AND BEYOND

OUE REIT

ANNUAL REPORT 2023

BUILDING ON 10 YEARS

We are committed to our strategic vision for OUE REIT anchored by value creation, prudent capital management and sustainable growth. Building on our strong foundations, we chart the course for OUE REIT's stability, resilience and continued success in the coming years.

Contents

CORPORATE PROFILE

OUE Real Estate Investment Trust ("OUE REIT"), formerly known as OUE Commercial Real Estate Investment Trust, is one of the largest diversified Singapore REITs ("S-REITs") with total assets under management of S$6.3 billion as of 31 December 2023. The REIT invests in income-producing real estate used primarily for hospitality, retail and/or office purposes in financial and business hubs, as well as real estate-related assets.

With six assets in Singapore and one in Shanghai, OUE REIT's property portfolio comprises 1,655 upper upscale hotel rooms and approximately 2.2 million square feet ("sq ft") of prime office and retail space.

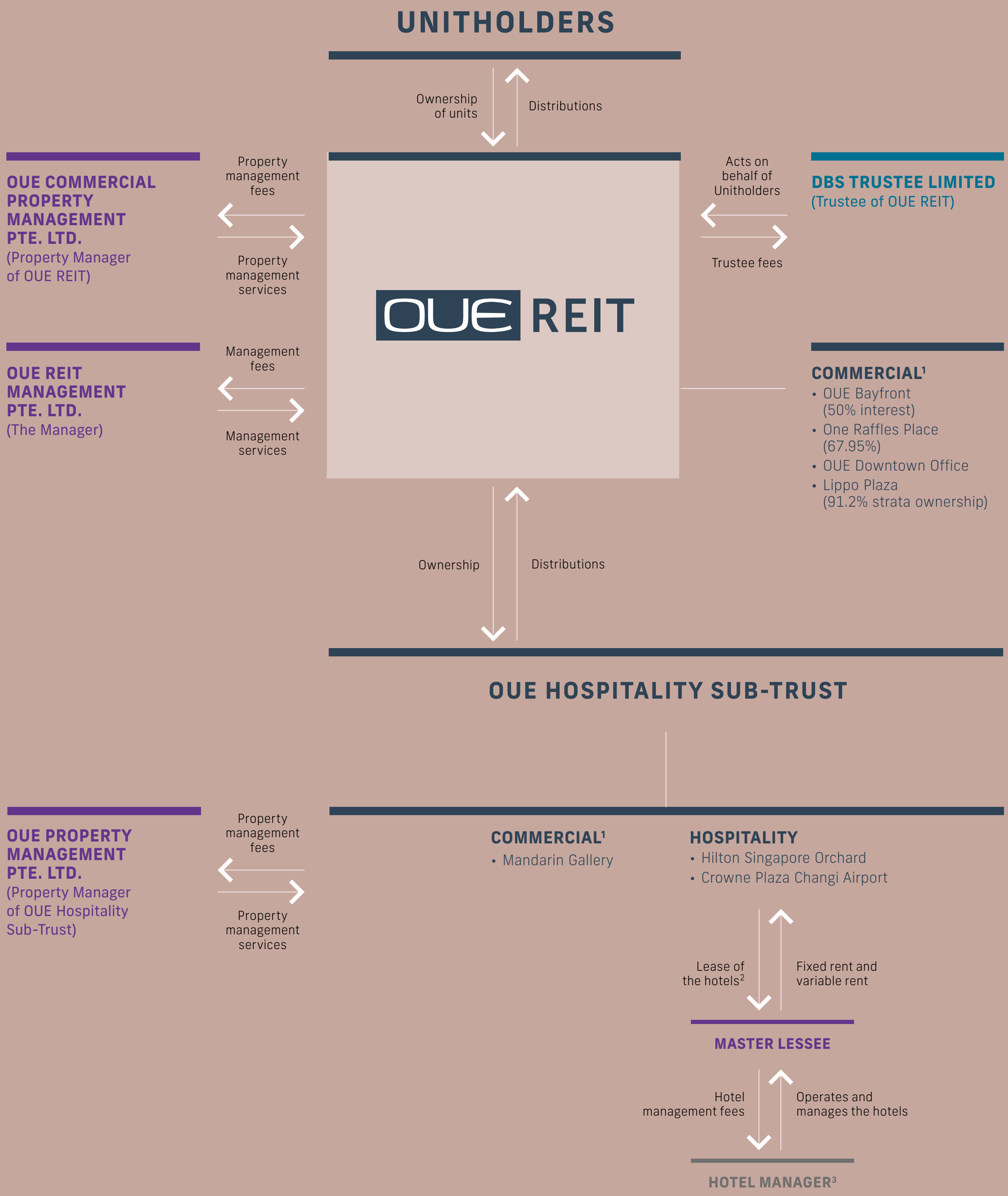
In Singapore, OUE REIT owns two hotels, Hilton Singapore Orchard and Crowne Plaza Changi Airport. Complementing Hilton Singapore Orchard is Mandarin Gallery, a choice location for international brands in the heart of Orchard Road. Meanwhile, OUE REIT's office assets – OUE Bayfront, One Raffles Place and OUE Downtown Office, are situated within the Central Business District ("CBD").

In Shanghai, OUE REIT's Grade A commercial asset Lippo Plaza is located on Huaihai Middle Road, one of Shanghai's established core CBD locations in the Huangpu district of Puxi.

Listed on the Main Board of the Singapore Exchange Securities Trading Limited since 27 January 2014, OUE REIT is managed by OUE REIT Management Pte. Ltd. (the "Manager"), a wholly-owned subsidiary of OUE Limited (the "Sponsor"). The Sponsor is a leading real estate and healthcare group, growing strategically to capitalise on growth trends across Asia. Its real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail, residential and healthcare sectors.

OUE REIT's mission is to deliver regular and stable distributions and to provide sustainable long-term growth in returns to holders of units in OUE REIT ("Unitholders") while maintaining an appropriate capital structure.

REIT STRUCTURE



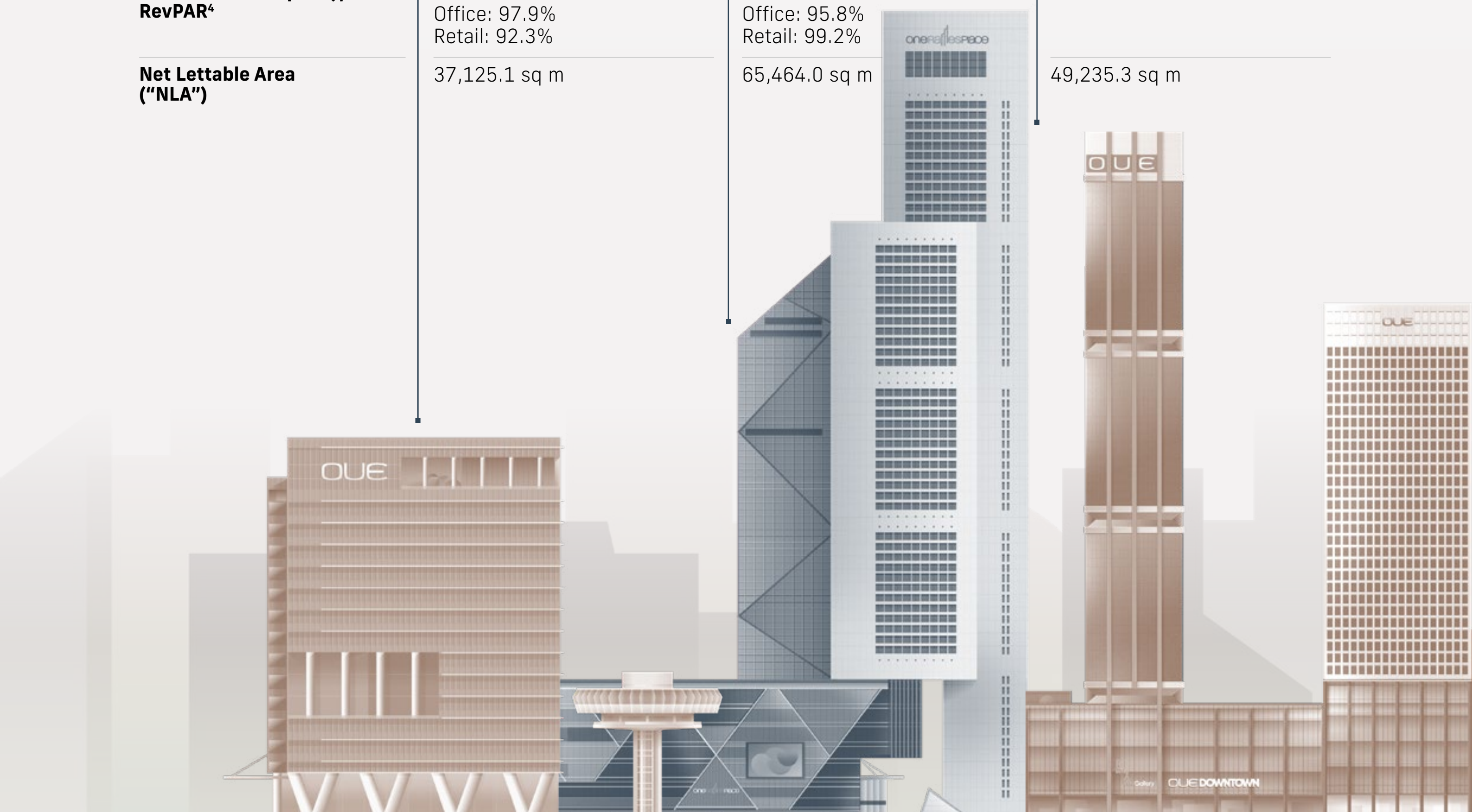
Notes:

1. Includes office and/or retail
2. The OUE Hospitality Sub-Trust will lease the hotel to the Master Lessee and in return the Master Lessee will pay rent in accordance with the master lease agreement to the OUE Hospitality Sub-Trust
3. The Master Lessee will appoint the Hotel Manager to manage the day-to-day operations and marketing of the hotel leased from OUE Hospitality Sub-Trust. The Hotel Manager will typically be entitled to a payment computed as a percentage of the revenue and a percentage of the gross operating profit of the hotel comprising gross operating revenue less operating expenses under management

PROPERTIES AT A GLANCE

As of 31 December 2023

	COMMERCIAL[1]		
	OUE BAYFRONT	**ONE RAFFLES PLACE**	**OUE DOWNTOWN OFFICE**
Property Description	Located at Collyer Quay in Singapore's central business district ("CBD"), OUE Bayfront is a premium Grade A office building which occupies a vantage position between the Marina Bay downtown and established financial hub of Raffles Place.	One of the tallest buildings in the Singapore CBD, One Raffles Place is an iconic commercial development comprising two Grade A office towers and a retail mall, strategically located in the heart of main financial district Raffles Place.	OUE Downtown Office is part of the OUE Downtown mixed-use development, a refurbished landmark property comprising Grade A offices, a retail podium as well as serviced residences, strategically located in Shenton Way.
Ownership Interest	50%	83.33% interest in OUB Centre Limited, which owns 81.54% beneficial interest in One Raffles Place	100% of the office components of OUE Downtown
Leasehold Tenure	**OUE Bayfront and OUE Tower:** 99-year lease from 12 November 2007 **OUE Link:** 15-year lease from 26 March 2010 **Underpass:** 99-year lease from 7 January 2002	**One Raffles Place Tower 1:** 841-year lease from 1 November 1985 **One Raffles Place Tower 2:** 99-year lease from 26 May 1983 **One Raffles Place Shopping Mall:** • approximately 75% of the NLA of the retail podium is on a 99-year lease from 1 November 1985 • the balance 25% of the NLA is on a 841-year lease from 1 November 1985	99-year lease from 19 July 1967
Property Valuation	S$1,340.0 million[2]	S$1,909.0 million[3]	S$930.0 million
FY 2023 Revenue	S$31.6 million[2]	S$71.4 million[3]	S$48.8 million
Committed Occupancy/ RevPAR[4]	Overall: 97.6% Office: 97.9% Retail: 92.3%	Overall: 96.3% Office: 95.8% Retail: 99.2%	92.6%
Net Lettable Area ("NLA")	37,125.1 sq m	65,464.0 sq m	49,235.3 sq m



		HOSPITALITY	
LIPPO PLAZA	**MANDARIN GALLERY**	**HILTON SINGAPORE ORCHARD**	**CROWNE PLAZA CHANGI AIRPORT**
Lippo Plaza is a Grade A commercial building located on Huaihai Zhong Road, within the Huangpu business district, one of Shanghai's established core CBD locations in the Puxi area of downtown Shanghai, China.	Mandarin Gallery is a high-end retail mall situated along Orchard Road, in the heart of Singapore's shopping precinct. The mall boasts a wide 152-metre frontage, according it a high degree of prominence, and serves as a preferred flagship location for international brands.	Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore) is Hilton's flagship hotel and its largest in Asia Pacific. With 1,080 rooms, the hotel is also the largest in the heart of Orchard Road, Singapore's shopping and entertainment district, providing top accommodation choices for both leisure and business travellers globally.	Crowne Plaza Changi Airport, managed by InterContinental Hotels Group, is a 575-room hotel situated within the vicinity of the passenger terminals of Changi Airport. The hotel is connected directly to Changi Airport Terminal 3 and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3.
91.2% share of strata ownership	100%	100%	100%
50-year land use right commencing from 2 July 1994	99-year lease from 1 July 1957	99-year lease from 1 July 1957	66-year lease from 9 June 2017
RMB 2,400.0 million (S$449.0 million)	S$453.5 million	S$1,346.0 million	S$519.0 million
S$23.3 million	S$30.1 million	S$74.8 million	S$22.5 million
Overall: 84.9% Office: 83.3% Retail: 94.5%	97.6%	FY 2023 RevPAR: S$274	FY2023 RevPAR: S$205
39,188.1 sq m	11,733.1 sq m	Gross Floor Area: 91,999.8 sq m	Gross Floor Area: 40,913.5 sq m

Notes:

1 Commercial segment comprises OUE Bayfront (50% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

2 Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront

3 Based on OUB Centre Limited's 81.54% interest in One Raffles Place

4 RevPAR refers to revenue per available room

GUIDING FUTURE GROWTH

OUR COMPETITIVE STRENGTHS & KEY STRATEGIES

PRIME, DIVERSIFIED PORTFOLIO

Portfolio of strategically located landmark hospitality, office and retail assets underpins OUE REIT's income resilience

STABLE FINANCIAL POSITION

Healthy balance sheet with financial flexibility and ample liquidity to weather economic and property cycles

EXPERIENCED MANAGER

A professional team with an extensive track record and expertise drives success, as well as meets current and future challenges

STRONG SPONSOR SUPPORT

A leading real estate and healthcare group in Asia, the Sponsor's 48.6% stake in OUE REIT demonstrates alignment of interest with Unitholders

WITH THE RIGHT FUNDAMENTALS

OUE REIT's balance sheet remains robust and healthy through the Manager's prudent capital management approach. We seek to optimise OUE REIT's capital structure and the cost of debt financing by adopting appropriate hedging strategies to manage interest rate volatility. Other objectives of our disciplined capital management strategy include mitigating repayment and refinancing risks, as well as diversifying funding sources for financial flexibility.

POSITIONED FOR GROWTH

The Manager seeks accretive asset enhancement initiatives ("AEIs") to boost organic growth, improve the properties' quality and marketability, as well as to enhance the experience and service quality for tenants and guests. OUE REIT's two hotels – the Hilton Singapore Orchard and Crowne Plaza Changi Airport, have been reinvigorated through recent AEIs to capitalise on the continued recovery of the hospitality sector post-pandemic. These timely endeavours will further drive growth in sustainable returns and value for Unitholders.

SUSTAINABLE RESILIENCE AHEAD

OUE REIT's resilient performance is underpinned by its portfolio of core assets in prime locations and the Manager's commitment to proactive asset management. The Manager strives to maximise each asset's financial, operational and sustainability performance by maintaining high occupancy levels, optimising rental growth, improving cost efficiency through reducing energy and water consumption, maintaining green certifications, as well as monitoring health and safety risks. Against these strategic priorities, OUE REIT is well-poised for the future.

ACHIEVEMENTS & PROGRESS IN 2023

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

High proportion of fixed-rate debt of
66.3%
mitigates impact on distributions

Established
Green Financing Framework
for sustainable financing

Sustainability-linked loans comprise
69.5%
of total debt, one of the highest amongst Singapore REITs

1.7%
increase in asset valuation

Portfolio Valuation Growth

44.4%
year-on-year net property income growth for hospitality segment

CPCA AEI
10%
ROI

High committed occupancy of
95.2%
for Singapore offices

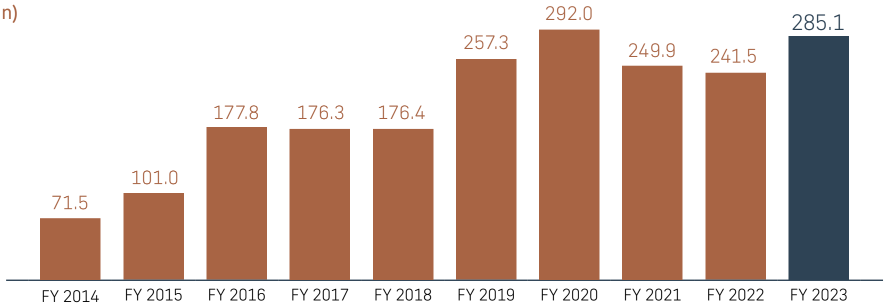
Rental reversion of
12.0%
for Singapore offices

Achieved
3-Star
rating for GRESB Real Estate Assessment

95.7%
of portfolio is green certified

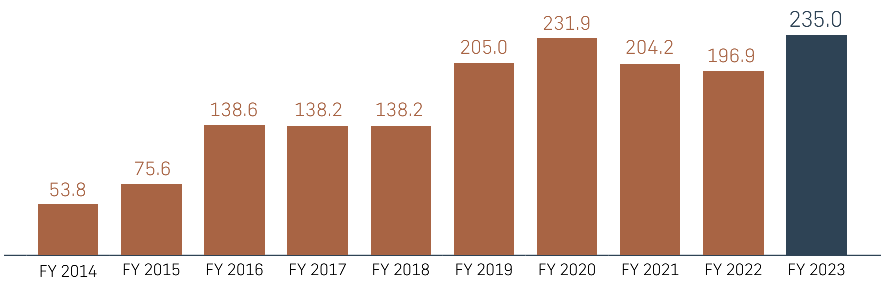
KEY HIGHLIGHTS

REVENUE
(S$ million)



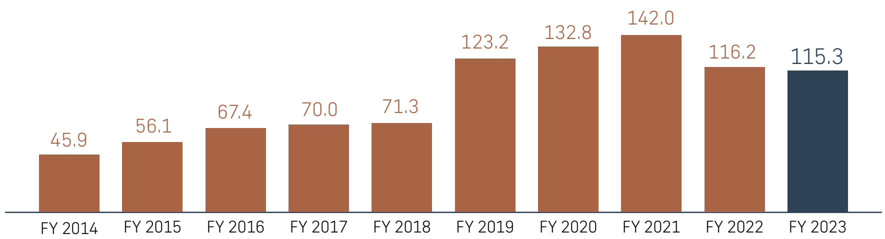
15.6%
CAGR SINCE IPO

NET PROPERTY INCOME
(S$ million)



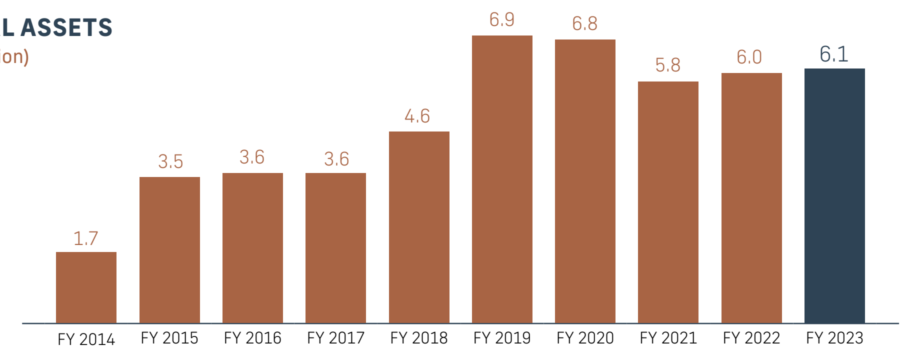
16.8%
CAGR SINCE IPO

AMOUNT TO BE DISTRIBUTED
(S$ million)



9.9%
CAGR SINCE IPO

TOTAL ASSETS
(S$ billion)



14.4%
CAGR SINCE IPO

DISTRIBUTION PER UNIT ("DPU")
FY 2023
2.09¢

NET ASSET VALUE ("NAV") PER UNIT
(as of 31 Dec 2023)
S$0.60

PORTFOLIO VALUATION
(as of 31 Dec 2023)
S$6,276.5m

AGGREGATE LEVERAGE
(as of 31 Dec 2023)
38.2%

WEIGHTED AVERAGE ALL-IN COST OF DEBT
(as of 31 Dec 2023)
4.3%
per annum

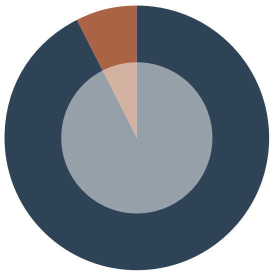
PROPORTION OF FIXED RATE DEBT
(as of 31 Dec 2023)
66.3%

PROPORTION OF UNSECURED DEBT
(as of 31 Dec 2023)
69.5%

BALANCE SHEET HIGHLIGHTS

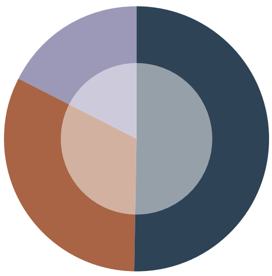
	AS OF 31 DECEMBER 2023
Total Assets (S$'000)	6,068,711
Total Borrowings[1] (S$'000)	2,322,400
Unitholders' Funds (S$'000)	3,311,192
Market Capitalisation (S$'000)	1,563,486
Total Operating Expenses[2] to NAV (%)	2.4

PORTFOLIO ASSET VALUE BY GEOGRAPHY
(By proportionate interest)



	(%)
Singapore	**92.5**
China	**7.5**

FY 2023 REVENUE CONTRIBUTION BY SEGMENT
(By proportionate interest)



	(%)
Office	**50.5**
Hospitality	**32.2**
Retail	**17.3**

HOSPITALITY SEGMENT REVPAR
S$250

SINGAPORE OFFICE RENTAL REVERSION
12.0%

SINGAPORE OFFICE COMMITTED OCCUPANCY
(as of 31 Dec 2023)
95.2%

Notes:

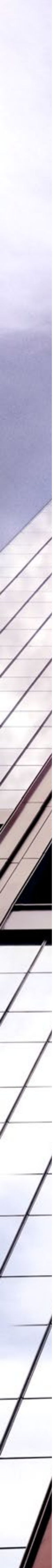
[1] Includes OUE REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan. OUE REIT's interest in One Raffles Place and OUE Bayfront are held via its indirect interest in OUB Centre Limited and direct interest in OUE Allianz Bayfront LLP, respectively

[2] The total operating expenses incurred by OUE REIT Group and OUE REIT's proportionate share of operating expenses incurred by its joint venture amount to approximately S$78.1 million. The amount included all fees and charges paid/payable to the Manager and interested parties

See overleaf
for our
10th Anniversary
milestones

CHAIRMAN'S LETTER TO UNITHOLDERS

"Over the past decade, OUE REIT has successfully diversified its portfolio, strengthened its capital structure and optimised its premium portfolio performance. With this solid foundation in place, our forward-looking leadership team will continue to provide long-term returns to our Unitholders in the years to come.



Dear Unitholders,

I am delighted to greet you all with our refreshed identity, OUE REIT. We have adopted this new identity to reaffirm our commitment to providing resilient and sustainable returns through portfolio diversification in the hospitality, office and retail sectors.

As we recently celebrated our 10-year anniversary in January 2024, let me take a step back in our history and celebrate the key milestones in our history.

OUE REIT debuted on the Singapore Stock Exchange with two office buildings in Singapore and Shanghai with a total assets under management ("AUM") of S$1.7 billion on 27 January 2014.

Between 2010 to 2015, 17 REITs were listed. Amongst them, many were with AUM less than S$1.0 billion. To remain attractive to investors, we knew we had to grow in scale significantly.

Subsequently, OUE REIT undertook two substantial acquisitions. The first acquisition was One Raffles Place in 2015, followed by the OUE Downtown office in 2018. These acquisitions tripled the portfolio's value to S$4.6 billion.

As we continued our growth journey, we also diversified. In 2019, we acquired OUE Hospitality Trust. With this merger, our diversified portfolio began to include hospitality properties and an additional retail asset, all under one umbrella.

The strength of a diversified portfolio served us well - our office assets generated stable income during the pandemic while our newly acquired hospitality and retail segments gave us a welcome boost in revenue driven by post-pandemic travel.

Meanwhile, the enlarged capital base post-merger also allowed OUE REIT to undertake major asset enhancement initiatives ("AEI") to unlock our asset value and enhance portfolio performance.

We made a strategic decision to transform Mandarin Singapore Orchard in early 2020 and pushed ahead with the S$150 million AEI through the COVID-19 pandemic. The hotel was subsequently rebranded as Hilton Singapore Orchard. With its newly refurbished 1,080 rooms, new conference facilities, executive lounge and restaurants, the new Hilton Singapore Orchard has become the largest hotel in the Hilton Group in the Asia Pacific, ready to serve a recovering tourism market we saw since the beginning of 2022.

In December 2023, we also completed a S$22 million asset enhancement initiative at Crowne Plaza Changi Airport. As global air travel volumes rebound, we believe OUE REIT is well-positioned to capitalise on the anticipated increase in tourists and business travellers into Singapore in 2024 and beyond.

As a result of the AEI of Hilton Singapore Orchard and stable performance from the commercial sector, in 2023, gross revenue and net property income ("NPI") soared by 18.0% and 19.3% year-on-year ("YoY"), reaching S$285.1 million and S$235.0 million respectively.

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. 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.

Today, OUE REIT is one of the largest diversified REITs in Singapore with our AUM nearly quadrupling to S$6.3 billion as of 31 December 2023 compared to a decade ago. Since 2021, OUE REIT has also been a member of the FTSE EPRA Nareit Global Developed Index, a key benchmark for institutional investors, thanks to increased free float, trading volume, and liquidity. This inclusion has elevated our profile and attractiveness to international investors.

10 YEARS AND BEYOND

As we reflect on the past achievements, we also map out what the future might hold for OUE REIT in the coming decade and beyond.

Amid current challenges brought about by a still tentative global economic recovery and rising geopolitical concerns, it is vital that we strengthen our balance sheet, grow our portfolio and pursue sustainability goals applicable to our sector.

Firstly, sound financial management is the cornerstone for OUE REIT's growth. We intend to work diligently to build strength and flexibility in our capital structure.

10
AND BEYOND

Since our listing in 2014, OUE REIT has transformed into a diversified portfolio of prime properties across the hospitality, office and retail sectors. A decade of disciplined execution on forward-looking strategies to scale up the portfolio, reinforce the capital structure and harness the potential of our premium assets through asset enhancements, has placed OUE REIT in a strong position for the journey ahead.

Scaled up the portfolio with total assets under management quadrupling from S$1.7 billion at IPO to S$6.3 billion

2014

- Listed on the SGX-ST with two assets, OUE Bayfront in Singapore and Lippo Plaza in Shanghai, China

2015

- Maiden acquisition of mixed-use development One Raffles Place, enhancing the diversity of the portfolio

2018

- Second acquisition of OUE Downtown Office, strengthening our presence in the Singapore CBD

2019

- Merger with OUE Hospitality Trust to create one of the largest diversified S-REITs

Revitalising and reshaping the portfolio while strengthening the capital structure

2020

- Announced hotel re-branding to Hilton Singapore Orchard, Hilton's flagship and largest hotel in Asia Pacific

2021

- Divestment of 50% interest in OUE Bayfront to reconstitute the portfolio and optimise the capital structure
- Included in the FTSE EPRA Nareit Global Developed Index, increasing visibility and investability amongst investors globally

2022

- Hilton Singapore Orchard officially opened amidst the rebound in travel and hospitality demand
- Obtained the largest S-REIT sustainability-linked loan of S$978 million to date, significantly increasing the proportion of unsecured debt for financial flexibility

2023

- Assigned investment grade credit rating of BBB- with stable outlook by S&P Global Ratings
- Completed S$22 million asset enhancement at Crowne Plaza Changi Airport

CHAIRMAN'S LETTER TO UNITHOLDERS

Beginning in 2022, we foresaw heightened risks of tightening US monetary policy and took several initiatives to strengthen our capital structure. These included issuing Singapore's first bond with a coupon step-down feature, obtaining the largest sustainability-linked loan among Singapore REITs to date, as well as completing our third sustainability-linked loan in 2023.

Underpinned by our proactive capital management approach, we have no refinancing requirements until 2025, and our aggregate leverage has improved to 38.2%. With approximately 70% of our assets unencumbered and strong portfolio performance improvement, OUE REIT was assigned a BBB- investment grade credit rating with a stable outlook from S&P Global Ratings in October 2023.

To further align our sustainability commitment with our financing needs, we established our green financing framework in November 2023 to facilitate the issuance of green bonds and green loans.

With an investment grade credit rating and a green financing framework in place, OUE REIT will continue to optimise its cost of debt, as well as prudently manage its refinancing requirements to achieve a well-diversified debt maturity profile.

Secondly, OUE REIT will strive to build portfolio resilience by both optimising asset performance and seek growth by expanding into higher-yielding segments and other key gateway cities.

In particular, we will leverage our unique investment mandate to craft a balanced portfolio across the commercial and hospitality sector by progressively increasing the revenue contribution from the hospitality segment.

Looking ahead, we will explore DPU-accretive opportunities in both local and overseas target markets including Hong Kong, Japan, Australia and the United Kingdom, whilst monitoring suitable portfolio reconstitution opportunities.

Thirdly, sustainability is a crucial part of OUE REIT's DNA. As we continue to grow over the next decade, we must ensure that such growth is beneficial to the environment and stakeholders alike.

Together with our Sponsor OUE Limited, we have recently unveiled our recalibrated sustainability targets and will share more details in the FY 2024's Sustainability Report.

Diversity is one of our core strengths. Our team's diverse experience and dedication are vital to our future success. We continue to invest in our people, building a culture where everyone is proud to be part of OUE REIT and give their best, and are excited to co-create an incredible future with us.

Finally, good corporate governance is at the core of everything we do. Transparency, accountability, and ethical practices are not just words to us; they are bedrock principles that earn us trust and confidence from investors and stakeholders.

ACKNOWLEDGEMENTS

2023 has been a challenging year for Singapore REITs amidst the elevated interest rate environment and global economic slowdown. The REITs sector however has historically demonstrated resilience and successfully emerged from previous challenges through its 21-year history.

As for OUE REIT, we have successfully scaled our portfolio, strengthened our capital structure, and achieved a diversified portfolio mix of premium assets for Unitholders over the past decade. I am confident that OUE REIT will weather short-term market uncertainties and generate sustainable returns to our Unitholders in the years to come.

On behalf of the Board, I would like to express our heartfelt thanks to our tenants and guests, lenders, business partners and above all, our Unitholders for their continued trust and confidence.

I also wish to express our appreciation to the management team and employees for their support and dedication to OUE REIT, as well as our Board of Directors for their insights.

With a strong foundation, OUE REIT looks forward to embracing new challenges, capturing new opportunities and scaling greater heights in years to come.

LEE YI SHYAN
CHAIRMAN AND NON-INDEPENDENT
NON-EXECUTIVE DIRECTOR

致信托单位持有人之信函

尊敬的信托单位持有人，

我很高兴公司以华联房地产投资信托（“华联房托”，“本房托”）这一全新的企业身份向您们致以问候。新身份是为了重申我们的承诺：通过酒店、办公楼和零售业的多元化投资组合提供有有韧性和可持续的回报。

2024年1月，我们刚庆祝了10周年纪念日。借此良机，让我们一起回顾一下本房托的发展历程，以及成立以来的一些重要里程碑。

华联房托于2014年1月27日在新加坡证券交易所上市，首次发行的投资组合由两栋分别位于新加坡和中国上海的办公楼组成，当时的资产管理总值只有17亿新元。

2010年至2015年间，共有17家房地产投资信托（REIT）在新加坡上市。其中多家信托的资产管理总值不足10亿新元。为了提高对投资者的吸引力，我们意识到华联房托必须大幅扩大规模。

为此，华联房托开展了两次重大收购。第一次是2015年收购的莱佛士坊一号（One Raffles Place），第二次是2018年收购的华联城办公楼（OUE Downtown Office）。这两次收购使我们的资产管理总值翻了三倍，达46亿新元。

在扩大规模的同时，我们也重视投资组合的多元化。2019年，我们完成与华联酒店信托（OUE Hospitality Trust）的合并，由此我们的多元化投资组合开始涵盖酒店物业和零售地产，实现统一管理。

多元化投资组合是本信托稳健的的护城河。我们的办公楼在新冠肺炎疫情期间继续提供稳定的收入。与此同时，随着疫情后旅游业的强复苏，新收购的酒店和零售资产也带来了显著的收入增长。

随着合并后资本的扩大，华联房托得以推行大型的资产提升项目（Asset Enhancement Initiative），以释放我们资产的潜在价值，优化投资组合表现。

2020年初新冠疫情肆虐影响酒店营运，我们果断做出战略决定，乘势推行1.5亿新元资产提升计划，品牌重塑升级新加坡文华大酒店，并更名为新加坡乌节希尔顿酒店（Hilton Singapore Orchard）。全新的新加坡乌节希尔顿酒店拥有1080间崭新的客房、科技化的会议设施、焕然一新的行政贵宾室和餐厅，并一跃成为希尔顿集团（Hilton Group）在亚太地区最大的旗舰酒店，为2022年酒店业复苏做好准备。

2023年12月，我们也完成樟宜机场皇冠假日酒店总额2200万新元的资产提升项目。随着全球航空运力反弹，华联房托已蓄势待发，迎接2024年及以后预计增长的赴新加坡旅客。

凭借新加坡乌节希尔顿酒店的资产提升项目的成功和商业零售资产的稳定表现，华联房托2023年的总收入和物业净收入分别同比增加18%和19.3%，达到2.85亿新元和2.35亿新元。

尽管受华联海湾大厦的合营企业收入减少，营运资本留存增加以及已于去年结束的华联城办公楼收入补贴等因素影响，2023财年可派息金额达1.15亿新元，较去年增加3.3%。2023财年的每单位派息额为2.09分新元。如果不包括2022年脱售华联海湾大厦（OUE Bayfront）收益部分资本分派之460万新元，2023财年核心派息每单位股息同比增长2.1%。

现时，华联房托是新加坡最大的多元化房地产投资信托之一。截至2023年12月31日，我们的资产管理总值是十年前的近四倍，达到63亿新元。随着本信托交易量和流动性增加，华联房托于2021年被纳入作为机构投资者青睐的富时FTSE EPRA Nareit全球房地产指数系列（全球发达市场指数）。加入该指数提升了本信托在国际投资者中的知名度和吸引力。

十年积跬步 足下至千里

回顾过去的同时，我们也对华联房托今后10年和未来发展进行了规划。

在当前全球经济前景不明朗、地缘政治紧张局势加剧的挑战下，我们必须加强资产负债表、壮大投资组合，并追求适用于我们产业的可持续发展目标。

首先，稳健的财务管理是华联房托发展的基石。我们将不懈努力，加强资本结构的优势和灵活性。

从2022年开始，我们意识到美国货币政策持续收紧所带来的风险，因此采取了多项举措来巩固资本结构。这些措施包括发行新加坡资本市场首创的具有息票下调机制的固定利率票据；获得迄今为止新加坡房地产投资信托最大的一笔可持续关联贷款。我们于2023年完成第三笔可持续发展相关贷款。

凭借采取积极主动的资本管理措施，本信托已完成2025年前所有债务再融资，于2025年前无再融资需求。我们的总杠杆比率已降至38.2%。由于我们的无担保债务大幅增至约70%，投资组合表现也显著改善，华联房托于2023年10月获得标准普尔全球评级机构（S&P Global Ratings）给予的具有稳定展望的“BBB-”投资级信用评级。

为了进一步将我们的可持续发展承诺与融资需求相结合，我们于2023年11月发布了绿色金融框架，以促进绿色债券和绿色贷款的发行。

凭借投资级信用评级和绿色金融框架，华联房托将继续优化债务成本，审慎管理再融资需求，以分散债务到期的风险。

其次，华联房托将继续努力通过优化资产表现来加强投资组合韧性，并寻找机会进军高收益业务板块和其他目标市场以寻求价值增长。

其中，我们将利用我们独特的投资授权，逐步增加酒店业务板块的收入贡献，并建立一套平衡商业与酒店业、“进可攻、退可守”的投资组合。

展望未来，我们继续在本地和海外目标市场（包括中国香港、日本、澳大利亚和英国）寻求单位分派增值机遇，同时留意合适的投资组合重组机会。第三，可持续发展是华联房托企业发展的重要基因。在未来十年的可持续发展过程中，我们必须确保企业发展于环境和企业持份者双向奔赴。

近月，我们联合我们的赞助商华联企业有限公司一起发布新的可持续发展目标，并将在2024财年可持续发展报告中分享更多详情。

此外，多元化是我们的核心优势之一。我们团队的丰富经验和敬业精神对我们迈向成功的未来至关重要。我们将继续对员工投入资源，并通过树立良好企业文化，让所有人都为作为华联信托的一员感到自豪，并鼓励他们全力以赴，与我们共创一个辉煌的未来。

最后，良好的公司治理是我们一切工作的核心。对我们来说，透明度、问责制和道德规范不光是口号，它们是确保我们赢得投资者和利益相关者信任和信心的基石和原则。

致谢感言

在当前利率居高不下和全球经济放缓的背景下，2023年对新加坡房地产投资信托来说是充满挑战的一年。在过去二十一年的发展历程中，行业整体始终能够成功地克服各种困难，砥砺前行。

华联信托在过去十年中成功地扩大了投资组合规模、优化了资本结构、并为单位持有人带来了多元化的优质资产投资组合。我相信，在未来几年里，华联信托无惧由短期市场不确定性所带来的考验，为我们的单位持有人提供稳健和可持续的回报。

我谨代表董事会衷心感谢我们的租户和顾客、贷款人、商业伙伴，尤其是单位持有人，一直以来对我们的信任和信心。

我也诚挚地感谢管理团队和员工对华联信托的支持和奉献，以及董事会所提供的真知灼见。

凭借坚实的基础，华联信托期盼着在未来的日子里迎接新挑战，抓住新机遇，再登高峰。

李奕贤
董事长兼非独立非执行董事

ONE-ON-ONE WITH THE CEO

" OUE REIT achieved a significant increase in revenue and net property income in FY 2023, and was assigned an investment grade credit rating of BBB- with a stable outlook by S&P Global Ratings, a testament to our strong fundamentals and financial metrics.

Q: Reflecting on FY 2023, what are you most pleased of in terms of OUE REIT's achievement?

A: One of our key highlights last year was our success in mitigating the impact of high interest rates through our continued efforts in value creation and asset optimisation.

We achieved a significant increase in revenue and net property income ("NPI"), underpinned by the successful rebranding and asset enhancement initiative ("AEI") at Hilton Singapore Orchard, which perfectly coincided with the post-pandemic resurgence of international travel. With the full opening of Hilton Singapore Orchard, the hospitality segment's revenue and NPI grew an impressive 42.2% and 44.4% year-on-year ("YoY") to S$97.3 million and S$91.6 million respectively in FY 2023. Revenue per available room ("RevPAR") also increased by 4.2% YoY to S$250 in FY 2023, surpassing pre-pandemic levels.

Following the successful AEI at Hilton Singapore Orchard, we commenced and completed another AEI at Crowne Plaza Changi Airport in FY 2023, in time to capture the anticipated influx of tourists and business travellers in 2024. The upgrading works include adding 12 premium guest rooms, an extensive revamp of the all-day dining restaurant, and new flexible meeting facilities, all of which are expected to generate additional income and enhance asset value. The AEI is expected to be DPU-accretive with a stabilised return on investment of approximately 10%.

Underpinned by higher valuations for the hotel properties, OUE REIT's portfolio of investment properties was valued at approximately S$6.3 billion as of 31 December 2023, representing a 1.7% YoY increase. Consequently, our aggregate leverage decreased to 38.2% as of 31 December 2023.

Q: The hospitality and retail segment now contribute almost half of OUE REIT's revenue – will the positive momentum of 2023 continue in 2024?

A: 2024 is anticipated to be a strong year for tourism. The Singapore Tourism Board estimates international visitor arrivals will be between 15 to 16 million, with the rising trend of combining business and leisure travel, both of which we believe will benefit the hotel and retail segments.

Singapore has been a leading global destination for top-tier MICE (Meetings, Incentives, Conferences, and Exhibitions) events. In 2024, the Singapore Airshow, Rotary International Convention, along with a very exciting lineup of world-class leisure and entertainment offerings including Coldplay, Ed Sheeran, Taylor Swift and Bruno Mars concerts, make the country highly attractive to international travellers. Enhanced global flight connectivity and Singapore's new 30-day visa-free travel policy for Chinese tourists starting 9 February, 2024, are also expected to sustain this growth momentum.

With refurbished rooms and new meeting facilities, Hilton Singapore Orchard has already demonstrated its ability to attract a wider range of business and leisure travellers in FY 2023. Looking ahead, we remain confident that Hilton Singapore Orchard and Crowne Plaza Changi Airport's strong branding and global distribution network will enable these two hotels to capitalise on Singapore's continued tourism recovery.

For Mandarin Gallery, challenges such as manpower shortages, competition from e-commerce, and higher operating costs are likely to persist. However, we expect overall rents to continue growing, driven by sustained demand for prime retail space and a below-historical-average new supply in the Orchard area.

Q: Would OUE REIT's Singapore office assets continue to perform as global commercial real estate sector continues to struggle?

A: We believe both Singapore and OUE REIT's commercial assets are uniquely positioned to withstand the headwinds faced by other global commercial real estate assets.

Our commercial assets contribute 67.8% of our revenue by segment. Underpinned by the robust performance of the Singapore office portfolio, the commercial segment (office and retail) recorded higher revenue of S$187.8 million (8.5% YoY) in FY 2023, with NPI increasing by 7.4% YoY to S$143.4 million.

In FY 2023, OUE REIT's Singapore office portfolio delivered a robust performance. Committed occupancy in our Singapore office portfolio remained healthy at 95.2% as of year-end, with average passing rents rising by 0.4% quarter-on-quarter (QoQ) to S$10.40 per square foot per month as of December 2023. This resilient performance was driven by the positive portfolio rental reversion of 12.0% in FY 2023. This contributed to the stable valuation of OUE REIT's Singapore office assets in FY 2023.

To boost productivity amidst a potential recession, an increasing number of employers are now requiring employees to work in the office at least three days a week. We have observed traffic at One Raffles Place normalising to pre-pandemic levels. With limited office supply and the return-to-office trend, we expect Singapore's office performance to remain stable. Our strategic focus is on sustaining high occupancy rates while driving positive rental reversions. To that end, we are proactively managing lease expiries through early tenant engagement.

ONE-ON-ONE WITH THE CEO

Our diverse tenant mix bodes well for us amid macroeconomic uncertainties as we continue to see sectors such as financial services, wealth management, legal, and insurance, strengthen their presence in Singapore. With less than 5% of our tenants in IT, media, and technology, and fewer than 2% in co-working spaces, there is minimal impact of recent downsizing from these two sectors.

To support evolving office requirements from tenants, we transformed some existing spaces into future ready workspaces at OUE Downtown Office in 2023. The new fit-out workspace adopts an open floor concept that allows tenants to foster connectivity among employees, while meeting rooms and corners are carefully designed for brainstorming and in-depth discussions. We are pleased to see that the new workspaces have been well-received by new tenants and we will continue to explore other new ideas to attract and retain tenants.

Softening global leasing demand and some new supply may present slight headwinds for Singapore's broader office market in 2024. However, the ongoing rise of flight-to-quality and flight-to-green trends appear long-term and are likely to continue in 2024. OUE REIT's green-certified Grade A office assets in the core central business district benefited from these trends in 2023 and will likely continue to do so in 2024 and beyond.

Q: Shanghai's leasing market appears to remain challenging – what is your plan for Lippo Plaza Shanghai?

A: Benefitting from its prime location on Huaihai Zhong Road, one of the most vibrant business and retail districts in Shanghai, Lippo Plaza Shanghai has shown resilience in FY 2023. However, with peak supply and weak demand, coupled with competition from decentralised business districts, Shanghai's leasing market will remain challenging in 2024.

In the face of these market headwinds, the Manager is adopting a two-pronged strategy for Lippo Plaza. Firstly, we strive to improve our NPI by focusing on cost efficiency and capital expenditure management. Secondly, we continue to develop competitive leasing strategies to attract and retain tenants. To that end, we closely monitor market trends to tailor competitive rental offers and value-added services for existing and prospective tenants. To increase tenant referrals, the team has also strengthened relationships with numerous real estate agents. We are also proactively exploring opportunities with non-traditional office tenants and utilise vacant units for branded sales and pop-up events to attract crowds and tenants.

With the dedicated team on the ground, we remain cautiously optimistic on sustaining stable occupancies for Lippo Plaza Shanghai.

Q: How is OUE REIT managing the cost of debt in this current high interest rate environment?

A: We have proactively worked at optimising OUE REIT's cost of debt over the past two years amidst the rising interest rate environment. We are pleased to report that we refinanced a large proportion of our debt in 2022. We followed this up with a S$430 million sustainability-linked loan ("SLL") in May 2023. We have no refinancing needs until 2025.

Since 2022, we have also actively unencumbered the majority of assets and moved towards portfolio borrowing so as to increase funding flexibility and lower the cost of debt. The proportion of unsecured debt significantly increased from 30.9% on 30 June 2022 to 69.5% as of the end of FY 2023.

As a result of our continued efforts to strengthen the REIT's capital structure and unencumber our portfolio, OUE REIT was assigned an investment grade credit rating of BBB- with a stable outlook by S&P Global Ratings in FY 2023. Consequently, the interest rate of the S$150 million 4.20% five-year fixed-rate notes due in 2027 has stepped down by 25 basis points to 3.95%, resulting in cost savings of approximately S$1.3 million for the remaining tenure of the bond.

More importantly, the investment grade credit rating recognises OUE REIT's strong underlying fundamentals and improved financial metrics.

We aim to leverage the rating to widen funding access, lower funding costs and extend our debt maturity profile.

As the timeline of interest rate cuts remains unclear, we maintained a healthy hedging ratio of 66.3% as of 31 December 2023, and will closely monitor the market.

Backed by our prudent capital management approach, we expect both our aggregate leverage and the weighted average cost of debt to remain stable.

Q: How is OUE REIT's progress in sustainability?

A: OUE REIT started aligning its financing requirements with our sustainability commitment since 2021. With the third SLL completed in May 2023, SLLs now constitute 69.5% of OUE REIT's total debt. Consequently, OUE REIT now has one of the highest proportions of SLLs among Singapore REITs.

In November 2023, we also established our Green Financing Framework ("Framework") to facilitate the issuance of green bonds and loans for funding or refinancing projects. As this initiative provides positive contributions to both environmental and social fronts, Sustainable Fitch has awarded a 'Good' Second-Party Opinion on our Framework.

Another key milestone this year was attaining a three-star rating in the 2023 Global Real Estate Sustainability Benchmark assessment, reflecting the Manager's ongoing commitment to improving the REIT's environmental, social, and governance performance.

Together with the property management teams, the Manager's continual efforts to enhance the property portfolio's environmental performance have resulted in a 95.7% green-certified portfolio and the strong adoption of green leases. As of 31 December 2023, green leases accounted for 50.3% of the net lettable area in the Singapore commercial segment. For its efforts in tenant engagement, OUE REIT achieved an average tenant satisfaction rate of 89.4% across all five commercial properties in FY 2023.

Q: How do you see OUE REIT evolving in 2024? Can you share any upcoming strategies that stakeholders can look forward to?

A: The global economic outlook remains uncertain due to slow economic growth, high interest rates, and ongoing geopolitical tensions. In response to the increasingly complex operating environment, our priority is to leverage our unique investment mandate and a well-balanced portfolio to deliver resilience and sustainable growth for Unitholders.

In 2024, we remain focused on ramping up the operational performance of the two hotels following the completion of AEI. For the commercial assets, our goal is to sustain tenant retention and optimise occupancy by meeting occupiers' needs. At the same time, we will also explore other AEI opportunities within our portfolio to unlock value.

Aligning with the "flight to green" trend, OUE REIT will continue to enhance the environmental sustainability of its assets through green building initiatives, energy efficiency improvements, and the adoption of renewable energy sources to attract tenants and investors focused on environmentally responsible real estate solutions.

While we explore overseas investment opportunities in key gateway cities of Australia (Sydney and Melbourne), Hong Kong, Japan, and the UK (London), Singapore continues to remain our primary market. We will examine each opportunity diligently, utilising our disciplined investment review process to ensure capital is prudently deployed to deliver long-term returns for Unitholders.

HAN KHIM SIEW
CHIEF EXECUTIVE OFFICER AND
EXECUTIVE DIRECTOR

RISKS AND OPPORTUNITIES IN OUR OPERATING ENVIRONMENT

As OUE REIT's business environment evolves, it is imperative for the Manager to understand the possible financial and operational implications and navigate through challenges to chart the course for OUE REIT's stability, resilience and continued success.

TRENDS IMPACTING OUR BUSINESS	OUR RESPONSE
Elevated interest rate environment and inflationary pressures Interest rates have remained elevated as central banks try to bring down inflation that have reached multi-decade highs over the past two years. While the US Federal Reserve's forward guidance has tempered the possibility of further hikes due to easing inflation, there is still uncertainty around the timeline and magnitude of rate cuts in 2024.	OUE REIT delivered a stable DPU performance in FY 2023 despite the high interest rate environment. This stands as a testament to the strong fundamentals of its diversified portfolio, as well as the Manager's prudent capital management strategy in mitigating the impact of higher interest expenses on distributions. Amid a sombre macroeconomic environment and a tightened credit market, further re-pricing is anticipated for assets located in key gateway cities which the Manager has identified as target markets for OUE REIT. To capitalise on any DPU-accretive investment opportunities that may arise, we remain disciplined in our investment approach and will continue to maintain a strong balance sheet.
MICE and "Bleisure" driving hospitality demand Against the backdrop of higher travel costs, tighter corporate budgets and the prevalence of virtual meetings, more corporations are now requiring business trips to demonstrate clear return on investment, cost-effectiveness and time efficiency. Concurrently, travel for meetings, incentives, conventions and exhibitions ("MICE"), as well as "Bleisure" - which combines business trip with leisure travel – continues to drive hospitality demand.	To tap on growth in Singapore's MICE industry, the Manager has optimised and repurposed underutilised spaces into new and flexible meeting facilities at both the Hilton Singapore Orchard and the Crowne Plaza Changi Airport. Following the re-branding to Hilton Singapore Orchard, the hotel now offers one of the largest event venues in the heart of Orchard Road, Singapore's premier shopping and entertainment district, with 16 modern meeting spaces totalling 2,400 square metres. At Crowne Plaza Changi Airport, a 352-square metre function room equipped with state-of-the-art audio-visual technology was added in 2023 to complement the existing ballroom and meeting facilities. As more business travellers have combined their business trips with leisure activities, guests are booking rooms for durations longer than their MICE events will run. Hilton Singapore Orchard with its strong brand recognition and global distribution network has benefitted from changes in the hotel's guest mix towards the higher yielding corporate and luxury leisure segments.

TRENDS IMPACTING OUR BUSINESS	OUR RESPONSE
Flexible/hybrid working arrangements and office decentralisation While flexible/hybrid working arrangements are now prevalent amongst corporates for talent attraction and employee well-being, more companies and employees also recognise the benefits of returning to the office as it fosters collaborations and increased productivity. The evolving needs for office space has prompted several landlords and building owners to leverage on the Central Business District ("CBD") Incentive Scheme to redevelop their older properties into mixed-use developments which offers less office space.	The impact of flexible/hybrid working arrangements in Singapore has been minimal compared to the US or Europe. The difference is largely attributed to factors such as work culture, home sizes, and average commute time. Moreover, companies find it easier to attract and retain talent if their offices are located in the CBD with a high level of amenities and are easily accessible by public transportation. OUE REIT's office properties in Singapore are well-located in the vibrant districts of the CBD with easy access to public transportation, dining, wellness and entertainment options. Market vacancy has been tight and medium-term supply is also limited which will continue to support occupancy and rents at OUE REIT's properties.
Changing consumption patterns Consumer behaviour has evolved, with a greater emphasis on the retail experience and omni-channel shopping fuelled by the rapid growth of e-commerce and rising household spending. Meanwhile, the pandemic has also escalated the interest in health and wellness, resulting in an increased popularity of activewear and athleisure brands.	Mandarin Gallery's tenant mix has evolved since before the pandemic to align with the changing landscape in the retail sector. The tenant mix was refreshed with several new-to-Singapore and streetwear brands such as MLB, SNKRDUNK and DELTAone.
Sustainability and climate change With stricter environmental regulations and increasing public preference for supporting organisations that demonstrate a stronger commitment to environmental, social and governance ("ESG") standards, more companies are adopting higher standards in ESG practices. These include renting offices in buildings with high sustainability credentials as well as implementing a corporate sustainable travel policy to reduce their carbon footprint.	OUE REIT has been closely working with tenants to meet both parties' goals in reducing energy consumption through the implementation of green leases. As of December 2023, approximately 96% of OUE REIT's total portfolio value is green-certified. Recognising the rising demand for green buildings and leases by occupiers, as well as the importance of addressing physical and transition risks of climate change, the Manager carefully evaluates and quantifies the investment and capital expenditure required to maintain or improve the green certifications of OUE REIT's buildings. Our two hotels are managed by Hilton Hotels & Resorts and IHG Hotels & Resorts which are leading global hotel brands with a strong focus on sustainability and responsible business strategies and operations. More details can be found in OUE REIT's Sustainability Report on pages 73 to 114.

BOARD OF DIRECTORS

MR LEE YI SHYAN

CHAIRMAN AND NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as of 31 December 2023):
4 years 3 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Engineering (Chemical), National University of Singapore
- Program for Management Development, Harvard Business School
- Tsinghua University Management Program

Present directorships (as of 1 January 2024):
Listed companies
- OUE Healthcare Limited (formerly known as OUE Lippo Healthcare Limited)

Other principal directorships
- Business China (Chairman)
- ICE Futures Singapore Pte. Ltd. (Chairman)
- Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.
- SPH Media Holdings Pte. Ltd.

Major Appointments (other than directorships):
- OUE Limited (Executive Advisor to the Chairman)
- Keppel Corporation Limited (Advisor)
- Chinese Development Assistance Council (Member of the Board of Trustees)

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- OUE Hospitality REIT Management Pte. Ltd. (dissolved through a member's voluntary winding up)

Others:
- Member of Parliament of Singapore, East Coast GRC (2006 - 2020)
- Senior Minister of State and Minister of State of several Government Ministries (from 2006 to 2015)

MR LIU CHEE MING

LEAD INDEPENDENT DIRECTOR

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as of 31 December 2023):
4 years 3 months

Board Committee(s) served on:
- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Business Administration, the former University of Singapore

Present directorships (as of 1 January 2024):
Listed companies
- GDS Holdings Limited (listed on The Stock Exchange of Hong Kong Limited and the Nasdaq Global Market in the United States)
- MGM China Holdings Limited (listed on The Stock Exchange of Hong Kong Limited)

Other principal directorships
- Platinum Holdings Company Limited
- The Singapore International School Foundation Limited
- Singapore Technologies Telemedia Pte Limited
- Constellar Holdings Pte. Ltd.
- STT Communication Limited
- DBS Bank (Hong Kong) Limited

Major Appointments (other than directorships):
- Managing Director of Platinum Holdings Company Limited
- Singapore International School (Hong Kong) (Chairman of the Board of Governors)

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- Haitong Securities Co., Ltd (listed on The Stock Exchange of Hong Kong Limited and Shanghai Stock Exchange)
- OUE Hospitality REIT Management Pte. Ltd. (dissolved through a member's voluntary winding up)

Others:
- Member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission (from May 1995 to March 2020)
- Deputy Chairman of the Takeovers and Mergers Panel (from April 2008 to March 2020)

MR TAN HUAY LIM
INDEPENDENT DIRECTOR

Date of first appointment as a Director:
1 January 2023

Length of service as a Director (as of 31 December 2023)
1 year

Board Committee(s) served on:
- Audit and Risk Committee (Chairman)

Academic & Professional Qualification(s):
- Bachelor of Commerce (Accountancy), Nanyang University Singapore
- Fellow Chartered Accountant of Singapore, the Institute of Singapore Chartered Accountants
- Fellow Chartered Certified Accountant (FCCA), the Association of Chartered Certified Accountants (United Kingdom)
- Fellow Certified Practising Accountant (FCPA), the Certified Practising Accountants (Australia)

Present directorships (as of 1 January 2024)
Listed companies
- Elite Commercial REIT Management Pte. Ltd. (the Manager of Elite Commercial REIT)
- Dasin Retail Trust Management Pte. Ltd. (the Trustee-Manager of Dasin Retail Trust)
- Linklogis Inc. (listed on The Stock Exchange of Hong Kong Limited)
- SF REIT Asset Management Limited (the Manager of SF Real Estate Investment Trust) (listed on The Stock Exchange of Hong Kong Limited)
- Sheng Siong Group Ltd.

Other principal directorships
- Nil

Major Appointments (other than directorships):
- Suzhou Guyu Dingruo Equity Investment Partnership (Limited Partnership) (Member of Investment Committee) 苏州古玉鼎若股权投资合伙企业(有限合伙)(投资委员会成员)

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- ASL Marine Holdings Ltd.
- Green Link Digital Bank Pte. Ltd.
- Koufu Group Pte. Ltd.
- Ren Ci Hospital
- Xihe Capital (Pte.) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020 and in liquidation pursuant to a creditors' voluntary winding up since 19 November 2021)
- Xihe Holdings (Pte) Ltd (under judicial management since 13 November 2020 and in liquidation pursuant to a compulsory winding up since 24 March 2022)
- Zheneng Jinjiang Environment Holding Company Limited

Others:
- Partner, KPMG LLP (from September 1994 to September 2015)

MR ONG KIAN MIN
INDEPENDENT DIRECTOR

Date of first appointment as a Director:
17 September 2019

Length of service as a Director (as of 31 December 2023)
4 years 3 months

Board Committee(s) served on:
- Nominating and Remuneration Committee (Chairman)
- Audit and Risk Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Laws (Honours), University of London, England
- Bachelor of Science (Honours), Imperial College of Science & Technology, England
- Advocate and Solicitor, Singapore

Present directorships (as of 1 January 2024):
Listed companies
- Food Empire Holdings Limited
- Silverlake Axis Ltd
- YHI International Limited

Other principal directorships
- JEKKA-MOLLE Pte. Ltd.
- Kanesaka Sushi Private Limited
- QEnergy Pte Ltd
- Artista Associates Pte. Ltd.
- Artista Technologies Pte. Ltd.

Major Appointments (other than directorships):
- Drew & Napier LLC (Consultant)
- Founder of Kanesaka Sushi Private Limited
- Senior Adviser, Alpha Advisory Pte. Ltd.
- Board Member, Alpha Singapore

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- BreadTalk Group Limited
- Jaya Holdings Limited
- Penguin International Limited
- GPTW Institute (Singapore) Pte Ltd
- Katana Asset Management Pte. Ltd.
- One Eternity Foundation Company Limited
- OUE Hospitality REIT Management Pte. Ltd. (dissolved through a member's voluntary winding up)

Others:
- Former Member of Parliament of Singapore (1997 – 2011)
- President's Scholarship and the Singapore Police Force Scholarship (1979)

BOARD OF DIRECTORS

MS USHA RANEE CHANDRADAS
INDEPENDENT DIRECTOR

Date of first appointment as a Director:
8 November 2017

Length of service as a Director (as of 31 December 2023)
6 years 2 months

Board Committee(s) served on:
- Audit and Risk Committee (Member)
- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Laws (Honours), King's College, University of London
- Graduate Diploma in Singapore Law, National University of Singapore
- Master of Professional Accounting degree, Singapore Management University
- Master's degree in Asian Art Histories, Goldsmith's College, University of London, awarded by LASALLE College of the Arts Singapore
- Advocate and Solicitor, Singapore
- Accredited Tax Specialist – Income Tax, Singapore Chartered Tax Professionals
- Chartered Accountant of Singapore

Present directorships (as of 1 January 2024)
Listed companies
- OUE Healthcare Limited (formerly known as OUE Lippo Healthcare Limited)

Other principal directorships
- NUR Investment and Trading Pte Ltd

Major Appointments (other than directorships):
- Nominated Member of Parliament of Singapore
- (Plu)ral Art LLP (Founder and Partner)
- Course Coordinator and Part-Time Lecturer at the Nanyang Technological University's Nanyang Business School (Centre of Excellence International Trading)
- Member of the International Monetary Fund's Panel of Experts (Tax-Legal)
- Singapore Red Cross Council Member
- Pro Bono Services Office – Law Society of Singapore, Finance Committee (Member), Project Law Help (Vice Chair), Content Management Committee (Chair)
- Intellectual Property Office of Singapore (Member of the Board)

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- Nil

Others:
- Council member of the Law Society of Singapore (from 2014 to 2015)

MR BRIAN RIADY
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Date of first appointment as a Director:
1 September 2020

Length of service as a Director (as of 31 December 2023)
3 years 4 months

Board Committee(s) served on:
- Nominating and Remuneration Committee (Member)

Academic & Professional Qualification(s):
- Bachelor of Science (Political Communication) and Bachelor of Arts (Economics), University of Texas at Austin
- Executive Education programmes, Harvard Business School

Present directorships (as of 1 January 2024)
Listed companies
- OUE Limited
- Hongkong Chinese Limited (listed on The Stock Exchange of Hong Kong Limited)
- Lippo China Resources Limited (listed on The Stock Exchange of Hong Kong Limited)
- Lippo Limited (listed on The Stock Exchange of Hong Kong Limited)

Other principal directorships
- Nil

Major Appointments (other than directorships):
- OUE Limited (Deputy Chief Executive Officer)
- Member of the Board of the Singapore Hotel Association
- Member of the Management Committee of the Real Estate Developers Association of Singapore
- Member of the Executive Committee of the Orchard Road Business Association

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- OUE Healthcare Limited (formerly known as OUE Lippo Healthcare Limited) (resigned with effect from 2 January 2024)

Others:
- Chief Executive Officer of the Hospitality Division of OUE Limited (from October 2018 to December 2019)
- Executive Vice President of Lippo China Resources Limited (Hong Kong) (from January 2018 to December 2019)
- Vice President of Strategy of Lippo Group Indonesia (from September 2013 to September 2018)
- Chief Executive Officer of PT Cinemaxx Global Pasifik (from December 2013 to October 2017)

MR HAN KHIM SIEW

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Date of first appointment as a Director:
7 February 2022

Length of service as a Director (as of 31 December 2023)
1 year 11 months

Board Committee(s) served on:
- Nil

Academic & Professional Qualification(s):
- Bachelor of Science in Economics, Major in Accounting and Finance, London School of Economics and Political Science, United Kingdom

Present directorships (as of 1 January 2024)
Listed companies
- Nil

Other principal directorships
- Nil

Major Appointments (other than directorships):
- Nil

Past Principal Directorships held over the preceding 5 years (from 1 January 2019 to 31 December 2023):
- BNP Paribas Real Estate (Singapore) Pte. Ltd.

Others:
- Managing Director, Co-Head Asia Pacific, BNP Paribas Real Estate (from April 2019 to January 2022)

THE REIT MANAGER

MR HAN KHIM SIEW

CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

Please refer to his profile under the Board of Directors section on page 27.

MR LIONEL CHUA

CHIEF FINANCIAL OFFICER

Mr Chua is the Chief Financial Officer of the Manager and is responsible for OUE REIT's financial management functions. He oversees all matters relating to financial reporting and controls, treasury and tax. He is also responsible for evaluating investment opportunities, fund raising activities, risk management and compliance matters.

He has more than 25 years of working experience and has previously held positions in various listed companies in Singapore. Prior to joining the Manager, Mr Chua was the Chief Financial Officer of OUE Hospitality REIT Management Pte. Ltd. ("OUEHRM"). He also has extensive finance and treasury experience at the Keppel Group and the CapitaLand Group handling financial reporting, financing, cash management, tax and other finance-related matters.

Mr Chua holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. He is a Chartered Accountant (Singapore) with the Institute of Singapore Chartered Accountants.

MR WONG CHO WAI

SENIOR VICE PRESIDENT, ASSET MANAGEMENT

Mr Wong is responsible for the asset management functions of the Manager. Working together with the various property managers, he is responsible for maximising the operational performance of OUE REIT's property portfolio.

He has more than 23 years of real estate experience in Asia Pacific including Singapore, Australia, Japan, and South Korea, and has held asset management and investment roles in various real estate companies. Prior to joining the Manager, Mr Wong was with Wing Tai Holdings as Head of Investments. He was also previously the Head of Investments at Keppel REIT from 2015 to 2018, and formerly Vice President at Credit Suisse Asset Management from 2011 to 2015.

Mr Wong holds a Bachelor of Engineering (Civil Engineering) from the National University of Singapore, and a Masters in Applied Finance from Macquarie University.

MS SARAH LEI

VICE PRESIDENT,
CAPITAL MARKETS AND INVESTMENT

Ms Lei assists the Chief Executive Officer and Chief Financial Officer in the treasury, corporate finance, capital markets and investment function of OUE REIT, and is responsible for matters relating to capital management, hedging, structuring and corporate finance.

She has more than 12 years of experience in corporate finance, as well as mergers and acquisitions in the real estate industry. Prior to joining the Manager, Ms Lei was with Sasseur Asset Management where she focused on investments, mergers and acquisitions, financing and treasury activities. She also spent seven years in DBS corporate and investment banking, specialising in the real estate sector.

Ms Lei holds a Bachelor of Science degree from the National University of Singapore with a major in Applied Mathematics and a minor in Business Management.

MS TANG SAL LEE

VICE PRESIDENT,
FINANCE

Ms Tang assists the Chief Financial Officer in the financial, accounting, tax and compliance matters of OUE REIT. She has more than 10 years of experience encompassing financial and management reporting, consolidation, budgeting, taxation, compliance and risk management functions.

