



Business Update for 3Q 2023

30 October 2023

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Agenda

- 3Q 2023 Key Highlights
- Financial Summary & Capital Management
- Portfolio Performance
- Crowne Plaza Changi Airport AEI
- Growth Strategies
- Appendices

3Q 2023 Key Highlights



Revenue

S\$75.8m

▲ 27.5% YoY



Net Property Income (“NPI”)

S\$62.7m

▲ 29.8% YoY



Singapore Office

- Committed occupancy of Singapore office properties remained healthy at 95.7% as at 30 Sep 2023
- Recorded positive rental reversion of 18.4% in 3Q 2023



Hospitality

- Hospitality segment revenue and NPI increased 67.6% and 73.2% YoY to S\$28.3 million and S\$27.0 million, respectively
- Revenue per available room (“RevPAR”) increased 12.8% YoY to S\$295 in 3Q 2023



Retail

- Mandarin Gallery’s committed occupancy⁽¹⁾ reached 98.7% as at 30 Sep 2023
- Recorded high rental reversion of 31.1% on the back of recovery in tourist arrivals and improving retail sales

An aerial photograph of a dense urban skyline at sunset. The central focus is a tall, white skyscraper with a grid-like window pattern, identified as One Raffles Place. The sun is a bright, glowing orb in the upper right corner, casting a warm orange and yellow light across the scene. Other buildings of various heights and architectural styles surround the central tower, creating a complex, layered cityscape. The sky is a mix of soft pinks, oranges, and blues.

Financial Summary & Capital Management

One Raffles Place

3Q 2023 Financial Performance

Higher revenue and net property income recorded

	3Q 2023 (S\$m)	3Q 2022 (S\$m)	YoY Change (%)
Revenue	75.8	59.5	27.5
Net Property Income	62.7	48.3	29.8
Share of Joint Venture Results	1.7	3.4	(49.9)

- Net property income increased 29.8% YoY to S\$62.7 million driven by overall YoY improvements in OUE C-REIT's portfolio, in particular the hospitality sector on the back of Singapore's tourism sector recovery
- For 3Q 2023, 65% of base management fees continues to be paid in cash with the balance in Units
- For financial prudence, an increase in capital distribution retention for working capital requirements may be considered
- NAV per unit remains stable at S\$0.58 as at 30 September 2023

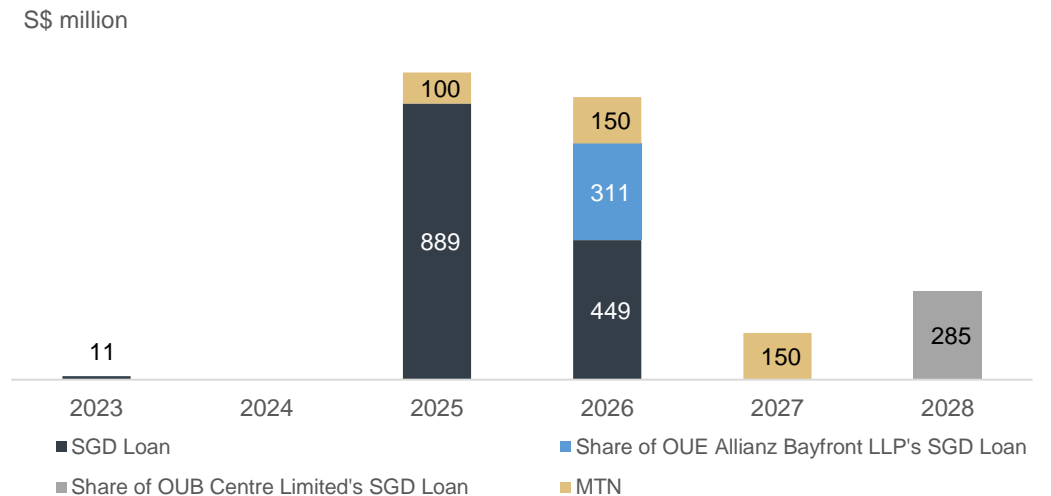
Proactive and Prudent Capital Management

No refinancing requirement until 2025

- Aggregate leverage and weighted average cost of debt remained stable at 39.4% and 4.2% per annum, respectively
- Proportion of fixed rate debt remains high at 68.0% of total debt. Assuming a 25 basis points increase in interest rates, impact on DPU would be 0.03 Singapore cent per unit
- Successfully obtained an investment grade BBB- credit rating from S&P Global Ratings on 30 October 2023. Rate of interest payable to holders of S\$150 million 4.20% fixed-rate notes due 2027 will step down to 3.95% with effect from 5 November 2023

	As at 30 Sep 2023	As at 30 Jun 2023
Aggregate leverage	39.4%	39.1%
Total debt ⁽¹⁾	S\$2,345m	S\$2,340m
Weighted average cost of debt	4.2% p.a.	4.1% p.a.
Average term of debt	2.7 years	3.0 years
% fixed rate debt	68.0%	68.2%
% unsecured debt	69.7%	69.7%
Interest coverage ratio ("ICR") ⁽²⁾	2.5x	2.4x ⁽³⁾
Adjusted ICR ⁽⁴⁾	2.4x	2.3x ⁽³⁾

Debt Maturity Profile (as at 30 September 2023)



OUE Downtown

Portfolio Performance

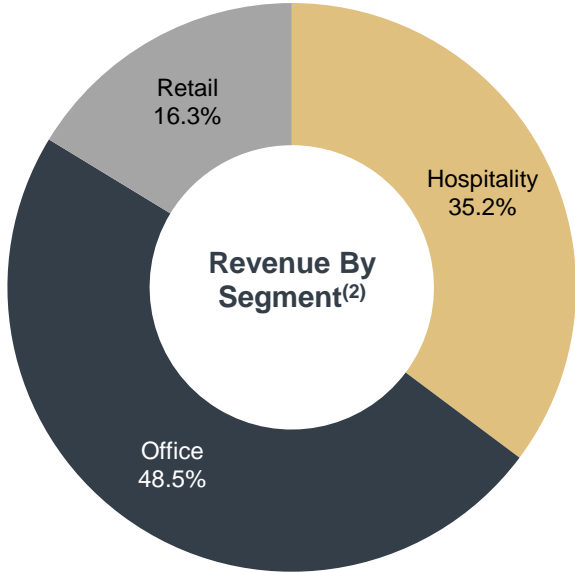
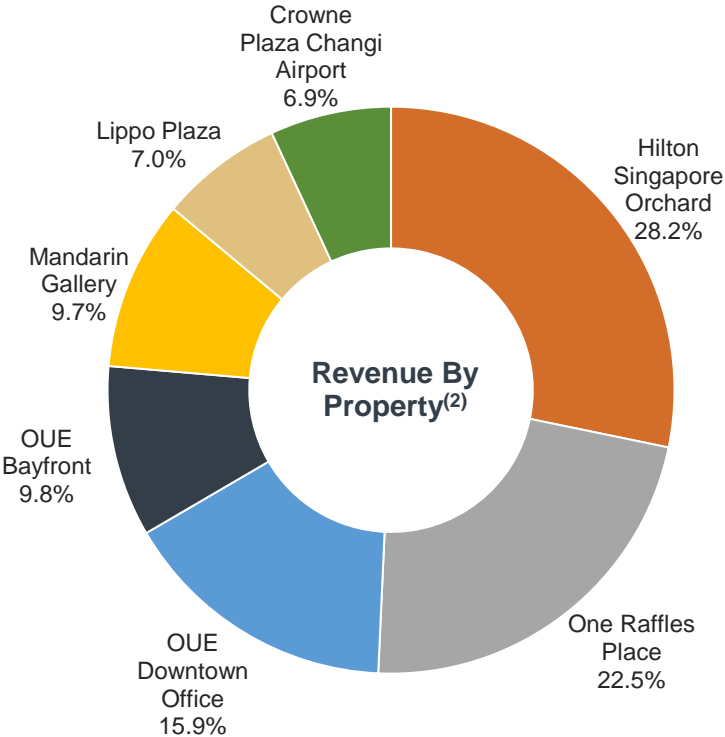
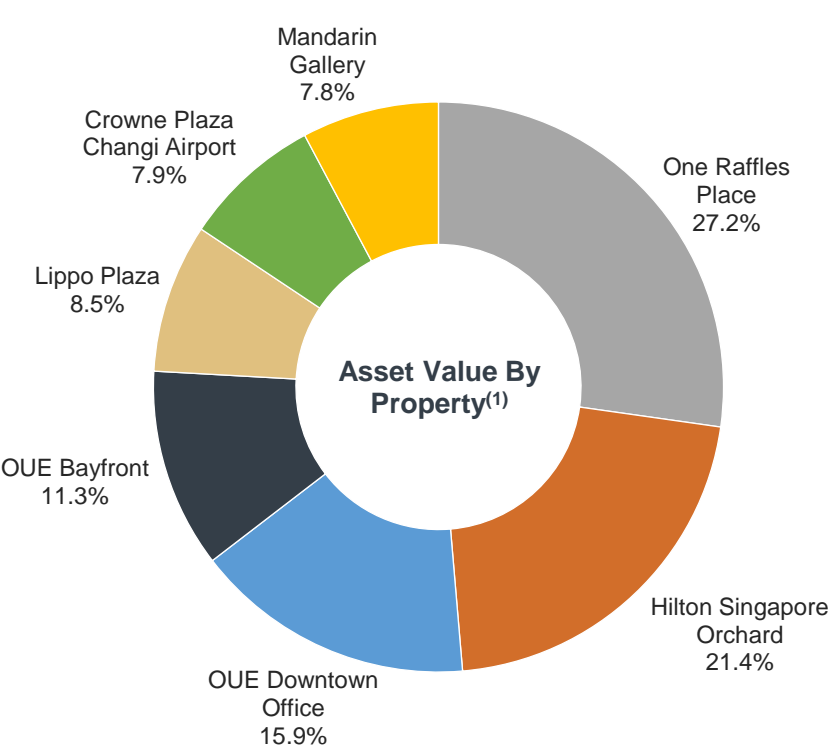


