

OUE REIT

(SGX: TSOU)

Lower finance costs to support DPU growth

- **Singapore-centric portfolio remained resilient.** OUE REIT reported 3Q25 revenue of S\$70.5m and NPI of S\$57.0m, declining 5.8% and 5.6% year-on-year (YoY) respectively due to the divestment of Lippo Plaza Shanghai. On a like-for-like basis, the Singapore-focused portfolio remained resilient, posting 1.2% and 2.0% YoY growth in revenue and NPI. Joint venture contributions also strengthened, with OUE Bayfront up 53.8% YoY to S\$3.3m.
- **Commercial segment – Strong rent reversions lift performance.** OUE REIT's commercial segment continued to perform well in 3Q25, with revenue rising 4.2% YoY to S\$43.6m and NPI up 3.8% YoY to S\$32.5m on a like-for-like basis. The stronger showing came from higher average passing rents across the portfolio.
- **Hospitality segment – Stable despite F1 timing shift.** The hospitality segment held up well, with NPI down just 0.4% YoY to S\$24.5m, despite the rescheduling of the Singapore Grand Prix from September to October, supported by robust July–August trading, targeted revenue optimisation, and experiential offerings such as Hilton's McLaren F1 partnership and Crowne Plaza's F&B activations. Portfolio RevPAR was S\$279 (-5.7% YoY), reflecting the absence of F1-related uplift in the quarter.
- **Lower financing costs pave the way for DPU increase.** OUE REIT's financing costs declined significantly by 19.7% year-on-year to S\$21.6 million in 3Q 2025. On 8 October 2025, the REIT successfully issued S\$150 million of 7-year investment-grade Green Notes due 2032 at a coupon of 2.75% – the lowest in its bond issuance history. OUE REIT estimates that DPU could increase by 0.04 cents for every 25 basis points decrease in interest rates.
- **Prudent capital management.** OUE REIT maintained a healthy balance sheet as of 30 September 2025, with aggregate leverage at 40.9% (higher than 40.3% as of 30 June 2025) and total debt at S\$2.42 billion. The REIT successfully lowered its weighted average cost of debt by 10bps to 4.1% p.a., while extending the average debt tenor to 2.9 years. Importantly, 66.7% of borrowings are on fixed rates, providing stability in a declining interest rate environment. The interest coverage ratio improved to 2.3x, reflecting stronger financial flexibility. OUE REIT estimated that the aggregate leverage is expected to decline to 37.7%, if the divestment proceeds from sale of Lippo Plaza Shanghai are fully utilised to repay loans, as of 30 September 2025.
- **Maintain BUY on potential DPU uplift.** OUE REIT is well-placed to benefit from the ongoing decline in interest rates. Every 25 bps of interest cost decrease translates to 1.9% increase from FY24 reported dividend of \$0.0206. Based on 1H 2025 DPU of 0.98 cents, OUE REIT offers an annualized distribution yield of 5.8%. It currently trades at a price-to-book valuation of 0.6x. We maintain BUY and lift target price to S\$0.36 (from S\$0.32), implying 6% upside from 23 October closing price of S\$0.34.

Ticker	TSOU
Rating	Buy
Price Target*	S\$0.36 (from S\$0.32)
Price (23 Oct)	S\$0.34
Upside/Downside:	+5.9%
52-week range	S\$0.250 - 0.335
Market Cap	S\$1.9B

*Target price is for 12 months

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Figure 1: OUE REIT 3Q25 results summary

(S\$m)	3Q 2025	3Q 2024	Change (% YoY)
Revenue	70.5	74.8	(5.8)
Like-for-Like Revenue	70.5	69.7	1.2
Net Property Income	57.0	60.3	(10.1)
Like-for-Like Net Property Income	57.0	55.9	(2.0)
Share of Joint Venture Results	3.3	2.1	41.0
Financing Costs	(21.6)	(26.9)	(19.7)

Source: Company data, Beansprout Research

Figure 2: OUE REIT balance sheet summary

	As of 30 Sep 2025	As of 30 Jun 2025
Aggregate Leverage	40.9%	40.3%
Total Debt	S\$2,423 mn	S\$2,394 mn
Weighted Average Cost of Debt (%)	4.1% p.a.	4.2% p.a.
Average Term of Debt	2.9 years	2.7 years
% Fixed Rate Debt	66.7%	71.1%
% Unsecured Debt	87.1%	87.0%
Interest Coverage Ratio (ICR)	2.3x	2.2x

Source: Company data, Beansprout Research

Singapore-centric portfolio remained resilient

OUE REIT reported 3Q25 revenue of S\$70.5m and NPI of S\$57.0m, declining 5.8% and 5.6% year-on-year (YoY) respectively due to the divestment of Lippo Plaza Shanghai. On a like-for-like basis, the Singapore-focused portfolio remained resilient, posting 1.2% and 2.0% YoY growth in revenue and NPI. Joint venture contributions also strengthened, with OUE Bayfront up 53.8% YoY to S\$3.3m. OUE REIT has a diversified portfolio of three office assets, two hotels with a complementary retail mall. All the assets are located in Singapore.

