

**QUE REIT**

**10<sup>th</sup>  
Annual General Meeting**

24 April 2024

**QUE REIT**



# Important Notice

This presentation should be read in conjunction with the announcements released by OUE REIT (“OUE REIT”) on 29 January 2024 (in relation to its Interim Financial Information for the Six-Month Period and Financial Year Ended 31 December 2023).

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Investors should note that they will have no right to request the Manager to redeem their Units while the Units are listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

# Overview of OUE REIT

Total Assets Under Management  
**S\$6.3 billion<sup>(1)</sup>**

**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  
**1,655** upper upscale hotel rooms

**BBB-**  
 Investment grade credit rating assigned by S&P Global Ratings

## 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 REIT's revenue contribution

## Shanghai



Lippo Plaza

- 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

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

# FY 2023 Key Highlights



*OUE Bayfront*

Creating Value through Unique Investment Mandate, Delivering Resilience and Sustainable Growth for Unitholders

## Commercial Sector



### Revenue resilience

Commercial assets provide steady income through longer-term leases



### Defensive asset class

Prime core assets ensure stable performance and minimise income volatility

## OUE REIT



**Balanced Portfolio**  
Income resilience and attractive potential returns



**Investing Flexibility**  
Expanding into higher-yielding segments

### Attractive Potential Returns

Hospitality's dynamic pricing nature to benefit from growth economy



### Downside protection

Supportive Sponsor provides downside protection via master lease agreements



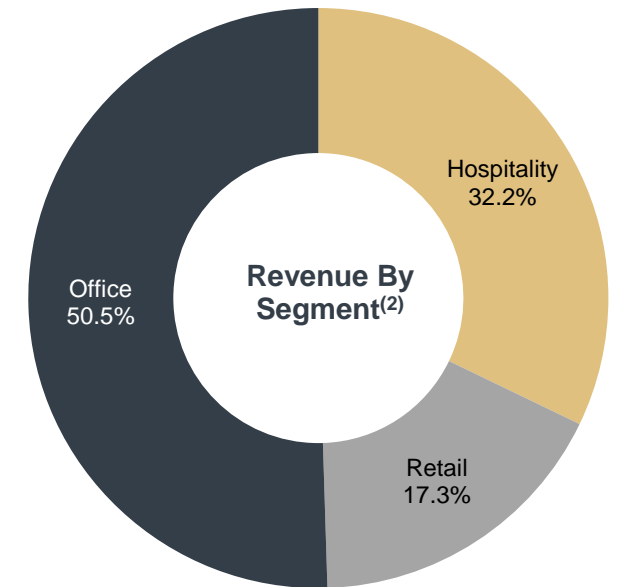
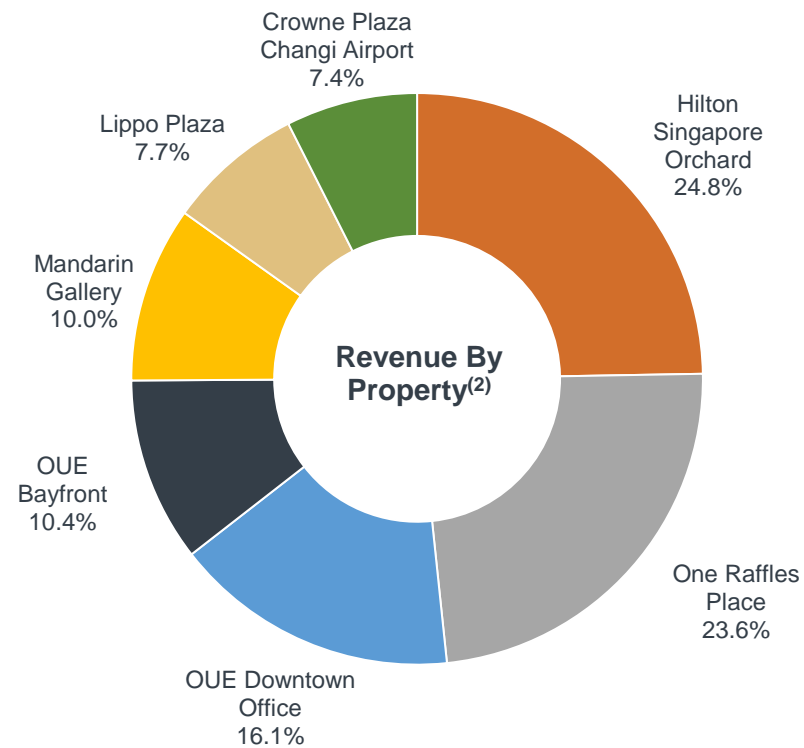
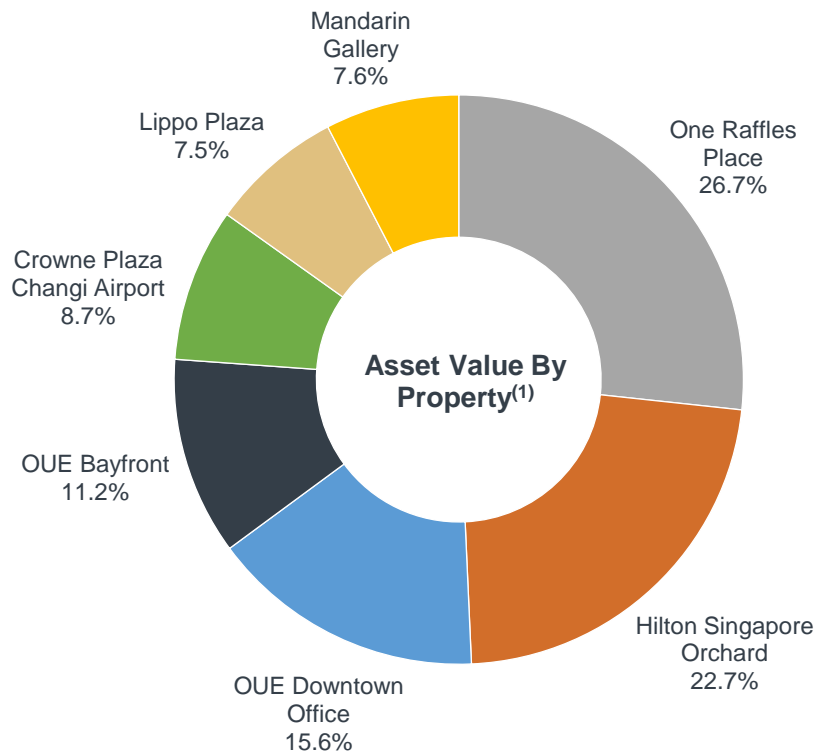
## Hospitality Sector