Singapore-focused and Diversified Portfolio Provides Stability amidst Market Uncertainties

91.5% of assets under management in Singapore

Singapore assets contribute 93% of portfolio revenue

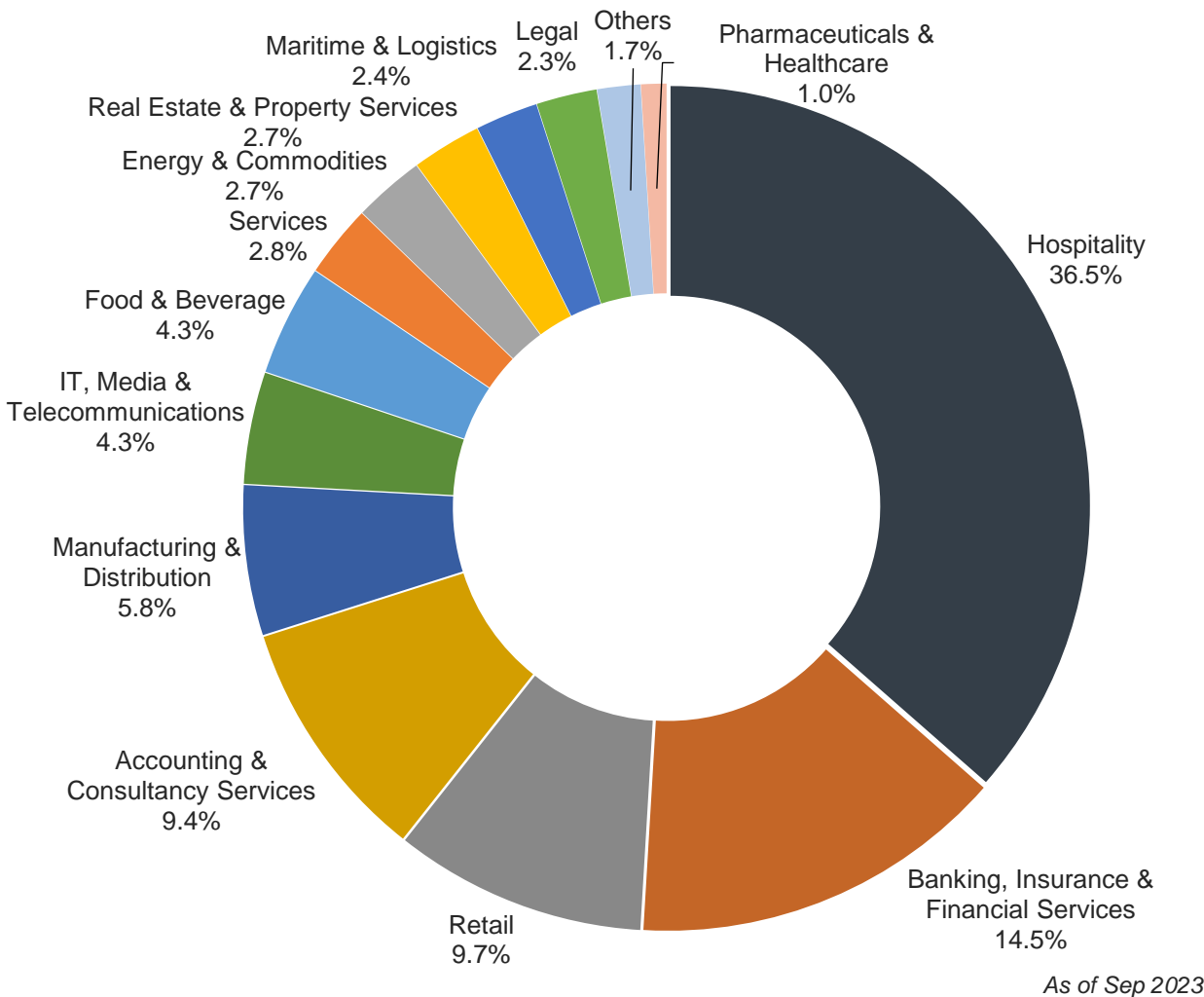
Hospitality & retail segments contribute approx. 52% of portfolio revenue



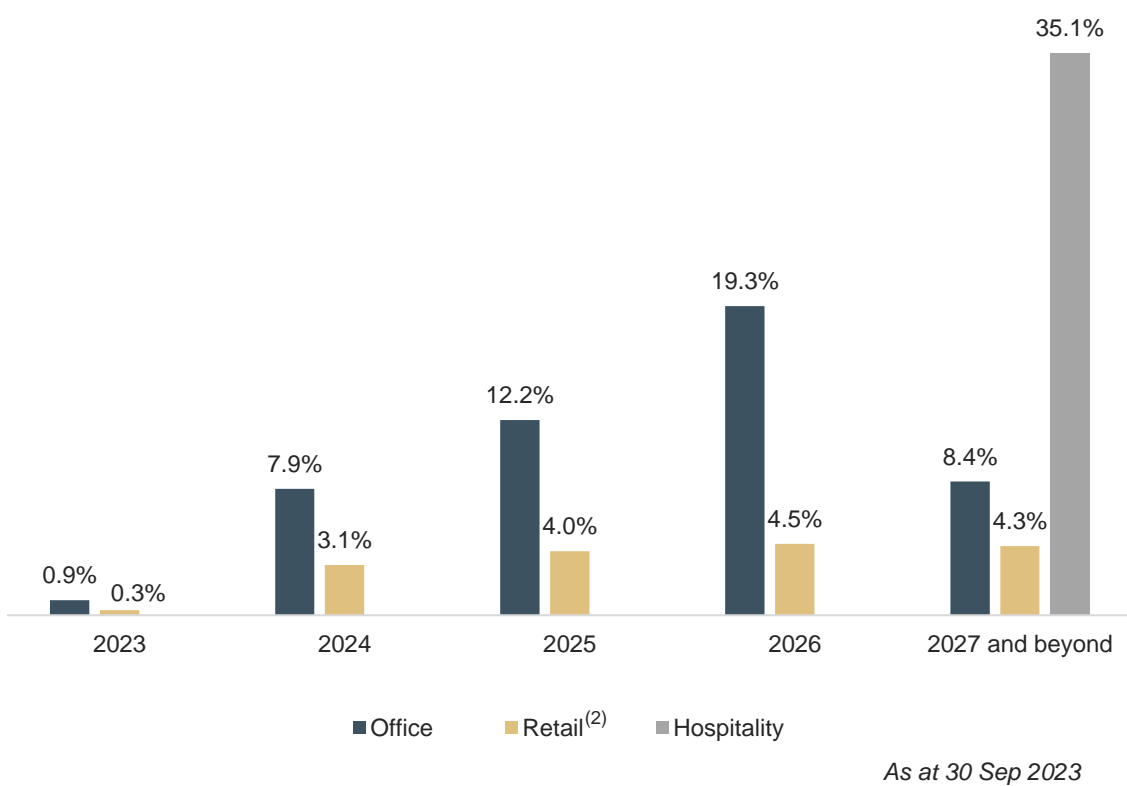
(1) Based on independent valuations as at 31 December 2022 and OUE C-REIT's proportionate interest in the respective properties as at 30 September 2023, assuming SGD:CNY exchange rate of 1:5.348 as at 30 September 2023
(2) Based on 3Q 2023 revenue and OUE C-REIT's proportionate interest in the respective properties

