

QUE REIT

**SIAS x SGX
Corporate Connect**

29 October 2024

QUE REIT



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Agenda

- Overview of OUE REIT
- 3Q 2024 Key Highlights
- Financial Summary & Capital Management
- Portfolio Performance
- Market Outlook & Growth Strategies
- Appendices

Overview of OUE REIT

Total Assets Under Management

S\$6.3 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

1,655 upper upscale hotel rooms

BBB-

Investment grade credit rating assigned by S&P Global Ratings

Singapore



OUE Bayfront



One Raffles Place



OUE Downtown Office



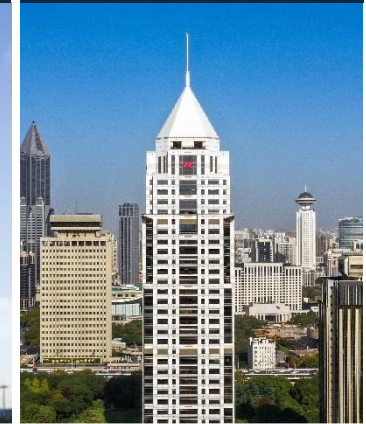
Mandarin Gallery



Hilton Singapore Orchard



Crowne Plaza Changi Airport



Lippo Plaza

Shanghai

- 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

- 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

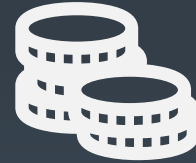
- Benefits from Shanghai's dominant position as a major financial and service hub in China

3Q 2024 Key Highlights



Revenue

S\$74.8m ▼ 1.3% YoY



Net Property Income

S\$60.3m ▼ 3.7% YoY⁽¹⁾



Singapore Office

- Singapore office properties achieved higher committed occupancy of 95.4% as of 30 September 2024
- Achieved positive rental reversion of 10.8%



Hospitality

- Hospitality segment revenue stood at S\$27.8 million
- Revenue per available room (“RevPAR”) increased by 0.3% YoY to S\$296



Retail

- Mandarin Gallery committed occupancy remained stable at 95.3%
- Positive rental reversion remained high at 16.0% in Mandarin Gallery

Financial Summary & Capital Management



3Q 2024 Financial Performance

Stable revenue and net property income recorded

	3Q 2024 (S\$m)	3Q 2023 (S\$m)	YoY Change (%)
Revenue	74.8	75.8	(1.3)
Net Property Income (“NPI”)	60.3	62.7	(3.7)
Share of Joint Venture Results	2.1	1.7	23.1%

- Revenue for 3Q 2024 was S\$74.8 million, 1.3% lower year-on-year (“YoY”). The slight decline was primarily attributed to the lower contribution from the hospitality segment compared to the same period last year.
- NPI was S\$60.3 million in 3Q 2024, representing a decline of 3.7% YoY mainly due to the upward revision of prior years’ property tax for Hilton Singapore Orchard and Crowne Plaza Changi Airport. Excluding the tax adjustment, NPI would have decreased by 1.2% YoY.
- For 3Q 2024, 100% of base management fees continues to be paid in cash. From 4Q 2024, 50% of base management fees will be paid in cash with the balance in Units.
- Net Asset Value (“NAV”) per Unit remains stable at S\$0.59 as of 30 September 2024.

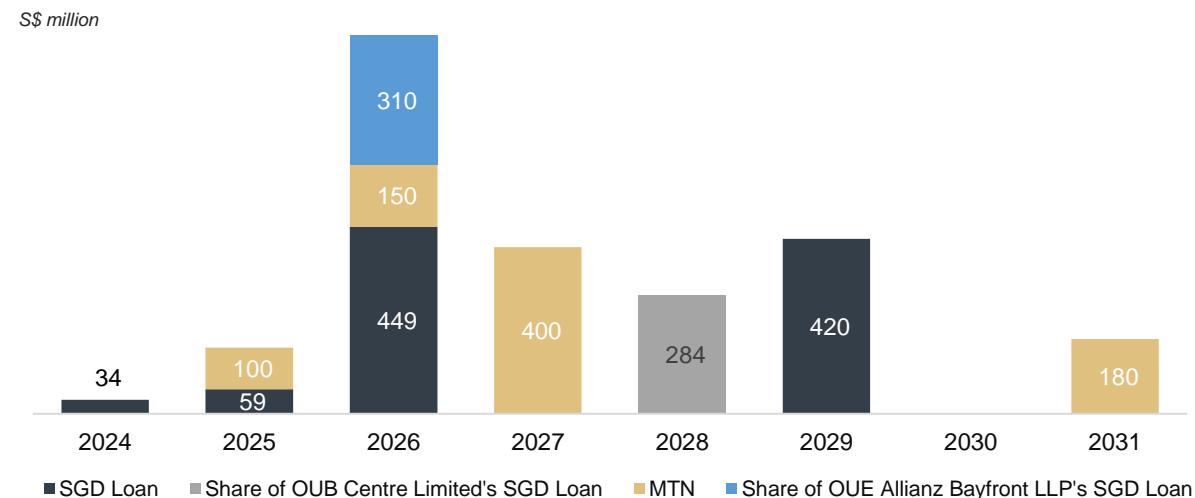
Proactive and Prudent Capital Management

Well-spread debt maturity profile with only 6.7% of the total debt due in 2025

- In September 2024, OUE REIT successfully issued its first 7-year investment grade green notes. With an initial price guidance of 4.15%, the offer secured a peak orderbook of S\$320 million, representing 3.2 times oversubscription based on OUE REIT's initial target size of S\$100 million. The final offer was subsequently upsized to S\$180 million with pricing tightened to 3.90%. The issuance attracted a final orderbook of S\$300 million (good at reoffer), equating to 1.7 times oversubscription of the final upsized offer. Approximately 70% of the final allocation went towards institutional investors.
- Established a S\$2.0 billion Euro Medium-Term Note ("EMTN") programme on 18 October 2024, enabling OUE REIT to tap into diversified sources of funding and further optimise its debt maturity profile.
- Average term of debt lengthened to 2.9 years, with aggregate leverage remained stable at 39.3% as of 30 September 2024.
- 68.8% of OUE REIT's total borrowings are green financing.
- Assuming a 25 basis points decrease in interest rates, DPU would increase 0.03 Singapore cents.

	As of 30 Sep 2024	As of 30 Jun 2024
Aggregate leverage	39.3%	38.7%
Total debt ⁽¹⁾	S\$2,386m	S\$2,352m
Weighted average cost of debt	4.8% p.a.	4.7% p.a.
Average term of debt	2.9 years	2.7 years
% fixed rate debt	70.5%	61.0%
% unsecured debt	87.0%	86.8%
% unencumbered assets	88.8%	88.8%
Interest coverage ratio ("ICR") ⁽²⁾	2.2x ⁽³⁾	2.3x ⁽⁴⁾
Adjusted ICR ⁽⁵⁾	2.2x ⁽³⁾	2.2x ⁽⁴⁾
OUE REIT's Issuer Ratings ⁽⁶⁾	"BBB-" by S&P with Stable Outlook	

Debt Maturity Profile (as of 30 Sep 2024)



- (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) Including the write-off of upfront fees from early refinancing, ICR and adjusted ICR stand at 2.2x and 2.1x respectively as of 30 September 2024
- (4) Including the write-off of upfront fees from early refinancing, ICR and adjusted ICR stand at 2.2x as of 30 June 2024
- (5) As above in (2) and including distributions on hybrid securities in the denominator
- (6) S&P Global Rating assigned OUE REIT an investment grade BBB- credit rating with a stable outlook on 30 October 2023

Portfolio Performance

Hilton Singapore Orchard

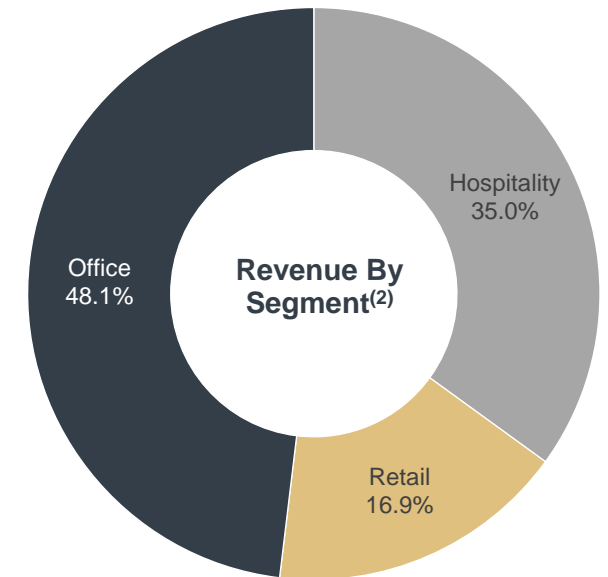
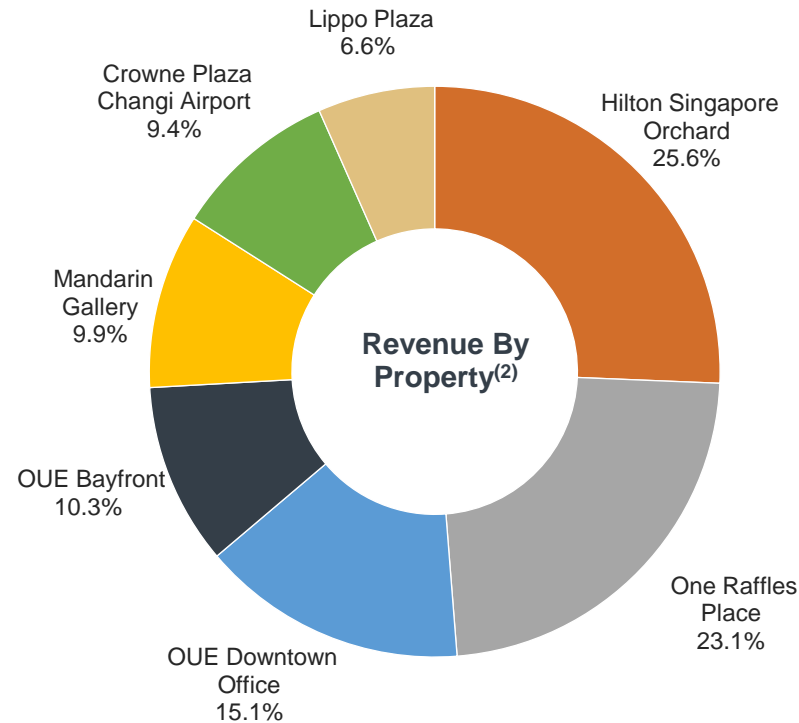
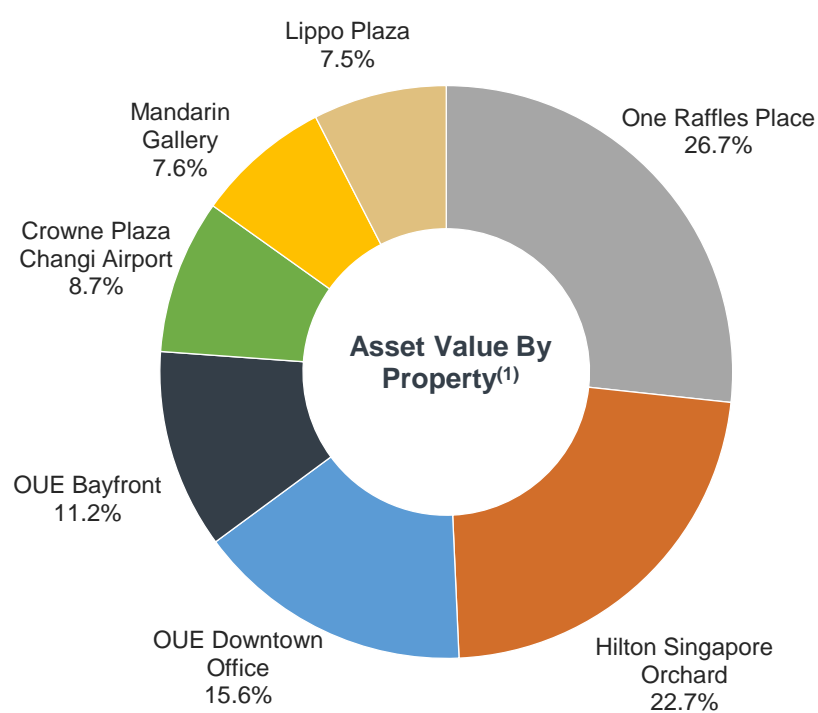