# Diversified Portfolio Provided Both Growth and Stability in FY 2023

92.5% of assets under management in Singapore

Singapore assets contribute 92.3% of portfolio revenue

Hospitality and retail segment account for 49.5% of portfolio contribution



(1) Based on independent valuations as of 31 December 2023 and OUE REIT's proportionate interest in the respective properties as of 31 September 2023, assuming SGD:CNY exchange rate of 1:5.345 as of 31 December 2023

(2) Based on FY 2023 revenue and OUE REIT's proportionate interest in the respective properties

# Stable Valuation backed by Singapore-centric Portfolio

- Portfolio valuation increased by 1.7% to S\$6,276.5 million as of 31 December 2023, underpinned by higher valuations for the hotel properties
- Valuation of Singapore offices remained stable due to positive rental reversion recorded

	S\$ million		Change (%)	Capitalisation Rate	Unit Valuation
	As of 31 Dec 2023	As of 31 Dec 2022			
<b>OUE Bayfront (100% interest)</b>	1,340.0	1,321.0	1.4	Office: 3.50%	S\$3,353 psf
<b>OUE Bayfront (50% interest)</b>	670.0	660.5	1.4	As above	As above
<b>One Raffles Place<sup>(1)</sup></b>	1,909.0	1,909.0	-	Office: 3.50% – 3.75% Retail: 4.00% - 4.25%	S\$2,709 psf
<b>OUE Downtown Office</b>	930.0	930.0	-	4.13%	S\$1,755 psf
<b>Lippo Plaza</b>	449.0 <sup>(2)</sup> (RMB 2,400.0 m)	509.8 <sup>(3)</sup> (RMB 2,640.0 m)	(11.9)	4.50% <sup>(4)</sup>	RMB41,011 psm GFA
<b>Mandarin Gallery</b>	453.5	453.9	(0.1)	5.00%	S\$3,591 psf
<b>Hilton Singapore Orchard</b>	1,346.0	1,250.0	7.7	-	S\$1.2m / key
<b>Crowne Plaza Changi Airport</b>	519.0	460.2	12.8	-	S\$0.9m / key
<b>Total (including attributable interest in OUE Bayfront)</b>	<b>6,276.5</b>	<b>6,173.4</b>	<b>1.7</b>	-	-
<b>Total (excluding OUE Bayfront)</b>	<b>5,606.5</b>	<b>5,512.9</b>	<b>1.7</b>	-	-

(1) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE REIT has an 83.33% indirect interest in OUB Centre Limited