Diversified Tenant Mix & Well-distributed Lease Expiry Profile

Backed by hospitality and resilient trade sectors



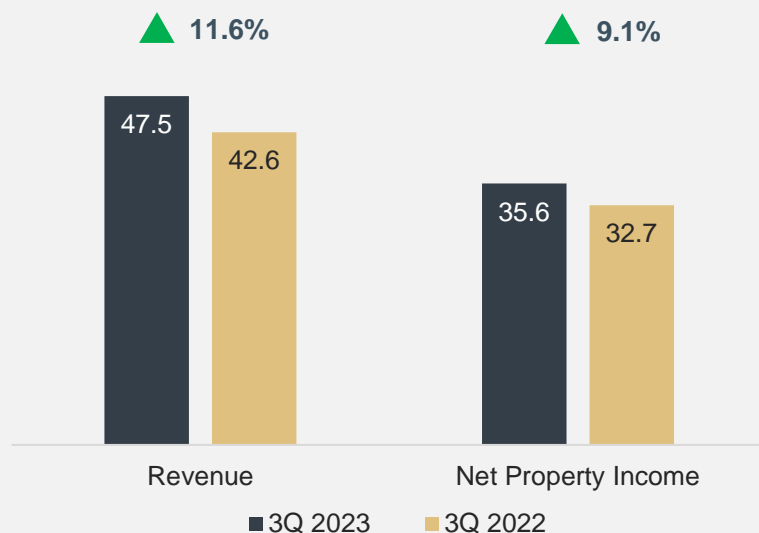
WALE⁽¹⁾ of 3.3 years by Gross Rental Income (“GRI”)



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 – 3Q 2023

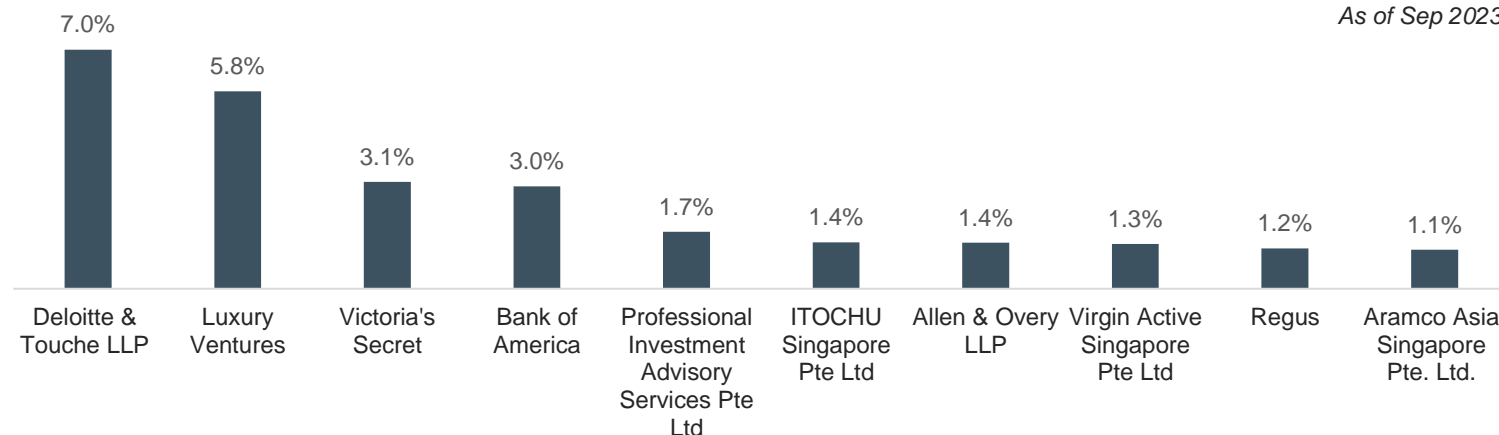
(S\$ million)



- Higher revenue and net property income of S\$47.5 million (11.6% YoY) and S\$35.6 million (9.1% YoY), respectively, due to better performance of the Singapore portfolio

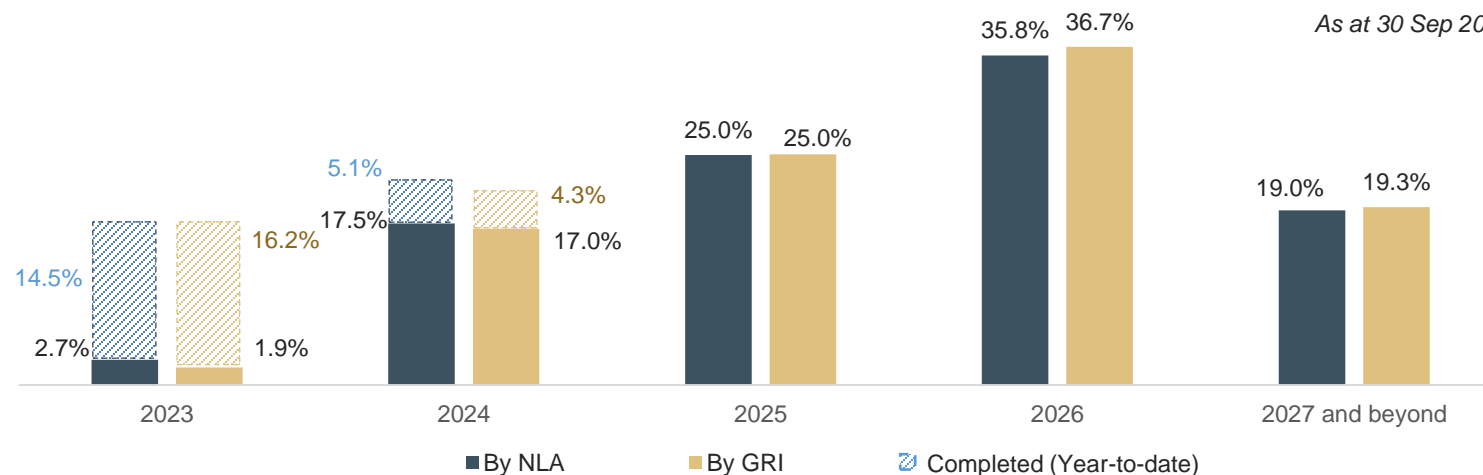
Top 10 tenants contributed 27.0% of commercial segment GRI⁽¹⁾

As of Sep 2023



Proactive management of upcoming lease renewals, WALE remains well-distributed at 2.5 years by both net lettable area ("NLA") and GRI

As at 30 Sep 2023



Singapore Office Portfolio Performance Overview

Operating performance remained healthy despite cautious market sentiment

Committed Occupancy

95.7% ▼ 0.4 ppt QoQ

As at 30 Sep 2023

Average Passing Rent

S\$10.35 psf ▲ 1.3% QoQ

As of Sep 2023

Rental Reversion⁽¹⁾

18.4%

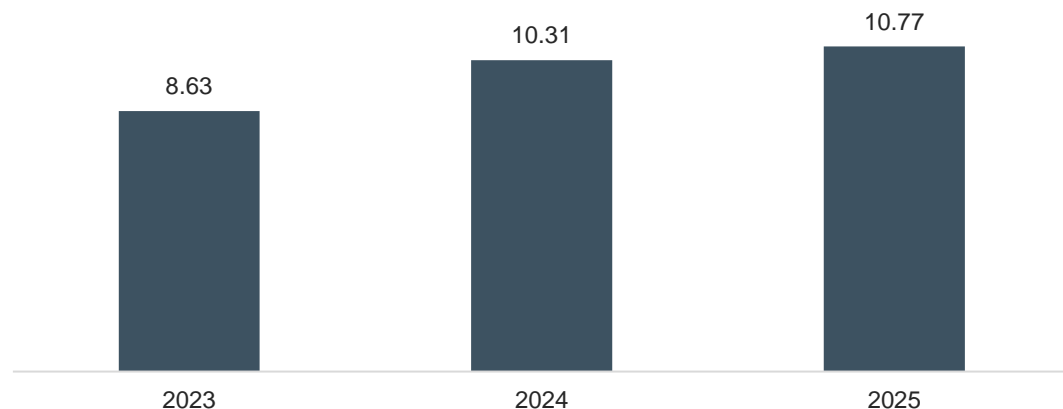
In 3Q 2023

Navigating macroeconomic headwinds through proactive lease management

Average expiring rents in 2023 to 2025

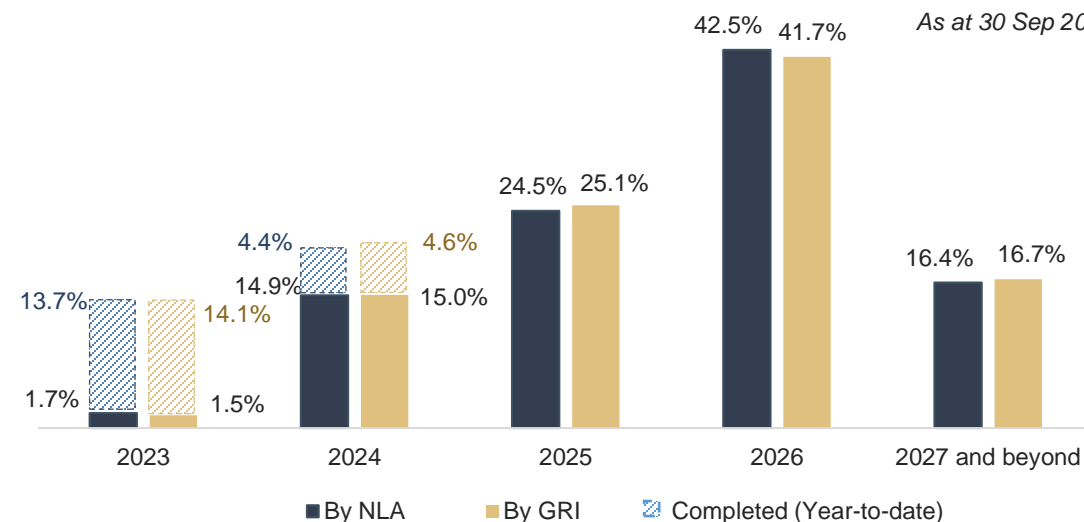
S\$ psf per month

As of Sep 2023



WALE of 2.5 years by both GRI and NLA

As at 30 Sep 2023



Shanghai Lippo Plaza Performance Overview

Prioritising occupancy in response to intensified competition due to ample supply

