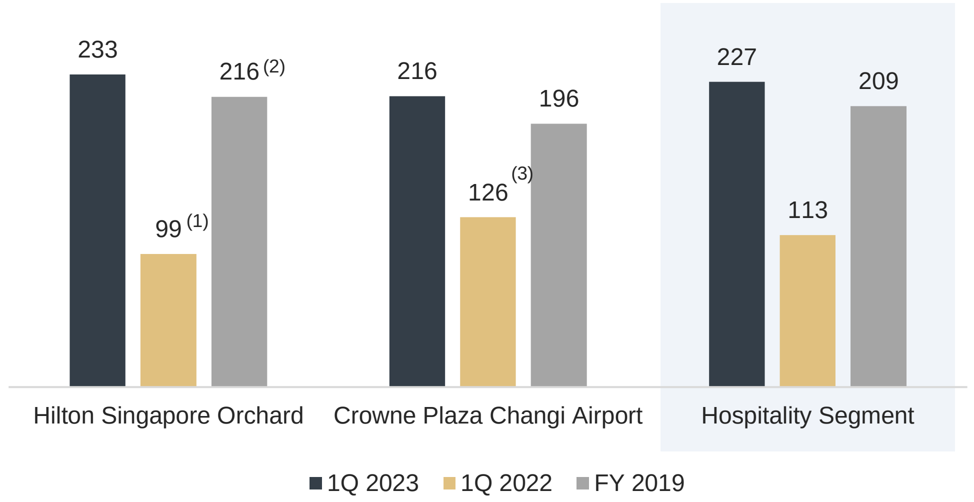
1Q 2023 Hospitality Segment Revenue and NPI

(S$ million)



1Q 2023 Revenue per Available Room ("RevPAR")

(S$)



- Hospitality segment revenue and net property income for 1Q 2023 jumped 30.0% and 30.5% YoY to S$21.9 million and S$20.5 million respectively
- Overall 1Q 2023 hospitality RevPAR doubled YoY to S$227 supported by the ongoing recovery in the hospitality sector. With the full inventory of 1,080 rooms from 1 January 2023 compared to only 634 rooms available for booking from 24 February 2022, Hilton Singapore Orchard's RevPAR grew by 2.4 times YoY to S$233 on the back of higher room rates
- Benefitting from corporate and leisure travel demand, Crowne Plaza Changi Airport's RevPAR recovered to pre-pandemic levels and reached S$216, representing an increase of 71.4% YoY as the hotel only served the air crew and aviation segment during the COVID-19 pandemic in 1Q 2022

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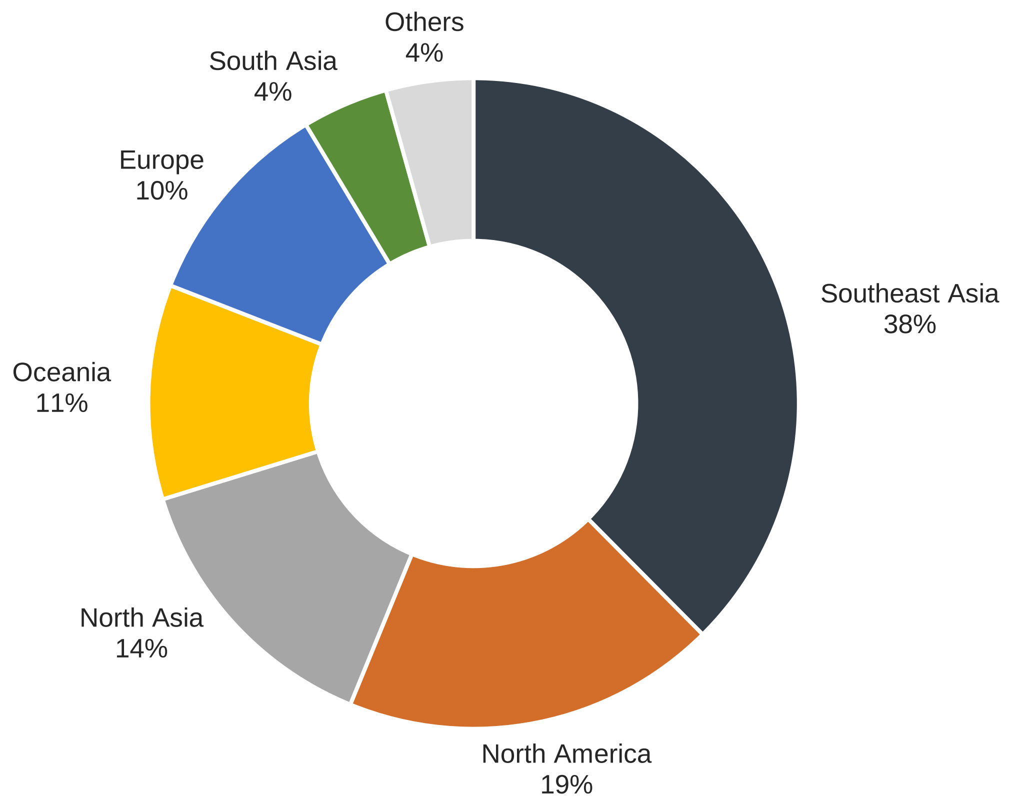
(1) Hilton Singapore Orchard reopened on 24 February 2022 with only 634 rooms in the Mandarin Wing available for bookings
(2) RevPAR for Mandarin Orchard Singapore in FY 2019 before the re-branding to Hilton Singapore Orchard
(3) Crowne Plaza Changi Airport was a designated crew accommodation serving the air crew and aviation segment in 1Q 2022