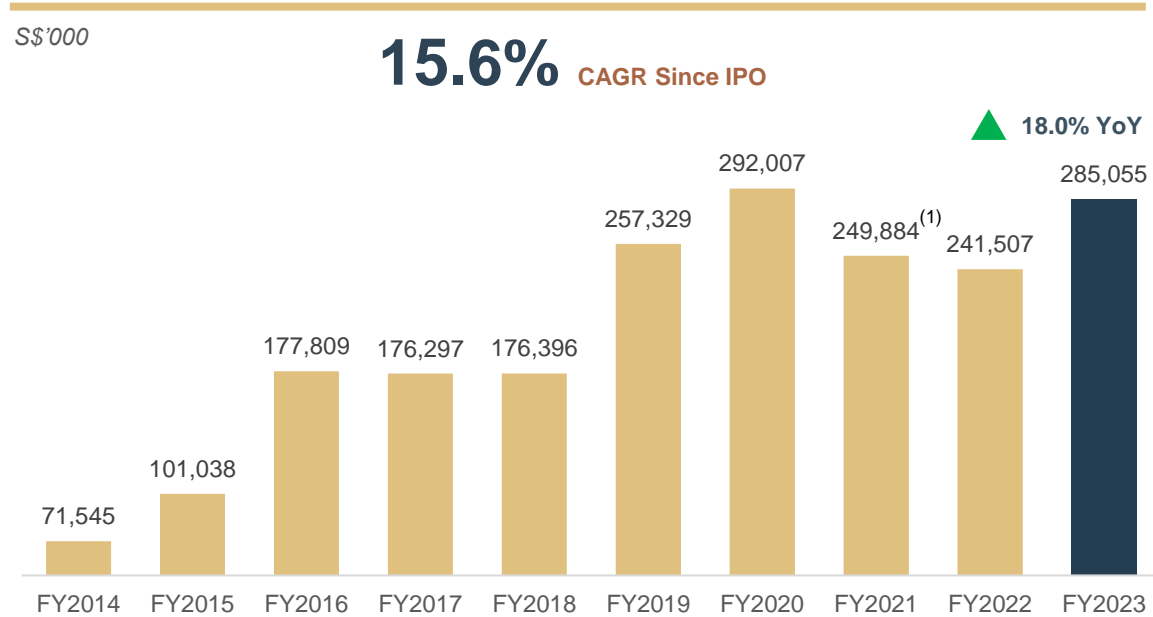
(2) Based on independent valuation as of 31 December 2023 and SGD:CNY exchange rate of 1:5.345

(3) Based on independent valuation as of 31 December 2022 and SGD:CNY exchange rate of 1:5.179