Singapore-focused and Well-balanced Portfolio Provides Stable Returns

92.5% of assets under management in Singapore

Singapore assets contribute 93.4% of portfolio revenue

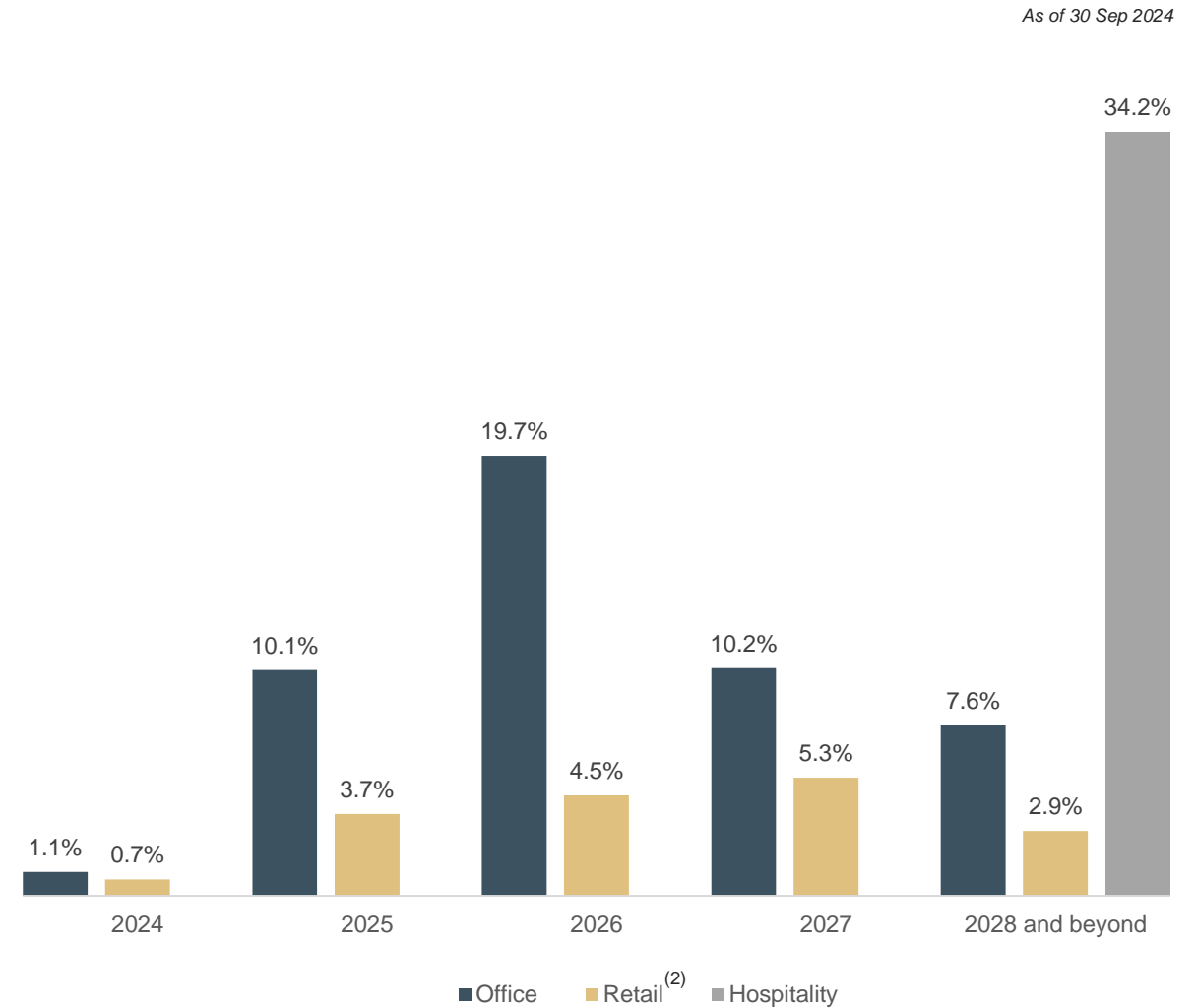
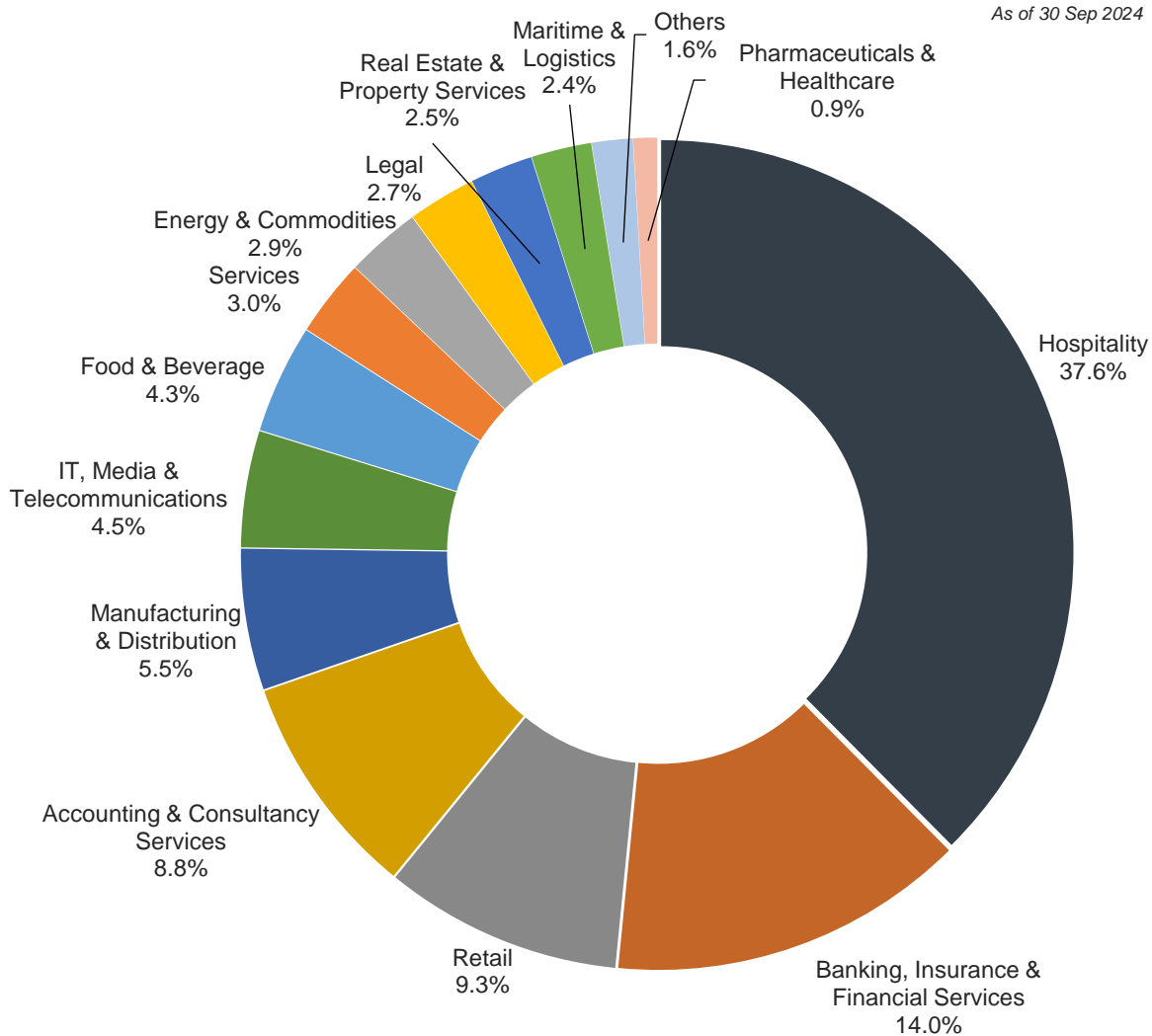
Hospitality and retail segment account c.52% of portfolio contribution