Prior to joining the Manager, she was with OUEHRM and Keppel Infrastructure Fund Management Pte Ltd. Before that, she was an external auditor with Ernst & Young LLP.

Ms Tang holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. She is a Chartered Accountant (Singapore) with the Institute of Singapore Chartered Accountants.

MS MARY NG

VICE PRESIDENT,
INVESTOR RELATIONS

Ms Ng leads the development and implementation of the investor relations and corporation communications programmes, as well as engagement with multiple stakeholders.

She has over 12 years of experience advising Singapore and Hong Kong listed companies and private clients on financial and corporate communications, strategy media relations, reputation management and stakeholder communications. Prior to joining the Manager, she was a Director at an international PR firm where she developed and implemented communications programmes for clients from the REIT, finance and technology sectors.

Ms Ng holds a Bachelor of Social Sciences (Hons) in Communications from Hong Kong Baptist University and a M.A. in International and Public Affairs from the University of Hong Kong.

FINANCIAL REVIEW

For FY 2023, revenue grew 18.0% year-on-year ("YoY") to S$285.1 million. The increase was due to the strong operational performance of OUE REIT's Singapore portfolio, driven particularly by the full room inventory of 1,080 rooms being operational at Hilton Singapore Orchard compared to 634 rooms in FY 2022. Higher occupancies and rental growth achieved at OUE REIT's commercial properties also contributed to the growth. Consequently, net property income increased 19.3% YoY to S$235.0 million.

Amidst the elevated interest rate environment, share of joint venture results from OUE Bayfront decreased 54.5% to S$16.9 million. To preserve financial flexibility and strength, capital distribution retention for working capital requirements was raised to S$8.0 million in FY 2023.

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.

Consequently, distribution per Unit ("DPU") was 2.09 cents. Excluding the S$4.6 million capital distribution from the 50% divestment of OUE Bayfront in FY 2022, core FY 2023 DPU rose 2.5% YoY.

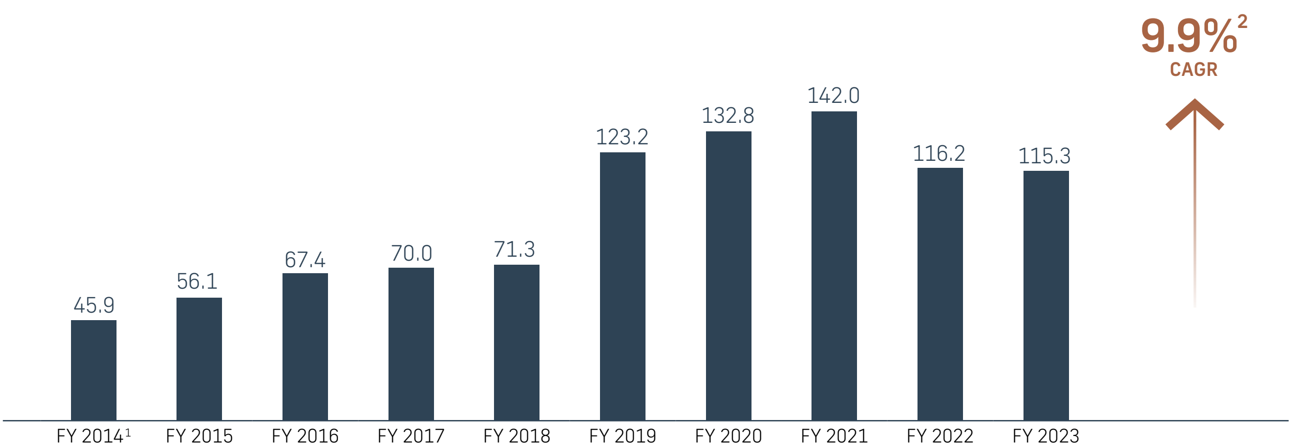
Based on OUE REIT's unit closing price of S$0.285 as at the last trading day of 2023, the FY 2023 distribution yield was 7.3%. For the period from FY 2014[1] to FY 2023, OUE REIT has delivered a compound annual growth rate ("CAGR") of 9.9%[2] in its distributions to Unitholders.

FINANCIAL RESULTS

	2023 (S$'000)	2022 (S$'000)	CHANGE (%)
Revenue	**285,055**	241,507	18.0
Net Property Income	**234,967**	196,915	19.3
Share of Joint Venture Results	**16,886**	37,108	(54.5)
Retention for Working Capital	**8,000**	6,000	33.3
Amount Available for Distribution[3]	**115,307**	111,626	3.3
Amount to be Distributed	**115,307**	116,226[4]	(0.8)
DPU (cents)	**2.09**	2.12[4]	(1.4)

GROWTH IN DISTRIBUTIONS FROM FY 2014 TO FY 2023

(S$ million)



Notes:

1 Period from OUE REIT's listing date of 27 January 2014 to 31 December 2014

2 Calculated on the basis of annualised amount available for distribution for the period from OUE REIT's listing date of 27 January 2014 to 31 December 2014

3 Net of retention for working capital requirements

4 Including S$4.6 million capital distribution from the 50% divestment of OUE Bayfront

PORTFOLIO REVIEW

PORTFOLIO AND NET ASSET VALUE

The value of OUE REIT's investment properties increased 1.7% year-on-year ("YoY") to S$6,276.5[1] million as of 31 December 2023. The increase was mainly driven by higher valuations for the hotel properties which benefitted from the significant improvement in the hospitality sector post-pandemic. The valuations of Hilton Singapore Orchard and Crowne Plaza Changi Airport increased by 7.7% and 12.8% YoY, respectively. Meanwhile, valuations for the Singapore office properties remained stable, supported by healthy operating performance and positive rental reversion achieved throughout the year. The appreciation in Singapore's investment property values successfully mitigated the 11.9% YoY decline in the valuation of Lippo Plaza, which was impacted by the challenging macroeconomic environment.

Consequently, net assets attributable to Unitholders as of 31 December 2023 rose 2.2% YoY to S$3,311.2 million, translating to a net asset value per unit of S$0.60.

By geography, 92.5% of OUE REIT's portfolio comprises commercial and hospitality assets located in the Central Business District ("CBD") and prime areas of Singapore, which delivers both revenue resilience and sustainable growth for Unitholders. As of 31 December 2023, OUE REIT's Singapore assets contribute 92.3% of the portfolio revenue (by proportionate interest).

PORTFOLIO CONTRIBUTION BY ASSET VALUE

(By proportionate interest)

	(%)
One Raffles Place	**26.7**
Hilton Singapore Orchard	**22.7**
OUE Downtown Office	**15.6**
OUE Bayfront	**11.2**
Crowne Plaza Changi Airport	**8.7**
Mandarin Gallery	**7.6**
Lippo Plaza	**7.5**

REVENUE CONTRIBUTION BY PROPERTY

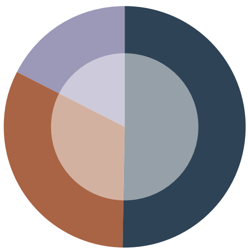
(By proportionate interest)

	(%)
Hilton Singapore Orchard	**24.8**
One Raffles Place	**23.6**
OUE Downtown Office	**16.1**
OUE Bayfront	**10.4**
Mandarin Gallery	**10.0**
Lippo Plaza	**7.7**
Crowne Plaza Changi Airport	**7.4**

By segment, the hospitality and retail segments account for 49.5% of OUE REIT's portfolio revenue, which provides OUE REIT attractive potential returns from economic growth.

REVENUE CONTRIBUTION BY SEGMENT

(By proportionate interest)



	(%)
Office	**50.5**
Hospitality	**32.2**
Retail	**17.3**

TENANT DIVERSIFICATION

OUE REIT has a well-diversified tenant base which mitigates concentration risk and shields against the cyclical business cycles from any sectors, thereby providing income diversity and stability to the portfolio.

Excluding the Hospitality segment which contributed 33.2%, the Banking, Insurance & Financial Services sector remained the largest contributor at 15.4% of portfolio gross rental income ("GRI") as of December 2023. This was followed by the Accounting & Consultancy Services and Retail sectors which contributed 9.6% and 9.5% of the portfolio GRI, respectively. The contribution from IT, Media & Telecommunications only accounted for 4.5% of the portfolio GRI.

The top ten tenants (including the two hotel master lessees) accounted for 43.3% of OUE REIT's monthly portfolio GRI as of December 2023. They are established tenants from Banking, Insurance & Financial Services, Accounting & Consultancy Services, Real Estate & Property Services, as well as Retail sector.

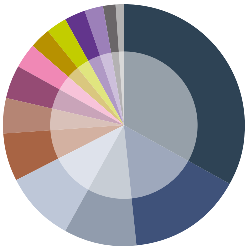
Note:

[1] Based on independent valuation carried out as of 31 December 2023

PORTFOLIO REVIEW

TENANT TRADE SECTORS BY GROSS RENTAL INCOME

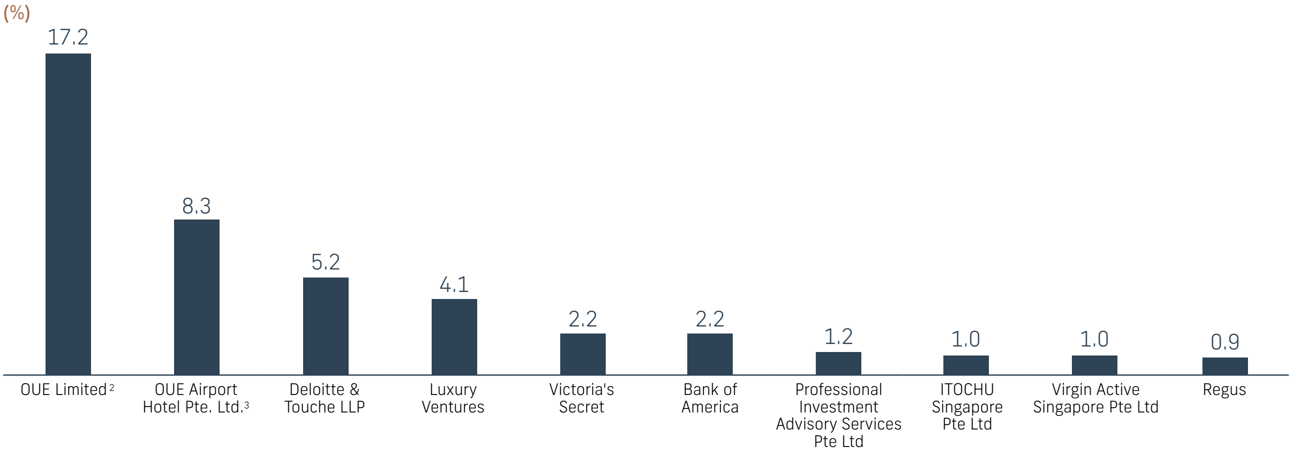
(For December 2023 and excluding retail turnover rent)



Sector	(%)
Hospitality	**33.2**
Banking, Insurance & Financial Services	**15.4**
Accounting & Consultancy Services	**9.6**
Retail	**9.5**
Manufacturing & Distribution	**6.3**
Food & Beverage	**4.7**
IT, Media & Telecommunications	**4.5**
Services	**3.2**
Energy & Commodities	**3.0**
Real Estate & Property Services	**2.8**
Legal	**2.6**
Maritime & Logistics	**2.5**
Others	**1.7**
Pharmaceuticals & Healthcare	**1.0**

TOP 10 TENANTS BY MONTHLY PORTFOLIO GROSS RENTAL INCOME

(%)

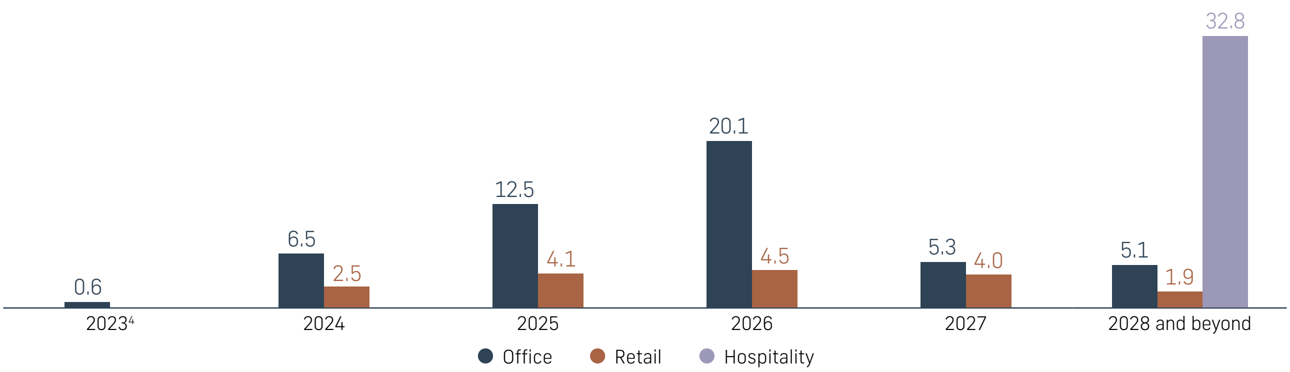


WELL-STAGGERED PORTFOLIO LEASE EXPIRY PROFILE

As of 31 December 2023, OUE REIT maintained a well-staggered portfolio lease expiry profile. The majority of the leases due in 2024 has been renewed, with only 6.5% (office) and 2.5% (retail) leases by GRI (excluding provision of rental rebates and turnover rent) due for renewal in 2024. The weighted average lease term to expiry ("WALE") by GRI is 2.4 years as of 31 December 2023.

PORTFOLIO LEASE EXPIRY PROFILE BY GROSS RENTAL INCOME

(%)



Notes:

[2] As master lessee of Hilton Singapore Orchard and office tenants

[3] As master lessee of Crowne Plaza Changi Airport

[4] As of 31 December 2023, office leases expiring on 31 December 2023 contributing 0.6% of portfolio GRI had not been renewed

COMMERCIAL SEGMENT[5]

OUE REIT's portfolio of high-quality Grade A office and retail assets are strategically located in prime business and entertainment districts and has attracted reputable tenants from diverse sectors. For FY 2023, revenue from the commercial segment increased 8.5% YoY to S$187.8 million, underpinned by improved occupancies and higher average passing rents achieved at One Raffles Place as well as OUE Downtown office. In line with the higher revenue, NPI grew 7.4% YoY to S$143.4 million.

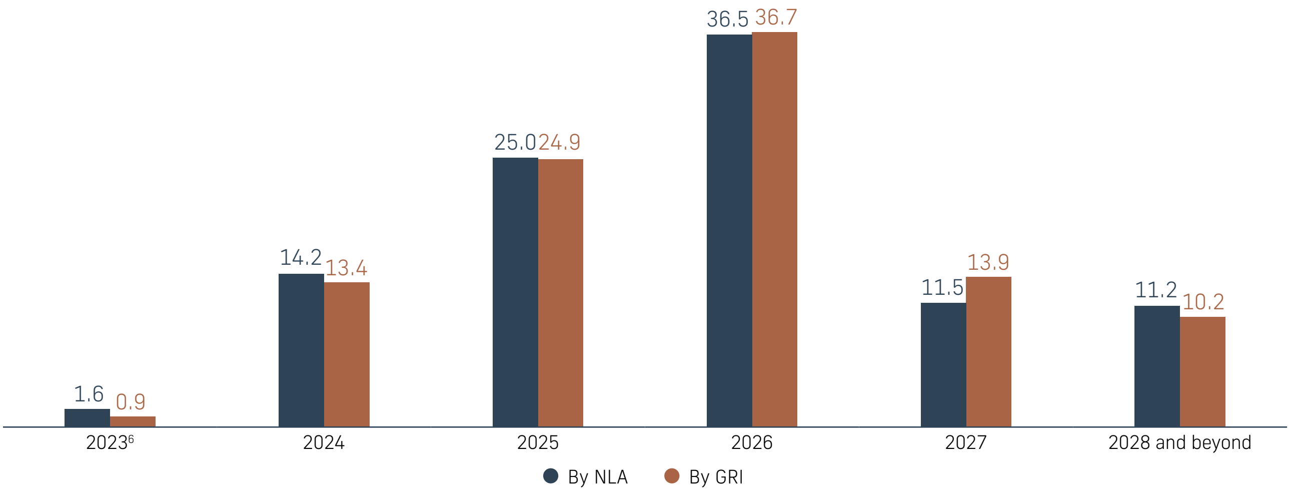
Approximately 570,841.4 square feet of new leases and renewals were committed in 2023. New leases comprised about 35.5% of the space committed, with demand supported by tenants from diverse trade sectors including Banking, Insurance & Financial Services, IT, Media & Telecommunications, Manufacturing & Distribution, Maritime & Logistics, as well as Legal. The WALE of new leases entered into during the year is 3.0 years based on the date of commencement of the leases, and these leases contributed to 7.9% of commercial segment's GRI as of December 2023.

To ensure stable and sustainable gross rental revenue, the Manager actively manages the lease expiry profile of each of OUE REIT's commercial properties to mitigate the concentration of lease expiries in any given year. For OUE REIT's commercial portfolio comprising office and retail leases, the WALE by GRI as of 31 December 2023 is 2.4 years. Only 13.4% of OUE REIT's commercial segment GRI is due for renewal in 2024.

In Singapore, office leasing sentiments remained positive throughout 2023, driven by continued back-to-office trends, as well as stable demand and tight supply in the Core Central Business District area. To capitalise on the market tailwinds, the Manager maintained its proactive leasing strategy to optimise rents and occupancy. Consequently, OUE REIT's Singapore office portfolio achieved a positive rental reversion of 12.0% for FY 2023 and recorded a healthy occupancy of 95.2% as of end December 2023. Underpinned by higher signing rents and positive rental reversions achieved in previous quarters, the average passing rent reached S$10.40 per square foot ("psf") per month as of 31 December 2023.

COMMERCIAL SEGMENT LEASE EXPIRY PROFILE

(%)



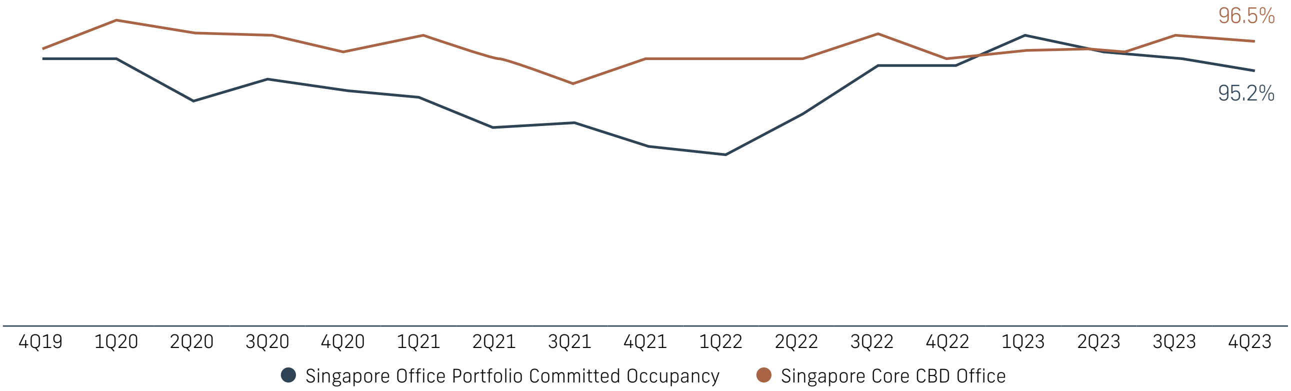
Notes:

[5] Commercial segment comprises the office and/or retail contribution from OUE Bayfront (50% interest), One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery

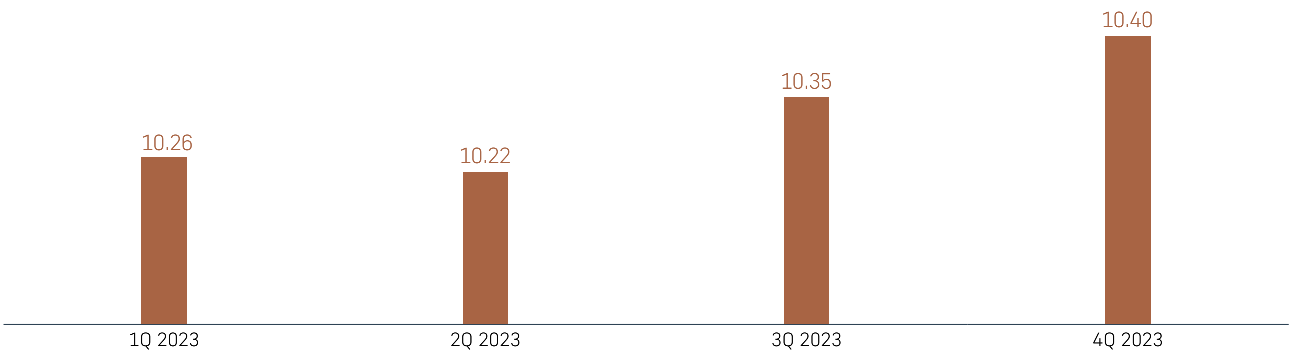
[6] As of 31 December 2023, leases expiring on 31 December 2023 contributing 1.6% of commercial segment net lettable area and 0.9% of commercial segment GRI had not been renewed

PORTFOLIO REVIEW

RESILIENT COMMITTED OCCUPANCY
(%)

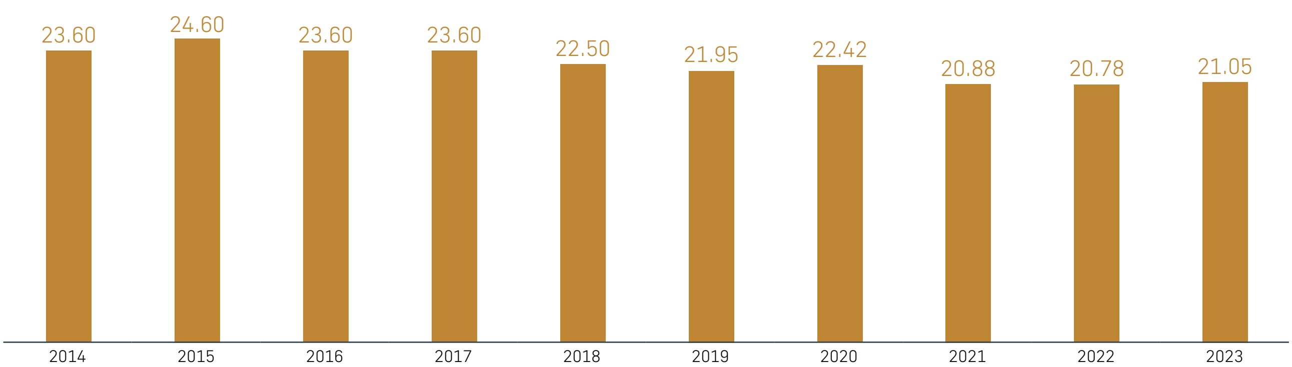


SINGAPORE OFFICE AVERAGE PASSING RENT
(S$ psf per month)



Singapore's retail leasing activity remained strong in 2023, underpinned by the continued recovery of visitor arrivals and a rebound in consumer spending, Despite the lower-than-expected return of Chinese tourists, Mandarin Gallery's committed occupancy increased by 4.7 ppt YoY to 96.6% as of 31 December 2023. Including short-term leases, the committed occupancy was 97.6%. Supported by the Manager's proactive asset management, rental reversions remained strong at 13.7%, with the average passing rent increasing 1.3 percentage points ("ppt") YoY to S$21.05 psf per month.

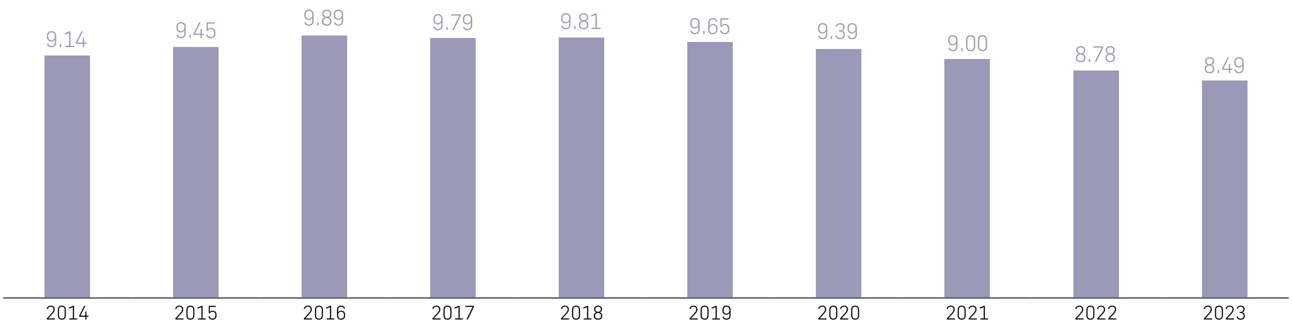
MANDARIN GALLERY
(S$ psf per month)



In Shanghai, intensified leasing competition and a slower-than-expected economic recovery further dampened market sentiment and demand. In the face of strong market headwinds, OUE REIT remained steadfast in sustaining occupancy levels through active tenant engagement. Consequently, the committed office occupancy of Lippo Plaza in Shanghai decreased by 5.4 ppt quarter-on-quarter to 83.3% as of 31 December 2023. With a total of 910,000 sq m new supply entering the CBD market between 2024 – 2028, Shanghai's CBD Grade A Office new supply is expected to peak in 2024, with rental growth only recovering from 2025 onwards. In the face of continued market headwinds, the Manager is adopting proactive leasing and flexible asset management strategies for Lippo Plaza.

LIPPO PLAZA OFFICE

(RMB psm per day)



HOSPITALITY SEGMENT

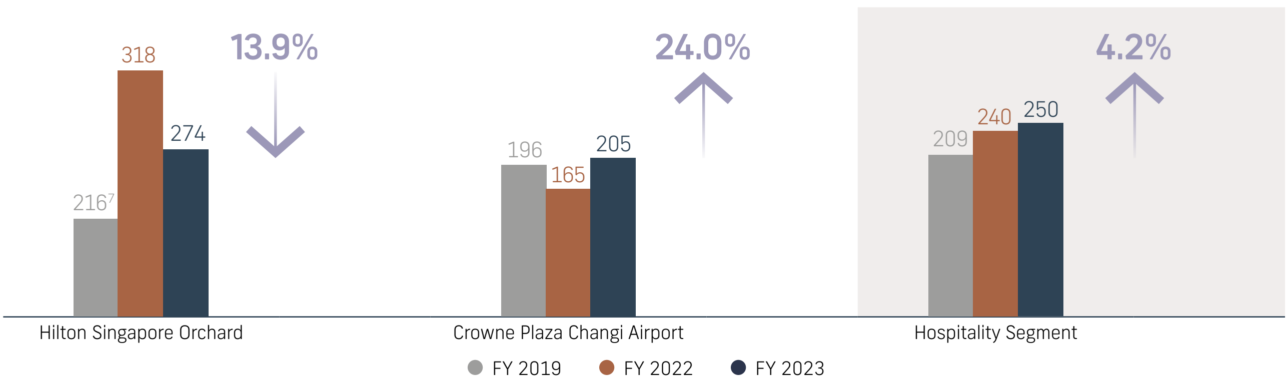
Total visitor arrivals in 2023 more than doubled YoY to reach 13.6 million, achieving 71% of the pre-pandemic levels of 2019, in line with the earlier estimates made by the Singapore Tourism Board. Coinciding with the full reopening of Hilton Singapore Orchard on 1 January 2023, OUE REIT's hotel properties recorded a stronger performance in FY 2023. This reflects the continued recovery of tourism, supported by improved flight connectivity and growth in travel demand.

Hospitality segment revenue for the full year was 42.2% higher YoY at S$97.3 million while NPI increased by 44.4% to S$91.6 million, mainly due to Hilton Singapore Orchard operating the total inventory of 1,080 rooms as compared to 634 rooms a year ago.

In FY 2023, the hospitality segment revenue per available room ("RevPAR") increased 4.2% YoY to S$250, surpassing the previous RevPAR highs of the hotels before the pandemic in 2019. Hilton Singapore Orchard's FY 2023 RevPAR declined 13.9% YoY to S$274, attributed to the larger room inventory, as well as the time required to ramp up and stabilise performance. Crowne Plaza Changi Airport's RevPAR increased 24.0% YoY to reach S$205, as the hotel only served aircrew and the aviation segment during the COVID-19 pandemic in the first quarter of 2022.

FY 2023 REVPAR PERFORMANCE

(S$)



Notes:

[7] RevPAR for Mandarin Orchard Singapore in FY 2019 before the re-branding to Hilton Singapore Orchard

PORTFOLIO REVIEW

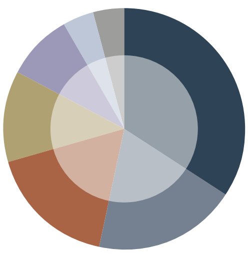
With the re-branding to Hilton Singapore Orchard, the property has tapped on Hilton's strong brand recognition and global distribution network to diversify business mix and shifted towards a higher yielding luxury market for both leisure and corporate segments.

In FY 2023, Southeast Asia, North Asia and North America were the three largest contributors to the hospitality portfolio's customer profile, comprising 70% of the total number of room nights occupied. Backed by Hilton's strong brand recognition and global sales and distribution network, the hospitality sector experienced an uptick in North American guests. Compared to pre-COVID pandemic levels in FY 2019 the proportion of guests from North America increased from 8% in 2019 to 17% in FY 2023, mitigating the impact of the slower-than-expected return of Chinese tourists.

While the transient segment continued to be the main driver of room revenue at 63% in FY 2023 compared to 57% in FY 2019 the contribution of the lower yielding wholesale segment had decreased to 14% versus 20% previously.

HOSPITALITY SEGMENT CUSTOMER PROFILE BY GEOGRAPHY

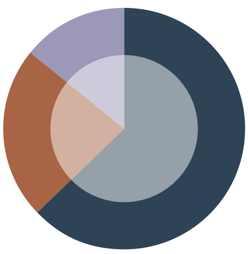
(Based on room nights occupied in FY 2023)



	(%)
Southeast Asia	**35**
North Asia	**19**
North America	**17**
Oceania	**12**
Europe	**9**
South Asia	**4**
Others	**4**

HOSPITALITY SEGMENT CUSTOMER PROFILE BY TYPE

(Based on room revenue in FY 2023)



	(%)
Transient	**63**
Corporate	**23**
Wholesale	**14**

ACTIVE PORTFOLIO ENHANCEMENT

The Manager recognises the importance of strengthening portfolio fundamentals and driving organic growth. To this end, OUE REIT constantly explores opportunities to ensure the assets remain competitive in the market.

In FY 2023, the Manager commenced and completed a S$14 million asset enhancement initiative ("AEI") at Crowne Plaza Changi Airport to revitalise the offerings at the landmark asset which has been crowned the World's Best Airport Hotel for eight consecutive years by Skytrax. The enhancements included the addition of 12 guest rooms, a revamped all-day dining area and new meetings, incentives, conventions and exhibitions ("MICE") spaces to capitalise on the anticipated increase in tourists and business travellers in 2024 and beyond.

International visitor arrivals are expected to return to pre-pandemic levels in 2024 with a strong pipeline of MICE events and increasing flight connectivity and capacity. With these income-generating enhancements and strengthened offerings, the Manager is confident that Crowne Plaza Changi Airport will be able to take advantage of the continued tourism recovery and new tourism offerings planned over the medium to long term which will reinforce Singapore's top global destination and commercial hub status.

INTEGRATING SUSTAINABILITY INTO ASSET MANAGEMENT STRATEGY

Apart from portfolio enhancement to enhance the quality and marketability of OUE REIT's property portfolio, the Manager has worked together with the property management teams to actively step up our sustainability efforts.

Green lease agreements, which have been in place at OUE Bayfront since 2021, were progressively rolled out to the other properties in Singapore to align the interests of tenants and OUE REIT on energy and environmental initiatives. Green leases accounted for approximately 50.3% of OUE REIT's commercial segment net lettable area as of 31 December 2023.

In FY 2023, Crowne Plaza Changi Airport also received the Green Mark Gold certification from the Building and Construction Authority of Singapore. As a result, 95.7% of OUE REIT's portfolio by asset value are certified green buildings.

CAPITAL MANAGEMENT

To navigate rising macro environment uncertainty, the Manager has adopted prudent and proactive fiscal management strategies to drive balance sheet discipline and mitigate refinancing risk in FY 2023, while maintaining a favourable position to capitalise on DPU-accretive investment opportunities as they arise.

OBTAINED BBB- CREDIT RATING WITH STABLE OUTLOOK – TESTAMENT OF STRENGTHENED CAPITAL STRUCTURE

OUE REIT was assigned an investment grade credit rating of BBB- with a stable outlook by S&P Global Ratings on 30 October 2023. This achievement reflects its continued efforts to optimise the capital structure and increase financial flexibility in the past two years. The investment grade credit rating allows the REIT to enjoy interest savings of approximately S$1.3 million for the remaining tenure of the S$150 million 4.20% five-year fixed-rate notes due 2027 (the "Notes") as the interest rate of the Notes stepped down by 25 basis points to 3.95% per annum ("p.a") with effect from 5 November 2023.

ALIGNING FINANCIAL REQUIREMENTS WITH SUSTAINABILITY COMMITMENTS

In June 2023, OUB Centre Limited, an indirect subsidiary of OUE REIT, obtained an unsecured sustainability-linked loan ("SLL") of S$430 million for the refinancing of existing borrowings and general corporate purposes. The SLL met with strong demand from banks and was 1.55x oversubscribed. With the new facility in place, OUE REIT's refinancing risk was mitigated with no refinancing requirements until 2025. This is the REIT's third SLL, serving a strong testament to our commitment to reducing the environmental impact of our portfolio. As of 31 December 2023, SLLs accounts for 69.5% of the REIT's total debt, one of the highest among Singapore REITs.

CAPITAL MANAGEMENT INDICATORS

	As of 31 December 2023
Aggregate Leverage (%)	38.2
Total Debt[1] (S$ million)	2,322.4
Weighted Average Cost of Debt (% p.a.)	4.3
Weighted Average Term of Debt (years)	2.4
Proportion of Fixed Rate Debt (%)	66.3
Proportion of Unsecured Debt (%)	69.5
Interest Coverage Ratio ("ICR")[2] (times)	2.4
Adjusted ICR[3] (times)	2.4
OUE REIT's Issuer Rating	'BBB-' with Stable Outlook by S&P Global Rating

In November 2023, the Manager established OUE REIT's Green Financing Framework for the issuance of green bonds and/or green loans to fund or refinance projects which will contribute to positive environmental and social impacts. At the same time, Sustainable Fitch has provided a 'Good' Second-Party Opinion on the framework.

IMPROVED AGGREGATE LEVERAGE WITH NO DEBT DUE UNTIL 2025

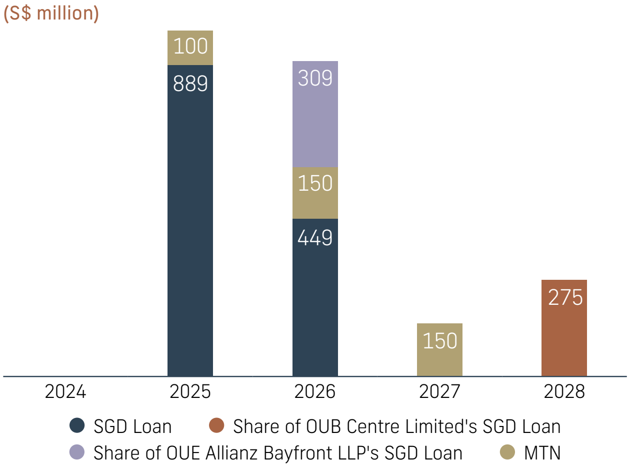
The REIT has no refinancing requirement until 2025. As of 31 December 2023, OUE REIT's total debt (including proportionate share of loans at OUB Centre Limited and OUE Allianz Bayfront LLP), was S$2,322.4 million, a marginal 0.07% year-on-year increase from S$2,320.7 million as of 31 December 2022. Approximately 66.3% of total debt has been hedged into fixed rates which partially mitigates the exposure to interest rate movements. The Manager estimates that DPU would increase 0.04 Singapore cent per unit for every 25 bps decrease in interest rates.

The aggregate leverage decreased by 0.6 percentage point to 38.2% as of 31 December 2023 compared to 31 December 2022, and was well below regulatory limits by MAS. The weighted average cost of debt remained stable at 4.3% p.a. with an average term to maturity of 2.4 years as of 31 December 2023.

With the investment grade credit rating and sustainable financing framework in place, OUE REIT will continue to further diversify funding sources, increase financial flexibility and optimise its cost of debt, as well as prudently manage its refinancing requirements to achieve a well-diversified debt maturity profile.

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2023

(S$ million)



Notes:

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 OVERVIEW

OUE BAYFRONT

50, 60 & 62 Collyer Quay, Singapore 049321/049322/049325

OUE Bayfront is a landmark commercial development completed in 2011. An 18-storey premium Grade A office building commanding panoramic views of Marina Bay, it is strategically located at Collyer Quay in Singapore's CBD, between the established financial hub of Raffles Place and Marina Bay downtown.

OUE Bayfront enjoys superb connectivity and accessibility to major transport networks. Other than easy access to Raffles Place and Telok Ayer Mass Rapid Transit ("MRT") Stations, the Downtown MRT Station is also within walking distance via an underground pedestrian linkway.

On 31 March 2021, OUE REIT divested OUE Bayfront to OUE Allianz Bayfront LLP (formerly known as BPH PropCo LLP), a joint venture between OUE REIT and ACRE Angsana Pte. Ltd., a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd. (formerly known as Allianz Real Estate Asia Pacific Pte. Ltd.). OUE REIT has a 50% interest in OUE Allianz Bayfront LLP.

OUE Bayfront is certified with the Green Mark Gold Award by the Building and Construction Authority ("BCA") in Singapore.

PROPERTY DESCRIPTION

OUE Bayfront comprises:

- OUE Bayfront, an 18-storey Grade A office building;
- OUE Tower, a conserved tower building with panoramic views of the Marina Bay landscape currently occupied by a fine dining restaurant; and
- OUE Link, an overhead pedestrian link bridge with retail units

TITLE

OUE Bayfront & OUE Tower:
99-year leasehold title commencing 12 November 2007

OUE Link:
15-year leasehold title commencing 26 March 2010

Underpass:
99-year leasehold title commencing 7 January 2002

GROSS FLOOR AREA

46,902.3 sq m (504,851 sq ft)

NET LETTABLE AREA[1]

Overall:
37,125.1 sq m (399,611 sq ft)

Office:
35,148.9 sq m (378,339 sq ft)

Retail:
1,976.2 sq m (21,272 sq ft)

MAJOR TENANTS

- Bank of America
- Allen & Overy LLP
- Aramco Asia Singapore Pte. Ltd.
- Point72 Asia (Singapore)
- Hogan Lovells Lee & Lee

NUMBER OF TENANTS[1]

45

NUMBER OF CARPARK LOTS

245

FY 2023 REVENUE[2]

S$31.6m

VALUATION[3]

S$1,340.0m

PURCHASE CONSIDERATION IN 2014

S$1,005.0m

WEIGHTED AVERAGE LEASE EXPIRY[4]

2.42 years

COMMITTED OCCUPANCY[1]

Overall:
97.6%

Office:
97.9%

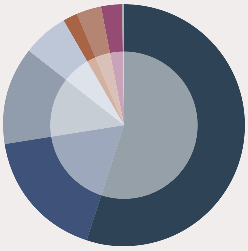
Retail:
92.3%

DIVESTMENT CONSIDERATION IN 2021

S$1,267.5m

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2023 and excluding retail turnover rent)



	(%)
Banking, Insurance & Financial Services	55.2
Legal	17.4
Energy & Commodities	13.1
Real Estate & Property Services	6.2
IT, Media & Telecommunications	1.9
Manufacturing & Distribution	3.2
Food & Beverage	2.9
Retail	0.1

Notes:

1 As of 31 December 2023
2 Based on OUE Allianz Bayfront LLP's 100% interest
3 Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront and valuation carried out by Cushman & Wakefield VHS Pte Ltd as of 31 December 2023. Valuation was determined by Discounted Cash Flow Analysis, Capitalisation Approach and Comparison Method
4 By monthly gross rental income for December 2023

PORTFOLIO OVERVIEW

ONE RAFFLES PLACE

1 Raffles Place, Singapore 048616

One Raffles Place, comprising One Raffles Place Tower 1, One Raffles Place Tower 2, and One Raffles Place Shopping Mall, is an iconic integrated commercial development with Grade A building specifications, strategically located in the heart of Singapore's CBD at Raffles Place. One Raffles Place Shopping Mall is the largest purpose-built shopping mall in Raffles Place.

Situated above and with a direct underground link to the Raffles Place MRT interchange station through the basement of its retail podium, One Raffles Place enjoys excellent connectivity along the North-South and East-West MRT lines, as well as easy accessibility via an extensive underground network of pedestrian walkways within the Raffles Place and Marina Bay areas.

One Raffles Place Tower 1 and 2 are both certified Green Mark Gold by the BCA in Singapore.

PROPERTY DESCRIPTION

One Raffles Place comprises:

- One Raffles Place Tower 1, a 62-storey Grade A office building with observation deck;
- One Raffles Place Tower 2, a 38-storey Grade A office building completed in 2012; and
- One Raffles Place Shopping Mall, a six-storey retail podium with direct underground link to the Raffles Place MRT Station

TITLE

One Raffles Place Tower 1:
841-year leasehold title commencing 1 November 1985

One Raffles Place Tower 2:
99-year leasehold title commencing 26 May 1983

One Raffles Place Shopping Mall:

- approximately 75% of the retail podium NLA is on a 99-year leasehold title commencing 1 November 1985
- the balance 25% is on a 841-year leasehold title commencing 1 November 1985

GROSS FLOOR AREA

119,656 sq m (1,287,966 sq ft)

NET LETTABLE AREA[1]

Overall:
65,464.0 sq m (704,648 sq ft)

Office:
56,252.0 sq m (605,491 sq ft)

Retail:
9,212.0 sq m (99,157 sq ft)

MAJOR TENANTS

- Virgin Active Singapore Pte. Ltd.
- Regus
- StoneX APAC Pte. Ltd.
- Spaces
- China Merchants Bank

NUMBER OF TENANTS[1]

208

NUMBER OF CARPARK LOTS

324

FY 2023 REVENUE[2]

S$71.4m

VALUATION[3]

S$1,909.0m

PURCHASE CONSIDERATION IN 2015[4]

S$1,148.3m

WEIGHTED AVERAGE LEASE EXPIRY[5]

2.30 years

COMMITTED OCCUPANCY[1]

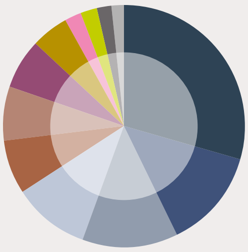
Overall:
96.3%

Office:
95.8%

Retail:
99.2%

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2023 and excluding retail turnover rent)



	(%)
Banking, Insurance & Financial Services	29.7
Accounting & Consultancy Services	13.2
IT, Media & Telecommunications	12.9
Food & Beverage	10.3
Real Estate & Property Services	7.2
Services	7.0
Energy & Commodities	6.8
Manufacturing & Distribution	4.9
Legal	2.4
Maritime & Logistics	2.1
Others	1.9
Retail	1.6

Notes:

1 As of 31 December 2023

2 Based on OUB Centre Limited's 81.54% interest in One Raffles Place

3 Based on OUB Centre Limited's 81.54% interest in One Raffles Place and valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as of 31 December 2023. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

4 The purchase consideration comprises the purchase consideration of shares in Beacon Property Holdings Pte. Ltd. ("BPHPL") and the repayment of shareholder's loan extended by the vendor to BPHPL

5 By monthly gross rental income for December 2023

PORTFOLIO OVERVIEW

OUE DOWNTOWN OFFICE

6 Shenton Way, Singapore 068809

OUE Downtown Office comprises Grade A office space within a refurbished mixed-use development in Singapore's business district in Shenton Way, providing a superior "work-play-live" environment supported by a full suite of integrated amenities.

Home to an established blue-chip tenant base, tenants at OUE Downtown Office include reputable insurance, financial, information & technology and multinational corporations. The Shenton Way, Tanjong Pagar and Downtown MRT Stations are within a short walking distance, providing easy accessibility and connectivity.

With the planned relocation of container port facilities at the southern part of Singapore by 2030 and long-term master planning by the Urban Redevelopment Authority to redevelop the waterfront area as an extension of the Singapore CBD, OUE Downtown Office is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub.

OUE Downtown Office is certified Green Mark Gold by the BCA in Singapore.

PROPERTY DESCRIPTION

OUE Downtown Office comprises the Grade A office space at the OUE Downtown mixed-use development, being the:

- 35th to 46th storeys of OUE Downtown 1, a 50-storey high-rise tower; and
- 7th to 34th storeys of OUE Downtown 2, a 37-storey high-rise tower

TITLE

99-year leasehold title commencing 19 July 1967

GROSS FLOOR AREA

69,922.0 sq m (752,633 sq ft)

NET LETTABLE AREA[1]

49,235.3 sq m (529,969 sq ft)

MAJOR TENANTS

- Deloitte & Touche LLP
- Professional Investment Advisory Services Pte. Ltd.
- ITOCHU Singapore Pte. Ltd.
- Moody's Analytics Singapore Pte. Ltd.
- Toyota Tsusho Asia Pacific Pte. Ltd.

NUMBER OF TENANTS[1]

86

FY 2023 REVENUE

S$48.8m

VALUATION[2]

S$930.0m

PURCHASE CONSIDERATION IN 2018

S$908.0m

WEIGHTED AVERAGE LEASE EXPIRY[3]

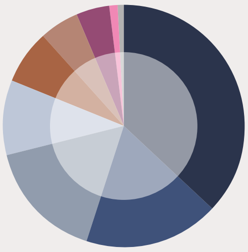
2.54 years

COMMITTED OCCUPANCY[1]

92.6%

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2023 and excluding retail turnover rent)



	(%)
Accounting & Consultancy Services	**37.1**
Manufacturing & Distribution	**17.9**
Banking, Insurance & Financial Services	**16.2**
Maritime & Logistics	**10.1**
Others	**7.1**
Pharmaceuticals & Healthcare	**5.3**
IT, Media & Telecommunications	**4.5**
Energy & Commodities	**1.1**
Legal	**0.7**

Notes:

1 As of 31 December 2023

2 Based on valuation carried out by Savills Valuation and Professional Services (S) Pte Ltd as of 31 December 2023. Valuation was determined by Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method

3 By monthly gross rental income for December 2023

PORTFOLIO OVERVIEW

LIPPO PLAZA

222 Huaihai Zhong Road, Shanghai, PRC 200021

Lippo Plaza is a 36-storey Grade A commercial building with a retail podium. It is strategically located on Huaihai Zhong Road, along a major retail artery and within the established Huangpu commercial district in the Puxi area of downtown Shanghai. The retail podium at Lippo Plaza was refurbished in 2010 and is home to renowned international and local brands, while the refurbishment of the office lobby was completed in 2014.

Lippo Plaza is conveniently located within walking distance from the South Huangpi Road Metro station serving Metro Line 1, as well as the Huaihai Middle Road Station on Metro Line 13. The property is also accessible to other key commercial areas and transportation lines by virtue of its close proximity to major expressways.

Lippo Plaza has achieved the LEED® (Leadership in Energy and Environmental Design) Gold Certification by the U.S. Green Building Council.

PROPERTY DESCRIPTION

Located in the commercial district of Huangpu in central Shanghai, comprising 91.2% share of strata ownership of a Grade A 36-storey commercial building with retail podium and carpark lots

LAND USE RIGHT EXPIRY

50 years commencing 2 July 1994

GROSS FLOOR AREA

58,521.5 sq m (629,920 sq ft)

NET LETTABLE AREA[1]

Overall:
39,188.1 sq m (421,817 sq ft)

Office:
33,538.6 sq m (361,006 sq ft)

Retail:
5,649.5 sq m (60,811 sq ft)

MAJOR TENANTS

- Victoria's Secret
- Arc'teryx
- Shanghai Pulan Desheng Industrial Development
- Ralph Lauren
- Oriental Watch (China) Trading

NUMBER OF TENANTS[1]

75

NUMBER OF CARPARK LOTS

168

FY 2023 REVENUE

S$23.3m

VALUATION[2]

RMB2,400.0m
S$449.0m

PURCHASE CONSIDERATION IN 2014[3]

S$335.5m

WEIGHTED AVERAGE LEASE EXPIRY[4]

2.12 years

COMMITTED OCCUPANCY[1]

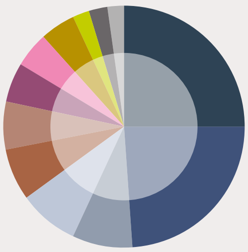
Overall:
84.9%

Office:
83.3%

Retail:
94.5%

TRADE SECTOR BY GROSS RENTAL INCOME

(For December 2023 and excluding retail turnover rent)



	(%)
Manufacturing & Distribution	**25.2**
Retail	**24.0**
IT, Media & Telecommunications	**8.1**
Accounting & Consultancy Services	**8.1**
Banking, Insurance & Financial Services	**6.6**
Real Estate & Property Services	**6.6**
Services	**5.3**
Maritime & Logistics	**4.7**
Food & Beverage	**4.6**
Others	**2.4**
Pharmaceuticals & Healthcare	**2.3**
Legal	**2.1**

Notes:

1 As of 31 December 2023

2 Based on OUE REIT's 91.2% share of strata ownership in Lippo Plaza and valuation carried out by CBRE (Shanghai) Management Limited as of 31 December 2023. Valuation was determined by Income Capitalisation Analysis and Discounted Cash Flow Analysis

3 The purchase consideration comprises the purchase consideration of shares in Tecwell Limited and outstanding debt facilities of Tecwell Limited and its subsidiary at acquisition completion date of 27 January 2014

4 By monthly gross rental income for December 2023

PORTFOLIO OVERVIEW

MANDARIN GALLERY

333A Orchard Road, Singapore 238897

Situated along Orchard Road, Mandarin Gallery has a wide 152-metre prime Orchard Road frontage featuring four duplexes and six street-front retail units which provide a high degree of visibility, and is a choice location for flagship stores of international brands.

Mandarin Gallery officially opened in January 2010 after a S$200 million transformation into a high-end shopping and lifestyle destination. Situated within four levels of Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore), the mall features upscale international fashion, lifestyle, services and food & beverage tenants, and has established itself with its differentiated mall offering in the heart of Singapore's shopping and entertainment district.

Mandarin Gallery is certified Green Mark Gold by the BCA in Singapore.

PROPERTY DESCRIPTION
Located in the heart of Singapore's premier shopping and entertainment district Orchard Road, comprising four levels of retail space

TITLE
99-year leasehold title commencing 1 July 1957

GROSS FLOOR AREA
18,240.2 sq m (196,336 sq ft)

NET LETTABLE AREA[1]
11,733.1 sq m (126,294 sq ft)

MAJOR TENANTS
- Victoria's Secret
- Michael Kors
- Max Mara
- Rimowa Singapore
- Lawry's The Prime Rib Singapore

NUMBER OF TENANTS[1]
74

FY 2023 REVENUE
S$30.1m

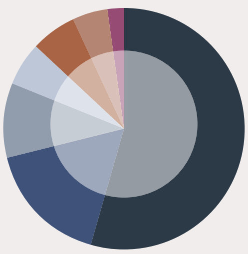
VALUATION[2]
S$453.5m

PURCHASE CONSIDERATION IN 2019[3]
S$494.0m

WEIGHTED AVERAGE LEASE EXPIRY[4]
2.65 years

COMMITTED OCCUPANCY[1]
97.6%

TRADE SECTOR BY GROSS RENTAL INCOME
(For December 2023 and excluding retail turnover rent)



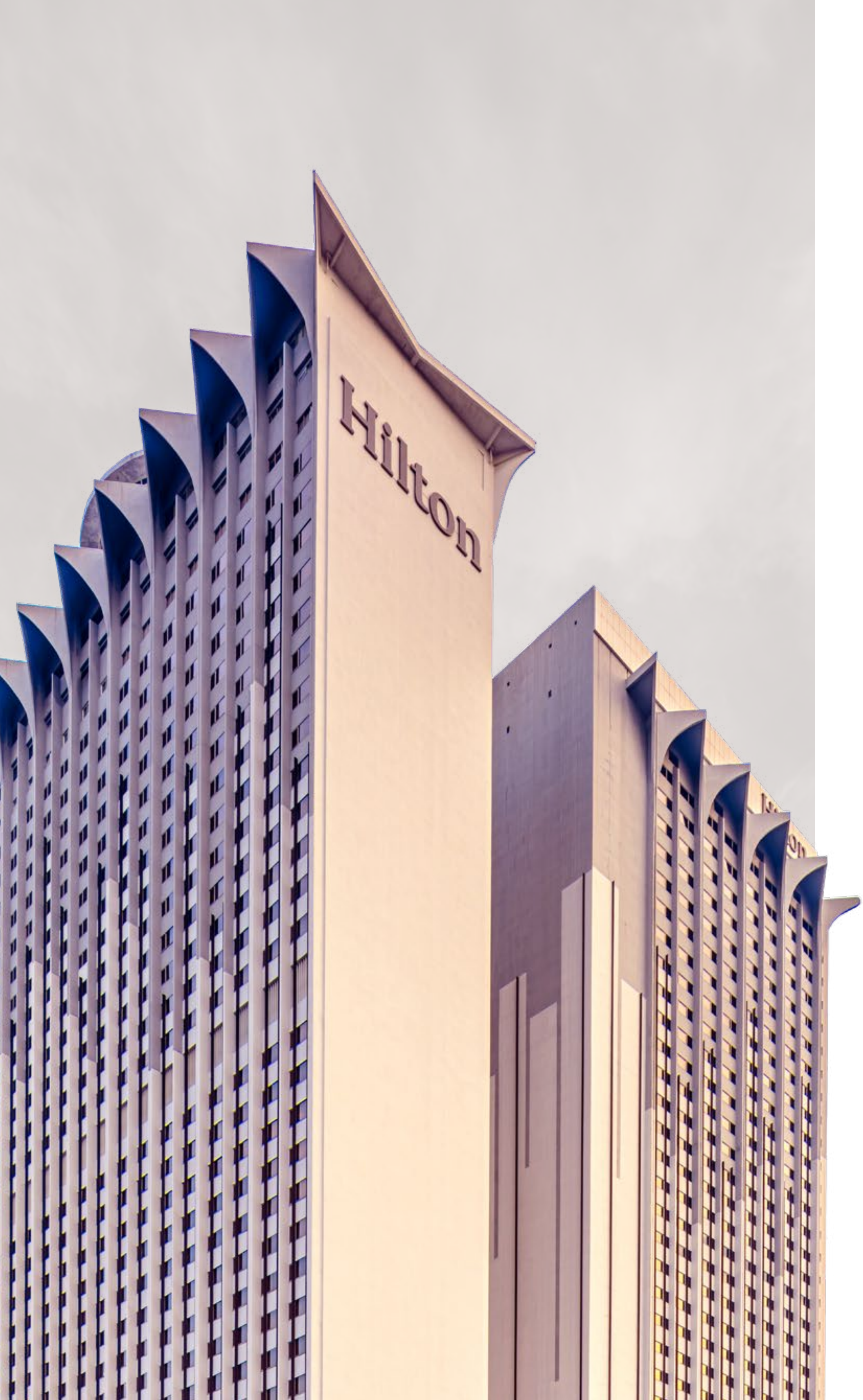
	(%)
Fashion & Accessories	54.7
Food & Beverage	17.0
Hair & Beauty	9.8
Travel	6.3
Watches & Jewellery	6.0
Living & Lifestyle	4.6
Services	1.6

Notes:
1 As of 31 December 2023
2 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as of 31 December 2023. Valuation was determined by Discounted Cash Flow Analysis, Capitalisation Method and Comparison Method
3 Based on valuation as of the merger with OUE Hospitality Trust effective from 4 September 2019
4 By monthly gross rental income for December 2023

PORTFOLIO
OVERVIEW

HILTON SINGAPORE ORCHARD

333 Orchard Road, Singapore 238867



The new Hilton Singapore Orchard (formerly known as Mandarin Orchard Singapore) is Hilton's flagship hotel and its largest in Asia Pacific. Following an extensive refurbishment, the re-branded property features 1,080 guestrooms and suites offering views of the city skyline, complemented by versatile meeting facilities and exciting dining concepts comprising both new and renowned favourites.

Hilton Singapore Orchard further elevates the city's culinary scene with five curated dining concepts including the award-winning Chatterbox, the two Michelin-starred Shisen Hanten by Chen Kentaro, and a fresh Italian dining experience at Osteria Mozza by famed American chef Nancy Silverton.

Offering one of the largest event spaces in the city, Hilton Singapore Orchard's 16 award-winning and highly versatile event spaces cater up to 900 guests and provide dedicated pre-function areas, on-site catering, state-of-the-art LED walls, lighting and sound technologies.

Hilton Singapore Orchard is certified Green Mark Gold by the BCA in Singapore.

PROPERTY DESCRIPTION

Located in the heart of Singapore's premier shopping and entertainment district Orchard Road, comprising 1,080 guest rooms distributed across two towers, five dining outlets and 2,400 sq m of event space

TITLE

99-year leasehold title from 1 July 1957

GROSS FLOOR AREA

91,999.8 sq m (990,278 sq ft)

MASTER LEASE DETAILS

Master Lessee:
OUE Limited

Term:
Initial term of 15 years to expire in July 2028 with an option for the Master Lessee to extend for another 15 years upon expiry

Lease rental:
Variable rent comprising sum of:

i. 33.0% of gross operating revenue; and

ii. 27.5% of gross operating profit; subject to minimum rent of S$45.0 million per annum[1]

FY 2023 REVENUE
S$74.8m

VALUATION[2]
S$1,346.0m

PURCHASE CONSIDERATION IN 2019[3]
S$1,227.0m

FY 2023 REVPAR
S$274

AWARDS & ACCOLADES IN 2023

Top 10 Meeting Hotels in Asia Pacific
Cvent

Best of the Best
TripAdvisor Travellers' Choice Awards 2023

Situated in the heart of Orchard Road and just under a half hour drive from Singapore Changi Airport, the hotel enjoys a strong flow of international tourists, business travellers and locals in its long history of operations in Singapore since 1971. The hotel offers easy accessibility, being within walking distance of both the Somerset and Orchard MRT Stations, in addition to being well-served by a network of major roads. Guests travelling for medical purposes also appreciate the close proximity to a major medical cluster and specialist medical centres.

Notes:

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 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as of 31 December 2023. Valuation was determined by Discounted Cash Flow Analysis

3 Based on valuation as of the merger with OUE Hospitality Trust effective from 4 September 2019

PORTFOLIO OVERVIEW

CROWNE PLAZA CHANGI AIRPORT

75 Airport Boulevard, Singapore 819664

Crowne Plaza Changi Airport is an award-winning hotel that has been conferred the title of World's Best Airport Hotel by Skytrax for eight years since 2015. Managed by the InterContinental Hotels Group, the 575-room hotel is situated in the vicinity of the passenger terminals of Changi Airport.

Crowne Plaza Changi Airport has an all-day dining restaurant and bar, as well as seven meeting rooms including a ballroom. Other facilities and services include an outdoor landscaped swimming pool, a club lounge, a fitness centre, 24-hour in-room dining service and business centre services.

The hotel is connected directly to Changi Airport Terminal 3 and enjoys seamless connectivity to Jewel Changi Airport via a pedestrian bridge from Terminal 3. The hotel is also located within a short drive from Changi Business Park and the Singapore EXPO Convention & Exhibition Centre, and connected to the city by expressway and MRT.

Crowne Plaza Changi Airport is certified Green Mark Gold by the BCA in Singapore.

PROPERTY DESCRIPTION
Situated in the vicinity of the passenger terminals of Changi Airport, comprising 575 guest rooms, an all-day dining restaurant and bar, as well as seven meeting rooms

LAND USE RIGHT EXPIRY
66-year lease from 9 June 2017

GROSS FLOOR AREA
40,913.5 sq m (440,389 sq ft)

MASTER LEASE DETAILS

Master Lessee:
OUE Airport Hotel Pte. Ltd.

Term:
First term of master lease to expire in May 2028 with an option for the Master Lessee to extend for an additional two consecutive five-year terms

Lease rental:
Variable rent comprising sum of:

i. 4% of hotel's F&B revenues;
ii. 33% of hotel rooms and other revenues not related to F&B;
iii. 30% of hotel gross operating profit; and
iv. 80% of gross rental income from leased space;

subject to minimum rent of S$22.5 million per annum[1]

FY 2023 REVENUE
S$22.5m

VALUATION[2]
S$519.0m

PURCHASE CONSIDERATION IN 2019[3]
S$497.0m

FY 2023 REVPAR
S$205

AWARDS & ACCOLADES IN 2023

Best Airport Hotel in Asia Pacific
2023 Business Traveller Asia-Pacific Awards

World's Best Airport Hotel
Skytrax World Airport Awards 2023

Notes:

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 Based on valuation carried out by Cushman & Wakefield VHS Pte Ltd as of 31 December 2023. Valuation was determined by Discounted Cash Flow Analysis

3 Based on valuation as of the merger with OUE Hospitality Trust effective from 4 September 2019

INDEPENDENT MARKET REVIEW

BY CBRE

SINGAPORE

1. SINGAPORE ECONOMIC OVERVIEW

1.1 Gross Domestic Product ("GDP") Growth, Unemployment & Inflation

2023 began with cautious optimism as the country continued to navigate the lingering effects of the COVID-19 pandemic. After witnessing a GDP growth of 3.8% in 2022, Singapore's economic growth rate moderated to 1.1% in 2023, as announced by Ministry of Trade and Industry ("MTI"). The slower growth was attributed to several factors, such as the ongoing geopolitical tensions, elevated interest rates and the pressure of higher domestic costs. However, despite the macroeconomic uncertainties, Singapore managed to avert a recession. Sustained growth in the services and tourism sector, supported by a resilient labour market, helped to offset the slump in manufacturing and the weaker financial sector.

For the full year 2023, the services producing industries grew by 2.3%, down from the 5.1% growth in 2022. All sectors within the services producing industry registered full-year expansions, with Accommodation recording the highest growth of 12.1%. The significant expansion noted within the Accommodation subsector predominantly resulted from the resurgence of tourist arrivals, with a total of 13.6 million tourists throughout 2023. This represents an impressive 115.8% year-on-year ("YoY") growth, compared to the figures from 2022. In the same period, some of the better performers included the Information & Communications, Real Estate, Other Services Industries and Food & Beverage Services sectors, also saw growths of 5.7%, 4.9%, 4.4% and 4.1%, respectively.

The goods producing industries contracted by 2.9% for the full year 2023, a reversal from the positive growth of 2.9% in 2022. Despite an overall contraction of 4.3% for the whole of 2023, the manufacturing sector recorded a 1.4% YoY growth in 4Q 2023, showing an upturn after three previous quarters of contraction. The recovery was mainly due to expansions in output across all clusters, with the exception of the engineering cluster. In 2023, the construction sector also grew by 5.2%, a 0.6 percentage point ("ppt") increase from 2022. This growth was attributed to an increase in output for both public and private sector construction works, recording expansions over the course of 2023.

The labour market moderated but stayed resilient in 2023 amid weaker economic conditions, following a sharp post-pandemic rebound in 2022. Singapore's overall seasonally adjusted unemployment rate slightly declined by 0.2 ppt to 1.9%[1] for the full year 2023[2]. Despite unemployment rates remaining relatively low, the number of retrenchments rose from a record-low of 6,440 in 2022, to 14,230 in 2023. The majority of the retrenchments were due to business reorganisation and restructuring.

Inflation began to gradually decrease in 2023, with the CPI-all items inflation falling to 4.8%[3] amid supply chain disruptions and the effects of the COVID-19 pandemic. This inflation rate is 1.3 ppt lower than the corresponding rate for 2022, which was 6.1%. Transport, Recreation & Culture and Food were major drivers of inflation, representing increases of 6.3%, 6.1% and 5.8%, respectively, in 2023.

To further support public expenditure, the government has decided to progressively raise the Goods and Services Tax ("GST") from 8.0% to 9.0% in 2024[4]. To help Singaporeans cushion the impact of these GST hikes, the government has launched and enhanced various support measures, as announced at Budget 2023. Examples of these measures include the increased cash payments through the Assurance Package cash special payments and an additional S$200 CDC vouchers for every Singaporean household in 2024. 01

1.2 Economic Outlook

Looking ahead, MTI expects the economy to grow by 1.0% - 3.0% in 2024, supported by a modest improvement from the trade-related sectors. Specifically, a projected recovery in global electronics demand is set to boost the growth of most regional economies. Going forward, global inflation is expected to moderate due to more favourable supply conditions. Furthermore, with potential interest rate cuts in the second half of 2024, the cost of borrowing will be reduced, subsequently incentivising consumer spending, especially in interest-sensitive sectors such as real estate and automobiles. Lower interest rates reduce the returns on savings in interest-bearing assets, making saving less attractive and potentially shifting consumer behaviour towards increased spending. These factors, alongside the strong Singapore dollar, will continue to cushion some of the effects of import inflation. However, any further escalation in geopolitical tension could lead to renewed supply disruptions and commodity price shocks. The convergence of these factors could impact both business and consumer sentiments, alongside demand, and could potentially slow global growth and trade.

Notes:

1 Labour Market Advance Release, 4Q 2023 https://stats.mom.gov.sg/iMAS_PdfLibrary/mrsd-LMAR-Q4-2023.pdf

2 Based on preliminary estimates

3 Singapore Consumer Price Index, Department of Statistics Singapore, 25 January 2023 https://www.singstat.gov.sg/-/media/files/news/cpidec2022.ashx

4 GST has been raised to 9.0% on 1 January 2024

Against this backdrop of macroeconomic uncertainties, hiring in Singapore's labour market is expected to be cautiously optimistic for 2024. The ongoing rebound in air travel and tourist arrivals will contribute to the expansion of sectors related to aviation and tourism, such as air transport and accommodation, although the pace of growth is likely to moderate. Likewise, consumer-facing sectors such as retail trade and food & beverage services are expected to experience continued growth amidst resilient labour market conditions. Meanwhile, the Monetary Authority of Singapore ("MAS") has forecast core inflation to be between 2.5% and 3.5% in 2024. Although inflation is projected to remain relatively high for at least the first half of 2024 due to the GST hike and administrative prices, core inflation is expected to resume a gradual moderating trend for the rest of the year as import cost pressures decline and the tight domestic labour market eases. Furthermore, rate cuts indicated by the Fed in the second half of 2024 could induce a faster easing of cost and price pressures.