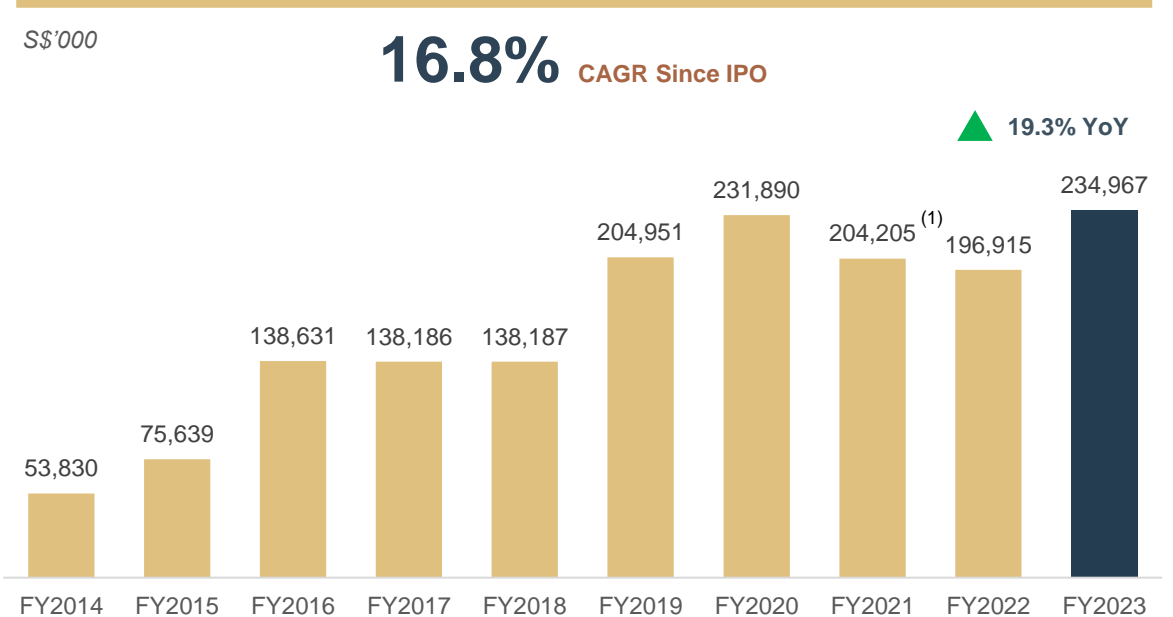
(4) Blended capitalisation rate

# Delivered Resilient Performance since IPO

## Revenue



## Net Property Income (“NPI”)



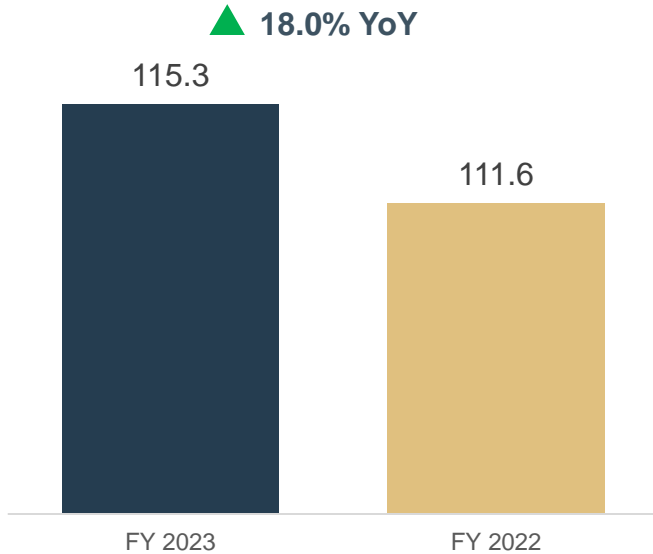
- FY 2023 revenue and NPI increased 18.0% and 19.3% year-on-year (“YoY”) to S\$285.1 million and S\$235.0 million respectively, underpinned by robust operational performance in OUE REIT’s Singapore portfolio, driven particularly by the full re-opening of Hilton Singapore Orchard on 1 January 2023 at an inventory of 1,080 rooms in FY 2023 as compared to 634 rooms in FY 2022



# Stable Distribution Amidst Elevated Interest Rate Environment

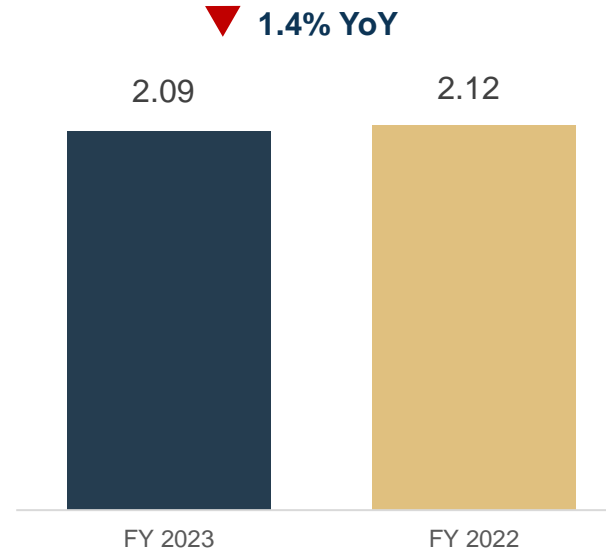
## Amount Available for Distribution

S\$'000



## Distribution per Unit ("DPU")

(Singapore cents)



Distribution Yield<sup>(1)</sup>

7.3%

Net Asset Value ("NAV")  
per Unit<sup>(2)</sup>

S\$0.60 ▲ 1.7% YoY

- Despite lower share of joint venture results, the absence of income support for OUE Downtown Office and increased working capital retention, amount available for distribution for FY 2023 rose 3.3% YoY to S\$115.3 million
- FY 2023 DPU was 2.09 cents compared to 2.12 cents in FY 2022, but core FY 2023 DPU rose 2.5% YoY if partial OUE Bayfront divestment capital distribution of S\$4.6 million in the prior period is excluded

# Strengthened Capital Structure



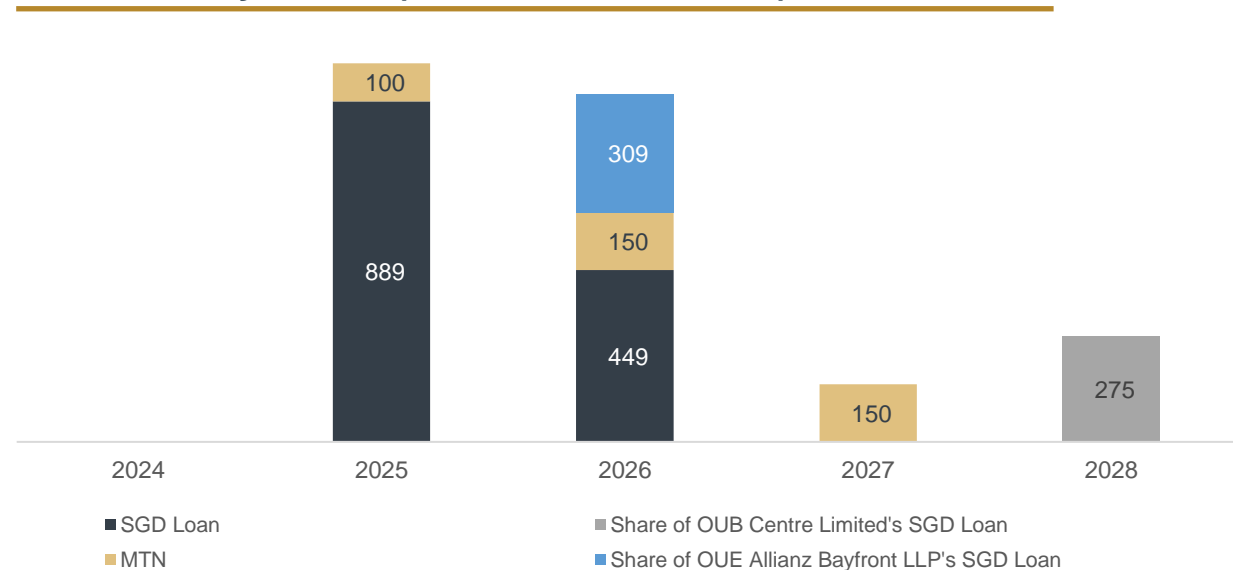
# Proactive and Prudent Capital Management