Hospitality Segment Performance

Diversified business mix towards higher-yielding markets

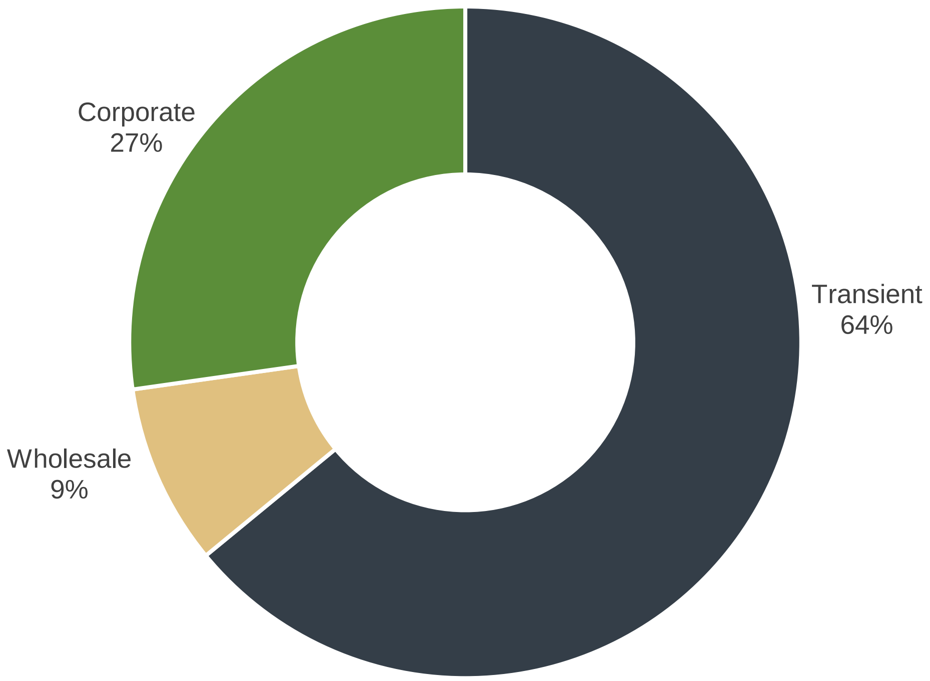
By Geography

1Q 2023 (By room nights)



By Type

1Q 2023 (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

Growth Strategies

Hilton Singapore Orchard

Market Outlook

Singapore

Office

- The strong momentum in the office sector began to show signs of moderation in 1Q 2023 as uncertainties within the technology and banking sectors grew
- Leasing momentum might be impacted by expected weaker economic growth and cautious occupier sentiment, offset by tight future supply as new office completions over 2023 to 2026 are estimated to be 22% below the historical 10-year average[(1)]
- Supported by their prime locations and diversified tenant mix, OUE C-REIT's core Grade A office assets are well-positioned to demonstrate resilience in 2023

Hospitality and Retail

- Retail rents are expected to remain on the recovery path in 2023 due to improved mobility, tourism recovery and below-historical-average new retail supply in the Orchard Road and Downtown Core areas over the next few years[(1)]
- Encouraging signs of tourism recovery, with Singapore tourist arrivals surpassing 1 million in March 2023
- Arrivals from major source countries exceeded 70% of pre-COVID levels as of March 2023, with average length of stay increasing to 3.97 days in 1Q 2023 from 3.34 days in 1Q 2019[(2)]
- Labour shortages, higher operating costs, competition from e-commerce and a slowing economy might impact pace of recovery

Shanghai

- China delivered better-than-expected GDP growth of 4.5% in the first quarter, the fastest pace in a year and on track to exceed target
- Due to oversupply, both occupancy and rents are expected to remain under pressure before a gradual rebound in late 2024
- Shanghai remains No.1 financial hub in China, and the Manager continues to leverage on the city's unique positioning to improve occupancy

(1) Source: CBRE, Singapore Figures, Q1 2023
(2) Singapore Tourism Board, Tourism Statistics

Focus on Optimising Returns and Driving Long-term Growth

Reinforcing Capital Structure

- **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
- **Proactively manage refinancing requirements** to mitigate refinancing risks and further extend OUE C-REIT's debt maturity profile

Maximising Asset Performance

- **Leverage on limited Singapore office supply to drive** positive rental reversions
- **Proactively initiate early discussions with existing tenants to increase tenant retention and optimise occupancy**
- **Capitalise on the reopening of China and stronger travel demand** to achieve better performance across hospitality and retail assets
- Prudent **management of operating expenditures**, **raised service charges** for Singapore assets
- Continued focus on **green building certifications in response to tenants' increasing requirements on sustainability**

Actively Pursue Growth Opportunities

- Tap on **asset enhancement initiatives** to create value and maximise portfolio returns
- Eye on 'pricing reset' opportunities **in Singapore as well as 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 in prime CBD areas

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Thank You

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Appendices

- Overview of OUE C-REIT
- Premium Portfolio of Assets
- Office Segment Occupancy
- Singapore Office Market
- Shanghai Office Market
- Singapore Hospitality Market
- Hotel Master Lease Details

Crowne Plaza Changi Airport

Overview of OUE C-REIT

Total Assets

S$6.0 billion[1]

7 High quality prime assets

6 properties in Singapore and 1 property in Shanghai

Manages approx. 2.2 mil sq ft in net lettable area

1,643 upper upscale hotel rooms

88% of portfolio are certified green buildings[2]

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

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(1) As at 31 December 2022
(2) Based on asset valuations as at 31 December 2022 and OUE C-REIT's proportionate interest in the respective properties

