



HSBC 6th Annual Asia Credit Conference

23 June 2022

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Agenda

- Overview
- 1Q 2022 Financial Performance
- Key Credit Highlights
- Looking Ahead
- Appendices

Overview of OUE C-REIT

One of the
Largest Diversified
SGX-listed REITs

Total Assets
S\$5.8 billion⁽¹⁾

7 High quality prime assets
6 properties in Singapore and 1 property in Shanghai



OUE Bayfront



One Raffles Place



OUE Downtown Office



Lippo Plaza



Mandarin Gallery



Hilton Singapore Orchard



Crowne Plaza Changi Airport

Strong Support
OUE Group
48.2% stake⁽²⁾

Manage more than **2.1** mil sq ft
in net lettable area
1,643 upper upscale
hotel rooms

Investment Mandate
✓ Commercial
✓ Hospitality / Hospitality-related

Milestones Since Listing



- Listed on SGX-ST with two assets – OUE Bayfront and Lippo Plaza
- **Total assets of S\$1.7 billion**

2014

2015

2018

- Acquisition of OUE Downtown Office
- **Total assets of S\$4.6 billion**



2019

- Announced transformational re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard, Hilton's flagship in Singapore and the largest Hilton hotel in Asia Pacific
- Established S\$2.0 billion Multi-Currency Debt Issuance Programme



2020

2021



- Official opening of Hilton Singapore Orchard on 24 February 2022
- Issuance of SG's first bond with a coupon step-down upon re-rating to investment grade

2022

- Maiden acquisition of One Raffles Place (67.95% effective interest)
- **Total assets of S\$3.5 billion**
- Established S\$1.5 billion Multi-Currency Debt Issuance Programme



- Merger with OUE Hospitality Trust by way of a trust scheme of arrangement (effective 4 Sep 2019)
- **Total assets of S\$6.9 billion**



- 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 in line with commitment to reduce environmental impact of OUE C-REIT's portfolio



1Q 2022 Financial Performance



1Q 2022 Financial Performance

	1Q 2022 (S\$m)	1Q 2021 (S\$m)	YoY Change (%)
Revenue	59.5	74.7	(20.3)
Net Property Income	48.0	61.1	(21.5)
Share of Joint Venture Results	4.2	-	NM
Amount Available for Distribution ⁽¹⁾	31.2	37.1	(15.8)

- Net property income of S\$48.0 million was 21.5% lower YoY mainly due to deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021, partially mitigated by lower rental rebates and lower property expenses
- Including the drawdown of OUE Downtown Office income support, share of joint venture results from OUE Bayfront and lower interest expense, amount available for distribution was S\$31.2 million, 15.8% lower YoY

Key Credit Highlights



Key Credit Highlights



Quality Portfolio in Prime Locations



Diversification & Income Resilience










Prudent Capital Management





Strong Sponsor Support

1 Quality Portfolio in Prime Locations

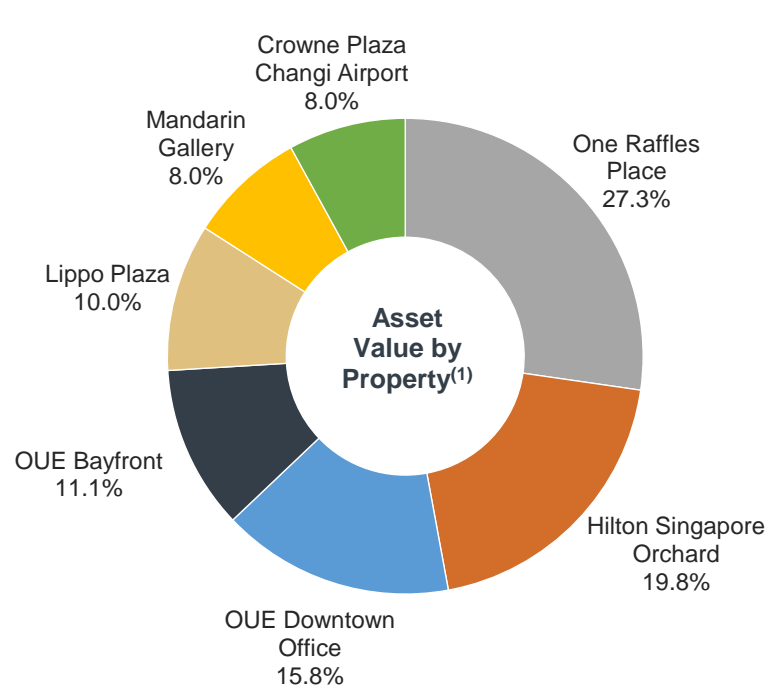
Singapore			Shanghai
OUE Bayfront ⁽¹⁾	One Raffles Place	OUE Downtown Office	Lippo Plaza
			
<ul style="list-style-type: none"> Commercial assets situated in the three key office sub-markets in Singapore of Marina Bay, Raffles Place and Shenton Way, where medium term supply is limited Delivered resilient performance in a challenging operating environment, underpinning OUE C-REIT's revenue contribution 			<ul style="list-style-type: none"> Benefits from Shanghai's dominant position as a major financial and service hub in China
Mandarin Gallery	Hilton Singapore Orchard	Crowne Plaza Changi Airport	
			
<ul style="list-style-type: none"> Strategically located assets along the prime Orchard Road belt and within the Changi Airport vicinity are well-positioned to benefit from the authorities' focus on Singapore as a key business and leisure destination Hospitality assets to benefit from continued investment in tourism infrastructure across the city, as well as government support for the sector 			

Legend

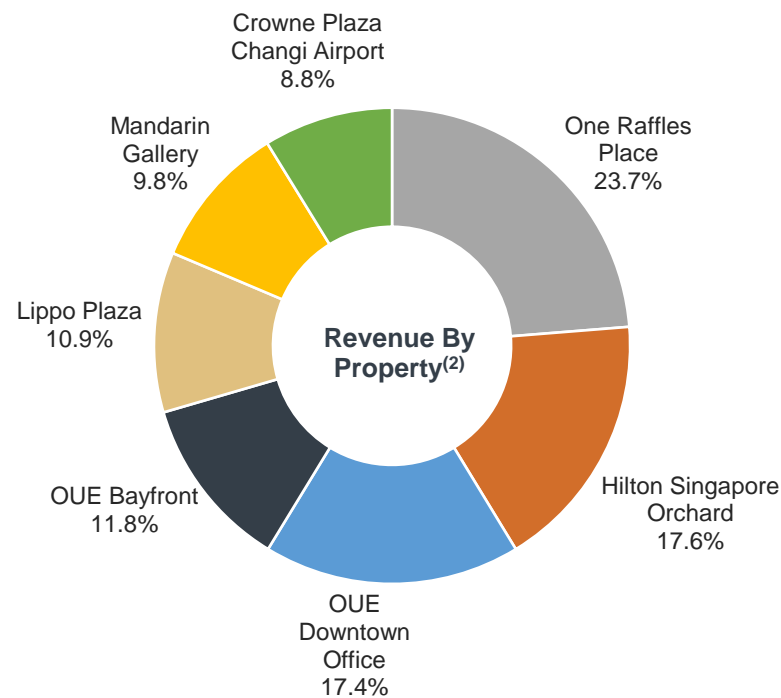
 Commercial (office and/or retail)

 Hospitality

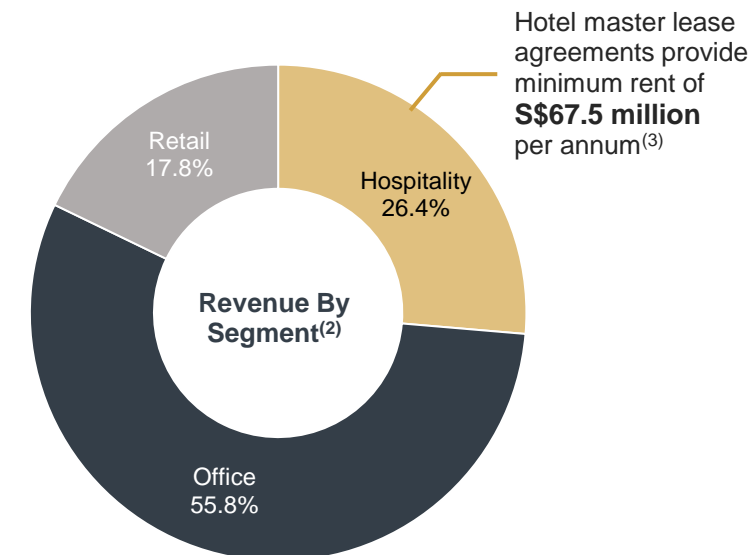
1 Quality Portfolio in Prime Locations



- 90% of assets under management in Singapore



- No single asset contributes more than 23.7% to the 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 1:4.690 as at 31 March 2022