## Lower aggregate leverage with no refinancing requirement until 2025

- In June 2023, obtained third sustainability-linked loan of S\$430 million, increasing sustainability financing to c.70% of total debt, one of the highest among Singapore REITs
- Assigned investment grade credit rating of BBB- with stable outlook by S&P Global Ratings in October 2023
- Established Green Financing Framework in November 2023
- Assuming a 25 basis points decrease in interest rates, DPU would increase 0.04 Singapore cent per unit

	As of 31 Dec 2023	As of 30 Sep 2023
Aggregate leverage	38.2%	39.4%
Total debt <sup>(1)</sup>	S\$2,322m	S\$2,345m
Weighted average cost of debt	4.3% p.a.	4.2% p.a.
Average term of debt	2.4 years	2.7 years
% fixed rate debt	66.3%	68.0%
% unsecured debt	69.5%	69.7%
Interest coverage ratio ("ICR") <sup>(2)</sup>	2.4x	2.5x
Adjusted ICR <sup>(3)</sup>	2.4x	2.4x

## Debt Maturity Profile (as of December 2023)



(1) Includes OUE REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan

(2) As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 23 May 2023)

(3) As above in (2) and including distributions on hybrid securities in the denominator

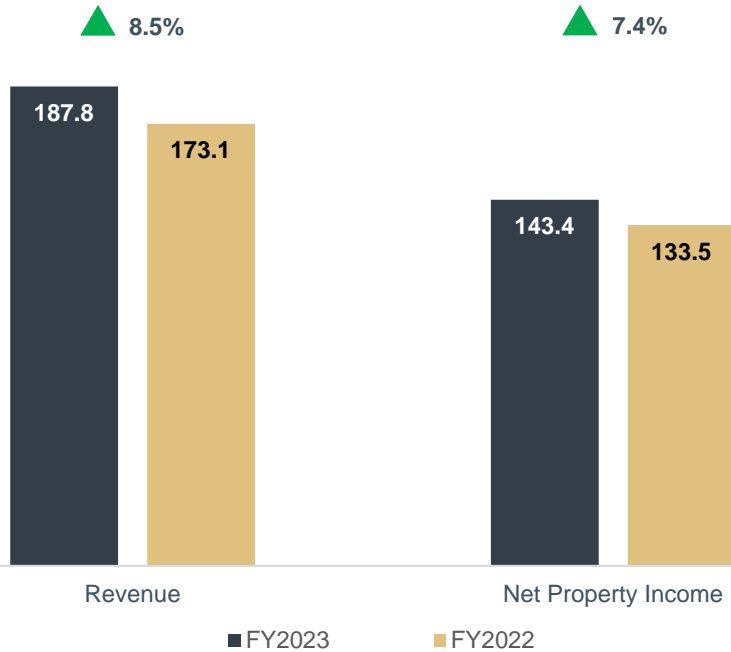
# Portfolio Optimisation



# Commercial Segment Performance

## FY 2023 Revenue and NPI

(\$ million)



Resilient performance due to improved occupancy and higher average passing rents achieved at One Raffles Place as well as OUE Downtown office