2. OFFICE MARKET OVERVIEW

2.1 Existing Supply

As of 4Q 2023, island-wide office stock totalled 62.0 million square feet ("sq ft"). The Central Business District ("CBD") Core accounted for 31.6 million sq ft (51.0%) of island-wide office stock, out of which 14.8 million sq ft is Grade A CBD Core office space. CBD Fringe and Decentralised Area office stock stood at 15.7 million sq ft (25.4%) and 14.7 million sq ft (23.6%) respectively.

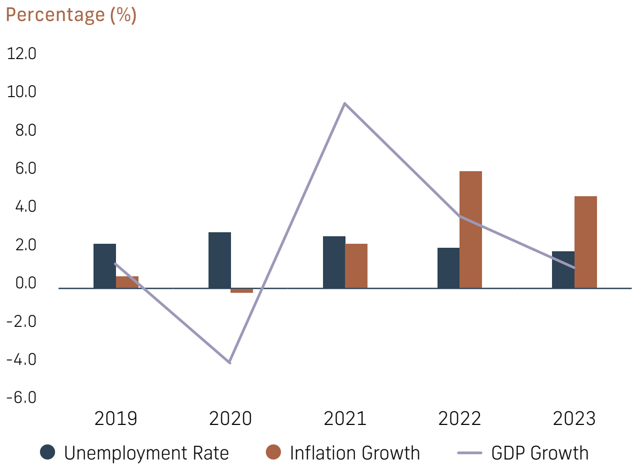
In 2023, an estimated 0.3 million sq ft of office space was completed. Notable completions included the office component of Surbana Jurong Campus (0.2 million sq ft) and One Holland Village (0.1 million sq ft) in the Decentralised area. There were no completions of major office developments in the CBD Core and CBD Fringe in this period. Over the course of 2023, the redevelopment of projects such as Clifford Centre (<0.1 million sq ft) and PIL Building (0.3 million sq ft) contributed to the removal of office stock in the CBD Core submarket.

2.2 Future Supply

From 2024 to 2026, the projected island-wide office supply is 3.6 million sq ft. By submarket, the CBD Core accounts for 40.9% of the pipeline, while the CBD Fringe accounts for 30.6%. The average annual office supply from 2024 to 2026 is approximately 1.2 million sq ft, higher than the five-year historical annual average completion (2019 to 2023) of 0.8 million sq ft.

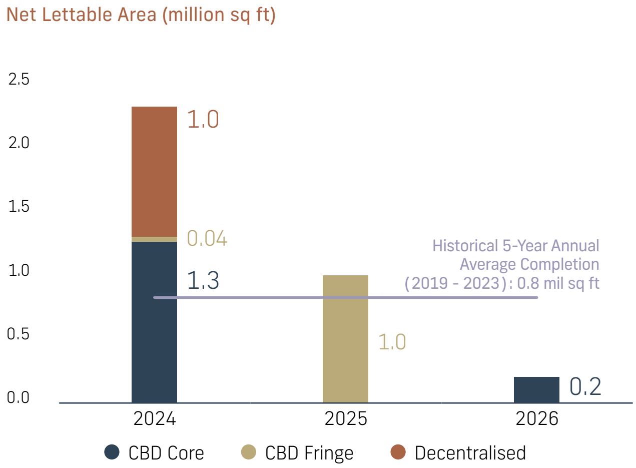
In 2024, approximately 2.3 million sq ft of supply is expected to come on stream. This includes the completion of IOI Central Boulevard Towers (1.3 million sq ft) in the CBD Core in 1Q 2024, Odeon 333 (<0.1 million sq ft) in the CBD Fringe, as well as Labrador Tower (0.7 million sq ft) and Paya Lebar Green (0.3 million sq ft) in the Decentralised area. For 2025, an estimated 1.0 million sq ft of office space is expected to enter the market in the CBD Fringe, mainly from Keppel South Central (0.6 million sq ft) and the redevelopment of Shaw Tower (0.4 million sq ft). Meanwhile, Solitaire on Cecil (0.2 million sq ft) is expected to enter the CBD Core market in 2026. 02

01 GDP GROWTH, UNEMPLOYMENT RATE, INFLATION GROWTH



Source: Singstat, MTI, MOM, 4Q 2023

02 ISLAND-WIDE FUTURE OFFICE SUPPLY (2024 – 2026)



Source: CBRE Singapore, 4Q 2023

INDEPENDENT MARKET REVIEW

SINGAPORE

TABLE 1: MAJOR FUTURE OFFICE SUPPLY (2024 – 2026)

	2024: (2.3 million sq ft)	**2025:** (1.0 million sq ft)	**2026:** (0.2 million sq ft)
CBD Core	• IOI Central Boulevard Towers: 1,258,000 sq ft	• Nil	• Solitaire on Cecil (PIL Building redevelopment): 196,500 sq ft
CBD Fringe	• Odeon 333 39,800 sq ft	• Keppel South Central: 613,500 sq ft • Shaw Tower Redevelopment 435,000 sq ft	• Nil
Decentralised Area	• Labrador Tower: 696,800 sq ft • Paya Lebar Green (Certis Paya Lebar Redevelopment): 320,900 sq ft	• Nil	• Nil

Source: CBRE Singapore, 4Q 2023

The office supply in the CBD will be limited beyond 2026. While the emergence of hybrid work is transforming the needs for office spaces, compelling developers and occupiers to leverage on the CBD Incentive ("CBDI") and Strategic Development Incentive ("SDI") Schemes that aimed at redeveloping and rejuvenating older assets into new mixed-use development with potentially fewer office spaces. There are no new Government Land Sales ("GLS") sites with a significant office component[5] in the CBD under the 1H/2H 2023 and 1H 2024 GLS Programme. New office supply is likely to shift to the Decentralised area, including Jurong Lake District, which was launched in the 1H 2023 GLS Tender and can potentially yield 146,000 square meters ("sq m") of office space.

2.3 Demand and Vacancy

Despite the macroeconomic headwinds experienced in 2023, office demand remained resilient, albeit with a slower growth momentum compared to the robust rebound seen in 2021 and 2022.

Vacancy rates in the CBD Core submarket declined by 0.1 ppt from 5.3% in 4Q 2022 to 5.2% in 4Q 2023, underscoring the continued relevance of physical office spaces in the workplace ecosystem. Key demand drivers for 2023 were mostly private wealth and asset management companies, law firms, professional services, and government agencies. The office market demand was also driven by the increasing back-to-office momentum, with many companies mandating their employees to return to the office for more days in the work week in 2023.

The trends of flight-to-quality and flight-to-green remained steady as workplace-driven changes encouraged more relocations and adjustments to more efficient footprints. In the co-working space, despite concerns following WeWork's recent challenges, other flex office operators in Singapore appear undeterred and have continued to expand their presence within the CBD.

The CBD Core registered a net absorption of negative 0.3 million sq ft for the entirety of 2023, a significant decline from the 0.4 million sq ft take-up in 2022. The drop was mainly attributed to the lack of new supply and removal of older assets for redevelopment in 2023. Taking net removal of stock into account, the CBD Core office demand remained resilient with a positive net absorption of 73,900 sq ft. In addition, a significant project – Guoco Midtown, achieved healthy commitment rate upon its completion in 2022. There has also been an increased take up of shadow spaces. Over the course of 2023, the amount of shadow space continued to decline from a historic peak of 0.7 million sq ft in 1Q 2023 to 0.2 million sq ft in 4Q 2023.

In the near term, occupiers could grow more cautious in their expansion plans in anticipation of global economic uncertainties, fewer visible demand drivers and an above historical average completion pipeline in 2024.

In addition, with the growing emphasis towards sustainability, green leases are increasingly being adopted. While newer developments are taking a proactive stance in increasing their proportion of green leases, older buildings are progressively striving to incorporate such leases on a longer-term basis. Employees are also showing a stronger preference to join or stay with companies that commit to high environmental, social and governance standards and demonstrate these values in the workplace, such as providing healthy office environments and good work-life balance. Among matured markets globally, CBRE observes a potential 5.0% to 7.0% premium for green commercial buildings. 03

Note:

[5] To note that the 1H 2023 "Marina Gardens Crescent" site, has a maximum allowable office provision of 5,000 sq m GFA, URA has classified the site to be under Rest of Central Region ("RCR"), hence it is not part of the CBD submarket.

2.4 Rental Values

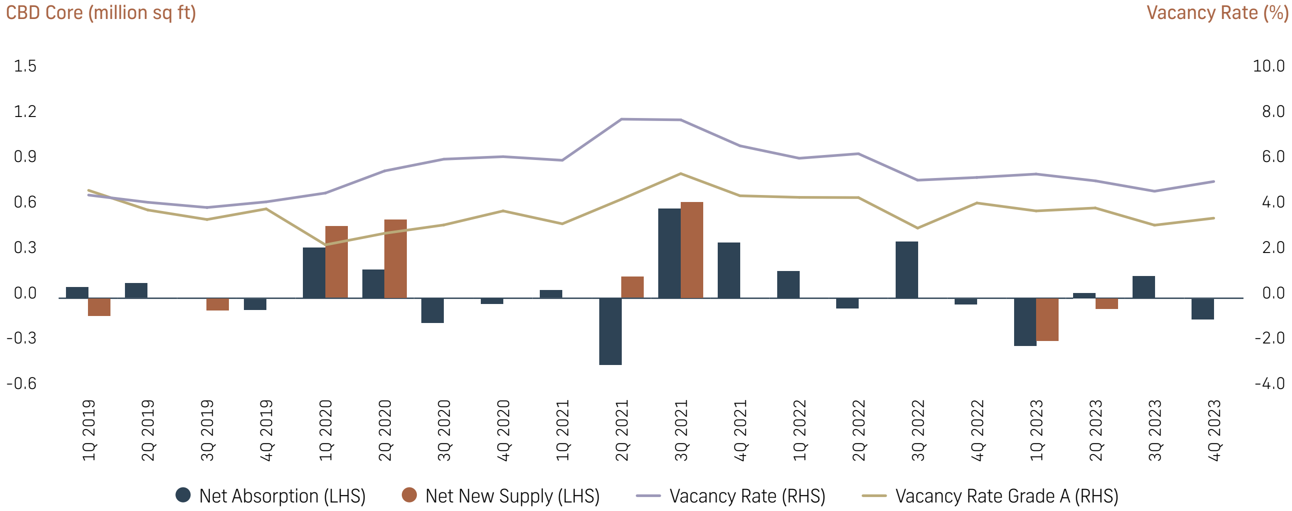
Overall, office rents grew steadily on the back of return-to-office demand and healthy building occupancies. Grade A CBD Core rents grew for the eleventh consecutive quarter to S$11.90 per sq ft ("psf") per month in 4Q 2023, rising 0.4% quarter-on-quarter ("QoQ") and 1.7% YoY. It has surpassed the pre-pandemic peak of S$11.55 psf per month in 4Q 2019. CBRE Research maintains a cautious optimism for 2024's outlook as the on-going near-term risks tend to drive renewals rather than relocations or market expansions. Nonetheless, Grade A CBD Core rents are expected to continue their positive growth trajectory in 2024 supported by an improvement in Singapore's economy. 04

2.5 Capital Values

Office investments totalled S$2.0 billion in 2023, representing a 72.4% YoY decline, primarily due to the high interest rates and weak macroeconomic environment.

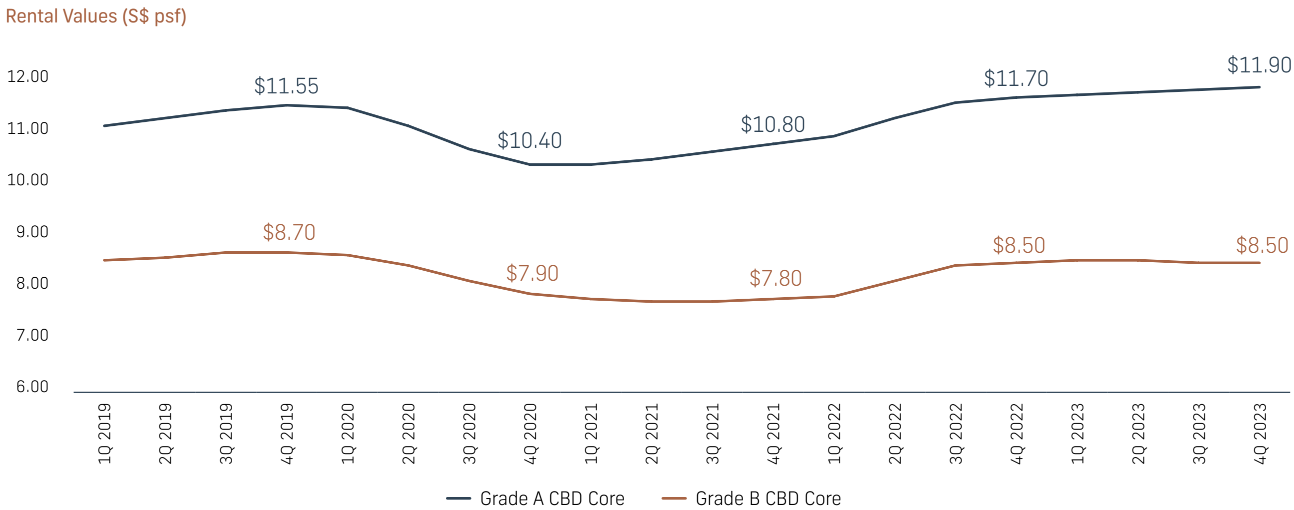
Grade A CBD Core capital values declined by 3.3% YoY to S$2,950 psf in 4Q 2023. In particular, capital values decreased from S$3,050 psf in 1Q 2023 to S$2,950 psf in 2Q 2023 and remained constant throughout the rest of 2023. In the same period, Grade A CBD Core net spot yields rose 20 basis points ("bps") YoY to 3.8%. Going forward, capital values are anticipated to remain resilient even as investors adopt a wait-and-see approach amidst the global economic

03 CBD CORE OFFICE SUPPLY AND DEMAND



Source: CBRE Singapore, 4Q 2023

04 GRADE A CBD CORE AND GRADE B CBD CORE MONTHLY RENTAL VALUES



Source: CBRE Singapore, 4Q 2023

INDEPENDENT MARKET REVIEW

SINGAPORE

uncertainties. With sound market fundamentals and expected continuation of rental growth, CBRE expects investors' interest in office assets to return stronger in the short- to mid-term. 05

2.6 Office Market Outlook

Despite Singapore's modest GDP growth in 2023, demand in the office sector remained sustained on the back of tight supply, an increasing back-to-office momentum and steady absorption of shadow space. For the full year 2023, vacancy rates remained relatively low, particularly in prime CBD areas. While the Singapore office market is expected to face challenges in the near term, with factors such as an uncertain economy and fewer visible demand drivers, cyclical demand could improve alongside an expected recovery in the Singapore economy in 2H 2024.

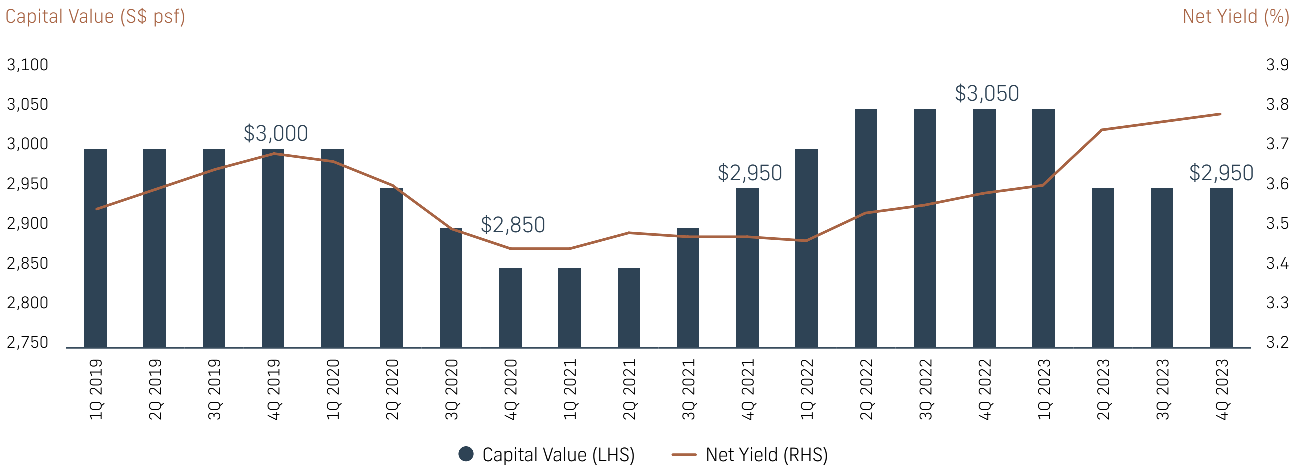
Leasing demand in 2024 is likely to be more diversified across various sectors. As a key financial and wealth management hub, Singapore is attracting a growing number of foreign non-bank financial institutions to locate their headquarters here. Sectors such as private wealth and asset management firms are also expanding their operations here. This trend drives higher demand for supporting industries such as legal & tax advisory, real estate and insurance sectors. Additionally, with improved consumption levels driven by the tourism sector recovery, the Fast-Moving Consumer Goods sector is poised for continued expansion. Small to medium-sized transactions are expected to account for the bulk of leasing activity in 2024.

Looking ahead, the softer market conditions anticipated in 2024 may present a favourable opportunity for occupiers to reset and reassess their office requirements, in light of inflationary pressures and higher business costs. In particular, flight-to-quality and flight-to-green trends will persist as workplace-driven changes drive more relocations and adjustments towards better-quality offices and more efficient footprints. As the distinction between the two-tier market becomes more apparent, it could incentivise landlords to undertake Asset Enhancement Initiatives ("AEIs") to increase the value of their assets in the longer term. This will result in an overall improvement in the quality of office buildings located in the CBD.

Moving forward, CBRE expects Grade A CBD Core rents in 2024 to moderately outperform 2023's 1.7% growth alongside an improvement in Singapore's economy. The first half of 2024 is anticipated to witness a cautious sentiment, which can be attributed to a larger incoming supply, including the completion of IOI Central Boulevard Towers in the CBD Core and Labrador Tower in the Decentralised locations. As the global economic recovery gains more traction, rents are likely to pick up more meaningfully in the second half of 2024.

In addition to rental considerations, high material and labour costs are expected to persist in 2024. As a result, corporations constrained by higher capital expenditure will face difficulty relocating or implementing new workplace strategies to support the post-pandemic environment. As the office market recalibrates with the shifts in demand and changing trends, Singapore will remain as one of Asia Pacific's ("APAC") key business hubs of choice.

05 **GRADE A CBD CORE OFFICE CAPITAL VALUE AND NET YIELD**



Source: CBRE Singapore, 4Q 2023

3. RETAIL MARKET OVERVIEW

3.1 Overview

Retail Sales Index

Compared to the substantial growth recorded in 2022 due to a low base in 2021, 2023 experienced some contractions. The total Retail Sales Index[6] (excluding motor vehicles) in December 2023 fell 2.7% YoY, with certain retail subsectors registering growth while the majority saw contractions.

Retail subsectors that experienced YoY growth in December 2023 include Watches & Jewellery (6.0%), Food & Alcohol (4.4%), and Computer & Telecommunications Equipment (1.9%). Conversely, Recreational Goods (-12.3%), Optical Goods & Books (-11.8%), and Furniture & Household Equipment (-8.5%) recorded a YoY decline in sales during the same period.

The Food & Beverage ("F&B") Index[7] expanded marginally by 0.3% YoY in December 2023. Some sectors within the F&B industry experienced negative YoY growth, with restaurants recording the largest contraction at -4.8%. However, Food Caterers grew by 14.5% during the same period. The growth in sales for food caterers is likely due to the increased number of Meetings, Incentives, Conventions, and Exhibitions ("MICE") and larger-scale events, while changing consumer preferences and increased cost of living due to GST hikes could have contributed to the decline in restaurant expenditure as spending patterns change.

While the average proportion of online retail sales[8] (excluding motor vehicles) and F&B sales[9] remained above the pre-COVID level in 2019 at 14.4% and 23.3% in 2023, respectively, the numbers have moderated compared to the figures recorded during COVID (2020-2021), which were at 15.1% and 28.7% respectively. Moving forward, CBRE anticipates that the increased adoption of digital wallets and the higher usage of credit and debit cards will continue to support the consumption of retail via online sales.

Tourist Spending

Singapore Tourism Board ("STB") reported 13.6 million international arrivals in 2023, more than double the total arrivals in 2022 (6.2 million). This brought approximately S$24.5 billion to S$26.0 billion of tourism receipts, almost hitting the pre-pandemic high of S$27.7 billion in 2019. The MICE sector continued to thrive in 2023, with events such as the Formula One Singapore Grand Prix, the World's 50 Best Bars announcement ceremony, and Olympic Esports Week further boosting retail expenditure.

Retail Trends

Omnichannel and Click-and-Collect Services

The retail landscape in Singapore, bolstered by the growth of e-commerce, is experiencing a transformative shift towards omnichannel retailing. The normalisation of online sales, coupled with the widespread use of mobile phones, has led to the emergence of 'palm retail'. Retailers are harnessing mobile applications to offer discounts and loyalty programmes, thereby enhancing customer engagement. Moreover, click-and-collect services have surfaced as a strategic tool to drive traffic to brick-and-mortar stores. This trend underscores the mounting pressure on retailers to innovate. Those capable of seamlessly integrating the digital and physical realms are likely to thrive in a fiercely competitive retail landscape. For example, Uniqlo provides a seamless integration of their physical store to their e-commerce platform by allowing customers to search for clothing sizes and catalogues which may not be offered in the particular store the customer plans to visit. Furthermore, on the online store, users are able to search for the current inventories by locations for click-and-collect or to encourage customers to visit their physical stores to try on the clothing, thereby bridging the gap between online and offline shopping.

Less Frequent but Longer Visits

While footfall in most malls has not returned to pre-pandemic levels, the outlook remains optimistic as tenant sales are reaching or surpassing pre-pandemic levels. Data from 2022 and 2023 across all submarkets showed that consumers' spending per visit has increased compared to pre-COVID levels, reflecting a shift in shopping habits. This trend suggests a potential upside for retailers, as the increased dwell time could translate into higher per-visit sales, provided the in-store experience is engaging and well-curated.

Experiential Retail

Experiential retail continues to gain popularity in Singapore. To attract more footfall, retailers are hosting activities or workshops to allow consumers to try products in-store. These events are often aesthetically staged to be 'Instagram-worthy,' thus driving traffic to physical stores and simultaneously amplifying brand awareness on social media. This symbiotic relationship between physical retail and social media is set to redefine the retail experience in Singapore.

Notes:

6 Retail Sales Index (2017=100), at Current Prices, Monthly (SSIC 2015 Version 2018), https://tablebuilder.singstat.gov.sg/table/TS/M601641

7 Food & Beverage Service Index (2017=100), at Current Prices, Monthly, https://tablebuilder.singstat.gov.sg/table/TS/M601661

8 Online Retail Sales Proportion (Out Of The Respective Industry's Total Sales), https://tablebuilder.singstat.gov.sg/table/TS/M601861#!

9 Online Food & Beverage Sales Proportion, https://tablebuilder.singstat.gov.sg/table/TS/M602001

INDEPENDENT MARKET REVIEW

SINGAPORE

Technology and Artificial Intelligence ("AI")

Since the onset of the pandemic, landlords and retailers have collaborated more closely to harness the benefits of AI and technology to enhance operations and meet some manpower needs. The use of AI has helped to refine chatbot responses, providing a better experience for consumers. Another implementation is through the gathering of shopper data to understand consumer preferences and behaviour to better optimise tenant mix and store layout. Self-checkout and virtual menus aid manpower needs while more innovative retailers, such as Ella, implement robot baristas that brew coffee and other drinks, providing full service without human supervision.

Sustainability and Wellness

Additionally, there is a growing trend of collaboration between tenants and landlords in reducing energy, water, and waste through the implementation of green leases. Buildings with green or sustainability credentials are typically more appealing to tenants and may potentially command a higher price compared to those without them. Furthermore, more restaurants are incorporating local produce into their cuisines to reduce their carbon footprint and support local farmers. Going forward, changes in lifestyle habits, alongside the escalating awareness and significance of sustainability, are expected to continue shaping consumers' consumption behaviours and trends.

Tenant Mix

Leasing activity remained robust throughout 2023, with the F&B sector being the most notable performer among all sectors. 2023 saw the entry of new global brands such as Mister Donut and Tim Hortons, while other businesses like Luckin Coffee and BHC Chicken continued to expand. The Fashion sector also performed well, with new entrants such as ba&sh and Avenue on 3. In line with the increasing awareness of wellness, athleisure brands like Adidas and Nike continued to excel. Nike partnered with Middle East-based retailer GMG to launch a new sports hub on Orchard Road opposite Mandarin Gallery. Spanning 28,000 sq ft across three storeys, it is the largest mono-brand Nike store in Asia, outside of China.

3.2 Existing Supply

As of 4Q 2023, total island-wide retail stock increased 0.7% YoY to 67.6 million sq ft. Private retail stock represented 74.3% or 50.2 million sq ft of total retail stock. In 2023, construction of new projects faced delays due to supply chain disruptions and manpower shortages. As a result, projects that were initially scheduled to complete in 2023, including Marine Parade Underground Mall and Guoco Midtown phase II, were delayed to 2024. The total new completions for 2023 were estimated at 0.8 million sq ft. Notable completions included The Woodleigh Mall, One Holland Village and Sengkang Grand Mall.

Orchard Road[10] continues to be Singapore's pre-eminent shopping belt, flanked by many high-end shopping centres housing flagship stores from international brands. In 4Q 2023, private retail stock in Orchard Road contracted marginally by 1.3% YoY to 7.2 million sq ft and accounted for 10.7% of the total island-wide retail stock. Similarly, the Downtown Core[11] region saw a decline in private retail stock by 1.3% YoY to 7.3 million sq ft and accounted for approximately 10.9% of island-wide retail stock.

3.3 Future Supply

The total retail supply anticipated to enter the market between 2024 and 2026 is around 1.1 million sq ft of net lettable area, averaging 0.4 million sq ft per annum. This remains slightly lower than the historical five-year annual average completion (2019-2023) of 0.5 million sq ft. Due to challenges faced by the construction sector, such as labour shortages and escalating construction costs, several projects were postponed from 2023 to 2024.

In 2024, approximately 0.7 million sq ft of retail space is expected to be introduced into the market, with the majority of the supply located in the Outside Central Region ("OCR") area with the completion of Pasir Ris Mall. Other significant projects anticipated for completion include 46 & 48 Kim Yam Road in the Rest of Central submarket and IOI Central Boulevard Towers in the Downtown Core area. Although there are several developments scheduled for completion in the Downtown Core, OUE REIT's One Raffles Place Shopping Mall will remain one of the largest retail developments within Raffles Place.

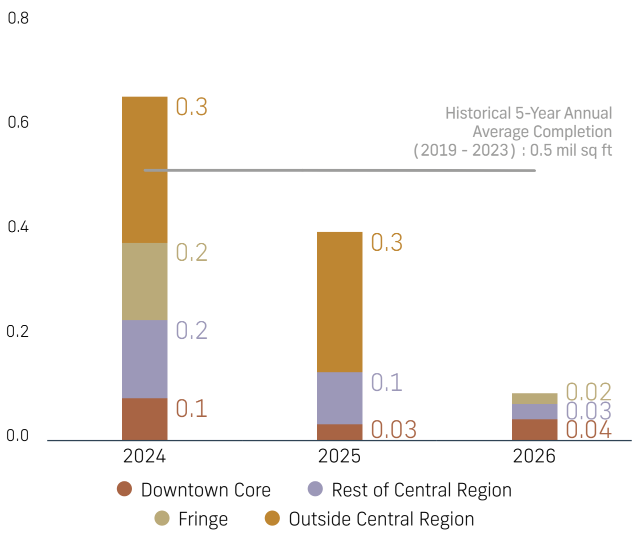
By submarket, the largest contributors to future supply from 2024 to 2026 is the OCR, accounting for approximately 48.2% of the total future supply. This is followed by the Rest of Central, Fringe and Downtown Core which will account for 24.5%, 15.3% and 12.0% respectively. There are currently no known developments slated for completion during this period in the Orchard Road submarket. 06

Notes:

[10] The Orchard Road submarket is located within the Central Area. It is bounded by Claymore Road and Scotts Road to the north, the Central Expressway and Oxley Road to the east, Eber Road and Orchard Boulevard Road to the south, and Grange Road and Tanglin Road to the west

[11] The Downtown Core comprises the following subzones: Anson, Tanjong Pagar, Phillip, Raffles Place, Maxwell, Cecil, Central Subzone, Clifford Pier, Bayfront Subzone, City Hall, Bugis, Marina Centre and Nicoll

06 **ISLAND-WIDE FUTURE RETAIL SUPPLY (2024 – 2026)**



Source: CBRE Singapore, 4Q 2023
Note: As of 31 January 2024

3.4 Demand and Vacancy

In 2023, tourists arrivals stood at about 71.2% of pre-pandemic levels in 2019, and being forecasted to fully recover by 2024, submarkets such as Orchard Road and Downtown Core that are heavily dependent on tourism, have shown a more robust recovery compared to other submarkets. These areas are predicted to experience a quicker recovery in terms of both rental rates and vacancies. However, against the backdrop of the shift in consumer preferences and shopping habits, retailers must evolve to remain pertinent to attract in-store customers.

New openings and expansions in 2023 were primarily led by F&B, athleisure and fashion sectors. This resulted in a positive net absorption of 0.8 million sq ft for island-wide retail spaces. The positive net absorption was supported by F&B sector, the fashion sector, as well as strong expansion of supermarkets. At the same time, there were some prominent closures in the service sector and entertainment sector. Due to changing preferences, intense competition and consolidation, 2023 also saw several closures of gyms in the Downtown Core, with preference shifted towards boutique gyms which provide a more personalised experience and are closer to residential areas.

TABLE 2: MAJOR RETAIL OFFICE SUPPLY (2024 – 2026)

	2024: (0.7 million sq ft)	**2025:** (0.4 million sq ft)	**2026:** (0.1 million sq ft)
Orchard Road	• N.A.	• N.A.	• N.A.
Downtown Core	• Guoco Midtown phase II: 20,000 sq ft • IOI Central Boulevard Towers: 30,000 sq ft • Odeon Towers (A/A): 25,000 sq ft	• Keppel South Central: 27,300 sq ft	• TMW Maxwell: 35,200 sq ft
Rest of Central Region	• 46 & 58 Kim Yam Road: 150,000 sq ft	• Canning Hill Square: 96,900 sq ft	• Central Mall/Central Square: 33,900 sq ft
Fringe	• Marine Parade Underground Mall: 99,800 sq ft • Labrador Tower: 28,300 sq ft • The Linq: 25,100 sq ft	• N.A.	• Piccadilly Grand/Galleria: 21,600 sq ft
Outside Central Region	• Paris Ris Mall: 282,800 sq ft	• Punggol Digital District: 185,000 sq ft • Lentor Modern: 64,600 sq ft • West Mall: 20,000 sq ft	• N.A.

Source: CBRE Singapore, 4Q 2023
Note: As of 31 January 2024

INDEPENDENT MARKET REVIEW

SINGAPORE

Despite a negative net absorption in the Orchard Road submarket of 43,000 sq ft for the full year 2023, the vacancy rates in Orchard Road declined 0.6 ppt YoY to 8.7% in 4Q 2023 on the back of negative net supply totalling 96,875 sq ft. In contrast, the Downtown Core submarket recorded a positive net absorption of 172,000 sq ft and vacancy rates declined by 3.5 ppt to 6.6% in 4Q 2023. 07 08

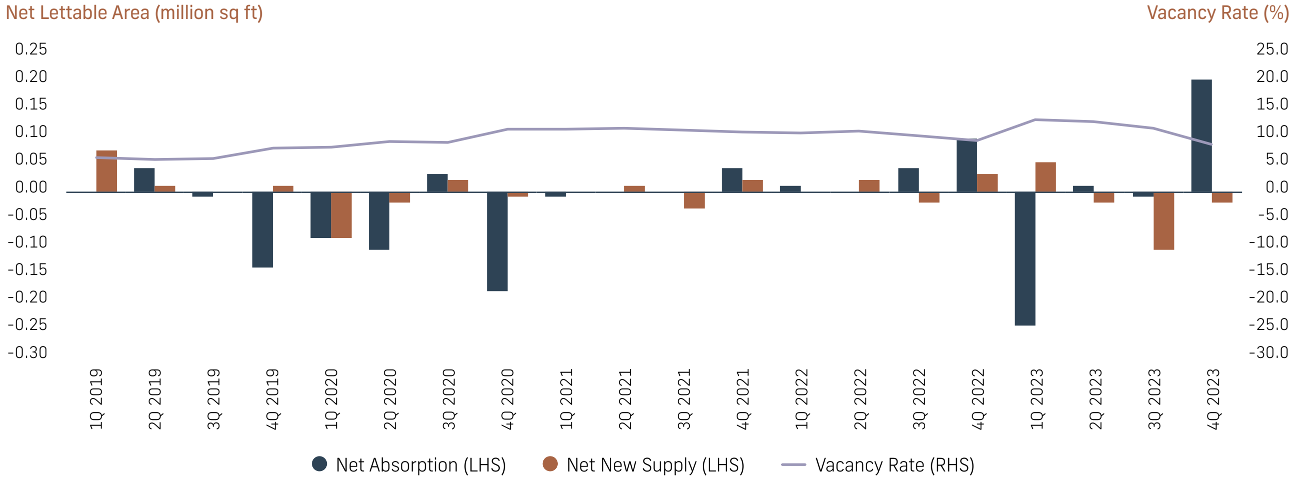
3.5 Rental Values

Following a modest year of growth in 2022, rental growth rates began to pick up again in 2023. Riding on the recovery of visitor arrivals, rents on Orchard Road grew 1.5% QoQ and 5.1% YoY to S$36.30 psf per month in 4Q 2023. Despite ongoing global economic and geopolitical uncertainties, retailers remain cautiously optimistic amidst the continued uptick of tourism spending.

Meanwhile, Fringe areas remained resilient in the post-pandemic environment as footfall improved due to the return-to-office trend. Rents in Other City/City Fringe areas expanded for their sixth consecutive quarter, recording a 0.9% QoQ and 3.0% YoY growth to S$17.25 psf per month in 4Q 2023.

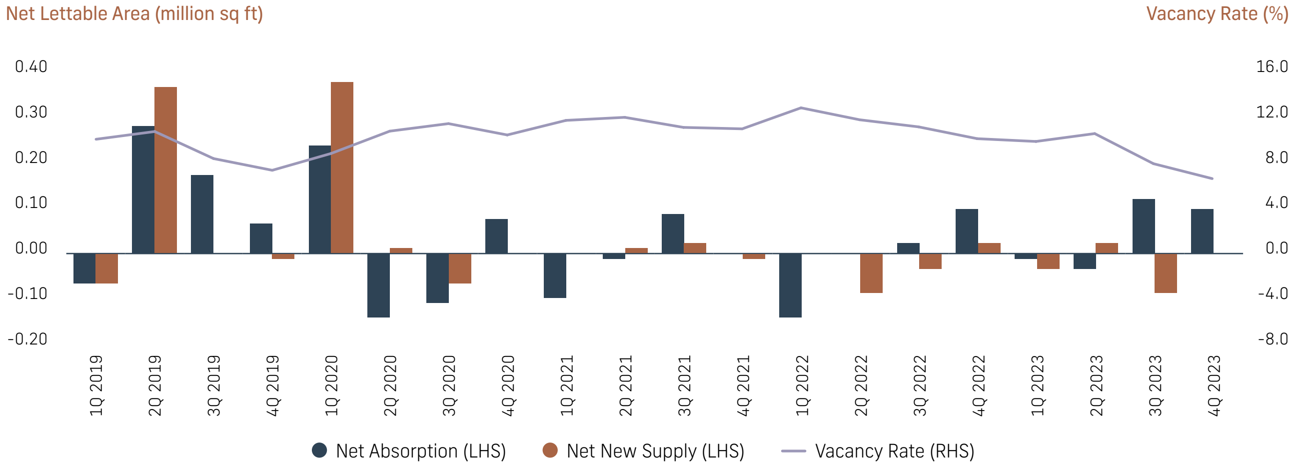
Despite the weaker global economic outlook projected for 2024, improved local and global mobility, coupled with a below-average supply of new retail spaces, retail rents in 2024 are set to continue their road to recovery. 09

07 ORCHARD ROAD SUPPLY AND DEMAND



Source: CBRE Singapore, 4Q 2023

08 DOWNTOWN CORE SUPPLY AND DEMAND



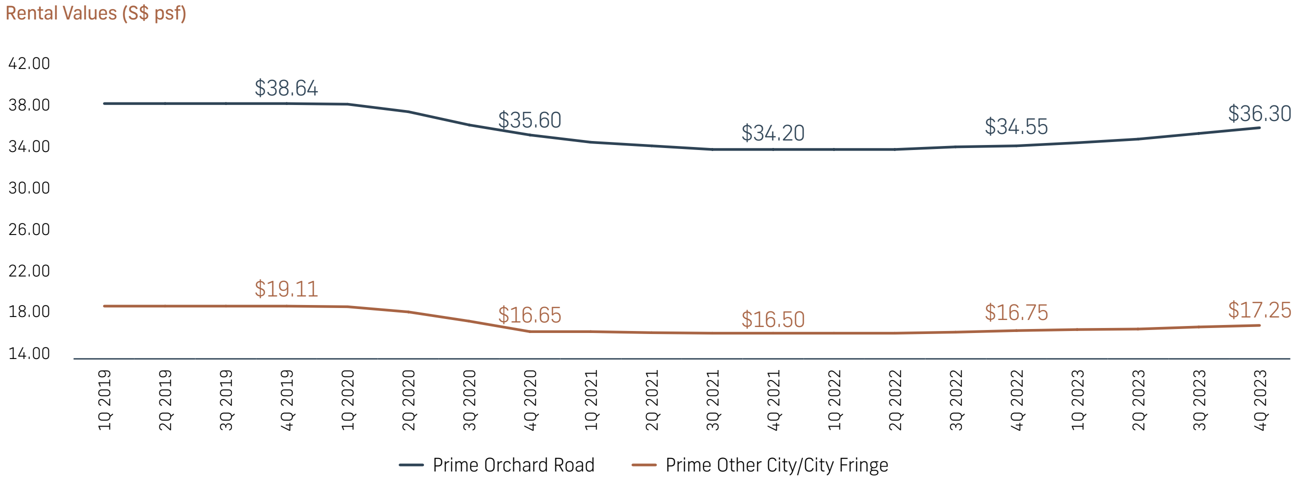
Source: CBRE Singapore, 4Q 2023

3.6 Capital Values

Total investment transactions moderated in 2023, with total investments standing at approximately S$3.9 billion, representing 77.0% of 2022 total investment transactions. The slowdown can be attributed to high interest rates and an uncertain global economic environment. Orchard Road capital values decreased marginally by 0.7% YoY to S$7,300 psf in 4Q 2023, while net yields rose by 26 bps to 5.04% in the same period.

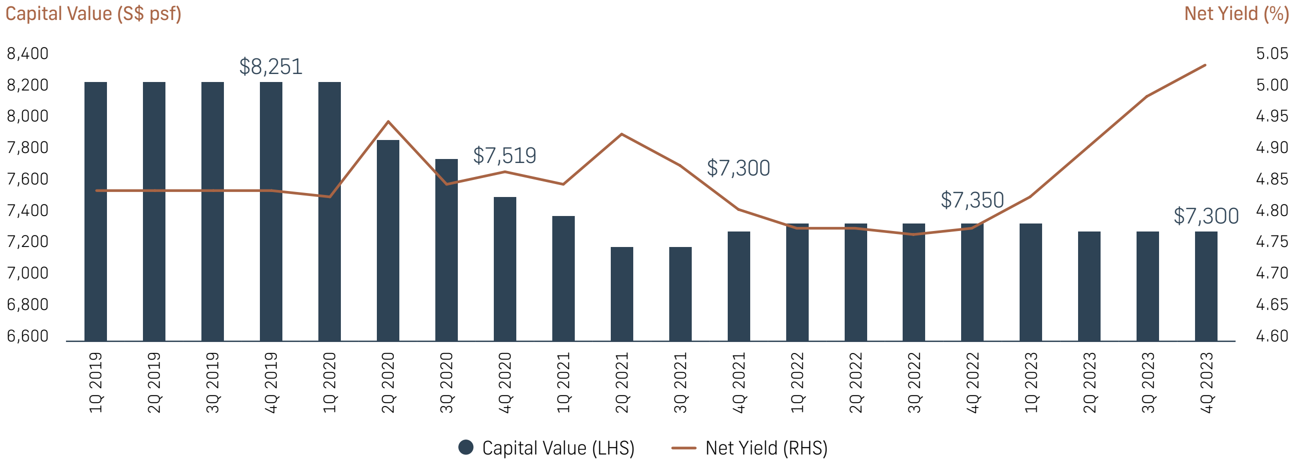
Looking ahead, as the median target interest rate is expected to remain high, the volume of investment transactions is expected to remain subdued in the short term. However, the mid to long-term investment outlook remains promising as Singapore is perceived as a safe haven amidst geopolitical uncertainties, bolstered by a stable and strong currency. CBRE anticipates that capital values will demonstrate resilience, while yields are projected to continue growing as rents escalate at a pace faster than capital values. 10

09 PRIME ORCHARD ROAD AND PRIME OTHER CITY/CITY FRINGE MONTHLY RENTAL VALUES



Source: CBRE Singapore, 4Q 2023

10 ORCHARD ROAD CAPITAL VALUE AND NET YIELD



Source: CBRE Singapore, 4Q 2023

INDEPENDENT MARKET REVIEW
SINGAPORE

3.7 Retail Market Outlook

Looking ahead, submarkets that rely heavily on tourism, such as Orchard Road, are projected to experience a higher increase in rentals by the end of 2024 due to the expected full recovery of tourism. This increase will be supported by improved flight connectivity and capacity, as well as a robust line-up of MICE events and fully booked concerts. Additionally, the ongoing trend of returning to office is likely to boost foot traffic in malls located in the Downtown Core.

To address the manpower shortage, workforce Singapore has collaborated with other government agencies and the industry to create Job Transformation Maps (JTMs) for the food services and retail sectors. Meanwhile, in August 2023, legislation enforcing adherence to the Code of Conduct for Leasing of Retail Premises in Singapore was approved. This Code of Conduct provides guidelines for equitable lease negotiations between landlords and tenants of retail properties.

Overall, retailers may continue to grapple with obstacles including the rise of e-commerce, a lack of manpower, elevated operating expenses, a sluggish economic climate, and increased GST rates. However, enhanced mobility, a resurgence in tourism, and a below-historical annual average pipeline supply in the coming years are likely to boost retail rents and occupancy rates in 2024. Simultaneously, CBRE anticipates that capital values will remain stable, supported by strong holding power and robust underlying fundamentals. In the long term, strategic assets that exhibit strong performance and are backed by solid fundamentals and demand drivers are expected to retain their appeal to prospective investors.

4. HOTEL MARKET OVERVIEW

4.1 Tourism Market Overview

Visitor arrivals for 2023 reached approximately 13.6 million, in line with STB's target of 12 to 14 million visitors for 2023. The buoyant performance in visitor arrivals was a result of the continued efforts and collaborations between STB and MTI to grow the key market segments and maintain the attractiveness of Singapore as a top travel destination in the region.

To attract tourists, the STB and MTI collaboration focused on three key drivers, including (1) maintaining Singapore's position as a Global-Asia hub for business tourism, (2) injecting "fun" into Singapore's events and experiences and (3) introducing sustainability and urban wellness concepts. Action plans include the collaboration between public and private sectors to reposition Orchard Road as a leading and sustainable lifestyle precinct, the opening of key tourist attractions such as the Changi Airport Terminal 2 (fully reopened in November 2023) with a four-storey digital waterfall display, Bird Paradise (opened in May 2023), the rise of concert tourism and the continued development of large scaled projects including Sentosa Brani Master Plan 1, Mandai Eco Tourism Hub, expansion of Marina Bay Sands New Tower, expansion of Resorts World Sentosa, Greater Southern Waterfront and Changi Airport Terminal 5. [11]

4.2 Existing Supply

As of 2023, there are approximately 75,000 hotels and serviced apartment rooms in the market. New openings in 2023 include Artyzen Singapore, The Singapore EDITION, COMO Metropolitan Singapore, Mondrian Singapore, Pan Pacific Orchard, and Pullman Singapore Hill Street. Reopened projects include Aloft Singapore Novena, Conrad Singapore Orchard, ibis Budget Singapore Gold and Owen House by Hmlet, among others.

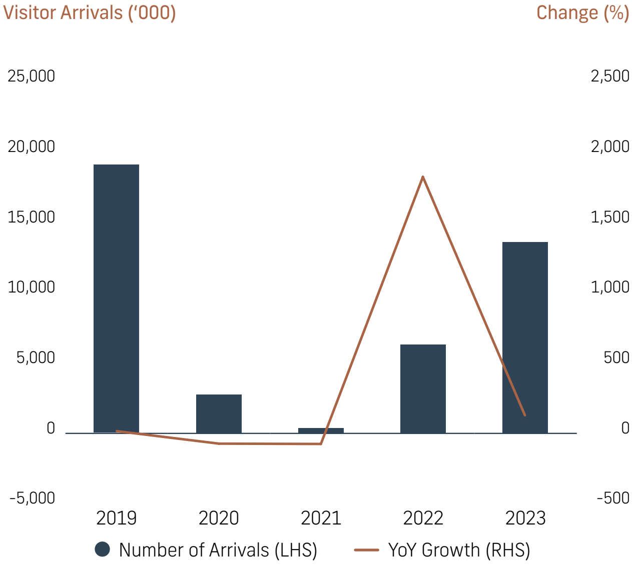
4.3 Future Supply

CBRE notes that approximately 6,550 hotel rooms and 1,230 serviced apartment units are scheduled or in the planning stage from 2024 to 2026.

Identified key openings until 2026 include the 62-key Raffles Sentosa Resort & Spa, the 143-key The Standard Singapore, the 989-key Mercure Icon Singapore City Centre, the 338-key Banyan Tree Mandai Park, the 460-key Moxy Hotel and the Marriott Hotel at Marina View, among others.

Approximately 34.3% of the new room openings are in the Orchard Area and 26.3% in the Central Area (excluding Orchard). About 37.8% are in the Fringe area and the remaining 1.7% are in the suburban areas.

[11] VISITOR ARRIVALS TO SINGAPORE



Source: Singapore Tourism Board, CBRE 4Q 2023

Approximately 30.7% of the supply will be contributed by the Upscale segment, followed by the Luxury segment at 25.9% and Midscale and Upper Midscale at 19.9%. The rest of the pipeline consists of those that have not engaged a hotel brand. This statistic is in line with what CBRE has observed in the APAC region where developers are looking to capitalise on the growing demand for upscale to high-end hospitality. 12

4.4 Hotel Market Performance

For 2023, the pent-up demand in international travel had resulted in the market achieving an occupancy rate of 80.1%, an increase of 4.9 ppts compared to 2022. Average daily room rate ("ADR") and revenue per available room ("RevPAR") reached S$282 and S$225 respectively, while average monthly length of stay for December 2023 is 3.52 days. On a rolling 12-month period ending December 2023, the average monthly length of stay is 3.74 days, 0.4 days more than the rolling 12-month period ending December 2019. This strong performance in the hotel market was a result of effective plans implemented by STB to drive up visitor arrivals and to position Singapore as a top tourism destination in the region.

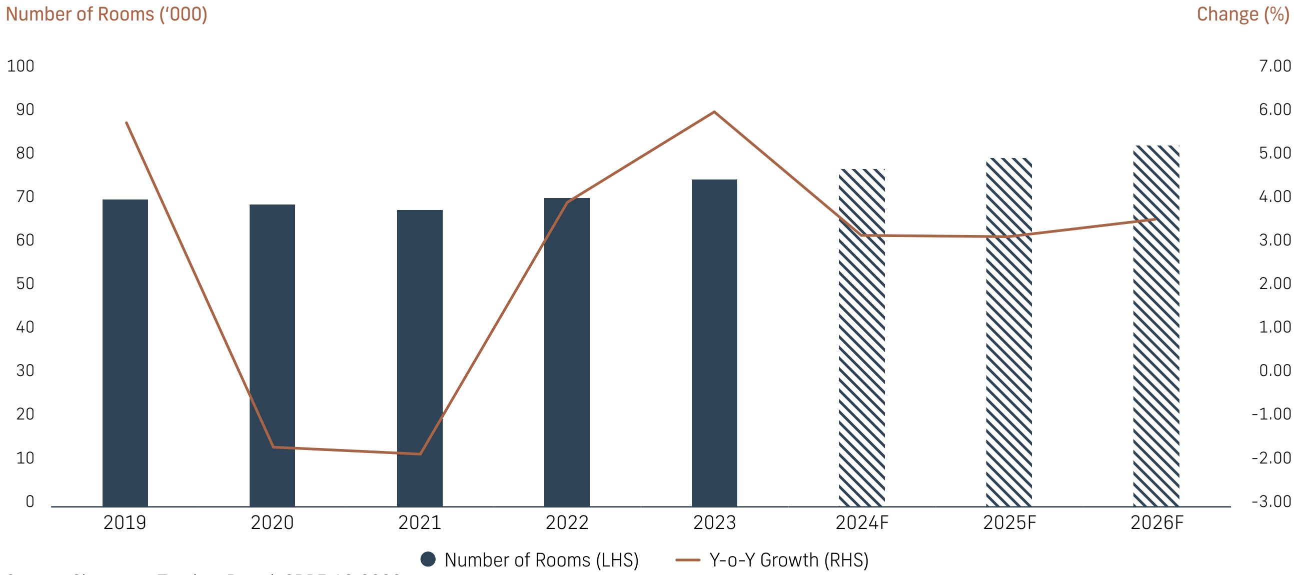
The healthy tourism landscape in Singapore had translated into a strong recovery for the hotel market which saw both ADR and RevPAR in 2023 rising to levels higher than pre-COVID year 2019. RevPAR in 2023 increased significantly by 20.5% YoY with all four hotel tiers showing significant YoY growth ranging from 24.7% to 35.4%. Economy hotels led the pack, registering a YoY growth of 35.4%, followed by the luxury tier at 33.5%. Mid-tier hotels registered the least YoY growth at 24.7% while upscale hotels registered a growth rate of 30.4% YoY. It is unsurprising to see Economy hotels with a high YoY growth rate which indicates the growing number of visitors that are getting more budget conscious due to the uncertain economic conditions. On the other hand, we also saw the shift in demand to high-end products, as luxury hotels achieved a similar strong YoY growth rate of 33.5%. ADR for luxury hotels reached S$604 in 2023, 32.5% higher than the level achieved in 2019, while occupancy for luxury hotels in 2023 was 82.5%, slightly lower than the 88.4% in 2019.

Historical data shows a close relationship between ADR, both in terms of levels and growth, and occupancy, where ADR rises in tandem with occupancy. With the efforts from the authorities in curating a pipeline of tourism offerings and infrastructure development to drive visitation all the way into 2030s and the long term, the ADR of the overall market as well as of the luxury market should continue its upward trend. 13

4.5 Hotel Investment Market

With the rebound of the Singapore tourism and hotel markets, investor confidence in hotel investments had gained traction. Three transactions were completed in 2023, including the largest transaction in recent years which was the acquisition of Parkroyal on Kitchener Road by Worldwide Hotels for S$525 million. Overall, 2023 saw a total transaction volume of approximately S$571 million. At the start of 2024, Hotel G was acquired by Ascott Limited for S$240 million, while Weave Living and BlackRock acquired the Citadines Mount Sophia from Capitaland Ascott Trust for S$111 million. As of

12 **NUMBER OF HOTEL ROOMS AND CHANGE**

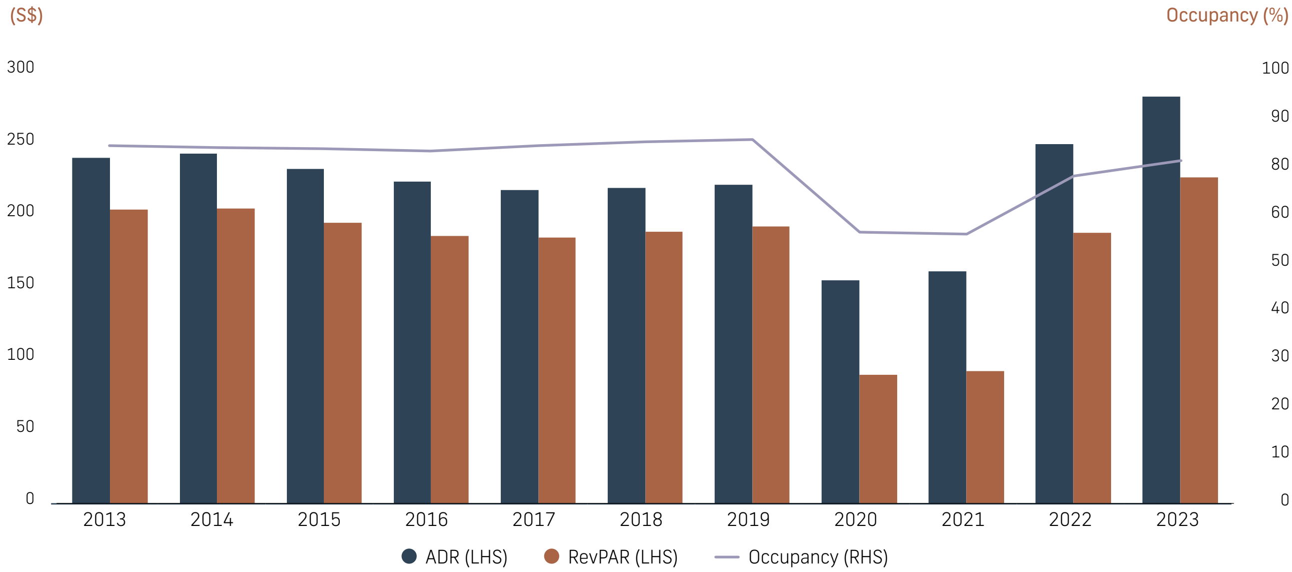


Source: Singapore Tourism Board, CBRE 4Q 2023

INDEPENDENT MARKET REVIEW

SINGAPORE

13 HOTEL MARKET PERFORMANCE



Source: Singapore Tourism Board, CBRE, 4Q 2023

February 2024, market observers noted that a number of potential investors and buyers are undertaking due diligence for hotel assets available in the market including Capri by Fraser, Changi City, Dorsett Singapore and Citadines Raffles Place. Investor optimism for Singapore's solid long-term fundamentals and political and economic stability is evident in these sales. Given its standing as a safe haven for investments, the long-term forecast for the Singapore market remains favourable.

4.6 Hotel Market Outlook

With a well-managed pipeline of hotel room supply and efforts from STB to work with its tourism partners and MICE partners, Singapore is well primed for the continued recovery of the leisure and essential business segments. Key strategies and marketing campaigns including Tourism 203X ("T203X"), SingapoReimagine, Orchard Road Rejuvenation plan, the execution of MoUs between STB and MICE players and the development of tourism and infrastructure projects and policies such as the China-Singapore 30-Day Mutual Visa Exemption are examples of drivers to the growth of hotel room night demand in the years ahead. Further, we had also seen a shift in tourism trends including the move of Singapore's travel and tourism image from being a mass market destination to a high-end, niche destination, and the growing awareness for sustainability and urban wellness concepts. These are essential to helping the hotel industry maintain its upward growth trends in ADR and occupancy levels in the medium to long term.

INDEPENDENT MARKET REVIEW
SHANGHAI

BY SAVILLS RESEARCH, CHINA

CHINA ECONOMIC REVIEW

GDP

China's recovery from the pandemic has been slower than expected, with the economy growing by 5.2% YoY to RMB126.1 trillion in 2023, compared to 3.0% in 2022. Economists expect growth to moderate in 2024 as consumer sentiment remains weak. The sluggish property market continues to weigh on the economy, and short-term business outlook remains uncertain. The International Monetary Fund forecasts the economy will grow at 4.6% in 2024. 14

Compared to many Western peers such as the European Union (64.8% in 2022), and the United States (77.6% in 2021), China's services sector remains relatively underdeveloped. While it is unlikely for China to reach the same levels of sector dominance given the country's lower urbanisation rate and its focus on supply chains and advanced manufacturing, there is still significant potential for further growth of the services sector. 15

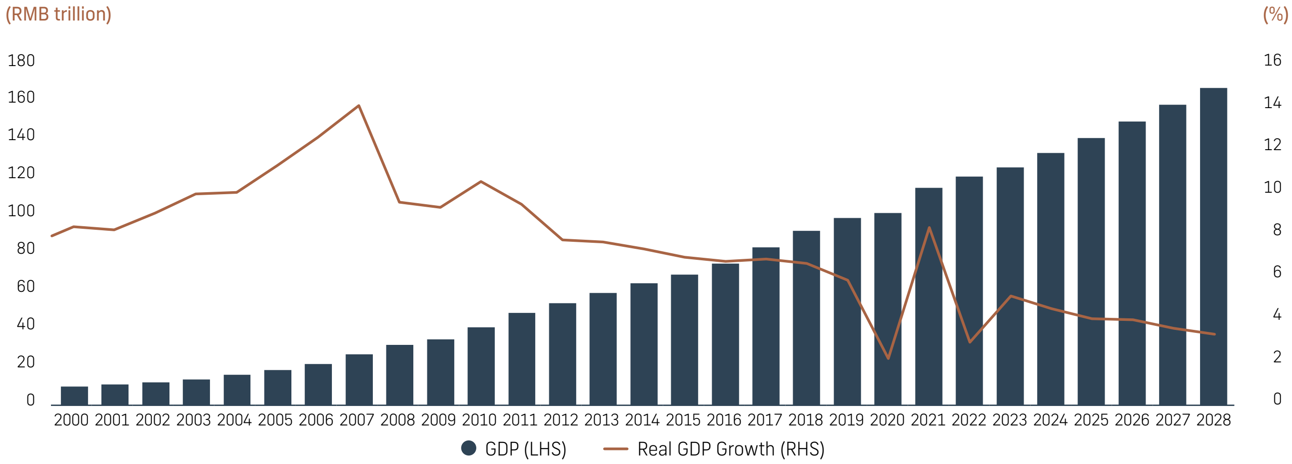
Economic Structure

China's economy has gradually shifted away from being dominated by the secondary sector (manufacturing & industry), to being driven by the tertiary sector (services). The tertiary sector contributed 40.5% to the economy in 2001, but by 2023, this figure had increased to 54.6%, marking the highest contribution on record.

China's Disposable Income and Consumption Expenditure

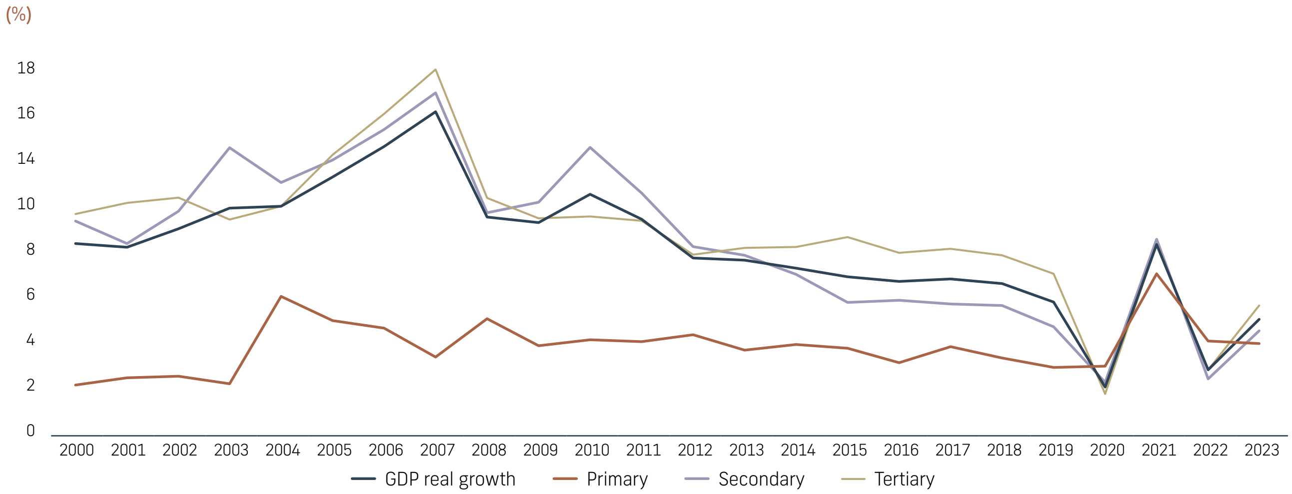
China's urban households have witnessed a steady rise in both incomes and expenditure over the last decade. The pace of growth, however, has slowed in recent years, primarily due to the disruption caused by the pandemic and the dampened business and consumer sentiment.

14 **CHINA GDP AND REAL GDP GROWTH**



Source: National Bureau of Statistics; International Monetary Fund

15 **GDP GROWTH BY INDUSTRY**



Source: National Bureau of Statistics

INDEPENDENT MARKET REVIEW

SHANGHAI

Disposable incomes per capita for urban households increased at a compound annual growth rate ("CAGR") of 5.7% between 2018 and 2023, reaching RMB51,821, while consumer expenditure per capita for urban households grew at a CAGR of 4.8% over the same period, to RMB32,994. The difference in income and expenditure equates to a savings rate of approximately 36.3%, representing an increase of approximately 3 ppts compared to pre-pandemic levels. 16

SHANGHAI ECONOMIC REVIEW

Shanghai's Economy

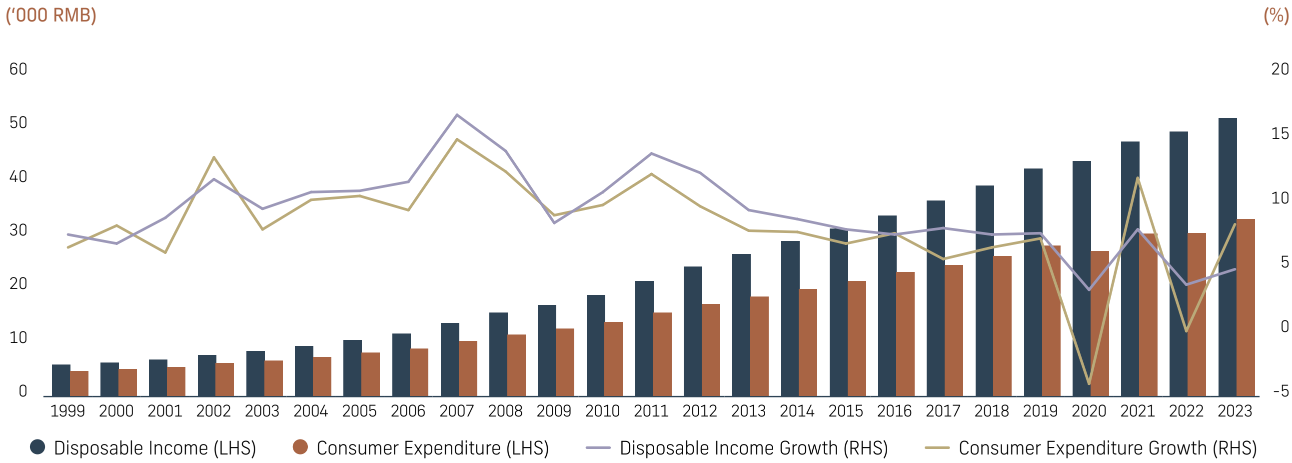
Shanghai's GDP increased by 5.0% year-on-year ("YoY") in 2023 to RMB4.72 trillion, slower than the overall national growth rate. As China's largest city by GDP, Shanghai stands as the country's leading commercial and financial centre and plays a significant role in contributing to national economic and social development and is at the forefront of the country's new policy initiatives.

Whilst the city's pace of growth has moderated in recent years, Shanghai's economy continues to thrive, supported not only by its burgeoning financial services sector, but also by a robust consumer market, high-end manufacturing market, research and development ("R&D") facilities as well as emerging sectors such as big data and AI. 17

Shanghai Economic Structure

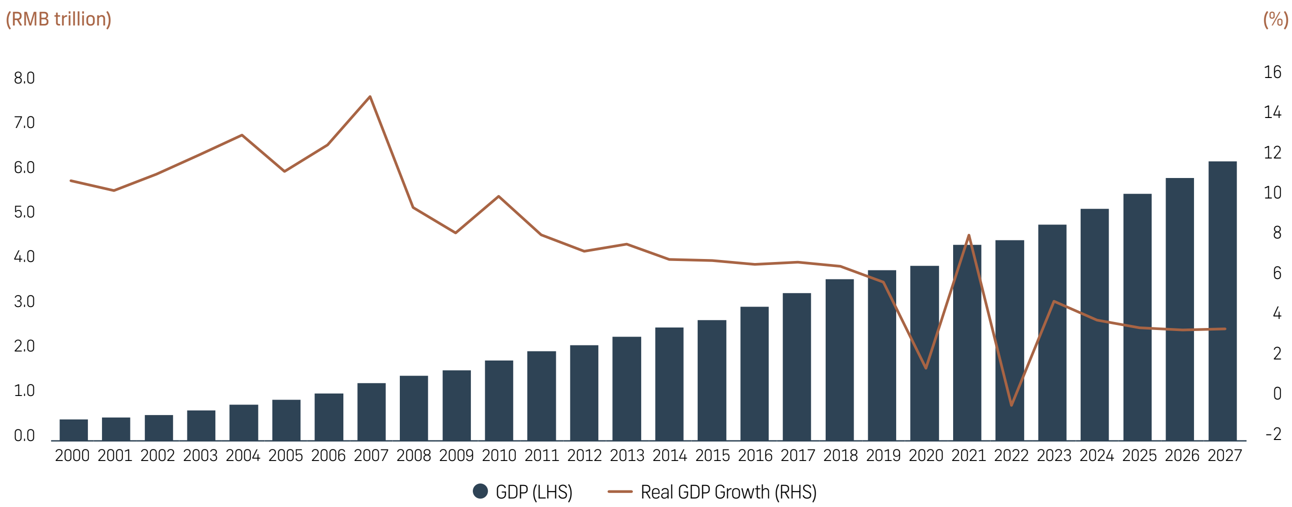
In 2023, the tertiary sector continued to dominate Shanghai's economic activities. The sector grew by 6.0% YoY to RMB3.55 trillion, accounting for 75.2% of the city's economy. Simultaneously, the secondary sector experienced a modest growth of 1.9% YoY, while the primary sector saw a decline of 1.5% YoY.