(2) Based on 1Q 2022 revenue and OUE C-REIT's proportionate interest in the respective properties

(3) Hilton Singapore Orchard's 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

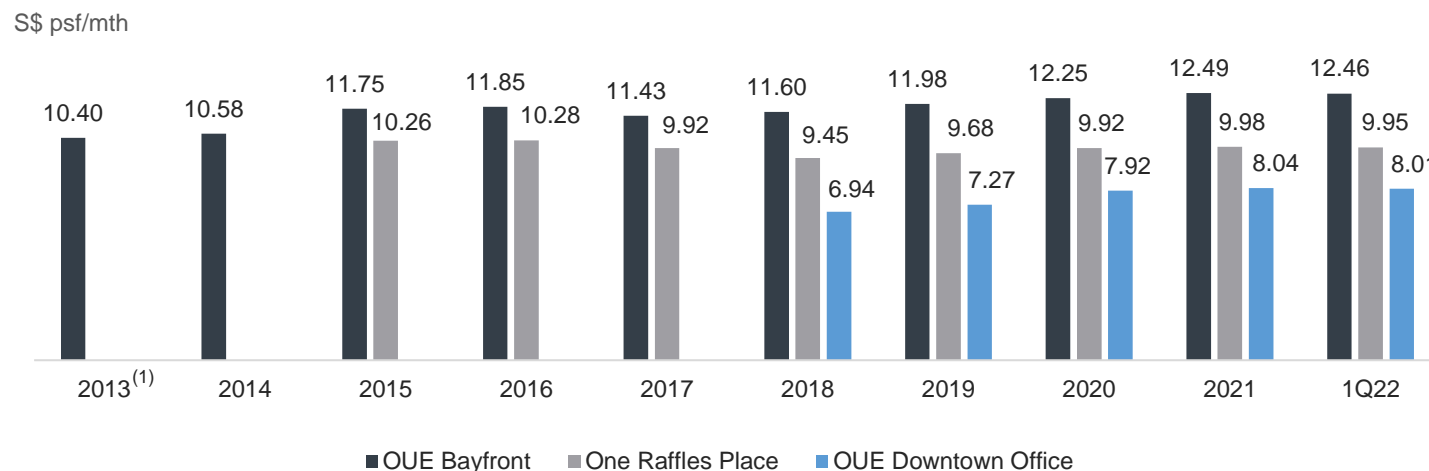
1 Quality Portfolio in Prime Locations

	Valuation (S\$ million)		Change (%)	Capitalisation Rate	Unit Valuation
	As at 31 Dec 2021	As at 31 Dec 2020			
OUE Bayfront (100% interest)	1,270.0	1,181.0	7.5	Office: 3.625% Retail: 6.0%	S\$3,176 psf
OUE Bayfront (50% interest)	635.0	-	-	As above	As above
One Raffles Place ⁽¹⁾	1,867.7	1,799.7	3.8	Office: 3.40% – 3.55% Retail: 4.43%	S\$2,650 psf
OUE Downtown Office	902.0	900.0	0.2	3.90%	S\$1,704 psf
Lippo Plaza	574.5 ⁽²⁾ (RMB 2,681.0 m)	545.6 ⁽³⁾ (RMB 2,680.0 m)	5.3	-(4)	RMB45,812 psm GFA
Mandarin Gallery	453.9	473.0	(4.0)	5.25%	S\$3,594 psf
Mandarin Orchard Singapore	1,130.0	1,157.0	(2.3)	5.25%	S\$1.0m / key
Crowne Plaza Changi Airport	455.2	468.5	(2.8)	4.75%	S\$0.8m / key
Total (including attributable interest in OUE Bayfront)	6,018.3	6,524.8	(7.8)	-	-
Total (excluding OUE Bayfront)	5,383.3	5,343.8	0.7	-	-

1

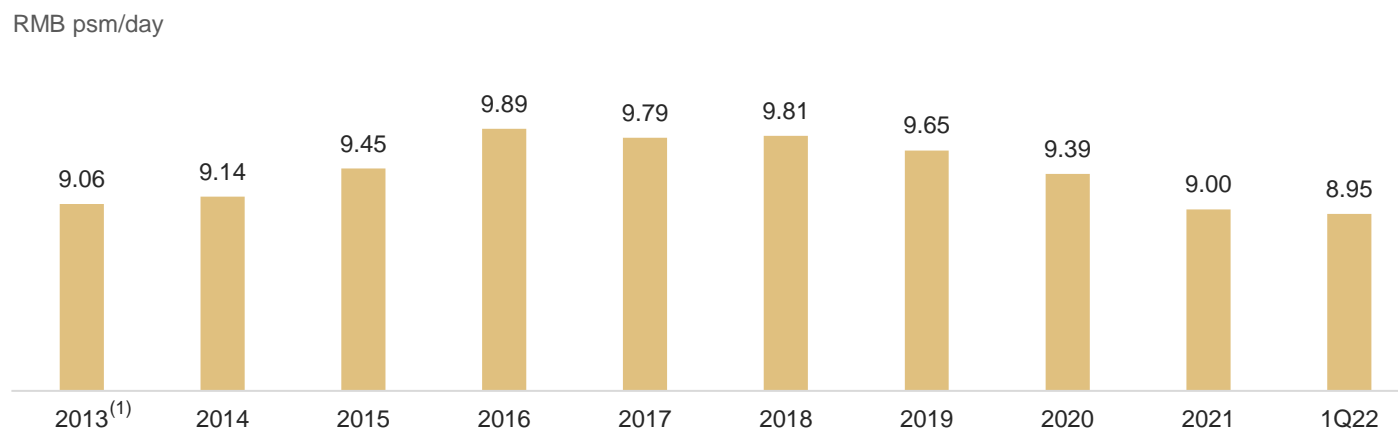
Quality Portfolio in Prime Locations

Singapore (Office) Average Passing Rents



- Average passing rents for all Singapore office properties were stable as at 1Q 2022

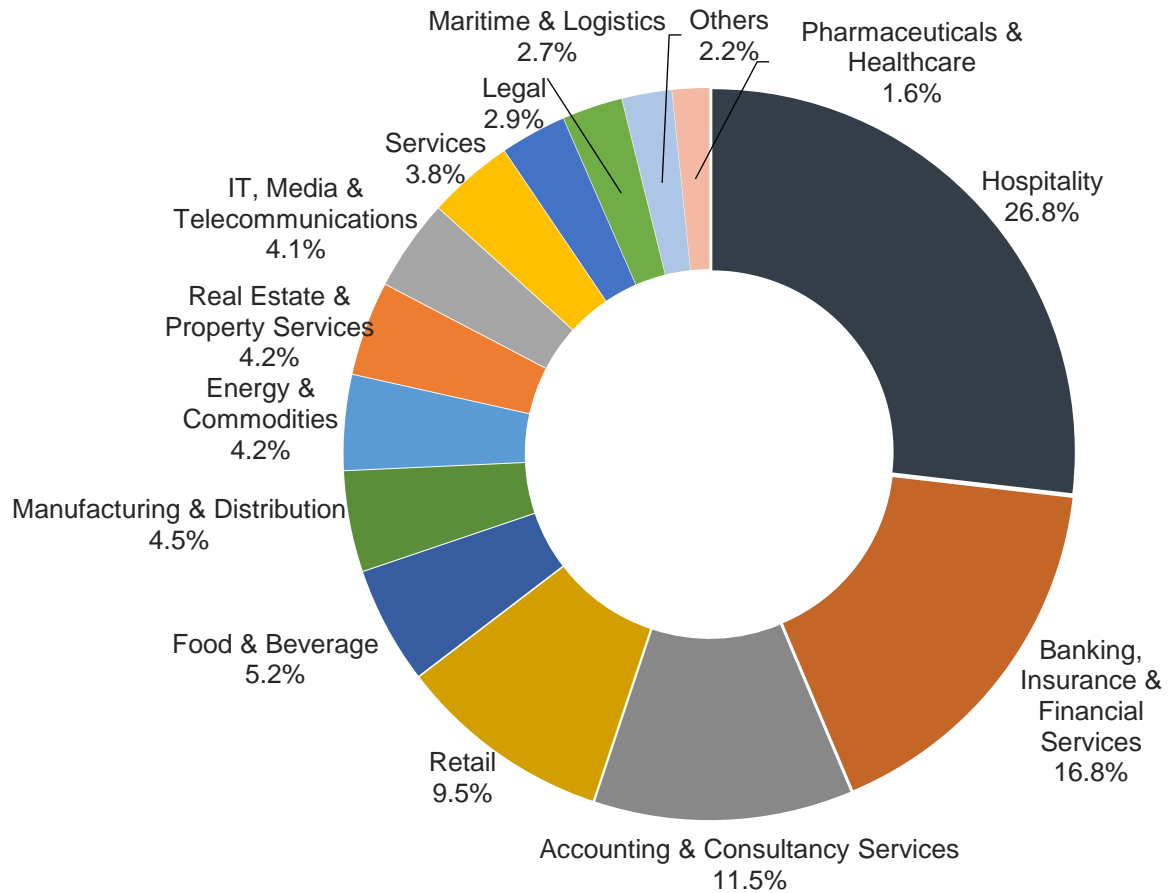
Lippo Plaza (Office) Average Passing Rent