### Singapore Office

Committed Occupancy

**95.2%**

As of 31 Dec 2023

Average Passing Rent

**S\$10.40** psf

As of 31 Dec 2023

Rental Reversion<sup>(1)</sup>

**12.0%**

For FY 2023

### Mandarin Gallery

Committed Occupancy<sup>(2)</sup>

**96.6%**

As of 31 Dec 2023

Average Passing Rent

**S\$21.05** psf

As of 31 Dec 2023

Rental Reversion<sup>(1)</sup>

**13.7%**

For FY 2023

### Shanghai Lippo Plaza

Office  
Committed Occupancy<sup>(2)</sup>

**83.3%**

As of 31 Dec 2023

Average  
Office Passing Rent

**RMB8.49** psm per day

As of 31 Dec 2023

Retail  
Committed Occupancy<sup>(2)</sup>

**94.5%**

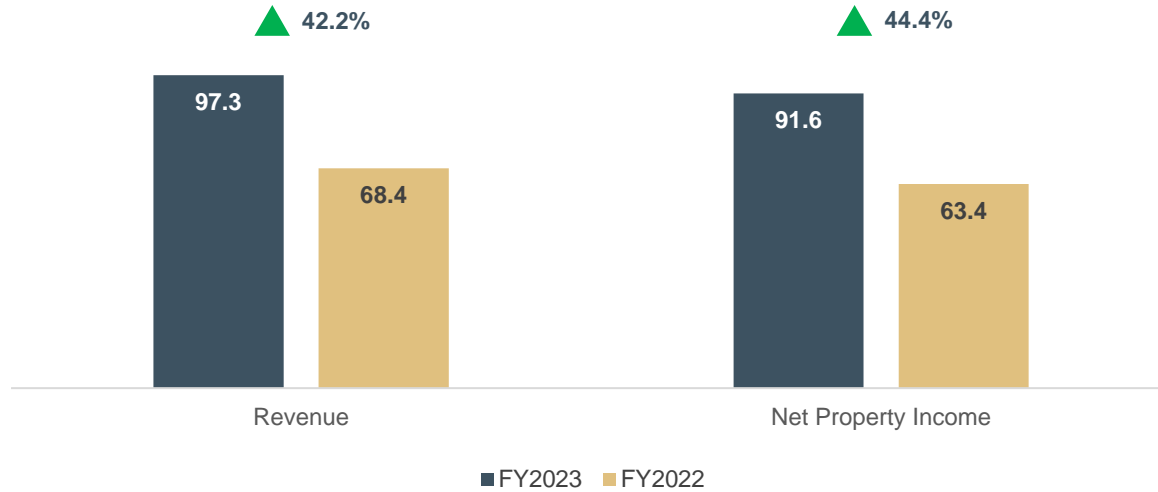
As of 31 Dec 2023

# Hospitality Segment Performance

Higher Revenue & NPI due to full opening of Hilton Singapore Orchard and ongoing tourism recovery

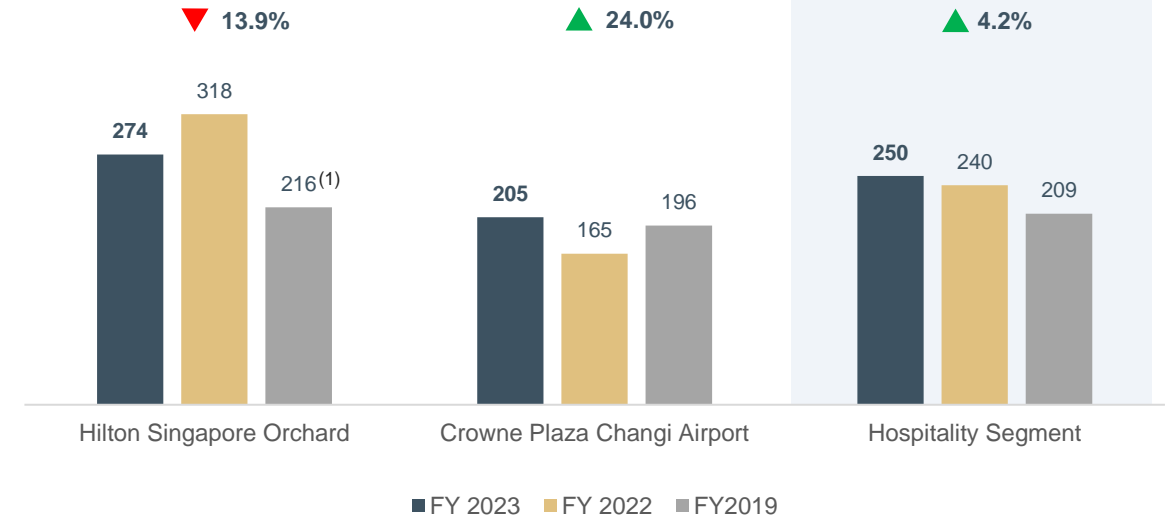
## FY 2023 Hospitality Segment Revenue and NPI

(\$ million)



## FY 2023 Revenue per Available Room (“RevPAR”)

(\$)