16 CHINA URBAN DISPOSABLE INCOME AND CONSUMPTION



Source: National Bureau of Statistics

17 SHANGHAI GDP AND REAL GDP GROWTH



Source: Shanghai Statistics Bureau; Oxford Economics

The financial services sector remains one of the most important economic sectors, contributing to 18.3% of Shanghai's economy. Transportation, Hotel & Catering witnessed a significant rebound, growing by 15.6% and 22.7% YoY, respectively, due to a low-base effect from 2022. Information Transmission, Software, and IT services also continued its upward trajectory, recording a growth of 11.3% YoY in 2023, which represented 10.0% of the city's economic activity.

TABLE 3: SHANGHAI KEY ECONOMIC DRIVERS, 2023

	Add value (RMB bn)	% of total
GDP	4,721.9	100.0%
Primary Industry	9.6	0.2%
Secondary Industry	1,161.3	24.6%
Tertiary Industry	3,551.0	75.2%

Source: Shanghai Statistics Bureau

Shanghai Urban Disposable Income

Shanghai maintains its position as having the highest disposable income per capita for urban households in China, which is 73.0% higher than the national average in 2023. For 2023, the average disposable income per capita for urban households grew by 6.5% YoY to RMB89,477. Similarly, consumer expenditure per capita for urban households rose by 14.2% YoY to RMB54,919, rebounding from a 6.2% decline in consumption in 2022. Despite a 4.1% YoY decrease in Shanghai's savings rate to 38.6% in 2023, it remains above the long-term average.

Shanghai residents command some of the highest salaries in the country, however, the higher cost of living including accommodation, healthcare, and education, alongside rising household debt levels, partially offset this income. As one of China's most popular destinations for both retail and business travellers, Shanghai significantly benefits from the resumption of travel. Consequently, commodity retail sales in Shanghai reached RMB1.85 trillion in 2023, up 12.6% YoY compared to a 9.1% YoY decline in 2022. [18]

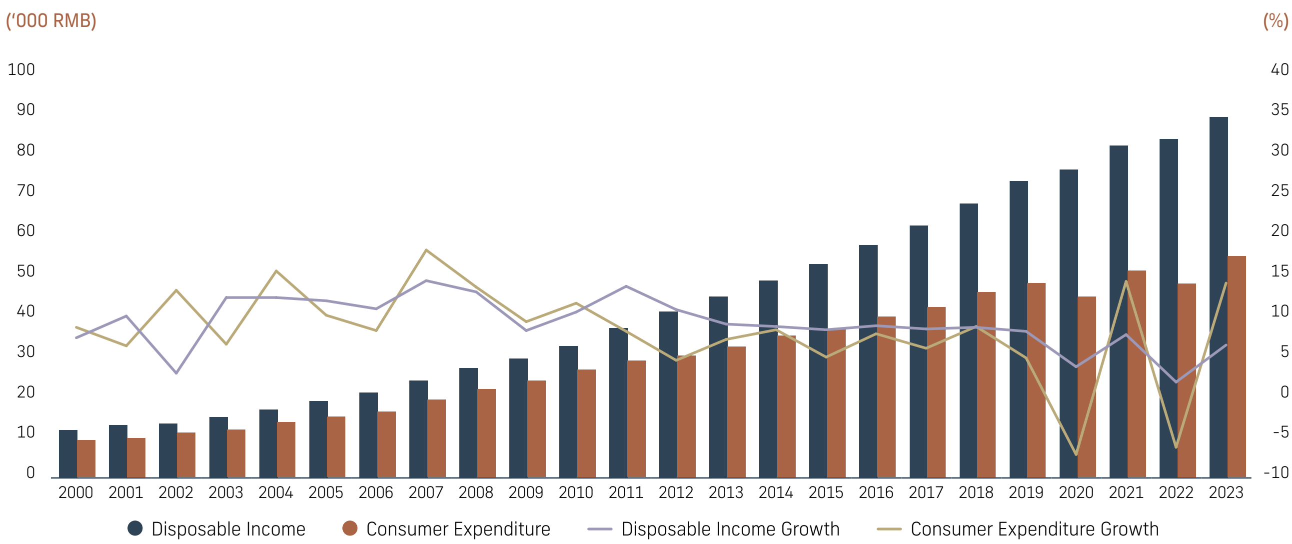
SHANGHAI GRADE A OFFICE MARKET

Major Business Districts in Shanghai

The office market in Shanghai has experienced phenomenal growth, driven by the formation of a number of business districts and submarkets over the past decade. During this period, many multinational companies as well as large domestic firms have established their regional headquarters in Shanghai, propelling it to have one of the most dynamic office markets in China. Savills classifies Shanghai's office submarkets into four distinct groupings – prime and non-prime submarkets which together constitute the Core market (roughly within the Inner Ring Road), the decentralised market and the business park market (encompassing properties that fall outside of the other groupings).

For this report, the analysis focuses on the Core market (both prime and non-prime) unless otherwise stated. There are thirteen major Core submarkets in Shanghai: nine in Puxi (west of the Huangpu River) and four in Pudong (east of the Huangpu River). Prime markets include Lujiazui, Nanjing West Road, and Huaihai Middle Road where Lippo Plaza is located. These areas are characterised by their geographically central location, excellent accessibility, mature business environment and premium office quality. As a result, they also tend to command the city's highest rents. [19]

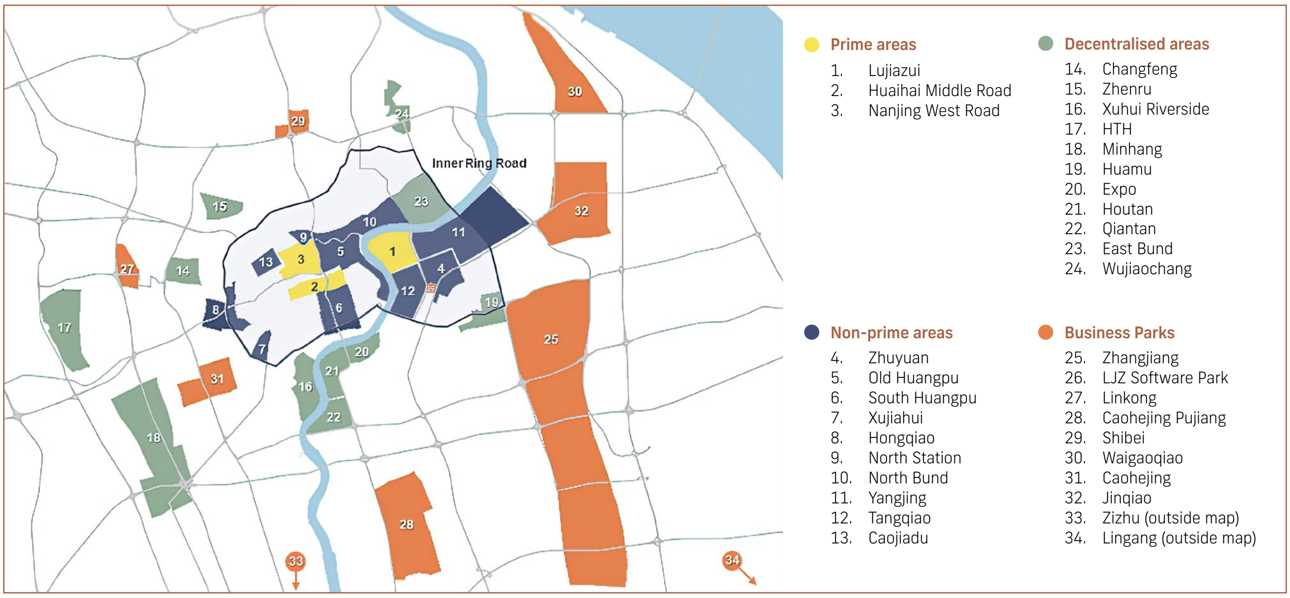
18 SHANGHAI URBAN DISPOSABLE INCOME AND CONSUMPTION



Source: Shanghai Statistics Bureau

INDEPENDENT MARKET REVIEW
SHANGHAI

19 SHANGHAI COMMERCIAL MAP

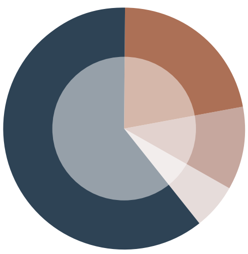


Source: Savills Research

Stock

Shanghai's Core Grade A office stock totalled 11.7 million square meters ("sq m") by the end of 2023, split approximately 40:60 between prime and non-prime locations. Over the last five years, a significant amount of supply (500,000 sq m p.a.) has been added in the non-prime submarkets, particularly in North Bund and North Station. 20

20 CORE GRADE A OFFICE STOCK BY SUBMARKET



	(%)
Prime	**39.0**
Lujiazui	22.0
Nanjing West Road	11.0
Huaihai Middle Road	6.0
Non-prime	**61.0**

Source: Savills Research

Supply, Net Absorption, and Vacancy

Eleven new projects were completed in the Core Grade A office market in 2023, adding 799,800 sq m of new office space. This increased the total stock to 11.7 million sq m by the end of 2023, up 7.3% YoY and representing a notable 24.4% increase from five years ago. New supply in prime areas remains limited, accounting for only 9.4% of the total Core supply in 2019-2023. The only two prime projects launched in 2023 were the 50,000 sq m Lee Gardens in Nanjing West Road area and the owner-occupied 30,000 sq m CPIC Life Centre in Huaihai Middle Road area.

Net absorption declined by 25.7% YoY to a total of 261,100 sq m in 2023, accounting for a third of new supply. Consequently, the Core vacancy rate increased by 3.2 ppts YoY in 2023 to 15.9%, reaching the highest level since 2008-2009 period. For the first time in over a decade, vacancy rates in prime areas exceeded 10.0%, ending 2023 at 10.7%. Among the three prime areas, Huaihai Middle Road where Lippo Plaza Shanghai is located, reported the lowest vacancy rate of 8.6% as of end December 2023.

With the new supply exceeding overall demand, new launched projects are taking longer to lease up than before. Pre-leasing rates, which can expect to be 60-70% in healthy markets after 12-18 months of marketing, fell to 10 – 20% by the end of 2023.

Given the ongoing economic uncertainty, the majority of tenants preferred renewing their existing leases in 2023 with more favourable terms than relocating to new premises which could entail significant capital expenditure.

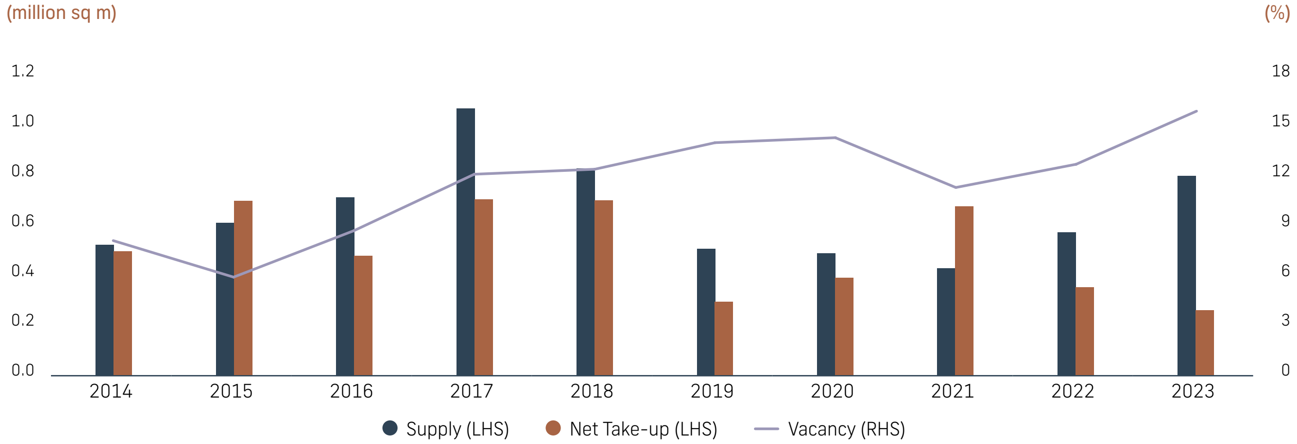
For many years, competitive and cost-efficient alternatives offered by Shanghai's decentralised areas have spurred competition within the city's office market. Among the Core submarkets, North Station and North Bund recorded the largest net take-up of 142,000 sq m and 77,000 sq m respectively in 2023. Xuhui Riverside has witnessed a number of relocations from Core locations, notably led by media & entertainment companies and IT firms. Meanwhile, due to a high concentration of financial firms and trend to relocate to more affordable, decentralised locations, leasing activity in Pudong's Core areas resulted in a negative net take-up of 59,500 sq m. 21

The financial sector continued to lead Grade A office demand in 2023, contributing over a third of Core office transactions recorded in 2023. Although private placement activities have dampened which led to a decline in PE funds, fund management companies such as Schroders and Alliance Bernstein have received approval to establish public fund businesses in China. While the majority of transactions by financial firms occurred in the Pudong submarkets of Lujiazui and Zhuyuan, some of the largest transactions featuring newer buildings took place in Puxi's non-prime markets.

Commercial & Professional Services, Retail & Trade were another two active sectors in 2023, accounting for 12.9% and 12.1% of leasing activities in Core areas, respectively.

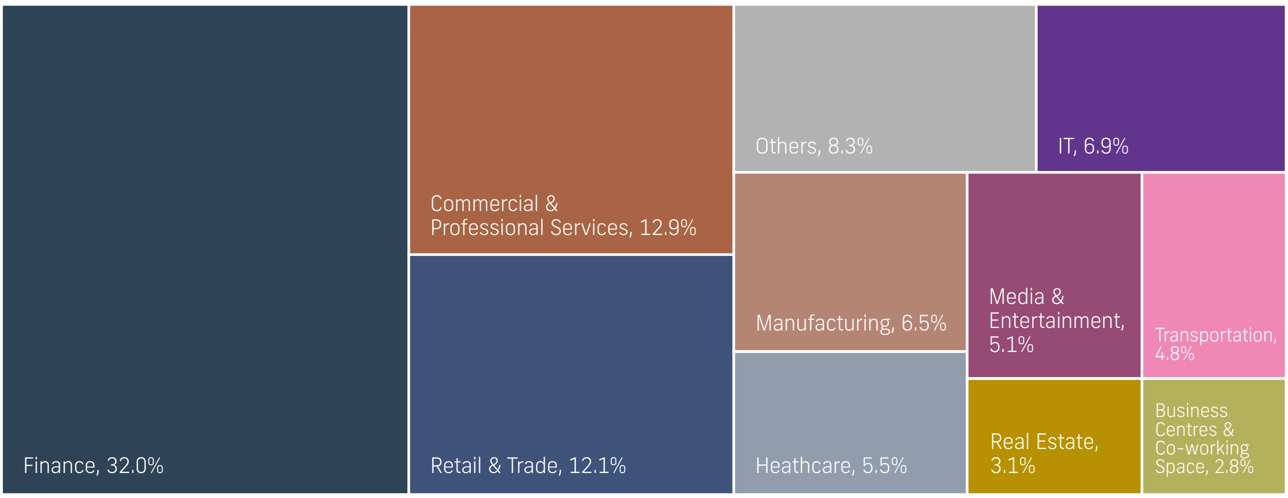
Domestic firms represented 62.2% of the recorded Core leases in 2023, with more leases concluded by smaller tenants (below 2,000 sq m) compared to the period between 2020-2021. 22

21 CORE GRADE A OFFICE SUPPLY, TAKE-UP, AND VACANCY



Source: Savills Research

22 CORE GRADE A OFFICE RECORDED LEASING TRANSACTIONS BY INDUSTRY, 2023



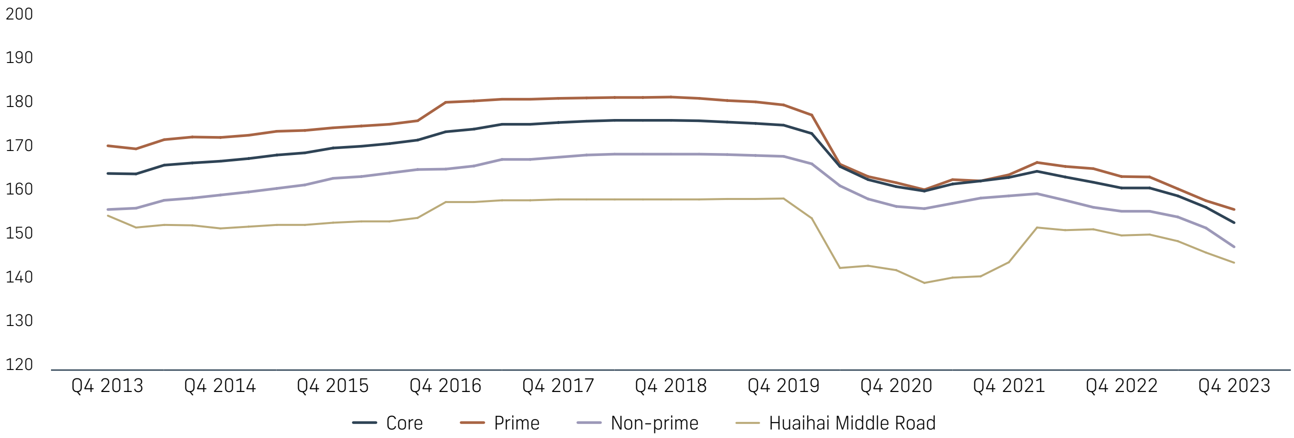
Source: Savills Research

INDEPENDENT MARKET REVIEW

SHANGHAI

23 CORE GRADE A OFFICE MARKET RENTAL INDICES

(RMB psm per day)



Source: Savills Research

Grade A Office Rents

In view of the fierce market competition, landlords not only continued to increase tenant incentives, primarily by offering longer rent-free periods, but also reduced asking rents and provided more flexible lease terms to maintain occupancy. Medium-sized companies have seized the opportunity to consolidate or upgrade their premises at favourable rates, while larger companies have capitalised on this opportunity to save cost, negotiate a lower renewal price, downsize, or relocate to self-owned buildings.

As a result, Core office rents fell by 4.9% on an index basis in 2023, with the average rates at RMB7.6 per sq m ("psm") per day in 2023. Rental in prime, non-prime areas and Huaihai Middle Road areas declined 4.6%, 5.2% and 4.1% YoY in 2023, respectively. 23

Investment Market

In 2023, forty-five transactions were recorded in Shanghai's office sector, totalling approximately RMB29.3 billion, representing a decline in total consideration of 29.5% YoY. Net operating income yields are currently between 4.5-5.0%. With continued weak leasing demand affecting investor expectations, yields are expected to rise further and as a result, corporates and family offices with strong balance sheets are looking to capitalise on attractive investment opportunities as they arise. Notable transactions in 2023 included acquisitions by China International Intellectech Corporation (CIIC), Guojin Invest and Shanghai Foreign Service (FSG).

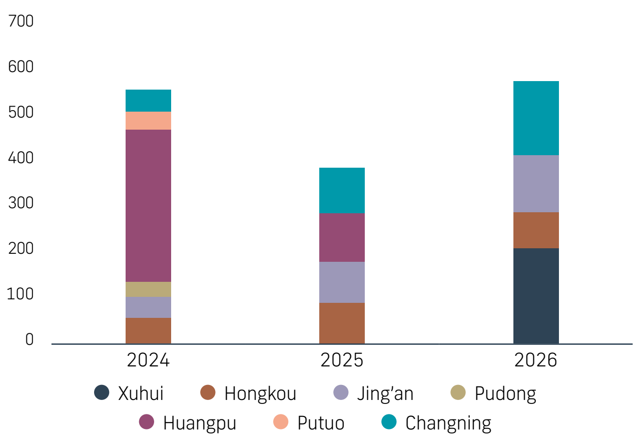
Potential Supply

Nineteen new Core Grade A office projects, with a total of more than 1.5 million sq m, are scheduled to come online in the 2024-2026 period. The majority of the new supply will be in Puxi (97.8%), while only 34,000 sq m (2.2%) will be located in Pudong. Within Puxi, Huangpu district will receive the largest portion of new supply during this period, followed by Changning and Jing'an, where new developments will be concentrated in Hongqiao and Nanjing West Road business areas.

Consequently, Core Grade A office stock is expected to reach 19.9 million sq m by the end of 2026, marking an 8.3% increase compared to 2023. 24

24 FUTURE CORE[1] OFFICE SUPPLY, 2024-2026F

('000 sq m)



Source: Savills Research

Note:

[1] Only include projects in the Core submarkets of the administrative districts.

Shanghai Office Market Outlook

Despite various economic stimulus measures implemented by the government, overall business confidence remains muted. The market outlook continues to be uncertain, heavily depending on business/consumer sentiment and government policies and support. Should demand recover to the five-year average of 800,000 sq m and projects adhering to their completion schedules, the citywide vacancy rate is projected to reach 23.5% by the end of 2024.

In the near term, landlords are expected to adopt proactive strategies to secure market share and retain existing tenants by enhancing tenant experiences. This includes improving common areas and optimising underutilised spaces, potentially transforming them into shared amenities to provide convenience to tenants. Additionally, landlords are fostering synergies between office and retail amenities, such as offering tenant employees discounts in participating retail stores and preferential terms for consumer brands that occupy office space.

SHANGHAI RETAIL MARKET

Major Retail Markets in Shanghai

Shanghai's retail market can be categorised into prime and secondary retail markets. The prime retail market includes Little Lujiazui, Nanjing West Road, Nanjing East Road, Huaihai Middle Road and Xujiahui, while the secondary retail market consists of 18 precincts within the Outer Ring Road.

Retail sales grew by 12.6% YoY in 2023 compared to the lower base in 2022. The increase was mainly driven by a significant recovery in domestic tourism as well as a resurgence of visitors to shopping malls. Consequently, retail footfall has rebounded strongly in 2023, with monthly footfall in prime business areas nearing pre-pandemic levels.

As of December 2023, Shanghai's shopping mall and department store stock within the Outer Ring Road totalled 15.2 million sq m, with the five prime retail submarkets comprising 2.5 million sq m. Among them, Huaihai Middle Road stands as the third-largest prime retail submarket with a total stock of 523,700 sq m, representing 21.1% of the prime retail's overall stock. The majority of Shanghai's retail stock are shopping malls (90.0% of the total stock), while department stores are either undergoing closure or redevelopment in response to evolving consumer preferences. 25 26

Supply, Demand and Vacancy

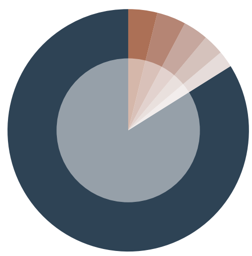
Seven new projects were launched onto the market within the Outer Ring Road in 2023, adding a total Gross Floor Area ("GFA") of 549,000 sq m. Xintiandi Style II on Huaihai Middle Road reopened in the first quarter of 2023 and targets young customers with its unique mix of designer brands, boutique multi-brand stores and original brands, as well as vivid and interesting displays and indoor designs. Other projects are also leaning towards youth trends, local culture, and specialist sports when considering their tenant mix.

In 2023, casual dining, personal care and home & lifestyle retailers were the main drivers for leasing demand. Casual dining represented 66.0% of the space newly leased by F&B operators, and accounted for 18.8% of the total retail space in 2023. Meanwhile, personal care and home & lifestyle brands expanded their GFA by 19,340 and 7,950 sq m, respectively, increasing their share of the retail space to 4.4% and 5.2% in 2023.

25 **SHANGHAI RETAIL DISTRICTS**

Source: Savills Research

26 **RETAIL STOCK DISTRIBUTION**



	(%)
Primary	**16.3**
Nanjing East Road	3.9
Nanjing West Road	3.9
Huaihai Middle Road	3.4
Xujiahui	2.7
Lujiazui	2.4
Secondary	**83.7**

Source: Savills Research

INDEPENDENT MARKET REVIEW

SHANGHAI

Fragrance, outdoor and specialised sports brands saw their online followings driving the expansion of their offline stores. Fragrance brands, Le Labo and Dr Vranjes opened their first stores in China along Huaihai Middle Road, while Rituals, 15 Essentials and Santa Maria Novella launched stores along Nanjing West Road and Xujiahui. Domestic brands such as Documents, To Summer, Melt Season and Cosmic Speculation also expanded with new stores. In the Sports & Outdoor category, Honma and Yonex inaugurated flagship stores on Huaihai Middle Road; meanwhile, Snow Peak, Arc'teryx, Kolon Sport, Lululemon and DCShoes introduced flagship or concept stores.

With new stores opening, the citywide shopping mall vacancy rate declined by 0.9 ppts YoY to 11.5% by the end of 2023. Meanwhile, prime retail vacancy rates decreased by 2.1 ppts YoY to 9.3%, and Huaihai Middle Road saw a decrease of 1.1 ppts YoY to 8.0%. 27

Retail Rents

In 2023, landlords increased rental concessions to tenants in order to boost occupancy rates amid soft demand and strong competition from new supply. Citywide first-floor shopping mall rents fell 0.4% YoY in 2023 to an average of RMB25.8 psm per day. Prime retail area rents fell 0.1% YoY in 2023 to an average of RMB49.6 psm per day, and non-prime area rents fell by 0.4% YoY to an average of RMB16.0 psm per day. The highest rents were recorded along Nanjing West Road at RMB66.7 psm per day whilst Huaihai Middle Road rents remained flat in 2023 at RMB38.6 psm per day. 28

Investment Market

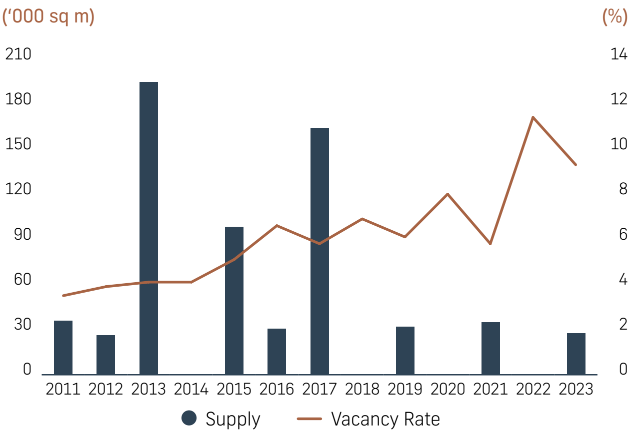
Investors regained their appetite in the retail sector amidst the resumption of domestic travel and the gradual recovery of consumer spending, coupled with the inclusion of retail assets into the domestic REIT structure. In 2023, twelve retail projects were transacted in Shanghai, totalling RMB8.0 billion, representing an increase of 79.2% YoY. Among these five transactions were completed by developers and insurance companies.

Potential Supply

In 2024, ten shopping malls are expected to open, adding 937,000 sq m of retail space to the market. The variety in project sizes, locations and formats will provide retailers and shoppers with an increasing diverse array of options. In particular, Shui On's CPIC Xintiandi Commercial Centre on Huaihai Middle Road area is expected to attract shoppers' attention and footfall.

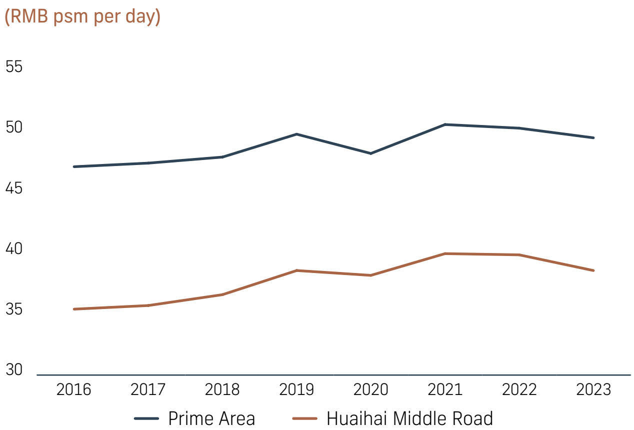
Meanwhile, consumers are increasingly drawn to distinctive retail projects in downtown locations that introduce new possibilities within the retail space. These non-traditional retail projects often feature open-plan layouts and utilise unconventional architectural designs to create a unique and impactful sensory experience. Certain retail segments such as sports, outdoor and lifestyle brands, find these projects which blend modern stores with historical streets and heritage architecture, particularly appealing. These spaces align with brand identities, offering an atmosphere that is not overwhelmingly commercial. This diversification in project offerings is expected to catalyse new dynamism and innovative concepts in the market, fostering increased consumption. 29

27 **PRIME RETAIL MARKET SUPPLY AND VACANCY RATE**



Source: Savills Research

28 **PRIME RETAIL MARKET AND HUAIHAI ROAD SUBMARKET FIRST FLOOR RENTS**



Source: Savills Research

Shanghai Retail Market Outlook

New retail supply is expected to be at an average of 880,000 sq m per year between 2024 to 2026. Benchmark projects in prime areas such as CPIC Xintiandi Commercial Centre, Shanghai ITC Phase 3 and K11 MUSEA is set to target Shanghai's high-end market.

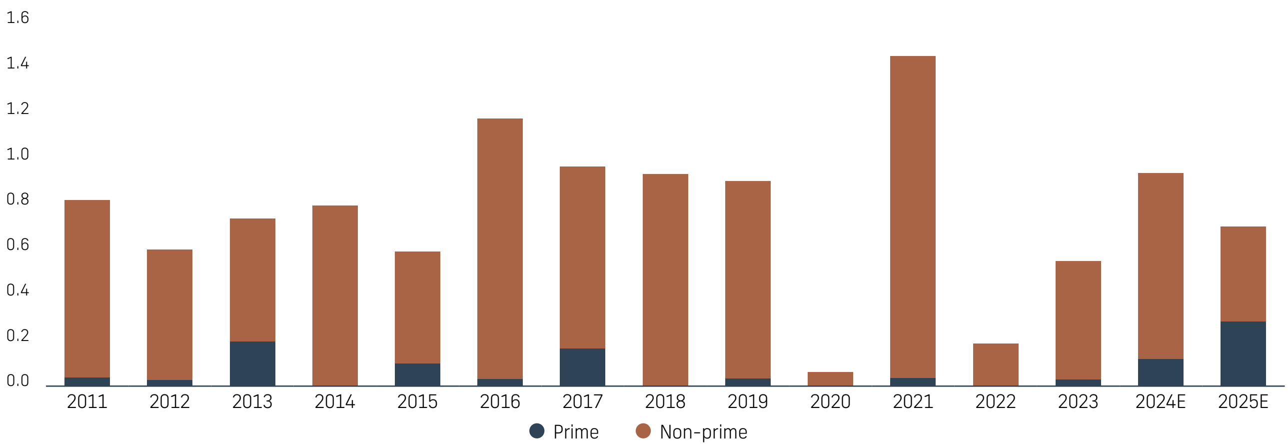
The combination of art and retail spaces is a growing trend worldwide. New projects strategically incorporate non-traditional retail tenants such as art spaces, theatres, and exhibition halls, tapping into a market that is commercially viable and has regional appeal. Future developments are expected to showcase independent buildings dedicated to artistic spaces, offering unique business opportunities. Successful cultural venues, particularly theatres, have the potential to create mutually beneficial relationships with shopping malls, enhancing foot traffic and consumer experience.

The domestic and international tourism market looks promising with the removal of nearly all pandemic travel restrictions. Shanghai airports (Pudong & Hongqiao) saw passenger traffic reaching 96.8 million in 2023, an increase of 235.0% YoY. In particular, Hongqiao Airport's passenger traffic in 2023 was 7.5% below the pre-pandemic levels of 2019. Additionally, five-star hotel occupancy rates have recovered to 75.0% of the rates recorded in 2019. In December 2023, China extended visa-free entry for citizens from France, Germany, Italy, the Netherlands, Spain, Malaysia, Thailand, and Singapore. As one of the top destinations for global travellers, Shanghai is poised to benefit from the new visa exemption arrangement.

Although a considerable amount of new supply is expected to enter the market, occupancy rates are anticipated to further improve with rents likely to stabilise at above pre-pandemic levels. Looking ahead, citywide rents will remain relatively stable, though the performance of individual projects might vary significantly.

29 **SHOPPING MALL FUTURE SUPPLY**

(million sq m)



Source: Savills Research

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INVESTOR RELATIONS

Guided by our Investor Relations Policy, the Manager is committed to maintaining regular, timely and transparent communication with Unitholders, prospective investors, analysts, the media, regulators and other stakeholders.

Financial results, business updates, announcements, press releases, presentation slides and other relevant disclosures are issued through SGXNet and are posted in a timely manner on OUE REIT's website. Unitholders and other stakeholders can subscribe to email alerts via the website to receive the latest updates on OUE REIT.

ANNUAL GENERAL MEETING ("AGM")

As a precautionary measure due to the COVID-19 pandemic situation in Singapore, OUE REIT's 9th AGM was convened and held by way of electronic means on 20 April 2023. While Unitholders could only attend the AGM virtually, they were invited to submit their questions related to the resolutions to be tabled for approval at the AGM in advance. To further enhance Unitholders engagement, the virtual AGM also incorporated a live Q&A session for attendees to raise their questions for management to address them during the proceedings.

The responses to the substantial and relevant questions received from Unitholders were published on 14 April 2023 which was 72 hours prior to the closing date and time for the lodgement of proxy forms.

All resolutions were duly passed and the results were announced on SGXNet and OUE REIT's website on the same day of the AGM. Detailed minutes of the AGM were also published within one month on SGXNet and OUE REIT's website on 19 May 2023 in line with best practices.

PROACTIVE STAKEHOLDER ENGAGEMENT

The Manager strives to maintain regular engagement with Unitholders (retail and institutional) and the larger investment community to provide updates on OUE REIT's development and financial performance, insights on its strategies, market outlook, as well as to garner feedback and views for consideration.

In FY 2023, the management team engaged more than 200 research analysts and institutional investors through in-person and virtual events and activities including one-on-one meetings, group meetings, investor conferences, property tours and non-deal roadshows. The Manager also participated in webinars and events organised by SGX, REITAS and various brokerage firms to connect with retail investors. Key events included the SGX-REITAS Education Series webinar and the SIAS x SGX Corporate Connect Webinar which was jointly organised by Securities Investors Association (Singapore) and SGX.

As part of our outreach to retail investors through the media, we also actively engaged financial and real estate journalists to enhance their understanding of OUE REIT's performance and growth strategies, as well as industry trends. The Manager continues to proactively engage a wider audience through digital platforms, such as OUE REIT's LinkedIn, Moomoo and Tiger page to share the latest developments.

ANALYST COVERAGE

As of 31 December 2023

- CGS-CIMB
- DBS
- iFast

CONSTITUENT OF KEY INDICES

- FTSE EPRA Nareit Global Developed Index
- iEdge S-REIT Index
- iEdge S-REIT Leaders Index SGD
- iEdge ESG Transparency Index

UNITHOLDERS' ENQUIRIES

If you have any enquiries or would like to find out more about OUE REIT, please contact:

THE MANAGER

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Vice President
Investor Relations
Tel : +65 6809 8704
Fax : +65 6809 8701
Email : enquiry@ouereit.com
Website : www.ouereit.com

UNIT DEPOSITORY

For depository-related matters, please contact:

The Central Depository (Pte) Limited

2 Shenton Way
#02-02 SGX Centre 1
Singapore 068804
Tel : +65 6535 7511
Email : asksgx@sgx.com
Website : investors.sgx.com

KEY INVESTOR RELATIONS EVENTS & ACTIVITIES IN 2023

1st Quarter	
FY 2022 post results analyst briefing	31 January 2023
FY 2022 post results investor virtual meeting	31 January 2023
SIAS x SGX Corporate Connect Webinar	21 February 2023

2nd Quarter	
SGX-NHIS-DBS S-REITs Corporate Day in Seoul 2023	14 March 2023
Ninth Annual General Meeting	20 April 2023
1Q 2023 post business update analyst briefing	5 May 2023
1Q 2023 post business update investor virtual meeting	8 May 2023
Phillip Securities POEMS webinar	10 May 2023
Kuala Lumpur Non-deal Roadshow with Maybank	22 May 2023
HSBC 7th Annual Asia Credit Conference	14 - 15 June 2023
BNP Paribas Global ESG Corporate Access	27 June 2023

3rd Quarter	
1H 2023 post results analyst briefing	27 July 2023
1H 2023 post results investor virtual meeting	27 July 2023
Lim & Tan Securities webinar	28 July 2023
SGX-REITAS Education Series	22 August 2023
The Edge REITs Report: Cresting the Rate Hikes panel discussion	18 September 2023

4th Quarter	
3Q 2023 post business update analyst briefing	31 October 2023
3Q 2023 post business update investor virtual meeting	31 October 2023
CGS-CIMB ProsperUS webinar	1 November 2023
Singapore NDR with CIMB and OCBC	9 November 2023
Hong Kong NDR with BNP Paribas, HSBC and Agricultural Bank of China International	13 - 15 November 2023
Smartkarma x SGX webinar	27 November 2023
DBS-SGX-REITAS Conference in Bangkok	30 November 2023

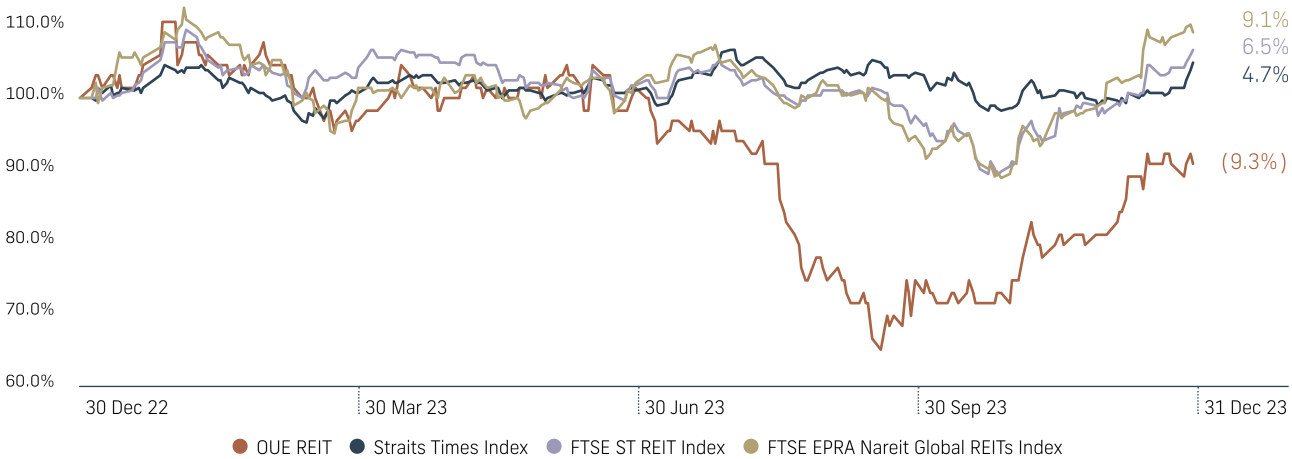
Financial Calendar	FY 2023	FY 2024 (tentative)
First Quarter Business Update Announcement	4 May 2023	April 2024
Half Year Financial Results Announcement	26 July 2023	July 2024
Payment of Distribution to Unitholders	25 August 2023	By September 2024
Third Quarter Business Update Announcement	30 October 2023	October 2024
Full Year Financial Results Announcement	29 January 2024	January 2025
Payment of Distribution to Unitholders	28 February 2024	By March 2025
Annual General Meeting	24 April 2024	April 2025

INVESTOR RELATIONS

UNIT PRICE PERFORMANCE

S$	2023	2022
Opening Price on First Trading Day of Year	**0.340**	0.440
Closing Price on Last Trading Day of Year	**0.285**	0.335
Highest Closing Price	**0.370**	0.440
Lowest Closing Price	**0.205**	0.305
Average Closing Price	**0.297**	0.384
Market Capitalisation[1] (S$ million)	**1,563.5**	1,830.8

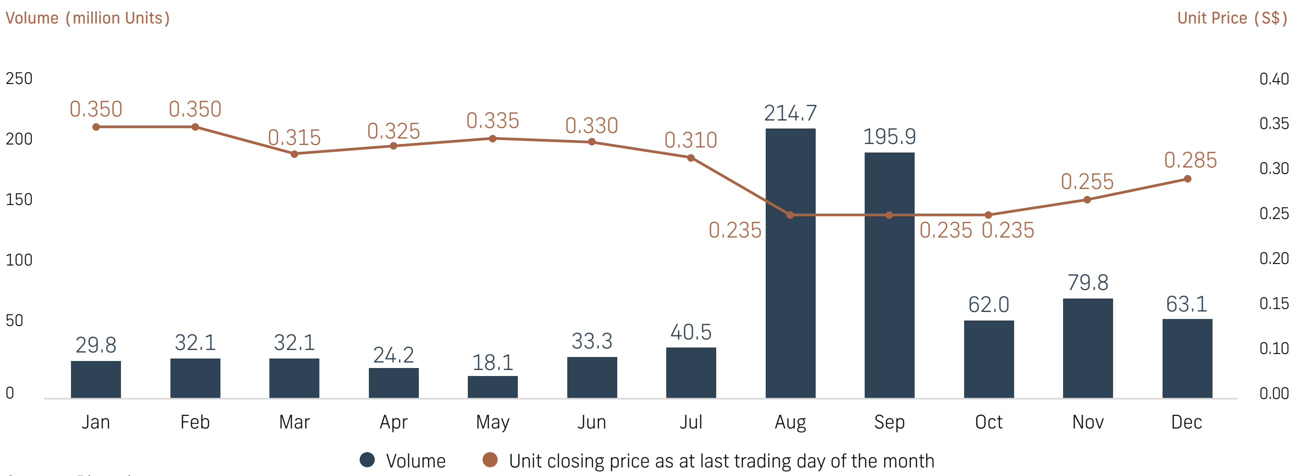
RELATIVE TOTAL RETURN PERFORMANCE FOR FY 2023



TRADING VOLUME

Number of Units	2023	2022
Total Volume Traded	**825,541,251**	474,949,100
Average Daily Trading Volume	**3,315,427**	1,899,796

2023 TRADING PERFORMANCE



Source : Bloomberg

Note:

[1] Based on OUE REIT's closing unit price and total number of units in issue as at the last trading date of the respective financial year.

SUSTAINABILITY HIGHLIGHTS

69.5%
OF TOTAL DEBT ARE SUSTAINABILITY-LINKED LOANS

95.7%
OF PORTFOLIO ARE GREEN CERTIFIED

50.3%
ARE GREEN LEASES

71.6%
OF FEMALE EMPLOYEES

In support of
WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

HILTON SINGAPORE ORCHARD

Top 10 Meeting Hotels in Asia Pacific
Cvent

Best of the Best
TripAdvisor Travellers' Choice Awards 2023

CROWNE PLAZA CHANGI AIRPORT

Best Airport Hotel in Asia Pacific
2023 Business Traveller Asia-Pacific Awards

World's Best Airport Hotel
Skytrax World Airport Awards 2023
for the Eighth Consecutive Year

SUSTAINABILITY REPORT

ABOUT OUE REIT

(GRI 2-1, 2-4, 2-6)

Who We Are

OUE Real Estate Investment Trust ("OUE REIT"), formerly known as OUE Commercial Real Estate Investment Trust, is a diversified real estate investment trust headquartered in Singapore and operating in Singapore and Shanghai, China. The portfolio consists of seven properties with more than two million square feet of prime commercial (office and retail) space, as well as 1,655 upper upscale hotel rooms.

OUE REIT has been publicly listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 2014 with total assets under management of S$6.3 billion as of 31 December 2023. 95.7% ofthe REIT's total portfolio value is green-certified.

OUE REIT Management Pte. Ltd. (the "Manager" of OUE REIT) is a wholly-owned subsidiary of OUE Limited (the "Sponsor"), a leading real estate and healthcare group. The Sponsor's real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail, residential and healthcare sectors.

OUE REIT's hospitality portfolio consists of Hilton Singapore Orchard and Crowne Plaza Changi Airport, managed by Hilton Hotels & Resorts and IHG Hotels & Resorts, respectively. Both are leading global hotel brands with a focus on sustainability and responsible business strategies and operations. OUE Bayfront, a landmark commercial development in Singapore, is jointly owned by OUE REIT and ACRE Angsana Pte. Ltd., a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd..

OUE REIT's supply chain mainly comprises suppliers contracted by the property managers for the provision of goods and services such as cleaning, maintenance, operations and security. The Manager has continued to include building and renovation contractors in OUE REIT's supply chain in FY 2023 and there are no other significant changes to be reported compared to FY 2022.

Who We Want to Be

The Manager's key objective is to deliver regular and stable distributions and long-term sustainable growth to holders of units in OUE REIT ("Unitholders").

This objective translates into key strategies focusing on the improvement of the operational performance of the properties, value-enhancing portfolio management, as well as proactive and prudent capital and risk management. More details can be found in the Guiding Future Growth section on pages 6 to 7 of the annual report which outlines our strategy.

As the Manager, OUE REIT continues to embed sustainability into its operations by integrating climate, people and community considerations into portfolio strategies, stewardship and the governance structure. We remain guided by our sustainability framework which defines three key areas of focus – Stewarding the Environment, Strengthening Social Fabric and Building Trust. Our policy commitments reflect our ambitions and strategies to create a positive impact on the environment, society and economy, while mitigating any negative impacts caused by OUE REIT's operations.

Further details on our commitments around the key focus areas can be found on pages 79 to 81 of this sustainability report.

ABOUT THIS REPORT

(GRI 2-2, 2-3, 2-5)

This report is the seventh annual sustainability report published by OUE REIT. It has been prepared to comply with SGX-ST Listing Rules 711A and 711B with reference to SGX Practice Notes 7.6.

OUE REIT has reported in accordance with the Global Reporting Initiative ("GRI") Standards for the period from 1 January to 31 December 2023. The GRI Standards has been selected as it is a globally recognised reporting framework that covers a wide range of sustainability disclosures that are relevant to OUE REIT and its stakeholders. The report covers the performance data from OUE REIT's commercial and hotel properties in Singapore and Shanghai.

For the environmental performance data in FY 2023, energy, emissions, water and waste data from all seven properties, including OUE Bayfront, are included and reported, as the Manager retained full operational control.

For social and human resource ("HR") related topics, only employees of the Manager, and the property managers of One Raffles Place and Lippo Plaza were included due to the holding structure of OUE REIT's interest in these two properties.

For compliance and service quality data, the hospitality properties under the master lessee continue to be excluded. Such information can be found in the Sponsor's sustainability report for FY 2023 instead.

OUE REIT's data owners and staff involved in the data collection process were trained accordingly. For all environmental, social and compliance data, the Sponsor's internal audit team was involved in the data verification process.

The Manager continues to improve its ESG data collection process to align with industry standards and requirements for participation in the Global Real Estate Sustainability Benchmark ("GRESB") assessment. In this sustainability report, the Manager is enriching its climate risks and opportunities disclosures in compliance with SGX requirements and the Environmental Risk Management ("EnRM") Guidelines by the Monetary Authority of Singapore ("MAS"). It is also strengthening disclosures with reference to the International Financial Reporting Standards ("IFRS") S2 Climate-related Disclosure Standards, published by the International Sustainability Standards Board ("ISSB") and the Sustainability Accounting Standards Board ("SASB") Standards.

Every sustainability report published by OUE REIT is subjected to a series of reviews by the Asset Management team, Chief Financial Officer ("CFO"), Chief Executive Officer ("CEO") of the Manager, before it is approved by the Board of Directors (the "Board") prior to its publication. The Manager has not sought external assurance on this report but may consider doing so in future. Please contact us if you have any questions or feedback about this report or OUE REIT's sustainability practices at enquiry@ouereit.com.

BOARD STATEMENT

(GRI 2-1, 2-14, 2-22)

The Board of the Manager is pleased to present the seventh annual sustainability report of OUE REIT, which details our sustainability efforts and achievements for FY 2023.

As OUE REIT stays committed to growing responsibly, delivering long-term value, and contributing to the environmental and social well-being of our local communities, we continue to make good progress on our sustainability goals.

For the second year in a row, OUE REIT has submitted and validated its ESG performance to GRESB. We are pleased to report that we have improved our score to 77 points and attained a Three-Star Rating. These are strong testaments of our commitment to continuously improve upon our management processes and ESG performance.

OUE REIT strives to align present and future financing efforts with our sustainability commitments, long-term and perennial aspirations. We have obtained our third sustainability-linked loan ("SLL"), which has increased the proportion of sustainable financing to 69.5%[1] of total debt, one of the highest amongst Singapore REITs ("S-REITs").

We have also established our Green Financing Framework ("Framework"), which sets out the governance and processes for OUE REIT and its subsidiaries, to facilitate the issuance of green bonds and green loans to fund or refinance projects that aim to contribute to positive environmental and social impacts and global sustainability goals. The Framework was assessed by Sustainable Fitch and attained a 'Good' Second-Party Opinion on the alignment of the Framework with relevant regulations, principles and guidelines. OUE REIT will continue to monitor best practices and update the Framework to reflect changes in market practice.

In line with Singapore's Green Building Masterplan to green at least 80% of buildings in Singapore by 2030, OUE REIT has committed to enhancing our existing portfolio of assets to be green-certified. In May FY 2023, Crowne Plaza Changi Airport attained the BCA Green Mark Gold Certification, bringing the proportion of green-certified buildings in our portfolio to 95.7%.

OUE REIT is cognisant of the evolving landscape of sustainability as we commit to advance continuously in our sustainability journey. In FY 2023, OUE REIT, together with our Sponsor, has reviewed our sustainability strategy by calibrating existing targets, charting a strategic roadmap towards more ambitious sustainability goals and strengthening our contribution to global sustainability efforts.

Together with the support and efforts from OUE REIT's Sustainability Steering Committee ("SSC"), the Sponsor OUE Limited (the "Sponsor") and its subsidiaries (collectively the "OUE Group" or "Group"), the Board is committed to OUE REIT's sustainability roadmap to enhance long-term, sustainable value for OUE REIT's valued stakeholders.

Note:

[1] Based on asset valuations as of 31 December 2023 and OUE REIT's proportionate interest in the respective properties

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

(GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-18)

The Board recognises the importance of sustainability as a core consideration in our business, as well as its fiduciary duty to Unitholders. There is a formal structure in place to support the proper management of sustainability risks and opportunities at OUE REIT.

The Board assumes overall responsibility for managing OUE REIT's ESG risks and opportunities and oversees the integration of sustainability considerations into OUE REIT's business strategy. The Board's responsibilities are also reflected in OUE REIT's Corporate Governance, under Board's Conduct of Affairs, where sustainability issues are being considered as part of the Manager's overall strategy (see pages 116 and 117 of the annual report).

As the sustainability landscape evolves, the Board ensures that it is equipped with relevant competencies to fulfil its responsibilities in overseeing OUE REIT's sustainability risks, including those related to climate change. The Board undertakes relevant and mandatory sustainability trainings as required by SGX and MAS (see Board Orientation and Training on page 117 of the annual report).

The Board delegates its responsibilities to the SSC, which is chaired by the CEO and comprising the CFO, Head of Asset Management ("AM") and Head of Investor Relations ("IR") of OUE REIT as the committee members. The SSC drives the implementation of sustainability initiatives and monitors OUE REIT's progress against targets to evaluate their effectiveness. The SSC meets monthly and reports to the Board regularly on key initiatives and progress, at least on a bi-annual basis.

The Sustainability Task Force ("STF") is an implementation body that comprises representatives from various departments, corporate functions and business units, such as Finance/Treasury, AM, HR, Legal, Corporate Secretariat and IR. Based on the direction provided by the SSC, the STF facilitates the implementation of policies and initiatives, and develops action plans in response to OUE REIT's sustainability targets. The STF reports to the SSC monthly on the implementation of initiatives and action plans.

As part of OUE REIT's commitment to effectively manage sustainability risks, non-financial ESG key performance indicators ("KPIs") are included in the variable component of remuneration. For the Manager's employees, these KPIs relate to OUE REIT's GRESB performance, third party corporate governance scores, staff development, as well as frequency of health and wellness activities. OUE REIT also considers stakeholder views in its remuneration policies, as evidenced by tenant satisfaction being a KPI for the Property Management teams, while analysts' and investors' views and feedback on OUE REIT's performance and communication efforts are also taken into consideration. The Property Management teams have set targets for energy conservation and are currently developing goals for water and waste management to further advance sustainability efforts.

OUE REIT is adhering to and complying with the Code of Corporate Governance 2018 (see page 115 of the annual report), which provides the guiding principles to the Board's Conduct of Affairs, Board Composition and Guidance, Board Performance and Disclosure on Remuneration. The roles and responsibilities of the Manager are set out in the trust deed entered between the Manager and DBS Trustee Limited in its capacity as the trustee of OUE REIT, and briefly outlined in the Corporate Governance section on page 115 of the annual report.

The effectiveness of the Board is assessed with the assistance of the Nominating and Remuneration Committee ("NRC"), in a formal appraisal process conducted annually. No external consultants were appointed to facilitate this process in FY 2023. The Board is assessed based on a range of criteria such as competencies, standard of conduct, risk management and sustainability considerations, with key strengths and areas for improvement identified. As part of the process, the Board and Board Committees are required to complete an evaluation form, and the aggregated insights are reported to the Board. Follow-up actions are taken where necessary to enhance the effectiveness of the Board.

OUE REIT has in place proper procedures to deal with potential conflict of interests, requiring any Director who has or appears to have a direct or deemed interest that may conflict with a subject under discussion by the Board to declare his or her interest and recuse himself or herself from discussion of the subject matter. OUE REIT's Audit and Risk Committee ("ARC") monitors and reviews related party transactions (including interested person transactions and interested party transactions) on a quarterly basis. The ARC's Terms of Reference have been revised in FY 2023 to provide enhancements on risk management procedures, based on market comparisons against the Terms of Reference of other Audit and Risk Committees of other REITs. Additionally, the Policy on Interested Party Transactions ("IPTs") has been reviewed and enhanced, as part of a regular compliance update. This Policy aims to ensure that all IPTs will be undertaken on normal commercial terms and safeguard against the risk that interested persons could influence OUE REIT, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of OUE REIT and its Unitholders. The enhancements include providing potential examples of IPTs and practical guidance on assessing whether a counterparty is an interested person. Please see pages 129 to 132 of the annual report for more information.

STAKEHOLDER ENGAGEMENT

(GRI 2-12, 2-29)

Tenants
We work with our tenants to ensure their needs are met and be their preferred landlord.

Unitholders & Prospective Investors
We keep open dialogues with Unitholders and prospective investors to enable them to make informed investment decisions, as well as to garner feedback and views for consideration.

Government & Regulators
We engage governments and regulators to ensure we comply with laws and regulations, and that our business practices are ethical and fair.

Analysts & Media
We maintain regular, timely and transparent communication with analysts and the media to keep the public up-to-date and well-informed.

Community
We support the local community as a socially responsible corporate citizen and contribute to social integration.

Employees
We engage our employees regularly to build a positive working environment and be the employer of choice.

SUSTAINABILITY REPORT

OUE REIT focuses on stakeholder engagement as a key business approach to achieve long-term value creation and growth. The Manager ensures continual and regular engagement with an extensive range of key stakeholders via various channels and interactions, to understand their interests, concerns, needs and feedback. This helps OUE REIT identify potential risks, opportunities and issues that are material to stakeholders.

The Board is kept informed of the outcomes from these engagement activities and adopts an inclusive approach by considering and balancing the needs and interest of material stakeholders as part of its overall responsibility and strategy to create long-term value for its stakeholders. All matters are tabled for consideration, to be addressed through policies and processes if approved. In FY 2023, some topics of interest raised include climate risk management, implementation of green leases, energy consumption and waste management at our assets, as well as general queries on ESG initiatives.

OUE REIT has an IR Policy that defines the communication principles and practices to maintain regular, timely, accurate and fair communication to Unitholders, prospective investors, analysts and the media. Stakeholders are provided avenues to communicate their views and to raise questions on issues affecting OUE REIT. The IR Policy is published on OUE REIT's website https://investor.ouereit.com/ir_policy.html.

Please refer to relevant sections in this report for more details on the engagement activities.

Key Stakeholders	Relevant ESG Topics	Engagement Methods	Our Approach and Response
Investment Community (Including Unitholders, prospective investors, analysts and the media)	• Sustainable and long-term value creation • Sound business strategy and outlook • Good corporate governance • Market trends and changing customer demands • ESG integration into asset and capital management strategies	• Announcements, press releases and other disclosures through SGXNet • Annual Reports • Sustainability Reports • Annual General Meeting and Extraordinary General Meeting, where necessary • Quarterly briefings for analysts • One-on-one updates, group meetings and investor conferences • Property tours for analysts and investors • Corporate website • Social media channels • Email alerts to subscribers	• Maintaining regular, timely and full disclosure of all material and price sensitive information relating to OUE REIT's financial and operational performance, as well as corporate developments • Implementing sound risk management and internal control practices • Integrating ESG considerations into risk assessments and investment policy
Employees	• Opportunities for career development and growth • Competitive compensation and benefits • Equal opportunities for promotion and reward • Non-discrimination • Safe, healthy and productive working environment	• Annual performance reviews • Team building as well as health and wellness programmes • Training and development programmes • Employee engagement survey • Grievance and feedback channels • Employee townhall sessions • Internship programme	• Empowering employees to take charge of their own learning and development needs • Ensuring transparent and objective performance appraisals and implementing relevant performance-based remuneration system • Ensuring fair and impartial recruitment policy and process based on objective evaluation of candidates' merits • Enhancing our flexible benefits and employee engagement programme to improve satisfaction and retention based on outcomes of employee survey
Tenants, Guests & Shoppers	• Modern, high quality and cost-efficient buildings and facilities • Safety in the buildings • Responsiveness to requests and feedback • Environmentally sustainable buildings	• Tenant engagement activities including informal gatherings and networking sessions • Management circulars and notices • Green Guide for tenants • Tenant satisfaction survey	• Conducting safety risk assessments and implementing relevant measures • Providing feedback channels for all matters and managing feedback effectively and promptly • Implementing improvement programmes and sustainability initiatives based on outcomes of tenant survey

Key Stakeholders	Relevant ESG Topics	Engagement Methods	Our Approach and Response
Government & Regulators	• Regulatory compliance • Good corporate governance • Ethical corporate business practices	• Industry networking functions • Annual regulatory audits • Mandatory reporting	• Maintaining regular, timely and full disclosure of all material and price sensitive information relating to OUE REIT's financial and operational performance, as well as corporate developments • Implementing policies and procedures to ensure compliance with relevant laws and regulations • Implementing sound risk management and internal control practices
Local Community	• Economic growth • Local partnership and job opportunities • Investment in the community	• Community activities	• Supporting projects and causes through collaboration with non-profit organisations • Partnering government/national agencies and tenants in areas such as the environment, health and well-being, safety and philanthropy • Ensuring properties are accessible to all members of our local communities

SUSTAINABILITY FRAMEWORK

(GRI 3-1, 3-2)

OUE REIT's sustainability framework is guided by our materiality assessment and aligns with that of OUE Group. The framework focuses on three pillars: Stewarding the Environment, Strengthening Social Fabric, and Building Trust, which dovetails with OUE REIT's key business strategies and material topics identified. For more details, please refer to "Guiding Future Growth" on pages 6 and 7 of the annual report which outlines our strategy.

Materiality

OUE REIT's ability to create value is impacted by a multitude of factors, including the operating environment, our response and strategy to ESG risks and opportunities informed by stakeholder engagement, developments in the sustainability landscape, as well as global and local regulations. OUE REIT has previously identified 11 material ESG topics reflecting its focus areas, sustainability ambitions and priorities. For FY 2023, the Manager confirms that these ESG topics remain material to its operation and investment activities.

STEWARDING THE ENVIRONMENT

Goal
Reducing environmental impact of our buildings

Climate Resilience
- Energy use
- Energy efficiency
- Greenhouse gas ("GHG") emissions

Water Efficiency
(sources, consumption)

Waste Minimisation
(consumption and recycling)

STRENGTHENING SOCIAL FABRIC

Goal
Creating social environments that generate positive changes for our stakeholders, including our employees, tenants, suppliers and the community

Health & Safety

Employee Engagement

Service Quality

Creating Social Ecosystems

Innovation

BUILDING TRUST

Goal
Maintaining a strong culture of ethics and compliance

Compliance
(with environmental and socioeconomic laws & regulations)

Ethical Business Practices
- Anti-corruption

Cyber Security

SUSTAINABILITY REPORT

OUE REIT's sustainability efforts also echoes the United Nations' Sustainable Development Goals ("UN SDGs"). UN SDGs are a global call for action to conduct business responsibly and the Manager believes every organisation has an important role to play in helping to achieve the UN SDGs and contribute towards a sustainable future.

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Stewarding the Environment Contributing to UN SDGs: 6 Clean Water and Sanitation 7 Affordable and Clean Energy 12 Responsible Consumption and Production 13 Climate Action	• Climate Resilience • Water Efficiency • Waste Minimisation	The real estate sector is susceptible to physical risks such as droughts, floods, heatwaves, or rising sea levels brought on by climate change. OUE REIT may also face transition risks such as more stringent regulatory compliance to manage environmental risks in its operations. Efforts to mitigate and adapt to climate change may present opportunities for the Manager. Shifting consumer preferences and improvements to operational efficiency are potential areas OUE REIT can capitalise on, amid the transition towards a low-carbon economy.	• Reduce commercial segment energy intensity per m^2 by 25%* by FY 2030 • Reduce hospitality segment energy intensity per occupied room by 25%* by FY 2030 • Reduce Scope 2 GHG emissions intensity per m^2 by 25%* by FY 2030 • Actively pursue opportunities in renewable energy use • Reduce commercial segment water intensity per m^2 by 25%* by FY 2030 • Reduce hospitality segment water intensity per occupied room by 25%* by FY 2030 • Reduce hospitality segment paper and plastic waste by 50%* by FY 2030 • Reduce commercial segment non-hazardous waste intensity per m^2 by 15%* by FY 2030 • Increase commercial segment recycling rate to 12.5%* by FY 2030
Strengthening Social Fabric Contributing to UN SDGs: 3 Good Health and Well-being 5 Gender Equality 8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities 16 Peace, Justice and Strong Institutions	• Health & Safety • Employee Engagement • Service Quality • Creating Social Ecosystems • Innovation	Our stakeholders have always been key drivers of our success and it is paramount that the Manager continues to adapt to their changing needs. These include rising expectations on health & safety practices and service quality from tenants, guests and visitors. Through constant engagement, we can foster strong relationships and build trust with our stakeholders. For employees, the Manager has implemented HR policies to create an inclusive, safe and conducive environment for our employees to thrive. By safeguarding their interests, the Manager can continue to recruit and retain top talents that will continue to help OUE REIT to grow.	• Maintain zero incidents resulting in employee fatality or permanent disability** • Maintain zero non-compliance with regulations and/or regulatory codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning# • Achieve at least 80% tenant satisfaction rate in relation to commercial properties • Maintain the proportion of women in senior management at 40% or above** • Maintain the employee turnover rate below the national industry average** • Maintain zero incidents of discrimination** • Achieve 25 training hours per employee per year** • As a long-standing partner of our community, OUE REIT is committed to bring meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports as well as humanitarian and social development • All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities • Actively seek opportunities to adopt new innovations and green building technologies

* Compared to base year FY 2017
** Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers
# Excluding hospitality properties

Focus Areas and Relevant UN SDGs	Material Topics	Risks & Opportunities	Targets & Aspirations
Building Trust Contributing to UN SDGs: 	• Compliance • Ethical Business Practices • Cyber Security	Non-compliance with evolving regulations will result in serious financial, operational and reputational consequences for OUE REIT and the Manager. Upholding ethical standards in our business strengthens stakeholders' trust and OUE REIT's reputation.	• Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fines and non-monetary sanctions# • Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions# • Achieve 100% employee annual acknowledgement of all company policies, including Code of Business Conduct and Ethics** • Maintain zero confirmed incidents of corruption# • Maintain zero cyber incidents and data breaches#

** Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers

\# Excluding hospitality properties

Sustainability Roadmap

OUE REIT has made significant progress in sustainability since it started reporting on its performance in 2017. The Manager's sustainability practices are aligned with and guided by the Sponsor.

As part of the Sponsor's commitment to advance its strategy, adapt to evolving sustainability demands and continue delivering value to stakeholders and society, the wider OUE Group embarked on a target calibration and sustainability roadmap development exercise in FY 2023.

The target calibration exercise aimed to evaluate if existing sustainability targets were relevant, feasible and ambitious considering peer targets, local and international goals, and if other relevant ESG targets should be included. Following the target calibration exercise, the Sponsor has refreshed its sustainability roadmap with a clear strategic plan to meet calibrated targets, improve sustainability performance, and better manage sustainability-related risks and opportunities. Together with our Sponsor, the calibrated targets and sustainability roadmap will be presented and reported in OUE REIT's subsequent sustainability report for FY 2024.

STEWARDING THE ENVIRONMENT

The Manager embeds climate change and environmental considerations into its strategy to mitigate potential physical and transition risks to OUE REIT's assets, operations, as well as their present and future value. The Manager also proactively seeks opportunities to support a transition to a low-carbon economy.

The physical and transition risks of climate change can manifest itself in the short and long term through global warming, rising carbon taxes and an acceleration in the transition to a lower-carbon economy via changes in regulation, technology and stakeholder behaviour. These risks could have significant financial implications on revenue, operating costs, capital expenditure and capitalisation rate of OUE REIT's assets in Singapore and Shanghai.

CLIMATE-RELATED FINANCIAL DISCLOSURES

(GRI 201-2)

Recognising the business risks of climate change, the Manager has considered and integrated climate-related risks into OUE REIT's strategy and sustainability efforts. We have introduced and reported on climate-related risks in the 2021 and 2022 Sustainability Reports with reference to the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations, which are also aligned with the requirements of the EnRM Guidelines by MAS.