- Average passing office rent for Lippo Plaza edged down 0.6% QoQ to RMB8.95 psm/day due to Manager's focus on prioritising occupancy amidst strong leasing competition and significant supply

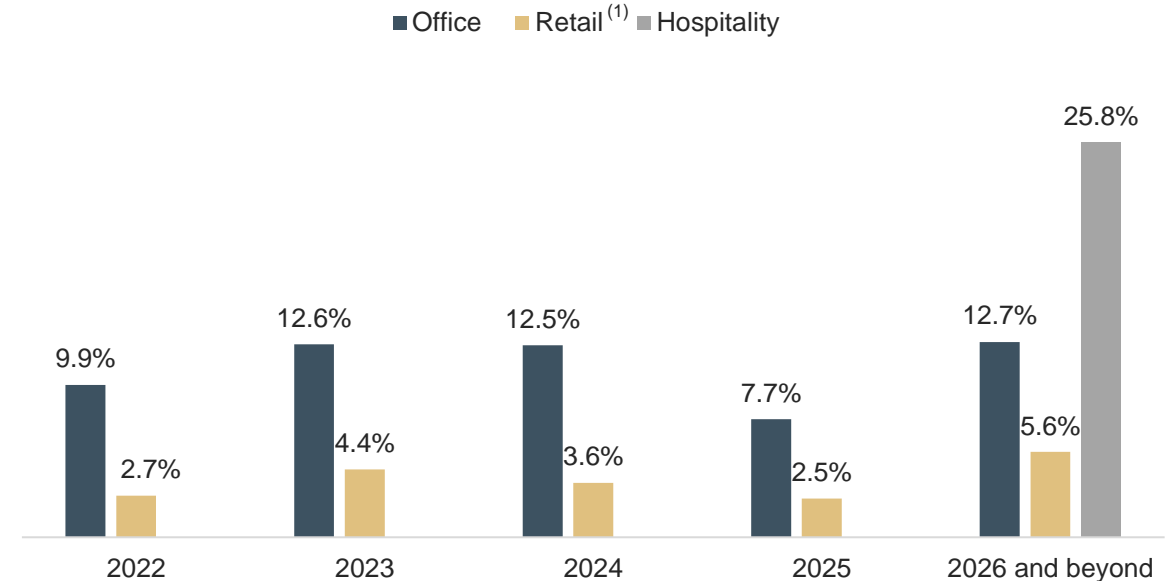
2 Diversification and Income Resilience

Diversified Portfolio Tenant Trade Sector



As of Mar 2022

Well-Staggered Portfolio Lease Expiry Profile



WALE⁽²⁾ of 3.4 years by Gross Rental Income

As at 31 Mar 2022

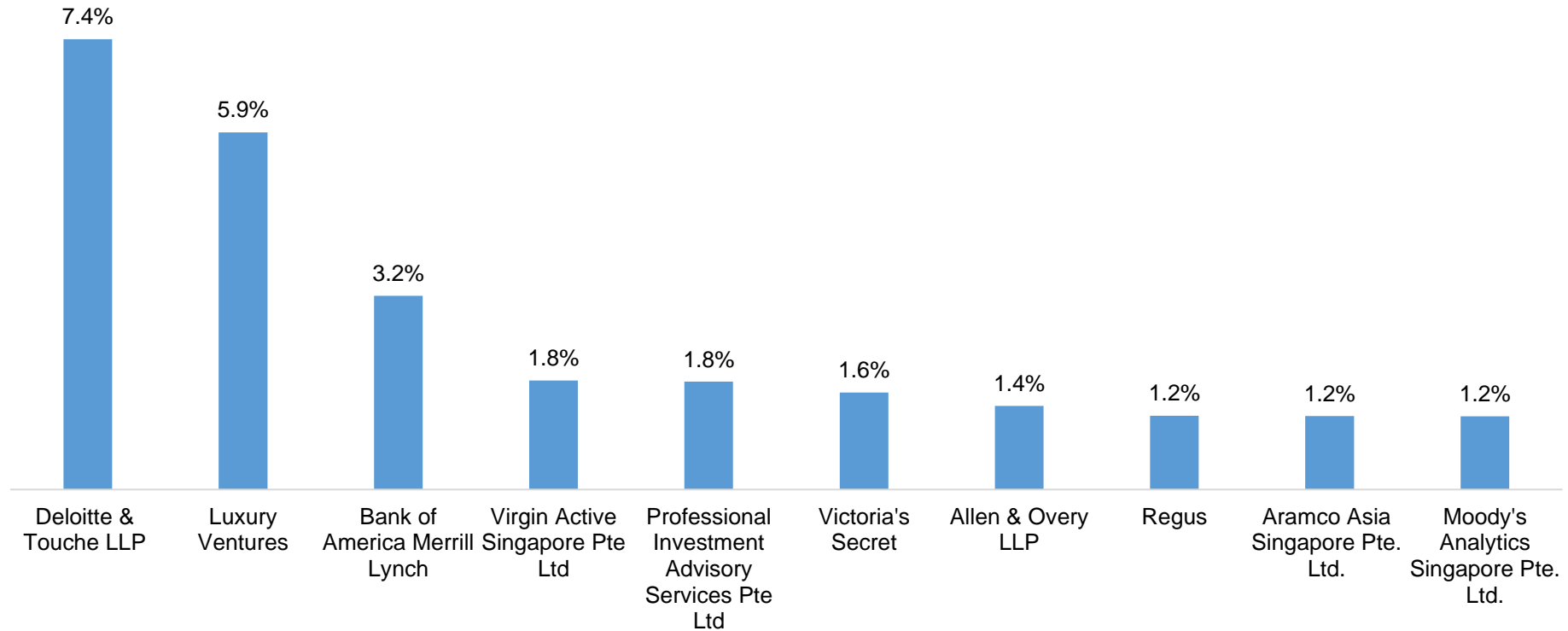
Note: Tenant by trade sector and lease expiry profile is based on gross rental income (excluding provision of rental rebates and turnover rent), and OUE C-REIT's proportionate interest in the respective properties

(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.