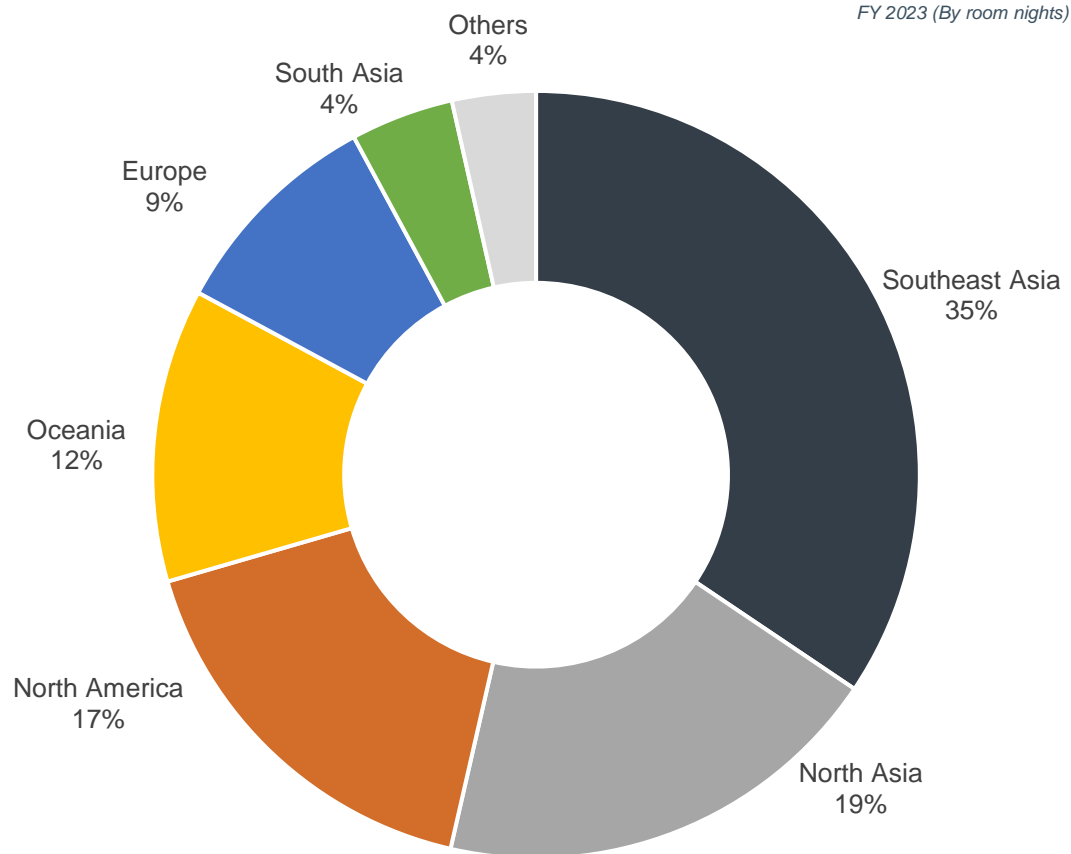


- Total revenue and NPI for FY 2023 was 42.2% and 44.4% higher YoY at S\$97.3 million and S\$91.6 million respectively
- The better performance was due to Hilton Singapore Orchard operating full room inventory of 1,080 rooms in 2023 as compared to 634 rooms a year ago, as well as continued improvement in visitor arrivals for FY 2023
- For FY 2023, overall hospitality RevPAR increased 4.2% to S\$250. Hilton Singapore Orchard’s RevPAR declined 13.9% YoY to S\$274, attributed to the larger room inventory (1,080 rooms), as well as the lead time required to ramp up and optimise performance. Crowne Plaza Changi Airport’s RevPAR surpassed pre-pandemic levels to reach S\$205, representing an increase of 24.0% YoY as the hotel served only aircrew and the aviation segment during the COVID-19 pandemic in 1Q 2022