Premium Portfolio of Assets

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

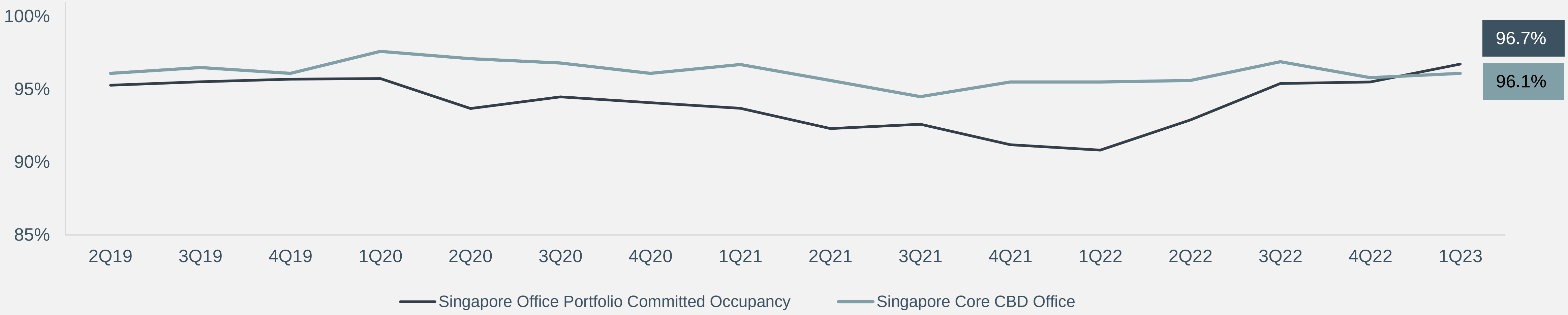
      

	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Hilton Singapore Orchard	Crowne Plaza Changi Airport
Description	A landmark Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Iconic integrated development with two Grade A 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: 378,176 Retail: 21,271	Office: 605,497 Retail: 99,370	Office: 529,850	Office: 361,007 Retail: 60,810	Retail: 126,283	1,080 hotel rooms	563 hotel rooms
Occupancy[1]	Office: 99.3% Retail: 87.7% Overall: 98.7%	Office: 96.5% Retail: 87.6% Overall: 95.0%	Office: 95.2%	Office: 75.2% Retail: 94.4% Overall: 78.0%	Retail: 92.9%	-	-
Valuation as at 31 Dec 2022	S$1,321.0m[2] (S$3,307 psf)	S$1,909.0m[3] (S$2,708 psf)	S$930.0m (S$1,755 psf)	RMB2,640.0m / RMB45,112 psm GFA	S$453.9m (S$3,594 psf)	S$1,250.0m (S$1.2m / key)	S$460.2m (S$0.8m / key)

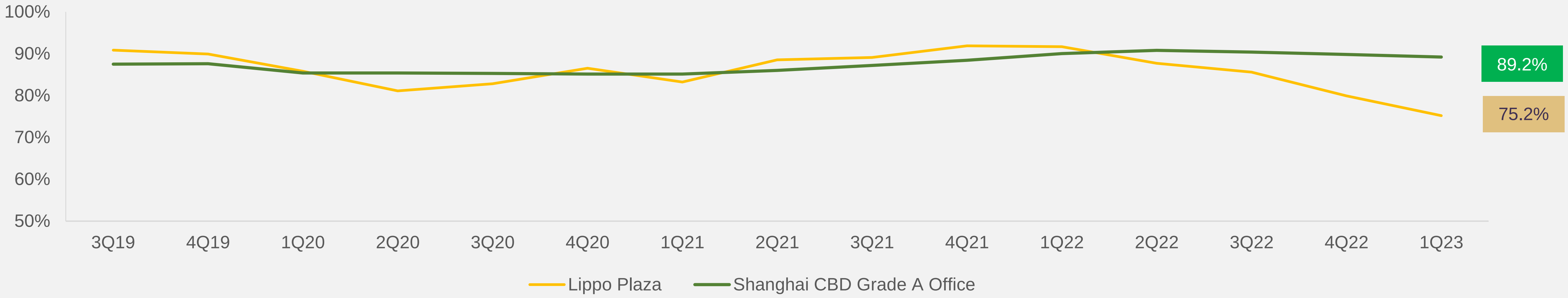
(1) Committed occupancy as at 31 March 2023
(2) Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront. OUE C-REIT has a direct 50.0% interest in OUE Allianz Bayfront LLP
(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries

Office Segment Occupancy

Singapore Office Portfolio



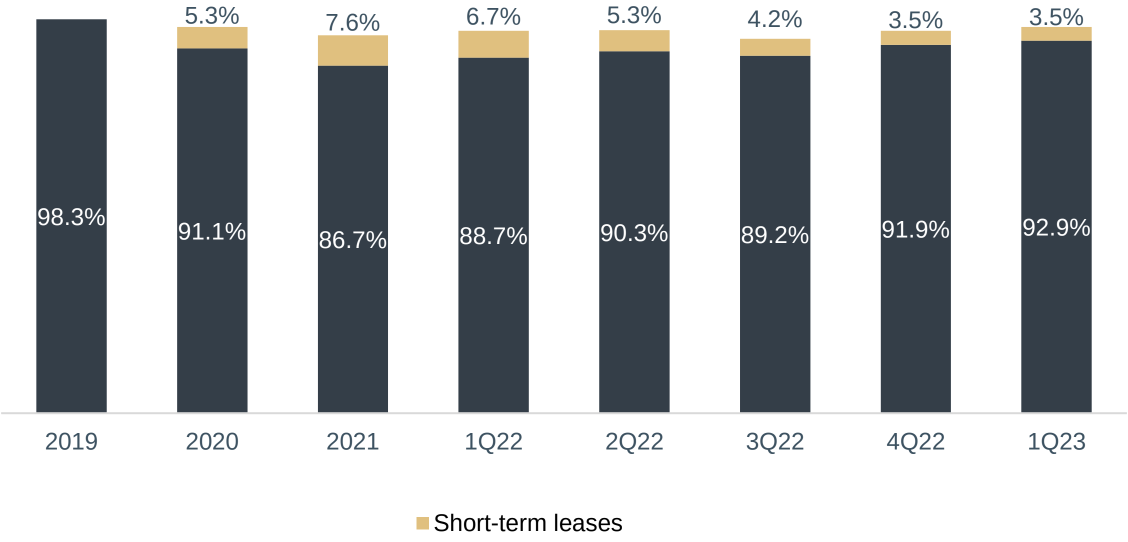
Shanghai Lippo Plaza



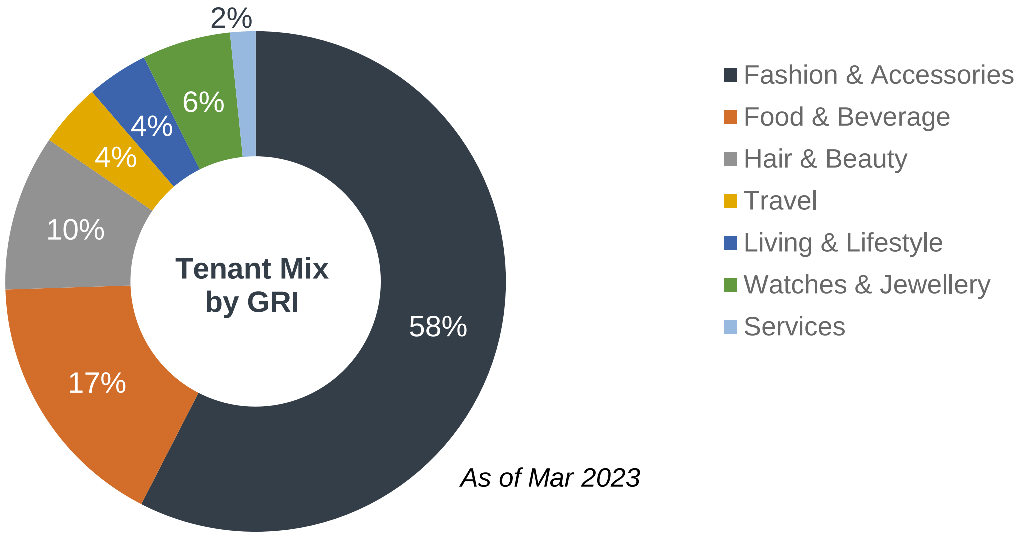
Source: CBRE, Colliers Shanghai

Mandarin Gallery Occupancy and Tenants Profile

Occupancy



Tenant Mix by GRI

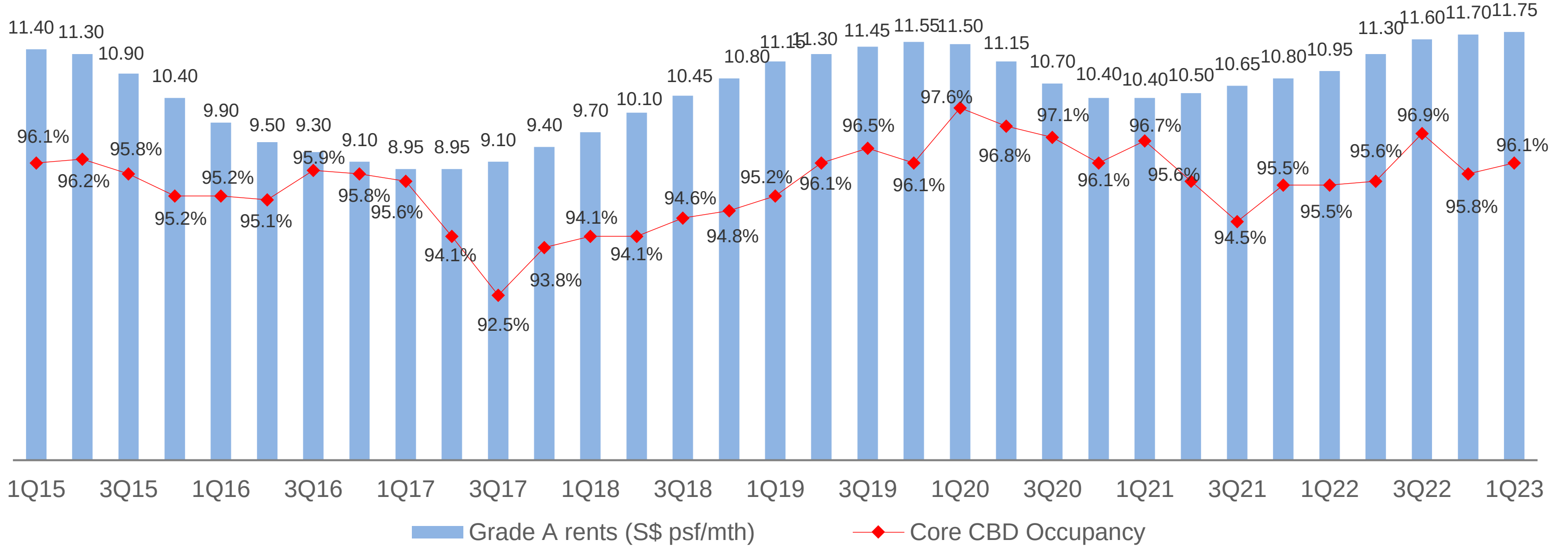


Diversified brands to capture the return of tourism

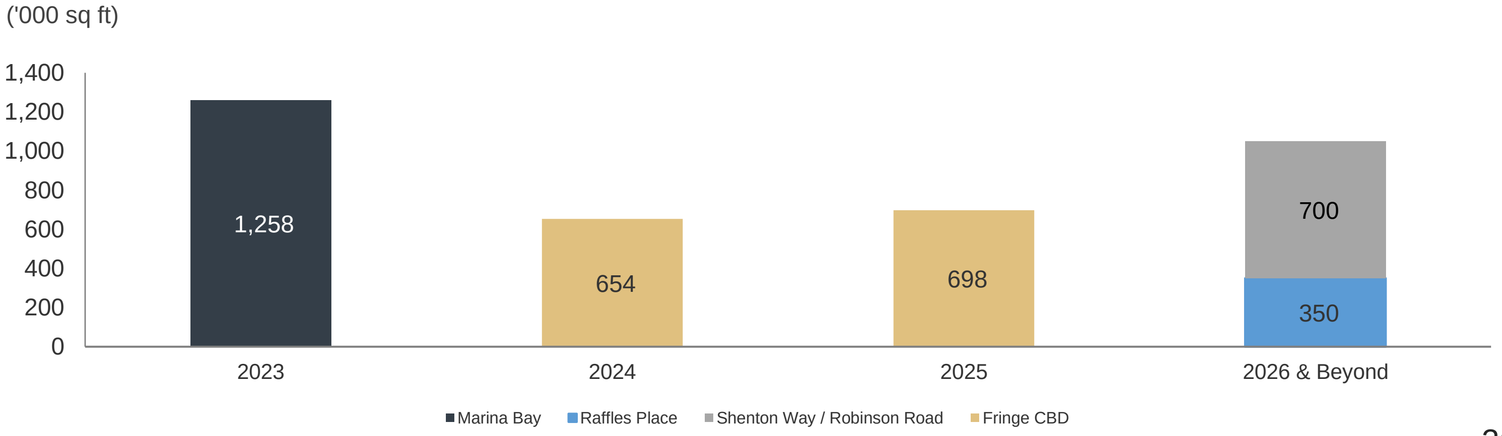
Singapore Office Market

- Core CBD (Grade A) vacancies inched down to 3.9% amidst tight occupancies
- Slower rental growth rate of 0.4% QoQ (slowest since 2Q 2022) to S$11.75 psf per month in 1Q 2023 compared to 0.9% QoQ in 4Q 2022