2 Diversification and Income Resilience

Top 10 tenants contribute 26.7% of commercial segment gross rental income⁽¹⁾, of which no single tenant contributes more than 8%

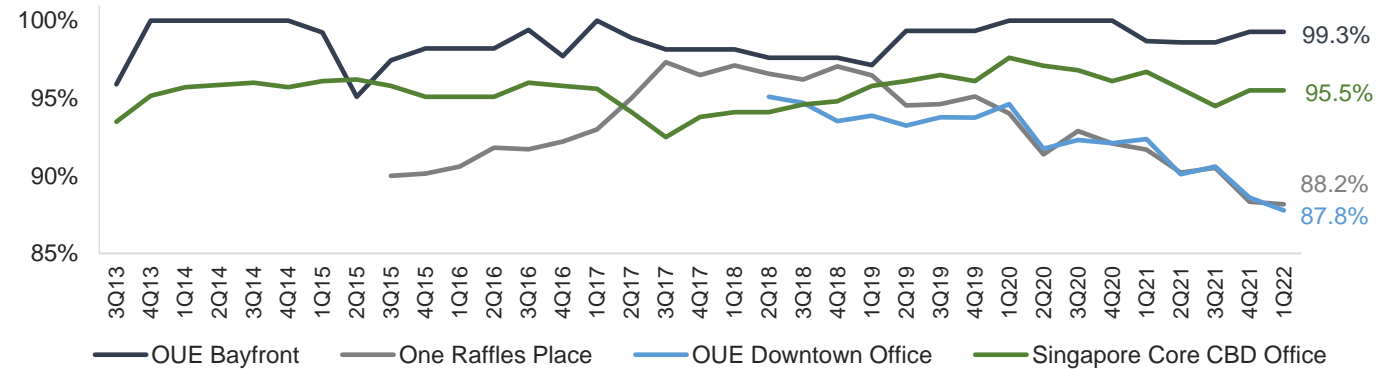


As of Mar 2022

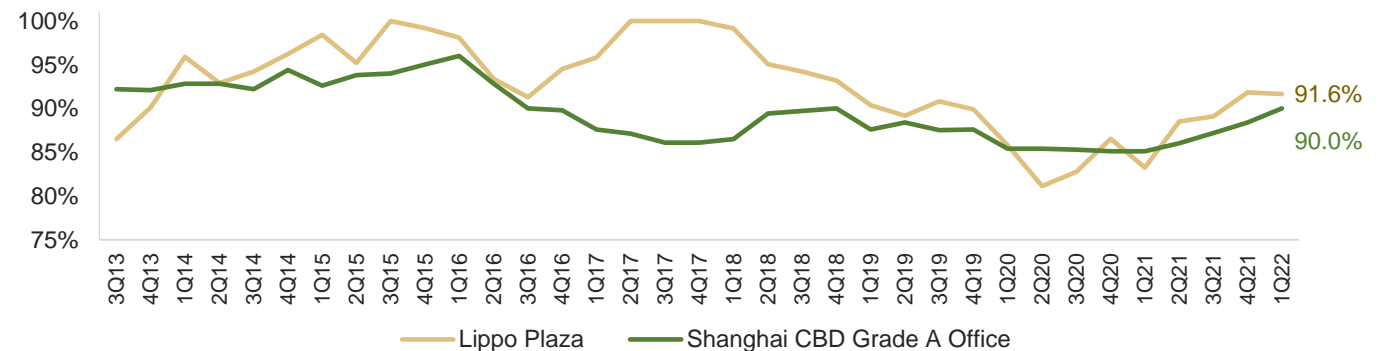
2 Diversification and Income Resilience

- OUE Bayfront's committed office occupancy remained at 99.3% as at 31 March 2022, ahead of the wider market
- Committed office occupancy of One Raffles Place maintained at 88.2% while committed occupancy of OUE Downtown Office declined to 87.8% as at 31 March 2022
- Leasing activity in Shanghai was affected by the recurrence of COVID-19. Nonetheless, Lippo Plaza's committed office occupancy remained stable at 91.6%, ahead of the wider market

Singapore Office Occupancy



Shanghai Office Occupancy



2 Diversification and Income Resilience

- Singapore office rents continue to recover in 1Q 2022, which is expected to narrow the gap between expiring rents and market rents

1Q 2022 Office Rental Performance	Average Expired Rents	Rental Reversions	Sub-market	Comparable Sub-market Rents	
				Colliers ⁽¹⁾	Savills ⁽²⁾
Singapore					
OUE Bayfront	S\$12.93	2.5%	New Downtown/ Marina Bay	S\$11.96	S\$12.13
One Raffles Place	S\$10.50	1.2%	Raffles Place	S\$10.17	S\$9.64
OUE Downtown Office	S\$8.68	-5.9%	Shenton Way/ Tanjong Pagar	S\$9.31	S\$8.50 – S\$8.73
Shanghai					
Lippo Plaza	RMB9.46	1.2%	Puxi	RMB8.99	RMB9.90 ⁽³⁾

(1) Source: Colliers Singapore Office Quarterly 1Q 2022 for Singapore comparable sub-market rents; Colliers Shanghai Grade A Office Market Overview and Forecast 1Q 2022 for Shanghai comparable sub-market rents

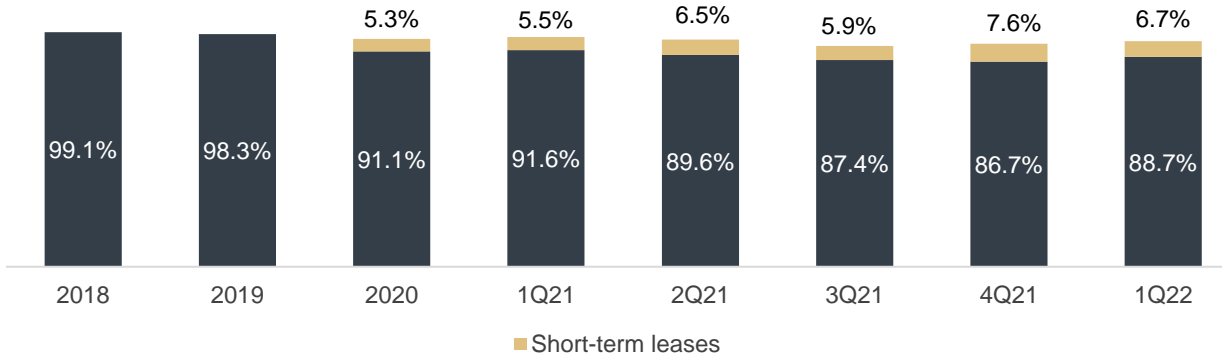
(2) Source: Savills Singapore Office Briefing 1Q 2022 for Singapore comparable sub-market rents; Savills Shanghai Property Market in Minutes 1Q 2022 for Shanghai comparable sub-market rents

(3) Shanghai Grade A office rent for prime districts of Nanjing Road West, Huaihai Middle Road and Lujiazui as defined by Savills

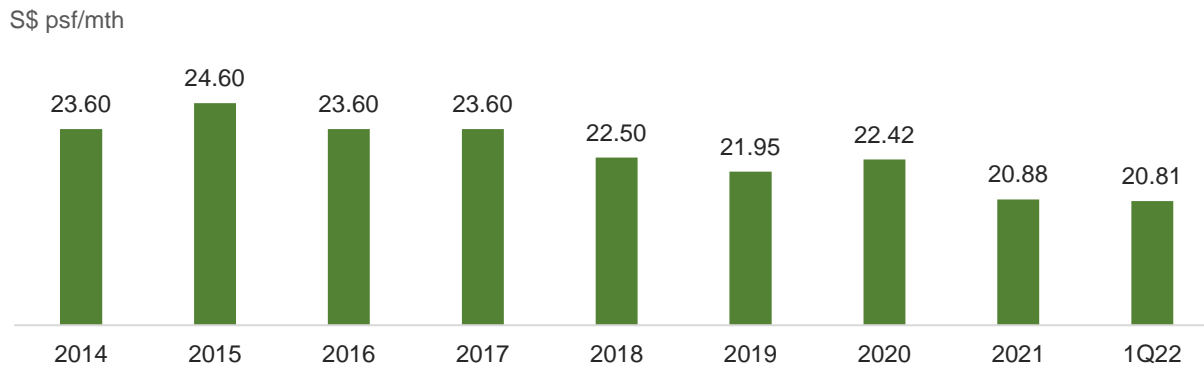
Note: For reference, CBRE Research's 1Q 2022 Core CBD Grade A Singapore office rent is S\$10.95 psf/mth. Sub-market rents are not published