Diversified Tenant Mix & Well-distributed Lease Expiry Profile

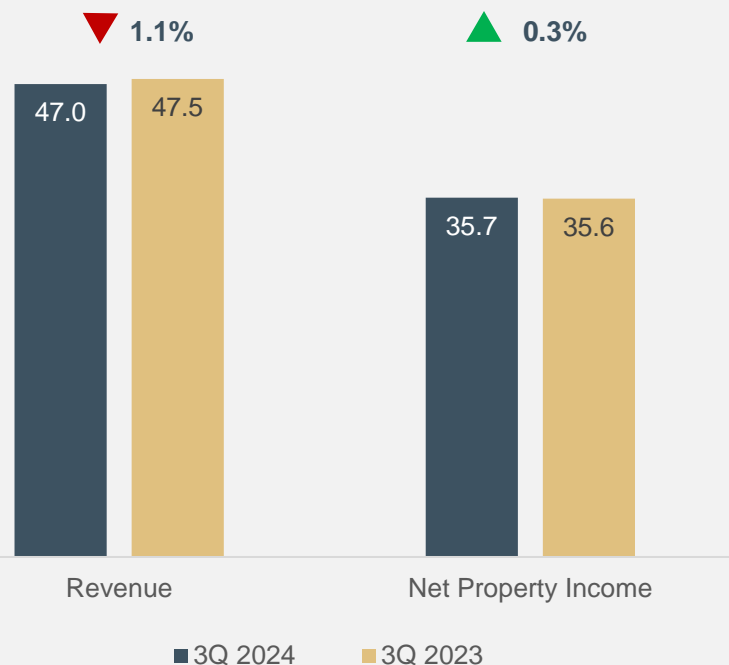
Underpinned by hospitality and resilient trade sectors

WALE⁽¹⁾ of 2.8 years by Gross Rental Income (“GRI”)



Commercial Segment Performance – 3Q 2024

(\$ million)

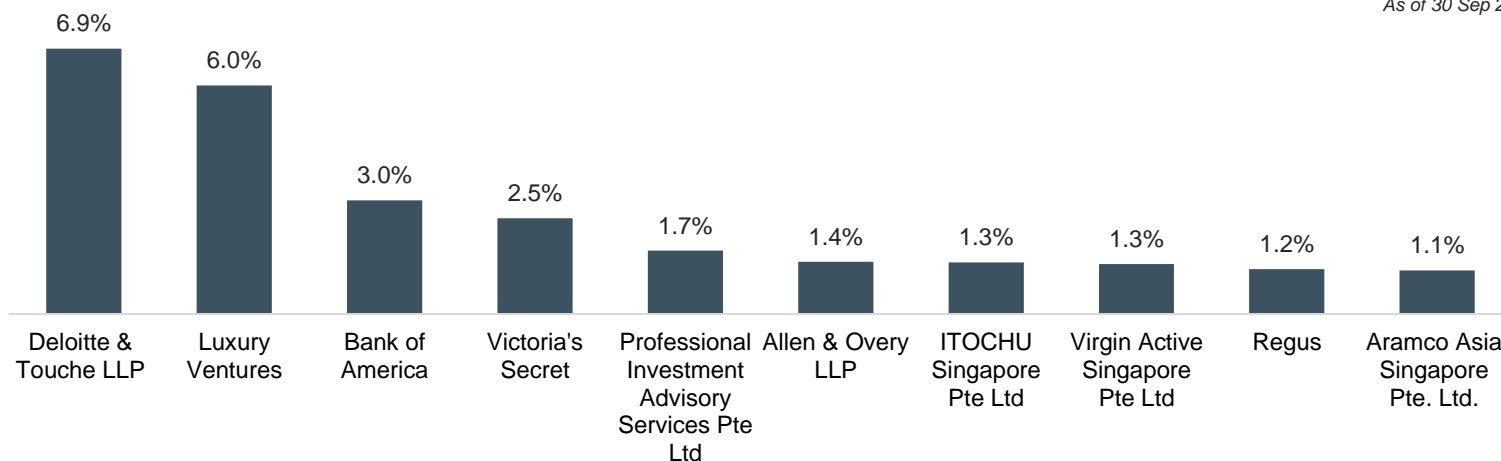


Revenue was S\$47.0 million, a slight 1.1% YoY decline primarily due to lower contribution from Lippo Plaza.

NPI increased by 0.3% YoY to S\$35.7 million, underpinned by disciplined cost management.

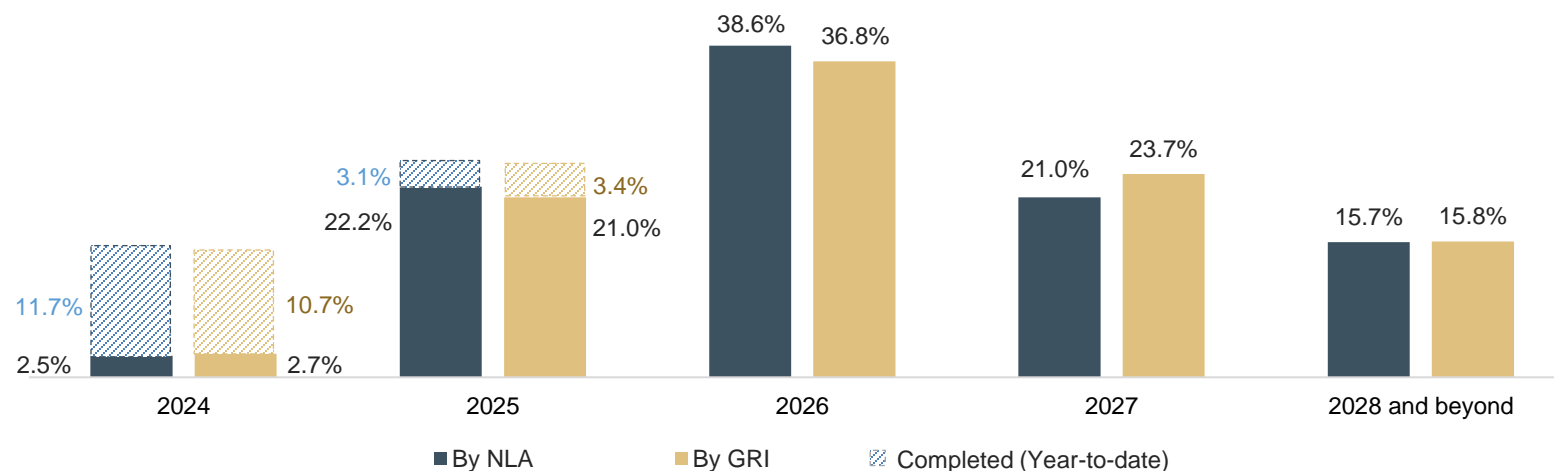
Top 10 Tenants contribute 26.4% of Commercial Segment GRI⁽¹⁾

As of 30 Sep 2024



Well-staggered WALE at 2.1 years for both NLA and GRI

As of 30 Sep 2024



Singapore Office Portfolio Performance Overview

Operating metrics remained healthy despite a softened market in the near term

Committed Occupancy

95.4% ▲ 0.2 ppt QoQ⁽¹⁾

As of 30 Sep 2024

Average Passing Rent

S\$10.61 psf pm⁽²⁾ ▲ 0.4% QoQ

As of 30 Sep 2024

Rental Reversion⁽³⁾

10.8%

In 3Q 2024

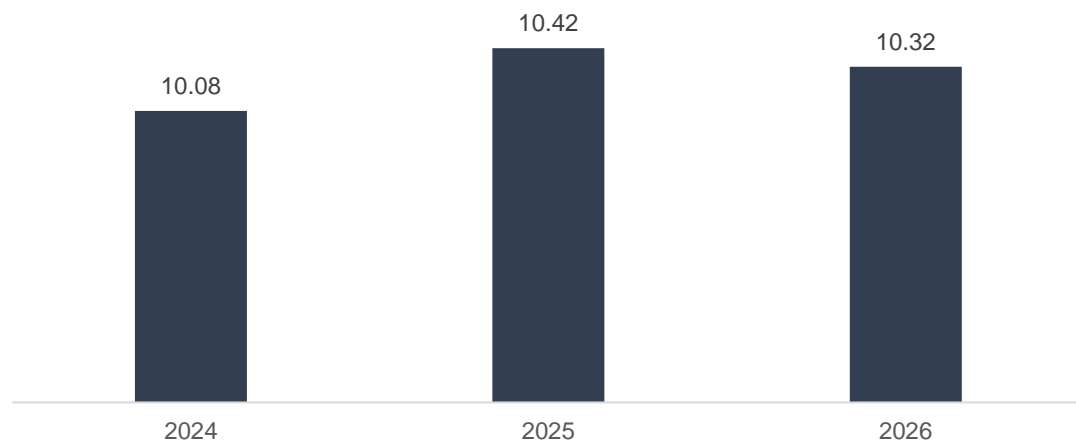
Navigating cautious market sentiment with proactive and targeted leasing strategies