SUSTAINABILITY REPORT

In FY 2023, the Manager continues to strengthen OUE REIT's climate reporting by considering the IFRS S2 Climate-related Disclosures, published by ISSB, as well as SASB Industry Standards for the Real Estate Sector. The IFRS S2 Climate-related Disclosures are consistent with the four core recommendations of TCFD (governance, strategy, risk management, metrics and targets), with additional requirements in IFRS S2. The Manager seeks to deepen its understanding of possible financial and operational implications on OUE REIT's business, by assessing OUE REIT's exposure to climate change as well as the actions and commitments undertaken by:

- **Regulators & Lawmakers**
  - Climate reporting obligations for issuers by SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA")
  - Singapore's Building and Construction Authority ("BCA") Green Building Masterplan to achieve 80-80-80 in 2030[2]
  - Carbon tax and pricing
- **Tenants**
  - Demand for green buildings and leases

GOVERNANCE	
a) The Board's responsibility and oversight for climate-related risks and opportunities b) Management's role in the governance process, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities	OUE REIT has a formal structure in place to support proper management of environmental risks based on the STF reporting to the SSC monthly and the SSC reporting to the Board, on at least a bi-annual basis. The Board assumes overall responsibility and oversight on sustainability, which includes climate-related risks and opportunities. The SSC supports the Board by driving sustainability initiatives and monitoring progress against targets, while the STF develops action plans in response to the sustainability targets. The STF, SSC and the OUE Group's SSC meet on a regular basis to monitor sustainability progress against climate-related targets and evaluate the effectiveness of these initiatives. The Manager tables climate-related risks and opportunities as agenda items during their meetings with the Board, SSC and STF, to strengthen their oversight and management of climate-related risks and opportunities. Please refer to Sustainability Governance on pages 76 and 77 for more information.
STRATEGY	
a) The climate-related risks and opportunities OUE REIT has identified over the short, medium and long term b) The impact of climate-related risks and opportunities on OUE REIT's businesses, strategy, financial planning and prospects c) The approach taken by OUE REIT to respond to climate-related risks and opportunities, such as on the business model and value chain d) The consideration and inclusion of industry-based disclosure topics	OUE REIT identifies and assesses the actual and potential impacts of climate-related risks and opportunities on its business and strategy. In FY 2021, the Manager conducted a TCFD climate scenario analysis to identify climate-related risks and opportunities that could have a potential financial impact on the business, and to develop resilient climate transition strategies for OUE REIT. In FY 2022, the Manager strengthened its alignment of governance and risk management processes with the MAS' EnRM guidelines by developing an ESG Investment Due Diligence Checklist, in addition to the standard due diligence process for new acquisitions. Please refer to OUE REIT's Sustainability Report 2021[3] and Sustainability Report 2022[4] for the detailed disclosure of our TCFD climate scenario analysis and the steps that OUE REIT has taken to strengthen its climate resilience strategies. In FY 2023, OUE REIT continues to strengthen its climate reporting by aligning to the IFRS ISSB S2 climate-related disclosures. The Manager underwent training, in the form of a workshop, to identify and assess gaps with respect to its current climate disclosures. To ensure that OUE REIT considers all material climate-related risks and opportunities, the Manager takes into consideration industry-based disclosure topics as defined in SASB's industry-based guidance for the Real Estate sector. The relevant and applicable disclosure metrics are disclosed in this Sustainability Report.

Notes:

[2] Building and Construction Authority (March, 2021), Singapore Green Building Masterplan (SGBMP), https://www1.bca.gov.sg/docs/default-source/docs-corp-buildsg/sustainability/sgbmp-80-80-80-in-2030-infographic.pdf?sfvrsn=57172d48_2

[3] OUE REIT FY 2021 Sustainability Report (Page 84-90), https://investor.ouereit.com/misc/OUECT_Annual_Report_FY_2021.pdf

[4] OUE REIT FY 2022 Sustainability Report (Pages 85-87), https://investor.ouereit.com/misc/ar2022.pdf

STRATEGY (cont'd)

e) The resilience of OUE REIT's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

The Manager has started to integrate climate-related risks and opportunities into its investment strategies. At present, green-certified buildings form 95.7% of OUE REIT's portfolio value.

Property	Award Category	Year of Award
Crowne Plaza Changi Airport	BCA Green Mark Gold	2023
Hilton Singapore Orchard	BCA Green Mark Gold	2023
Mandarin Gallery	BCA Green Mark Gold	2023
One Raffles Place Tower 1	BCA Green Mark Gold	2023
One Raffles Place Tower 2	BCA Green Mark Gold	2023
OUE Bayfront	BCA Green Mark Gold	2022
OUE Downtown Office	BCA Green Mark Gold	2022
Lippo Plaza	LEED O+M V4.0 - Gold	2019

The Manager has conducted studies in FY 2023 to evaluate and quantify the investment and capital expenditure, energy-efficiencies, water-efficiencies and overall sustainability performance required into maintaining or improving the green certifications obtained by its buildings.

Tenant engagement also forms a key part of the Manager's strategy in managing climate-related risks. To actively track our tenants' consumption and sustainability performance at our properties, tenancy agreements for new or renewed leases will contain a Green Clause requesting tenants to share data on energy, water and gas consumption and waste generation on an annual basis. While there are no monetary terms attached to tenancy agreements currently, tenants have been generally receptive and cooperative with green clauses.

OUE REIT will consider refreshing and revalidating its climate scenario analysis in the future to account for the potential impacts of climate change on its value chain, current and expected financial impacts, and the development of proper resourcing and transition plans.

RISK MANAGEMENT

a) OUE REIT's processes for identifying, assessing and prioritising climate-related risks and opportunities

b) OUE REIT's processes for managing and monitoring climate-related risks and opportunities

c) How OUE REIT's processes for identifying, assessing and managing climate-related risks and opportunities are integrated into risk management

The Manager has an Enterprise Risk Management ("ERM") Framework in place for OUE REIT, which has been approved by the Board. In the current Risk Register & Risk Parameters, transition risks (damage to reputation) are included. Physical risks (flood risk) are considered in OUE REIT's Business Continuity Plan ("BCP") Plan. These related risks are regularly monitored and managed by the individual property managers.

In FY 2023, OUE REIT's board members and employees underwent training to identify and assess gaps in its existing ERM Framework with respect to the MAS' EnRM guidelines.

The Manager will keep working closely with the ARC to include climate-related risks in the ERM Framework and develop appropriate internal controls to manage these risks.

METRICS AND TARGETS

a) The metrics used by OUE REIT to assess climate-related risks and opportunities in line with its strategy and risk management process

b) The consideration and inclusion of industry-based metrics

The key metrics OUE REIT uses to assess and monitor climate-related risks are GHG emissions, energy consumption, water consumption and waste generation.

Environmental data from these key metrics is reviewed and reported to the Board bi-annually to enable the Manager to review the performance against OUE REIT's long-term targets to ascertain the effectiveness of existing policies and initiatives in mitigating climate-related risks. These metrics are also reported annually in OUE REIT's sustainability report for transparency.

SUSTAINABILITY REPORT

METRICS AND TARGETS (cont'd)	
c) OUE REIT's Scope 1, Scope 2 and Scope 3 GHG emissions and the related risks d) The targets used by OUE REIT to manage climate-related risks and opportunities and the performance against targets	OUE REIT currently discloses only Scope 1 and 2 GHG emissions for our properties in Singapore and Shanghai. The accounting methodology for GHG emissions are based on the GHG Protocol Corporate Accounting and Reporting Standard, an internationally recognised framework, to ensure that the emission figures reported are consistent and accurate. OUE REIT collects Scope 3 emissions data, in terms of tenants' consumption of energy, for its GRESB submission. The Manager will continue to monitor the value chain and work towards disclosing Scope 3 emissions in future. The Manager, working with the Sponsor, has set long-term environmental targets for GHG emissions, energy consumption, water consumption and waste generation across OUE REIT's operations. These targets help the Manager to track OUE REIT's progress, monitor exposure to climate-related risks, and evaluate the efficacy of existing initiatives towards meeting the FY 2030 targets. Together with the Sponsor, OUE REIT has embarked on a strategic exercise in FY 2023 to evaluate the feasibility, relevance and ambition of existing targets, and assess the need to recalibrate targets in order to align with international and national goals. The calibrated targets will be included in the subsequent sustainability report. For more details, please refer to the Climate Resilience, Water Efficiency and Waste Minimisation sections on pages 84 to 89.

CLIMATE RESILIENCE

(GRI 3-3, 302, 305)

Targets & Aspirations	FY 2023 Performance
Commercial: Reduce energy intensity[5] by 25%* by FY 2030	Energy intensity reduced by 20.9%
Hospitality: Reduce energy intensity[6] by 25%* by FY 2030	Energy intensity increased by 17.8%
Reduce Scope 2 GHG emissions intensity[5] by 25%* by FY 2030	Scope 2 GHG emissions intensity reduced by 11.3%
Actively pursue opportunities in renewable energy use	Solar energy generation at One Raffles Place Tower 2 accounted for a portion of the overall building electricity consumption in FY 2023. At One Raffles Place, a solar panel replacement project will be commenced in FY2024, to increase the amount of solar energy generated.

* Compared to base year FY 2017

Increasing carbon emissions, if not managed and mitigated well, will further accelerate climate change and global warming as seen with erratic weather patterns and more frequent cases of climate-related incidents like flooding. This presents a physical climate risk to OUE REIT's business, due to potential damage to infrastructure or natural capital such as local biodiversity.

The building and construction sectors[7] contribute nearly 40% of global carbon emissions, highlighting the imperative role that commercial and hospitality properties play in managing and mitigating carbon emissions risks, through reductions in energy usage and improving efficiency. As OUE REIT's properties are located in water-scarce and land-scarce locations, the Manager acknowledges the importance of sustainable resource use to ensure business continuity and continued value creation for its stakeholders.

Notes:

5 Based on per unit gross floor area in square metres

6 Based on per occupied room

7 Green Building Council (December, 2022), Green Procurement for Green Buildings, https://www.sgbc.sg/about-green-building/sgbc-embodied-carbon-pledge

The Manager's asset management team works closely with the property managers to improve the energy efficiency of OUE REIT's portfolio, focusing on several key areas, including leveraging on technologies, improving operational planning and engaging tenants to achieve OUE REIT's targets and aspirations. These efforts and targets are also in line with the low carbon emissions plans of Singapore[8] and China[9].

OUE REIT has an Energy Management Policy, Energy Conservation Policy, as well as an Environmental, Health and Safety ("EHS") Policy in place across all its buildings. These policies aim to continuously monitor and manage energy use and act as a mandate for the property management teams to constantly explore smart energy solutions and energy-efficient products to reduce building energy usage, including that of tenants. The Manager is committed to embedding sustainability in every step of OUE REIT's business. These include a Green Procurement Policy that integrates considerations of environmental and social issues during procurement and development projects, as well as a Green Clause in tenancy agreements for new and renewed leases requesting tenants to share energy, water and gas consumption and waste generation data.

CLIMATE RESILIENCE

Focus	Measures & Initiatives
Energy-Efficient Heating, Ventilation & Air Conditioning Equipment	• OUE Bayfront and OUE Downtown Office are currently exploring smart energy solutions to optimise operations and track energy usage for both tenant and common areas. For instance, chiller efficiencies are currently being reviewed and there are plans to replace or optimise the operation of the chillers • Smart solutions for air-side control and monitoring is being explored at One Raffles Place
Control, Metering & Monitoring	• Installation of automated meter reading that tracks monthly electricity consumption of the common and tenanted areas • Switching off of non-essential lightings such as at the rooftop gardens of One Raffles Place that are not accessible by tenants or visitors • Swimming pool circulation and water feature pumps are switched off from 9 pm to 5 am daily to conserve energy and daily Earth Hours continue to be observed from 9:30 pm to 10:30 pm at Crowne Plaza Changi Airport. In addition, the operation time for chillers is cycled to conserve energy, with two chillers in operation from 7 am to 7 pm, and only one chiller in operation from 7 pm to 7 am. • Crowne Plaza Changi Airport has upgraded their Building Management System to the L-QuBE, DEOS System, which is an integrated building automation and energy management system to track energy consumption more efficiently and transparently • Replacement of back-of-house aircon analogue thermostat to a digital thermostat and locking temperature settings at a minimum of 23.0°C at Hilton Singapore Orchard
Retrofitting Lighting	• Progressive replacement of T5 lighting to energy efficient LED lighting and lamps within office premises, tenant and common areas at OUE Bayfront, OUE Downtown Office and Lippo Plaza • Replacement of back-of-house lighting at offices and staircases to LED lighting at Hilton Singapore Orchard
Renewable Sources of Energy	• Solar panels installed on the roof of One Raffles Place Tower 2 are undergoing a replacement project to increase solar energy generation by FY 2024. A feasibility study to increase the area of solar panels at One Raffles Place is being conducted
Certifications	• Certification of BCA Green Mark Gold at Crowne Plaza Changi Airport • Studies have been conducted in FY 2023 to evaluate and quantify the investment and capital expenditure, efficiency and sustainability performance requirements needed to maintain or improve the green certifications obtained by OUE REIT's assets • Lippo Plaza is appointing an energy conversation consultant to complete its energy conservation scheme, as well as a LEED consultant for renewal of its LEED certification
Tenant Engagement	• Regular tenant engagement to discuss and work together in good faith to reduce tenants' energy consumption, carbon emissions and waste generated and to set targets for the following year • Green Guide for Tenants which outlines recommendations for energy, water, waste and indoor air quality management (also applicable to fit-out and renovation works) • Green leases account for approximately 50.3% of the Singapore commercial segment net lettable area as of 31 December 2023

Notes:

[8] National Climate Change Secretariat (November, 2022), Singapore's Long-term Low-Emissions Development Strategy, https://www.nccs.gov.sg/files/docs/default-source/publications/nccsleds_addendum_2022.pdf

[9] World Bank Group (October, 2022), China's Country and Climate Development Report (CCDR), https://www.worldbank.org/en/country/china/publication/china-country-climate-and-development-report

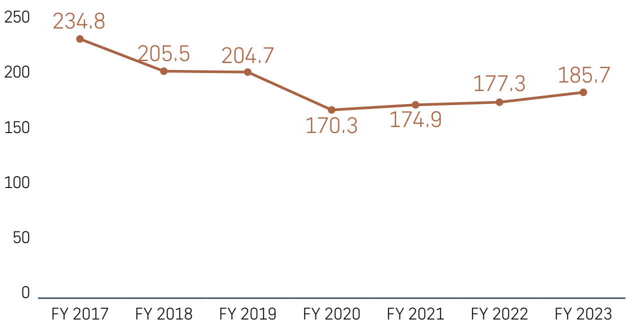
SUSTAINABILITY REPORT

PORTFOLIO ENERGY CONSUMPTION BY TYPE

	Total Energy (MWh)	Total Energy (GJ)
Diesel	16	57
Motor gasoline	29	104
Cooking gas	2,323	8,362
Electricity (includes cooling)	93,500	336,602
Renewable	13	47
Total	**95,881**	**345,172**

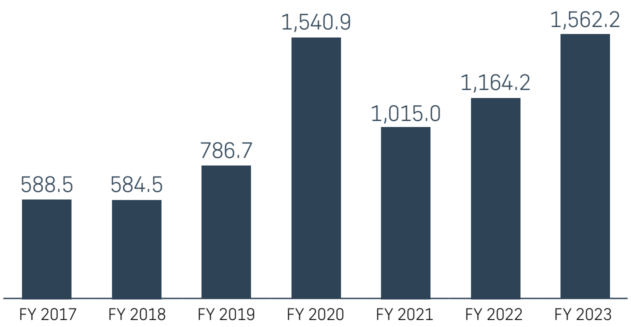
ENERGY INTENSITY[10] – COMMERCIAL

(kWh/m²)



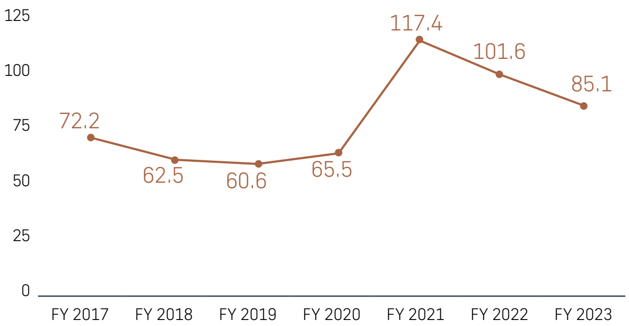
SCOPE 1 EMISSIONS[11]

(tCO_2)



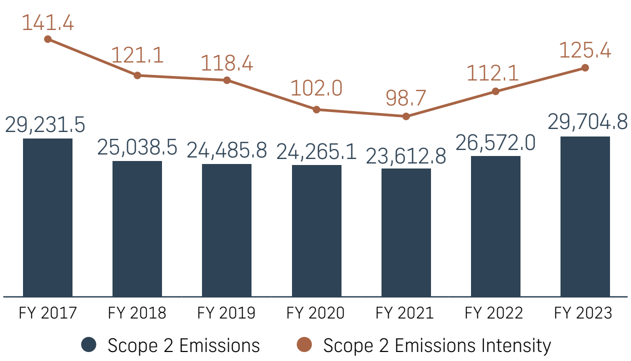
ENERGY INTENSITY – HOSPITALITY

(kWh/occupied room)



SCOPE 2 EMISSIONS[12] AND EMISSIONS INTENSITY

(tCO_2) ($kgCO_2$)



In FY 2023, OUE REIT's total energy consumption across its property portfolio was 95,881 megawatt hours ("MWh") and 345,172 Gigajoules ("GJ").

The commercial segment recorded an energy intensity of 185.7 kilowatt hour per square metre ("kWh/m²"), a reduction of 20.9% compared to base year FY 2017. OUE REIT is on track to achieve a 25% reduction in energy intensity for the commercial segment by FY 2030. The hospitality segment reported an energy intensity of 85.1 kilowatt hour per occupied room (kWh/occupied room) in FY 2023, an increase of 17.8% compared to base year FY 2017.

Absolute Scope 2 emissions from our commercial and hospitality properties has slightly increased to 29,704.8 tonnes of CO_2 in FY2023 from 29,231.5 tonnes of CO_2 in FY2017. However, our Scope 2 emissions intensity for our commercial and hospitality portfolio has decreased by 11.3% as compared to FY 2017.

Notes:

[10] Energy intensity was calculated based on diesel, motor gasoline, cooking gas, electricity, and renewable energy consumption

[11] Scope 1 GHG emissions reported here include CO_2 from the combustion of fossil fuels and hydro fluorocarbon ("HFC") or HFC-based refrigerants, and hydro chlorofluorocarbon ("HCFC") or HCFC-based refrigerants

[12] Scope 2 GHG emissions reported here include CO_2 from purchased electricity. Quantities of purchased electricity were converted to CO_2 emissions using grid emission factors from Singapore and Shanghai. Singapore's grid emission factor was taken from Singapore Energy Statistics 2023 published by the Energy Market Authority. The Shanghai Grid emission factor was taken from the Shanghai Municipal Bureau published in 2023. For accuracy, Shanghai's emissions factor was updated to a country-specific emission factor, as compared to a region-specific emission factor used in previous years

WATER EFFICIENCY (GRI 3-3, 303)	
Targets & Aspirations	**FY 2023 Performance**
Commercial: Reduce water intensity[13] by 25%* by FY 2030	Water intensity reduced by 26.1%
Hospitality: Reduce water intensity[14] by 25%* by FY 2030	Water intensity reduced by 16.9%

* Compared to base year FY 2017

Water scarcity is a global concern, with Singapore[15] and Shanghai[16] ranked as areas which will face extreme high-water stress. This presents a risk especially to OUE REIT's hospitality assets as their operations are water intensive and dependent on reliable and clean water supply. It is vital that OUE REIT manages water efficiently and effectively, such that water scarcity will not significantly impact OUE REIT's operations and business negatively. Water withdrawn in Singapore and Shanghai for the properties' operations are freshwater and from municipal sources.

As OUE REIT's water consumption is largely attributed to the daily usage by tenants, guests and employees, the Manager ensures that there is close collaboration and engagement with our stakeholders by advocating for water efficiency and conservation. We also encourage responsible water usage and communicating regularly on water management plans and initiatives. Wastewater from our operations is directly discharged into the public sewerage system, in accordance with applicable regulations and good practices.

As a result of having the right policies, focus, measures and initiatives in place, we are pleased to report that there were zero incidents of non-compliance with water quality, permits, standards and applicable regulations in FY 2023.

WATER EFFICIENCY

Focus	Measures & Initiatives
Water-Efficient Equipment	• Installation of water-saving fittings such as basin taps, bib taps, sink taps, shower mixers, shower taps, water closets, urinals and showerheads as required in the toilet upgrading specifications as per PUB's Guidelines[17] • Good Water Efficiency Labelling ratings are considered when procuring water fittings, fixtures and appliances • Replacement of back-of-house basin taps to auto dispensing taps at Hilton Singapore Orchard to prevent water wastage
Water Efficiency Opportunities	• Capitalise on opportunities where potable water consumption can be reduced such as using treated greywater in cooling towers for irrigation and flushing in lavatories, as well as utilising NEWater at nearly all Singapore properties • Installed water-efficient fittings and adopted recommended flow and flush rates for toilet upgrading projects, following the guidelines set out by the PUB in its Water Efficient Building ("WEB") Certification Programme[18]
Control, Metering and Monitoring	• Ongoing monitoring and analysis of the potable and recycled water consumption at our Singapore properties
Suppliers' & Tenants' Engagement	• Collaboration with suppliers who invest in water efficiency improvements following the PUB WEB Certification Programme guidelines • One Raffles Place launched a campaign titled 'A True-Blue Dream', in conjunction with Singapore's World Water Day in March 2023, to encourage shoppers to reduce water consumption nationwide. Some initiatives include providing interesting tips and tricks on how to save water in daily routines. To raise awareness of water conservation, One Raffles Place also offered attractive discounts to shoppers who dressed in blue during that month.

Notes:

[13] Based on per unit gross floor area in square metres

[14] Based on per occupied room

[15] World Resources Institute (August, 2015), Ranking the World's Most Water-Stressed Countries in 2040, https://www.wri.org/insights/ranking-worlds-most-water-stressed-countries-2040

[16] World Resources Institute Aqueduct Water Risk Atlas Tool Summary Results for China, https://www.wri.org/applications/aqueduct/country-rankings/?country=CHN

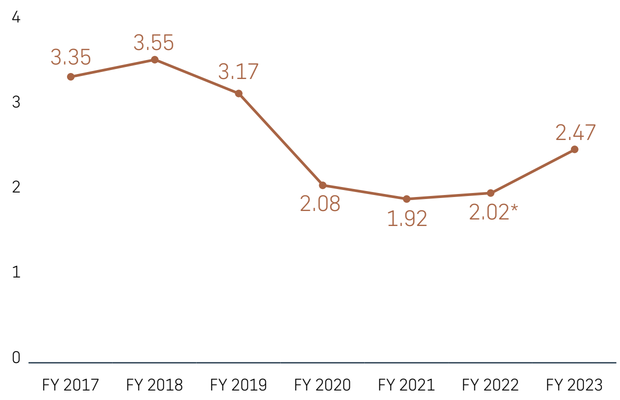
[17] Public Utilities Board (March, 2021), Code of Practice on Sewerage and Sanitary Works, https://info.pub.gov.sg/Documents/COPSSW2nded2019AddendumNo1_final.pdf

[18] Public Utilities Board (September, 2021), Water Efficient Building (Basic) Certification, https://info.pub.gov.sg/savewater/atwork/efficiencymeasures

SUSTAINABILITY REPORT

WATER INTENSITY – COMMERCIAL

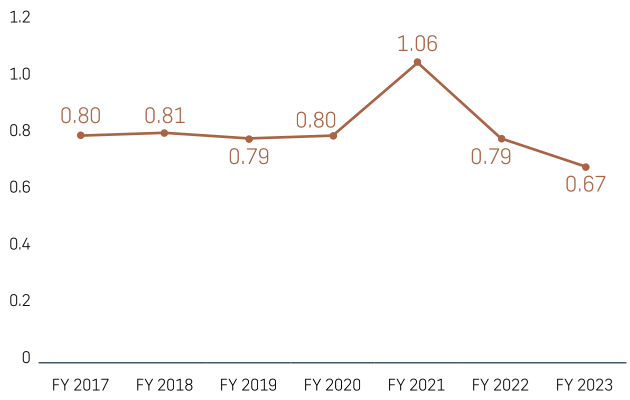
(m³/m²)



* The commercial portfolio's FY2022 water intensity was adjusted due to an update of floor area used for calculations

WATER INTENSITY – HOSPITALITY

(m³/occupied room)



The total water withdrawal[19] from OUE REIT's property portfolio was 550,588 cubic metres ("m^3") in FY 2023. The commercial segment reported an improved water intensity of 2.47 m^3 per square metre ("m^3/m^2"), a reduction of 26.1% compared to base year FY 2017. For the hospitality segment, water intensity decreased by 16.9% to 0.67 m^3 per occupied room ("m^3/occupied room") compared to base year FY 2017.

WASTE MINIMISATION

(GRI 3-3, 306)

Targets & Aspirations	FY 2023 Performance
Commercial: • Reduce non-hazardous waste intensity[20] by 15%* by FY 2030 • Increase recycling rate to 12.5%* by FY 2030	• Non-hazardous waste intensity reduced by 12.9% • Recycling rate is 4.5%
Hospitality: • Reduce paper waste by 50%* by FY 2030 • Reduce plastic waste by 50%* by FY 2030	• Reduced paper waste by 4.9% • Reduced plastic waste by 58.0%

* Compared to base year FY 2017

If the rate of waste generation remains constant, Singapore's only landfill at Pulau Semakau is expected to be filled by 2035[21]. The incineration of waste contributes to global warming and pollution. As part of Singapore's goals towards a Zero-Waste Nation, the country aims to reduce the daily waste sent to the landfill by 30% by 2030[22] to extend its lifespan. OUE REIT supports Singapore's efforts towards Zero-Waste by reducing the volume of non-hazardous waste generated through effective waste management and increasing the recycling rate at our OUE REIT properties.

WASTE MINIMISATION

Focus	Measures & Initiatives
Waste Reduction Measures	• Umbrella dryers for use on rainy days instead of plastic sleeves at Hilton Singapore Orchard and One Raffles Place • Initiatives to minimise plastic usage at Hilton Singapore Orchard such as: – Wooden key cards and digital keys through the Hilton Honors app – Sustainable stationery – Bulk bathroom amenities – In-house custom-built water filtration and glass bottling system to eliminate plastic bottles – Where glass bottles are not served, water cartons made of biodegradable and recyclable materials are provided – Replacement of plastic laundry covers to non-woven laundry covers

Notes:

19 All water withdrawal is fresh water and from municipal supply

20 Based on per unit gross floor area in square metres

21 NEA (July, 2022), Semakau Landfill 20th Anniversary, https://www.nea.gov.sg/corporate-functions/resources/publications/books-journals-and-magazines/envision-lite/june-july-2020/semakau-landfill-20th-anniversary

22 Tan, A. (August, 2019) Singapore aims to send one-third less waste to Semakau Landfill by 2030: Amy Khor, https://www.straitstimes.com/singapore/environment/spore-aims-to-send-one-third-less-waste-to-semakau-landfill-by-2030-amy-khor

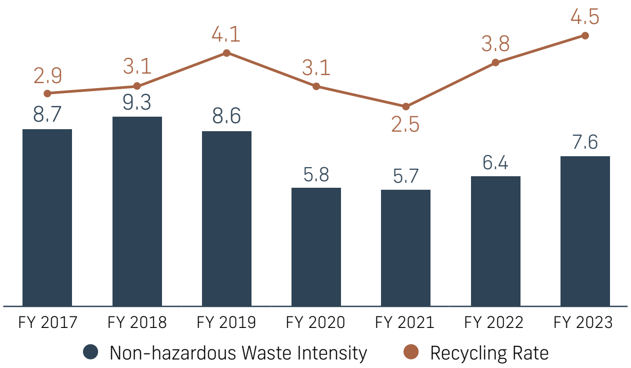
Focus	Measures & Initiatives
Recycling	• Collaboration with third-party vendors at OUE Bayfront and OUE Downtown Office for the monthly collection and recycling of electronic waste from tenants • Recycling bins deployed at our properties to collect various recyclable materials (glass, metal, plastic, food and electronic waste), in line with requirements of the National Environmental Agency ("NEA")[23] • For our retail properties, our recycling plan and waste disposal consumption data are submitted to NEA[24] yearly for review and site checks
Equipment	• Eco-waste collection equipment at OUE Downtown to compress and break down waste into smaller pieces • Automatic food waste recycling systems at Hilton Singapore Orchard to bio-convert solid food waste into liquids for discharge as greywater and minimise food waste
Employees & Tenant Engagement	• Regular tenant engagement through circulars and other activities at OUE Bayfront and OUE Downtown Office to encourage recycling. Lippo Plaza is arranging training sessions to tenants to raise awareness on responsible waste management

Most of the waste generated at OUE REIT's properties is non-hazardous waste, amounting to 3,830 tonnes. The amount of hazardous waste generated was 0.4 tonnes.

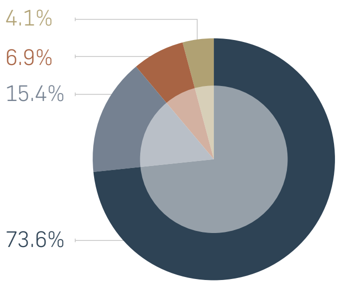
OUE REIT's commercial segment recorded a 12.9% decrease in non-hazardous waste intensity from 8.7 kilograms per square metre ("kg/m²") in FY 2017 to 7.6 kg/m² in FY 2023.

The recycling rate of the commercial segment increased from 2.9% in FY 2017 to 4.5% in FY 2023. In FY 2023, paper and plastic waste generated at the hotels declined by 4.9% and 58.0%, respectively, against base year FY 2017.

NON-HAZARDOUS WASTE INTENSITY AND RECYCLING RATE – COMMERCIAL



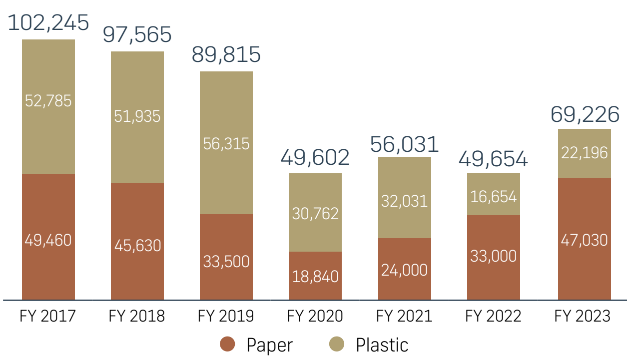
DISPOSAL METHOD FOR NON-HAZARDOUS WASTE



	Weight (tonne)
Incinerated	2,821
Landfilled[25]	588
Recycled	264
Other disposal method	157

3,830 tonnes

PLASTIC AND PAPER WASTE GENERATED – HOSPITALITY



Notes:

[23] NEA (December, 2022), Waste Minimisation and Recycling, https://www.nea.gov.sg/our-services/waste-management/3r-programmes-and-resources/waste-minimisation-and-recycling

[24] NEA (December, 2022), Mandatory Waste Reporting Exercise started in 2014, https://www.nea.gov.sg/our-services/waste-management/mandatory-waste-reporting#:~:text=Disposal%20Facilities%20page.-,Update%20on%20the%20Mandatory%20Waste%20Reporting%20Exercise,data%20and%20waste%20reduction%20plans

[25] An indeterminate portion of landfilled non-hazardous waste may have been incinerated

SUSTAINABILITY REPORT

STRENGTHENING SOCIAL FABRIC

HEALTH & SAFETY
(GRI 3-3, 403)

Targets & Aspirations	FY 2023 Performance
Maintain zero incidents resulting in employee fatality or permanent disability*	Zero incidents resulting in employee fatality or permanent disability
Maintain zero non-compliance with regulations and/or regulatory codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning#	One incident of non-compliance

* Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers
# Excluding hospitality properties

Occupational Health & Safety

The Manager is dedicated to a safe and secure environment at OUE REIT's properties for the health and safety of all stakeholders, including employees, tenants and visitors. To foster a safe and healthy working environment, risk and hazard management plans are in place at all properties.

Our commitment to workplace health and safety is formalised in our policies, which include educational and training programmes for employees on health and safety issues during staff orientation programmes and at relevant stages throughout their careers.

Following the launch of the Code of Practice on Chief Executives' and Board of Directors' Workplace Safety and Health ("WSH") Duties ("WSH Code") by the WSH Council, a statutory board under the Ministry of Manpower ("MOM") that is supported by Tripartite Alliance Limited, the Sponsor has formed a WSH Committee, comprising representatives from various business units. The WSH Committee takes responsibility for monitoring the implementation of workplace safety and health policies and ensuring that OUE Group's employees can access all relevant policy information and updates. The HR team also ensures that new employees are aware of the WSH policies and track WSH training hours.

To ensure further alignment with the WSH Code, the WSH Committee is working with an external consultant to implement an Occupational Health and Safety Management System for the wider OUE Group based on ISO 45001: 2018 standards.

In April 2023, OUB Centre Limited ("OUBC"), an 83.33%-owned subsidiary of OUE REIT and the developer and manager of One Raffles Place, was fined S$260,000 in connection with an offence under the Workplace Safety and Health Act 2006 which resulted in one fatality when an employee of the tenant of the rooftop bar at the property fell into a gondola pit. Following the incident, OUBC took immediate steps to enhance its safety procedures to prevent any future incident of a similar nature including engaging a qualified contractor to review the method statements and risk assessments concerning the use of the gondola system for façade cleaning and replacing the façade cleaning contractor.

Compliance with Health and Safety Regulations

OUE REIT recognises that providing employees, tenants and guests with a safe and welcoming environment is critical to the continued delivery of high-quality services and to the achievement of the Manager's objectives. While striving for high-quality investments, OUE REIT's primary objective is to create a secure and welcoming environment for tenants, guests, and visitors at our properties. The Manager is obliged to ensure that all safety and other legal requirements are complied with and that current best practices are identified and implemented. We work closely with our property managers to build a strong safety culture at the frontline by focusing on prevention. This involves a collaborative effort between the Manager and the property manager through conducting routine risk assessments to identify potential hazards, mitigate incidents, and implement various risk controls to ensure continuity and utmost safety.

Property managers conduct risk assessments, hygiene surveys and on-site checks every two to three weeks. During this process of checks, property managers are to signpost any identified hazards to prevent accidents or injuries. The next line of defence entails the maintenance and servicing of all equipment and machinery, which are conducted at least once every quarter. These checks ensure that facilities such as lifts and escalators in common areas are fit for safe operation. Property managers also assume the responsibility for implementing risk control measures and policies, such as the EHS Policy, the Fire Emergency Plan and the Company Emergency Response Team ("CERT"). Tenants are reminded to adhere to all safety guidelines at our assets via periodic engagement and via the tenant handbook.

Any incident of significance to health, safety or the environment is promptly reported monthly, in compliance with the WSH (Incident Reporting) Regulations. Maintaining and servicing of all equipment and machinery are done and documented at least once every quarter. We evaluate these reports and track the measures taken. Reports on incidents with learning effects for other assets or sites are processed and forwarded to other property management teams where potential hazards are similar. As a result, hazards can be identified and eliminated at any early stage before they lead to an accident.

The measures are then cascaded down to the individual property managers who oversee the implementation of various policies and procedures, such as the EHS Policy, the Fire Emergency Plan and the CERT.

We treat all incidents within our buildings with the utmost seriousness and ensure that they are reported and submitted in written form monthly, along with all supporting maintenance records.

HEALTH & SAFETY

Focus	Measures & Initiatives
Accreditation & Compliance to Standards	• Subscription to the bizSAFE programme[26], administered by the Singapore WSH Council, to enhance our overall workplace health and safety capabilities • Periodic audits performed by MOM sanctioned WSH auditors to ensure adherence with bizSAFE standards • Crowne Plaza Changi Airport and Hilton Singapore Orchard maintained their bizSAFE Level 4 accreditation in FY 2023
Risk & Hazard Management Plans	• Annual or bi-annual fire evacuation drills, regular fire safety training and evacuation plans designed to ensure the safety of all occupants, including tenants and visitors • Managing agent of OUE Bayfront and OUE Downtown Office takes responsibility for workplace health and safety on the premises, even though the office environment carries a low risk of hazards • Footwear risk and hazard assessment has been included in Crowne Plaza Changi Airport's risk assessment process to ensure that proper footwear is adorned during work
Employees & Service Providers Engagement	• At One Raffles Place, a WSH Consultant has been appointed to conduct monthly safety inspections within the property and provide post-inspection reports on the findings. These workplace safety updates are collected monthly from the WSH Council, and then shared with staff based on their relevance • At Crowne Plaza Changi Airport, monthly workplace safety and health refresher trainings have been put in place to ensure all employees are up to date with the latest health and safety guidelines • WSH is a standing agenda item in monthly meetings with the main service providers such as those responsible for security, cleaning and facilities management

Note:
[26] Tripartite Alliance for Workplace Health and Safety, WSH Council (2020), About bizSAFE, https://www.tal.sg/wshc/programmes/bizsafe/about-bizsafe

SUSTAINABILITY REPORT

Employees Health & Well-being

Our people are our most valuable resource. OUE REIT strives to create a more inclusive workforce culture, including implementing and periodically communicating HR policies and practices that reflect our employees' unique needs on health, training and safety, such as:

- Health screening benefits for employees (with at least one year of service)
- Flexible benefits which enable employees to address their specific health and wellness needs
- Periodic health screening for employees aged above 40 years old in Singapore, and annual health screening for permanent employees in China
- Extensive medical benefits for employees and their family members, such as outpatient, inpatient and specialist medical coverage, as well as dental benefits
- Hybrid and flexible work arrangements are made available to employees of the Manager and One Raffles Place for better work-life balance
- Work injury compensation through insurance coverage for employees of the Manager, One Raffles Place and Lippo Plaza
- Complimentary weekly online health and wellness programmes are offered to OUE employees by the Group's health insurance provider. In October 2023, a physical workshop on Mental Well-being was offered to all OUE employees to shed light on understanding, addressing, and nurturing mental health
- New monthly Health and Wellness Programme has been implemented to further enhance the wellbeing of employees. This includes participation in marathons, organising walks in the park, lunchtime talks on topics such as mental health, gut health, spinal health. To further promote a healthy lifestyle, healthy bentos were provided for attendees at the lunchtime talks
- Lippo Plaza has wellness programmes offered to all employees and tenants, with courses including but not limited to Yoga, Pilates, workshops on health and beauty topics, as well as first aid training
- Occupational First Aid training courses for the Manager's employees
- The Manager's employees are entitled to two days of paid family care leave and paid parental leave to take time off to care for their loved ones. In FY 2023, two female employees were entitled to, and utilised parental leave. Both female employees had returned to work after their parental leave ended. This resulted in a 100% return to work rate, and 100% and 50% retention rate of male and female employees respectively.

Contractors and Service Providers

The Manager highly regards the health, safety and well-being of our contractors and other workers who are not direct employees but whose work falls under the control of OUE REIT.

We communicate our values on occupational health and safety to third parties via our Workmen Compensation Policy. Prior to commencing work, service providers are required to register for third-party liability insurance and contractor's all risk insurance. Throughout their engagement, all third-party service providers and main contractors are also required to maintain relevant safety certifications such as OHSAS 18001 or ISO 45001. The property managers also routinely convene meetings with these service providers to ensure their health and safety performance meets the required standards, thereby assuming responsibility for the well-being and safety of work conducted for OUE REIT.

Safety-related incidents, including work-related injuries, are investigated with corrective action taken in an effort to prevent reoccurrence. In FY 2023, we reported zero high-consequence work-related injuries or fatalities, and there were also zero incidents of work-related ill-health.

NUMBER AND RATE OF WORK-RELATED INCIDENTS

	Employees	Other Workers
Number of injuries[27]	0	0
Number of high-consequence injuries	0	0
Injury rate (per million man-hours worked)	0	0
High-consequence injury rate (per million man-hours worked)	0	0
Man-hours worked	**133,636**	**97,803**

Note:

[27] Injuries as defined by MOM, Singapore: Employees injured in a work accident or resulting in any one of the following: outpatient / hospitalisation leave, light duty, death

NUMBER AND RATE OF WORK-RELATED ILL-HEALTH

	Employees	Other Workers
Number of illnesses[28]	0	0
Illness rate (per million man-hours worked)	0	0
Man-hours worked	**133,636**	**97,803**

EMPLOYEE ENGAGEMENT

(GRI 2-7, 2-8, 3-3, 201, 401, 404, 405, 406)

Targets & Aspirations	FY 2023 Performance
Maintain the proportion of women in senior management at 40% or above*	50.0% of employees in senior management are women
25% female representation on the Board by FY 2030	14.3% of the Board are women
Maintain the employee turnover rate[29] below the national industry average*	Employee turnover rate was 35.8% (FY 2023 national industry average[30]: 15.6%)
Maintain zero incidents of discrimination*	Zero incidents of discrimination
Achieve 25 training hours per employee per year*	45.0 average training hours per employee • The Manager: 67.8 hours • One Raffles Place: 38.6 hours • Lippo Plaza: 28.1 hours

* Applicable only to employees of the Manager, and One Raffles Place and Lippo Plaza property managers

Diverse Workforce

The Manager and property managers of One Raffles Place and Lippo Plaza have a total of 67 employees in Singapore and Shanghai with an average tenure of 4.7 years for male employees and 5.6 years for female employees. While our employees are not associated with any workers' union, we have adequate HR policies in place to ensure working conditions and employment terms are fair, and employees are not disadvantaged.

Since OUE REIT's listing in 2014, women have contributed remarkably to the success and growth of the organisation. OUE REIT strives to advance the representation of women throughout our company and continue embedding respect for gender equality and equity through our policies and commitments. In FY 2023, OUE REIT is a signatory of the CEO Statement of Support for the Women's Empowerment Principles[31], to further our commitment to promoting gender diversity and alignment with global companies and goals in implementing Women's Empowerment Principles. We are pleased to report that we have female representation at the senior management and Board level of 50.0% and 14.3% respectively. OUE REIT will continue to fortify our efforts to empower female staff in our workforce and develop female leaders for the industry. More information on the diversity of the Manager's management team and Board can be found on pages 20 to 25 of the Annual Report.

The Manager believes in promoting a diverse, engaging and inclusive work environment that fosters mutual respect among all employees, regardless of their roles. We demonstrate our commitment to creating a safe, inclusive and transparent workplace with a grievance mechanism in place for employees to raise their concerns and seek remediation without fear of reprisal if they have been negatively impacted, such as through disputes or if their rights have been compromised. This has also been communicated in our Employee Handbook.

OUE REIT has also engaged managing agents for OUE Bayfront, OUE Downtown Office and Lippo Plaza, which provide facilities operations and management services on behalf of OUE REIT. In FY 2023, the managing agents of the abovementioned buildings had 51 workers who are not considered employees of OUE REIT.

Notes:

28 Illness as defined by MOM, Singapore: Occupational diseases resulting from exposure to hazards at work

29 Includes employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service

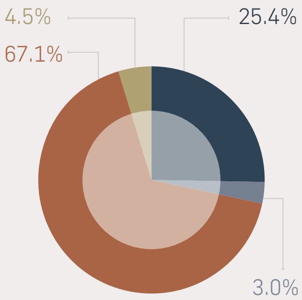
30 Based on 3Q 2023 data for real estate services as published by MOM

31 OUE REIT Management Pte. Ltd., Women's Empowerment Principles (2023), https://www.weps.org/company/oue-reit-management-pte-ltd

SUSTAINABILITY REPORT

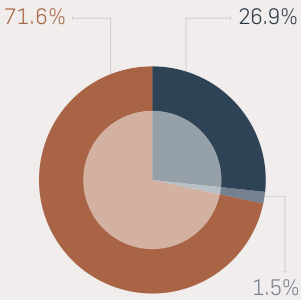
TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (PERMANENT AND TEMPORARY), EMPLOYMENT TYPE (FULL-TIME AND PART-TIME), GENDER AND REGION[32]

By Employment Contract and Gender



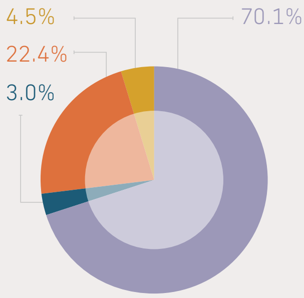
Male (Permanent)	17
Male (Temporary)	2
Female (Permanent)	45
Female (Temporary)	3
Total Employees	**67**

By Employment Type[33] and Gender



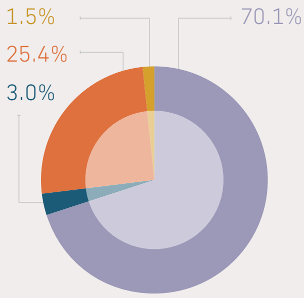
Male (Full-time)	18
Male (Part-time)	1
Female (Full-time)	48
Female (Part-time)	0
Total Employees	**67**

By Employment Contract and Region



Singapore (Permanent)	47
Singapore (Temporary)	2
Shanghai (Permanent)	15
Shanghai (Temporary)	3
Total Employees	**67**

By Employment Type[33] and Region

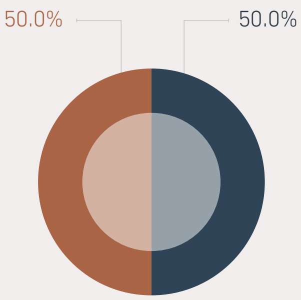


Singapore (Full-time)	47
Singapore (Part-time)	2
Shanghai (Full-time)	17
Shanghai (Part-time)	1
Total Employees	**67**

PERCENTAGE OF INDIVIDUALS BY EMPLOYEE CATEGORY, GENDER, AGE GROUP AND LENGTH OF TENURE[34]

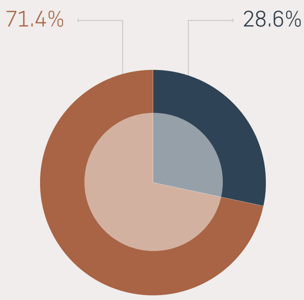
By Gender

Senior management Level



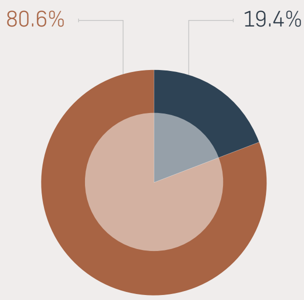
Male	6
Female	6
Total Employees	**12**

Middle management level



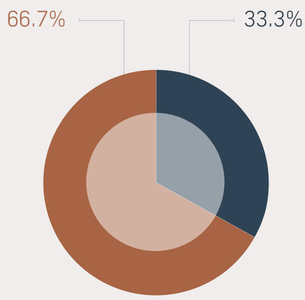
Male	6
Female	15
Total Employees	**21**

Executive level



Male	6
Female	25
Total Employees	**31**

Non-executive level



Male	1
Female	2
Total Employees	**3**

Notes:

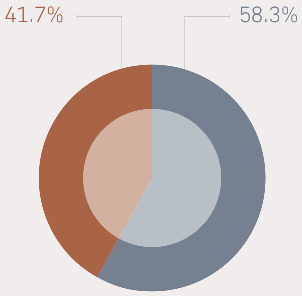
32 Workforce and diversity data excludes workers who are employed by a managing agent that has been appointed to manage the day-to-day operations of OUE Bayfront, OUE Downtown Office and Lippo Plaza

33 Non-guaranteed hours employees refer to casual employees. We do not have non-guaranteed hours employees

34 As of 31 December 2023

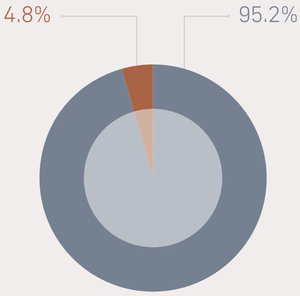
By Age Group

Senior management Level



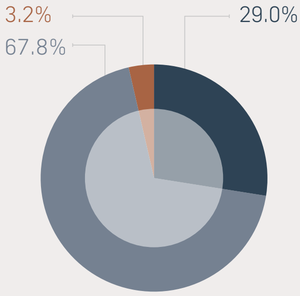
Under 30 years old	0
30-50 years old	7
Over 50 years old	5
Total Employees	**12**

Middle management level



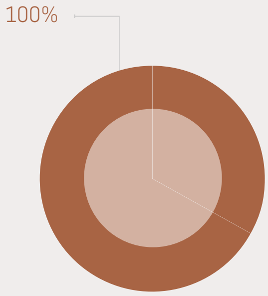
Under 30 years old	0
30-50 years old	20
Over 50 years old	1
Total Employees	**21**

Executive



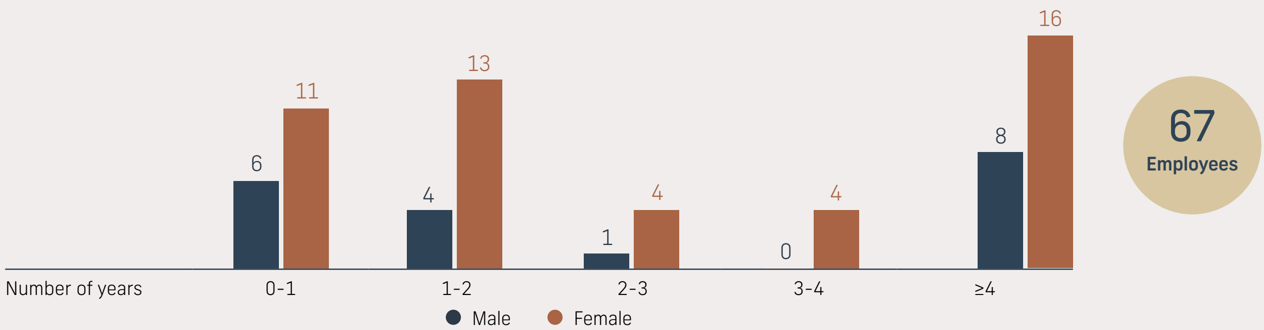
Under 30 years old	9
30-50 years old	21
Over 50 years old	1
Total Employees	**31**

Non-executive level



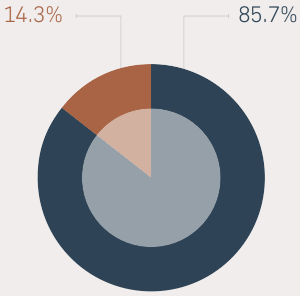
Under 30 years old	0
30-50 years old	0
Over 50 years old	3
Total Employees	**3**

By Length of Tenure



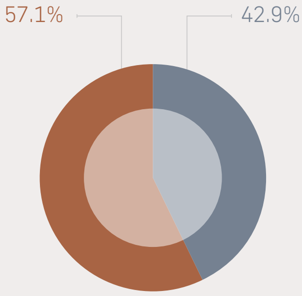
BOARD OF DIRECTORS BY GENDER, AGE GROUP AND LENGTH OF TENURE[35]

By Gender



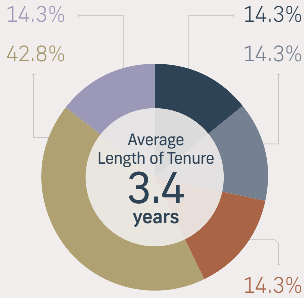
Male	6
Female	1
Total Directors	**7**

By Age Group



Under 30 years old	0
30-50 years old	3
Over 50 years old	4
Total Directors	**7**

By Length of Tenure



1 Year	1
2 Years	1
3 Years	1
4 Years	3
6 Years	1
Total Years	**24**

Note:
[35] As of 31 December 2023

SUSTAINABILITY REPORT

Employee Satisfaction

OUE REIT conducts annual employee engagement surveys to gather feedback and measure employee satisfaction on the working environment and experiences. In FY 2023, OUE REIT has engaged a third-party vendor to conduct the employee engagement survey on EngageRocket, which is a confidential platform to gain meaningful insights on what is working well and where needs to be improved upon.

In 2023, we had a participation rate of 95.0% and an overall engagement score of 95.6%. The survey allowed senior management to understand respondents' various needs and improve on areas such as improving operational efficiency and fostering greater collaboration amongst colleagues. Based on feedback gathered in these employee engagement surveys, the Manager's key management has been working with OUE Group's HR to enhance employee medical benefits, provision of periodic health screenings for employees with one year of service, and promotion of monthly wellness activities.

Fair Employment Practices

Fair and inclusive employment practices are vital for the Manager to attract, retain and develop a diverse talent pool.

OUE REIT strictly adheres to Tripartite Alliance for Fair and Progressive Employment Practices and government employment legislation. As an employer who promotes equal opportunity and diversity, we continue to attract, retain and develop talent based on their qualifications, competencies, attributes, experience and assessed potential to contribute to the business, while ensuring that there is no form of discrimination related to age, gender, race, marital status, or religion.

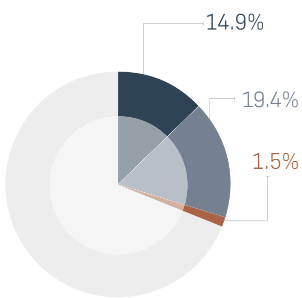
To ensure equitable compensation for our employees, OUE REIT employs a market competitive and performance-driven approach to our remuneration system. This approach involves tracking quantitative KPIs, including non-financial and ESG KPIs, as well as evaluating the core competencies of each employee. These performance assessments and career development reviews are conducted at least once a year and encompass discussions on personal achievements, areas for improvement and feedback on ways to further enhance their skillsets and work experiences. In FY 2023, 100% of eligible employees received the annual review.

Every employee in Singapore, irrespective of their full-time, part-time, or temporary status, will receive a monthly contribution to their Central Provident Fund ("CPF") as mandated by statutory requirements. CPF is a compulsory social security savings scheme funded by contributions from both employers and employees. It serves as a pension fund to address housing, healthcare and retirement needs. In China, full-time employees of Lippo Plaza are entitled to five social insurances: pension fund, medical insurance, industrial injury insurance, unemployment insurance and maternity insurance, in accordance with the Chinese labour law.

Our employee turnover rate was 35.8% in FY 2023, which was above the national industry average of 15.6% for 2023 in the real estate services sector, based on MOM's 3Q labour statistics in the real estate services sector.

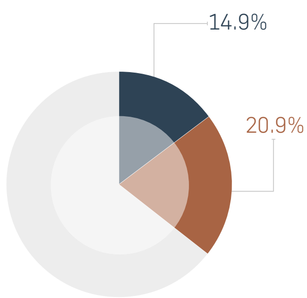
TOTAL NUMBER AND RATE OF NEW EMPLOYEE HIRES IN FY 2023, BY AGE GROUP, GENDER AND REGION

By Age Group



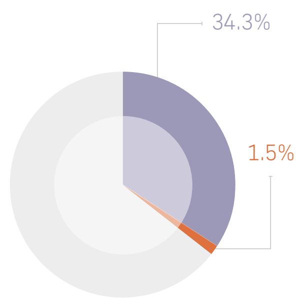
Under 30 years old	10
30-50 years old	13
Over 50 years old	1
Total Employees	**24**

By Gender



Male	10
Female	14
Total Employees	**24**

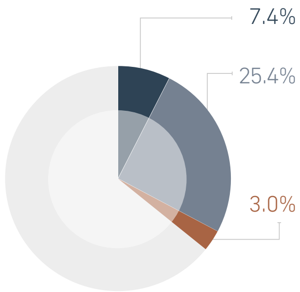
By Region



Singapore	23
Shanghai	1
Total Employees	**24**

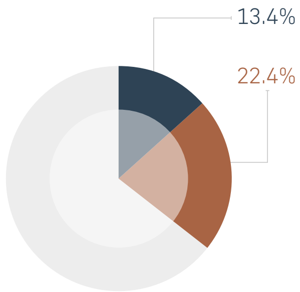
TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER[36] IN FY 2023, BY AGE GROUP, GENDER AND REGION

By Age Group



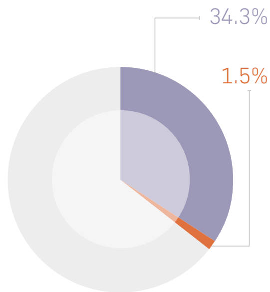
Under 30 years old	5
30-50 years old	17
Over 50 years old	2
Total Employees	**24**

By Gender



Male	9
Female	15
Total Employees	**24**

By Region



Singapore	23
Shanghai	1
Total Employees	**24**

Non-discrimination & Harassment

The Manager's Code of Business Conduct and Ethics clearly states that OUE REIT has zero tolerance towards any form of harassment, violence, intimidation and discrimination of any kind involving race, colour, religion, national origin, gender, sexual orientation, age, disability or, where applicable, marital status. This principle of impartiality also extends to our recruitment procedures, where the Manager applies the same merit-based selection criteria to our third-party service providers to promote fairness and non-discrimination in our business dealings. Employees are encouraged to report any instances of harassment or inappropriate behaviour faced at the workplace.

In FY 2023, we received zero complaints of discrimination observed in our businesses.

Learning & Development

As a responsible employer, OUE REIT aims to offer staff a stimulating and progressive working environment where employees can flourish and realise their true potential. By helping our employees grow as professionals, we grow as a company. Through the Learning and Development Policy, the Manager invests in a culture of continual learning, ensuring that our employees are well-equipped with the latest knowledge and skillsets required in today's fast-paced and challenged world.

We foster a culture of self-directed learning and empower our employees to recognise their individual training needs and participate in the applicable courses. Training is offered in various formats, including on-the-job training, one-on-one sessions, workshops, coaching, mentoring and self-paced learning, providing employees the flexibility to select the approach that best caters to their individual needs. In FY 2023, OUE Group partnered with Singapore Management University Academy to jointly develop and deliver a group-level leadership development course, aimed at enhancing the leadership competencies of our current people managers. The course is designed to help leaders and managers develop an in-depth understanding of their own leadership signature with authenticity and resiliency. In addition, employees also attended communication and effective writing workshops and courses to strengthen their soft skills.

For eligible employees interested in pursuing further studies, sponsorships for external training or education assistance are readily available. At One Raffles Place, all staff have been provided with a LinkedIn learning account which enables them to pursue professional training and accreditation in a flexible learning environment.

In FY 2023, the Manager's expenditure for training and development amounted to more than S$15,500, with employees attending various courses, workshops and training programmes relevant to the real estate sector and their area of expertise.

Note:

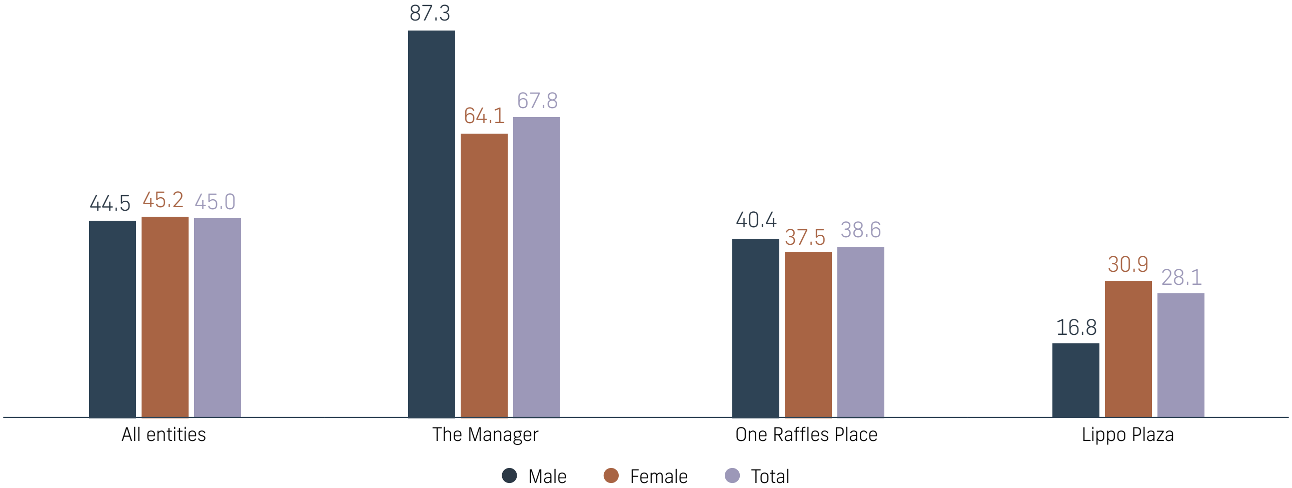
[36] Includes employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service

SUSTAINABILITY REPORT

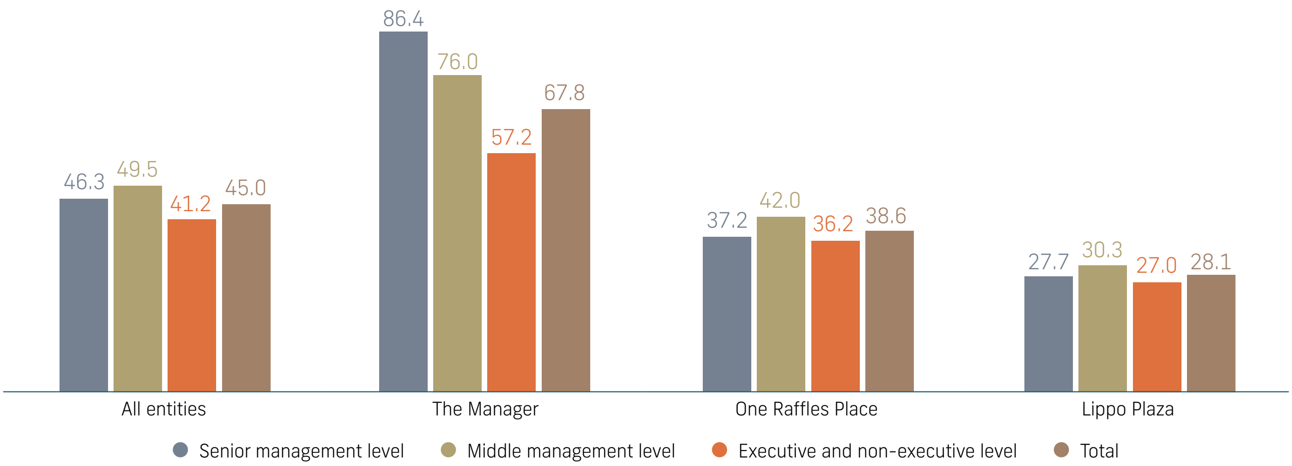
Given the evolving reporting and regulatory requirements on sustainability reporting, it is necessary for employees to consistently attend the relevant trainings to understand the revisions on the latest sustainability trends and requirements so that we can align to best practices and expectations. 100% of employees have received ESG training on topics such as anti-bribery, corruption and anti-money laundering, to keep abreast of these regulations and changing sustainability landscape.

Overall, the Manager reported an average of 45.0 training hours amongst our employees, including the property managers of One Raffles Place and Lippo Plaza in FY 2023.

AVERAGE HOURS OF TRAINING BY GENDER



AVERAGE HOURS OF TRAINING BY EMPLOYEE CATEGORY



Succession Planning & Talent Pipeline

The Manager has in place a three-step approach to promote sustainability and mitigate natural attrition:

1. Identify talent pool vital to achieving OUE REIT's strategic objectives and ensuring business continuity.
2. Design and implement succession and knowledge transfer plans such as training or providing relevant opportunities for growth.
3. Evaluate the effectiveness of succession planning efforts through monitoring of metrics such as performance, overall turnover and retention rates.

To nurture emerging talents, the Manager has started working with local universities in FY2023 to offer internship opportunities for undergraduates to gain experience on possible career paths in the real estate industry.

SERVICE QUALITY (GRI 3-3, 416)	
Targets & Aspirations	**FY 2023 Performance**
Achieve at least 80% tenant satisfaction rate in relation to commercial properties	88.7% tenant satisfaction rate was achieved for all five commercial properties

Tenant Engagement and Satisfaction

OUE REIT aims to build strong, collaborative long-term partnerships with our tenants and continue to position ourselves as a landlord of choice by endeavouring to provide high service standards. Since 2022, we have voluntarily committed to the Code of Conduct for Leasing of Retail Premises in Singapore, as set forth by the Fair Tenancy Industry Committee, which is mandatory from 1 February 2024.

Communication is essential for building trust and rapport with our tenants. The property managers conduct regular engagement with tenants to keep abreast of their needs, address their building-related concerns and identify areas where we can enhance our services. The property managers will also regularly evaluate and upgrade amenities based on feedback. Tenant engagement events are also held periodically to foster a sense of community and create networking opportunities. In 2024, the property manager of One Raffles Place will be launching a quarterly tenants engagement programme that focuses on tenant wellness or activities to promote energy conservation or waste management.

In FY 2023, the Manager, together with the respective property managers, have formalised the Tenant Satisfaction Programme Policy, which involves conducting annual tenant satisfaction surveys to better understand our tenants' needs and expectations, identify areas for improvement and implement asset-specific action plans to improve tenant satisfaction. The survey assesses tenants' perception on the service quality of staff (including the building management team, concierge and security personnel), building maintenance, cleanliness, lighting quality and the effectiveness of fire and safety measures.

We are pleased to report that we achieved an average 88.7% satisfaction rate for OUE REIT's five commercial properties.

CREATING SOCIAL ECOSYSTEMS (GRI 3-3, 413)	
Targets & Aspirations	**FY 2023 Performance**
All new investment properties to be accessible to persons with disabilities and feature child-friendly facilities	No new investment property was acquired in FY 2023. The Manager is committed to providing barrier-free accessibility and child-friendly facilities at our existing properties where feasible
As a long-standing partner of our community, OUE REIT is committed to bring about meaningful and sustainable impact through community-based initiatives in areas such as education, healthcare, the arts, sports, as well as humanitarian and social development	The Manager, working with the Sponsor, property managers and master lessees, has participated and organised several community outreach initiatives. Refer to page 100 for more details

Building Accessibility & Family-friendly Amenities

Recognising that modern buildings are part of the social fabric of a city and possess the capacity to bring about positive change for their occupants and the surrounding community, the Manager is committed to fostering inclusivity and accessibility at our properties, to create shared spaces where members of our local communities can connect.

SUSTAINABILITY REPORT

Universal, inclusive design and accessibility are critical considerations in our investment decisions. All our properties are conveniently accessible via public transport, and those in Singapore have been evaluated for accessibility, catering to individuals with disabilities and families with young children. Properties that did not initially comply with the BCA's Code on Accessibility in the Built Environment have been retrofitted whenever feasible. We also make a conscientious effort to identify areas which can be improved to meet the guidelines and seek to address them during future asset enhancements of the properties.

One Raffles Place, a key member of Raffles Place Alliance, had worked closely with Accessible City Network in FY 2023 to create Accessibility Maps, showing amenities like accessible lifts, toilets, and sheltered routes. These Accessibility Maps aim to enhance inclusivity at One Raffles Place through greater convenience for the working community as well as for persons with disabilities when getting around the Raffles Place precinct.