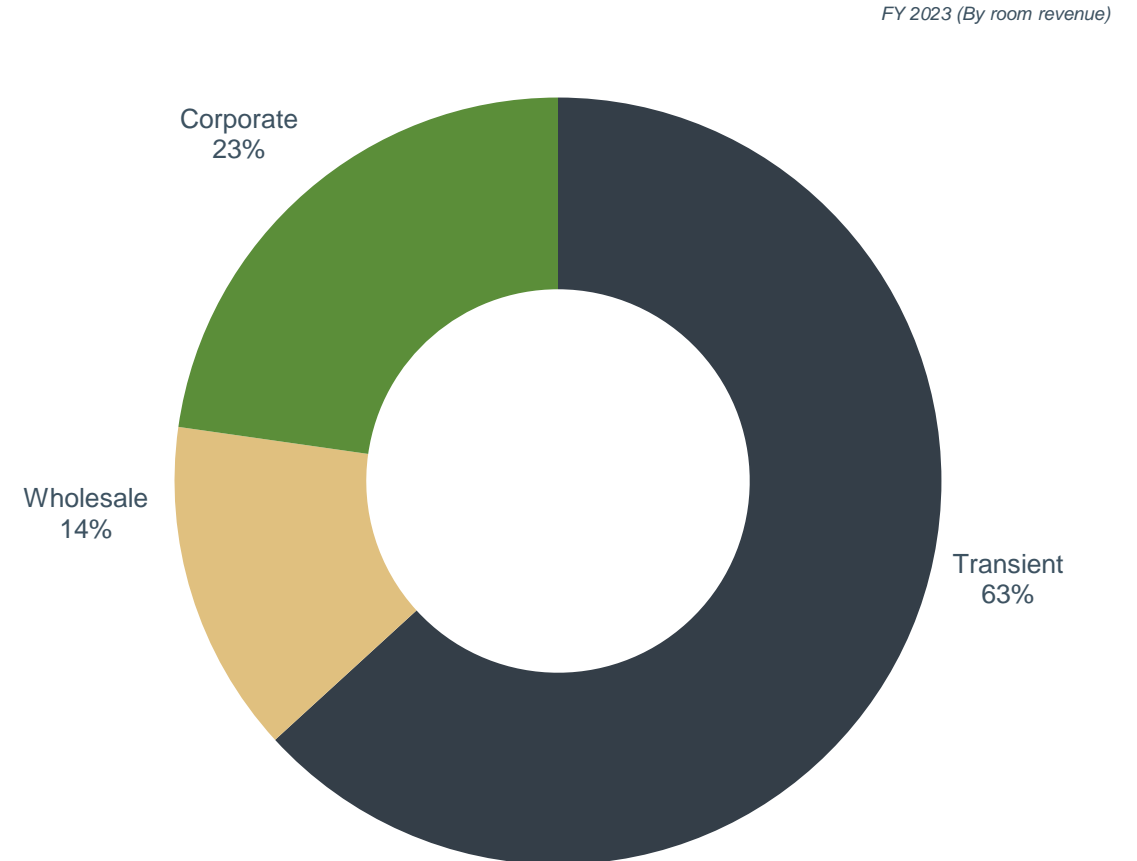
# Hospitality Segment Performance

Diversified business mix towards higher-yielding markets

## By Geography



## By Type



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

Timely completion of asset enhancement initiative (“AEI”) to capture the strong pipeline of events and concerts

- In December 2023 completed the S\$22.0 million asset enhancement initiative (“AEI”) announced in August 2023
- Full inventory of 575 rooms available since January 2024
- AEI include the addition of 12 guest rooms, a revamped all-day dining area and new meetings, incentives, conventions and exhibitions (MICE) spaces
- With the capital expenditure of c.S\$14 million from OUE REIT, the AEI is expected to generate a stabilised return on investment of approximately 10%.

## Rationale for AEI

- ✓ Strengthen the hotel’s competitive positioning as a premier hospitality destination in its unique Changi Airport location
- ✓ Optimise and repurpose underutilised spaces creatively into income-generating rooms and MICE facilities to enhance value and drive greater returns
- ✓ Leverage on the anticipated increase in tourists and business travellers in 2024 and beyond
- ✓ Future-proof with improved environmental performance and sustainability initiatives, in line with OUE REIT’s commitment to sustainability

### Addition of 10 Premier rooms and 2 suites



### Revamp of all-day dining restaurant to offer authentic Italian cuisine



### New meeting spaces to capture MICE demand



### Transformation of Club Lounge and fitness centre





# Progressing our ESG Journey

## FY 2023 Key Performance

### STEWARDING THE ENVIRONMENT



Energy intensity reduced by **20.9%** for commercial assets <sup>(1)</sup>



Water intensity reduced by **26.1%** and **16.9%** for commercial and hospitality assets, respectively <sup>(1)</sup>



**50.3%** of Singapore commercial segment net lettable area are green leases

### STRENGTHENING SOCIAL FABRIC



Signatory since 22 June 2023



Achieved **45.0** average training hours per employee



Achieved an average tenant satisfaction rate of **88.7%** for all five commercial properties

### BUILDING TRUST



Obtained 3-Star ratings in the Global Real Estate Sustainability Benchmark ("GRESB") assessment



Improved ranking of 26 out of a total 43 REITs and Business Trusts in 2023

## ESG Vision 2030 – Recalibrated Targets



Reduce 40% absolute GHG emissions by FY 2030 <sup>(2)</sup>



90% green financing by FY 2030



Include specific ESG-related trainings



25% of women represented on the Board of Directors

40% of employees in senior management are women

# OUE REIT – 10 Years & Beyond

*Mandarin Gallery*



# Focus on Maximising Returns and Driving Long-term Growth



## Actively Pursue Value Creation Opportunities

- Further leverage on our balanced portfolio to deliver attractive potential returns, with a goal to increase revenue contribution from hospitality segment to 40%
- Review opportunities in **Singapore** as well as **key gateway cities in Australia (Sydney and Melbourne), Hong Kong, Japan and the UK (London)**. Seek further exposure to hotels, offices or mixed-use developments in prime CBD areas
- Monitor **portfolio reconstitution opportunities** to unlock value



## Reinforce Capital Structure

- **Optimise cost of debt** by leveraging on investment grade credit rating to lower funding costs from capital markets and adopt appropriate hedging strategies
- **Proactively manage refinancing requirements** to achieve a well-diversified debt maturity profile



## Maximise Asset Performance

- **Leverage on the successful AEs of both hotels** to capitalise on the continued tourism recovery and enhance performance
- **Tap on asset enhancement** initiatives to create value and maximise portfolio returns
- **Focus on tenant retention and optimise occupancy** – actively monitor market sentiment and customise asset-specific leasing strategies to meet occupiers' need
- **Improve the environmental credential** of OUE REIT's properties to future proof asset performance and value

**ONE REIT**

**Thank you!**



**10** YEARS of EXCELLENCE