Average expiring rents in 2024 to 2026 below market rent rate

CBD Grade A office market rent at S\$11.95 psf pm in 3Q 2024⁽⁴⁾

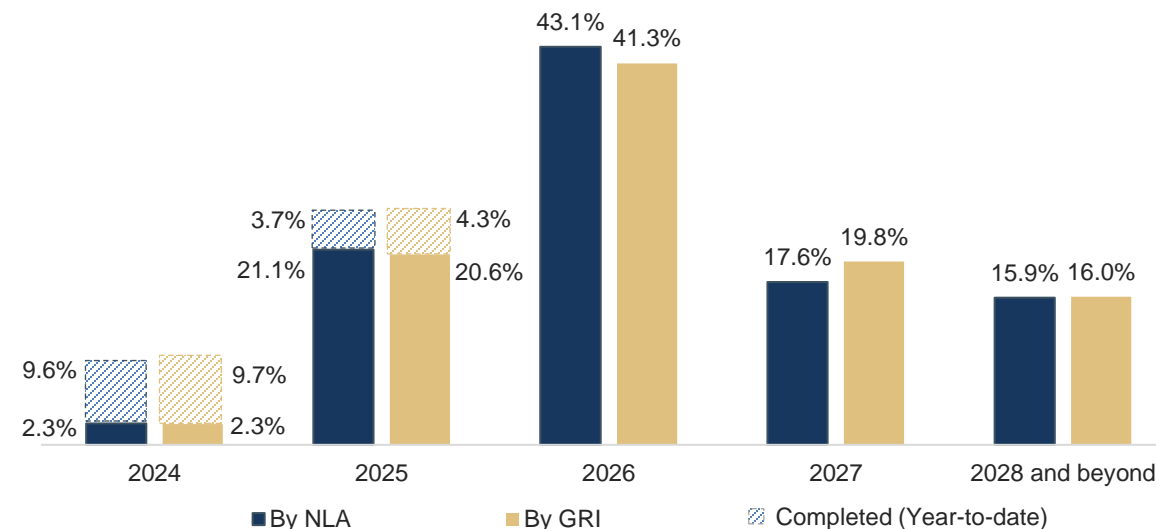
S\$ psf pm

As of Sep 2024



WALE of 2.1 years by for NLA and GRI

As of 30 Sep 2024



(1) "ppt" refers to percentage points and "QoQ" refers to quarter-on-quarter

(2) "psf pm" refers to per square foot per month

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

(4) Source: CBRE Pte. Ltd. as of 3Q 2024

Shanghai Lippo Plaza Performance Overview

Adopted a proactive and effective lease management strategy amidst a continuously challenging operating environment

Office Committed Occupancy

74.6% ▼ 1.6 ppt QoQ

As of 30 Sep 2024

Retail Committed Occupancy

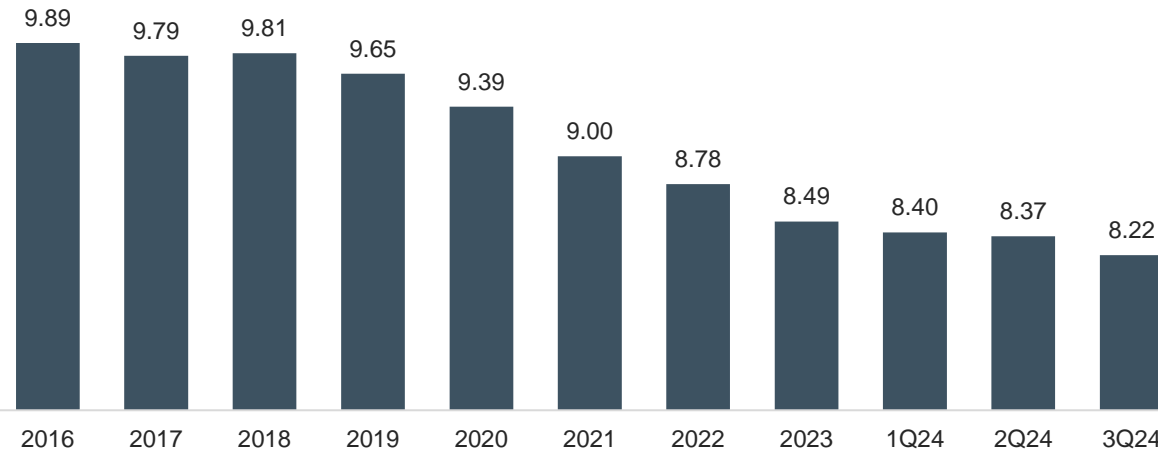
97.8% ▲ 3.3 ppt QoQ

As of 30 Sep 2024

Average office passing rent for Lippo Plaza stood at **RMB8.22 psm per day**

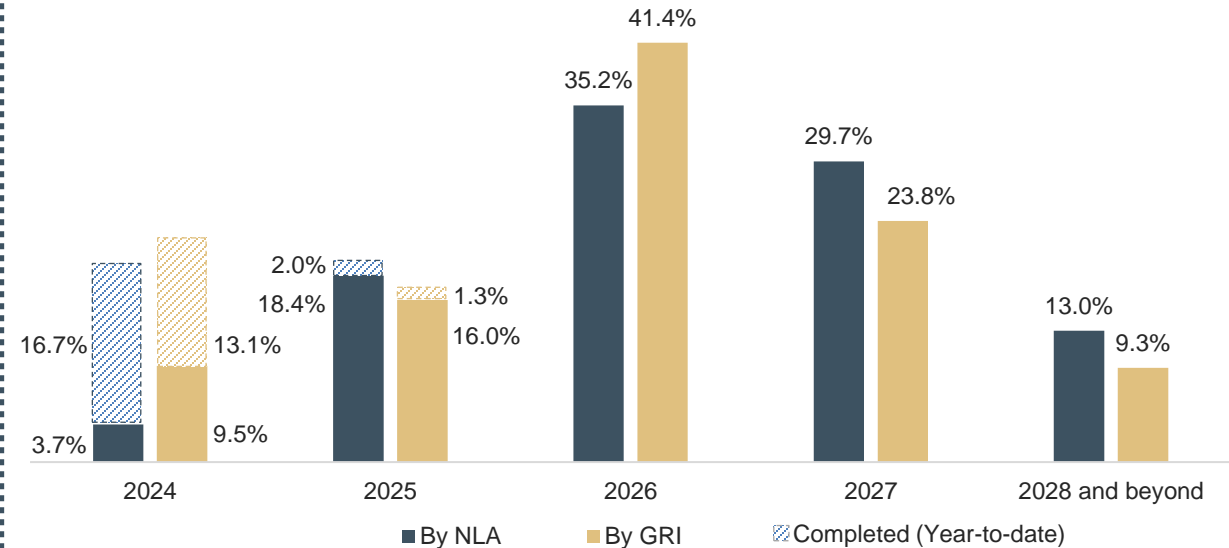
RMB psm per day

As of 30 Sep 2024



WALE of 2.2 years (NLA); 1.9 years (GRI)

As of 30 Sep 2024



Mandarin Gallery Performance Overview

Stable leasing sentiment supported by continued tourism recovery

Committed Occupancy

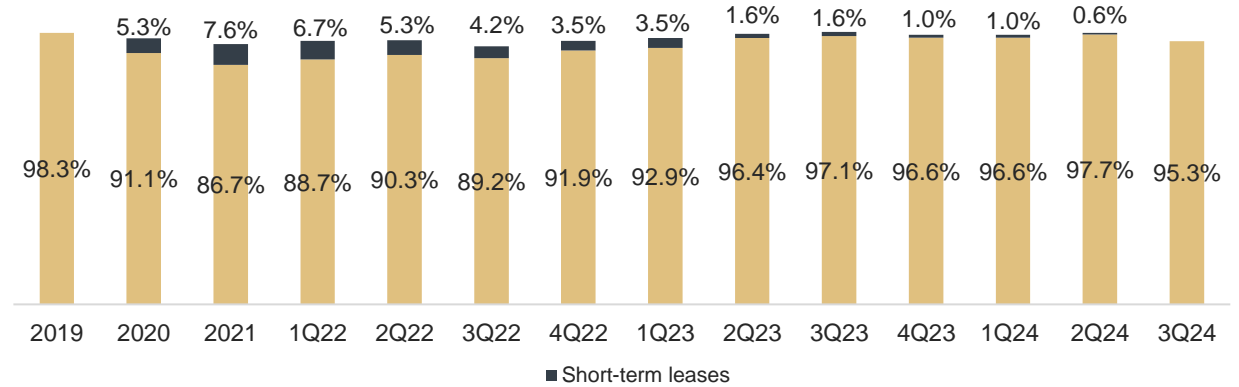
95.3% ▼ 2.4 ppt QoQ⁽¹⁾ As of 30 Sep 2024

Rental Reversion⁽²⁾

16.0% In 3Q 2024

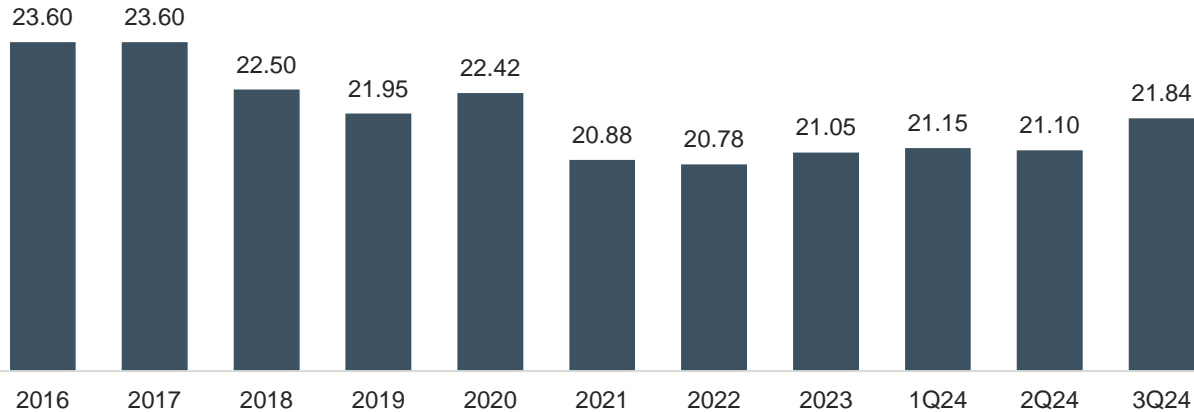
Committed Occupancy

As of 30 Sep 2024



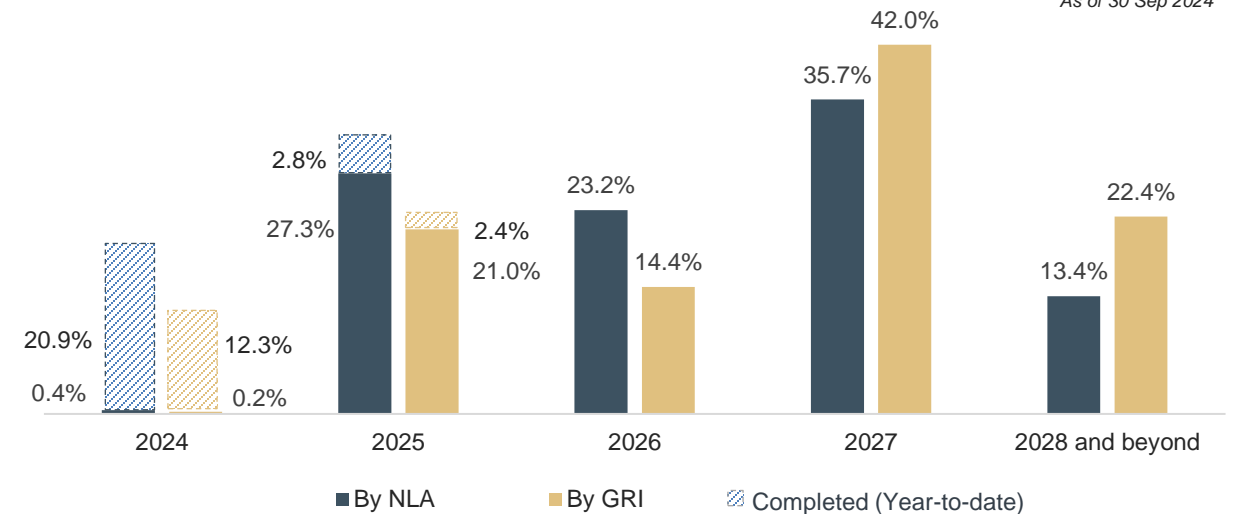
Average passing rent increased 3.5% QoQ

S\$ psf pm As of Sep 2024



WALE of 2.2 years (NLA); 2.5 years (GRI)