To monitor the impact on the communities where its properties are based, OUE REIT has developed a liveability report in 2023 by adopting 'liveability' as an indicator of quality of life and sustainable development. The liveability report assessed seven properties in our portfolio to eight domains of liveability found to be associated with health and wellbeing outcomes, and provided insights on how we can bring sustainable value and positive impact to the community.

OUE REIT extends this criterion to our investment evaluation process, ensuring that new investment properties are designed to be accessible to individuals with disabilities and equipped with family-friendly amenities. This includes barrier-free access to our buildings, sheltered and barrier-free drop-off areas and amenities such as handicapped parking lots, toilets and lifts.

Community Engagement

OUE REIT acknowledges the importance of giving back to society and engaging with our communities to bring about positive changes in their lives. We seek to meet the needs of the community in focus areas such as environment, health and wellbeing, safety, and philanthropy and build long-term relationships with local communities and invest in the well-being of those around us, through our support of community engagement initiatives and activities. Through the organisation of partnerships and collaborations, events, and activities, organised within our properties, we seek to create opportunities for our employees to connect with the local community on a personal and meaningful level, inject even more vibrancy into the precinct and cater to the social and recreational needs of the local communities.

FY 2023 COMMUNITY ENGAGEMENT ACTIVITIES

Focus	Activity
Sustainable Community Engagement	In the spirit of fostering a culture of well-being and enhancing vitality in the Central Business District locale, OUE Bayfront supported the Marina Bay Alliance activities by providing part of its concourse space on a complimentary basis for fitness workouts, festive markets, and art-related workshops.
Fundraising for Charity	The SGX Cares Bull Charge is a corporate charity initiative that brings together the financial community and SGX-listed companies in an annual flagship charity initiative to support the needs of the underprivileged. Through various fundraiser activities, SGX Cares has raised close to S$48 million for over 50 charities since 2004. In FY 2023, 29 employees from OUE REIT and One Raffles Place participated in the Bull Charge Charity Run's Chief Challenge category which is a 3km run open to CEOs and head of companies and up to 60 employees for the 5km Mass Run.
Serving the Elder Community	In 2023, Crowne Plaza Changi Airport collaborated with Lions Home For The Elders through various visits and activities. During the Dragon Boat Festival, the hotel visited senior residents and shared its popular Iberico Pork rice dumplings. In the spirit of the hotel's Giving for Good month, staff also volunteered to celebrate the Mid-Autumn Festival with the residents, sharing the hotel's popular baked mooncakes.
Supporting & Empowering the Youth	Hilton Singapore Orchard kicked off "Travel with Purpose Week" in October 2023. During that week, the Hotel has clocked a total of 646 volunteer hours through meaningful activities including organising a "Hotelier Experience" for youths in Singapore, with a goal to spread light and warmth of hospitality to young students from various backgrounds and providing them with better insights of what goes behind the scenes in the vibrant hospitality industry. Hilton Singapore Orchard embraces diversity and inclusion and works closely with a post-secondary school in Singapore that offers vocational training to students aged 17 to 21 with mild intellectual disability on career placement and learning growth of the students. The hotel also employs differently abled team members from the school across various departments within the hotel from Front Office to Culinary, Housekeeping and Stewarding.

INNOVATION
(GRI 3-3, CRE8)

Targets & Aspirations	FY 2023 Performance
Actively seek opportunities to adopt new innovations and green building technologies	The property managers are exploring smart solutions for OUE REIT's various properties, such as solutions to track energy usage, district cooling systems, air-side control and monitoring

Technological advancements play a pivotal role in sustainability as the integration of innovative and highly efficient technologies offers the potential to curtail energy and water consumption, as well as waste management, thereby allowing for the redirection of resources to other areas of OUE REIT's operations. This helps to optimise efficiency and overall effectiveness of our business activities by increasing productivity and contribute towards alleviating the environmental pressures that accelerate climate change. Thus, we actively foster a culture of innovation to enhance customer experience and building environmental performance to maximise the value of our investments for our stakeholders.

The Manager seeks to improve the user experience for OUE REIT's tenants and visitors by leveraging on smart technology. Hilton Singapore Orchard is the first hotel in Singapore to have an in-house custom-built plant to treat, purify, mineralise and bottle up to 500 reusable glass bottles of drinking water an hour. The installation of a water filtration and bottling system will help to reduce the usage of single-use plastic bottled water and cups in rooms and for meetings and events across the hotel, effectively eliminating the disposal of up to 100,000 water bottles per month. The property managers of OUE Downtown Office and OUE Bayfront are exploring smart solutions to optimise operations and track energy use for implementation in 2024.

Going forward, we will continue to stay at the forefront of developments and capitalise on new innovations and emerging technologies to continually enhance our processes and better cater to the needs of our tenants.

BUILDING TRUST

COMPLIANCE
(GRI 2-25, 2-26, 2-27, 3-3)

Targets & Aspirations	FY 2023 Performance
Maintain zero incidents of non-compliance with laws and/or regulations, including competition laws, resulting in significant fine and non-monetary sanctions#	One incident of non-compliance. Please refer to page 90 for more details
Maintain zero incidents of non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions#	Zero incidents of non-compliance

Excluding hospitality properties

SUSTAINABILITY REPORT

OUE REIT is regulated as a collective investment scheme under the Securities and Futures Act ("SFA"). The relevant rules are set out in the Property Fund Guidelines under the Code on Collective Investment Schemes by the MAS. In addition, the listing regulations of the SGX-ST, the Code of Corporate Governance, and the most recent EnRM Guidelines collectively establish the foundation of legal and regulatory standards that influence OUE REIT's reputation and its operations. The MAS makes constant efforts to strengthen corporate governance of the S-REIT industry to provide safeguards for investors and unitholders while supporting the growth of the S-REIT sector in Singapore. This includes among others, requiring REIT managers and directors to prioritise investors' interest over those of the Manager and the Sponsor in the event of conflicts of interest.

It is vital for the Manager to remain updated on the evolving regulatory landscape. The risks of non-compliance to OUE REIT includes disruptions to operations, litigation, fines and revocation of our licence to operate. As part of the real estate sector, OUE REIT is expected to adhere to increasingly stringent local environmental regulations, such as the Energy Conservation Act and the Environmental Protection and Management Act.

With the support of the OUE Group Legal and Internal Audit teams, the Manager is kept abreast of changes to applicable laws and regulations. The legal team ensures the Group's compliance by monitoring changes to applicable laws and regulations through media scans, press releases, professional advice, publications from legal counsels and by attending seminars organised by law firms or audit firms. When required, external legal counsels are engaged to assist with implementing policies or frameworks for enhanced compliance.

To ensure timely response to critical incidents and minimise disruptions to business operations, relevant policies, measures and initiatives are regularly updated by the Manager. These policies seek to outline OUE REIT's expectations and management plans to ensure compliance with the regulatory landscape and the protection of our valued employees and stakeholders. A Crisis Management Policy and Crisis Management and Communication Plan is in place for the handling, escalation, and reporting of serious incidents. It provides guidance on classifying the severity of incidents for escalation, as well as actions to take. A Crisis Management Team ("CMT") may be formed to manage severe incidents.

Accountability and oversight of the management of material risks is formalised under our compliance-related policies, which are built upon an Individual Accountability & Conduct Framework from the MAS Guidelines on Individual Accountability and Conduct[37]. These policies further seek to promote outcomes that the Manager should achieve for high standards of conduct amongst employees. OUE REIT's Individual Accountability & Conduct Framework was updated in FY 2023, to reflect updates to the organisational chart of senior managers and core management functions.

In FY 2023, the Sponsor launched a new Compliance Training Programme, with the goal of providing employees with the knowledge on how to navigate the complex landscape of compliance requirements. Topics included in the programme include business ethics, regulatory compliance, code of conduct, anti-bribery and corruption, conflicts of interest, workplace diversity, equity and inclusion, harassment and diversity, workplace safety, as well as ESG initiatives. The training programme has modules which are self-paced within a specific timeframe.

With our diligent risk management practices in place, we are pleased to report full compliance with competitive laws and zero incidents of non-compliance with both environmental and socioeconomic regulations that would result in fines or non-monetary sanctions in FY 2023.

Anti-money Laundering

The Manager falls under the regulatory purview of the SFA which mandates our strict compliance with Anti-money Laundering ("AML") and Countering the Financing of Terrorism ("CFT") regulations.

To ensure compliance, we centre our approach on early risk identification and informed decision-making to prevent and mitigate them. We have established detailed processes to identify potential risk scenarios and risk management approaches, as outlined in our AML Manual. The manual also provides comprehensive information on risk mitigation strategies and the necessary documentation procedures for managing identified risks. To identify and assess risks related to money laundering and terrorism financing, we conduct enterprise-wide risk assessments at least once every two years across all the Manager's business units. As a demonstration of responsible corporate governance and accountability to our stakeholders, we conduct regular reviews on our ERM Framework, ensuring higher transparency in the risk environment.

Note:

[37] Monetary Authority of Singapore (September, 2020), Guidelines on Individual Accountability and Conduct, https://www.mas.gov.sg/-/media/MAS/MPI/Guidelines/Guidelines-on-Individual-Accountability-and-Conduct.pdf

To maintain awareness on related policies and regulations, our employees undergo annual essential training which covers applicable AML and CFT regulations, the prevailing techniques, methods and trends in money laundering and terrorist financing, as well as the internal policies, procedures and controls adopted by the Manager.

To further build on the framework, we engage third-party service providers, like Thomson Reuters World Check One portal, for the screening of potential tenants or clients to identify AML risks. We also conduct due diligence checks as part of the "Know Your Customer" processes, supplier onboarding and the monitoring of other pertinent parties to ensure strict adherence to regulatory compliance.

COMPLIANCE

Focus	Measures & Initiatives
Training & Communication	• Annual training and acknowledgement on compliance-related topics for employees • In November, OUE REIT launched a compulsory compliance and ESG training programme on the following topics: - business ethics - code of conduct and regulatory compliance - anti-bribery and anti-corruption - conflicts of Interest - workplace diversity • AML refresher trainings are conducted at least once every two years for all employees and for new joiners upon onboarding. The Manager maintains a training attendance list to monitor and arrange for AML make-up trainings where appropriate. In September 2023, AML training was conducted by Allen & Gledhill for representatives from the REIT managers and property management and leasing teams • Annual learning sessions organised for the directors and senior management of OUE Group to keep abreast of the latest legal developments, in particular regulatory updates and trends for the REIT sector, as well as a market update on geopolitical and macroeconomic developments
Compliance Risk Management Initiatives	• Employees are required to report any suspected data breaches, losses, or security issues to the Data Protection Officer • Automatic email encryption has been enabled to protect sensitive or confidential information of our employees • Property managers are tasked to keep abreast of building regulation requirements, conduct regular checks and submit relevant environmental data during audits by local authorities to ensure compliance with building standards and regulations

ETHICAL BUSINESS PRACTICES

(GRI 2-16, 3-3, 205)

Targets & Aspirations	FY 2023 Performance
Achieve 100% employee annual acknowledgement of all company policies including Code of Business Conduct and Ethics*	All company policies including Code of Business Conduct and Ethics were acknowledged by all employees of the Manager, as well as One Raffles Place and Lippo Plaza property managers in FY 2023
Zero confirmed incidents of corruption#	Zero confirmed incidents

* Applicable only to employees of the Manager, One Raffles Place and Lippo Plaza property managers
\# Excluding hospitality properties

SUSTAINABILITY REPORT

Business Ethics

Aligning business practices with ethics and integrity forms a robust basis for corporate governance. This alignment is vital for establishing trust with stakeholders, including customers, investors and employees. Ethical conduct also minimises the risks of reputational damage, legal complications and financial setbacks that may arise from unethical actions. At OUE REIT, we developed comprehensive ethics and governance policies as outlined in the Code of Business Conduct and Ethics (the "Code") which sets the tone and expectations of our business practices. We take a zero-tolerance approach to non-compliance. Employees who are found guilty of misconduct, or any wilful breach or violation of the Code will be subject to appropriate disciplinary action, including termination of employment without notice or payment in lieu thereof.

Anti-bribery and Corruption

OUE REIT recognises that fraud, bribery and corruption can have a cascading negative effect on a company, damaging its reputation, finances and stakeholder relationships while exposing it to legal and operational risks. As such, we view fraud, bribery and corruption as serious offences to protect our stakeholders, the value of our investments and our reputation.

We are committed to conducting business fairly and ethically, and we strictly prohibit any form of favouritism, which includes soliciting or accepting any favours, directly or indirectly, from customers, contractors, or business associates. OUE REIT has not made any contributions or spending for political campaigns, political organisations, lobbyists, or lobbying organisations and trade associations. This commitment is communicated to all employees through our Code which explicitly states that employees are prohibited from making illegal payments to any local, state, or government officials of any country, or bribe any persons when soliciting and conducting business, whether directly or indirectly, to make or receive any personal profits from any person supplying goods and services to OUE REIT. The Manager has formulated supplementary guidelines, in addition to the Code, which advises employees to decline any substantial gifts and to report to the OUE Group's HR Department of any non-substantial gifts received for transparency.

This commitment is further reinforced through the implementation of a Group-wide policy on governing the management of confidential information and securities transactions, whereby all employees are expected to comply with the guidelines on pre-dealing and post-dealing procedures when making trade in any of the applicable securities. This policy seeks to ensure confidential information is handled, protected and disclosed cautiously, as aligned to best practices. The Group's policy on Interested Person Transactions was also updated in 2022 as part of regular compliance update. This policy seeks to guard against possible conflicts of interest that may influence the interests of OUE REIT and its tenants.

Whistle-blowing Policy

Within the Code, the mechanisms for whistleblowing are also clearly outlined. It is our policy not to discriminate or retaliate against any employee who reports issues in good faith. Our employees are encouraged to identify and report any instances of misconduct or non-compliance to the Group Ethical Officer nominated by the OUE Group. This channel provides a safe avenue for employees to raise concerns in good faith on misconduct or wrongdoings in a confidential manner, without fear of reprisals in any form. Employees may raise concerns through phone, mail or via a dedicated email address at groupethicalofficer@oue.com.sg, all of which are direct channels to reach the Group's Ethical Officer.

Together with the assistance of the Head of Internal Audit, the ARC is entrusted with the duty of overseeing and monitoring this policy and assumes the role of Group Ethical Officer. Every concern and complaint received will be subjected to thorough investigations conducted by the senior management team and ARC and followed up with appropriate actions to be taken. Please refer to the Corporate Governance section on page 131 for more details.

In FY 2023, zero cases of whistle-blowing and zero cases of grievances were filed. We also reported zero confirmed incidents of corruption.

CYBER SECURITY

(GRI 3-3, 418)

While increased technological advancements and digitalisation have undoubtedly enhanced the business competitiveness of OUE REIT, they have also brought about potential risks. OUE REIT recognises the elevated threat of cyber-attacks that could jeopardise the security of confidential data and erode stakeholder trust.

With cyber-attacks becoming more prevalent, targeted and complex, OUE REIT is dedicated to the establishment and upkeep of a resilient cybersecurity system aimed at averting or mitigating potential business disruptions stemming from such attacks. Aligning to industry best practices, OUE REIT invests in cyber security defence to lay a robust foundation for the protection of our critical assets and more importantly, the ability to detect and respond to threats. This effort is further reinforced with the establishment of internal controls through the Manager's robust Technology Risk Management Framework, which equips the Manager with the necessary tools to adequately identify potential technology risks. The framework is aligned to MAS Guidelines on Risk Management[38] and best practices as part of OUE REIT's ERM Framework.

To further protect the confidentiality, integrity and availability of sensitive information, we have a Group-wide Information Security Policy, which covers topics such as risk management, user responsibility, incident reporting, and measures taken by the Group to ensure data protection. As part of our HR policy, we also require all our employees to submit a consent statement for Collection, Use, and Disclosure of Employee Personal Data.

Working together with the OUE Group IT team, the Manager seeks to establish and execute our security practices, in accordance with MAS guidelines on risk management principles and recommended best practices. Decisions made with regard to technology risk management are subsumed under the Board and the ARC of the Manager, where they collectively oversee the establishment of cyber security policies and procedures.

Target	FY 2023 Performance
Maintain zero cyber incidents and data breaches[#]	Zero cyber incidents and data breaches

[#] Excluding hospitality properties

Information Security Awareness Training

Attendance to training on information security awareness, which is conducted throughout the year for all employees of the Manager and the Board of Directors, is also mandatory under the MAS Technology Risk Management Guidelines. The annual training session covers a spectrum of essential topics, including IT security policies, standards, and procedures, whereby employees and directors gain insight into their individual responsibilities for maintaining IT security. The training delves into the specific measures needed to safeguard sensitive information and ensures a thorough understanding of the relevant laws, regulations, and guidelines pertaining to IT security. This holistic approach aims to build and enhance the knowledge of our workforce and leadership in the dynamic landscape of information security.

Cyber Security Incident Reporting Framework and Zero Trust Framework

In the event of a major cyber security incident, the Manager is obligated to promptly report the security incident, as stipulated by MAS, within 60 minutes upon its discovery. Within 14 days of the incident, a root cause and impact analysis report for all financial institutions must be submitted.

In our commitment to uphold the security of confidential data and the trust of our stakeholders, we have undertaken measures to mitigate the risk of potential cyber-attacks. This includes the implementation of a corporate network structured on the Zero Trust Architecture Framework, which is accessible by all employees with a corporate secured VPN and two-factor authentication control. Following the principle of "never trust, always verify," this framework aims to combat the lateral movement of threats within a network through the use of micro-segmentation and the enforcement of precise perimeters such as data, user, and location.

Personal Data Protection

In recognition of the significance of safeguarding personal data and sensitive information in this digital era, OUE REIT strictly adheres to the Personal Data Protection Act 2012 (the "PDPA"). We have put in place various measures to ensure both compliance with the PDPA and the protection of our employees. The Sponsor has implemented a Group-wide Personal Data Protection Compliance Manual ("PDPC Manual") and Personal Data Protection Policy Guidelines.

Every employee of the Manager OUE REIT is obligated to adhere to the PDPC Manual and report any suspected data breaches to the Group Data Protection Officer. The PDPC Manual outlines the guiding principles for the Manager OUE REIT and its employees when handling personal data. These principles encompass consent, purpose, access, correction, accuracy, protection/security, retention, and transfer.

In FY 2023, we are pleased to report that there were zero incidents of data breaches.

Note:

[38] MAS (July, 2014), Guidelines on Risk Management Practices – Internal Controls https://www.mas.gov.sg/regulation/guidelines/guidelines-on-risk-management-practices--internal-controls

SUSTAINABILITY REPORT

CYBER SECURITY

Focus	Measures & Initiatives
Vulnerability Assessment & Penetration Testing ("VAPT")	• VAPT exercise is conducted annually and simulates hacker attacks by a certified external party to identify security vulnerabilities within the IT infrastructure and applications
Electronic Device & Email Security Management	• Multi-factor authentication for email, email impersonation control and advanced threat protection • Blocking of reported phishing emails from staff • Active pushing of security patches and updates for Google Chrome and Windows OS
Cyber Insurance	• Purchased cyber insurance to protect our business assets against risks relating to information technology infrastructure, information privacy, information governance liability and other related activities
Other Measures to enhance Cyber Security & Prevention of Data Beaches	• Implemented key internal control principles such as segregation of duties, never alone principle, and access control principle in our operations to reduce cyber risks • Upgraded Network-Attached Storage storage capacity to future proof backup • OUE Group's IT team has switched to Veeam for better encryption and immutable backup, to further enhance protection of sensitive and confidential information from ransomware • Monthly back-up of data performed to ensure protection and prevent loss of confidential information
Employee Engagement & Awareness	• Regular circulation of cyber security awareness newsletters • Training on Information Security Awareness for employees (extended to vendors and contractors where appropriate)

SASB CONTENT INDEX

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Property Subsector	FY 2023
Energy Management	IF-RE-130a.1	Energy consumption data coverage as a percentage of total floor area (%)	Office	100.0%
			Shopping Centre	100.0%
			Lodging/Resorts	99.5%
	IF-RE-130a.2	Total energy consumed by portfolio area with data coverage (GJ)	Office	186,879.1
			Shopping Centre	26,299.3
			Lodging/Resorts	131,961.8
		Percentage grid electricity (%)	Office	64.5%
			Shopping Centre	48.6%
			Lodging/Resorts	99.5%
		Percentage renewable (%)	Office	0.0%
			Shopping Centre	0.0%
			Lodging/Resorts	0.0%
	IF-RE-130a.3	Like-for-like percentage change in energy consumption for the portfolio area with data coverage (%)	Office	4.2%
			Shopping Centre	8.5%
			Lodging/Resorts	21.0%
	IF-RE-130a.4	Percentage of eligible portfolio that has an energy rating (%)	Office	79.4%
			Shopping Centre	100%
			Lodging/Resorts	69.1%
		Percentage of eligible portfolio that is certified to ENERGY STAR® (%)	Office	Not applicable to Singapore and China
			Shopping Centre	
			Lodging/Resorts	
	IF-RE-130a.5	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	Across OUE REIT's property portfolio	OUE REIT has integrated climate-related risks and energy management considerations into its investment and operational strategies. Please see pages 81 to 86 of our Sustainability Report for more details.
Water Management	IF-RE-140a.1	Water withdrawal data coverage as a percentage of total floor area (%)	Office	33.5%
			Shopping Centre	35.7%
			Lodging/Resorts	98.2%
		Water withdrawal data coverage as a percentage of floor area in regions with High or Extremely High Baseline Water Stress (%)	Office	33.5%
			Shopping Centre	35.7%
			Lodging/Resorts	98.2%
	IF-RE-140a.2	Total water withdrawn by portfolio area with data coverage (m^3)	Office	232,413.5
			Shopping Centre	30,545.0
			Lodging/Resorts	287,629.6
		Percentage in regions with High or Extremely High Baseline Water Stress (%)	Office	100%
			Shopping Centre	100%
			Lodging/Resorts	100%
	IF-RE-140a.3	Like-for-like percentage change in water withdrawn for portfolio area with data coverage (%)	Office	24.1%
			Shopping Centre	11.0%
			Lodging/Resorts	21.9%
	IF-RE-140a.4	Description of water management risks and discussion of strategies and practices to mitigate those risks	Across OUE REIT's property portfolio	OUE REIT is aware of the risks associated with improper water management as our assets are located in regions that face a risk of extremely high water stress. There are policies, measures and initiatives in place at all of our assets to manage water consumption and mitigate risks. Please see pages 87 to 88 of the Sustainability Report for more details.
Management of Tenant Sustainability Impacts	IF-RE-410a.1	Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements (%)	Office	0.0%
			Shopping Centre	0.0%
			Lodging/Resorts	0.0%
		Associated leased floor area that contain a cost recovery clause for resource efficiency-related capital improvements (sq ft)	Office	0.0
			Shopping Centre	0.0
			Lodging/Resorts	0.0

SUSTAINABILITY REPORT

SASB Sustainability Disclosure Topic	SASB Code	Accounting Metric	Property Subsector	FY 2023
Management of Tenant Sustainability Impacts	IF-RE-410a.2	Percentage of tenants that are separately metered or submetered for grid electricity consumption (%)	Office	100%
			Shopping Centre	100%
			Lodging/Resorts	100%
		Percentage of tenants that are separately metered or submetered for water withdrawals (%)	Office	100%
			Shopping Centre	100%
			Lodging/Resorts	100%
	IF-RE-410a.3	Discussion of approach to measuring, incentivising and improving sustainability impacts of tenants	Across OUE REIT's property portfolio	Tenant engagement forms a key part of OUE REIT's strategy in managing climate-related risks. There are green clauses included for new or renewed leases for tenants to share data on environmental metrics on an annual basis. OUE REIT also actively collaborates with tenants to improve the sustainability performance of the buildings. Please see pages 82 to 89 of the Sustainability Report for more details.
Climate Change Adaptation	IF-RE-450a.1	Area of properties located in 100-year flood zones (net leasable area, in sq ft)	Office	39,188.1
			Shopping Centre	0.0
			Lodging/Resorts	40,913.5
	IF-RE-450a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure and strategies for mitigating risks	Across OUE REIT's property portfolio	OUE REIT has identified and assessed the potential impacts of climate-related risks and opportunities on its business and strategy. Please see pages 82 to 84 of the Sustainability Report for more details.

SASB Code	Activity Metric	Managed Building Type	FY 2023
IF-RE-000.A	Number of assets	Office	4
		Shopping Centre	1
		Lodging/Resorts	2
IF-RE-000.B	Leasable floor area (sq ft)	Office	191,012.5
		Shopping Centre	11,733.1
		Lodging/Resorts	132,913.3
IF-RE-000.C	Percentage of indirectly managed assets (%)	Office	0.0%
		Shopping Centre	0.0%
		Lodging/Resorts	100%
IF-RE-000.D	Average occupancy rate	Office	92.9%
		Shopping Centre	97.6%
		Lodging/Resorts	250

FTSE-NAREIT CLASSIFICATION OF PROPERTY SUBSECTORS

S/N	OUE REIT's Property Asset	Classification Code	Classification Category
1	OUE Bayfront	N742	Office
2	One Raffles Place Tower 1 and 2	N742	Office
3	OUE Downtown Office	N742	Office
4	Mandarin Gallery	N761	Shopping Centre
5	Hilton Singapore Orchard	N771	Lodging/Resorts
6	Lippo Plaza	N742	Office
7	Crowne Plaza Changi Airport	N771	Lodging/Resorts

GRI CONTENT INDEX

Statement of use	OUE REIT has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	We will be validating our list of material topics with the latest GRI Sector Standard for our industry when it is published by GRI.

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organisation details	About OUE REIT > Who We Are, Page 74 Board Statement, Page 75			
	2-2 Entities included in the organisation's sustainability reporting	About this Report, Page 74 - 75			
	2-3 Reporting period, frequency and contact point	About this Report, Page 74 - 75 The publication date of OUE REIT's sustainability report for FY 2023 is 2 April 2024.			
	2-4 Restatements of information	About OUE REIT > Who We Are, Page 74			
	2-5 External assurance	About this Report, Page 75			
	2-6 Activities, value chain and other business relationships	About OUE REIT > Who We Are, Page 74			
	2-7 Employees	Strengthening Social Fabric > Diverse Workforce, Page 93 - 94 OUE REIT does not engage non-guaranteed hours employees in its operations			
	2-8 Workers who are not employees	Strengthening Social Fabric > Diverse Workforce, Page 93			
	2-9 Governance structure and composition	Sustainability Governance, Page 76 Refer to OUE REIT Corporate Governance Report, Page 20 - 23, and 118 - 123			
	2-10 Nomination and selection of the highest governance body	Refer to OUE REIT Corporate Governance Report, Page 123 - 125			
	2-11 Chair of the highest governance body	Refer to OUE REIT Corporate Governance Report, Page 119			
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance, Page 76			
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance, Page 76			
	2-14 Role of the highest governance body in sustainability reporting	The Board has reviewed and approved this report in FY 2023			
	2-15 Conflicts of interest	Sustainability Governance, Page 77 Refer to OUE REIT Corporate Governance Report > Audit and Risk Committee, Page 130			

SUSTAINABILITY REPORT

GRI Standard/ Other Source	Disclosure	Location	Omission: Requirement(S) Omitted	Omission: Reason	Omission: Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Building Trust > Ethical Business Practices, Page 104			
	2-17 Collective knowledge of the highest governance body	Sustainability Governance, Page 76 Refer to OUE REIT Corporate Governance Report, Page 117			
	2-18 Evaluation of the performance of the highest governance body	Sustainability Governance, Page 76 - 77			
	2-19 Remuneration policies	Refer to OUE REIT Corporate Governance Report, Page 125 - 127			
	2-20 Process to determine remuneration	Refer to OUE REIT Corporate Governance Report, Page 125 - 127			
	2-21 Annual total compensation ratio		Sub-requirement (a): Report the ratio of the annual total compensation for the organisation highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual); (b): report the ratio of the percentage increase in annual total compensation for the organisation highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); (c): report contextual information necessary to understand the data and how the data has been compiled.	Confidentiality constraints	Given that OUE REIT operates in a highly competitive business environment and considering the commercial sensitivity of remuneration information, we will not be disclosing it to ensure stability and continuity of our operations.
	2-22 Statement on sustainable development strategy	Board Statement, Page 75			
	2-23 Policy commitments	Disclosed throughout Sustainability Report 2023			
	2-24 Embedding policy commitments	Disclosed throughout Sustainability Report 2023			
	2-25 Processes to remediate negative impacts	Building Trust > Ethical Business Practices, Page 93 and 104			
	2-26 Mechanisms for seeking advice and raising concerns	Building Trust > Ethical Business Practices, Page 104			

GRI Standard/ Other Source	Disclosure	Location	Omission: Requirement(S) Omitted	Omission: Reason	Omission: Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	Building Trust > Compliance, Page 90 - 91 and 101 - 103			
	2-28 Membership associations	REIT Association of Singapore, SGListCos, Orchard Road Business Association			
	2-29 Approach to stakeholder engagement	Sustainability Governance > Stakeholder Engagement, Page 77 - 79			
	2-30 Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.			
Material Topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Sustainability Framework > Materiality, Page 79 - 80			
	3-2 List of material topics	Sustainability Framework > Materiality, Page 80 - 81			
Climate-related Financial Disclosures topics					
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Refer to OUE REIT Annual Report, Page 8 - 9			
	201-2 Financial implications and other risks and opportunities due to climate change	Stewarding the Environment > Climate-related Financial Disclosures, Page 81 - 84 Refer to OUE REIT Sustainability Report 2021 (Page 84 - 90) and 2022 (Page 85 - 87) for the detailed disclosure of climate-related disclosures aligned to TCFD Recommendations.			
Ethical Business Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	Building Trust > Ethical Business Practices, Page 104			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Building Trust > Compliance, Page 102			
	205-3 Confirmed incidents of corruption and actions taken	Building Trust > Ethical Business Practices, Page 104			
Climate Resilience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Climate Resilience, Page 84 - 86			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Stewarding the Environment > Climate Resilience, Page 86			
	302-3 Energy intensity	Stewarding the Environment > Climate Resilience, Page 86			

SUSTAINABILITY REPORT

GRI Standard/ Other Source	Disclosure	Location	Omission: Requirement(S) Omitted	Omission: Reason	Omission: Explanation
Material topics					
Water Efficiency					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Water Efficiency, Page 87 - 88			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Stewarding the Environment > Water Efficiency, Page 87			
	303-2 Management of water discharge-related impacts	Stewarding the Environment > Water Efficiency, Page 87			
	303-3 Water withdrawal	Stewarding the Environment > Water Efficiency, Page 88 Water withdrawn in Singapore and Shanghai is freshwater and from a municipal supply. Based on WRI's Aqueduct Water Risk Atlas tool, both Singapore and Shanghai are currently located in water stressed areas.			
Climate Resilience					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Climate Resilience, Page 84 - 86			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Stewarding the Environment > Climate-related Financial Disclosures, Page 84 Stewarding the Environment > Climate Resilience, Page 86			
	305-2 Energy indirect (Scope 2) GHG emissions	Stewarding the Environment > Climate-related Financial Disclosures, Page 84 Stewarding the Environment > Climate Resilience, Page 86			
	305-4 GHG emissions intensity	Stewarding the Environment > Climate Resilience, Page 86			
Waste Minimisation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding the Environment > Waste Minimisation, Page 88 - 89			
	306-2 Management of significant waste-related impacts	Stewarding the Environment > Waste Minimisation, Page 89			
	306-3 Waste generated	Stewarding the Environment > Waste Minimisation, Page 89			
	306-4 Waste diverted from disposal	Stewarding the Environment > Waste Minimisation, Page 89			
	306-5 Waste directed to disposal	Stewarding the Environment > Waste Minimisation, Page 89			
Employees Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric, Page 93 - 98			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Strengthening Social Fabric > Fair Employment Practices, Page 96 – 97			

GRI Standard/ Other Source	Disclosure	Location	Omission: Requirement(S) Omitted	Omission: Reason	Omission: Explanation
Material topics					
GRI 403: Occupational Health and Safety 2018	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Strengthening Social Fabric > Fair Employment Practices, Page 96			
	401-3 Parental leave	Strengthening Social Fabric > Employees Health & Well-being, Page 92			
Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Health & Safety, Page 90 - 93			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	While there is no formal occupational health and safety management system currently, health and safety considerations are incorporated into OUE REIT's HR policies.			
	403-2 Hazard identification, risk assessment, and incident investigation	Strengthening Social Fabric > Health & Safety, Page 90 - 91			
	403-3 Occupational health services	Strengthening Social Fabric > Health & Safety, Page 91 - 92			
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 90 - 92			
	403-5 Worker training on occupational health and safety	Strengthening Social Fabric > Health & Safety, Page 90 - 92			
	403-6 Promotion of worker health	Strengthening Social Fabric > Health & Safety, Page 92			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Strengthening Social Fabric > Health & Safety, Page 92			
	403-9 Work-related injuries	Strengthening Social Fabric > Health & Safety, Page 92			
	403-10 Work-related ill health	Strengthening Social Fabric > Health & Safety, Page 93			
Employees Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric, Page 93 - 98			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Strengthening Social Fabric > Learning & Development, Page 98			
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Strengthening Social Fabric > Learning & Development, Page 97			
	404-3 Percentage of employees receiving regular performance and career development reviews	Strengthening Social Fabric > Fair Employment Practices, Page 96			

SUSTAINABILITY REPORT

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Material topics					
Employees Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric, Page 93 - 98			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Strengthening Social Fabric > Diverse Workforce, Page 93 - 95			
Employees Engagement					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric, Page 93 - 98			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Strengthening Social Fabric > Non-Discrimination & Harassment, Page 97			
Service Quality					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Health & Safety, Page 99			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Strengthening Social Fabric > Health & Safety, Page 90			
Cyber Security					
GRI 3: Material Topics 2021	3-3 Management of material topics	Building Trust > Cybersecurity, Page 104 - 106			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Building Trust > Cybersecurity, Page 105			
Innovation					
GRI 3: Material Topics 2021	3-3 Management of material topics	Stewarding The Environment > Climate-related Financial Disclosures, Page 101			
GRI Sector Disclosures: Construction and Real Estate	CRE8 Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation, and redevelopment	Stewarding The Environment > Climate-related Financial Disclosures, Page 83			
Creating social ecosystems					
GRI 3: Material Topics 2021	3-3 Management of material topics	Strengthening Social Fabric > Creating Social Ecosystems, Page 99 - 100			
Non-GRI Disclosure	Community Engagement	Strengthening Social Fabric > Creating Social Ecosystems, Page 100			

CORPORATE GOVERNANCE

OUE Real Estate Investment Trust ("OUE REIT"), formerly known as OUE Commercial Real Estate Investment Trust, is a real estate investment trust constituted by a deed of trust (the "Trust Deed") dated 10 October 2013 (as amended) and entered into between OUE REIT Management Pte. Ltd. (in its capacity as the manager of OUE REIT) (the "Manager") and DBS Trustee Limited (in its capacity as the trustee of OUE REIT) (the "Trustee").

The directors ("Directors") and management ("Management") of the Manager are committed to maintaining good standards of corporate governance as they firmly believe it is essential in protecting the interests of unitholders of OUE REIT ("Unitholders"), and critical to the performance of the Manager. This report sets out OUE REIT's corporate governance practices for the financial year ended 31 December 2023 ("FY 2023") with specific reference to principles and provisions of the Code of Corporate Governance 2018 (the "Code"). The Manager is pleased to report that it has complied with the Code in all material respects and to the extent that there are any deviations from the Code, the Manager has provided explanations for such deviation and details of the alternative practices which have been adopted by OUE REIT which are consistent with the intent of the relevant principle of the Code.

The Manager

The Manager has general powers of management over the assets of OUE REIT. The Manager's main responsibility is to manage OUE REIT's assets and liabilities for the benefit of Unitholders.

The primary role of the Manager is to set the business objectives and strategies of OUE REIT and make recommendations to the Trustee on acquisitions, divestments and enhancement of the assets of OUE REIT in accordance with its stated investment strategy.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner, and to conduct all transactions with, or for OUE REIT, at arm's length.

The Manager is also responsible for the capital and risk management of OUE REIT. Other key functions and responsibilities of the Manager include:

- developing OUE REIT's business plans and budget to manage the performance of OUE REIT's assets;
- ensuring compliance with applicable requirements, laws and regulations, such as those set out in the listing manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"), the Code on Collective Investment Schemes (the "CIS Code") (including Appendix 6 (the "Property Funds Appendix")) issued by the Monetary Authority of Singapore (the "MAS"), the Capital Markets Services Licence ("CMS Licence") for real estate investment trust ("REIT") management issued by the MAS, the Securities and Futures Act 2001 ("SFA") and the Code, as well as ensuring that the Manager's obligations under the Trust Deed are properly carried out; and
- establishing a framework of prudent and effective controls which enables financial, operational, compliance and information technology risks to be assessed and managed.

OUE REIT, which is constituted as a trust, is externally managed by the Manager. The Manager appoints an experienced and well-qualified management team to run the day-to-day operations of OUE REIT. All Directors and employees of the Manager are remunerated by the Manager, and not by OUE REIT.

The Manager was issued a CMS Licence pursuant to the SFA on 15 January 2014.

The Manager was appointed in accordance with the terms of the Trust Deed. The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed. The Trust Deed will also be available for inspection at the registered office of the Manager during normal business hours[1] for so long as OUE REIT continues to be in existence.

The Manager is wholly held by OUE Limited (the "Sponsor"). The Manager's association with the Sponsor allows OUE REIT to be able to leverage on their network and affiliations in Asia to pursue new avenues of growth and collaborations in future.

Note:
[1] Prior appointment is required.

CORPORATE GOVERNANCE

A. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The Manager is headed by an effective board of Directors (the "Board"), majority of which comprises non-executive Directors who are independent of the Management, which is collectively responsible and works with Management for the long-term success of OUE REIT. The Board is supported by two Board committees, namely the audit and risk committee (the "ARC") and the nominating and remuneration committee (the "NRC"). The composition of the Board committees is set out on pages 123 and 129, and the Corporate Information page of this Annual Report. The Board has delegated specific responsibilities to these Board committees and their duties are described in this Annual Report. Each Board committee is governed by clear written terms of reference which have been approved by the Board and set out the composition, duties and authority of such Board committee. While these Board committees have the authority to examine particular issues in their respective areas, the Board committees report to the Board with their decisions and/or recommendations as the ultimate responsibility on all matters lies with the entire Board.

The principal roles and responsibilities of the Board include:

- providing leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Manager to meet its objectives;
- reviewing and endorsing the enterprise risk management framework ("ERM Framework") which contains prudent and effective controls to adequately assess and manage key risks (including climate risk) to safeguard the interests of Unitholders and OUE REIT's assets;
- monitoring and reviewing the Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Manager and OUE REIT;
- setting the Manager's values and standards (including ethical standards), and ensuring that obligations to Unitholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental, social and governance ("ESG") factors) when reviewing and guiding strategy, major corporate actions including acquisitions and divestments, risk management, policies, annual budgets and business plans, as well as reviewing the updates provided by the Sustainability Steering Committee of the Manager on OUE REIT's ESG performance and key initiatives on a bi-annual basis.

2023 has been a mixed bag for OUE REIT. With a continued elevated interest rate environment, slower-than-expected economic recovery, and rising political tensions, the global business environment remained challenging throughout 2023. Concurrently, global tourism recovery continued to accelerate, supported by increased flight connectivity.

The Board recognises the importance of ensuring OUE REIT's resilience amidst macroeconomic uncertainties and diligently monitored OUE REIT's capital management, property, and other expenses. During the year, OUE REIT obtained unsecured sustainability-linked loans ("SLLs") of S$430 million for the refinancing of existing borrowings and general corporate purposes. With the new facility in place, there are no further refinancing requirements until 2025, and the proportion of SLLs has increased to approximately 69.5% of OUE REIT's total borrowings as of 31 December 2023.

In recognition of its improved capital structure, OUE REIT was assigned an investment grade credit rating of BBB- with a stable outlook by S&P Global Ratings on October 30, 2023. Subsequently, the interest rate of OUE REIT's S$150 million 4.20% fixed-rate notes due in 2027 was reduced by 25 basis points to 3.95%, effective from November 5, 2023. The investment grade credit rating also enhanced OUE REIT's financial flexibility by opening up opportunities to lower funding costs from capital markets.

At the same time, the Board continued to work closely with Management in identifying opportunities to optimise its key assets that allow OUE REIT to act on opportunities. The successful full opening of Hilton Singapore Orchard in January 2023 and the timely completion of the asset enhancement initiative of Crowne Plaza Changi Airport in December 2023 demonstrated OUE REIT's ability to capitalise on the expected influx of tourists and business travellers.

The Board has approved in writing a framework of delegated authorisation to the Manager, as set out in its Limits of Authority ("LOA"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditures. Matters which specifically require Board approval have been clearly communicated in the LOA. These include, among others, approval of budgets, acquisitions and divestments of properties, equity investments and debt securities, set up of special purpose vehicles and incorporation of subsidiaries, acceptance of debt facilities and issuance of debt capital market instruments and new equity or equity-linked instruments.

The Board recognises that the Directors are fiduciaries who should act objectively in the best interests of OUE REIT and hold the Management accountable for performance. As such, any Director who has or appears to have a direct/deemed interest that may conflict with a subject under discussion by the Board shall declare his or her interest and recuse himself or herself from the information flow and discussion of the subject matter. He or she will also abstain from any decision-making on the subject matter.

The Board has put in place a Code of Business Conduct and Ethics to set the appropriate tone from the top and document the desired organisational culture in order to ensure all employees are cognisant of the standards expected and to ensure proper accountability within the Manager.

The Board holds regular scheduled meetings on a quarterly basis, with *ad hoc* meetings convened as and when required. A total of four Board meetings were held in FY 2023.

The attendance of the Directors for Board and Board committee meetings, as well as the frequency of such meetings during FY 2023, is disclosed below. Directors who are unable to attend Board or Board committee meetings may convey their views to the chairman of the Board (the "Chairman") or the company secretary of the Manager (the "Company Secretary").

The Manager's Constitution provides for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions. If required, time is set aside for discussions amongst the non-executive and/or independent members of the Board without the presence of Management, in line with the provisions of the Code.

Board Orientation and Training

Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of an executive, non-executive or independent Director, as applicable. In addition, the Manager conducts an orientation programme for newly-appointed Directors to familiarise them with the business, operations and financial performance of OUE REIT. The newly-appointed Directors will also be briefed on the Manager's governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in units of OUE REIT (the "Units") and restrictions on disclosure of price-sensitive information. Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC with effect from 1 January 2023, has attended the orientation programme on 29 December 2022.

Under Rule 210(5)(a) of the Listing Manual, a newly-appointed Director who has no prior experience as a director of an issuer listed on the SGX-ST will also be required to undergo mandatory training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST, unless the NRC is of the view that training is not required because he or she has other relevant experience. In this regard, Mr Tan Huay Lim has prior experience as a director of an issuer listed on the SGX-ST, and so he is not required to undergo such mandatory training under Rule 210(5)(a).

Attendance of Board, Board Committee and General Meetings

	Number of meetings attended in FY 2023			
Name of Director	**Board**	**ARC**	**NRC**	**AGM[2]**
Lee Yi Shyan	4	-	-	1
Liu Chee Ming	4	4	-	1
Tan Huay Lim	4	4	-	1
Ong Kian Min	4	4	1	1
Usha Ranee Chandradas	4	4	1	1
Brian Riady	4	-	1	1
Han Khim Siew	4	-	-	1
Number of meetings held in FY 2023	**4**	**4**	**1**	**1**

Note:
[2] Annual General Meeting held via electronic means on 20 April 2023.

CORPORATE GOVERNANCE

Provision of Information to the Board and Board's Access to Independent Professional Advice

In order to enable the Directors to make informed decisions in the discharge of their duties and responsibilities, the Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings, and on an ongoing basis. Such information includes ongoing reports relating to the operational and financial performance of OUE REIT, as well as matters requiring the Board's decision. The Management is also required to furnish any additional information, when so requested by the Board, as and when the need arises.

The Directors also have separate and independent access to the Management, the Company Secretary and external advisers (where necessary) at the Manager's expense. The role of the Company Secretary and the Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act 1967 (the "Companies Act"), the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its Board committees and between the Management and non-executive Directors. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Directors are also at liberty to request for further explanations, briefings or informal discussions on any aspect of the Manager's operations or business issues from the Management.

The Manager will arrange for the Directors to be kept abreast of developments in the commercial and hospitality real estate sector on a regular basis. To keep pace with the fast-changing laws and regulations and commercial risks, and to develop and maintain their skills and knowledge, the Directors have an ongoing budget to receive further relevant training of their choice in connection with their duties as directors. They are also given unrestricted access to professionals for consultation as and when they deem necessary at the Manager's expense.

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, to enable them to discharge their duties effectively as members of the Board and where applicable, as Board committee members. The Directors may also attend other relevant courses, conferences and seminars, at the Manager's expense. These include programmes run by the Singapore Institute of Directors ("SID"). In FY 2023, the Directors were briefed on the relevant regulatory and legislative changes and recent issues affecting REITs and an update on geo-political and macroeconomic developments.

The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programmes for the Board.

Principle 2: Board Composition and Guidance

Principle 3: Chairman and Chief Executive Officer

Board Independence

The Board assesses the independence of each of the Directors in accordance with the requirements of the Code. Under the Code, an independent director is defined as one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of a Director's independent business judgement in the best interests of the Manager and OUE REIT. At least half of the Board shall be independent in accordance with the requirements of the Securities and Futures (Licensing and Conduct of Business) Regulations ("SFLCB Regulations").

The Board currently comprises seven Directors with four non-executive Directors who are independent. Accordingly, more than half of the Board is made up of independent Directors. No individual or small group of individuals dominates the Board's decision-making. In addition to the Board's annual review of the Directors' independence, each independent Director also submits an annual declaration regarding his or her independence. An independent Director shall only serve on the Board for a maximum of nine years. He or she will have to be re-designated as non-independent to continue serving on the Board beyond nine years. None of the Directors have served on the Board for a period beyond nine years as at the end of FY 2023.

In addition to the requirements of the Code, the Board also reviews and assesses annually the independence of each Director in accordance with regulations 13D to 13H of the SFLCB Regulations. Under the SFLCB Regulations, a Director is considered to be independent if the Director:

(a) is independent from the Management and OUE REIT;

(b) is independent from any business relationship with the Manager and OUE REIT;

(c) is independent from every substantial shareholder of the Manager and every substantial Unitholder;

(d) is not a substantial shareholder of the Manager or a substantial Unitholder; and

(e) has not served as a Director for a continuous period of nine years or longer.

In its review for FY 2023, the NRC has endorsed in its recommendation to the Board that the following Directors are independent for FY 2023:

Liu Chee Ming
Tan Huay Lim
Ong Kian Min
Usha Ranee Chandradas

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

Name of Director	Lee Yi Shyan[3]	Liu Chee Ming	Tan Huay Lim	Ong Kian Min	Usha Ranee Chandradas[4]	Brian Riady[5]	Han Khim Siew[6]
(i) had been independent from the Management and OUE REIT during FY 2023	✓	✓	✓	✓	✓	✓	
(ii) had been independent from any business relationship with the Manager and OUE REIT during FY 2023		✓	✓	✓	✓		✓
(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY 2023		✓	✓	✓			
(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY 2023	✓	✓	✓	✓	✓	✓	✓
(v) has not served as a Director for a continuous period of nine years or longer as at the last day of FY 2023	✓	✓	✓	✓	✓	✓	✓

Notes:

3 Mr Lee Yi Shyan is an executive advisor to the chairman of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2023, pursuant to the SFLCB Regulations, Mr Lee is deemed (i) to have a business relationship with the Manager and OUE REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder by virtue of his role as an executive advisor to the chairman of the Sponsor. The Board is satisfied that, as at 31 December 2023, Mr Lee was able to act in the best interests of all the Unitholders as a whole.

4 Ms Usha Ranee Chandradas is a director of OUE Healthcare Limited ("OUEH") which is a subsidiary of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2023, pursuant to the SFLCB Regulations, Ms Chandradas is deemed connected with a substantial shareholder of the Manager and a substantial Unitholder.

Nonetheless, the Board has in its review taken the following into consideration:

- Ms Chandradas serves in her personal capacity as an independent non-executive director of OUEH.
- Ms Chandradas is not in any employment relationship with the Sponsor group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Sponsor group.

Based on the above, the Board is of the view that Ms Chandradas' appointment as a director of OUEH should not interfere with her ability to exercise independent judgment and Ms Chandradas should be treated as an independent Director. The Board is satisfied that, as at 31 December 2023, Ms Chandradas was able to act in the best interests of all the Unitholders as a whole.

5 Mr Brian Riady is the Deputy Chief Executive Officer and Executive Director of the Sponsor, which wholly-owns the Manager and is a substantial Unitholder. As such, during FY 2023, pursuant to the SFLCB Regulations, Mr Riady is deemed (i) to have a business relationship with the Manager and OUE REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2023, Mr Riady was able to act in the best interests of all the Unitholders as a whole.

6 Mr Han Khim Siew is the Chief Executive Officer and Executive Director of the Manager, which is wholly-owned by the Sponsor. As such, during FY 2023, pursuant to the SFLCB Regulations, Mr Han is deemed (i) to have a management relationship with the Manager and OUE REIT; and (ii) to be connected to a substantial shareholder of the Manager and a substantial Unitholder. The Board is satisfied that, as at 31 December 2023, Mr Han was able to act in the best interests of all the Unitholders as a whole.

CORPORATE GOVERNANCE

For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2023, Mr Lee Yi Shyan, Ms Usha Ranee Chandradas, Mr Brian Riady and Mr Han Khim Siew were able to act in the best interests of all the Unitholders as a whole.

The integrity and professionalism of the Directors have allowed them to discharge their responsibilities with due care and diligence.

Board Size and Diversity Policy

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Manager's role *vis-a-vis* OUE REIT, for effective decision-making and constructive debate and to provide effective oversight over Management.

The Manager recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting OUE REIT's strategic objectives and sustainable development. The Board has implemented a board diversity policy which considers relevant measurable objectives such as skills, experience and knowledge, gender, age, ethnicity, nationality, cultural background, educational background, independence and length of service. It is paramount that the Manager continues to maintain the appropriate balance and mix of skills, knowledge and experience on the Board to support the needs and long-term sustainability of OUE REIT's businesses. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NRC will consider candidates on merit against objective criteria set by the Board after having given due regard to the benefits of diversity and the needs of the Board.

Diversity Targets, Plans, Timelines and Progress

The Manager's diversity targets, plans and timelines for achieving the targets and progress towards achieving the targets are set out as follows:

Diversity Target, Plans and Timelines

Gender

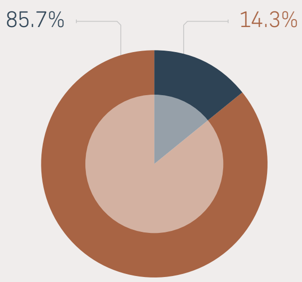
At the recommendation of the NRC and in recognition of the merits of gender diversity, the Board has committed to (a) a target of at least 25% female Directors on the Board, which would allow for significant female representation on the Board; and (b) ensuring that female candidates are included for consideration when identifying suitable candidates for new appointments to the Board.

The Board will strive to achieve the stated gender diversity target in the course of the progressive renewal of the Board by the end of 2030.

The Manager believes that achieving the optimum gender representation on the Board would benefit the Manager by providing different perspectives. The push for greater gender diversity would also broaden the Manager's talent pool and improve its critical thinking and problem-solving capabilities.

Progress towards achieving targets

In Progress – 1 out of 7 Directors (i.e. 14.3% of the Board) is female.



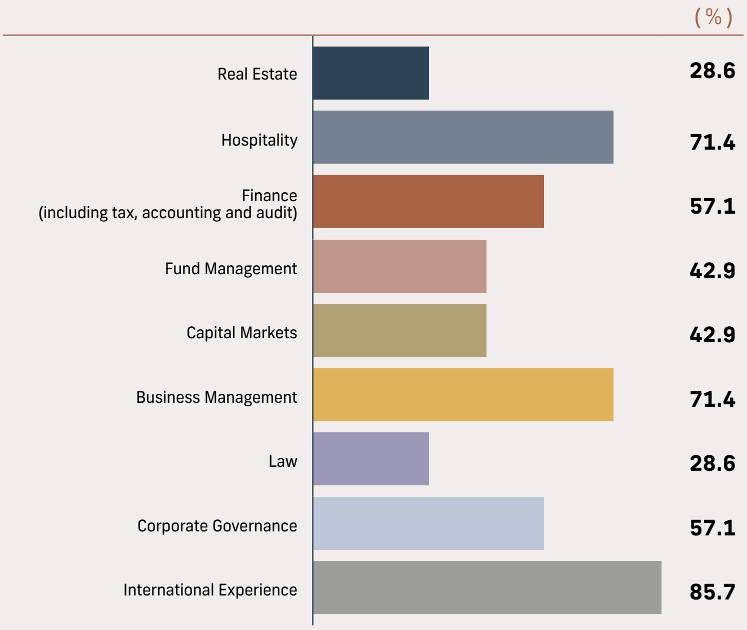
Female Director	**1**
Male Directors	**6**

Skillsets / Experience

To ensure that the Directors as a group possess the core skillsets/experience in the areas of real estate, hospitality, finance (including tax, accounting and audit), fund management, capital markets, business management, law, corporate governance and international experience, which are identified by the Board as critical for the Board to carry out its oversight of the business affairs, and to exercise effective stewardship and corporate governance of OUE REIT.

The Manager believes that the diversity in the range of views and perspectives and the breadth of experience of the Directors would enhance the deliberations of the Board and facilitate the effective oversight of Management.

Achieved – The current Board comprises Directors who are corporate and business leaders and professionals with varied backgrounds, expertise and experience and possess the core skillsets/experience identified by the Board.

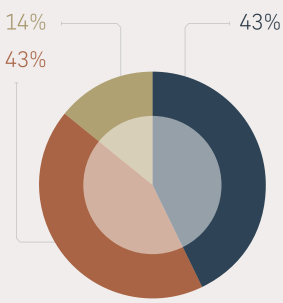


Collectively, they have core competencies spanning the relevant areas of OUE REIT's businesses and operations across the commercial, hospitality and retail sectors.

The Board, taking into account the views of the NRC, considers that the current Board comprises persons with diverse business experiences and backgrounds who as a group, possess an appropriate balance and diversity necessary to manage and contribute effectively to the Manager and OUE REIT, as contemplated by the board diversity policy. Apart from gender and skillsets/experience, the Board composition in terms of age group, length of tenure, nationality and independence as at 31 December 2023 is as follows:

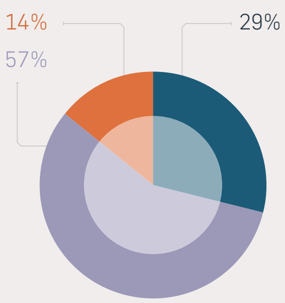
OTHER BOARD DIVERSITY METRICS

By Age Group



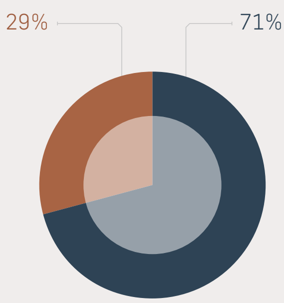
55 and below	3
56 to 64	3
65 and above	1
Total	**7**

By Length of Tenure



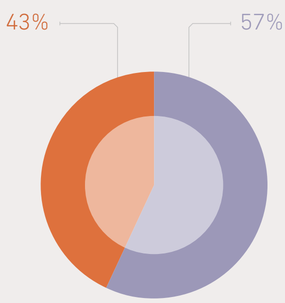
0 to 3 years	2
> 3 to < 6 years	4
> 6 years	1
Total	**7**

By Nationality



Singaporeans	5
Non-Singaporeans	2
Total	**7**

By Board Independence



Independent	4
Non-Independent	3
Total	**7**

CORPORATE GOVERNANCE

In relation to age, the Manager believes that age diversity would avoid the risk of groupthink and provide a wide range of viewpoints for more robust decision-making for the strategic future of OUE REIT.

In relation to tenure, the ongoing Board renewal process results in a Board with staggered tenure for the independent Directors. This provides continuity and stability for the conduct of Board matters while also ensuring the ability to have different perspectives and insights to meet the changing business environment of OUE REIT. In relation to nationality, as OUE REIT has a property in China and may pursue opportunities in key gateway cities overseas, the Board's diverse geographical background and experience have provided the Manager with international experience and insights, as well as an in-depth understanding of OUE REIT's investments and businesses in such countries.

In relation to independence, the Manager believes that independent directors on the Board would benefit the Manager by promoting the exercise of objective, independent judgement and by fostering constructive debate.

The NRC remains committed to implementing the board diversity policy and any progress made towards the implementation of the board diversity policy will be reported to the Board on an annual basis and disclosed in future annual reports, as appropriate. Mr Tan Huay Lim was appointed to the Board with effect from 1 January 2023. Mr Tan has a strong background in audit, accounting and finance coupled with relevant experience serving as director of managers of publicly listed real estate investment vehicles. This appointment will contribute significantly to the diversity of skillsets, geographical experience and in-depth understanding of the different markets of the Board. This appointment has also augmented other aspects of Board diversity in terms of professional qualifications, industry and geographic knowledge, skills and experience.

The Chairman is Mr Lee Yi Shyan, who is a non-independent non-executive Director. He bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including ensuring Board meetings are held regularly and whenever necessary, setting the agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of key agenda items at Board meetings, promoting an open environment within the Boardroom for constructive debate and encouraging the non-executive Directors to speak freely and contribute effectively. He exercises control over the quality, quantity and timeliness of information flow between the Board and Management and seeks to ensure that the Directors receive timely, clear and adequate information. At Annual General Meetings ("AGMs") and other Unitholders' meetings, he plays a pivotal role in fostering constructive dialogue between Unitholders, the Board and Management. As Chairman of the Board, Mr Lee Yi Shyan also promotes and leads the Manager in its commitment to achieve and maintain high standards of corporate governance.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Liu Chee Ming, an independent Director, was appointed as the Lead Independent Director. As the Lead Independent Director, Mr Liu had the discretion to hold and lead meetings with the other independent and/or non-executive Directors without the presence of Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings. In addition, Mr Liu provided leadership in situations where the Chairman was conflicted, and was available to Unitholders where they had concerns and for which contact through the normal channels of communication with the Chairman or Management were inappropriate or inadequate.

Board Composition

Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Liu Chee Ming[7]	Lead Independent Director and member of the ARC
Tan Huay Lim[8]	Independent Director and chairman of the ARC
Ong Kian Min	Independent Director, member of the ARC and chairman of the NRC
Usha Ranee Chandradas[9]	Independent Director and member of the ARC and NRC
Brian Riady	Non-Independent Non-Executive Director and member of the NRC
Han Khim Siew	Chief Executive Officer ("CEO") and Executive Director

Notes:

7 Mr Liu Chee Ming was appointed as Lead Independent Director of the Manager with effect from 1 January 2023.

8 Mr Tan Huay Lim was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023.

9 Ms Usha Ranee Chandradas was appointed as a member of the NRC of the Manager with effect from 1 January 2023.

In addition, as the Chairman is not an independent Director, the Board is made up of a majority of independent non-executive Directors.

The non-executive Directors participate in setting and developing strategies and goals for Management. They also review and assess Management's performance in respect of such strategies and goals. This enables Management to benefit from their external and objective perspective on issues that are brought before the Board. The Board has established and set out in writing the division of responsibilities between the Chairman and the CEO.

There is a clear separation of responsibilities between the Chairman and the CEO, so as to maintain an appropriate balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the CEO are not related to each other.

There is a clear segregation of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Principle 4: Board Membership

Principle 5: Board Performance

The NRC comprises three non-executive Directors, namely Mr Ong Kian Min, Ms Usha Ranee Chandradas and Mr Brian Riady. A majority of the NRC comprises independent Directors. Mr Ong Kian Min is the chairman of the NRC and an independent Director. Ms Usha Ranee Chandradas, an independent Director, is a member of the NRC. Mr Brian Riady, a non-independent non-executive Director, is a member of the NRC. The NRC met once in FY 2023.

The principal responsibilities of the NRC in performing the functions of a nominating committee include succession planning for Directors through an annual review of the Board's composition which takes into account the need for progressive renewal of the Board, the appointment and/or replacement of the Chairman, the CEO and key management personnel, reviewing and evaluating nominations of Directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board committees, and reviewing and being mindful of the independence of the Directors. In addition, the NRC reviews and makes recommendations on the training and professional development programmes for the Board, and recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, each Board committee separately, the Chairman and each individual Director. While Mr Liu Chee Ming, the Lead Independent Director, is not a member of the NRC, the NRC is majority independent and may consult with the Lead Independent Director, on an as-required basis, in the performance of its functions including succession planning for the Board.

The NRC determines on an annual basis whether or not a Director is independent, taking into account guidance from the Code and the SFLCB Regulations on what constitutes an "independent" Director, and the existence of relationships which would deem a Director not to be independent.

Process for Appointment of New Directors

In its selection, appointment and re-appointment process, the NRC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors and other aspects of diversity such as gender and age, so as to identify the requisite and/or desired qualities to supplement the Board's existing attributes. The NRC will also consider core competencies such as accounting, business acumen, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting such candidates. The NRC also takes into consideration whether a candidate had previously served on the board of companies with adverse track records or a history of irregularities, and assesses whether a candidate's resignation from the board of any such company would cast any doubt on his or her ability to act as a Director of the Manager. Shortlisted candidates would be required to furnish their curriculum vitae containing information on their academic/professional qualification, work experience, employment history and experience (if any) as directors of listed companies.

Additionally, in the recruitment of Directors, the NRC is mindful of the importance of ensuring that the Board is well-balanced and diverse.

The details of the board diversity policy adopted by the NRC are set out under "Principle 2: Board Composition and Guidance". The selection and nomination process involves the following:

(a) in carrying out its review, the NRC will take into account that the Board composition should reflect balance and diversity in matters such as skills and industry experience, management experience, gender, age, ethnicity and other relevant factors;

CORPORATE GOVERNANCE

(b) the NRC will identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board, and will consider the candidate's track record, experience and capabilities or such other factors including age and gender, as may be determined by the NRC to be relevant and which would contribute to the Board's collective skill set;

(c) external consultants may be used from time to time to access a wide base of potential non-executive Directors. Those considered will be assessed against a range of criteria, including the nominee’s track record, background, experience, professional skills, financial literacy, core competencies and personal qualities. The NRC and the Board will also consider whether a candidate’s skills and experience will complement the existing Board and whether the candidate has sufficient time available to commit to his responsibilities as a Director; and

(d) the NRC will make recommendations to the Board on candidates it considers appropriate for appointment.

Where Directors step down from the Board, cessation announcements providing detailed reason(s) for the cessation are released on SGXNet in compliance with the requirements of the Listing Manual.

As part of the Board renewal process, Mr Tan Huay Lim was appointed as independent Director and chairman of the ARC with effect from 1 January 2023.

Mr Liu Chee Ming was appointed as Lead Independent Director with effect from 1 January 2023. Mr Liu also relinquished his role as chairman of the ARC but remains as a member of the ARC. Ms Usha Ranee Chandradas, an independent Director and a member of the ARC, was appointed as a member of the NRC with effect from 1 January 2023.

The NRC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. The evaluation categories covered in the questionnaire include Board composition and competency, Board information, Board process, Board accountability, performance benchmarking, Management communications, standard of conduct, risk management and internal controls. In addition, there is a self-performance assessment to be undertaken by each Director. The evaluation categories covered in the individual assessment include independence and integrity, preparedness, participation, commitment and competence. The Company Secretary will compile the Directors' responses to the questionnaire into a consolidated report, and the report will be discussed at a NRC meeting and then shared with the entire Board. In evaluating each Director's performance and that of the Board and its Board committees, the NRC considers, *inter alia*, the Directors' attendance, contribution and participation at Board and Board Committee meetings, Directors' individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Manager's business *vis-a-vis* OUE REIT. Based on the NRC's assessment and review, the Board and its Board Committees operate effectively and each Director has given sufficient time and attention to the affairs of OUE REIT and has been able to discharge his or her duties as a Director effectively.

No external facilitator was used in the evaluation process for the financial year under review.

Review of Directors' Time Commitments

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Manager, and as part of its review process, the NRC decides whether or not a Director is able to do so and whether he or she has been adequately carrying out his or her duties as a Director. In determining whether a Director has been adequately carrying out his or her duties as a Director, the NRC takes into account the assessments of the individual Director’s effectiveness and his or her actual conduct on the Board. The NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus it should not be prescriptive. Instead, a qualitative and holistic approach is taken. The number of directorships each Director holds should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments.

The NRC is satisfied that for FY2023, each of the Directors has given sufficient time and attention in discharging his or her responsibilities as Director by providing invaluable guidance, advice and support to OUE REIT. The NRC and the Board are therefore satisfied that during the financial year under review, even where a Director had a significant number of other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out his or her duties as a Director of the Manager.

Key information on the Directors' particulars and background, and the listed company directorships and principal commitments of each Director, can be found on pages 20 to 23 of this Annual Report.

The Directors have had opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act, the CIS Code and the Listing Manual, real estate-related matters and other areas such as sustainability to enhance their performance as Board and Board Committee members.

B. REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Principle 7: Level and Structure of Remuneration

Principle 8: Disclosure on Remuneration

The principal responsibilities of the NRC in relation to the remuneration matters include (i) recommending to the Board a general framework of remuneration for Directors and key management personnel of the Manager, namely the CEO and chief financial officer ("CFO"), (ii) developing policies for fixing of, and recommending to, the Board, the remuneration packages of individual Directors and the key management personnel of the Manager, and (iii) reviewing the remuneration policy of the Manager to ensure the policy meets its stated objectives having regard to the performance of OUE REIT and other considerations.

The NRC sets the remuneration policy (i) to ensure that the compensation offered by the Manager is competitive and will attract, retain and motivate Directors and key management personnel and (ii) for Directors to be good stewards of the Manager and OUE REIT, and for key management personnel with the required experience and expertise to run the Manager successfully. In developing and reviewing the policy for the remuneration packages for Directors and the key management personnel of the Manager, the NRC takes into consideration the Manager's existing remuneration policy and other conditions within the REIT management industry and in comparable REIT managers. The remuneration policy of the Manager is structured to attract and retain highly qualified persons, and the Manager's overall goal is to ensure value creation and the long-term sustainability and success of the Manager and OUE REIT. In relation to the remuneration policy, the Board determines value creation to be the amount of value-add contributed by the individual, including but not limited to deal introduction to OUE REIT, cost-savings ideas and novel initiatives which have the potential of increasing the performance of OUE REIT and it is measured based on the monetary benefit/cost-savings which OUE REIT receives as a result of the value-add contributed by the individual Director and a key management personnel.