Office Committed Occupancy

88.7% ▲ 2.1 ppt QoQ

As at 30 Sep 2023

Retail Committed Occupancy

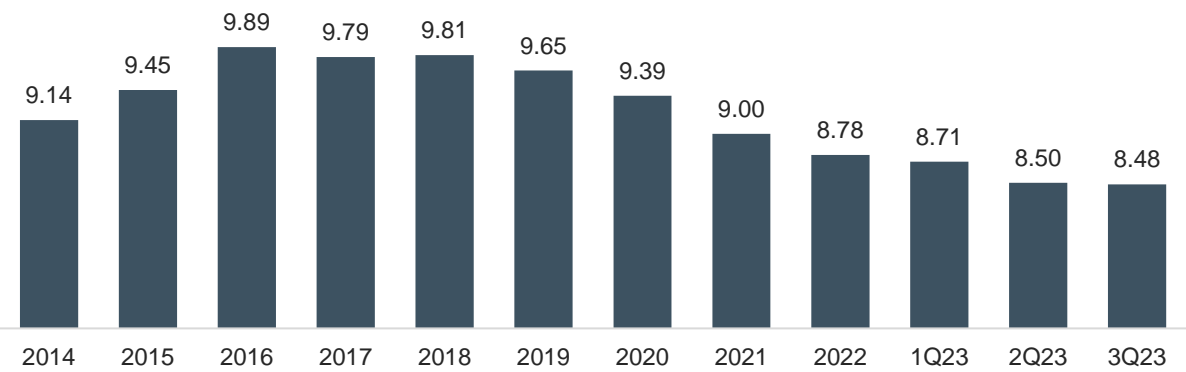
97.8% ▲ 3.4 ppt QoQ

As at 30 Sep 2023

Average office passing rent was stable at RMB8.48 psm/day

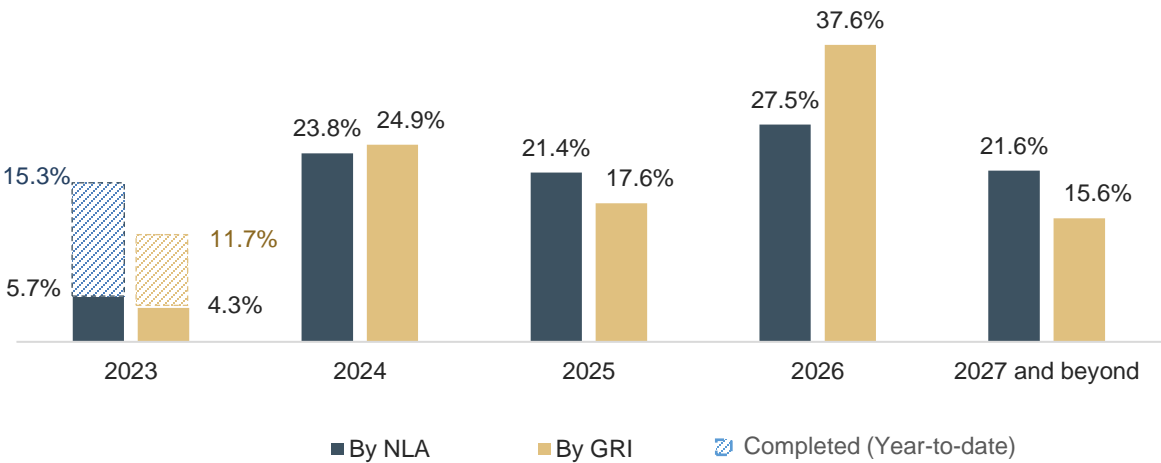
RMB psm per day

As of Sep 2023



WALE of 2.3 years by NLA & GRI

As at 30 Sep 2023



Mandarin Gallery Performance Overview

Steady improvement backed by positive retailer sentiment and proactive leasing strategy

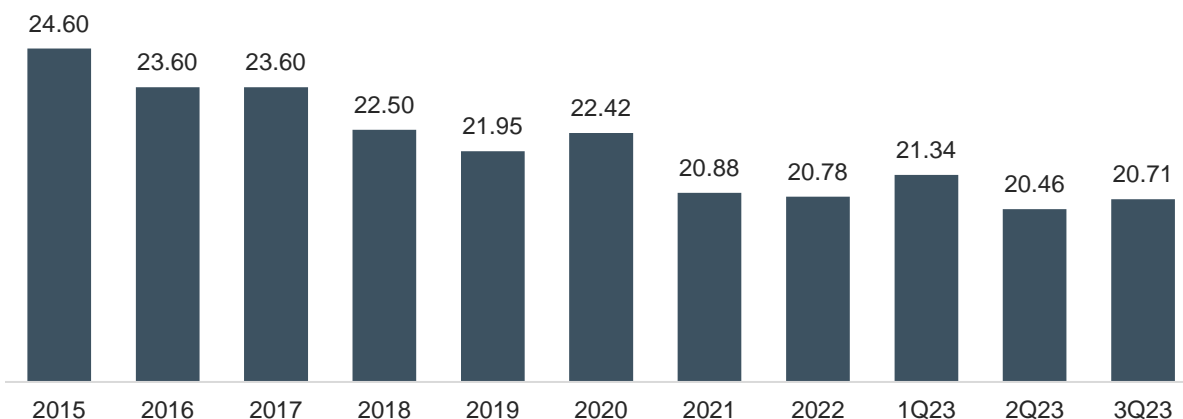


Average passing rent increased 1.2% QoQ

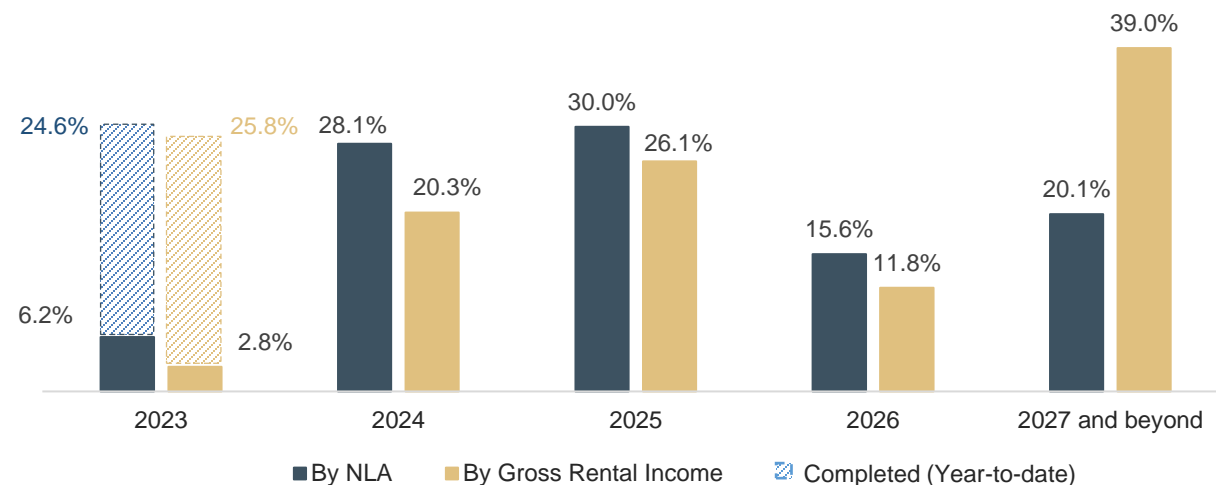
WALE of 2.0 years (NLA); 2.6 years (GRI)