2 Diversification and Income Resilience

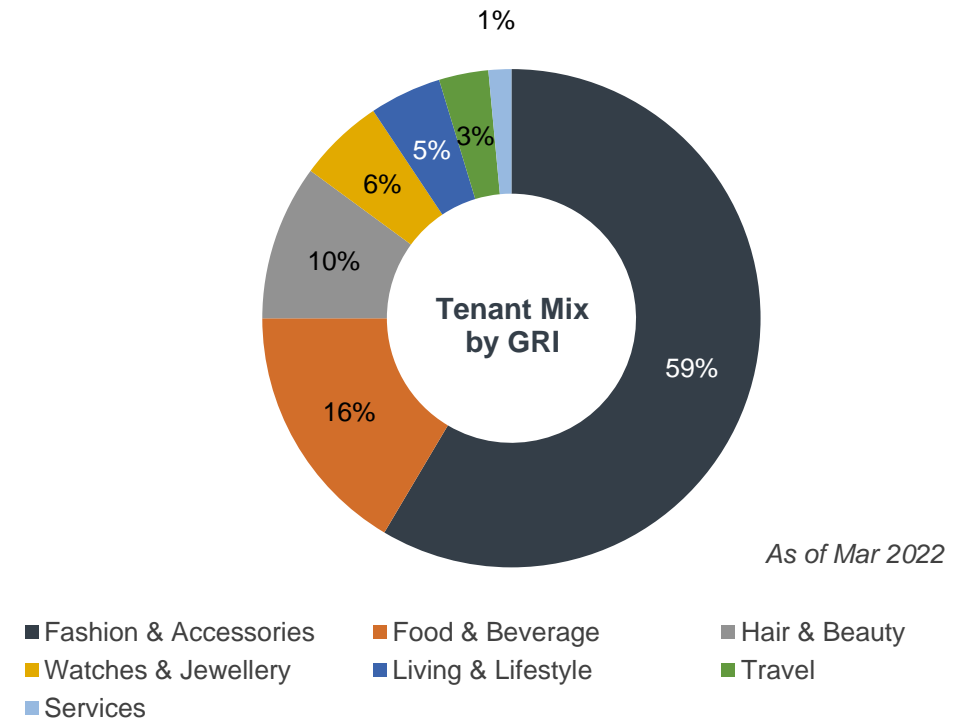
Mandarin Gallery Committed Occupancy



Mandarin Gallery Average Passing Rent



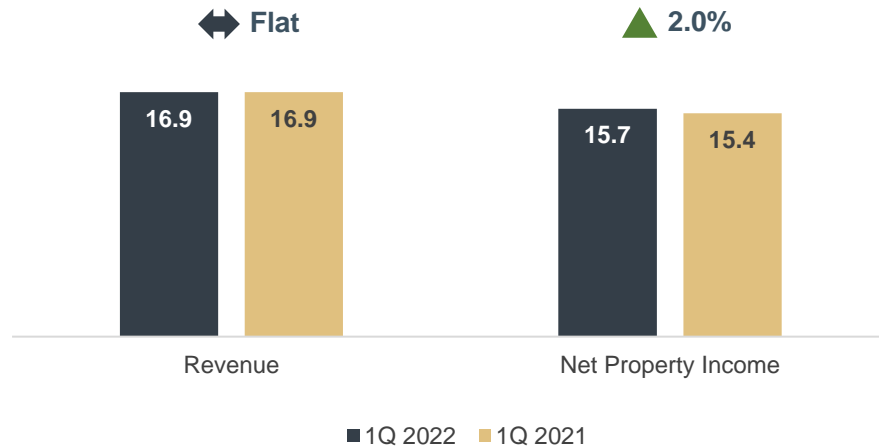
- Committed occupancy increased 2.0 ppt to 88.7% as at 31 March 2022. Including short-term leases, committed occupancy was 95.4%
- Shopper traffic and sales in March 2022 improved to ~80% of pre-COVID-levels respectively



2 Diversification and Income Resilience

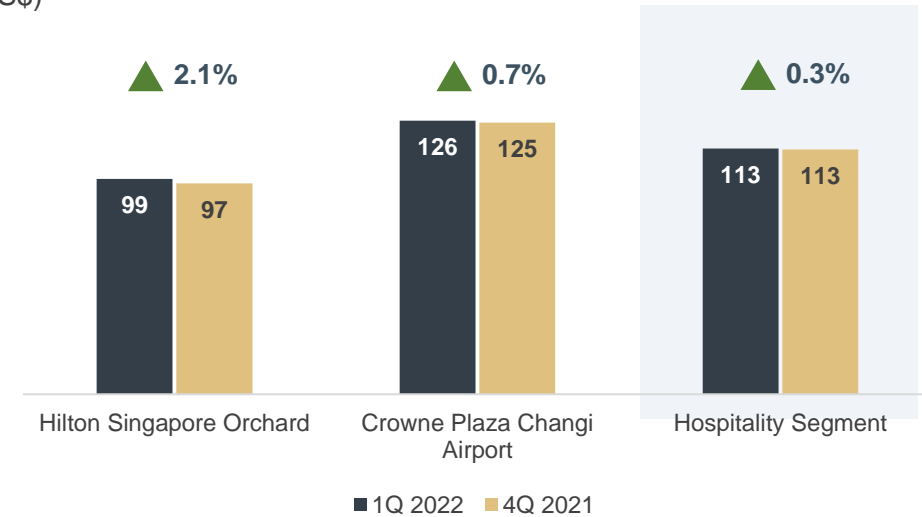
1Q 2022 Hospitality Segment Revenue and NPI

(S\$ million)



1Q 2022 Revenue per Available Room ("RevPAR")

(S\$)



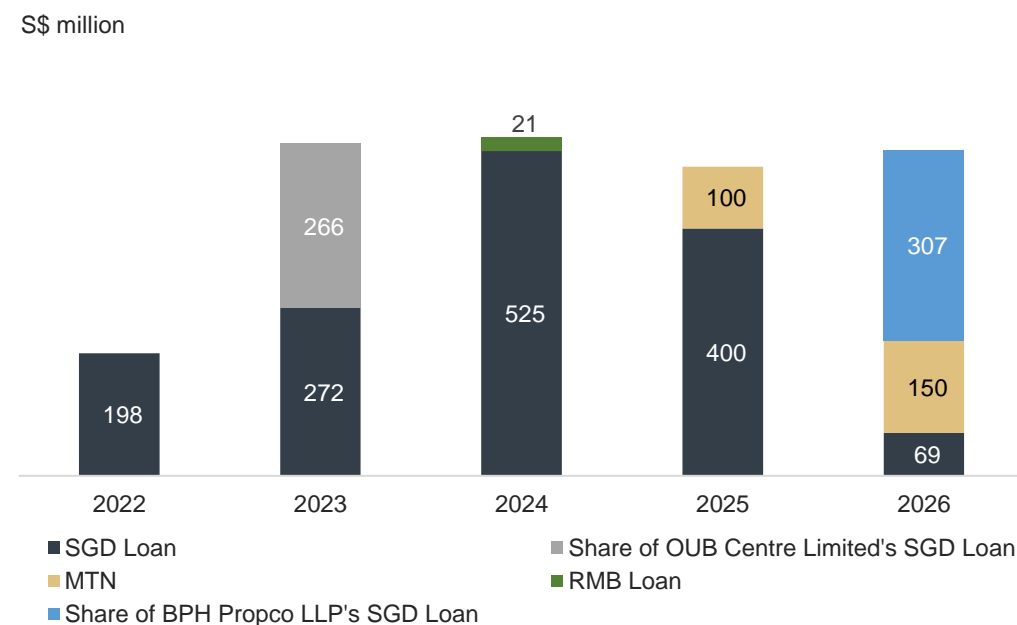
- Hospitality segment revenue for 1Q 2022 of S\$16.9 million was the minimum rent under the master lease arrangements of the hotel properties. Net property income for 1Q 2022 was 2.0% higher YoY
- Hotel relaunched as Hilton Singapore Orchard on 24 February 2022 with refurbished rooms and suites, new and enhanced MICE facilities, as well as revamped and fresh F&B restaurants. RevPAR increased 2.1% QoQ to S\$99
- Crowne Plaza Changi Airport continued to serve the air crew and aviation segment in 1Q 2022 and RevPAR increased by 0.7% QoQ to S\$126. Overall hospitality RevPAR was stable QoQ at S\$113

3 Prudent Capital Management

- As at 31 March 2022, aggregate leverage was 39.4% with stable weighted average cost of debt of 3.0% p.a
- In May 2022, OUE C-REIT issued S\$150 million 4.2% notes due 2027 with a coupon step-down of 25 basis points upon re-rating to investment grade, a first in Singapore's capital markets
 - Pro forma average term of debt to lengthen to 2.9 years with proportion of fixed rate debt to increase to 76.5% post issuance, mitigating interest rate risk

	As at 31 Mar 2022	As at 31 Mar 2021
Aggregate leverage	39.4%	40.4%
Total debt	S\$2,308m ⁽¹⁾	S\$2,335m ⁽²⁾
Weighted average cost of debt	3.0% p.a.	3.1% p.a.
Average term of debt	2.8 years	2.8 years
% fixed rate debt	70.0%	72.1%
Interest coverage ratio ("ICR") ⁽³⁾	3.0x	2.6x
Adjusted ICR ⁽⁴⁾	2.9x	2.5x

Debt Maturity Profile (as at 31 March 2022)