To further attract and retain highly qualified persons, the Manager has established the succession planning framework as a strategy for identifying and developing future leaders for critical roles. This helps the Manager to prepare for contingencies by closing the gap of a departure and grooming high-potential persons for advancement.

The framework comprises the following which allows the Manager to systematically manage the process and reduce any risk of gaps:

a) identify the critical roles, recognise capabilities required of the critical roles and select the talent pool;

b) develop and implement succession and knowledge transfer plans; and

c) evaluate effectiveness.

The remuneration of the Directors and Management are paid by the Manager, and not by OUE REIT. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary remuneration in the form of stock options or Units paid to the Directors or Management.

For the financial year under review, the Manager did not engage any remuneration consultant with regard to the remuneration of its Directors and key management personnel.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as Chairman or Deputy Chairman of the Board, or chairman of Board committees, (ii) serving as Lead Independent Director and/or (iii) serving on Board committees as members, as the case may be. The Directors' fees take into account:

CORPORATE GOVERNANCE

i. the Directors' value creation, level of contribution and respective responsibilities at Board meetings and Board committee meetings, taking into account factors such as effort, attendance and time spent; and

ii. the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the SID.

A breakdown of the Directors' fees payable to each Director for FY 2023 is shown below:

Name of Director	Directors' Fees (S$)[10]
Lee Yi Shyan	100,000[11]
Liu Chee Ming	108,750[12]
Tan Huay Lim	106,250[13]
Ong Kian Min	106,250[14]
Usha Ranee Chandradas	81,250[15]
Brian Riady	62,500[16]
Han Khim Siew	Nil[17]

The current remuneration framework for the non-executive Directors remains unchanged from that of FY 2023.

The Manager links executive remuneration to corporate and individual performance, based on the performance appraisal of the key executive officers that take into account the following criteria namely (i) leadership, (ii) self-management and effectiveness, (iii) communication and interpersonal skills, (iv) quality management, (v) administration and managerial skills, (vi) human resource management and development, (vii) technical and functional skills, (viii) customer focus; and (ix) value creation. The Manager currently does not have in place long-term or short-term incentive schemes for its executive Directors and key executive officers.

When conducting its review of remuneration, the NRC takes into account the performance of OUE REIT as well as the performance of the individual employee. The performance of OUE REIT is measured based on financial and non-financial key performance indicators ("KPIs"). Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and KPIs highlighted below.

Fixed Component

The fixed component in the Manager's remuneration framework is structured to remunerate employees for the roles they perform. It comprises the employee's base salary, fixed allowances and any statutory contribution. The base salaries and fixed allowances for key management personnel are reviewed annually by the NRC and approved by the Board.

Variable Component

A significant and appropriate proportion of the remuneration of executive directors and key executives of the Manager comprises a variable component which is structured to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long term. The variable incentives are measured based on quantitative and qualitative targets. Overall performance in relation to these targets is determined at the end of the year and approved by the NRC.

Key executives are assessed based on an annual performance review with pre-agreed financial and non-financial KPIs. The financial KPIs include increases in net property income and distribution per unit ("DPU") as well as key capital structure parameters. In measuring the performance of these KPIs, the NRC refers to factors such as the DPU and total Unitholder returns. Non-financial KPIs include measures such as corporate governance and compliance goals, as well as people development.

No Director, key executive officer and/or key management personnel is involved in the deliberation and decision in respect of his or her own individual fees/remuneration. For the avoidance of doubt, Mr Han Khim Siew, the CEO and Executive Director of the Manager, was not involved in the decision of the Board on his own remuneration.

Notes:

[10] The framework for determining the Directors' fees in FY 2023 is as follows: (i) S$50,000 each for Chairman and Deputy Chairman; (ii) S$50,000 for a member of the Board; (iii) S$40,000 for Lead Independent Director; (iv) S$37,500 for chairman of the ARC; (v) S$18,750 for a member of the ARC; (vi) S$25,000 for chairman of the NRC; and (vii) S$12,500 for a member of the NRC.

[11] The fees received by Mr Lee Yi Shyan comprise S$50,000 for being Chairman and S$50,000 for being a member of the Board for FY 2023.

[12] The fees received by Mr Liu Chee Ming comprise S$50,000 for being a member of the Board, S$40,000 for being Lead Independent Director and S$18,750 for being a member of the ARC for FY 2023.

[13] The fees received by Mr Tan Huay Lim comprise S$50,000 for being a member of the Board, S$37,500 for being chairman of the ARC and S$18,750 for being a member of the ARC for FY 2023.

[14] The fees received by Mr Ong Kian Min comprise S$50,000 for being a member of the Board, S$18,750 for being a member of the ARC, S$25,000 for being chairman of the NRC and S$12,500 for being a member of the NRC for FY 2023.

[15] The fees received by Ms Usha Ranee Chandradas comprise S$50,000 for being a member of the Board, S$18,750 for being a member of the ARC and S$12,500 for being a member of the NRC for FY 2023.

[16] The fees received by Mr Brian Riady comprise S$50,000 for being a member of the Board and S$12,500 for being a member of the NRC for FY 2023.

[17] Mr Han Khim Siew did not receive directors' fees in respect of his position as CEO and Executive Director for FY 2023.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management [Notice No. SFA04-N14] (issued pursuant to Section 101 of the SFA) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, (ii) the disclosure of the remuneration of at least the top five key management personnel[18]/top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) and in the event of non-disclosure, the Manager is required to provide reasons for such non-disclosure. After much deliberation, the Board is of the view that disclosure of the remuneration of the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S$250,000, and the total remuneration paid to the top five key management personnel (who are not Directors or the CEO) will not be in the best interests of the Manager, OUE REIT or its Unitholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management industry, the competitive business environment which OUE REIT operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Manager in attracting and retaining talent for the Manager (at the Management level) on a long-term basis. Given the competitive business environment which OUE REIT operates in, the Manager faces significant competition for talent in the REIT management sector, and it is not disclosing the remuneration of the key executive officers and/or management personnel, including the CEO, so as to minimise potential staff movement and undue disruption to its Management which would be prejudicial to the interest of the Unitholders. Further, such non-disclosure of remuneration does not affect the Manager's level of transparency on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation as such information has been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the remuneration, whether in exact quantum or in bands of S$250,000, of the CEO and top five executive officers, and the total remuneration paid to the top five key management personnel, is consistent with the intent of Principle 8 of the Code as a whole and will not be prejudicial to the interest of the Unitholders.

There are no employees of the Manager who are substantial shareholders of the Manager, substantial Unitholders or immediate family members of a Director, the CEO, a substantial shareholder of the Manager or a substantial Unitholder, and whose remuneration exceeds S$100,000 during FY 2023. The Manager does not have any employee share scheme.

The NRC considers all aspects of remuneration, including termination terms, to ensure they are fair. No termination, retirement or post-employment benefits were granted to the Directors, the CEO or key executive officers of the Manager during FY 2023.

C. ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Control

The Board is overall responsible for the governance of risk and the maintenance of a sound system of risk management and internal controls to safeguard the interests of the Manager, OUE REIT and Unitholders.

The Board is also responsible for presenting a balanced and understandable assessment of OUE REIT's performance, position and prospects to its Unitholders, the public and the regulators, including interim and other price-sensitive or trade-sensitive public reports and reports to regulators (if required). The Management is accountable to the Board and provides the Board with quarterly business updates as well as half-year and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST. Financial results and other price-sensitive or trade-sensitive information, annual reports and material corporate developments are disclosed via SGXNet.

To keep Unitholders informed of material developments, the Manager released updates by way of press releases and voluntary business updates, where applicable. The aim of such engagement is to provide Unitholders with prompt disclosure of relevant information, to enable them to have a better understanding of OUE REIT's businesses and performance.

Note:

[18] The term "key management personnel" is defined in the Code to mean the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager.

CORPORATE GOVERNANCE

The Manager has an established ERM Framework for OUE REIT, which has been approved by the Board. The ERM Framework assists the Manager to evaluate and monitor changes to business operations that may result in significant risk exposure to OUE REIT. It is used by the Manager to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives and value creation. The ownership of these risks lies with the CEO and the function heads of the Manager, with stewardship residing with the Board.

The structured ERM framework and process includes a set of monitoring mechanisms and indicators for continuous evaluation from various risk perspectives such as liquidity and cashflow, workplace health and safety, cyber security and regulatory compliance. It requires key functions and business units to report risk-related matters to the Board and Management on a regular basis. Timely reporting of high risks also provides reference points and guidance for the Board and Management to assess the adequacy and effectiveness of controls in place to manage these risks. For example, many organisations have observed an increase in propensity of wrongdoing in the current economic climate. Management, as part of the ERM framework, maintains vigilance over the relevant internal controls through mechanisms such as regular reviews and self-assessment of controls. With this, prompt decision-making was undertaken to adjust operations to meet ongoing changes to the business environment due to regulatory advisory changes. The framework also provided enhanced clarity on potential financial challenges, which in turn allowed Management to monitor and react proactively to any potential incoming concerns.

During the year under review, the Board and Management also paid particular attention to monitoring OUE REIT's risk of becoming subject to, or violating, any anti-money laundering ("AML") law or regulation, as well as conducted an AML staff training.

Through a regular risk review and monitoring process, Management and the Board are also better able to continuously engage and assure stakeholder groups that their interests remain a top priority for the Manager. Pertinent information is shared with stakeholders and Unitholders in a timely manner as appropriate through various platforms including press releases, investor presentations and analyst reports.

The current ERM approach has also facilitated a balanced consideration between risk and strategy and allowed the Board and Management to deliberate on OUE REIT's risk appetite, and to be nimble and able to re-purpose some of OUE REIT's business operations to capitalise on growth opportunities. Having an effective ERM function drives quick decision-making to not only focus on value protection but to also look for areas for enhanced value creation.

The ARC, together with the Manager, assists the Board to oversee, review and update the ERM Framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and information technology. The Manager has identified key risks, assessed their likelihood and impact on OUE REIT's business and established specific internal controls in place to manage or mitigate those risks. The information is maintained in a risk register which is reviewed by the Manager, the ARC and the Board quarterly (and updated as and when necessary). Internal auditors and external auditors conduct audits that involve testing the effectiveness of the material internal control systems of OUE REIT.

As part of its operations risk management, the Manager has in place a Business Continuity Plan which is updated and tested annually to ensure that OUE REIT and the Manager can respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, assets and building operations.

Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal auditors and external auditors are reported to the ARC. The effectiveness of the measures taken by Management in response to the recommendations made by the internal auditors and external auditors is also reviewed by the ARC. The system of risk management and internal controls is continually being refined by the Manager, the ARC and the Board.

The Board has received assurance from the CEO and CFO of the Manager that:

a. the financial records of OUE REIT have been properly maintained and the financial statements for FY 2023 give a true and fair view of OUE REIT's operations and finances; and

b. the ERM Framework implemented within OUE REIT is adequate and effective in identifying and addressing the material risks in OUE REIT in its current business environment including material financial, operational, compliance and information technology risks.

The Board notes that the ERM Framework established by the Manager provides reasonable, but not absolute, assurance that OUE REIT will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision-making, human error, fraud, other irregularities and losses.

Based on the ERM Framework established and reviews conducted by OUE REIT's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board is of the opinion that OUE REIT's system of risk management and internal controls was adequate and effective as at 31 December 2023 to address the material financial, operational, compliance and information technology risks faced by OUE REIT. The ARC concurs with the Board's comments provided in the foregoing. For FY 2023, the Board and the ARC have not identified any material weaknesses in the Manager's internal controls and risk management systems.

Principle 10: Audit and Risk Committee

The ARC consists of four independent non-executive Directors, namely Mr Tan Huay Lim, Mr Liu Chee Ming, Mr Ong Kian Min and Ms Usha Ranee Chandradas. Mr Tan Huay Lim is the chairman of the ARC.

All members of the ARC have many years of management level experience. The Board is of the view that the ARC members collectively have recent and relevant expertise or experience in financial management and are appropriately qualified to discharge their responsibilities objectively. A total of four ARC meetings were held in FY 2023.

None of the ARC members were previous partners or directors of, or hold any financial interest in, the Manager's and OUE REIT's external auditors, KPMG LLP.[19]

The ARC's responsibilities, under its terms of reference, include the following:

1. monitoring and evaluating the adequacy and effectiveness of the Manager's risk management and internal controls. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's systems, including financial, operational, compliance and information technology controls, and risk management systems, and to disclose whether the ARC concurs with the Board's comments in respect of the foregoing. If material weaknesses are identified by the ARC or the Board, to also disclose the steps taken to address them. Such review can be carried out internally or with the assistance of any competent third parties;

2. in respect of risk management and internal controls:

   (a) overseeing the design, implementation and monitoring of the risk management and internal control systems;

   (b) reviewing and reporting to the Board, at least twice a year, on the Manager’s and OUE REIT’s risk profile and major risk exposures and the steps taken to monitor, control and mitigate such risks; and

   (c) reviewing at least annually and reporting to the Board on the adequacy and effectiveness of the Manager and OUE REIT’s risk management and internal control systems;

3. reviewing the financial statements of OUE REIT and the Manager and reviewing the quality and reliability of information prepared for inclusion in financial reports;

4. reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of OUE REIT and any announcements relating to the financial performance of OUE REIT;

5. reviewing the assurance from the CEO and CFO on the financial records and financial statements that the financial records have been properly maintained and the financial statements give a true and fair view of OUE REIT's operations and finances, for inclusion in the Annual Report;

Note:

[19] Provision 10.3 of the Code states that the ARC should not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. Mr Tan Huay Lim, who was appointed as independent Director and chairman of the ARC of the Manager with effect from 1 January 2023, retired as partner of KPMG LLP in September 2015 and does not hold any financial interest in KPMG LLP.

CORPORATE GOVERNANCE

6. reviewing the assurance from the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Manager's risk management and internal control systems, for inclusion in the Annual Report;

7. reviewing the annual audit plans of the external and internal auditors. The ARC may suggest matters to be included for review by the external and internal auditors during their audit of OUE REIT and the Manager;

8. reviewing with the external and internal auditors their findings on their evaluation of the system of the internal accounting controls of OUE REIT and the Manager;

9. reviewing the external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

10. reviewing, approving and monitoring adequacy and effectiveness of processes to regulate conflicts of interests situations and Related Party Transactions, including ensuring compliance with applicable regulations, which include but are not limited to the provisions of the Listing Manual relating to Interested Person Transactions ("IPTs") (as defined in the Listing Manual) and the provisions of the Property Funds Appendix relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both types of transactions constituting "Related Party Transactions"). In particular, to ensure that Related Party Transactions are on normal commercial terms and are not prejudicial to the interests of OUE REIT and its minority unitholders and in respect of any property management agreement which is a Related Party Transaction, to carry out reviews at appropriate intervals to satisfy itself that the Manager has reviewed the property manager's compliance with the terms of the property management agreement and has taken remedial actions where necessary;

11. reviewing the quarterly reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. Such review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If an ARC member has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction;

12. reviewing the independence and objectivity of the external auditors annually and stating (i) the aggregate amount of fees paid to the external auditors for that financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE REIT and/or the Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

13. making recommendations to the Board on: (i) the proposals to the Unitholders (or the shareholders of the Manager, as the case may be) on the appointment, re-appointment and removal of OUE REIT's (or the Manager's, as the case may be) external auditors each year, and (ii) approving the remuneration and terms of engagement of the external auditors;

14. ensuring that the internal audit function is independent from the Management, that the internal audit function will report to the chairman of the ARC and that the internal audit function is adequately qualified to perform an effective role;

15. ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the Manager;

16. ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors Inc. ("IIA");

17. meeting with the external auditors and with the internal auditors, in each case without the presence of the Management, at least annually;

18. reviewing the adequacy, effectiveness, independence, objectivity, scope and results of the external audit and OUE REIT's and the Manager's internal audit function, and providing a comment in the Annual Report on whether the internal audit function is independent, effective and adequately resourced;

19. oversight and monitoring of whistle-blowing, including reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on and to ensure that the Manager publicly discloses, and clearly communicates to employees of the Manager, the existence of a whistle-blowing policy and the procedures for raising such concerns;

20. report significant matters raised through the whistle-blowing channel to the Board;

21. monitor the procedures in place to ensure compliance with applicable legislation and regulation, including but not limited to the Listing Manual, the CIS Code and the Code;

22. review the financial guidelines, procedures and financial authority limits, and make a recommendation to the Board for its approval;

23. review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on OUE REIT's operating results or financial position and Management's response, and at an appropriate time, report such matter to the Board; and

24. reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC, how it has discharged its responsibilities and whether it was able to discharge its duties independently.

In the review of the financial statements, the ARC has discussed with Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matter (Table 1) as reported by the external auditors for FY 2023.

TABLE 1: KEY AUDIT MATTER

Key audit matter	How the issue was addressed by the ARC
Valuation of investment properties	The ARC reviewed the valuation reports of OUE REIT's investment properties and discussed the basis of the valuation with the external valuers and Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC reviewed the independence and competency of the external valuers and the appropriateness of the valuation methodologies applied by them in arriving at the fair market value of the investment properties based on their existing use. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and reasonableness of the underlying key assumptions and key data applied in the valuation of investment properties. The ARC noted that the valuation reports have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards or Royal Institution of Chartered Surveyors' RICS Valuation – Global Standards (incorporating the International Valuation Standards).

The results of the ARC's review are reported to the Board.

The ARC has reviewed the non-audit fees paid to the external auditors. The ARC has considered the nature and extent of the non-audit services provided and is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY 2023 was S$84,000. The ARC is satisfied that OUE REIT has complied with the requirements of Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, KPMG LLP, for re-appointment at the forthcoming AGM to be held on 24 April 2024. The ARC has met with the external auditors and the internal auditors without the presence of the Management and has unfettered access to any information it may require.

CORPORATE GOVERNANCE

The details of the remuneration of the auditors of OUE REIT during FY 2023 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$)
Audit Services	354,000
Non-Audit Services	84,000

In the course of carrying out their duties, OUE REIT's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

The Manager has in place a whistle-blowing policy whereby employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Manager's Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of the Sponsor's Internal Audit department ("OUE IA"). Under these procedures, arrangements are in place for independent investigation of such matters raised in good faith and for appropriate follow-up action to be taken. The whistle-blowing policy is publicly disclosed on the Manager's website and clearly communicated to the Manager's employees to encourage the reporting of any behaviour or action that might constitute impropriety in financial reporting or other matters. The Manager is committed to ensuring that whistle-blowers will be protected against any detrimental or unfair treatment, and shall use reasonable best efforts to ensure that the confidentiality and anonymity of the complainants is protected.

The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly. In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

The internal audit function in respect of OUE REIT has been outsourced to OUE IA, under the direct supervision of the ARC. The head of OUE IA reports directly to the ARC and administratively to the Deputy CEO of the Sponsor. The appointment and removal of OUE IA as the service provider for the internal audit function requires the approval of the ARC. OUE IA has unfettered access to all documents, records, properties and personnel in the Manager, including unrestricted access to the ARC, the Board and the Management. It is responsible for assisting the ARC in reviewing and evaluating the adequacy and effectiveness of the Manager's system of internal controls to address financial, operational, compliance and information technology risks for OUE REIT. It also audits the operations, regulatory compliance and risk management processes of the Manager. The scope of the internal audit reviews is carried out in accordance with the yearly plans prepared by OUE IA and approved by the ARC. All audit findings are communicated to the ARC as well as the Management.

OUE IA is a corporate member of the IIA, Singapore, which is an affiliate of the IIA with its headquarters in the United States of America. OUE IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing ("Standards") developed by IIA and has incorporated these Standards into its audit practices. OUE IA also abides by the framework as described in its Internal Audit Charter, which provides the blueprint for how internal audit activities are conducted. The Internal Audit Charter is approved by the ARC, at least on an annual basis. The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced, staffed with persons with the relevant qualifications and experience and effective in performing its functions, and had appropriate standing within the Manager.

D. UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Unitholder Rights and Conduct of General Meetings

Principle 12: Engagement with Unitholders

Principle 13: Engagement with Stakeholders

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting OUE REIT.

The Manager's investor relations ("IR") policy is to promote regular, effective and fair communication through timely and transparent disclosure of all material price- and trade-sensitive information relating to OUE REIT, such as information relating to OUE REIT's performance as well as strategic and business developments, through press releases, announcements, and the publication of its quarterly business updates as well as half-year and full-year results. These information are first published on the SGXNet, followed by OUE REIT's website at https://www.ouereit.com. The website is updated regularly and has a clearly dedicated IR section enabling easy access for Unitholders and the investment community to pertinent information about OUE REIT and its long-term prospects such as annual reports, financial results and the latest corporate presentations. Unitholders and investors can also subscribe to email alerts of all announcements and press releases issued by OUE REIT or submit questions at their convenience via an enquiry form on the website. The contact details of a specific IR contact person is also provided for ease of communication.

The Manager maintains regular engagement with Unitholders and also conducts regular briefings for other stakeholders from the wider investment community, such as analysts, investors and media representatives, in conjunction with the release of OUE REIT's results and business updates. During such briefings, Management will review OUE REIT's most recent performance as well as discuss the business outlook for OUE REIT. The Manager will give reasonable access to analysts and the media to help them formulate informed opinions on OUE REIT, but will not seek to influence their objective opinions.

The Manager also actively engages its stakeholders through a variety of initiatives and channels, including, but not limited to, regular dialogue with and the soliciting of views from the investment community, through group/individual meetings with investors, investor conferences and non-deal investor roadshows facilitated by the Manager's IR department and attended by the CEO and CFO. The CEO, CFO and senior management of the Manager are present at analyst briefings which are held quarterly, to answer questions. More details on the Manager's IR activities and efforts are found on pages 70 to 72 of this Annual Report while the full IR policy can be found on OUE REIT's website.

As required by the Listing Manual, the Manager discloses the names of OUE REIT's substantial Unitholders and a breakdown of their direct and deemed interests (including how such interests are held or derived) in OUE REIT's annual report every year. The Manager also disseminates, via SGXNet, the notifications it receives from its substantial Unitholders, in accordance with the provisions of the Securities and Futures Act 2001.

The Manager adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of OUE REIT are served. The Manager considers emerging and existing sustainability-related trends to enable the Manager to identify and manage any potential, current, or impending business risks that need to be managed, and/or to take advantage of any opportunities they may provide. The Manager has arrangements in place to identify and engage with material stakeholder groups and to manage its relationships with such groups. These stakeholder groups are important to OUE REIT, either because their actions impact OUE REIT's business or OUE REIT's business impacts their actions. They comprise OUE REIT's Unitholders, prospective investors, analysts, the media, tenants and guests, employees as well as regulators. The Manager's various teams interact with these stakeholders on a regular basis and the Manager maintains a corporate website to facilitate communication and engagement with stakeholders. The Sustainability Report from pages 73 to 114 in this Annual Report describes OUE REIT's approach in identifying its material stakeholders, as well as addressing stakeholders' concerns and methods of engagement. The Sustainability Report also sets out the key areas of focus in relation to the management of stakeholder relationships for FY 2023.

OUE REIT's distribution policy is to distribute at least 90% of its taxable income to Unitholders, with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the declaration of distributions.

Conduct of AGMs

The AGM held on 20 April 2023 was convened and held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("COVID-19 Order"). Unitholders participated in the AGM held on 20 April 2023 by observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream, submitting questions in advance of, or "live" at, the AGM, and voted at the AGM (i) live by the Unitholder or his/her/its duly appointed proxy(ies) (other than the chairman of the meeting) via electronic means; (ii) live by the CPF or SRS investor via electronic means if they were appointed as proxies by their respective CPF Agent Banks or SRS

CORPORATE GOVERNANCE

Operators; or (iii) by appointing the chairman of the meeting as proxy to vote on the Unitholder's behalf at the AGM. The responses to relevant and substantial questions from Unitholders were published 72 hours prior to the closing date and time for the lodgement of proxy forms. Detailed minutes of the AGM including substantial and relevant comments or queries from Unitholders and responses from the Board and Management were subsequently published within one month on SGXNet and made available on OUE REIT's website.

The forthcoming AGM to be held on 24 April 2024 will be conducted physically.

The notice of Unitholders' meeting is dispatched to Unitholders in the manner set out in the Listing Manual. Each item of special business included in the notice of Unitholders' meeting is accompanied, where appropriate, by an explanation for the proposed resolution and a proxy form with instructions on the appointment of proxies. The Manager tables separate resolutions at general meetings of Unitholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Manager will explain the reasons and material implications in the notice of the general meeting. The resolutions approved in the meeting will be announced on or after the day the general meeting is held. Minutes of Unitholders' meetings are also prepared and made available to Unitholders upon request and include substantial and relevant comments or queries from Unitholders as well as responses from the Board and Management.

In addition, Unitholders are given the opportunity to communicate their views and to raise pertinent questions to the Directors and to participate effectively in and vote at Unitholders' meetings. Save as disclosed on page 117 of this Annual Report, all Directors attend Unitholders' meetings, and the external auditors are also present at Unitholders' meetings, to address questions about the conduct of audit and the preparation and content of the auditors' report raised by the Unitholders.

Provision 11.5 of the Code states that the company should publish minutes of general meetings on its corporate website as soon as practicable. The Company Secretary prepares minutes of Unitholders' meetings, which incorporate substantial and relevant comments or queries from Unitholders and responses from the Board and Management. Beginning from the 2020 AGM, these minutes have been published on OUE REIT's website.

As encouraged by SGX-ST and in support of the greater transparency of voting in general meetings and good corporate governance, the Manager has employed electronic polling since the first AGM held in 2015 whereby all resolutions are voted by poll and detailed results showing the number of votes cast for and against each resolution and the respective percentage are published at the general meeting. Prior to voting at the general meeting, the voting procedures will be made known to the Unitholders. The votes cast by each Unitholder are in direct proportion to their respective unitholdings in OUE REIT. All polls are conducted in the presence of independent scrutineers. The outcome of the general meeting is also promptly announced on SGXNet after each general meeting.

The Trust Deed does not allow a Unitholder to vote in absentia at general meetings but if any Unitholder is unable to attend the general meeting, the Trust Deed allows for the Unitholder to appoint up to two proxies to attend, speak and vote on his or her behalf at the general meeting. Further, Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation and are able to appoint more than two proxies to attend, speak and vote at general meetings. This will enable indirect investors, including CPF investors, to be appointed as proxies to participate at general meetings. This is consistent with Principle 11 of the Code as Unitholders are still given the opportunity to exercise their rights to attend and vote at general meetings through their proxies.

E. INTERESTED PERSON TRANSACTIONS POLICY

The Manager has established a policy which aims to ensure that all IPTs will be undertaken on normal commercial terms and safeguard against the risk that interested persons could influence OUE REIT, its subsidiaries or associated companies, to enter into transactions with interested persons that may adversely affect the interests of OUE REIT and its Unitholders. It sets out the procedures to monitor and review IPTs, including to ensure compliance with the provisions of the Listing Manual and the Property Funds Appendix relating to IPTs, and provides potential examples of IPTs and practical guidance on assessing whether a counterparty is an interested person. The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are disclosed in the announcements and/or the Annual Report. There were no IPTs during FY 2023, which pursuant to the Listing Manual, required immediate announcement or Unitholders' approval.

F. DEALINGS IN THE UNITS

The Manager has adopted a formal policy on handling of confidential information and dealings in securities (the "Information Dealing Policy") which applies the best practice recommendations issued by the SGX-ST. The Information Dealing Policy also sets out the implications of insider trading and guidance on dealings in the securities of OUE REIT as well as certain entities listed on the SGX-ST in which the Sponsor has an effective interest in (collectively, the "Restricted Securities"). It applies to and has been distributed to, *inter alia*, the Directors and employees of the Manager.

Pursuant to Rule 1207(19)(c) of the Listing Manual, the Manager and its officers should not deal in OUE REIT's securities during the period commencing two weeks before the announcement of OUE REIT's financial statements for each of the first three quarters of its financial year and one month before the announcement of OUE REIT's full-year financial statements (if OUE REIT announces its quarterly financial statements), or one month before the announcement of OUE REIT's half-year and full-year financial statements (if OUE REIT does not announce its quarterly financial statements).

The Manager sends out memoranda and e-mails to the Directors and employees of the Manager to remind them that the Directors and employees of the Manager and their connected persons are prohibited from dealing in the Units during the following periods:

a. two weeks before the announcement of OUE REIT's interim business updates for the first and third quarters of its financial year;

b. one month before the announcement of OUE REIT's half-year and full-year results and (where applicable) property valuations; or

c. any time while in possession of price-sensitive or trade-sensitive information.

The Directors and employees of the Manager are prohibited from communicating price-sensitive or trade-sensitive information to any person. In addition, the Manager also discourages the Directors and employees of the Manager from dealing in the Units on short-term considerations.

Pursuant to the Information Dealing Policy, Directors and employees of the Manager are required to give a pre-trading notification and declaration (that, amongst others, he or she is not in possession of any information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of the Restricted Securities ("inside information")) to their head of department and/or the Legal department (as the case may be) before any dealing in the Restricted Securities. Details of the transaction that had been notified prior to being undertaken must also be provided in writing within two business days after the trade. A transaction which was notified but not undertaken must also be reported as such.

All Directors and employees of the Manager must verify that confidential information is shared only to those persons who have a legitimate reason to have access to such information. The Information Dealing Policy sets out the procedures and safeguards which Directors and employees of the Manager should adopt to limit the risk of a leak of confidential information, including but not limited to signing of non-disclosure agreements, implementing Chinese walls, controlling access to documents containing confidential information, "clean-desk" policy, adoption of code names for transactions and maintenance of a list of persons who are privy to material inside information that has not been publicly announced.

Material Contracts

Save as disclosed (i) in the IPTs section of this Annual Report and (ii) on SGXNet (if any), no material contracts to which OUE REIT or any of its subsidiaries is a party and which involve the interests of the CEO, any director or controlling shareholder of the Manager or controlling Unitholder subsisted at the end of FY 2023, or have been entered into since the end of the previous financial year.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of OUE Real Estate Investment Trust (*formerly known as OUE Commercial Real Estate Investment Trust*) (the "Trust") held by it or through its subsidiaries (collectively, the "Group") in trust for the holders of units in the Trust. In accordance with the Securities and Futures Act 2001, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of OUE REIT Management Pte. Ltd. (*formerly known as OUE Commercial REIT Management Pte. Ltd.*) (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust and its subsidiaries during the year covered by these financial statements set out on pages 143 to 221, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
DBS Trustee Limited

Chan Kim Lim
Director

Singapore
8 March 2024

STATEMENT BY THE MANAGER

In the opinion of the directors of OUE REIT Management Pte. Ltd. (*formerly known as OUE Commercial REIT Management Pte. Ltd.*) (the "Manager"), the manager of OUE Real Estate Investment Trust (*formerly known as OUE Commercial Real Estate Investment Trust*) (the "Trust"), the accompanying financial statements set out on pages 143 to 221 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Portfolio Statements of the Trust and its subsidiaries (the "Group") and of the Trust, the Statement of Cash Flows of the Group and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2023, the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended 31 December 2023, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed between DBS Trustee Limited and the Manager dated 10 October 2013 (as amended). At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet the respective financial obligations as and when they materialise.

For and on behalf of the Manager,
OUE REIT Management Pte. Ltd.

Han Khim Siew
Executive Director

Singapore
8 March 2024

INDEPENDENT AUDITORS' REPORT

Unitholders
OUE Real Estate Investment Trust
(Formerly known as OUE Commercial Real Estate Investment Trust)
(Constituted under a Trust Deed in the Republic of Singapore)

Report on the financial statements

Opinion

We have audited the financial statements of OUE Real Estate Investment Trust *(formerly known as OUE Commercial Real Estate Investment Trust)* (the "Trust") and its subsidiaries (the "Group"), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2023, and the statement of total return, distribution statement, statement of movements in unitholders' funds and statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 143 to 221.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and the Trust as at 31 December 2023 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Valuation of investment properties</u>
(Refer to Note 4 to the financial statements)

Risk

The Group has investment properties in Singapore and China with a carrying value of $5.6 billion (2022: $5.5 billion) as at 31 December 2023. Investment properties represent the most significant asset item on the consolidated statement of financial position.

The Group's accounting policy is to state the investment properties at their fair values which are based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in key assumptions could have a significant impact to the valuation.

INDEPENDENT AUDITORS' REPORT

Our response

We evaluated the competency and objectivity of the external valuers and made enquiries of the external valuers to understand their valuation approach, the assumptions and basis of valuation applied.

We considered the valuation methods used, which included the discounted cash flow method, capitalisation method and direct comparison method, against those applied for similar property types.

We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square foot and price per room, against historical trends and available industry data, taking into consideration comparability and market factors.

We also considered the adequacy of the disclosures in the financial statements in describing the inherent degree of subjectivity and the key assumptions used in the valuations.

Our findings

The external valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

The valuation methods used are in line with generally accepted market practices and the key assumptions used in the valuations are within range of available industry data, the additional factors considered by the external valuers were consistent with other corroborative evidence.

We also found the disclosures in the financial statements to be appropriate in their description of the degree of subjectivity inherent in the key assumptions used in the valuations, including the inter-relationship between the key unobservable inputs and the fair values.

Other information

OUE REIT Management Pte. Ltd. *(formerly known as OUE Commercial REIT Management Pte. Ltd.)*, the Manager of the Trust ("the Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings ("the Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lee Chin Siang Barry.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2024

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Non-current assets					
Plant and equipment		193	221	–	–
Investment properties	4	5,630,357	5,539,164	930,000	930,000
Investments in subsidiaries	6	–	–	2,683,406	2,553,963
Investment in joint venture	7	353,719	347,332	316,878	316,878
Financial derivatives	8	–	21,590	–	6,657
Trade and other receivables	9	4,805	4,334	–	–
Loans to a subsidiary	10	–	–	32,100	55,000
		5,989,074	5,912,641	3,962,384	3,862,498
Current assets					
Trade and other receivables	9	22,138	20,592	4,852	3,083
Cash and cash equivalents	11	54,225	49,482	3,274	3,749
Financial derivatives	8	3,274	6,390	869	2,099
		79,637	76,464	8,995	8,931
Total assets		6,068,711	5,989,105	3,971,379	3,871,429
Non-current liabilities					
Loans and borrowings	12	2,055,119	1,721,841	794,797	792,468
Trade and other payables	13	41,655	39,878	11,862	11,467
Financial derivatives	8	244	–	244	–
Deferred tax liabilities	14	64,356	76,109	–	–
Lease liability		22,716	25,146	–	–
		2,184,090	1,862,974	806,903	803,935
Current liabilities					
Loans and borrowings	12	–	327,618	–	–
Trade and other payables	13	90,340	76,271	24,564	28,920
Current tax liabilities		16,151	14,741	–	–
Lease liability		100	134	–	–
		106,591	418,764	24,564	28,920
Total liabilities		2,290,681	2,281,738	831,467	832,855
Net assets		3,778,030	3,707,367	3,139,912	3,038,574

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Represented by:					
Unitholders' funds		3,311,192	3,240,073	2,927,603	2,826,265
Convertible Perpetual Preferred Units ("CPPU") holder's funds	15	212,309	212,309	212,309	212,309
		3,523,501	3,452,382	3,139,912	3,038,574
Non-controlling interests	6	254,529	254,985	–	–
		3,778,030	3,707,367	3,139,912	3,038,574
Units in issue and to be issued ('000)	16	5,492,950	5,470,950	5,492,950	5,470,950
Net asset value per Unit ($)	17	0.60	0.59	0.53	0.52

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2023

	Note	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Revenue	18	285,055	241,507	147,853	143,029
Property operating expenses	19	(50,088)	(44,592)	(10,125)	(10,594)
Net property income		234,967	196,915	137,728	132,435
Other income	20	–	8,766	–	8,766
Amortisation of intangible assets	5	–	(3,750)	–	(3,750)
Write-off of intangible assets	5	–	(5,417)	–	(5,417)
Manager's management fees	21	(17,654)	(15,756)	(17,654)	(15,756)
Trustee's fee		(961)	(998)	(961)	(935)
Other expenses		(611)	(2,755)	(891)	(615)
Finance income		3,004	27,001	3,408	8,738
Finance cost		(114,847)	(81,967)	(38,450)	(29,228)
Net finance costs	22	(111,843)	(54,966)	(35,042)	(20,490)
Net income		103,898	122,039	83,180	94,238
Net change in fair value of investment properties	4	87,474	139,727	1,909	26,708
Reversal of impairment loss on investment in subsidiaries	6	–	–	129,747	94,873
Share of results from joint venture	7	16,886	37,108	–	–
Total return for the year before tax	23	208,258	298,874	214,836	215,819
Tax expense	24	(2,479)	(11,191)	–	–
Total return for the year		205,779	287,683	214,836	215,819
Total return attributable to:					
Unitholders and CPPU holder		200,109	275,574	214,836	215,819
Non-controlling interests		5,670	12,109	–	–
		205,779	287,683	214,836	215,819
Earnings per Unit (cents)					
Basic	25	3.61	5.01		
Diluted	25	3.45	4.77		

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2023

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Amount available for distribution to Unitholders at beginning of the year	59,938	77,334	59,938	77,334
Total return for the year attributable to Unitholders and CPPU holder	200,109	275,574	214,836	215,819
Less: Amount reserved for distribution to CPPU holder	(2,200)	(2,200)	(2,200)	(2,200)
Less: Amount retained for working capital requirements	(8,000)	(6,000)	(8,000)	(6,000)
Distribution adjustments (Note A)	(74,602)	(155,748)	(89,329)	(95,993)
Amount available for distribution for the year	115,307	111,626	115,307	111,626
Add: Amount released*	–	4,600	–	4,600
Amount to be distributed to Unitholders (Note B)	115,307	116,226	115,307	116,226
Distributions to Unitholders:				
- Distribution of 1.37 cents per Unit for the period from 1/7/2021 to 31/12/2021	–	(74,661)	–	(74,661)
- Distribution of 1.08 cents per Unit for the period from 1/1/2022 to 30/06/2022	–	(58,961)	–	(58,961)
- Distribution of 1.04 cents per Unit for the period from 1/7/2022 to 31/12/2022	(56,897)	–	(56,897)	–
- Distribution of 1.05 cents per Unit for the period from 1/1/2023 to 30/06/2023	(57,535)	–	(57,535)	–
	(114,432)	(133,622)	(114,432)	(133,622)
Amount available for distribution to Unitholders at the end of the year	60,813	59,938	60,813	59,938
Distribution per Unit ("DPU") (cents)	2.09	2.12	2.09	2.12

* In 2022, the Group released $4.6 million capital distribution from divestment of OUE Bayfront.

The accompanying notes form an integral part of these financial statements.

Note A – Distribution adjustments

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Net change in fair value of investment properties	(87,474)	(139,727)	(1,909)	(26,708)
Amortisation of intangible assets	–	3,750	–	3,750
Write-off of intangible assets	–	5,417	–	5,417
Amortisation of debt-related transaction costs	5,667	14,740	2,329	2,174
Net change in fair value of financial derivatives	21,267	(1,778)	3,471	(5,920)
Ineffective portion of changes in fair value of cash flow hedges	(2,040)	(2,177)	(862)	(374)
Hedging reserve transferred to unitholders' funds due to discontinuation of hedge accounting	–	(22,058)	–	–
Manager's management fees paid/payable in Units	6,179	7,878	6,179	7,878
Trustee's fee	961	998	961	935
Foreign exchange differences	44	149	(1)	1
Deferred tax credit	(10,023)	(1,222)	–	–
Straight-lining of lease incentives	(3,017)	(1,986)	(219)	–
Transfer to statutory reserve	(1,064)	(1,207)	–	–
Net income of subsidiaries and joint venture not distributed to the Trust	–	–	29,692	11,482
Reversal of impairment loss on investment in subsidiaries	–	–	(129,747)	(94,873)
Other items	(5,102)	(18,525)	777	245
Distribution adjustments	(74,602)	(155,748)	(89,329)	(95,993)

Note B – Amount to be distributed to Unitholders

	Group and Trust	
	2023 $'000	2022 $'000
Comprises:		
- From operations	93,335	79,470
- From tax exempt income	16,684	21,803
- From Unitholders' contribution	5,288	14,953
	115,307	116,226

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

	Attributable to				
	Unitholders $'000	CPPU holder $'000	Total $'000	Non-controlling interests $'000	Total $'000
Group					
Net assets attributable to owners at 1 January 2023	3,240,073	212,309	3,452,382	254,985	3,707,367
Operations					
Total return for the year	200,109	–	200,109	5,670	205,779
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–	–	–
Net increase in net assets resulting from operations	197,909	2,200	200,109	5,670	205,779
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/payable in Units	6,179	–	6,179	–	6,179
Distributions paid to Unitholders	(114,432)	–	(114,432)	–	(114,432)
Distributions paid to CPPU Holder	–	(2,200)	(2,200)	–	(2,200)
Distributions paid to non-controlling interests	–	–	–	(6,000)	(6,000)
Net decrease in net assets resulting from transactions with owners	(108,253)	(2,200)	(110,453)	(6,000)	(116,453)
Movement in foreign currency translation reserve	(13,581)	–	(13,581)	–	(13,581)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	9,234	–	9,234	–	9,234
Hedging reserve transferred to statement of total return	(12,353)	–	(12,353)	(126)	(12,479)
Share of movement in hedging reserve of joint venture	(1,837)	–	(1,837)	–	(1,837)
Net movement in hedging transactions	(4,956)	–	(4,956)	(126)	(5,082)
At 31 December 2023	3,311,192	212,309	3,523,501	254,529	3,778,030

The accompanying notes form an integral part of these financial statements.

	Attributable to				
	Unitholders $'000	**CPPU holder $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total $'000**
Group					
Net assets attributable to owners at 1 January 2022	3,127,996	212,309	3,340,305	248,210	3,588,515
Operations					
Total return for the year	275,574	–	275,574	12,109	287,683
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–	–	–
Net increase in net assets resulting from operations	273,374	2,200	275,574	12,109	287,683
Transactions with owners					
Issue of new Units:					
- Manager's management fees paid/ payable in Units	7,878	–	7,878	–	7,878
Distributions paid to Unitholders	(133,622)	–	(133,622)	–	(133,622)
Distributions paid to CPPU Holder	–	(2,200)	(2,200)	–	(2,200)
Distributions paid to non-controlling interests	–	–	–	(6,000)	(6,000)
Net decrease in net assets resulting from transactions with owners	(125,744)	(2,200)	(127,944)	(6,000)	(133,944)
Movement in foreign currency translation reserve	(48,544)	–	(48,544)	–	(48,544)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	7,291	–	7,291	520	7,811
Hedging reserve transferred to statement of total return	1,879	–	1,879	146	2,025
Share of movement in hedging reserve of joint venture	3,821	–	3,821	–	3,821
Net movement in hedging transactions	12,991	–	12,991	666	13,657
At 31 December 2022	3,240,073	212,309	3,452,382	254,985	3,707,367

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2023

	Attributable to		
	Unitholders $'000	CPPU holder $'000	Total $'000
Trust			
Net assets attributable to owners at 1 January 2023	2,826,265	212,309	3,038,574
Operations			
Total return for the year	214,836	–	214,836
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–
Net increase in net assets resulting from operations	212,636	2,200	214,836
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	6,179	–	6,179
Distributions paid to Unitholders	(114,432)	–	(114,432)
Distributions paid to CPPU holder	–	(2,200)	(2,200)
Net decrease in net assets resulting from transactions with owners	(108,253)	(2,200)	(110,453)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(503)	–	(503)
Hedging reserve transferred to statement of total return	(2,542)	–	(2,542)
Net movement in hedging transactions	(3,045)	–	(3,045)
At 31 December 2023	2,927,603	212,309	3,139,912

The accompanying notes form an integral part of these financial statements.

	Attributable to Unitholders $'000	Attributable to CPPU holder $'000	Total $'000
Trust			
Net assets attributable to owners at 1 January 2022	2,732,611	212,309	2,944,920
Operations			
Total return for the year	215,819	–	215,819
Less: Amount reserved for distribution to CPPU holder	(2,200)	2,200	–
Net increase in net assets resulting from operations	213,619	2,200	215,819
Transactions with owners			
Issue of new Units:			
- Manager's management fees paid/payable in Units	7,878	–	7,878
Distributions paid to Unitholders	(133,622)	–	(133,622)
Distributions paid to CPPU holder	–	(2,200)	(2,200)
Net decrease in net assets resulting from transactions with owners	(125,744)	(2,200)	(127,944)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	4,561	–	4,561
Hedging reserve transferred to statement of total return	1,218	–	1,218
Net movement in hedging transactions	5,779	–	5,779
At 31 December 2022	2,826,265	212,309	3,038,574

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

Description of property	Leasehold tenure	Location
Singapore		
OUE Downtown Office		
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Group owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815
One Raffles Place		
An integrated commercial development comprising One Raffles Place Tower 1, One Raffles Place Tower 2 and One Raffles Place Shopping Mall The Group has an effective interest of 67.95% in One Raffles Place	One Raffles Place Tower 1: 841-year lease from 1 November 1985 One Raffles Place Tower 2: 99-year lease from 26 May 1983 One Raffles Place Shopping Mall: the retail podium straddles two land plots: – approximately 75% of the net lettable area ("NLA") of the retail podium is on a 99-year lease from 1 November 1985 – the balance 25% of the NLA of the retail podium is on a 841-year lease from 1 November 1985	1 Raffles Place, One Raffles Place, Singapore 048616

The accompanying notes form an integral part of these financial statements.

Remaining Term of Lease as at 31/12/2023	Existing use	Group Carrying value at 31/12/2023 $'000	Percentage of Unitholders' funds at 31/12/2023 %	Carrying value at 31/12/2022 $'000	Percentage of Unitholders' funds at 31/12/2022 %
43 years	Commercial	930,000	28	930,000	29
803 years	Commercial	1,909,000	58	1,909,000	59
59 years					
61 years					
804 years					

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

Description of property	Leasehold tenure	Location
Crowne Plaza Changi Airport An airport hotel situated within the vicinity of passenger terminals of Singapore Changi Airport and is connected to Jewel Changi Airport via a pedestrian bridge from Terminal 3.	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Hilton Singapore Orchard A hotel with 1,080 rooms located in Orchard Road.	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery High-end retail mall with 152-metre frontage situated along Orchard Road.	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Shanghai Lippo Plaza A 36-storey commercial building with retail podium at Shanghai, China excluding: (i) Unit 2 in Basement 1, (ii) the 12th, 13th, 15th and 16th floors and (iii) 4 car park lots	50-year land use right commencing from 2 July 1994	222 Huaihai Zhong Road, Huangpu District, Shanghai, PRC 200021
Investment properties, at valuation (Note 4)		
Investment in joint venture (Note 7)		
Other assets and liabilities (net)		
Net assets of the Group		
Net assets attributable to CPPU holder		
Net assets attributable to non-controlling interests		
Unitholders' funds		

The carrying value of Lippo Plaza as at 31 December 2023 in Renminbi is RMB 2,400,000,000 (2022: RMB 2,640,000,000).

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 10 years (2022: 1 to 10 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Remaining Term of Lease as at 31/12/2023	Existing use	Group Carrying value at 31/12/2023 $'000	Percentage of Unitholders' funds at 31/12/2023 %	Carrying value at 31/12/2022 $'000	Percentage of Unitholders' funds at 31/12/2022 %
60 years	Hotel	519,000	15	460,200	14
33 years	Hotel	1,346,000	41	1,250,000	39
33 years	Retail	453,500	14	453,900	13
21 years	Commercial	449,041	13	509,784	16
		5,606,541	169	5,512,884	170
		353,719	11	347,332	11
		(2,182,230)	(66)	(2,152,849)	(66)
		3,778,030	114	3,707,367	115
		(212,309)	(6)	(212,309)	(7)
		(254,529)	(8)	(254,985)	(8)
		3,311,192	100	3,240,073	100

The accompanying notes form an integral part of these financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

Description of property	Leasehold tenure	Location
Singapore		
OUE Downtown Office		
OUE Downtown is a mixed-use development comprising a 50-storey building (OUE Downtown 1) and a 37-storey building (OUE Downtown 2), a retail podium and a multi-storey car park The Trust owns the office components of OUE Downtown (OUE Downtown Office), comprising OUE Downtown 1 (Strata Lot U4628V) and OUE Downtown 2 (Strata Lot U4629P)	OUE Downtown 1 and OUE Downtown 2: 99-year lease from 19 July 1967	6 Shenton Way, Singapore 068809 and 6A Shenton Way, Singapore 068815
Investment properties, at valuation (Note 4)		
Investment in joint venture (Note 7)		
Other assets and liabilities (net)		
Net assets of the Trust		
Net assets attributable to CPPU holder		
Unitholders' funds		

The properties are leased to third parties except as otherwise stated in Note 18. Generally, the leases contain an initial non-cancellable period of 1 to 6 years (2022: 1 to 6 years). Subsequent renewals are negotiated with the respective lessees.

The accompanying notes form an integral part of these financial statements.

Remaining Term of Lease as at 31/12/2023	Existing use	Trust: Carrying value at 31/12/2023 $'000	Trust: Percentage of Unitholders' funds at 31/12/2023 %	Trust: Carrying value at 31/12/2022 $'000	Trust: Percentage of Unitholders' funds at 31/12/2022 %
43 years	Commercial	930,000	32	930,000	33
		930,000	32	930,000	33
		316,878	11	316,878	12
		1,893,034	64	1,791,696	63
		3,139,912	107	3,038,574	108
		(212,309)	(7)	(212,309)	(8)
		2,927,603	100	2,826,265	100

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Group	
	2023	2022
	$'000	$'000
Cash flows from operating activities		
Total return for the year	205,779	287,683
Adjustments for:		
Amortisation of intangible assets	–	3,750
Write-off of intangible assets	–	5,417
Depreciation of plant and equipment	66	84
Finance costs	114,805	81,818
Finance income	(3,004)	(27,001)
Manager's fees paid/payable in Units	6,179	7,878
Net change in fair value of investment properties	(87,474)	(139,727)
Share of results from joint venture	(16,886)	(37,108)
Loss on disposal of plant and equipment	(162)	2
Allowance for doubtful receivables	–	97
Tax expense	2,479	11,191
Operating income before working capital changes	221,782	194,084
Changes in:		
- Trade and other receivables	(1,139)	941
- Trade and other payables	3,997	124
Cash generated from operations	224,640	195,149
Tax paid	(11,253)	(11,615)
Net cash from operating activities	213,387	183,534
Cash flows from investing activities		
Additions to plant and equipment	(40)	(167)
Payment for capital expenditure on investment properties	(10,568)	(47,639)
Dividends received from joint venture	8,662	15,653
Interest received	3,404	1,305
Net cash from/(used in) investing activities	1,458	(30,848)
Cash flows from financing activities		
Distributions paid to Unitholders	(114,432)	(133,622)
Distributions paid to CPPU holder	(2,200)	(2,200)
Distributions paid to non-controlling interests	(6,000)	(6,000)
Interest paid	(85,296)	(65,289)
Payment of transaction costs related to borrowings	(2,007)	(13,024)
Payment of lease liability	(1,009)	(1,000)
Proceeds from bank loans	446,882	1,233,000
Proceeds from issuance of Notes	–	150,000
Repayment of bank loans	(444,882)	(1,320,985)
Net cash used in financing activities	(208,944)	(159,120)

The accompanying notes form an integral part of these financial statements.

	Note	Group 2023 $'000	Group 2022 $'000
Net increase/(decrease) in cash and cash equivalents		5,901	(6,434)
Cash and cash equivalents at beginning of the year		49,482	59,549
Effect of exchange rate fluctuations on cash held		(1,158)	(3,633)
Cash and cash equivalents at end of the year	11	54,225	49,482

Significant non-cash transactions

During the year, there were the following significant non-cash transactions:

Financial year ended 31 December 2023

- a total of 21,999,691 Units, amounting to $6,179,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

Financial year ended 31 December 2022

- a total of 21,265,471 Units, amounting to $7,878,000, were or would be issued to the Manager as satisfaction of the Manager's management fees for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 8 March 2024.

1 GENERAL

With effect from 29 January 2024, OUE Commercial Real Estate Investment Trust was renamed to OUE Real Estate Investment Trust.

OUE Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 October 2013 (as amended) (the "Trust Deed") between OUE REIT Management Pte. Ltd. (the "Manager") and DBS Trustee Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was admitted to the Official List of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 January 2014 (the "Listing Date").

Effective from 1 March 2022, pursuant to the Supplementary Deed of Retirement and Appointment of Trustee dated 4 January 2022, RBC Investor Services Trust Singapore Limited has retired as the Sub-Trust Trustee of OUE Hospitality Sub-Trust and DBS Trustee Limited has been appointed as the Sub-Trust Trustee.

The principal activity of the Trust is to invest, directly or indirectly, in a portfolio of income-producing real estate used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs and hospitality and/or hospitality-related purposes, within and outside of Singapore, as well as real estate-related assets. The principal activities of the subsidiaries are set out in Note 6.

The consolidated financial statements relate to the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is regarded as a subsidiary of OUE Limited ("OUE") for financial reporting purposes. Accordingly, the ultimate holding company of the Trust is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

Several service agreements were entered into in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

(a) Manager's fees

The Manager is entitled to receive the following remuneration:

(i) a base fee of 0.3% per annum (or such lower percentage as may be determined by the Manager in its absolute discretion) of the value of the Deposited Property (as defined in the Trust Deed);

(ii) a performance fee of 25% per annum of the difference in DPU (as defined in the Trust Deed) in a financial year with the DPU in the preceding full financial year (calculated before accounting for the performance fee but after accounting for the base fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year. The performance fee is payable if the DPU in any financial year exceeds the DPU in the preceding financial year, notwithstanding that the DPU in the financial year in which the performance fee is payable may be less than the DPU in the financial year prior to any preceding financial year;

1 GENERAL (CONT'D)

(a) Manager's fees (cont'd)

(iii) an acquisition fee of 0.75% of the acquisition price of an investment property for acquisitions from related parties and 1.0% of the acquisition price for all other cases;

(iv) a divestment fee of 0.5% of the sale price of an investment property on all future disposals of properties; and

(v) a development management fee of 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of the Trust.

Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Units. For the financial year ended 31 December 2023, 35% (2022: 50%) of the management base fee and 35% (2022: nil) of the management performance fee were payable in the form of Units.

The acquisition, divestment and development management fees are payable in the form of Units and/or cash as the Manager may elect, and such proportion as may be determined by the Manager.

(b) Fees under the property management agreements

OUE Bayfront and OUE Downtown are managed by OUE Commercial Property Management Pte. Ltd. ("the Commercial Property Manager") and Mandarin Gallery is managed by OUE Property Management Pte. Ltd. (the "Retail Property Manager" and collectively with the Commercial Property Manager, the "Property Managers").

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Bayfront, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of the relevant property and (b) 2% of the gross revenue less property expenses ("Net Property Income") for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

Pursuant to the property management agreement between the Trust and the Commercial Property Manager in respect of OUE Downtown, the following fees are payable:

- A property management fee of (a) 1% per annum of the gross revenue of the relevant property and (b) 1% of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.25% per annum of the Net Property Income for the relevant property (calculated before accounting for the property management fee in that financial period) in respect of lease management services.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1 GENERAL (CONT'D)

(b) Fees under the property management agreements (cont'd)

The Commercial Property Manager is also entitled to a project management fee at a scale of between 1.35% to 3.0% of the construction cost or a fee to be mutually agreed in writing between the Manager, the Trustee and the Commercial Property Manager. During the financial year, no project management services were provided by the Commercial Property Manager. Where development management fees are payable to the Manager, there will not be any project management fees payable to the Commercial Property Manager and vice versa.

Pursuant to the property management agreement between OUE Hospitality Sub-Trust and the Retail Property Manager in respect of Mandarin Gallery and the certain commercial areas of Hilton Singapore Orchard, the following fees are payable:

- A property management fee of (a) 2% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Hilton Singapore Orchard; and (b) 2% per annum of the Net Property Income of Mandarin Gallery and certain commercial areas of Hilton Singapore Orchard (calculated before accounting for the property management fee in that financial period); and

- A lease management fee of 0.5% per annum of the Net Property Income of Mandarin Gallery (calculated before accounting for the property management fee in that financial period), in respect of lease management services.

The property and lease management fees are payable monthly in arrears.

(c) Trustee's fee

The Trust

Pursuant to the Trust Deed, the Trustee's fee shall not exceed 0.1% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders. The Trustee's fee is presently charged at a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of $30,000 per month). The Trustee's fee is payable out of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Sub-trust

Pursuant to the Sub-trust Deed, the Sub-trust Trustee's fee shall not exceed 0.1% per annum of the value of Sub-trust's Deposited Property. The Sub-trust Trustee's fee is payable out of Sub-trust's Deposited Property on a monthly basis, in arrears. The Sub-trust Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the Sub-trust Deposited Property (subject to a minimum of $20,000 per month). The Sub-trust Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Sub-trust Deed.

Following the change in Sub-Trust Trustee on 1 March 2022, the Sub-trust Trustee's fee has been consolidated and borne by the Trust.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore (the "MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

The changes to material accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established process with respect to the measurement of fair values.

The Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties
- Note 27 – financial instruments

2.5 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following FRSs, and amendments to FRSs for the first time for the annual period beginning on 1 January 2023:

- FRS 117: *Insurance Contracts*
- Amendments to FRS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in material accounting policies (cont'd)

New accounting standards and amendments (cont'd)

Global minimum top-up tax

The Amendments to FRS 12: *International Tax Reform - Pillar Two Model Rules* provide a temporary mandatory exception from deferred tax accounting for the top-up tax that may arise from the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), and require new disclosures about the Pillar Two tax exposure.

The mandatory exception is effective immediately and applies retrospectively. However, the amendments have no impact on the Group as the Group's consolidated revenue is less than EUR 750 million/year and it is not in scope of the Pillar Two model rules.

Material accounting policies information

The Group adopted the Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviews the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instance in line with the amendments.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied by the Group entities consistently to all the periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure, including transaction costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified and measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Group's management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses are recognised in the statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

(i) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss was recognised. A change in the basis for determining the contractual cash flows is required by the interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e the basis immediately before the change.

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

Classification and subsequent measurement (cont'd)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses (cont'd)

(i) Derecognition (cont'd)

Interest rate benchmark reform (cont'd)

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional charges.

(ii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships.

Hedges directly affected by interest rate benchmark reform

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changed as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amended the hedge documentation of that hedging relationship to reflect the change(s) required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

(iv) Derivative financial instruments and hedge accounting (cont'd)

Hedges directly affected by interest rate benchmark reform (cont'd)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (cont'd)

For this purpose, the hedge designation was amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amended the description of the hedging instrument only if the following conditions were met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument or using another approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amended the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considered whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes did not result in discontinuation of the hedge accounting relationship, then the Group amended the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based was changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deemed that the hedging reserve recognised in unitholders' funds for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.2 Financial instruments (cont'd)

(iv) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges (cont'd)

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3.3 Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.4 Unitholders' funds

Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issue of units. The expenses are deducted directly against unitholders' funds.

3.5 Convertible perpetual preferred units

The convertible perpetual preferred units do not have a maturity date and distribution payment is optional at the discretion of the Manager of the Trust. As the Trust does not have a contractual obligation to repay the principal nor make any distributions, the convertible perpetual preferred units are classified as equity.

Any distributions made are directly debited from equity. Incremental costs directly attributable to the issue of the convertible perpetual preferred units are deducted against the proceeds from the issue.

3.6 Revenue recognition

(i) Rental income

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable rent is recognised as income in the accounting period in which it is earned and can be reliably estimated.

(ii) Service fee income

Revenue from servicing and maintaining the investment property is recognised on a time apportioned basis following the timing of satisfaction of performance obligations.

(iii) Car park income

Car park income consists of season and hourly parking income. Season parking income is recognised as it accrues on a time apportioned basis. Hourly parking income is recognised at a point of time upon the utilisation of car parking facilities.

(iv) Dividend income

Dividend income is recognised in the statement of total return on the date that the Trust's right to receive payment is established.

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.7 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- the foreign currency gain or loss on financial assets and financial liabilities;
- amortisation of debt-related transaction costs;
- hedge ineffectiveness recognised in the statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

Interest income or expense is recognised under the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.8 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.8 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax Transparency Ruling

The Inland Revenue Authority of Singapore ("IRAS") has issued a Tax Transparency Ruling ("Ruling") to the Trust in respect of certain taxable income ("Specified Taxable Income"). Subject to meeting the terms and conditions of the Ruling which includes a distribution of at least 90% of the Specified Taxable Income of the Trust in the same year, the Trust will not be assessed to tax on the Specified Taxable Income distributed to the Unitholders. Instead, the Trustee and the Manager would undertake to deduct income tax at the prevailing corporate tax rate (currently at 17%) from distributions made to unitholders out of such Specified Taxable Income, except:

(i) where the beneficial owners are individuals or qualifying unitholders, the Trustee and the Manager will make the distributions to such unitholders without deducting any income tax; or

(ii) where the beneficial owners are qualifying non-resident non-individual unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended; or

(iii) where the beneficial owners are qualifying non-resident funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made for the period from 1 July 2019 to 31 December 2025, unless the concession is extended.

The Ruling does not apply to gains from the sale of real properties. Such gains, when determined by the IRAS to be trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

Any distributions made by the Trust to the Unitholders out of tax-exempt income and taxed income would be exempt from Singapore income tax in the hands of all Unitholders, regardless of their corporate or residence status.

3 MATERIAL ACCOUNTING POLICIES (CONT'D)

3.9 Segment reporting

An operating segment is a component of the Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees and trust expenses.

3.10 New standards not yet adopted

A number of new standards and amendments to standards are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 33.

4 INVESTMENT PROPERTIES

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
At 1 January	5,539,164	5,409,748	930,000	902,000
Capital expenditure capitalised	22,460	40,436	819	1,292
Lease incentives	(554)	5,635	219	–
Fair value changes recognised in the statement of total return (unrealised)*	84,527	139,727	(1,038)	26,708
Translation differences	(15,240)	(56,382)	–	–
At 31 December	5,630,357	5,539,164	930,000	930,000

* Excludes the fair value gain of $2,947,000 (2022: nil) arising from the reversal of unutilised income support related to the sale of OUE Bayfront in 2021, with total fair value changes recognised in the statement of total return amounting to $87,474,000 (2022: $139,727,000).

As at 31 December 2023, investment properties with a carrying amount of $930,000,000 (2022: $930,000,000) are pledged as security to secure bank loans (see Note 12).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value at the reporting date.

Properties	Valuer
31 December 2023	
OUE Downtown Office	Savills Valuation and Professional Services (S) Pte Ltd
One Raffles Place	Savills Valuation and Professional Services (S) Pte Ltd
Crowne Plaza Changi Airport	Cushman & Wakefield VHS Pte Ltd
Hilton Singapore Orchard	Cushman & Wakefield VHS Pte Ltd
Mandarin Gallery	Cushman & Wakefield VHS Pte Ltd
Lippo Plaza	CBRE (Shanghai) Management Limited
31 December 2022	
OUE Downtown Office	Cushman & Wakefield VHS Pte Ltd
One Raffles Place	Cushman & Wakefield VHS Pte Ltd
Crowne Plaza Changi Airport	Savills Valuation and Professional Services (S) Pte Ltd
Hilton Singapore Orchard	Savills Valuation and Professional Services (S) Pte Ltd
Mandarin Gallery	Savills Valuation and Professional Services (S) Pte Ltd
Lippo Plaza	CBRE (Shanghai) Management Limited

The fair values were derived based on the discounted cash flow, capitalisation and direct comparison methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per square foot and price per room. The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations.

The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The capitalisation method capitalises an income stream into a present value using single-year capitalisation rate. The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors.

In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value (cont'd)

(i) Fair value hierarchy

The fair value measurement of all of the Group's investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

	2023 $'000	2022 $'000
Fair value of investment properties (based on valuation report)	5,606,541	5,512,884
Add: Carrying amount of lease liability	22,816	25,280
Add: Prepayment of lease	1,000	1,000
Carrying amount of investment properties	5,630,357	5,539,164

(ii) Valuation techniques and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Commercial (Singapore)	Commercial (China)	Hospitality (Singapore)	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow method	Discount rate				The estimated fair value would increase/(decrease) if:
	2023	6.5% - 7.0%	7.5%	7.0% - 7.25%	● discount rate was lower (higher);
	2022	6.8% - 7.0%	7.0%	6.8%	● terminal yield rate was lower (higher).
	Terminal yield rate				
	2023	3.8% - 5.8%	4.8%	5.0% - 6.0%	
	2022	3.5% - 5.8%	4.3%	5.0% - 5.8%	
Capitalisation method	Capitalisation rate				The estimated fair value would increase/(decrease) if the capitalisation rate was lower (higher).
	2023	3.5% - 5.0%	4.5%	–*	
	2022	3.4% - 5.4%	4.0%	4.8% - 5.3%	
Direct comparison method	Price per square foot (psf)				The estimated fair value would increase/(decrease) if the price psf or per room was higher (lower).
	2023	$1,755 - $3,591	–	–	
	2022	$1,755 - $3,594	–	–	
	Price per room				
	2023	–	–	–*	
	2022	–	–	$0.8 million - $1.2 million	

* The valuation of hospitality properties in Singapore as of 31 December 2023 was carried out using the discounted cash flow method, taking into consideration the absence of any recent sales transactions during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

5 INTANGIBLE ASSETS

	Group and Trust $'000
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	58,000
Amortisation and impairment loss	
At 1 January 2022	48,833
Amortisation for the year	3,750
Write-off for the year	5,417
At 31 December 2022 and 31 December 2023	58,000
Carrying amount	
At 1 January 2022	9,167
At 31 December 2022 and 31 December 2023	–

Intangible assets represent the unamortised income support receivable by the Group and the Trust under the Deed of Income Support entered into with Alkas Realty Pte. Ltd. ("Alkas"), related party of the Trust, in relation to OUE Downtown Office.

Pursuant to the terms of the Deed of Income Support on OUE Downtown Office, Alkas will provide income support on OUE Downtown Office of up to $60 million for a period of 5 years from 1 November 2018 or the date when the total income support payments to the Trust exceeds $60 million, whichever is earlier.