S\$ psf per month

As of Sep 2023



As at 30 Sep 2023

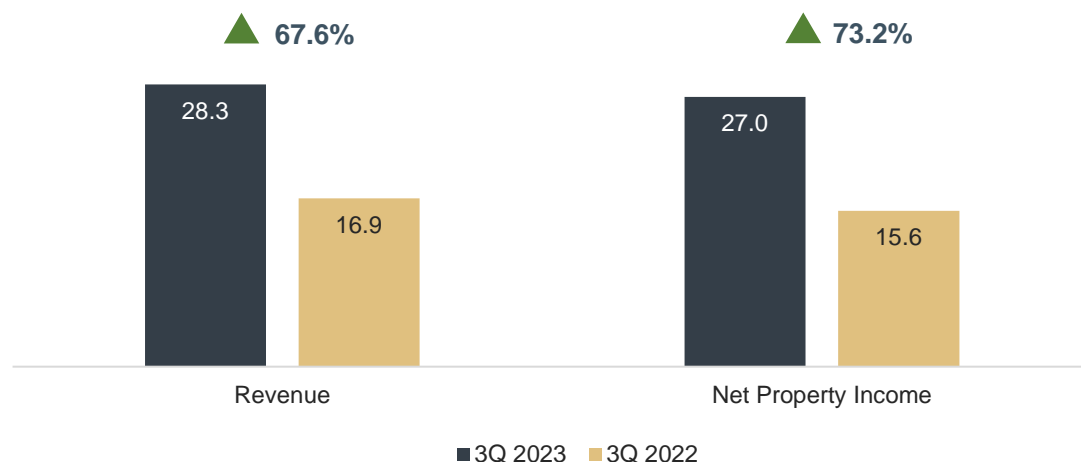


Hospitality Segment Performance

Tourism recovery and re-branding to HSO contributed to higher RevPARs

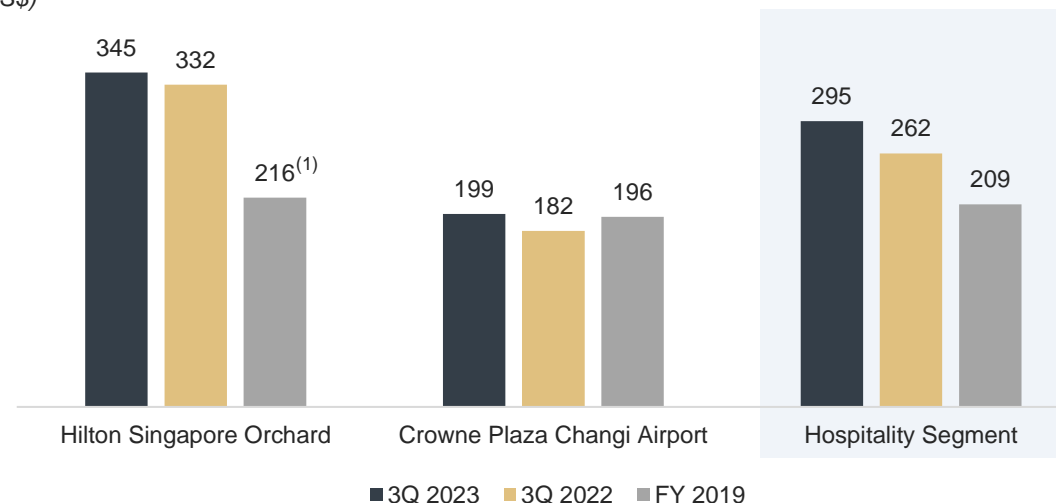
3Q 2023 Hospitality Segment Revenue and NPI

(S\$ million)



3Q 2023 Revenue per Available Room (“RevPAR”)

(S\$)



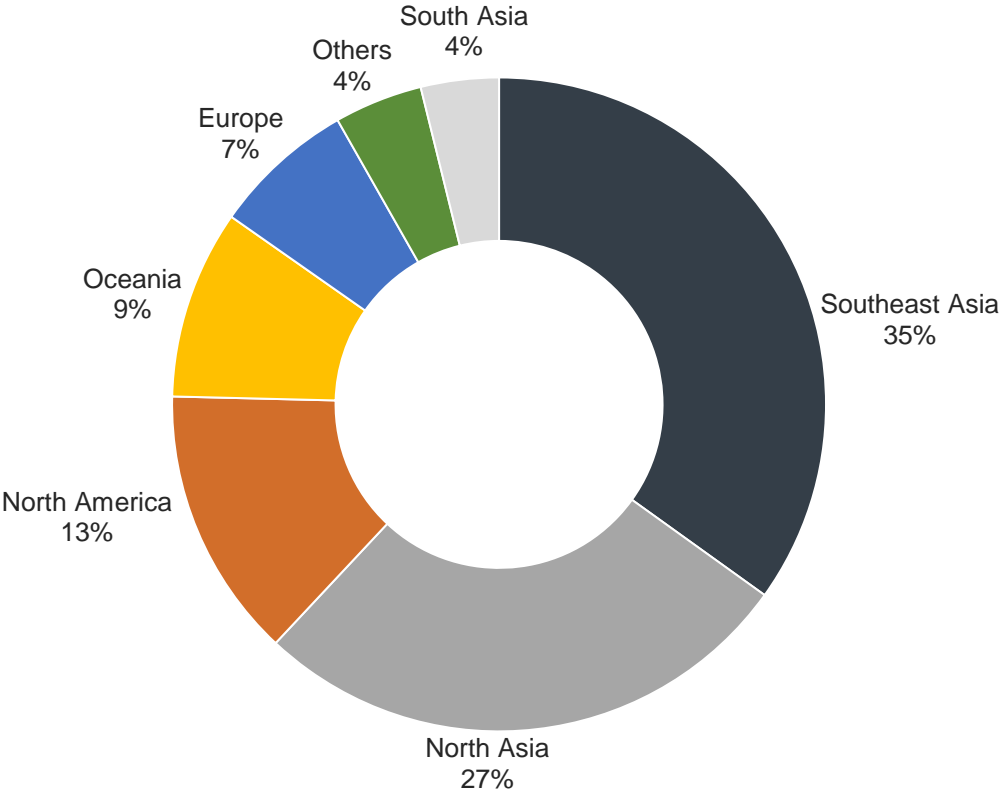
- Hospitality segment revenue and net property income for 3Q 2023 increased 67.6% and 73.2% YoY to S\$28.3 million and S\$27.0 million respectively. The better performance was due to Hilton Singapore Orchard (“HSO”) operating the full inventory of 1,080 rooms as compared to 634 rooms the year before, as well as the ongoing recovery in the hospitality sector with visitor arrivals reaching 10.1 million for the first nine months of 2023
- For 3Q 2023, the hospitality segment RevPAR increased 12.8% YoY to S\$295, compared with S\$262 in 3Q 2022. HSO’s and Crowne Plaza Changi Airport’s 3Q 2023 RevPARs were 3.8% and 9.6% higher YoY at S\$345 and S\$199, respectively

Hospitality Segment Performance

Diversified business mix towards higher-yielding markets

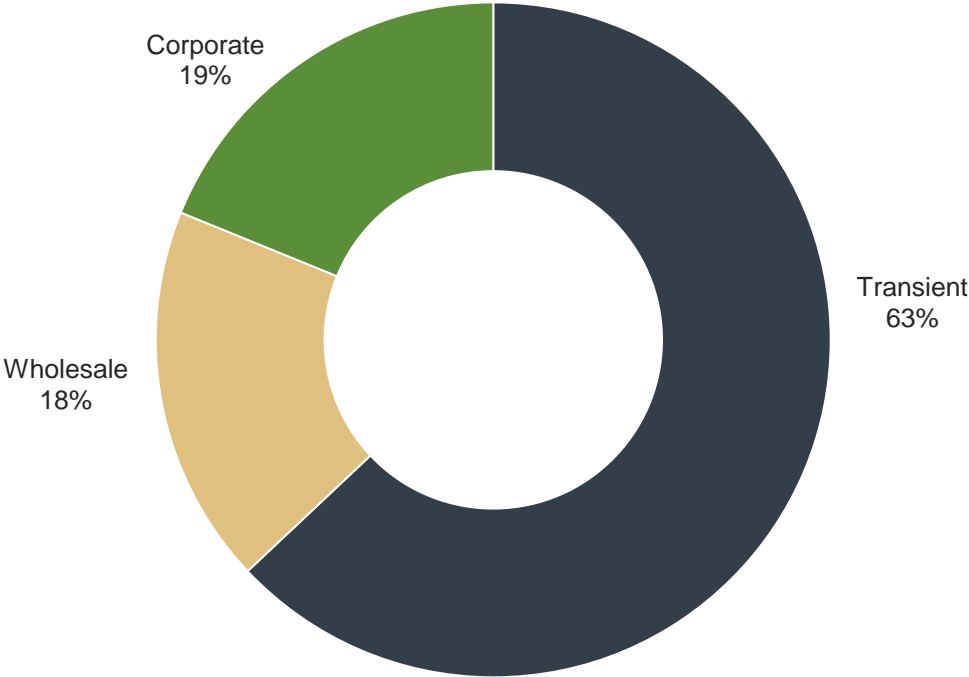
By Geography

3Q 2023 (By room nights)



By Type

3Q 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

Crowne Plaza Changi Airport AEI



Crowne Plaza Changi Airport

Crowne Plaza Changi Airport AEI

Why embark on this AEI?