As of 30 Sep 2024

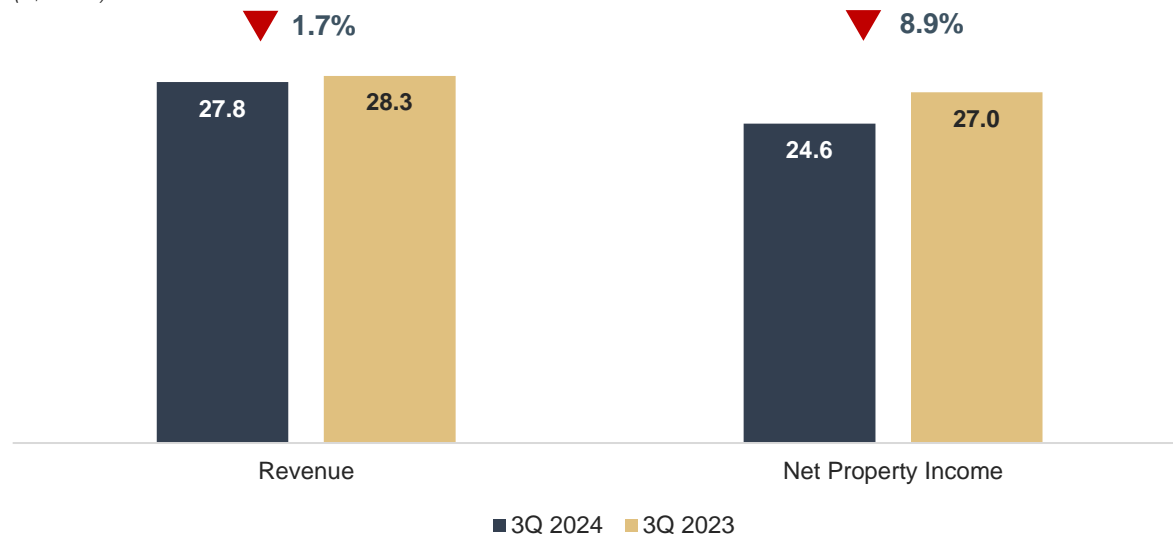


Hospitality Segment Performance

Hospitality RevPAR grew 0.3% YoY

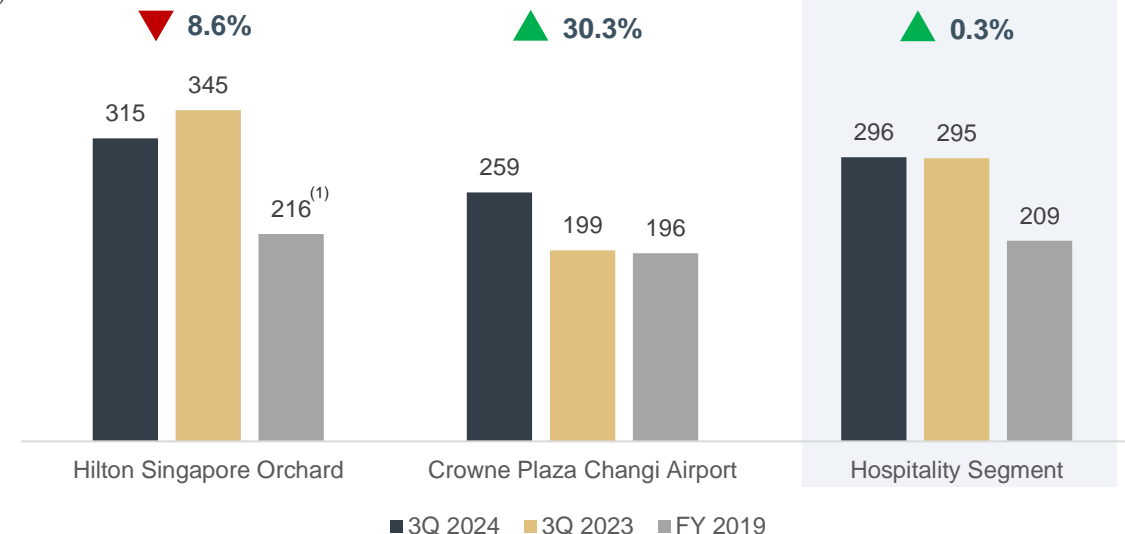
3Q 2024 Hospitality Segment Revenue and NPI

(S\$ million)



3Q 2024 RevPAR

(S\$)



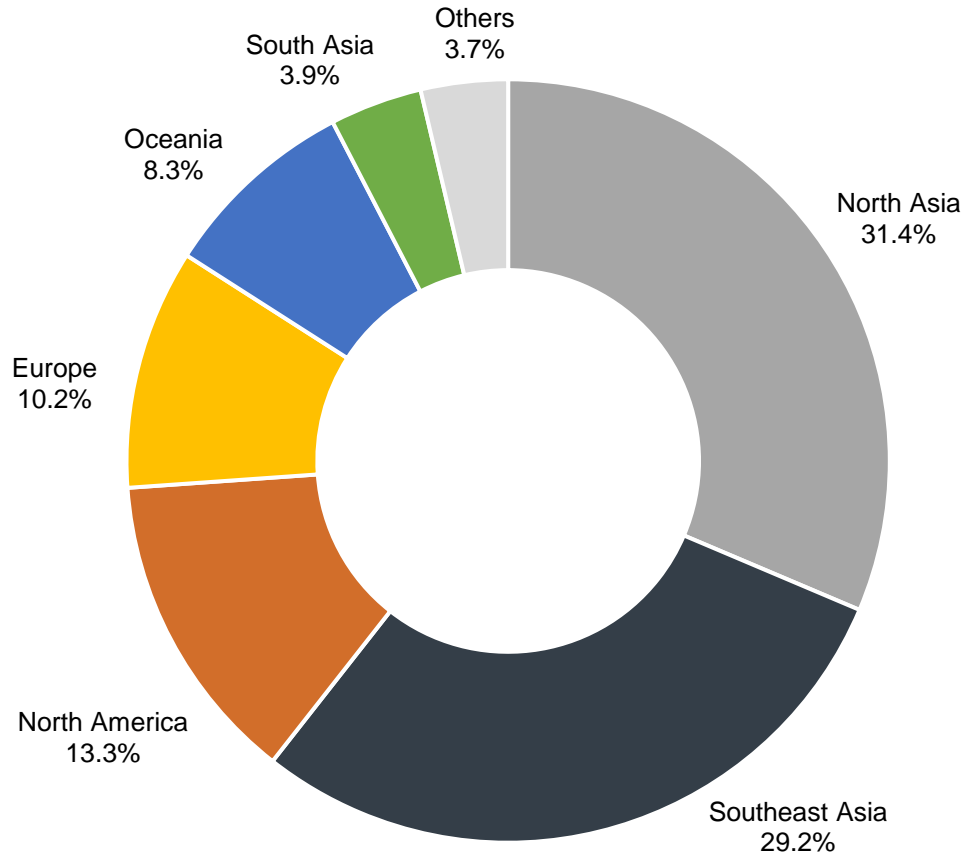
- Hospitality segment revenue and NPI for 3Q 2024 were S\$27.8 million and S\$24.6 million, 1.7% and 8.9% lower YoY, respectively. This decrease was primarily due to the normalisation of tourist spending on accommodation compared to the same period in FY 2023.
- Excluding the upward revision of property taxes for FY 2022 and FY 2023 for Hilton Singapore Orchard and Crowne Plaza Changi Airport, the NPI for the hospitality segment would have decreased by 3.2% YoY in 3Q 2024.
- Overall 3Q 2024 hospitality RevPAR grew by 0.3% YoY to S\$296. Crowne Plaza Changi Airport's RevPAR surged 30.3% YoY to S\$259, following the successful asset enhancement completed in December 2023, which had impacted 3Q 2023 performance.