- As firms focus on cost control, total shadow space remains elevated
- Macroeconomic headwinds and lingering uncertainties within the tech and banking sectors will continue to weigh on already cautious sentiment
- Limited new office completions over 2023-2026F will continue to support Core CBD (Grade A) rents for the rest of 2023

Singapore Core CBD Grade A Rents and Occupancy



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



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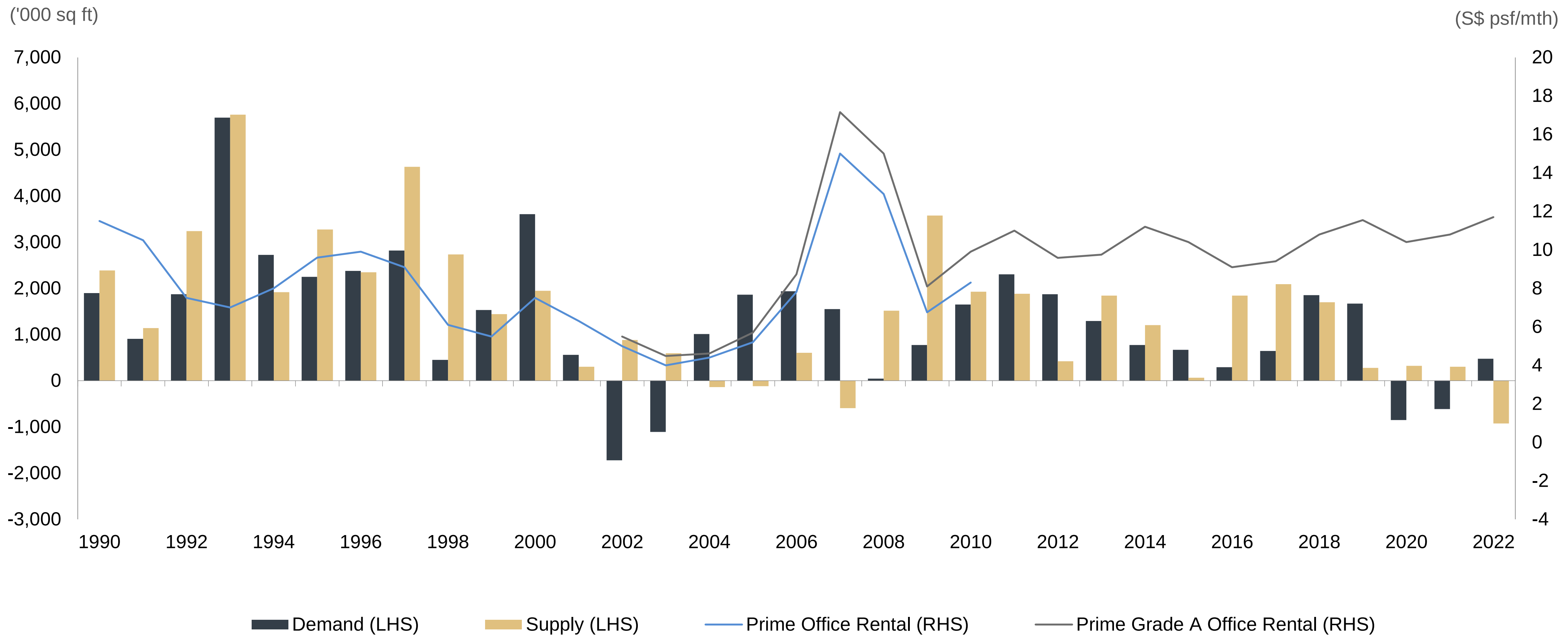
Note: Excluding strata-titled office
Source: CBRE Research, Manager data