Under the Deed of Income Support on OUE Downtown Office, the Group and the Trust drew down $8,766,000 in 2022 (Note 20).

As the income support has been fully drawn down in 2022, the remaining unamortised intangible assets of $5,417,000 was written off accordingly.

6 INVESTMENTS IN SUBSIDIARIES

	Trust	
	2023 $'000	2022 $'000
Equity investments at cost	2,701,304	2,701,608
Less: Allowance for impairment loss	(17,898)	(147,645)
	2,683,406	2,553,963

The movement in the allowance for impairment loss on investment in subsidiaries are as follows:

	Trust	
	2023 $'000	2022 $'000
At 1 January	147,645	242,518
Reversal of impairment loss	(129,747)	(94,873)
At 31 December	17,898	147,645

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Trust has assessed the carrying amount of the investments in subsidiaries for indications of impairment annually. The recoverable amounts of the subsidiary were assessed based on fair value less costs to sell estimated using the revalued net assets of the subsidiary, taking into consideration the fair value of the underlying properties held by the subsidiary. Due to progressive recovery of tourism sector in Singapore, the recoverable amount of the subsidiary was determined to be higher than the carrying amount. As a result of the assessment, impairment loss of $129,747,000 (2022: $94,873,000) was reversed for the year ended 31 December 2023. The fair value measurement was categorised as level 3 on the fair value hierarchy.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities	Ownership interest	
			2023	2022
			%	%
Direct subsidiaries				
OUE Eastern Pte. Ltd.[1]	Singapore	Investment holding	100	100
OUE REIT Treasury Pte. Ltd.[1] *(formerly known as OUE CT Treasury Pte. Ltd.)*	Singapore	Provision of financial services	100	100
Beacon Property Holdings Pte. Ltd.[1]	Singapore	Investment holding	100	100
OUE Hospitality Sub-Trust [1]	Singapore	Property owner and investment holding	100	100
Indirect subsidiaries				
Tecwell Pte. Ltd.[1]	Singapore	Investment holding	100	100
Lippo Realty (Shanghai) Limited [2]	China	Property owner	100	100
Cresthill Property Holdings Pte. Ltd. [1]	Singapore	Investment holding	100	100
OUB Centre Limited [1]	Singapore	Property owner and investment holding	83.33	83.33

(1) Audited by KPMG LLP, Singapore.
(2) Audited by KPMG China (a member firm of KPMG International).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

6 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Non-controlling interests

The non-controlling interests ("NCI") relate to the following subsidiary:

Name	Principal place of business/ Country of incorporation	Ownership interest held by NCI 2023 %	2022 %
OUB Centre Limited	Singapore	16.67	16.67

The following summarised financial information of the above subsidiary is prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	OUB Centre Limited 2023 $'000	2022 $'000
Revenue	86,222	75,591
Profit and total comprehensive income	34,016	72,656
Profit and total comprehensive income attributable to NCI	5,669	12,109
Non-current assets	1,909,861	1,909,696
Current assets	11,624	12,401
Non-current liabilities	(365,429)	(34,435)
Current liabilities	(28,883)	(357,751)
Net assets	1,527,173	1,529,911
Net assets attributable to NCI	254,529	254,985
Cash flows from operating activities	55,536	47,207
Cash flows used in investing activities	(2,441)	(2,664)
Cash flows used in financing activities	(53,060)	(44,505)
Net increase in cash and cash equivalents	35	38
Dividends paid to NCI	(6,000)	(6,000)

7 INVESTMENT IN JOINT VENTURE

	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Investment in joint venture	353,719	347,332	316,878	316,878

Details of the joint venture are as follows:

Name of joint venture	Place of constitution/ business	Principal activities	Effective equity interest held by the Trust 2023 %	2022 %
OUE Allianz Bayfront LLP [1]	Singapore	Property owner and investment holding	50	50

[1] Audited by KPMG LLP, Singapore.

7 INVESTMENT IN JOINT VENTURE (CONT'D)

Joint venture

The Group and Trust completed the divestment of 50.0% interest in OUE Bayfront, OUE Tower and OUE Link (the "Property") on 31 March 2021. The Property is now wholly-owned by a limited liability partnership known as OUE Allianz Bayfront LLP, with the Trustee, in its capacity as trustee of the Group, holding 50.0% of OUE Allianz Bayfront LLP and the ACRE Angsana Pte. Ltd. (the "PIMCO Investor"), a special purpose vehicle managed by PIMCO Prime Real Estate Asia Pacific Pte. Ltd., holding the remaining 50.0% of OUE Allianz Bayfront LLP.

Subsequent to the divestment, the Property continued to be managed by the Commercial Property Manager and there is no change to the fee structure stated in Note 1(b).

OUE Allianz Bayfront LLP is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in OUE Allianz Bayfront LLP as a joint venture, which is equity-accounted.

The following table summarises the financial information of OUE Allianz Bayfront LLP, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition.

	2023 $'000	2022 $'000
Revenue	63,105	59,856
Profit from continuing operations[a]	33,771	74,216
Group's share of total return (50%)	16,886	37,108
Non-current assets	1,343,479	1,328,024
Current assets[b]	3,645	3,244
Non-current liabilities[c]	(630,226)	(627,370)
Current liabilities[d]	(9,461)	(9,234)
Net assets (100%)	707,437	694,664
Group's 50% interest in net assets of investee at beginning of the year	347,332	322,056
Share of total return for the year	16,886	37,108
Share of movement in Unitholders' fund	(1,837)	3,821
Dividends received during the year	(8,662)	(15,653)
Carrying amount of interest in investee at end of the year	353,719	347,332
Group's share of joint venture's capital commitments	24	194

a Includes interest expense of $31,446,000 (2022: $18,127,000).
b Includes cash and cash equivalents of $1,514,000 (2022: $1,880,000).
c Includes non-current financial liabilities (excluding trade and other payables) of $14,390,000 (2022: $12,853,000).
d Includes current financial liabilities (excluding trade and other payables and provisions) of $2,179,000 (2022: $3,026,000).

In accordance with the Deed of Guarantee and Undertaking, the Trustee, in its capacity as trustee of the Group guarantees to PIMCO Investor the Net Property Income on OUE Bayfront of up to $6.0 million. The Group and the Trust has recognised $6.0 million provision for income guarantee. In 2023, $985,000 (2022: $1,540,000) has been utilised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

8 FINANCIAL DERIVATIVES

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Derivative assets				
Interest rate swaps used for hedging				
- Current	3,274	5,680	869	2,099
- Non-current	–	21,590	–	6,657
	3,274	27,270	869	8,756
Interest rate caps used for hedging				
- Current	–	710	–	–
	3,274	27,980	869	8,756
Classified as:				
Current	3,274	6,390	869	2,099
Non-current	–	21,590	–	6,657
	3,274	27,980	869	8,756
Derivative liabilities				
Interest rate swaps used for hedging				
- Non-current	(244)	–	(244)	–
Financial derivatives as a percentage of net assets	0.1%	0.8%	0.1%	0.3%

The Group uses interest rate swaps and interest rate caps to manage its exposure to interest rate movements on its floating rate interest-bearing bank loans. Interest rate swaps are used to swap the interest expense of bank loans from floating rates to fixed rates while interest rate caps are used to cap the floating interest rate at a pre-determined rate.

Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

8 FINANCIAL DERIVATIVES (CONT'D)

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2023					
Derivatives assets					
Interest rate swaps used for hedging	3,274	–	3,274	(244)	3,030
Derivatives liabilities					
Interest rate swaps used for hedging	(244)	–	(244)	244	–
31 December 2022					
Derivatives assets					
Interest rate swaps used for hedging	27,270	–	27,270	–	27,270
Interest rate caps used for hedging	710	–	710	–	710
	27,980	–	27,980	–	27,980
Trust					
31 December 2023					
Derivatives assets					
Interest rate swaps used for hedging	869	–	869	(244)	625
Derivatives liabilities					
Interest rate swaps used for hedging	(244)	–	(244)	244	–
31 December 2022					
Derivatives assets					
Interest rate swaps used for hedging	8,756	–	8,756	–	8,756

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

9 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current				
Trade receivables from:				
- other related parties	7,861	6,495	–	–
- third parties	3,730	2,964	223	255
	11,591	9,459	223	255
Less: Allowance for doubtful receivables	(410)	(611)	–	–
	11,181	8,848	223	255
Interest receivables	1,187	988	602	988
Other receivables from:				
- subsidiaries	–	–	2,958	826
- other related parties	16	–	16	–
- joint venture	330	350	330	350
- third parties	7,562	8,009	551	535
	9,095	9,347	4,457	2,699
Deposits	273	265	3	3
	20,549	18,460	4,683	2,957
Prepayments	1,589	2,132	169	126
	22,138	20,592	4,852	3,083
Non-current				
Deposits	4,109	3,826	–	–
Prepayments	696	508	–	–
	4,805	4,334	–	–

Trade receivables from related parties mainly relate to receivables from the master lessees of Hilton Singapore Orchard and Crowne Plaza Changi Airport. The receivables are considered to be held with a held-to-collect business model.

Outstanding balance with subsidiaries and related parties are unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from these outstanding balances as the expected credit loss ("ECL") is not material.

Credit and market risks, and impairment losses

The Group and the Trust's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in Note 27.

The ageing of trade receivables that were not impaired at the reporting date is:

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Not past due	8,655	6,805	–	118
Past due 0 - 30 days	1,015	848	80	117
Past due 31 - 90 days	130	257	32	11
Past due over 90 days	1,381	938	111	9
	11,181	8,848	223	255

9 TRADE AND OTHER RECEIVABLES (CONT'D)

Credit and market risks, and impairment losses (cont'd)

The movement in the allowance for doubtful receivables on trade receivables is as follows:

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
At 1 January	611	506	–	4
Allowance made	–	332	–	–
Write-back of allowance	(200)	(225)	–	(4)
Translation differences	(1)	(2)	–	–
At 31 December	410	611	–	–

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. Due to the COVID-19 impact, the Group has provided a specific allowance for doubtful receivables of $332,000 in 2022 in relation to the receivables that represents the amount in excess of the security deposits held as collateral. The Group believes that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

10 LOANS TO A SUBSIDIARY

As at 31 December 2023, the Trust has:

- on-lent the proceeds of $5.0 million (31 December 2022: $20.0 million) from the issuance of the notes to OUE Hospitality Sub-Trust ("OUE H-Sub-Trust") (see note 12(d)). The loan is unsecured and repayable on demand with a fixed rate of 3.95%. The loan is not expected to be repaid in the next twelve months from the reporting date; and

- lent a loan of $27.1 million (31 December 2022: $35.0 million) to OUE H-Sub-Trust. The loan is unsecured with a fixed margin + SORA per annum and matures in 2026.

11 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank	20,853	22,255	2,274	3,749
Short-term deposits with financial institutions	33,372	27,227	1,000	–
	54,225	49,482	3,274	3,749

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

12 LOANS AND BORROWINGS

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Bank loans				
- Secured	400,000	400,000	400,000	400,000
- Unsecured	1,268,000	1,266,000	–	–
Unsecured notes	400,000	400,000	–	–
Loan from a subsidiary	–	–	400,000	400,000
Less: Unamortised transaction costs	(12,881)	(16,541)	(5,203)	(7,532)
	2,055,119	2,049,459	794,797	792,468
Classified as:				
Current	–	327,618	–	–
Non-current	2,055,119	1,721,841	794,797	792,468
	2,055,119	2,049,459	794,797	792,468

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate %	Year of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2023						
Bank loans						
- SGD	4.74 - 5.51	2025-2028	1,668,000	1,658,257	400,000	396,862
Unsecured notes	3.95 - 4.00	2025-2027	400,000	396,862	–	–
Loan from a subsidiary	3.95 - 4.00	2025-2027	–	–	400,000	397,935
			2,068,000	2,055,119	800,000	794,797
2022						
Bank loans						
- SGD	3.64 - 4.88	2023-2026	1,666,000	1,653,915	400,000	396,924
Unsecured notes	3.95 - 4.20	2025-2027	400,000	395,544	–	–
Loan from a subsidiary	3.95 - 4.20	2025-2027	–	–	400,000	395,544
			2,066,000	2,049,459	800,000	792,468

(a) Secured bank loans

The Group has secured term loan and revolving credit facility of 4 to 5 years (2022: secured term loan and revolving credit facility of 4 to 5 years) which are secured on the following:

- investment property with a total carrying amount of $930,000,000 (2022: $930,000,000) (Note 4);
- assignment of insurance policies on the investment property, except public liability insurance;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of the investment properties;

12 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule (cont'd)

(a) Secured bank loans (cont'd)

- a debenture incorporating a fixed charge over book debt, charged accounts, goodwill, intellectual property and plant and machinery and floating charge over generally all of the present and future assets of the Trust in connection with the investment property; and

- the account control or charge over certain bank accounts of the Trust.

(b) Unsecured bank loans

The Group has in place the following unsecured bank loans:

- a total of $1,308.0 million (2022: $1,308.0 million) committed bank loans and revolving credit facilities with banks. At the reporting date, $1,268.0 million (2022: $1,266.0 million) was drawn down; and

- $150.0 million (2022: $15.0 million) uncommitted revolving credit facility with a bank. At the reporting date, $nil (2022: $nil) was drawn down. The uncommitted revolving credit facility is repayable on demand.

(c) Unsecured notes

In March 2020, the Trust, through its wholly-owned subsidiary, OUE REIT Treasury Pte. Ltd. *(formerly known as OUE CT Treasury Pte. Ltd.)*, established a $2.0 billion Multicurrency Debt Issuance Programme (the "2020 Programme"). Under the 2020 Programme, OUE REIT Treasury Pte. Ltd. may from time to time issue notes and/or perpetual securities in series or tranches.

In May 2022, OUE REIT Treasury Pte. Ltd. issued notes amounting to $150 million under the 2020 Programme (the "Notes"). On 30 October 2023, S&P Global Ratings assigned a BBB- investment grade credit rating with stable outlook to both the Trust and all outstanding notes (including the Notes) issued by OUE REIT Treasury Pte. Ltd.. As result of the rating assignment, under the terms of conditions of the Notes, the interest rate of the Notes has stepped down by 25 basis points from 4.20% to 3.95% effective for interest periods commencing on or after 5 November 2023.

The unsecured notes outstanding as at 31 December 2023 under the 2020 Programme is $400.0 million (31 December 2022: $400.0 million). The unsecured notes have fixed rates ranging from 3.95% to 4.00% (2022: 3.95% to 4.20%) per annum payable semi-annually in arrears and mature between 2025 and 2027.

The unsecured notes and the coupons relating thereto of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of OUE REIT Treasury Pte. Ltd. and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than the subordinated obligations and priorities created by law) of OUE REIT Treasury Pte. Ltd.. All sums payable in respect of the unsecured notes will be unconditionally and irrevocably guaranteed by the Trustee, in its capacity as trustee of the Group.

(d) Loan from a subsidiary

OUE REIT Treasury Pte. Ltd. has on-lent the proceeds from the issuance of the notes to the Trust. The Trust has then on-lent $5.0 million (2022: $20.0 million) of the proceeds to a subsidiary, OUE Hospitality Sub-Trust.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

12 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings	Accrued interest payable	Lease liability	Interest rate swap used for hedging – assets	Interest rate swap used for hedging – liabilities	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2023	2,049,459	5,898	25,280	(27,980)	–	2,052,657
Changes from financing cash flows						
Proceeds from bank loans	446,882	–	–	–	–	446,882
Repayment of bank loans	(444,882)	–	–	–	–	(444,882)
Payment of transaction costs related to borrowings	(2,007)	–	–	–	–	(2,007)
Payment of lease liability – principal	–	–	(86)	–	–	(86)
Payment of lease liability – interest	–	–	(923)	–	–	(923)
Interest paid	–	(85,296)	–	–	–	(85,296)
Total changes from financing cash flows	(7)	(85,296)	(1,009)	–	–	(86,312)
Change in fair value	–	–	–	24,706	244	24,950
Other changes						
Liability-related						
Amortisation of debt-related transaction costs	5,667	–	–	–	–	5,667
ROU Adjustment	–	–	(2,378)	–	–	(2,378)
Interest expense	–	86,948	923	–	–	87,871
Total liability-related other changes	5,667	86,948	(1,455)	–	–	91,160
Balance at 31 December 2023	2,055,119	7,550	22,816	(3,274)	244	2,082,455

12 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities			Derivative (assets)/ liabilities held to hedge long-term borrowings		
	Borrowings $'000	Accrued interest payable $'000	Lease liability $'000	Interest rate swap used for hedging – assets $'000	Interest rate swap used for hedging – liabilities $'000	Total $'000
Balance at 1 January 2022	1,985,395	4,994	25,410	(960)	8,622	2,023,461
Changes from financing cash flows						
Proceeds from bank loans	1,233,000	–	–	–	–	1,233,000
Proceeds from issuance of Notes	150,000	–	–	–	–	150,000
Repayment of bank loans	(1,320,985)	–	–	–	–	(1,320,985)
Payment of transaction costs related to borrowings	(13,024)	–	–	–	–	(13,024)
Payment of lease liability - principal	–	–	(125)	–	–	(125)
Payment of lease liability - interest	–	–	(875)	–	–	(875)
Interest paid	–	(65,289)	–	–	–	(65,289)
Total changes from financing cash flows	48,991	(65,289)	(1,000)	–	–	(17,298)
The effect of changes in foreign exchange rates	(405)	(15)	–	–	–	(420)
Change in fair value	–	–	–	(27,020)	(8,622)	(35,642)
Other changes						
Liability-related						
Amortisation of debt-related transaction costs	14,740	–	–	–	–	14,740
Interest expense	–	66,208	870	–	–	67,078
Accrued transaction costs related to borrowings	738	–	–	–	–	738
Total liability-related other changes	15,478	66,208	870	–	–	82,556
Balance at 31 December 2022	2,049,459	5,898	25,280	(27,980)	–	2,052,657

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

13 TRADE AND OTHER PAYABLES

	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Current				
Trade payables	2,146	2,316	189	939
Other payables due to:				
- the Manager	3,726	2,014	3,726	2,014
- subsidiaries	–	–	1,693	1,791
- related parties	16,453	3,022	–	–
- joint venture	454	497	454	497
- third parties	14,032	12,845	613	587
Advance rental received	2,539	1,246	143	481
Accrued expenses	29,006	29,346	12,476	13,548
Provisions^	–	3,933	–	3,933
Interest payable to:				
- a subsidiary	–	–	3,681	3,391
- third parties	7,550	5,898	–	–
Rental deposits				
- third parties	12,556	13,492	1,247	1,424
Other deposits				
- related parties	34	4	4	4
- third parties	1,844	1,658	338	311
	90,340	76,271	24,564	28,920
Non-current				
Rental deposits				
- related parties	627	316	316	316
- third parties	38,029	36,563	8,547	8,152
Provisions^	2,999	2,999	2,999	2,999
	41,655	39,878	11,862	11,467

^ As at 31 December 2023, included provision for income guarantee of $nil (2022: $3.9 million) at the Group and the Trust.

Other payables due to subsidiaries, related parties and joint venture are unsecured, interest-free and repayable on demand.

14 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the following:

	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Investment properties	49,815	62,243	–	–
Plant and equipment	13,098	12,075	–	–
Other items	1,443	1,791	–	–
	64,356	76,109	–	–

14 DEFERRED TAX LIABILITIES (CONT'D)

Movements in deferred tax liabilities of the Group during the year are as follows:

	Investment properties $'000	Plant and equipment $'000	Others $'000	Total $'000
2023				
At 1 January 2023	62,243	12,075	1,791	76,109
Recognised in statement of total return (Note 24)	(11,139)	1,409	(293)	(10,023)
Exchange differences	(1,289)	(386)	(55)	(1,730)
At 31 December 2023	49,815	13,098	1,443	64,356
2022				
At 1 January 2022	70,493	12,265	1,235	83,993
Recognised in statement of total return (Note 24)	(3,027)	1,080	725	(1,222)
Exchange differences	(5,223)	(1,270)	(169)	(6,662)
At 31 December 2022	62,243	12,075	1,791	76,109

15 CONVERTIBLE PERPETUAL PREFERRED UNITS

In October 2015, the Group and the Trust issued 550 million Convertible Perpetual Preferred Units ("CPPU") at $1 per Unit to a substantial unitholder of the Trust and a related party of the Manager, as partial satisfaction of the purchase consideration for the subsidiaries acquired. The key terms and conditions of the CPPUs are as follows:

- the CPPU holder has the right to receive preferential non-cumulative distribution of an amount equivalent to 1.0% per annum of the issue price which may be declared by the Manager at its sole discretion;

- any preferential distribution or part thereof not due or payable shall not accumulate for the benefit of the CPPU holder or entitle the CPPU holder to any claim in respect thereof against the Trust, the Trustee and/or the Manager;

- the CPPUs rank senior to the Units in respect of the entitlement to participate in the distributions of the Trust and rank senior to the Units in respect of the entitlement to receive out of the assets of the Trust the amount equivalent to the number of CPPUs held by the CPPU holder multiplied by the issue price and outstanding preferred and special preferred distribution upon the liquidation of the Trust. The CPPUs rank junior to the claims of all other present and future creditors of the Trust;

- the CPPU holder has the sole right to convert the CPPUs into Units, provided that the number of CPPUs converted in each financial year shall not exceed one-third of the total number of CPPUs initially issued to the CPPU holder, at a conversion price of $0.7154 per CPPU, being the adjusted conversion price pursuant to the rights issue undertaken by the Trust in October 2018. The CPPUs may not be converted into Units for a period of four years commencing from the date of issuance of the CPPUs on 8 October 2015;

- the Manager shall have the sole right to redeem any number of CPPUs for the time being issued and outstanding on a pro-rata basis at the issue price at all times;

- the Manager shall not declare distributions or pay any distributions to the Unitholders, or make any redemption, unless the Manager declares or pays distributions to the CPPU holder; and

- the CPPU holder does not have the right to attend and vote at the meetings of Unitholders except during such period as the preferred or special preferred distribution remains in arrears and unpaid for at least 12 months, or upon any resolution which varies or abrogates any right, preference or privilege of the CPPUs, or upon any resolution for the dissolution or winding up of the Trust.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15 CONVERTIBLE PERPETUAL PREFERRED UNITS (CONT'D)

The CPPUs are classified as equity instruments in the statement of financial position.

The $212,309,000 (2022: $212,309,000) presented in the statement of financial position represents the carrying value of the remaining 220.0 million (2022: 220.0 million) CPPUs and the total return attributable to the CPPU holder from the last distribution date.

16 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2023	2022
	'000	'000
Units in issue		
At 1 January	5,465,002	5,442,608
Creation of Units:		
- Manager's management fees paid in Units	20,913	22,394
At 31 December	5,485,915	5,465,002
Units to be issued		
Manager's management fees payable in Units	7,035	5,948
Units in issue and to be issued	5,492,950	5,470,950

Financial year ended 31 December 2023

During the financial year, the following Units were issued:

- 20,913,229 Units were issued at issue prices ranging from $0.22 to $0.34 per Unit, amounting to $6,186,000 as satisfaction of the Manager's management fees payable in Units.

Financial year ended 31 December 2022

During the financial year, the following Units were issued:

- 22,394,287 Units were issued at issue prices ranging from $0.35 to $0.43 per Unit, amounting to $8,917,000 as satisfaction of the Manager's management fees payable in Units.

Each Unit in the Trust represents an undivided interest in the Trust.

A Unitholder has no equitable or proprietary interest in the underlying asset of the Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interests in any asset and the real estate-related assets (or any part thereof) of the Group.

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

17 NET ASSET VALUE PER UNIT

	Note	Group 2023	Group 2022	Trust 2023	Trust 2022
Net asset value per Unit is based on:					
- Net assets attributable to Unitholders ($'000)		3,311,192	3,240,073	2,927,603	2,826,265
- Units in issue and to be issued at 31 December ('000)	16	5,492,950	5,470,950	5,492,950	5,470,950

18 REVENUE

	Group 2023 $'000	Group 2022 $'000	Trust 2023 $'000	Trust 2022 $'000
Rental income	259,269	221,388	41,218	37,637
Service fee income	18,909	14,541	6,641	5,082
Carpark income	1,936	1,705	–	–
Dividend income	–	–	99,031	99,969
Others	5,091	4,015	963	341
Less: Business and other taxes	(150)	(142)	–	–
	285,055	241,507	147,853	143,029

Under the terms of the lease agreements for the properties, the Group and the Trust are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue. Hilton Singapore Orchard is leased to a related party under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years. Crowne Plaza Changi Airport is leased to a related party under a master lease agreement till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Included in rental income is variable rental income of $3,806,000 (2022: $2,293,000) recognised in the statement of total return for the Group and the Trust, respectively.

Included in the revenue of the Group and the Trust are amounts derived from related parties of $99,770,000 (2022: $69,744,000).

Other income consists of miscellaneous income such as utilities and annual license fee, which are recognised over time as the service is provided.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

19 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Property maintenance expenses	14,016	10,800	4,091	3,734
Property management fees	2,222	1,989	980	854
Property-related taxes	16,436	18,006	3,824	4,938
Insurance	741	757	90	107
Utilities	4,880	2,340	993	804
Land rent expenses	3,520	2,841	–	–
Centre management costs	4,671	4,479	–	–
Others	3,602	3,380	147	157
	50,088	44,592	10,125	10,594

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Centre management costs comprise:				
Salaries, bonuses and other costs	4,187	3,990	–	–
Contributions to defined contribution plans	484	489	–	–
	4,671	4,479	–	–

20 OTHER INCOME

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Income support on OUE Downtown Office	–	8,766	–	8,766

21 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2023	2022
	$'000	$'000
Base fee	16,011	15,756
Performance fee	1,643	–
	17,654	15,756

The Manager's management fees comprise an aggregate of 21,999,691 (2022: 21,265,471) Units, amounting to approximately $6,179,000 (2022: $7,878,000), that have been or will be issued to the Manager as satisfaction of the Manager's management fees payable in Units at unit prices ranging from $0.22 to $0.33 (2022: $0.34 to $0.41) per Unit.

22 NET FINANCE COSTS

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Finance income				
Interest income	964	988	2,546	2,444
Ineffective portion of changes in fair value of cash flow hedges	2,040	2,177	862	374
Net change in fair value of derivatives	–	1,778	–	5,920
Hedging reserve transferred from unitholders' funds due to discontinuation of hedge accounting	–	22,058	–	–
	3,004	27,001	3,408	8,738
Finance costs				
Amortisation of debt-related transaction costs	(5,667)	(14,740)	(2,329)	(2,174)
Interest paid/payable to a subsidiary	–	–	(13,958)	(13,958)
Interest paid/payable to banks*	(86,948)	(66,208)	(18,695)	(13,095)
Net change in fair value of derivatives	(21,267)	–	(3,471)	–
Net foreign exchange difference	(42)	(149)	3	(1)
Financial liability measured at amortised cost – interest expense	(923)	(870)	–	–
	(114,847)	(81,967)	(38,450)	(29,228)
Net finance costs	(111,843)	(54,966)	(35,042)	(20,490)

* Included gain on cash flow hedges of $12,479,000 (2022: loss on cash flow hedges $2,025,000) transferred from hedging reserve.

The above finance income and expenses include the following interest income and expense and debt-related transaction costs in respect of assets and liabilities not at fair value through statement of total return:

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total interest income on financial assets	964	988	2,546	2,444
Total interest expense on financial liabilities and debt-related transaction costs	(110,795)	(83,423)	(39,138)	(28,946)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

23 TOTAL RETURN FOR THE YEAR BEFORE TAX

Included in total return for the year before tax are the following:

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Audit fees paid/payable to:				
- Auditors of the Trust	299	299	115	103
- Auditors of other firms affiliated with KPMG International Limited	55	53	–	–
Non-audit fees paid/payable to:				
- Auditors of the Trust#	78	65	40	27
- Auditors of other firms affiliated with KPMG International Limited#	6	6	–	–
Valuation fees	88	95	15	18

Non-audit fees paid to auditors of the Trust and other firm affiliated with KPMG International Limited include audit-related services of $18,000 (31 December 2022: $18,000).

24 TAX EXPENSE

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current tax expense				
Current year	11,580	11,441	–	–
Changes in estimates relating to prior years	(36)	(113)	–	–
	11,544	11,328	–	–
Withholding tax	958	1,085	–	–
Deferred tax credit				
Origination and reversal of temporary differences (Note 14)	(10,023)	(1,222)	–	–
	2,479	11,191	–	–

24 TAX EXPENSE (CONT'D)

Reconciliation of effective tax rate

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total return for the year before tax	208,258	298,874	214,836	215,819
Tax calculated using Singapore tax rate of 17% (2022: 17%)	35,403	50,809	36,522	36,690
Effect of tax rates in foreign jurisdictions	(2,111)	995	–	–
Non-tax deductible items	7,186	2,699	3,662	3,842
Non-taxable items	(24,055)	(30,546)	(22,579)	(20,784)
Tax exempt income	–	–	(16,835)	(16,995)
Changes in estimates relating to prior years	(36)	(113)	–	–
Tax losses not available to carry forward	9	8	–	–
Tax transparency (Note 3.8)	(14,875)	(13,746)	(770)	(2,753)
Withholding tax	958	1,085	–	–
	2,479	11,191	–	–

25 EARNINGS PER UNIT

(i) Basic earnings per Unit

The calculation of basic earnings per Unit was based on the total return attributable to Unitholders and the weighted average number of Units, as set out below:

Total return attributable to Unitholders

	Group	
	2023	2022
	$'000	$'000
Total return for the year attributable to Unitholders and CPPU holder	200,109	275,574
Less: Amount reserved for distribution to CPPU holder	(2,200)	(2,200)
Total return attributable to Unitholders	197,909	273,374

Weighted average number of Units

	Group	
	2023	2022
	'000	'000
Units issued or to be issued at beginning of the year	5,470,950	5,449,685
Effect of Units issued during the year	7,060	7,505
Effect of Units to be issued as payment of the Manager's management fees payable in Units	20	16
Weighted average number of Units during the year	5,478,030	5,457,206

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

25 EARNINGS PER UNIT (CONT'D)

(ii) Diluted earnings per Unit

The calculation of diluted earnings per Unit was based on the total return attributable to Unitholders and CPPU holder and the weighted average number of Units, after adjustment for the effect of all dilutive potential Units, as set out below:

Total return attributable to Unitholders (diluted)

	Group	
	2023	**2022**
	$'000	**$'000**
Total return attributable to Unitholders (basic)	197,909	273,374
Add: Amount reserved for distribution to CPPU holder	2,200	2,200
Total return attributable to Unitholders and CPPU holder (diluted)	200,109	275,574

Weighted average number of Units (diluted)

	Group	
	2023	**2022**
	'000	**'000**
Weighted average number of Units (basic)	5,478,030	5,457,206
Effect of the Manager's fees paid/payable in Units	14,920	13,744
Effect of conversion of CPPUs into Units [1]	307,520	307,520
Weighted average number of Units (diluted)	5,800,470	5,778,470

[1] The weighted average number of Units includes the weighted average potential Units to be issued assuming all the remaining CPPUs were converted at $0.7154 per Unit, being the adjusted conversion price pursuant to the rights issue.

26 OPERATING SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

26 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Commercial $'000	Hospitality $'000	Total $'000
Year ended 31 December 2023			
Revenue	187,802	97,253	285,055
Property operating expenses	(44,419)	(5,669)	(50,088)
Reportable segment net property income	143,383	91,584	234,967
Depreciation	(66)	–	(66)
Finance income	2,057	947	3,004
Finance costs	(64,908)	(49,939)	(114,847)
Unallocated items			
- Expenses			(19,160)
Net income			103,898
Net change in fair value of investment properties	(47,212)	134,686	87,474
Share of joint venture results			16,886
Tax expense			(2,479)
Total return for the year			205,779
31 December 2023			
Non-current assets [1]	4,096,147	1,888,817	5,984,964
Year ended 31 December 2022			
Revenue	173,137	68,370	241,507
Property operating expenses	(39,677)	(4,915)	(44,592)
Reportable segment net property income	133,460	63,455	196,915
Other income	8,766	–	8,766
Depreciation and amortisation	(3,834)	–	(3,834)
Write-off of intangible assets	(5,417)	–	(5,417)
Finance income	12,241	14,760	27,001
Finance costs	(48,291)	(33,676)	(81,967)
Unallocated items			
- Expenses			(19,425)
Net income			122,039
Net change in fair value of investment properties	49,390	90,337	139,727
Share of joint venture results			37,108
Tax expense			(11,191)
Total return for the year			287,683
31 December 2022			
Non-current assets [1]	4,150,745	1,736,480	5,887,225

[1] Excluding financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26 OPERATING SEGMENTS (CONT'D)

Geographical information

The Group has two reportable segments, which are Singapore and China. The reporting segments operate in different countries and are managed separately because of the differences in operating and regulatory environment. For each of the reporting segments, the Board of Directors of the Manager reviews internal management reports on a regular basis.

Information about reportable segments

	Singapore $'000	China $'000	Total $'000
Year ended 31 December 2023			
Revenue	261,885	23,170	285,055
Property operating expenses	(44,854)	(5,234)	(50,088)
Reportable segment net property income	217,031	17,936	234,967
Depreciation	(61)	(5)	(66)
Finance income	2,302	702	3,004
Finance costs	(114,698)	(149)	(114,847)
Unallocated items			
- Expenses			(19,160)
Net income			103,898
Net change in fair value of investment properties	132,014	(44,540)	87,474
Share of joint venture results			16,886
Tax expense			(2,479)
Total return for the year			205,779
31 December 2023			
Non-current assets [1]	5,535,896	449,068	5,984,964
Year ended 31 December 2022			
Revenue	214,436	27,071	241,507
Property operating expenses	(41,473)	(3,119)	(44,592)
Reportable segment net property income	172,963	23,952	196,915
Other income	8,766	–	8,766
Depreciation and amortisation	(3,806)	(28)	(3,834)
Write-off of intangible assets	(5,417)	–	(5,417)
Finance income	26,394	607	27,001
Finance costs	(81,512)	(455)	(81,967)
Unallocated items			
- Expenses			(19,425)
Net income			122,039
Net change in fair value of investment properties	151,671	(11,944)	139,727
Share of joint venture results			37,108
Tax expense			(11,191)
Total return for the year			287,683
31 December 2022			
Non-current assets [1]	5,377,408	509,817	5,887,225

[1] Excluding financial instruments

27 FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Board of Directors of the Manager has overall responsibility for the establishment and oversight of the risk management framework of the Group. The Audit and Risk Committee of the Manager assists the Board of Directors and oversees how the Manager monitors compliance with the risk management policies and procedures of the Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the Group to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Concentration of credit risk is limited due to many varied tenants.

Credit evaluations are performed before lease agreements are entered into with prospective tenants. Rental deposits are obtained, where appropriate, to mitigate credit risk. In addition, the Manager monitors closely the balances due from its tenants.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The Group has established an allowance account for impairment that represents its estimate of losses in respect of trade receivables due from specific customers. The Group believes that no allowance for impairment is necessary in respect of the remaining trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral, and hence ECL is not material.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Loans to a subsidiary, other receivables and deposits

Impairment on loans to a subsidiary, other receivables and deposits has been measured on the 12 months expected loss basis and the amount of the allowance is insignificant.

Cash and cash equivalents

The Group and the Trust held cash and cash equivalents of $54,225,000 and $3,274,000 respectively at 31 December 2023 (2022: $49,482,000 and $3,749,000 respectively). The cash and cash equivalents are held with bank and financial institution counterparties which are rated P-1 to P-2, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivatives

At the reporting date, the Group has interest rate swap and interest rate cap contracts with a total notional amount of $1,065.0 million (2022: $1,212.5 million). The Trust has interest rate swap contracts with a total notional amount of $360.0 million (2022: $350.0 million).

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1/P-1 to A3/P-2, based on Moody's ratings.

At reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

In addition, as at 31 December 2023, the Group maintains term loans and revolving credit facilities of $1,998.0 million (2022: $1,863.0 million) with banks. At the reporting date, $1,668.0 million (2022: $1,666.0 million) of the facilities was utilised.

As at 31 December 2023, the Group has issued unsecured notes of $400.0 million (2022: $400.0 million) through OUE REIT Treasury Pte. Ltd. as part of its $2.0 billion Multicurrency Debt Issuance Programme.

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount	**Contractual cash flows**	**Within 1 year**	**Within 2 to 5 years**	**More than 5 years**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
2023					
Non-derivative financial liabilities					
Trade and other payables*	(129,456)	(129,456)	(87,800)	(40,961)	(695)
Loans and borrowings	(2,055,119)	(2,324,532)	(103,242)	(2,221,290)	–
Lease liability	(22,816)	(59,835)	(1,020)	(4,080)	(54,735)
	(2,207,391)	(2,513,823)	(192,062)	(2,266,331)	(55,430)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	3,274	6,788	6,301	487	–
Interest rate swaps used for hedging (net-settled)	(244)	967	531	436	–
	3,030	7,755	6,832	923	–
	(2,204,361)	(2,506,068)	(185,230)	(2,265,408)	(55,430)
2022					
Non-derivative financial liabilities					
Trade and other payables*	(114,903)	(114,903)	(75,025)	(38,147)	(1,731)
Loans and borrowings	(2,049,459)	(2,272,475)	(415,998)	(1,856,477)	–
Lease liability	(25,280)	(59,667)	(1,000)	(4,000)	(54,667)
	(2,189,642)	(2,447,045)	(492,023)	(1,898,624)	(56,398)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	27,270	28,025	20,855	7,170	–
Interest rate swaps used for hedging (net-settled)	710	809	809	–	–
	27,980	28,834	21,664	7,170	–
	(2,161,662)	(2,418,211)	(470,359)	(1,891,454)	(56,398)

* Excluding lease liability (shown separately) and advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Trust					
2023					
Non-derivative financial liabilities					
Trade and other payables*	(36,283)	(36,283)	(24,421)	(11,862)	–
Loans and borrowings	(794,797)	(876,459)	(36,304)	(840,155)	–
	(831,080)	(912,742)	(60,725)	(852,017)	–
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	869	1,577	1,577	–	–
Interest rate swaps used for hedging (net-settled)	(244)	966	531	435	–
	625	2,543	2,108	435	–
	(830,455)	(910,199)	(58,617)	(851,582)	–
2022					
Non-derivative financial liabilities					
Trade and other payables*	(39,906)	(39,906)	(28,439)	(10,109)	(1,358)
Loans and borrowings	(792,468)	(868,551)	(20,549)	(848,002)	–
	(832,374)	(908,457)	(48,988)	(858,111)	(1,358)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	8,756	9,035	6,362	2,673	–
	(823,618)	(899,422)	(42,626)	(855,438)	(1,358)

* Excluding lease liability (shown separately) and advance rental received

The maturity analyses show the contractual undiscounted cash flows of the Group's and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

In addition to the above, the interest payments on the Group's sustainability-linked loans included in borrowings take into consideration of the Group's expectation of its ability to meet the sustainability-linked performance targets, and may change if the Group expects that it can no longer meet this target.

27 FINANCIAL INSTRUMENTS (CONT'D)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and the notional or par amounts. The Group assesses whether the derivative designated in each hedge relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the regression method.

In these hedge relationships, the main sources of ineffectiveness are the differences in the repricing dates between the swaps and the borrowings.

A. Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'Interest rate benchmark reform'). The Group had exposures to SOR on its financial instruments that have been replaced or reformed as part of these market-wide initiatives. In 2023, the Group completed the process of amending its financial instruments with contractual terms indexed to SOR such that they incorporated the new benchmark rate (i.e. SORA).

Non-derivative financial liabilities

Historically, the Group's IBOR exposures to non-derivative financial liabilities included secured bank loans indexed to SOR. The Group has modified all its non-derivative financial liabilities indexed to SOR to reference SORA during the years ended 31 December 2023 and 31 December 2022 respectively.

Derivatives

The Group holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SORA. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Interest Risk (cont'd)

A. Managing interest rate benchmark reform and associated risks (cont'd)

Hedge accounting

The Group's hedged items and hedging instruments as at 31 December 2023 are indexed to SORA. The benchmark rates are quoted each day and the cash flow are exchanged with counterparties as usual.

The Group replaced its SOR interest rate derivatives used in cash flow hedging relationships with economically equivalent interest rates derivatives referencing SORA in 2023 and 2022 respectively. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instrument. As a result, the Group no longer applied the Phase 1 Amendments to FRS 109 on Interest Rate Benchmark Reform to those hedging relationships.

Exposure to interest rate risk

The Group's exposure to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	Group		Trust	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Short-term deposits with financial institutions	33,372	27,227	1,000	–
Loans to a subsidiary	–	–	5,000	20,000
Loans and borrowings	(400,000)	(400,000)	(400,000)	(400,000)
Interest rate caps	–	(100,000)	–	–
Interest rate swaps	(1,065,000)	(1,112,500)	(360,000)	(350,000)
	(1,431,628)	(1,585,273)	(754,000)	(730,000)
Variable rate instruments				
Loans to a subsidiary	–	–	27,100	35,000
Loans and borrowings	(1,668,000)	(1,666,000)	(400,000)	(400,000)
Interest rate caps	–	100,000	–	–
Interest rate swaps	1,065,000	1,112,500	360,000	350,000
	(603,000)	(453,500)	(12,900)	(15,000)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for the fixed rate financial assets and liabilities at fair value through statement of total return. The Group does not designate interest rate swaps and interest rate caps as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect total return.

27 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for variable instruments

For the variable rate instruments, a change in 50 (2022: 50) basis points ("bp") in interest rate at the reporting date would impact total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of Total Return		Unitholders' funds	
	Increase in interest rate $'000	**Decrease in interest rate $'000**	**Increase in interest rate $'000**	**Decrease in interest rate $'000**
Group				
2023				
Variable rate instruments				
Loans and borrowings (50 bp)	(8,345)	8,345	–	–
Interest rate swaps (50 bp)	5,325	(5,325)	2,517	(4,421)
	(3,020)	3,020	2,517	(4,421)
2022				
Variable rate instruments				
Loans and borrowings (50 bp)	(8,330)	8,330	–	–
Interest rate swaps (50 bp)	5,563	(5,563)	1,692	(2,557)
Interest rate caps (50 bp)	500	(500)	240	(455)
	(2,267)	2,267	1,932	(3,012)
Trust				
2023				
Variable rate instruments				
Loans and borrowings (50 bp)	(2,000)	2,000	–	–
Interest rate swaps (50 bp)	1,625	(1,625)	2,000	(946)
Loans to a subsidiary (50 bp)	136	(136)	–	–
	(239)	239	2,000	(946)
2022				
Variable rate instruments				
Loans and borrowings (50 bp)	(2,000)	2,000	–	–
Interest rate swaps (50 bp)	1,500	(1,500)	918	(908)
Loans to a subsidiary (50 bp)	175	(175)	–	–
	(325)	325	918	(908)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedges

The Group and the Trust held the following instruments to hedge exposures to changes in interest rates.

	Maturity	
	1-12 months	**More than one year**
31 December 2023		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	655,000	85,000
Fixed interest rate	1.80% - 3.19%	2.98% - 3.08%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	175,000	85,000
Fixed interest rate	1.80% - 3.05%	2.98% - 3.08%
31 December 2022		
Group		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	315,000	50,000
Fixed interest rate	1.89% - 2.13%	1.78% - 1.97%
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure ($'000)	150,000	50,000
Fixed interest rate	1.89% - 1.90%	1.78% - 1.97%

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts at the reporting date relating to items designated as hedged items were as follows.

	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000
Group		
31 December 2023		
Interest rate risk		
Variable-rate instruments	3,948	2,571
31 December 2022		
Interest rate risk		
Variable-rate instruments	(8,790)	7,527
Trust		
31 December 2023		
Interest rate risk		
Variable-rate instruments	2,832	33
31 December 2022		
Interest rate risk		
Variable-rate instruments	(5,560)	3,078

There are no balances remaining in cash flow hedge reserve from hedging relationships for which hedge accounting no longer applied.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows.

	As at 31 December			
	Nominal amount $'000	Carrying amount – assets $'000	Carrying amount – liabilities $'000	Line item in the statement of financial position where the hedging instrument is included
<u>**Group**</u>				
2023				
Interest rate risk				
Interest rate swaps	740,000	2,455	(244)	Financial derivatives
2022				
Interest rate risk				
Interest rate swaps	365,000	3,502	–	Financial derivatives
<u>**Trust**</u>				
2023				
Interest rate risk				
Interest rate swaps	260,000	631	(244)	Financial derivatives
2022				
Interest rate risk				
Interest rate swaps	200,000	2,723	–	Financial derivatives

During the period				
Changes in the value of the hedging instrument recognised in unitholders' funds and NCI $'000	Hedge ineffectiveness recognised in statement of total return $'000	Line item in statement of total return that includes hedge ineffectiveness	Amount reclassified from hedging reserve to statement of total return $'000	Line item in statement of total return affected by the reclassification
9,234	2,040	Finance income	(12,479)	Finance cost
7,811	2,177	Finance income	2,025	Finance cost
(503)	862	Finance income	(2,542)	Finance cost
4,561	374	Finance income	1,218	Finance cost

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

The following table provides a reconciliation by risk category of components of equity and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting:

	Group Hedging reserve $'000	Trust Hedging reserve $'000
Balance at 1 January 2023	7,527	3,078
Cash flow hedges		
Change in fair value:		
Interest rate risk	9,234	(503)
Amount reclassified to statement of total return:		
Interest rate risk	(12,353)	(2,542)
Share of movements in hedging reserve of joint venture	(1,837)	–
Balance at 31 December 2023	2,571	33
Balance at 1 January 2022	(5,464)	(2,701)
Cash flow hedges		
Change in fair value:		
Interest rate risk	7,291	4,561
Amount reclassified to statement of total return:		
Interest rate risk	1,879	1,218
Share of movements in hedging reserve of joint venture	3,821	–
Balance at 31 December 2022	7,527	3,078

Currency risk

In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts the currency risk management strategies that may include:

- the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge; and
- entering into currency forward contracts to hedge the foreign currency income received from its foreign subsidiaries, back into Singapore Dollars.

27 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting (cont'd)

Cash flow hedges (cont'd)

As at the reporting date, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate is not material and changes in the exchange rates between the foreign currencies and the Singapore dollar would not have a significant impact to the Group's total return before tax.

Accounting classifications and fair values

The fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2023									
Financial assets measured at fair value									
Financial derivatives	8	–	3,274	–	3,274	–	3,274	–	3,274
Financial assets not measured at fair value									
Trade and other receivables^	9	24,658	–	–	24,658				
Cash and cash equivalents	11	54,225	–	–	54,225				
		78,883	–	–	78,883				
Financial liabilities measured at fair value									
Financial derivatives	8	–	(244)	–	(244)	–	(244)	–	(244)
Financial liabilities not measured at fair value									
Loans and borrowings:									
- Bank loans	12	–	–	(1,658,257)	(1,658,257)				
- Unsecured notes	12	–	–	(396,862)	(396,862)				
Trade and other payables#	13	–	–	(129,456)	(129,456)				
		–	–	(2,184,575)	(2,184,575)				

^ Excluding prepayments
# Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group									
2022									
Financial assets measured at fair value									
Financial derivatives	8	–	27,980	–	27,980	–	27,980	–	27,980
Financial assets not measured at fair value									
Trade and other receivables ^	9	22,286	–	–	22,286				
Cash and cash equivalents	11	49,482	–	–	49,482				
		71,768	–	–	71,768				
Financial liabilities not measured at fair value									
Loans and borrowings:									
- Bank loans	12	–	–	(1,653,915)	(1,653,915)				
- Unsecured notes	12	–	–	(395,544)	(395,544)				
Trade and other payables #	13	–	–	(114,903)	(114,903)				
		–	–	(2,164,362)	(2,164,362)				

^ Excluding prepayments
# Excluding advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2023									
Financial assets measured at fair value									
Financial derivatives	8	–	869	–	869	–	869	–	869
Financial assets not measured at fair value									
Trade and other receivables^	9	4,683	–	–	4,683				
Loans to a subsidiary	10	32,100	–	–	32,100				
Cash and cash equivalents	11	3,274	–	–	3,274				
		40,057	–	–	40,057				
Financial liabilities not measured at fair value									
Loans and borrowings:									
- Bank loans	12	–	–	(396,862)	(396,862)				
- Loan from a subsidiary	12	–	–	(397,935)	(397,935)				
Trade and other payables#	13	–	–	(36,283)	(36,283)				
		–	–	(831,080)	(831,080)				

^ Excluding prepayments
# Excluding advance rental received

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value –hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust									
2022									
Financial assets measured at fair value									
Financial derivatives	8	–	8,756	–	8,756	–	8,756	–	8,756
Financial assets not measured at fair value									
Trade and other receivables ^	9	2,957	–	–	2,957				
Loans to a subsidiary	10	55,000	–	–	55,000				
Cash and cash equivalents	11	3,749	–	–	3,749				
		61,706	–	–	61,706				
Financial liabilities not measured at fair value									
Loans and borrowings:									
- Bank loans	12	–	–	(396,924)	(396,924)				
- Loan from a subsidiary	12	–	–	(395,544)	(395,544)				
Trade and other payables #	13	–	–	(39,906)	(39,906)				
		–	–	(832,374)	(832,374)				

^ Excluding prepayments
# Excluding advance rental received

27 FINANCIAL INSTRUMENTS (CONT'D)

Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique
Group and Trust	
Financial derivatives	*Market comparison technique:* The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique
Group	
Trade and other receivables	*Discounted cash flows*
Trade and other payables	*Discounted cash flows*
Bank loans	*Discounted cash flows*
Unsecured notes	*The fair value of the unsecured notes is based on the quoted price at reporting date.*
Trust	
Loans to a subsidiary	*Loans to a subsidiary is based on the same terms as the unsecured notes (based on the quoted price at reporting date) and bank loans (based on discounted cash flows).*
Trade and other payables	*Discounted cash flows*
Loan from a subsidiary	*Loan from a subsidiary is based on the same terms as the unsecured notes (based on the quoted price at reporting date) and bank loans (based on discounted cash flows).*

There were no transfers between Level 2 and 3 during the year.

Capital management

The Manager's principal objectives are to deliver regular and stable distributions to Unitholders and to achieve sustainable long-term growth in distributions and in the net asset value per Unit, while maintaining an appropriate capital structure. Capital consists of all components of equity of the Group.

The Group's capital funding objectives are to maintain a strong statement of financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and implement appropriate hedging strategies to manage interest rate volatility and foreign exchange exposure, after taking into account the prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL INSTRUMENTS (CONT'D)

Capital management (cont'd)

The Group has income derived from its investments in the PRC. The conversion of the Chinese Renminbi is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The Trust and its subsidiaries are subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not, on or after 1 January 2022, exceed 45.0% of its Deposited Property. S-REITs are to have a minimum adjusted interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%).

The Aggregate Leverage of the Group as at 31 December 2023 was 38.2% (2022: 38.8%) of its Deposited Property with an ICR of 2.4 times (2022: 2.4 times[1]). This complied with the Aggregate Leverage limit as described above.

There were no substantial changes in the Group's and the Trust's approach to capital management during the year.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 23 May 2023).

28 COMMITMENTS

The Group and the Trust has the following commitments as at the reporting date:

Capital commitments

	Group		Trust	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Contracted but not provided for in the financial statements:				
- Expenditure in respect of investment properties	2,032	1,360	247	–

29 LEASES

Leases as lessee (FRS 116)

The Group leases land in relation to the Crowne Plaza Changi Airport site. The lease runs for a period of 74 years. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to land meets the definition of investment property (see Note 4).

29 LEASES (CONT'D)

Amounts recognised in statement of total return

	2023 $'000	2022 $'000
Leases under FRS 116		
Interest on lease liability	923	870

Amounts recognised in consolidated statement of cash flows

	2023 $'000	2022 $'000
Total cash outflow for leases	1,009	1,000

Leases as lessor

Operating lease

The Group leases out its investment properties (see Note 4). The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment properties recognised by the Group during 2023 was $278,178,000 (2022: $235,929,000) and Trust was $47,640,000 (2022: $42,719,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group $'000	Trust $'000
2023		
Less than one year	239,798	46,765
One to two years	204,874	40,920
Two to three years	152,574	27,512
Three to four years	97,654	5,936
Four to five years	47,662	4,056
More than five years	3,798	–
Total	746,360	125,189
2022		
Less than one year	229,713	47,919
One to two years	190,639	40,233
Two to three years	149,689	32,597
Three to four years	110,779	22,096
Four to five years	79,851	5,432
More than five years	40,093	4,053
Total	800,764	152,330

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

30 RELATED PARTY TRANSACTIONS

In the normal course of the operations of the Trust, the Manager's management fee and Trustee's fee have been paid or are payable to the Manager and the Trustee respectively. Property management fees are payable to the Property Managers, related parties of the Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	Group		Trust	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Hotel service expenses and professional fees paid/payable to related parties	1,986	1,636	–	–
Settlement of liabilities by related parties of the Manager on behalf of the Group and the Trust	75	66	–	31

31 FINANCIAL RATIOS

	Group		Trust	
	2023	2022	2023	2022
	%	%	%	%
Expenses to weighted average net assets[1]				
- including performance component of the Manager's fees	0.60	0.92	0.69	0.97
- excluding performance component of the Manager's fees	0.55	0.92	0.63	0.97
Portfolio turnover rate[2]	–	–	–	–

[1] The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group and the Trust, excluding property expenses and finance expenses.

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value.

32 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- On 29 January 2024, the Manager declared a distribution of $1,109,000 to the CPPU holder in respect of the period from 1 July 2023 to 31 December 2023.
- On 29 January 2024, the Manager declared a distribution of 1.04 cents per Unit, amounting to $57,723,000 in respect of the period from 1 July 2023 to 31 December 2023.
- On 1 February 2024, the Trust issued 7,034,444 Units at $0.2852 per Unit, amounting to $2,006,000, to the Manager as partial payment of the management base fee for the period from 1 October 2023 to 31 December 2023 and management performance fee for financial year ended 31 December 2023.

33 NEW STANDARDS NOT ADOPTED

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

(i) Amendments to FRS 1: *Classification of Liabilities as Current or Non-current* and *Non-current Liabilities with Covenants*

The amendments as issued in 2020 and 2022, aim to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenants. The amendments apply for annual reporting periods beginning on or after 1 January 2024.

As disclosed in notes 12 and 15, the Group has a secured bank loan and convertible notes that are subject to specific covenants. While both liabilities are classified as non-current at 31 December 2023, a future breach of the related covenants may require the Group to repay the liabilities earlier than the contractual maturity dates. The Group is in the process of assessing the potential impact of the amendments on the classification of these liabilities and the related disclosures.

(ii) Other accounting standards

The following amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 21: *Lack of Exchangeability*
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Name of interested person/party	Aggregate value of all interested person/party transactions during FY2023 (excluding transactions less than S$100,000 and transactions conducted under unitholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person/party transactions conducted under unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000	Nature of relationship
OUE Limited & its subsidiaries			OUE Limited: Controlling shareholder of the Manager and controlling Unitholder of OUE REIT Subsidiaries of OUE Limited: Associates of the controlling shareholder of the Manager and controlling Unitholder of OUE REIT
Gross rental income	97,318	–	
Utilities	127	–	
Manager's management fee[1]	19,642	–	
Property management fee[1]	36,151	–	
Development fee	210	–	
Reimbursement	19,452	–	
Shared services[1]	291	–	
Shared electricity services[1]	1,685	–	
DBS Trustee Limited (trustee of OUE REIT)			Trustee of OUE REIT ("DBS Trustee")
Trustee's fee[1]	959	–	
LMIRT Management Ltd			
Gross rental income	935	–	Associate of the controlling shareholder of the Manager and controlling Unitholder of OUE REIT
Healthway Medical Corporation Limited			
Gross rental income	2,369	–	Associate of the controlling shareholder of the Manager and controlling Unitholder of OUE REIT

Please also see Related Party Transactions in Note 30 to the Financial Statements.

Saved as disclosed above, during the financial year ended 31 December 2023, there were no additional interested person/party transactions (excluding transactions less than S$100,000) or any material contracts entered into by OUE REIT involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Manager or controlling Unitholder.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Notes:

1 The fees and charges payable by OUE REIT to DBS Trustee and the Manager under the Trust Deed (as amended) are deemed to have been specifically approved by the Unitholders upon subscription for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or the bases of the fees charged thereunder which will adversely affect OUE REIT.

During the financial year, the term of the property management agreement in relation to OUE Bayfront ("Bayfront PMA") has been extended for a period of 10 years from 26 January 2024 as announced by OUE REIT on 22 December 2023. OUE REIT's share of the property management fees payable pursuant to the extension of the Bayfront PMA is estimated at S$13.0 million.

During the financial year, the term of the property management agreement in relation to OUE Downtown ("Downtown PMA") has been extended for a period of 10 years from 8 January 2024 as announced by OUE REIT on 22 December 2023. The property management fees payable pursuant to the extension of the Downtown PMA is estimated at S$19.6 million.

The fees and charges payable by OUE Hospitality Sub-Trust to the Property Manager under the Master Property Management Agreement, the Individual Property Management Agreement, the Shared Services Agreement, the Shared Electricity Services Agreement, the Licence Agreement, and the Mandarin Gallery Licence Agreement (each as defined in the prospectus of OUE Hospitality Trust dated 18 July 2013 (the "OUE H-Trust Prospectus")) each of which constitutes an Interested Person Transaction, are deemed to have been specifically approved by the stapled securityholders of OUE H-Trust upon subscription for the stapled securities at the initial public offering of OUE H-Trust and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/ or the bases of the fees charged thereunder which will adversely affect OUE REIT.

This includes OUE REIT's interest in joint ventures.

The following table sets out a summary of Units issued for payment of the management fees in respect of the financial period from 1 January 2023 to 31 December 2023.

For Period	Issue Date	Units issued	*Issue Price (S$)
Management base fees			
1 January 2023 to 31 March 2023	9 May 2023	4,357,337	0.3162
1 April 2023 to 30 June 2023	31 July 2023	4,215,946	0.3304
1 July 2023 to 30 September 2023	2 November 2023	6,391,964	0.2193
1 October 2023 to 31 December 2023	1 February 2024	5,018,171	0.2852
Management Performance fees			
1 January 2023 to 31 December 2023	1 February 2024	2,016,273	0.2852

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fee accrues.

STATISTICS OF UNITHOLDINGS

As of 4 March 2024

5,492,949,700 Units (one vote per Unit) in issue.
Market capitalisation of $1,428,166,922 based on the market closing Unit price of $0.26 on 4 March 2024.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	1,033	3.42	48,291	0.00
100 - 1,000	1,895	6.27	1,044,807	0.02
1,001 - 10,000	16,307	54.01	68,122,042	1.24
10,001 - 1,000,000	10,851	35.94	655,261,874	11.93
1,000,001 and above	108	0.36	4,768,472,686	86.81
TOTAL	**30,194**	**100.00**	**5,492,949,700**	**100.00**

TWENTY LARGEST UNITHOLDERS

No	Name of Unitholder	Number of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	2,158,273,187	39.29
2	OUE LIMITED	1,199,746,976	21.84
3	DBS NOMINEES (PRIVATE) LIMITED	310,854,857	5.66
4	RAFFLES NOMINEES (PTE.) LIMITED	302,545,178	5.51
5	OCBC SECURITIES PRIVATE LIMITED	222,267,152	4.05
6	DBSN SERVICES PTE. LTD.	75,453,457	1.37
7	HSBC (SINGAPORE) NOMINEES PTE LTD	60,386,507	1.10
8	BANK OF CHINA NOMINEES (PTE) LTD	52,159,477	0.95
9	UOB KAY HIAN PRIVATE LIMITED	38,193,469	0.70
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	24,258,299	0.44
11	PHILLIP SECURITIES PTE LTD	20,788,052	0.38
12	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	20,000,000	0.36
13	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,154,091	0.28
14	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	14,971,356	0.27
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	13,769,829	0.25
16	IFAST FINANCIAL PTE. LTD.	11,740,918	0.21
17	HENG SIEW ENG	11,018,553	0.20
18	ABN AMRO CLEARING BANK N.V.	9,406,176	0.17
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	9,042,533	0.16
20	MAYBANK SECURITIES PTE. LTD.	8,607,457	0.16
	TOTAL	**4,578,637,524**	**83.35**

DIRECTORS' INTERESTS IN UNITS AS AT 21 JANUARY 2024

	Direct Interest		Deemed Interest	
Directors	No. of Units held	%	No. of Units held	%
Mr Lee Yi Shyan	14,533	0.00	–	–
Mr Liu Chee Ming	722,615	0.01	–	–

STATISTICS OF UNITHOLDINGS

As of 4 March 2024

SUBSTANTIAL UNITHOLDERS' INTERESTS AS AT 4 MARCH 2024

Name of Substantial Unitholder	Direct Interest No. of Units held	Direct Interest % [23]	Deemed Interest No. of Units held	Deemed Interest % [23]	Total No. of Units held	% [23]
Clifford Development Pte. Ltd. ("**Clifford**")	1,471,601,271	26.79	–	–	1,471,601,271	26.79
OUE Limited	1,199,746,976	21.84	1,471,601,271 [1]	26.79	2,671,348,247	48.63
OUE Realty Pte. Ltd. ("**OUER**")	25,807,700	0.47	2,671,348,247 [2]	48.63	2,697,155,947	49.10
Golden Concord Asia Limited ("**GCAL**")	26,351,777	0.48	2,697,155,947 [3]	49.10	2,723,507,724	49.58
Fortune Crane Limited ("**FCL**")	–	–	2,723,507,724 [4]	49.58	2,723,507,724	49.58
Lippo ASM Asia Property Limited ("**LAAPL**")	–	–	2,723,507,724 [5]	49.58	2,723,507,724	49.58
HKC Property Investment Holdings Limited ("**HKC Property**")	–	–	2,723,507,724 [6]	49.58	2,723,507,724	49.58
Hongkong Chinese Limited ("**HCL**")	–	–	2,723,507,724 [7]	49.58	2,723,507,724	49.58
Hennessy Holdings Limited ("**HHL**")	–	–	2,723,507,724 [8]	49.58	2,723,507,724	49.58
Lippo Limited ("**LL**")	–	–	2,728,819,456 [9]	49.68	2,728,819,456	49.68
Lippo Capital Limited ("**LCL**")	–	–	2,728,819,456 [10]	49.68	2,728,819,456	49.68
Lippo Capital Holdings Company Limited ("**LCH**")	–	–	2,728,819,456 [11]	49.68	2,728,819,456	49.68
Lippo Capital Group Limited ("**LCG**")	–	–	2,728,819,456 [12]	49.68	2,728,819,456	49.68
Dr Stephen Riady	–	–	2,728,819,456 [13]	49.68	2,728,819,456	49.68
PT Trijaya Utama Mandiri ("**PT Trijaya**")	–	–	2,728,819,456 [14]	49.68	2,728,819,456	49.68
Mr James Tjahaja Riady	–	–	2,728,819,456 [15]	49.68	2,728,819,456	49.68
Admiralty Station Management Limited ("**Admiralty**")	–	–	2,723,507,724 [16]	49.58	2,723,507,724	49.58
Argyle Street Management Limited ("**ASML**")	–	–	2,723,507,724 [17]	49.58	2,723,507,724	49.58
Argyle Street Management Holdings Limited ("**ASMHL**")	–	–	2,723,507,724 [18]	49.58	2,723,507,724	49.58
Mr Kin Chan ("**KC**")	–	–	2,723,507,724 [19]	49.58	2,723,507,724	49.58
Mr V-Nee Yeh ("**VY**")	–	–	2,723,507,724 [20]	49.58	2,723,507,724	49.58
Mr Tang Yigang @ Gordon Tang ("**GT**")	497,213,888 [21]	9.05	–	–	497,213,888	9.05
Madam Chen Huaidan (Celine Tang) ("**CT**")	453,121,062 [22]	8.25	–	–	453,121,062	8.25

STATISTICS OF UNITHOLDINGS

As of 4 March 2024

Notes:

(1) OUE Limited is deemed to have an interest in the Units held by Clifford. Clifford is a wholly-owned subsidiary of OUE Limited.

(2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Units in which OUE Limited has a direct and deemed interest.

(3) GCAL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, OUER.

(4) FCL has a deemed interest in the Units through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(5) LAAPL is deemed to have an interest in the Units in which its subsidiary, FCL, has a deemed interest.

(6) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(7) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.

(8) HHL is an intermediate holding company of HKC Property. Accordingly, HHL is deemed to have an interest in the Units in which HKC Property has a deemed interest.

(9) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the 5,311,732 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").

(10) LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(11) LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(12) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(13) Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(14) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, PT Trijaya is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(15) Mr James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

(16) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.

(17) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.

(18) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.

(19) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(20) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Units in which ASMHL has a deemed interest.

(21) GT's direct interest arises from 52,744,246 Units held in his own name, and 444,469,642 Units held by the joint accounts of GT and CT.

(22) CT's direct interest arises from 8,651,420 Units held in her own name and 444,469,642 Units held by the joint accounts of GT and CT.

(23) The unitholding percentage is calculated based on 5,492,949,700 issued Units as of 4 March 2024.

PUBLIC FLOAT

Rule 723 of the Listing Manual of SGX-ST requires that at least 10% of the total number of issued units that is listed on the SGX-ST is at all times held by the public. Based on information available to the Manager as of 4 March 2024, approximately 35.79% of OUE REIT's Units were held in the hands of the public.

TREASURY UNITS AND SUBSIDIARY HOLDINGS

As of 4 March 2024, OUE REIT does not hold any treasury units and there are no subsidiary holdings as none of the subsidiaries of OUE REIT hold any Units.

CORPORATE INFORMATION

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Bloomberg: OUEREIT SP

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Chairman and Non-Independent Non-Executive Director

Mr Liu Chee Ming
Lead Independent Director

Mr Tan Huay Lim
Independent Director

Mr Ong Kian Min
Independent Director

Ms Usha Ranee Chandradas
Independent Director

Mr Brian Riady
Non-Independent Non-Executive Director

Mr Han Khim Siew
Chief Executive Officer and Executive Director

AUDIT AND RISK COMMITTEE
Mr Tan Huay Lim
Chairman

Mr Liu Chee Ming
Mr Ong Kian Min
Ms Usha Ranee Chandradas

NOMINATING AND REMUNERATION COMMITTEE
Mr Ong Kian Min
Chairman

Ms Usha Ranee Chandradas
Mr Brian Riady

COMPANY SECRETARY
Mr Kelvin Chua

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Partner-in-charge: Mr Lee Chin Siang Barry
(Appointed since the financial year ended 31 December 2022)

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