1. Optimise and repurpose underutilised spaces creatively into **income-generating rooms and MICE facilities to enhance value and drive greater returns**



2. **Strengthen competitive positioning of the award-winning asset** as a premier hospitality destination in its unique Changi Airport location



3. Completion by December 2023 to **capture strong wave of leisure and business travellers in 2024 and beyond**



4. AEI is expected to be **DPU-accretive and generate a stabilised return on investment of c.10%** with an estimated capital expenditure of up to S\$14 million



5. Upgrading of equipment **improve the hotel's environmental performance, in line with OUE C-REIT's commitment to sustainability**

Crowne Plaza Changi Airport AEI

Key Features of the AEI



Addition of 10 Premier Pool Rooms and 2 Suites to cater to the higher-yielding long-stay guests and families market segment

- Total inventory increases to 575 well-appointed guest rooms
- Strategically located on the same level as the hotel's tropical resort outdoor pool with a view of the iconic Changi Airport control tower
- Three of the new rooms will have direct pool access

Revamp of all-day dining restaurant to complement the current F&B offerings at Changi Airport

- A brand-new Italian dining experience with an alfresco area and bar; the only Italian buffet destination within Changi Airport
- Relocation of all-day dining restaurant to the ground floor for better visibility and direct access from Changi Airport T3



Crowne Plaza Changi Airport AEI

Key Features of the AEI



New and versatile meeting spaces to capture MICE demand

- Conversion of existing all-day dining restaurant into a new 352-square metre multi-function room
- Equipped with state-of-the-art audio-visual technology, the adaptive space will be well-equipped to host a wide array of meetings and events

Transformation of Club Lounge and gym facilities

- Existing Bar space will be transformed into a contemporary Club Lounge that includes modernised space for meetings
- Gym will also be revamped with state-of-the-art equipment, catering to the fitness needs of business and leisure travellers



Growth Strategies



Hilton Singapore Orchard

Market Outlook

Singapore

Office

- Leasing activity was “better-than-expected” in 3Q 2023 due to demand from various sectors as well as an increase in office usage due to more mandated work-in-office days by existing occupiers as well as flight to quality trend⁽¹⁾
- CBD Grade A office vacancy is expected to remain low and leasing momentum to continue through to end 2023 with the delayed completion of a sizeable CBD office development to 2024. Limited new office completions over 2024 to 2026 will support rents in the longer term
- Benefitting from their prime locations and well-diversified tenant mix, OUE C-REIT’s core Grade A office assets are well-positioned to weather market uncertainties

Hospitality and Retail

- Tourism recovery continues with visitor arrivals from January to September 2023 reaching 10.1 million⁽²⁾. The improvement was underpinned by the continued growth of Chinese visitors which surpassed 50% of monthly pre-pandemic levels in 3Q 2023
- Prime retail demand should remain firm amidst upcoming festive season and continued tourism recovery due to strong pipeline of MICE events. Coupled with below-historical-average retail supply, overall rents are expected to be positive for the rest of 2023
- OUE C-REIT’s hotel properties are well-positioned to capture the rebound in business and leisure travellers

Shanghai

- Grade A office demand fell in 3Q 2023 as occupiers focused on cost-efficiencies and placed leasing decisions on hold
- Against the backdrop of an impending supply peak which has intensified leasing competition, occupancy and rents are expected to remain under pressure⁽³⁾
- The Manager remains focused on proactive and flexible asset management to sustain occupancy at Lippo Plaza

Focus on Optimising Returns and Driving Long-term Growth

Reinforcing Capital Structure

- **Optimise cost of debt** by adopting appropriate hedging strategies and leverage on investment grade credit rating to lower funding costs from capital markets
- **Proactively manage refinancing requirements** to further extend OUE C-REIT's debt maturity profile

Maximising Asset Performance

- **Capitalise on the continued tourism recovery** to achieve better performance across hospitality and retail assets
- **Leverage on limited Singapore office supply to drive** positive rental reversions and maintain high occupancy
- **Proactively manage lease expiries through early engagement to increase tenant retention and optimise occupancy**
- **Prudent management of operating expenditures** for the portfolio
- **Improve the environmental performance** of OUE C-REIT's properties to retain our green building certifications as well as to meet tenants' increasing requirements on sustainability

Actively Pursue Growth Opportunities

- **Near term strategy:** Tap on **asset enhancement initiatives** to create value and maximise portfolio returns
- **Long term strategy:** Review opportunities in **Singapore as well as key gateway cities in Japan, Australia (Sydney and Melbourne) and the UK (London)**. Seek further exposure to hotels, offices or mixed-use developments in prime CBD areas



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



Lippo Plaza

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

96%

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

Premium Portfolio of Assets

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

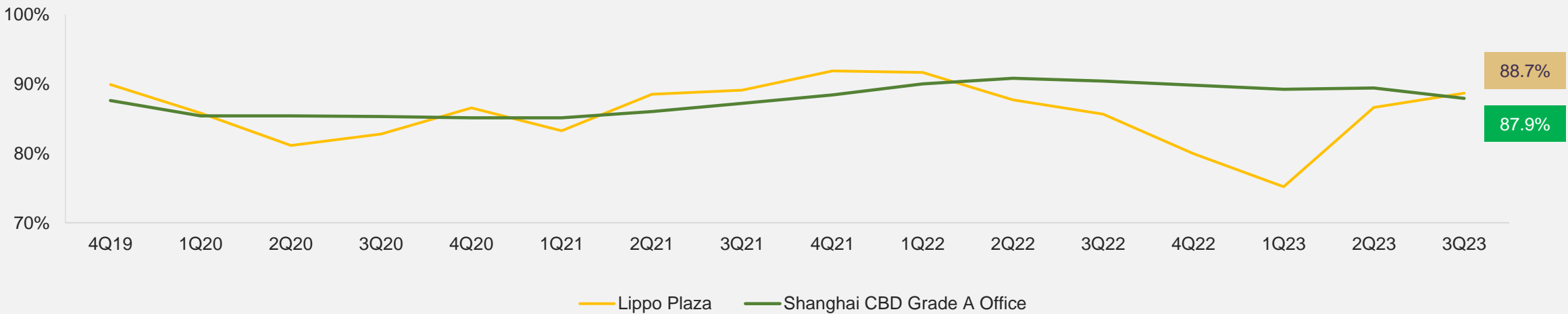
							
	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Hilton Singapore Orchard	Crowne Plaza Changi Airport
Description	A landmark Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Iconic integrated development with two Grade A 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: 97.9% Retail: 92.3% Overall: 97.6%	Office: 97.4% Retail: 99.3% Overall: 97.7%	Office: 92.2%	Office: 88.7% Retail: 97.8% Overall: 90.0%	Retail: 97.1%	-	-
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)