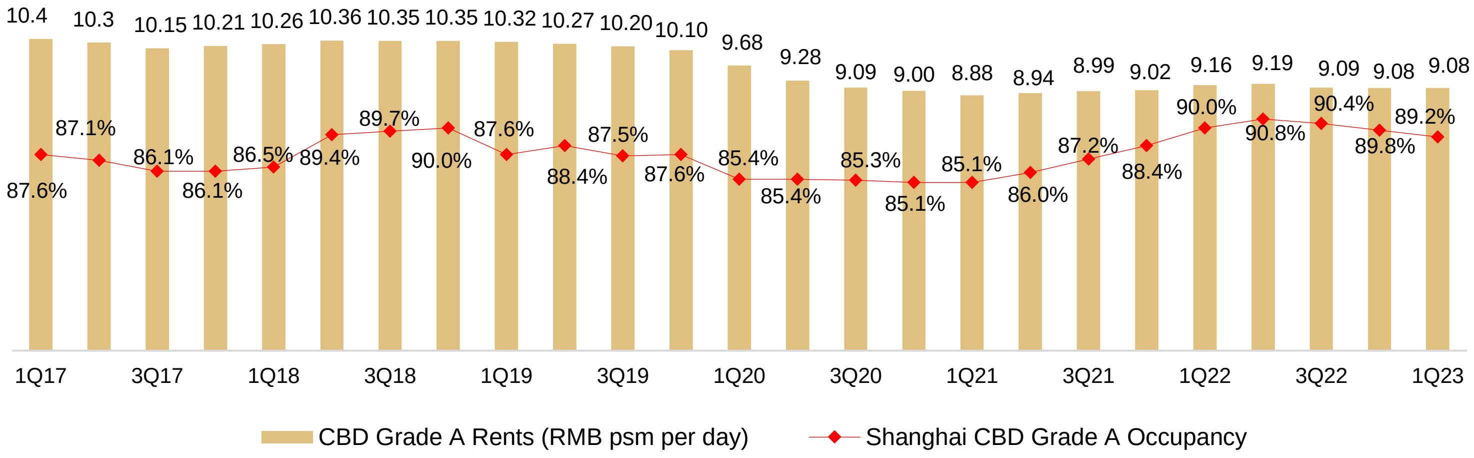
Singapore Office Demand, Supply & Office Rents



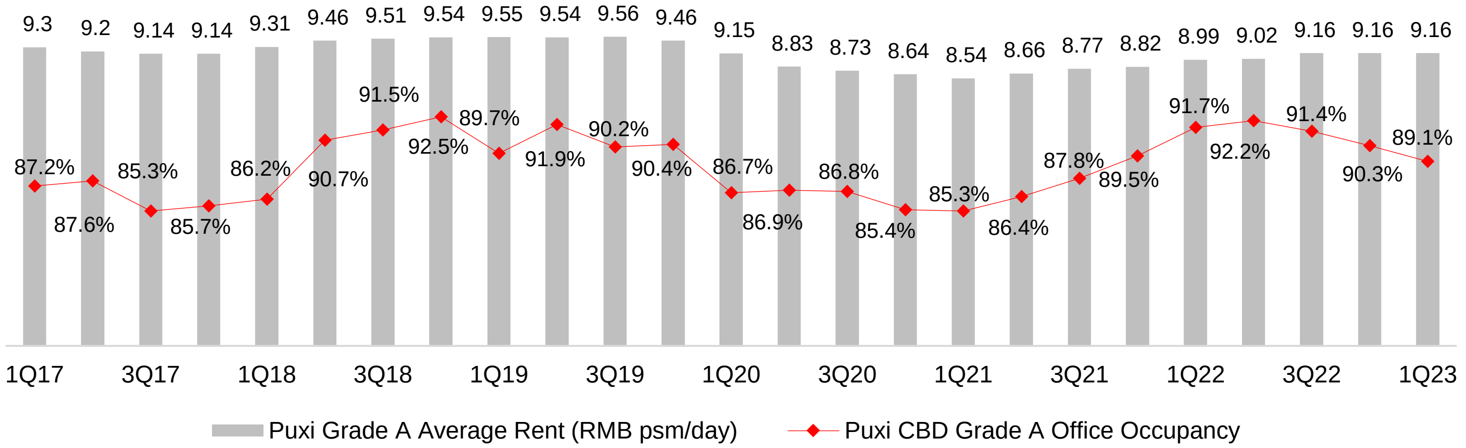
Source: URA statistics, CBRE Research
2Q 2011 was the last period where CBRE provided Prime Office Rental data. Prime Grade A office rental data not available prior to 1Q 2002

Shanghai Office Market

Shanghai



Puxi



- Shanghai CBD Grade A office occupancy declined 0.6 ppt QoQ to 89.2%, while rents remained unchanged at RMB9.08 psm per day in 1Q 2023
- Puxi Grade A office rents remained stable at RMB9.16 psm per day
- Due to a large CBD office supply peak in 2023 and 2024 which will intensity leasing competition, occupancy and rental growth are expected to remain under pressure