(1) Based on SGD:CNY exchange rate of 1:4.690 as at 31 March 2022 and includes OUE C-REIT's share of OUB Centre Limited's loan and BPH PropCo LLP's loan

(2) Based on SGD:CNY exchange rate of 1:4.843 as at 31 March 2021 and includes OUE C-REIT's share of OUB Centre Limited's loan and BPH PropCo LLP's loan

(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) As above in (3) and including distributions on hybrid securities in the denominator

4 Strong Sponsor Support

Profile of Sponsor OUE Limited

- **Committed sponsor** in OUE Limited which has a stake of 48.2% in OUE C-REIT as at 31 March 2022
- Diversified real estate owner, developer and operator with a real estate portfolio located in Asia
- OUE Limited (“OUE”) has a **proven track record and expertise** in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors

Benefits to OUE C-REIT

- Sponsor commitment to OUE C-REIT’s prospects under the hotel master lease arrangements – **minimum rent component of S\$67.5 million per annum provides substantial downside support**
- **Right of First Refusal** in relation to OUE’s income-producing commercial, hospitality and integrated properties provides OUE C-REIT with **access to potential future acquisition opportunities**
 - One Raffles Place and OUE Downtown Office were acquired from the Sponsor
- In relation to previous rights offerings, OUE has **demonstrated its support** by subscribing for its pro rata share of the equity offering
- **Leverage on OUE’s experience and network of contacts** in pursuing growth opportunities

Looking Ahead



Looking Ahead



Strengthen portfolio fundamentals to drive organic growth

- ✓ **Proactive asset management** to sustain occupancy while optimising rents, and reposition/reconfigure spaces to enhance tenant mix
- ✓ **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



Reinforce the capital structure

- ✓ **Optimise cost of debt** by strengthening credit profile to lower funding costs from capital markets and adopt appropriate hedging strategies to manage interest rate exposure
- ✓ **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

- ✓ **Tap on asset enhancement initiatives** to create value and enhance portfolio returns
- ✓ **Leverage on portfolio reconstitution opportunities** when they arise



COMMERCIAL
REIT



Thank You



Appendices

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

Premium Portfolio of Assets

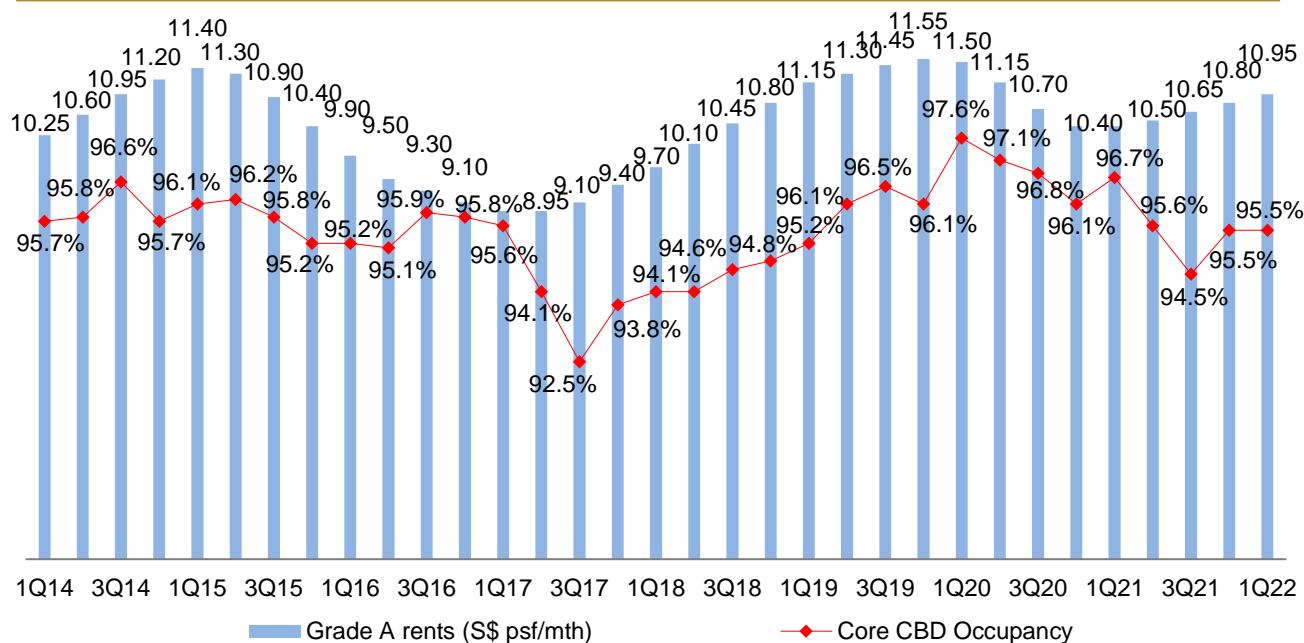
Strategically located assets in the prime business districts of Singapore and Shanghai

							
	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: 99.3% Retail: 96.6% Overall: 99.1%	Office: 88.2% Retail: 93.2% Overall: 88.9%	Office: 87.8%	Office: 91.6% Retail: 96.8% Overall: 92.4%	Retail: 88.7%	-	-
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)

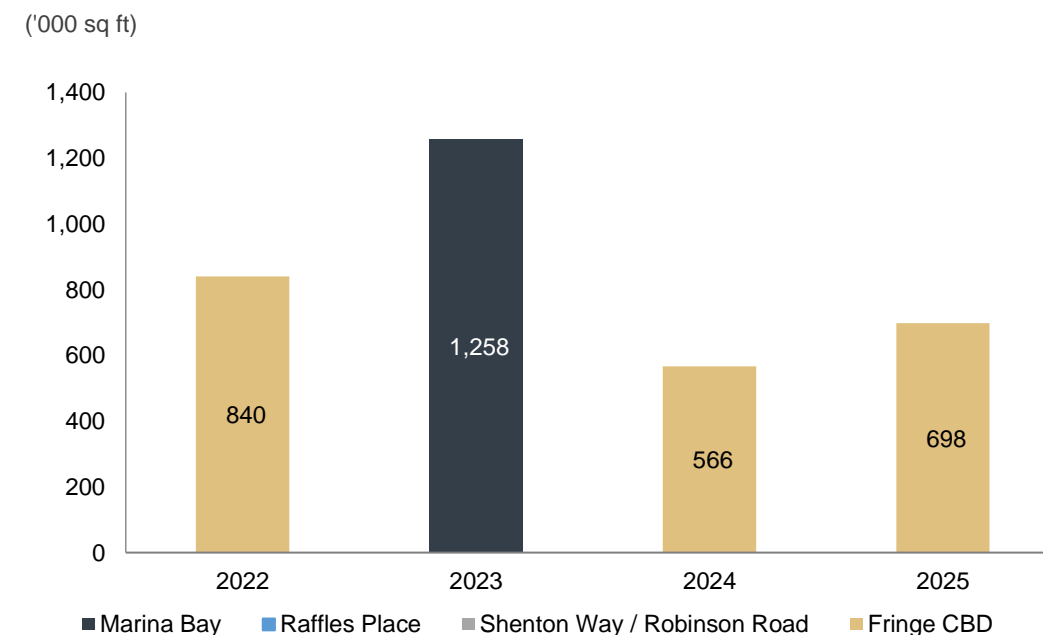
Singapore Office Market

- Positive leasing momentum from end-2021 carried through to 2022 as Singapore remained on the path to reopen its economy. Demand was driven by non-bank financial institutions, technology companies, pharmaceutical, as well as fast-moving consumer goods companies
- Core CBD Grade A occupancy stabilised at 95.5% in 1Q 2022, while CBD Grade A office rents increased 1.4% QoQ to S\$10.95 psf per month