Hospitality Segment Performance

Diversified business mix towards higher-yielding markets

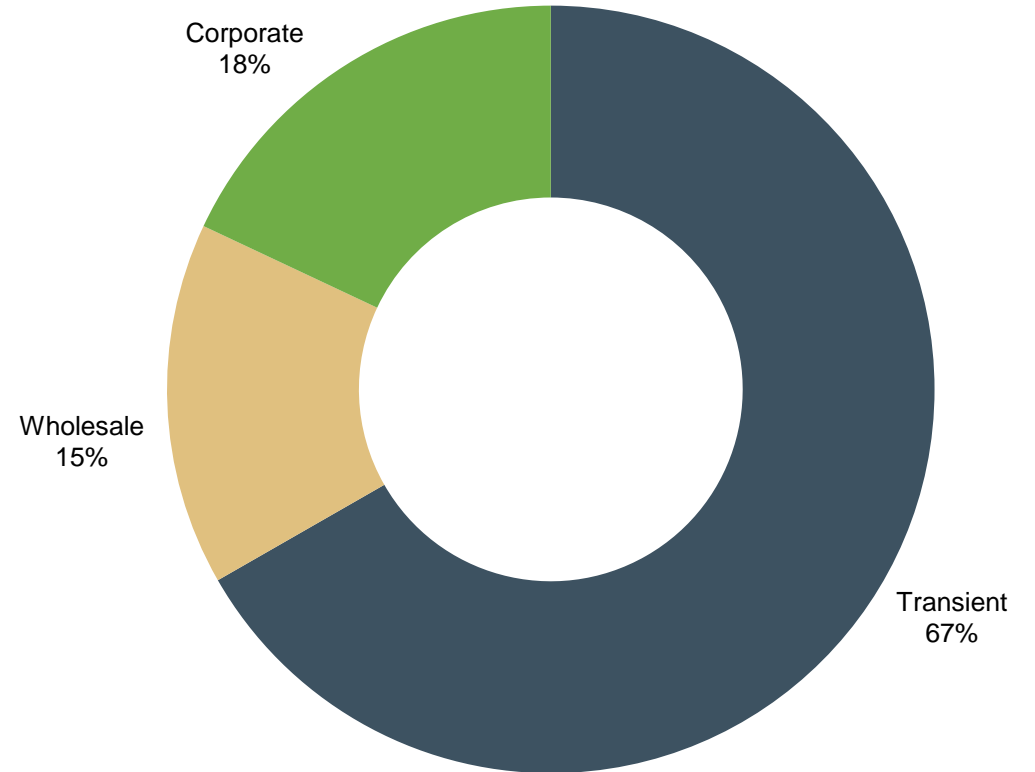
By Geography

3Q 2024 (By room nights)



By Type

3Q 2024 (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

Market Outlook & Growth Strategies



Crowne Plaza Changi Airport

Market Outlook

Singapore

Office⁽¹⁾

- According to CBRE, Singapore's Core Central Business District ("CBD") (Grade A) office rents stood at S\$11.95 psf per month for a third consecutive quarter in 3Q 2024, underpinned by the continued flight-to-quality trend. Occupancy slightly decreased by 1.7ppt to 92.2% primarily due to the completion of IOI Central Boulevard Towers. Excluding this development, Core CBD (Grade A) occupancy would have remained high at 96-97%, with demand driven by legal firms, emerging tech companies and professional services.
- Although global economic uncertainties might impact leasing sentiment in the near term, delayed office completions and a more favourable interest rate environment are expected to support the office demand.

Retail⁽¹⁾

- With increased retailer confidence in tourism recovery, prime Orchard Road retail rents continued to outperform other submarkets, rising 0.8% QoQ to S\$37.45 psf per month. However, consumer sentiments have turned more cautious as reflected in the decline in retail sales index (excluding motor vehicles) of 2.8% and 2.7% YoY in July and August respectively.
- With new retail supply remaining below the historical average in the next few years, CBRE expects overall prime retail rents to sustain their recovery in 2024.

Hospitality

- Visitor arrivals for January to September 2024 grew by 24.1% YoY to reach 12.6 million, on track of achieving Singapore Tourism Board's target of 15 to 16 million in 2024⁽²⁾.
- Singapore's tourism recovery is expected to continue its growth trajectory with improved global flight connectivity, the implementation of visa-free travel between China and Singapore and new tourism offerings. However, cheaper tourist regional destinations, the absence of star-studded concerts, as well as weaker MICE pipeline will weigh on tourism performance.

Shanghai⁽³⁾

- Shanghai's CBD Grade A office occupancy slightly increased by 0.6 ppt QoQ to 85.9% in 3Q 2024, while the decline in CBD Grade A office rents narrowed to RMB 8.00 psm per day.
- By the end of 2024, 19,000 square metres of new CBD Grade A office space is expected to enter the market. The majority of these completions will be in the Xintiandi submarket, further intensifying competition. Consequently, Shanghai's office market is expected to face further downward pressure.

Focus on Maximising Returns and Driving Long-term Growth



Maximise Asset Performance

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



Reinforce Capital Structure

- **Optimise cost of debt** by leveraging on investment grade credit rating and new EMTN programme to diversify source of funding.
- **Proactively manage refinancing requirements** to achieve a well-diversified debt maturity profile.
- Closely monitor the capital market and adopt appropriate hedging strategies to manage the cost of debt.



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 40.0%.**
- Monitor **portfolio reconstitution opportunities** to unlock value amidst improved investor sentiment and appetite following the US Fed's September rate cut.
- Review opportunities in **Singapore as well as key gateway cities in Australia (Sydney and Melbourne), Hong Kong, Japan and the United Kingdom (London).** Seek further exposure to hotels, offices or mixed-use developments in prime CBD areas.

OUÉ REIT

Thank You!

www.ouereit.com



10 YEARS of EXCELLENCE



Appendix

- Premium Portfolio of Assets
- Office Segment Occupancy
- 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

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



	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 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, part of 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 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: 378,339 Retail: 21,272	Office: 605,491 Retail: 99,157	Office: 529,969	Office: 361,007 Retail: 60,810	Retail: 126,294	1,080 hotel rooms	575 hotel rooms
Occupancy⁽¹⁾	Office: 99.3% Retail: 92.3% Overall: 98.9%	Office: 95.7% Retail: 99.3% Overall: 96.3%	Office: 92.2%	Office: 74.6% Retail: 97.8% Overall: 78.0%	Retail: 95.3%	-	-
Valuation as of 31 Dec 2023	S\$1,340m ⁽²⁾ (S\$3,353 psf)	S\$1,909m ⁽³⁾ (S\$2,709 psf)	S\$930m (S\$1,755 psf)	RMB2,400m / RMB41,011 psm GFA	S\$453m (S\$3,591 psf)	S\$1,346m (S\$1.2m / key)	S\$519m (S\$0.9m / key)

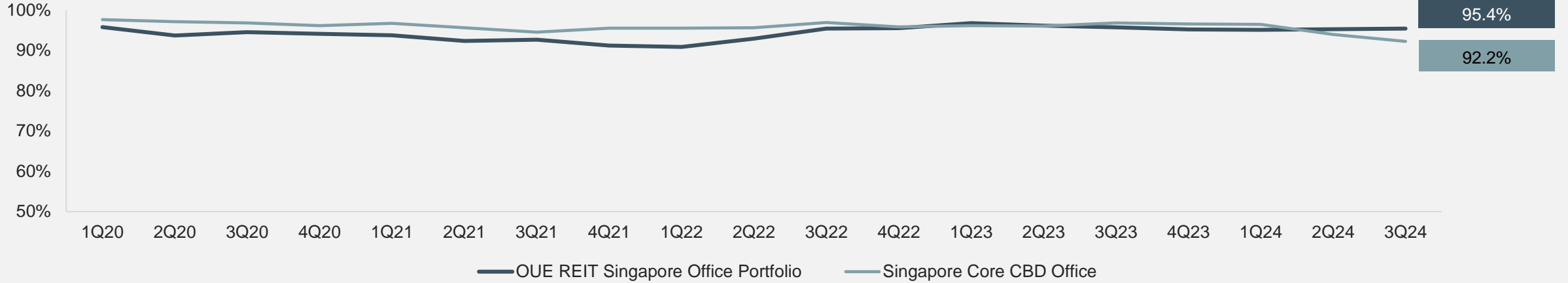
(1) Committed occupancy as of 30 Sep 2024

(2) Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront. OUE REIT has a direct 50.0% interest in OUE Allianz Bayfront LLP

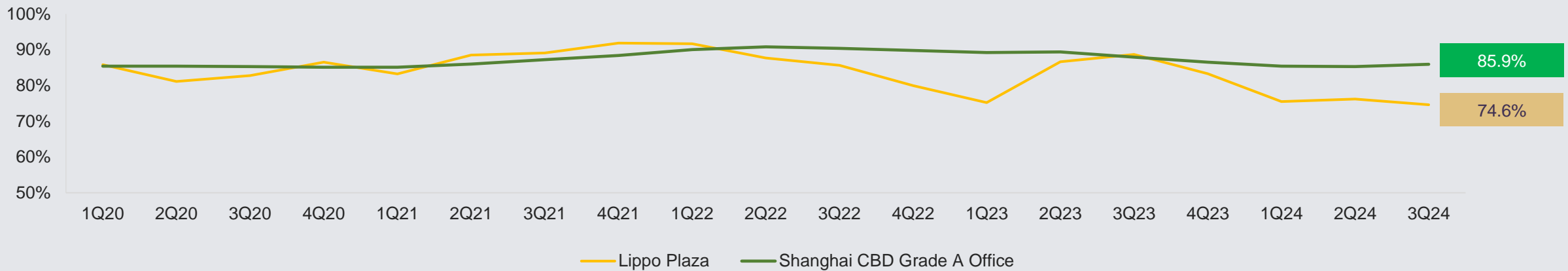
(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries

Office Segment Occupancy

Singapore Office Portfolio



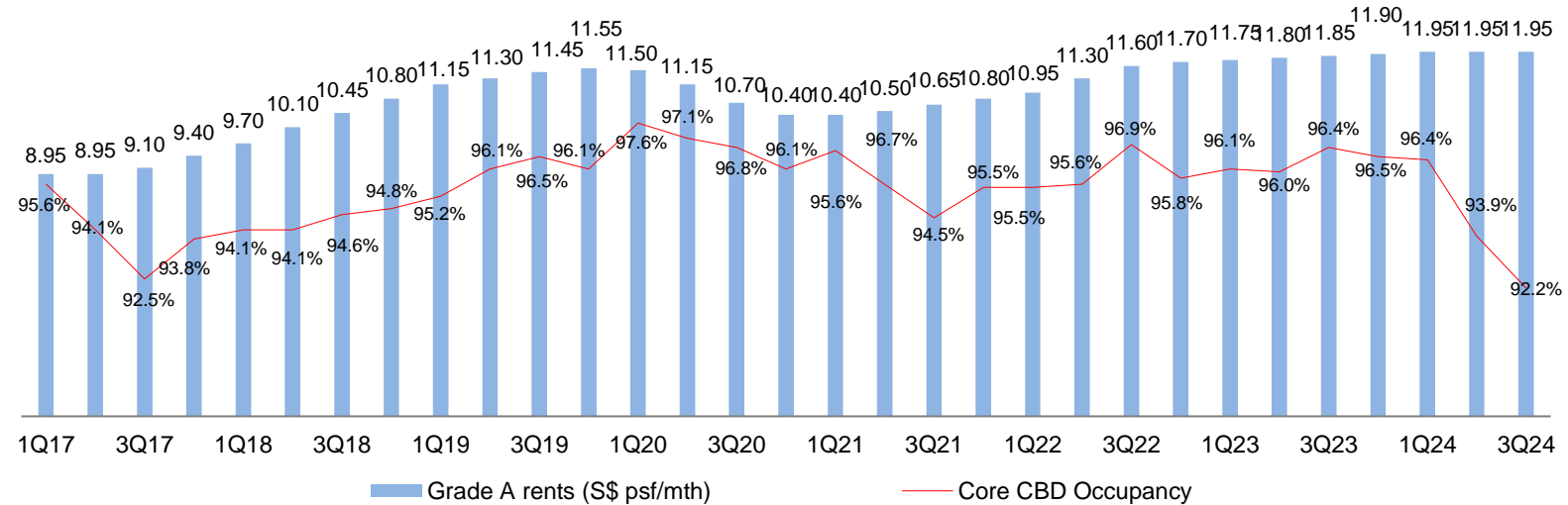
Shanghai Lippo Plaza



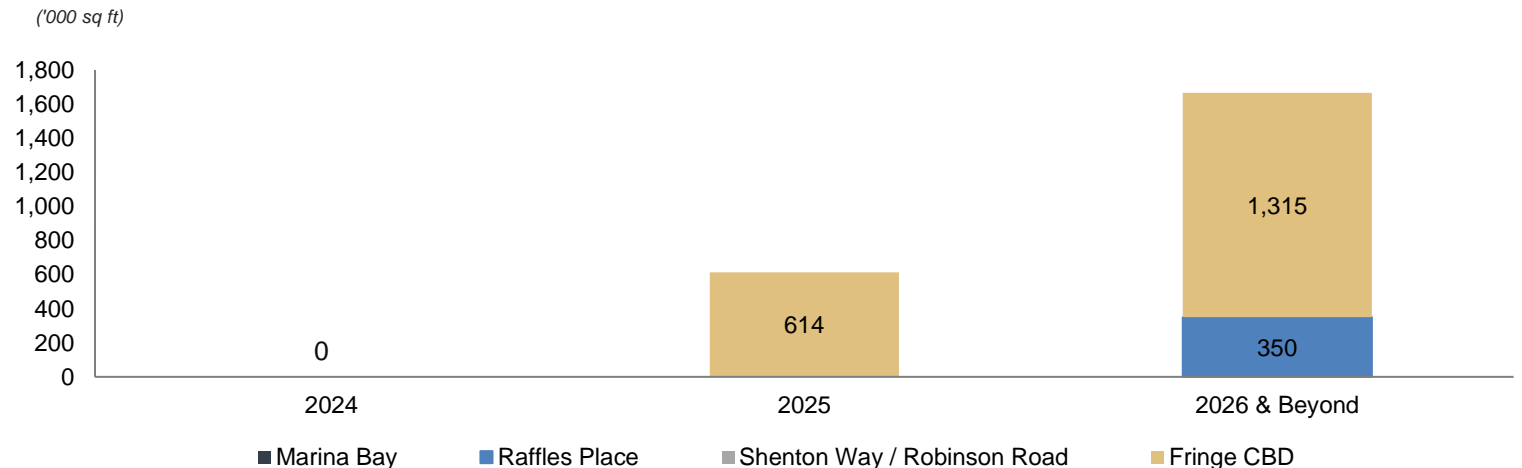
Singapore Office Market

- According to CBRE, Singapore's CBD (Grade A) office rents stood at S\$11.95 psf per month for a third consecutive quarter in 3Q 2024, underpinned by the continued flight-to-quality trend.
- Occupancy slightly decreased by 1.7ppt to 92.2% primarily due to the completion of IOI Central Boulevard Towers. Excluding this development, Core CBD (Grade A) occupancy would have remained high at 96-97%, with demand driven by legal firms, emerging tech companies and professional services.
- Although global economic uncertainties might impact leasing sentiment in the near term, delayed office completions and a more favourable interest rate environment are expected to support the office demand.
- OUE REIT's green-certified core Grade A office assets in prime CBD area are well-positioned to maintain stable performance in the longer term.

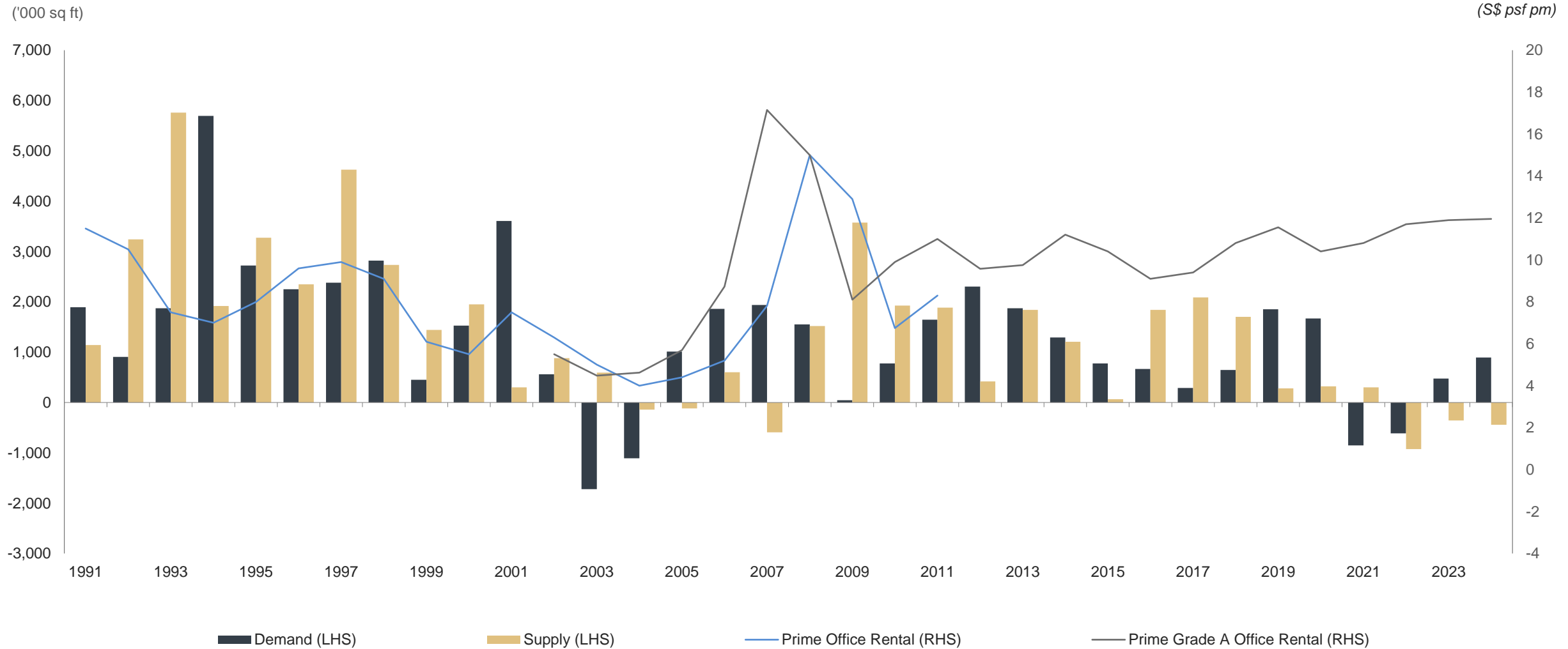
Singapore Core CBD Grade A Rents and Occupancy