Office Segment Occupancy

Singapore Office Portfolio

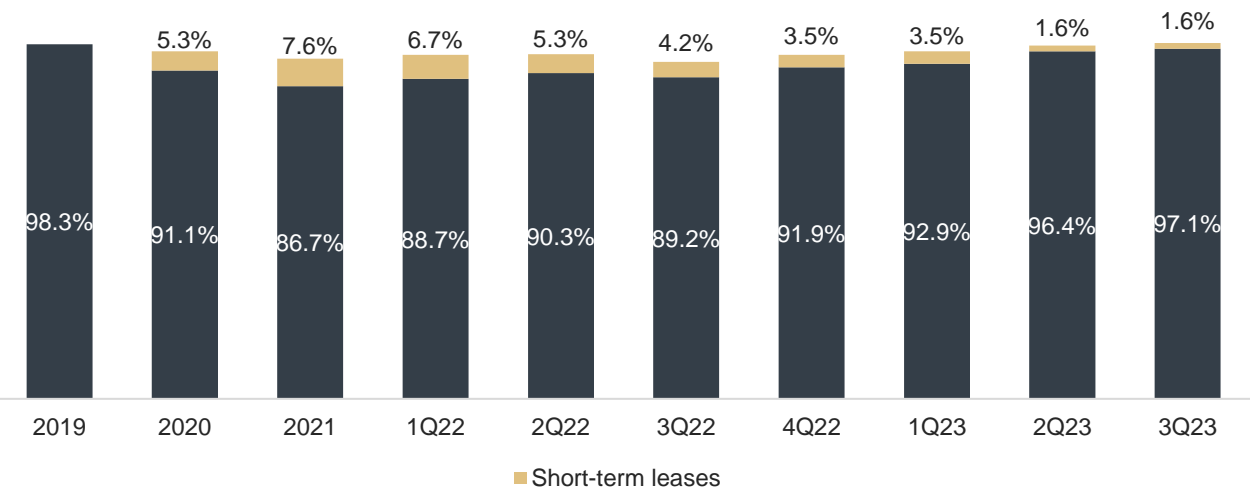


Shanghai Lippo Plaza

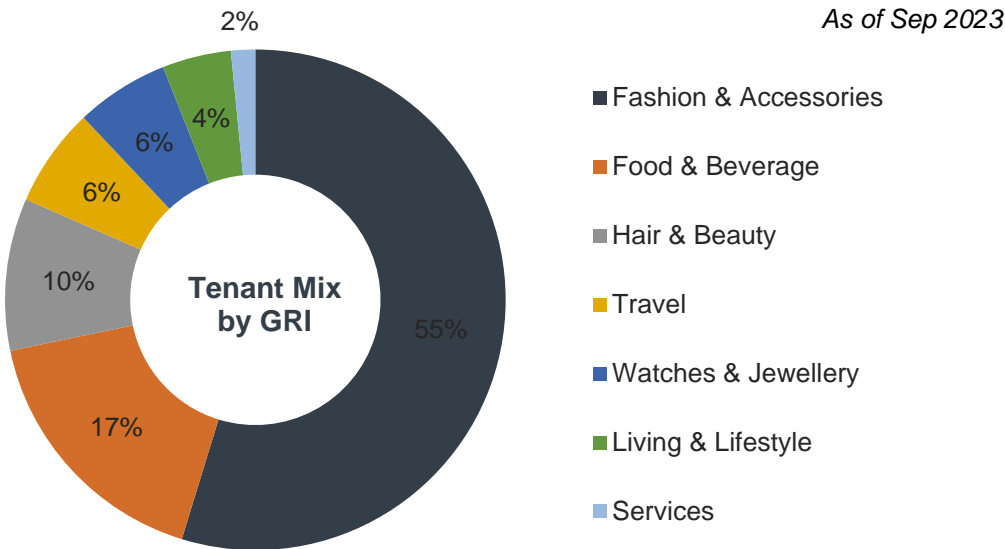


Mandarin Gallery Occupancy and Tenants Profile

Committed Occupancy



Tenant Mix by GRI



Diversified brands to capture the return of tourism

BOSS
MaxMara
MICHAEL KORS



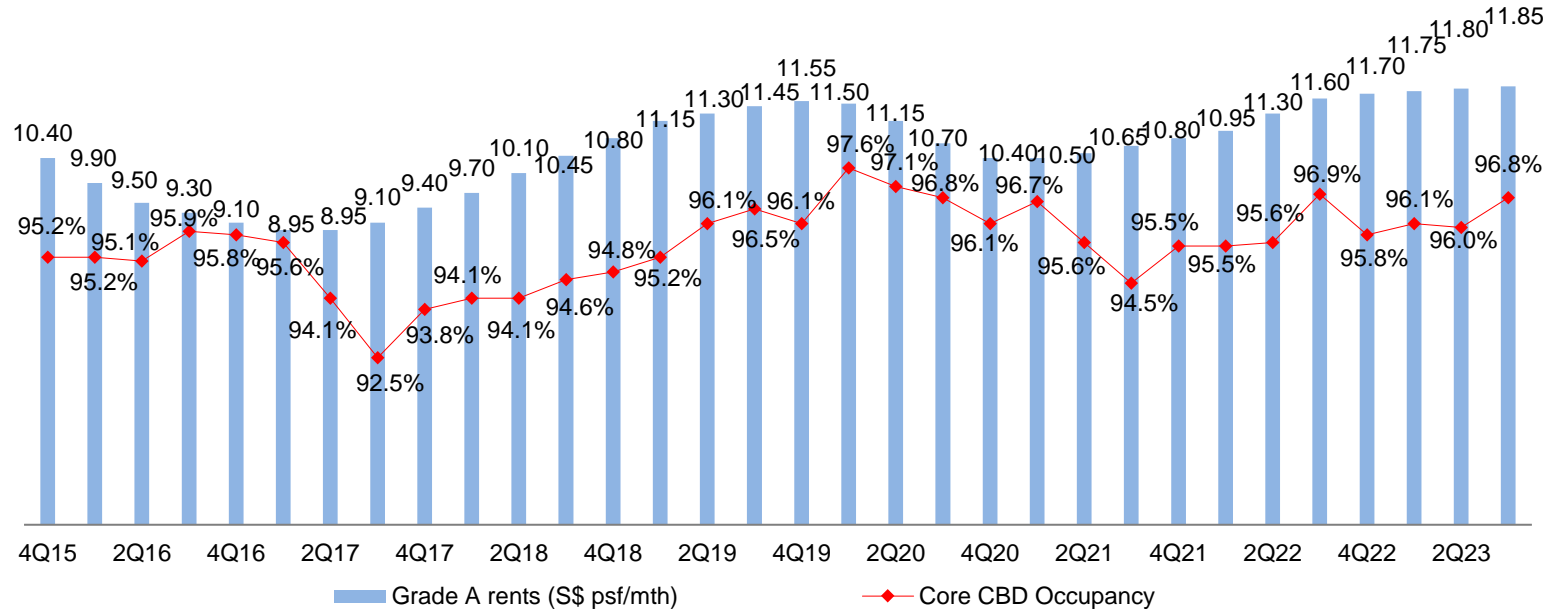
MLB **SNKRDUNK**
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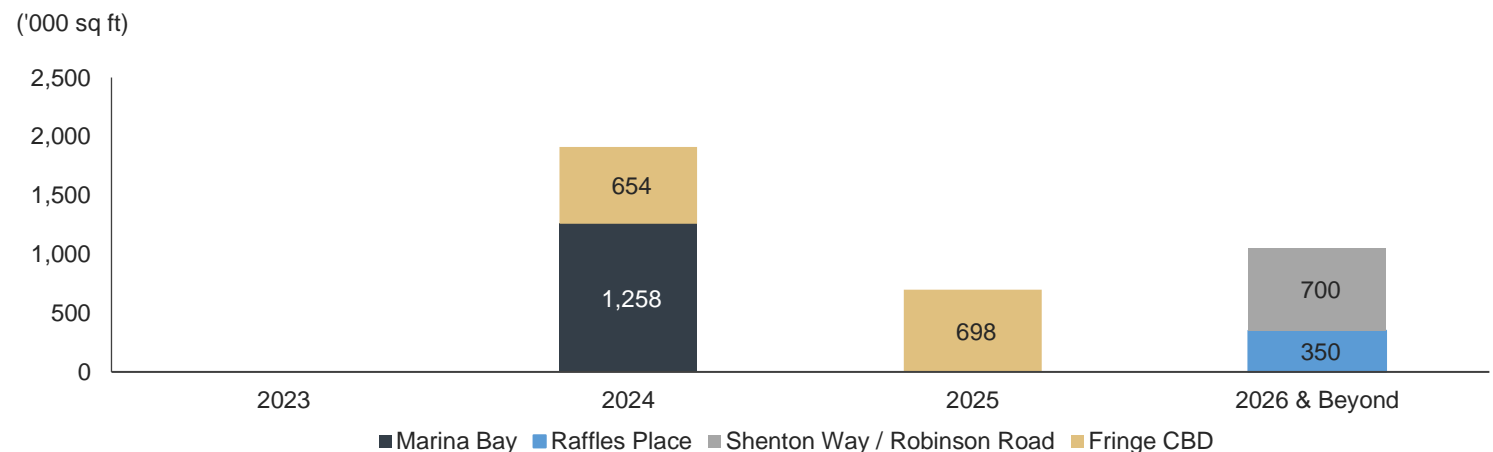
Singapore Office Market

- In 3Q 2023, core CBD (Grade A) rents increased marginally by 0.4% QoQ to S\$11.85 psf per month while vacancy declined to 3.2% amidst better-than-expected leasing activity and absorption of shadow space
- Delayed completion of a sizeable office development in the CBD to 2024 will support occupancy and rents for the remainder of 2023
- While 2023 rental growth is expected to grow at a more modest pace of 1.5% - 2.0% compared to 2022, the improving economic outlook from 2H 2024 and limited new office completions in the CBD over 2024F-2026F will continue to support rents in the longer term

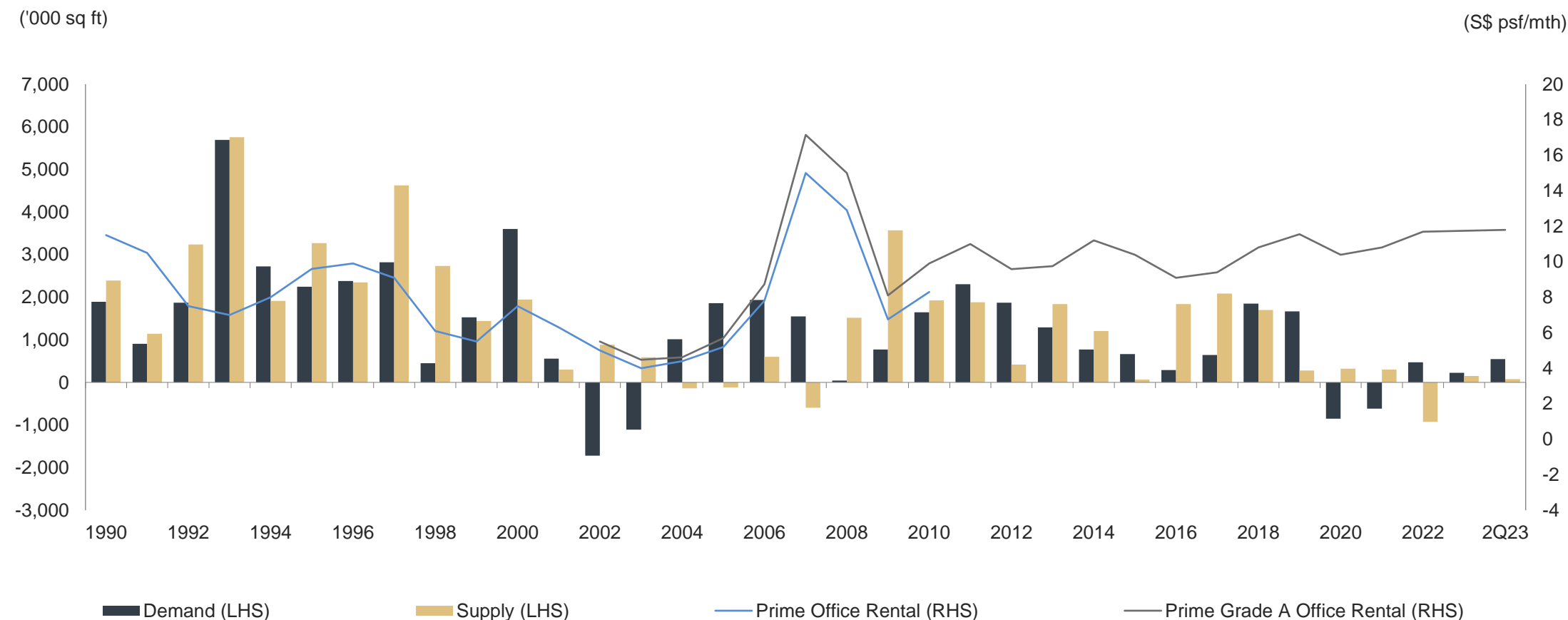
Singapore Core CBD Grade A Rents and Occupancy