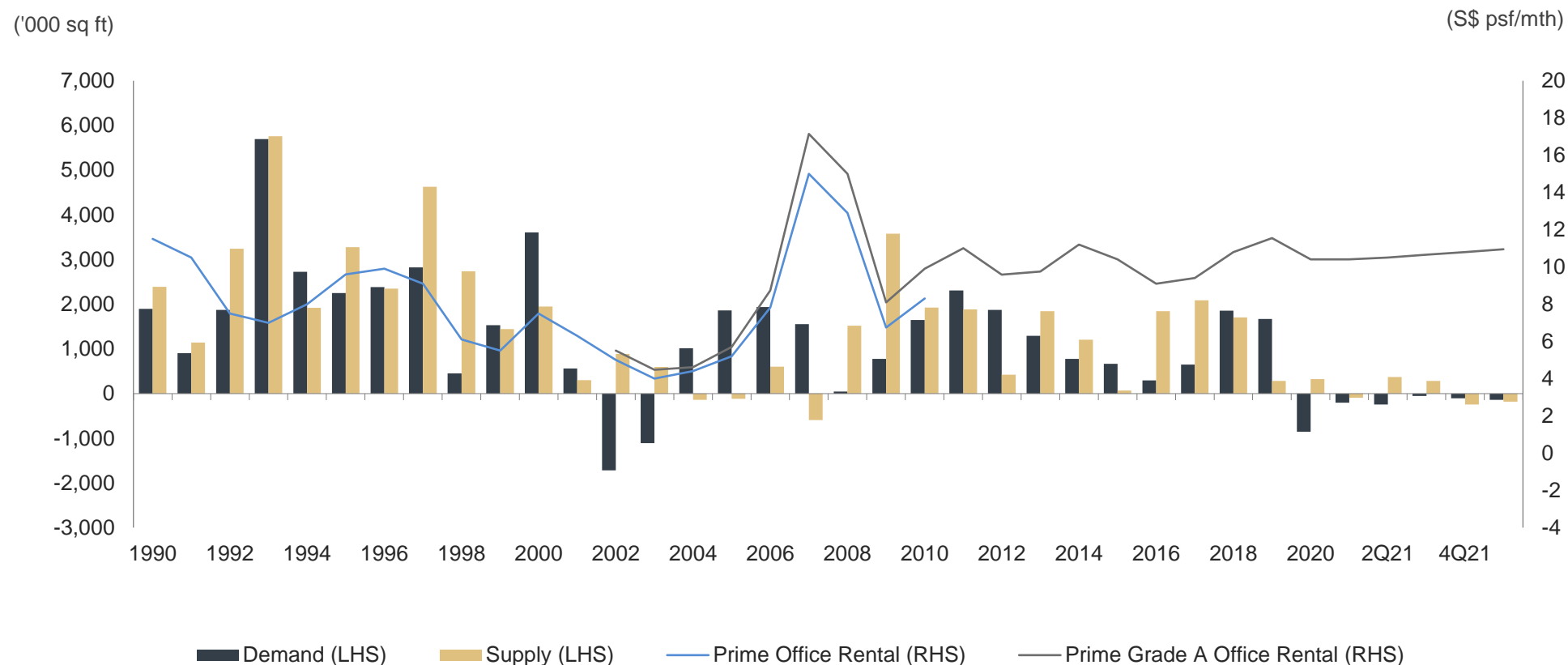
Singapore CBD Grade A Rents and Occupancy



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

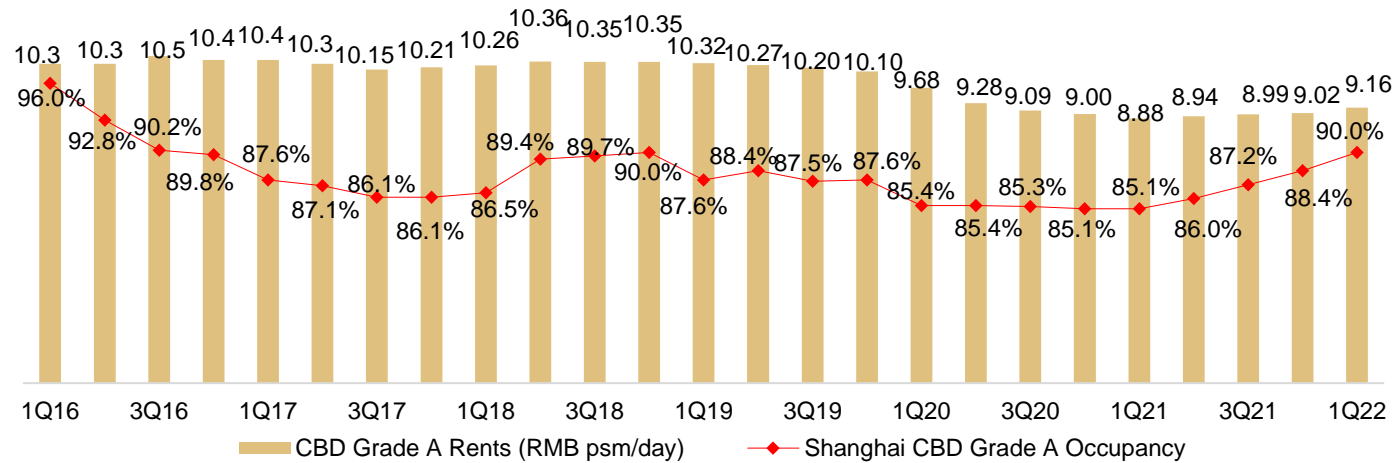


Singapore Office Demand, Supply & Office Rents



Shanghai Office Market

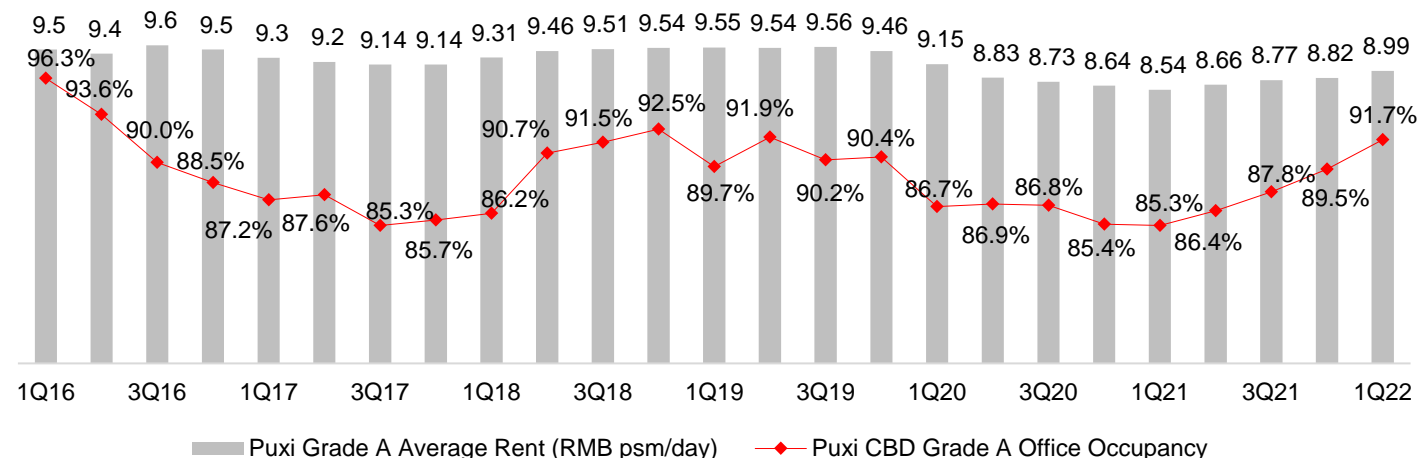
Shanghai



- Shanghai CBD Grade A office occupancy increased 1.6 ppt QoQ to 90.0%, while rents rose 1.4% QoQ to RMB9.16 psm per day in 1Q 2022

- Puxi Grade A office occupancy improved 2.2 ppt QoQ to 91.7% as at 1Q 2022, and rents edged up 1.8% QoQ to RMB8.99 psm/day