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

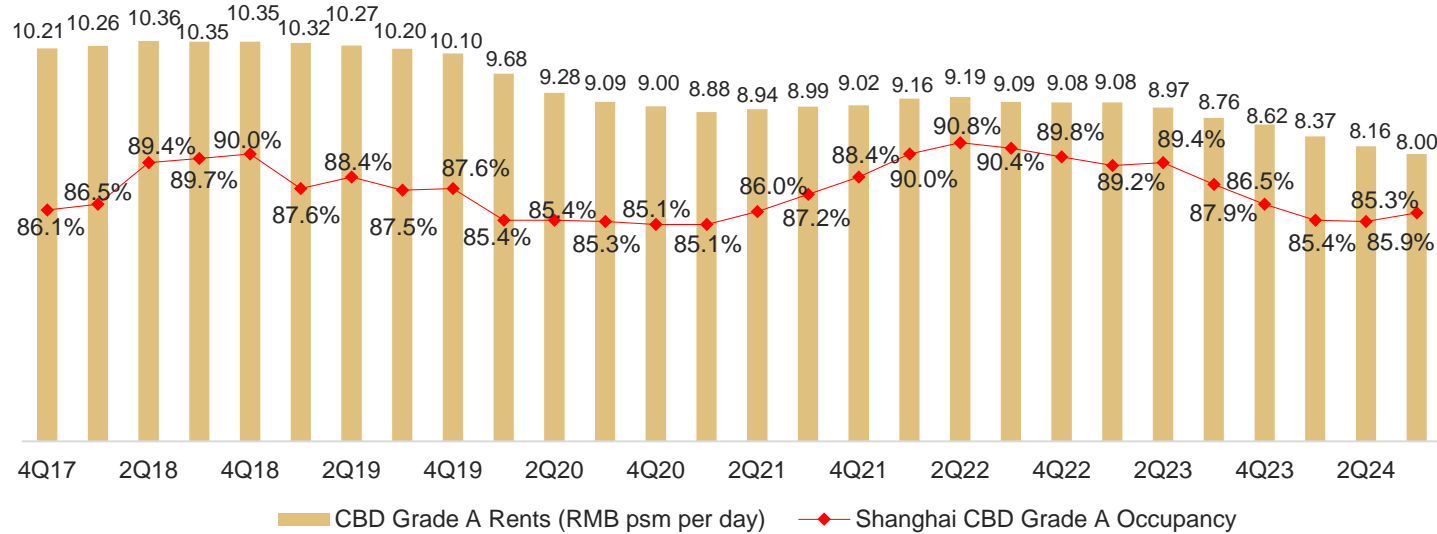


Singapore Office Demand, Supply and Rents



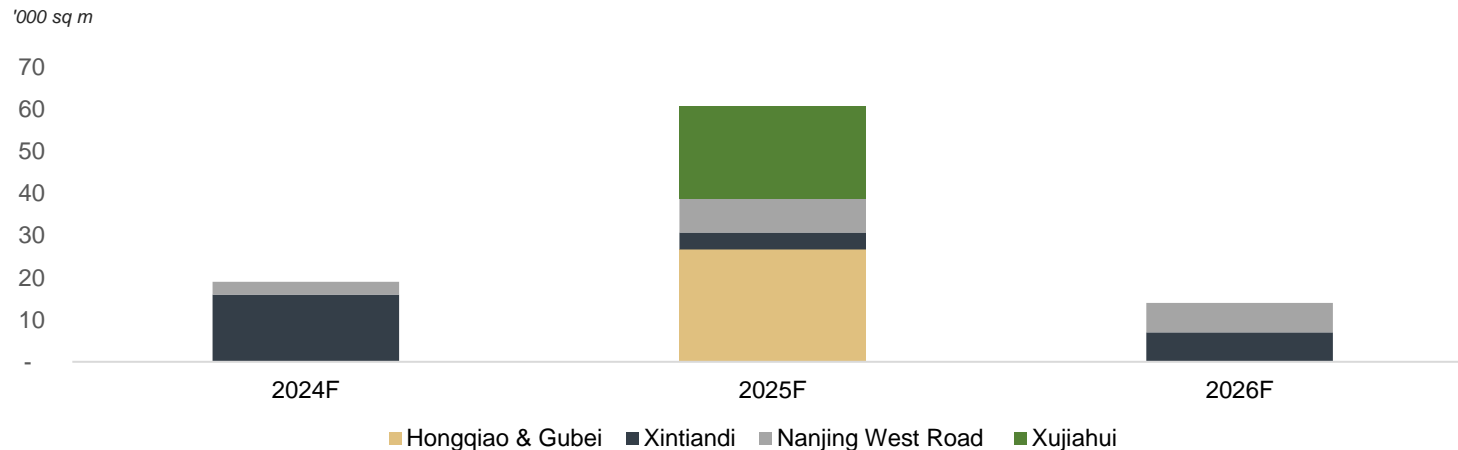
Shanghai Office Market – 3Q 2024

Shanghai



- According to Colliers, Shanghai’s CBD Grade A office market showed signs of improvement with occupancy slightly increased by 0.6 ppt QoQ to 85.9% in 3Q 2024, while CBD Grade A office rents declined to RMB 8.00 psm per day.
- 19,000 square meters of new CBD Grade A office space is expected to enter the market by the end of 2024. The majority of these completions will be in the Xintiandi submarket, further intensifying competition.
- Coupled with a lower-than-expected macroeconomic recovery and weak leasing demand, Shanghai’s office market is expected to continue its downward trend. The Manager is focused on proactive and flexible asset management to retain tenants and sustain occupancy at Lippo Plaza.

Office Supply Pipeline in Shanghai CBD

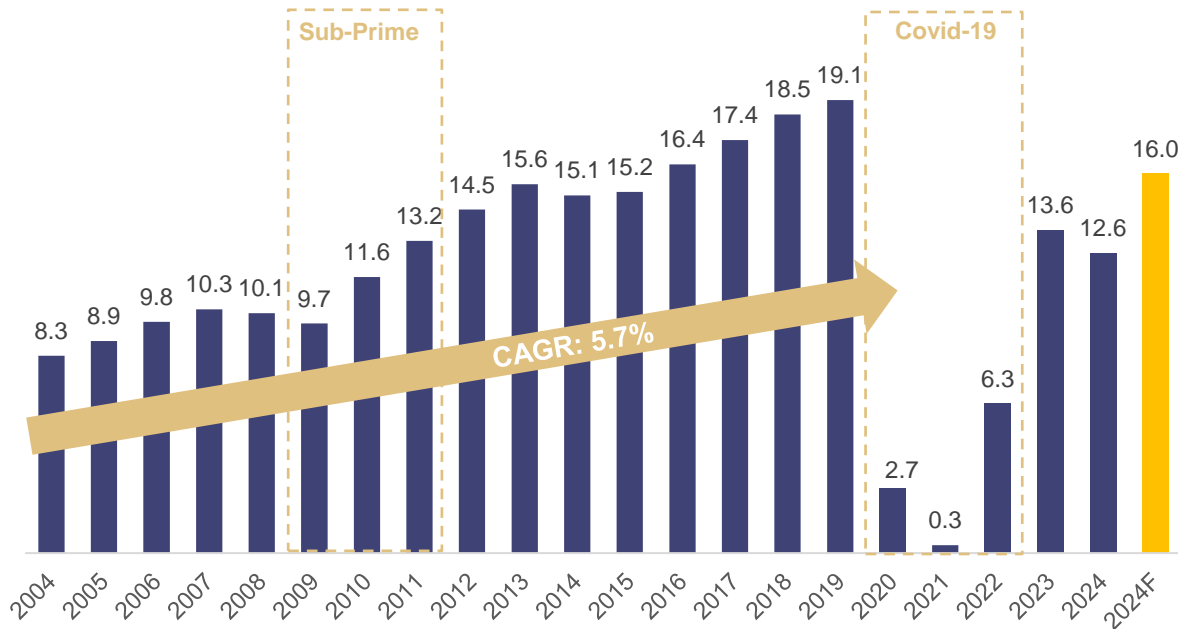


Singapore Hospitality Market – 3Q 2024

- Visitor arrivals for January to September 2024 grew by 24.1% YoY to reach 12.6 million, on track of achieving Singapore Tourism Board’s target of 15 to 16 million in 2024⁽¹⁾.
- Singapore’s tourism recovery is expected to benefit from improved global flight connectivity, visa-free arrangement with China and new tourism offerings. However, intensifying competition from regional countries, the absence of strong concert and MICE pipelines, as well as economic uncertainties might weigh on the pace of tourist growth and spending.
- New hotel supply is expected to remain muted with a CAGR of 3.4% between 2024 and 2026 compared to a pre-pandemic historical five-year CAGR of 4.4% between 2014 and 2019.

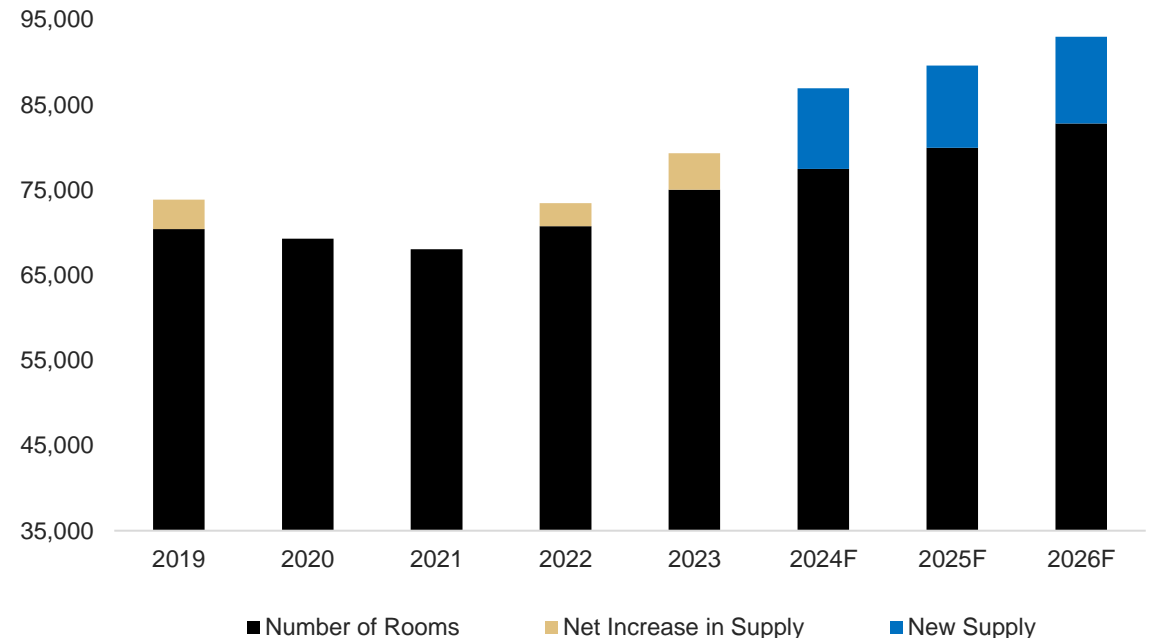
Visitor Arrivals in Singapore⁽²⁾

(million)



Singapore Hotel Supply⁽³⁾

(No. of Hotel Rooms)



Hotel Master Lease Details



Property	Hilton Singapore Orchard	Crowne Plaza Changi Airport
No. of Guestrooms	1,080	575
Master Lease Rental	Variable Rent Comprising Sum of: <i>(i) 33.0% of Hotel Gross Operating Revenue (“GOR”); and (ii) 27.5% of Hotel Gross Operating Profit (“GOP”);</i> subject to minimum rent of S\$45.0 million ⁽¹⁾	Variable Rent Comprising Sum of: <i>(i) 4% of Hotel Food and Beverage (“F&B”) Revenues; (ii) 33% of Hotel Rooms and Other Revenues not related to F&B; (iii) 30% Hotel GOP; and (iv) 80% of GRI from leased space;</i> subject to minimum rent of S\$22.5 million ⁽¹⁾
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 <ul style="list-style-type: none"> 3% of GOR 	Capital Replacement Contribution <ul style="list-style-type: none"> Aligned with hotel management agreement between OUEAH and IHG 3% of GOR⁽²⁾

(1) 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

(2) Since the acquisition of Crowne Plaza Changi Airport in September 2019