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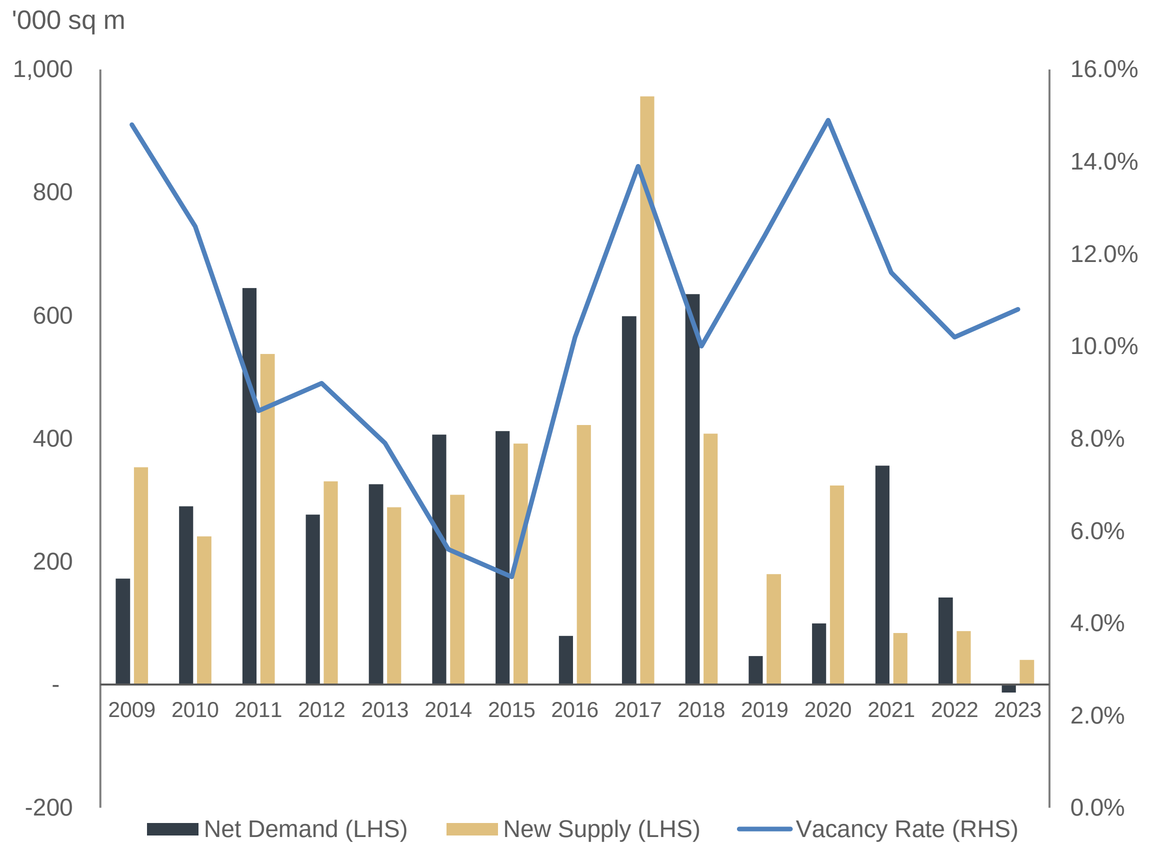
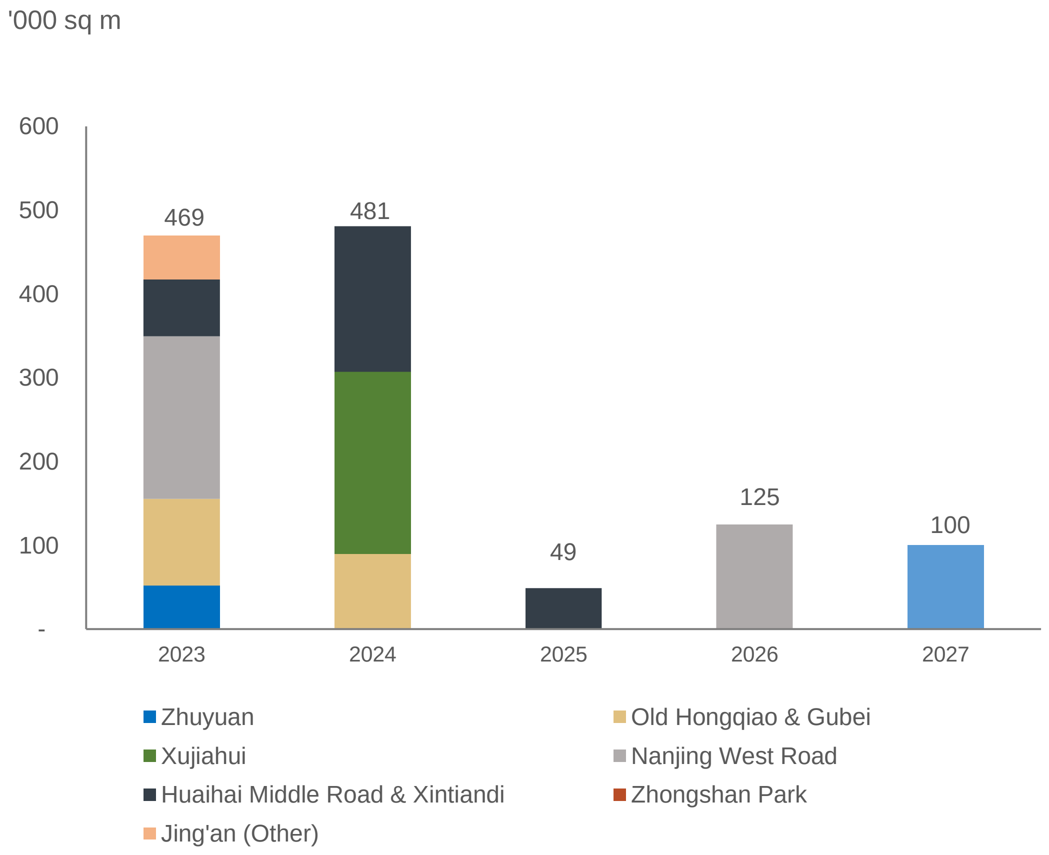
Source: Colliers International