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



Singapore Office Demand, Supply and Rents



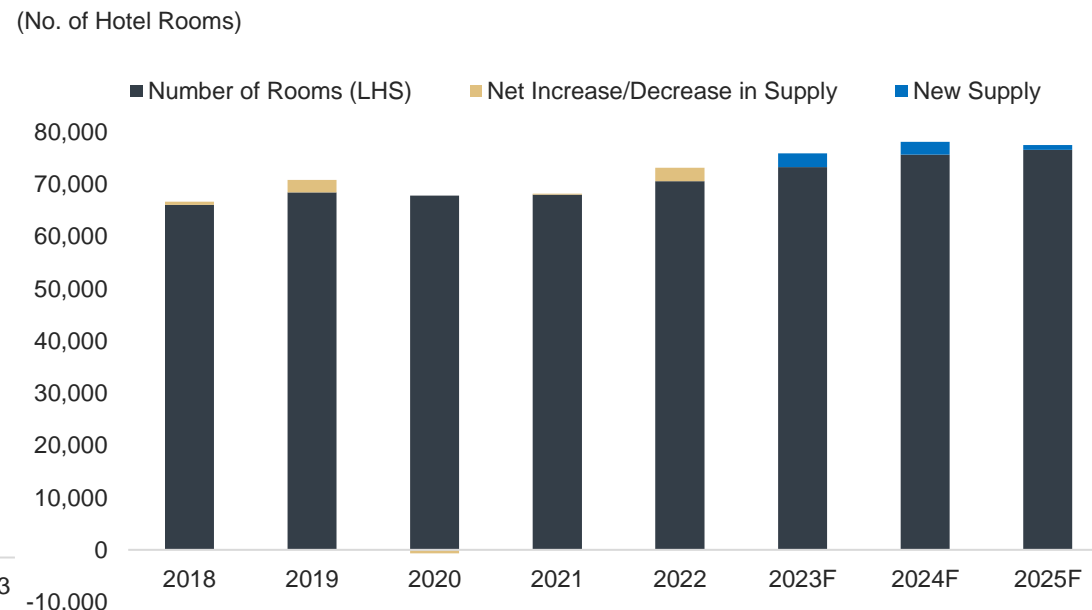
Singapore Hospitality Market

- Visitor arrivals from January to September 2023 reached 10.1 million, improvement underpinned by continued growth of Chinese visitors which surpassed 50% of pre-pandemic levels in 3Q 2023
- Strong concert pipeline⁽¹⁾, the continued recovery in the MICE sector including major events such as the 2024 Rotary International Convention, as well as increasing flight connectivity and capacity are expected to provide a further boost to the hospitality sector in 2024
- 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

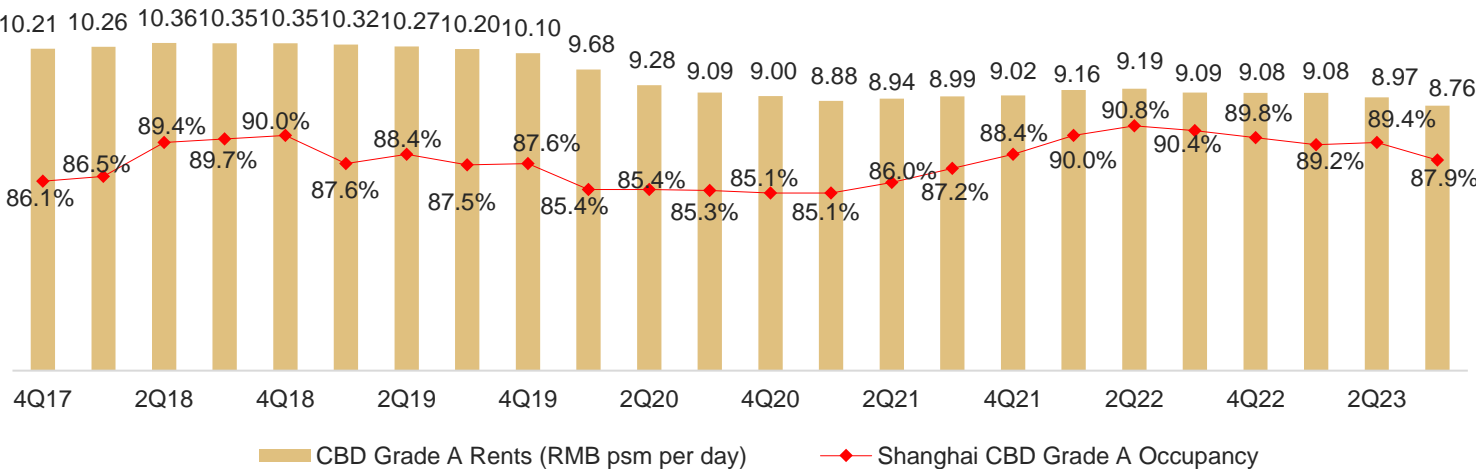


Singapore Hotel Supply



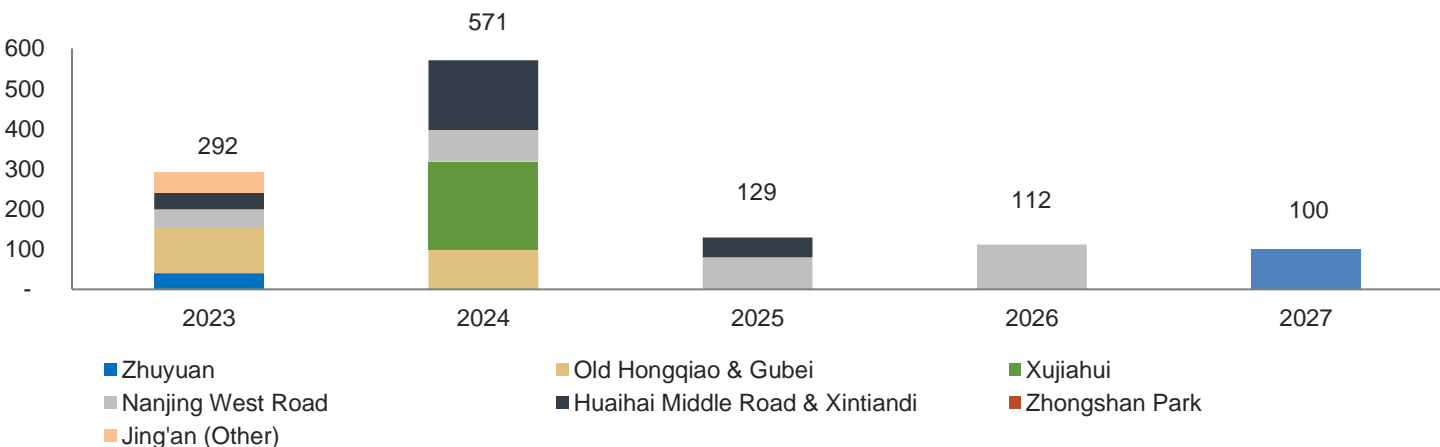
Shanghai Office Market

Shanghai



- Shanghai CBD Grade A office occupancy decreased 1.5 ppt QoQ to 87.9%, while rents declined by 2.5% QoQ to RMB8.76 psm per day in 3Q 2023
- Occupancy and rents are expected to remain under pressure due to a large CBD office supply peak in 2023 and 2024 which has intensified leasing competition
- Shanghai CBD Grade A office supply expected to abate after 2024

Office Supply Pipeline in Shanghai CBD



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