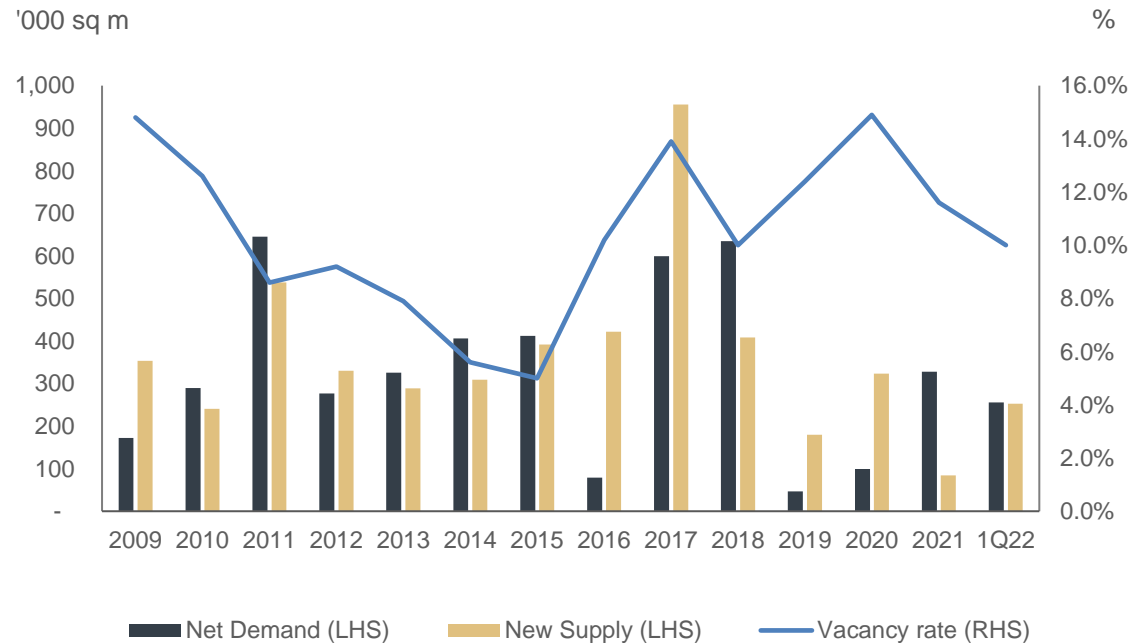
Puxi



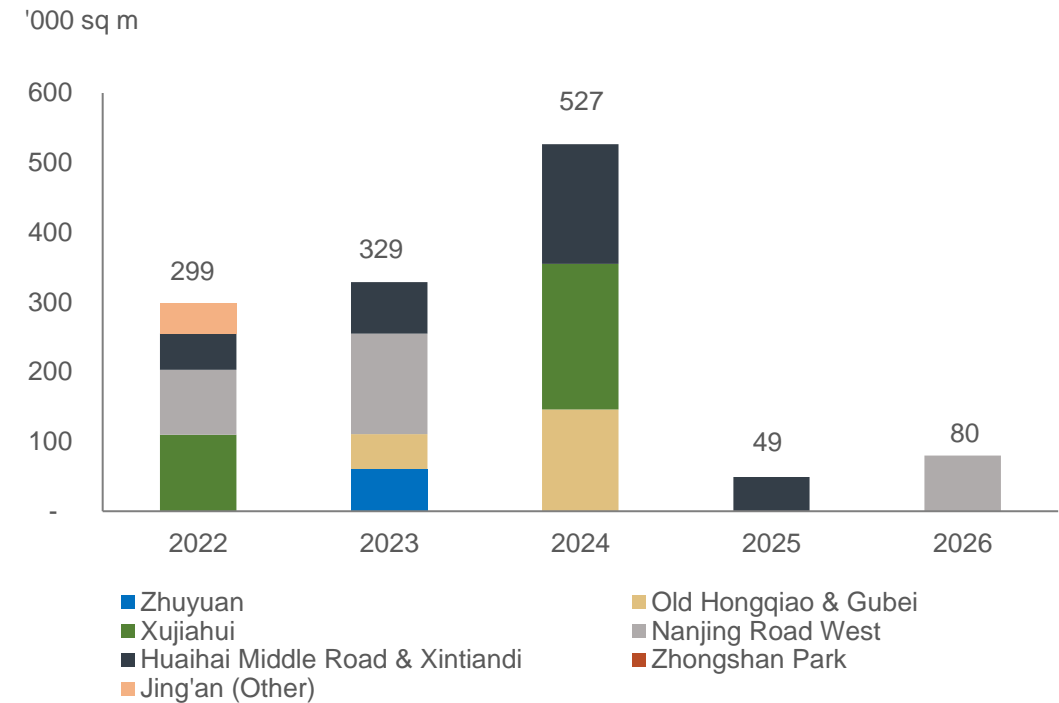
- Demand from the TMT sector is expected to remain stable although rental growth will be measured given the significant office supply pipeline over the next few years

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

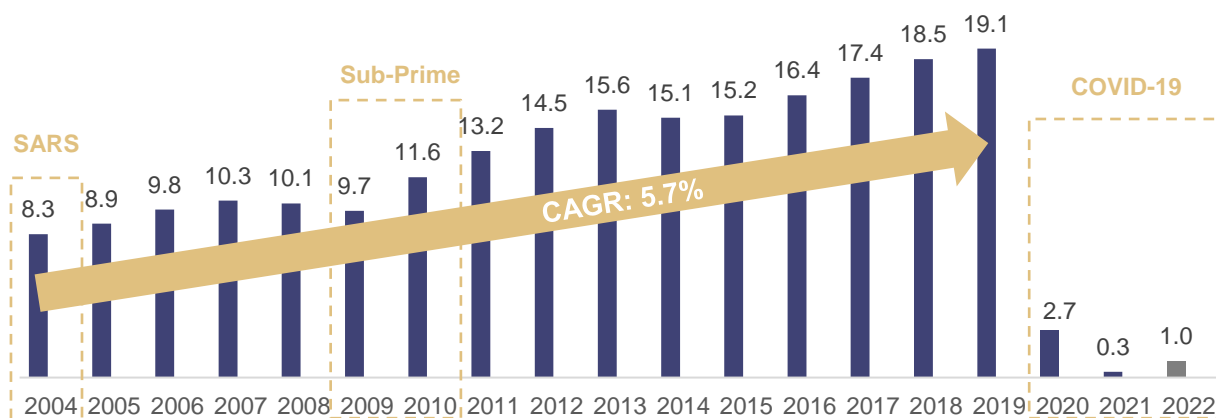
Singapore Hospitality Market

- YTD May 2022 visitor arrivals increased by almost three times YoY to 1.0 million as Singapore significantly reopened its borders to all fully vaccinated travellers 1 April 2022. However, visitor arrivals were still well below pre-COVID levels
- The UNWTO expects international tourist arrivals to reach 55% to 70% of 2019 levels in 2022 and 48% of tourism experts surveyed see a potential return of international arrivals to 2019 levels in 2023⁽¹⁾
- Hotel room inventory is expected to grow by 3.4% between 2022 and 2024

Visitor Arrivals in Singapore

(million)

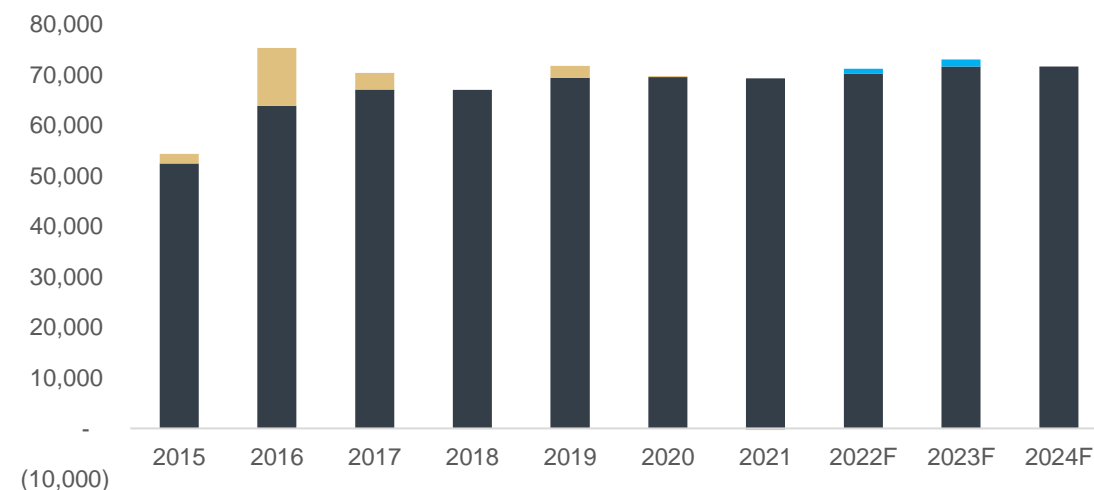
■ Visitor Arrivals ■ 2022



Singapore Hotel Supply

(No. of Hotel Rooms)

■ Number of Rooms ■ Net Increase/Decrease in Supply ■ New Supply



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	<ul style="list-style-type: none"> OUE Limited 	<ul style="list-style-type: none"> OUE Airport Hotel Pte. Ltd. (OUEAH)
Tenure	<ul style="list-style-type: none"> First term of 15 years to expire in July 2028 Option to renew for an additional 15 years on the same terms and conditions 	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> 3% of GOR 	<ul style="list-style-type: none"> Aligned with hotel management agreement between OUEAH and IHG Generally at 3% of GOR