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

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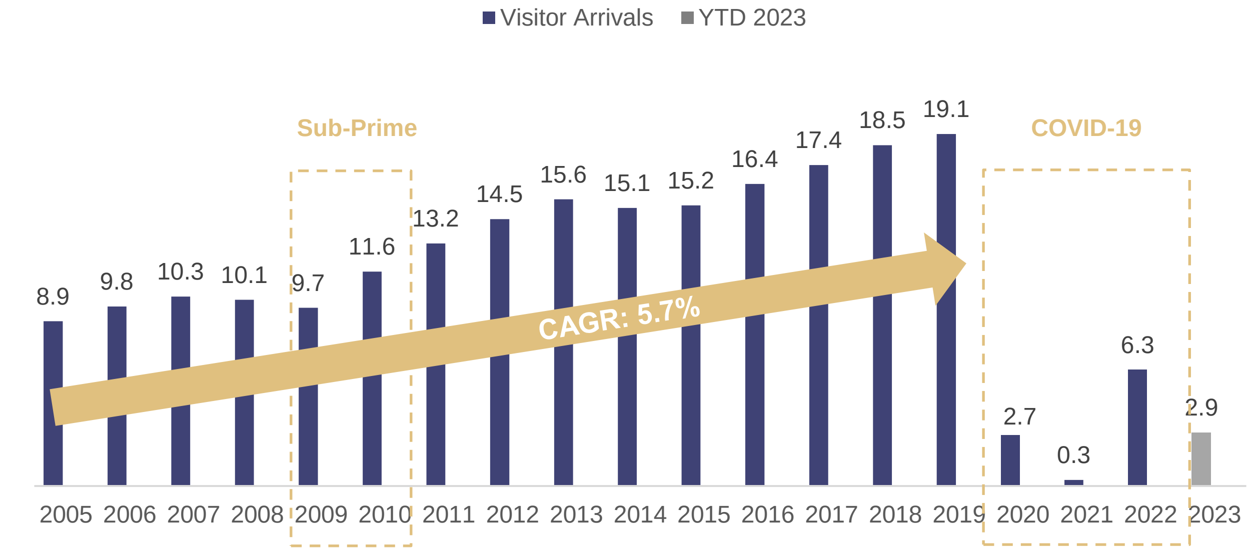
Source: Colliers International

Singapore Hospitality Market

- 2022 visitor arrivals was 6.3 million, exceeding the Singapore Tourism Board's official forecast of between four and six million visitors in 2022(1)
- Increasing flight connectivity and capacity, China's gradual reopening as well as the continued recovery in the MICE sector are expected to provide a further boost to the hospitality sector in 2023. The STB expects international visitor arrivals to reach 12 to 14 million in 2023(1)
- New hotel supply is expected to remain muted with a CAGR of 2.6% between 2023 and 2025 compared to a pre-pandemic historical five-year CAGR of 4.4% between 2014 and 2019

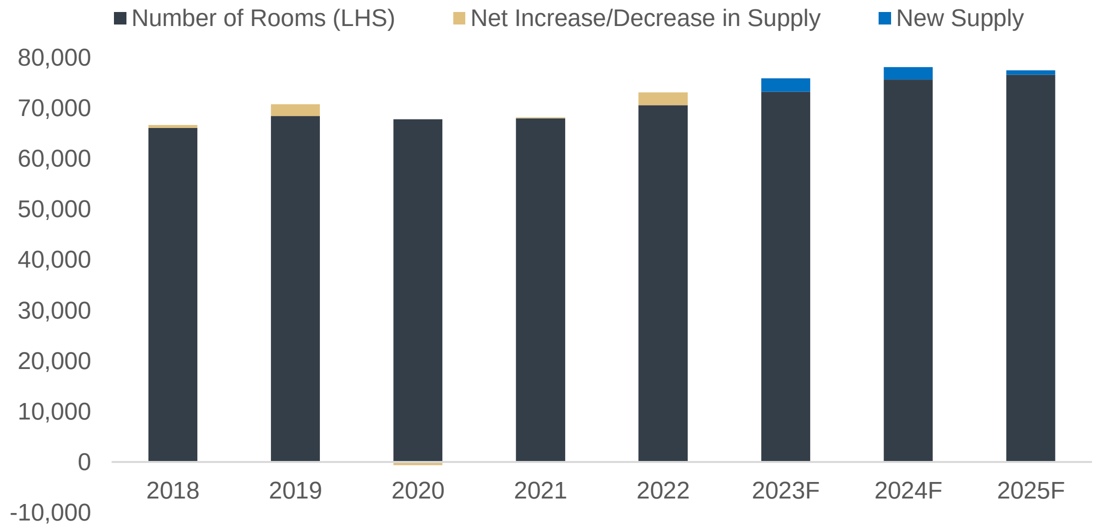
Visitor Arrivals in Singapore

(million)



Singapore Hotel Supply

(No. of Hotel Rooms)



Source: Singapore Tourism Board's International Visitor Arrival Statistics, CBRE Hotels, 4Q 2022

1) Singapore Tourism Board: "Singapore's tourism sector recovers strongly in 2022, visitor numbers expected to double in 2023", 17 January 2023. URL: https://www.stb.gov.sg/content/stb/en/media-centre/media-releases/Singapore-tourism-sector-recovers-strongly-in-2022-visitor-numbers-expected-to-double-in-2023.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

(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

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