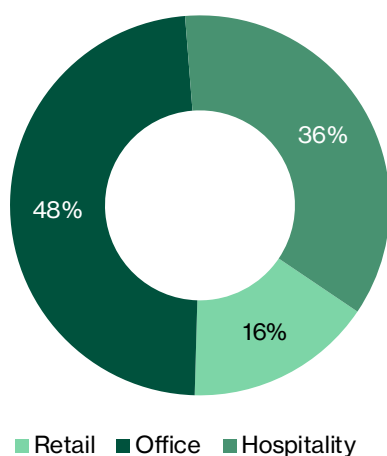
Figure 3: Singapore portfolio remained stable

 Stable Singapore Portfolio	Office		Hospitality		Retail (Mandarin Gallery)
	95.3%	High committed occupancy ⁽²⁾	S\$24.5m	NPI	97.4%
	9.3%	Positive rental reversion	S\$279	RevPAR	5.6%
					Positive rental reversion

Source: Company data

Figure 4: Revenue by segment

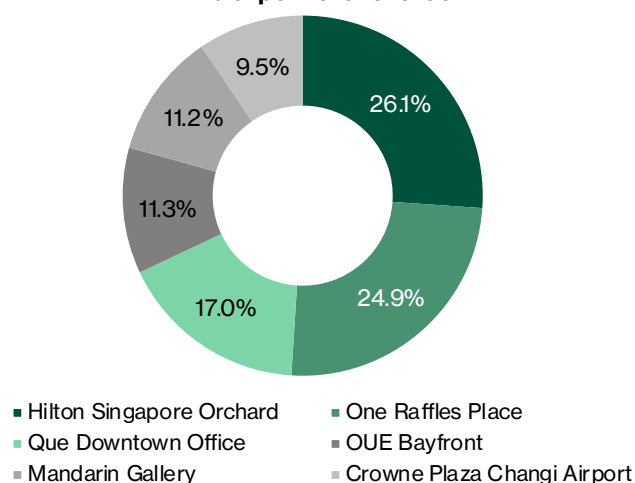
Commercial ssegment accounts for c.64% of portfolio contribution



Source: Company data, Beansprout research

Figure 5: Revenue by property

No Single asset contributes to more than 27% of portfolio revenue



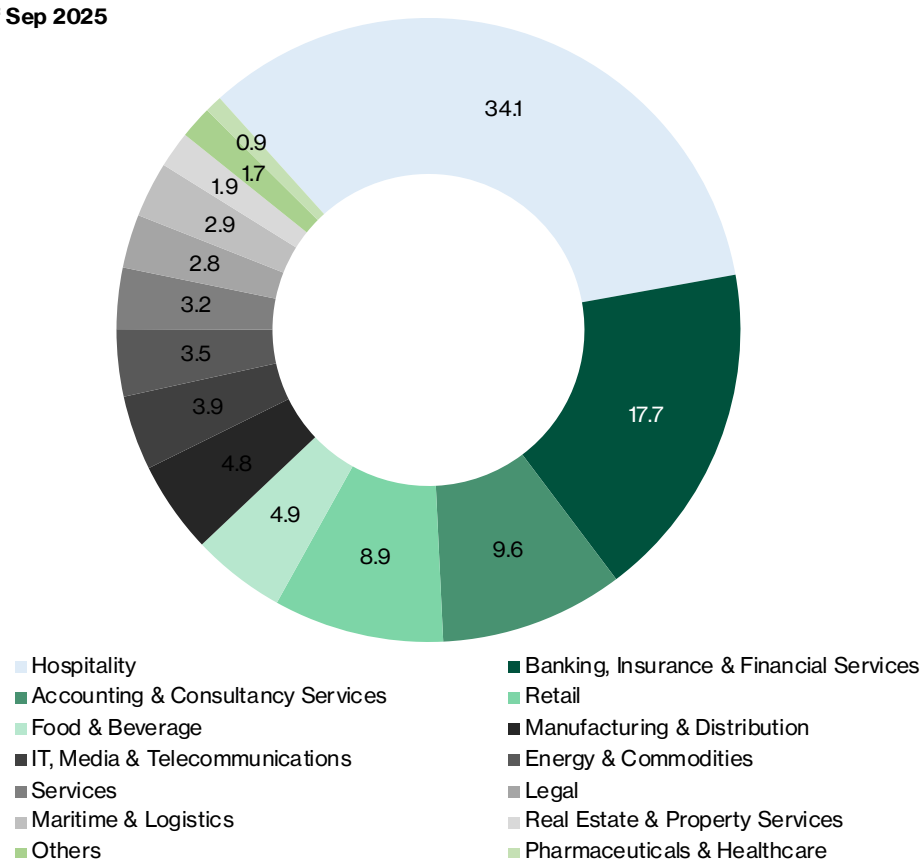
Source: Company data, Beansprout research

Resilient tenant base with staggered lease profile

OUE REIT's tenant profile remains highly resilient, supported by a broad mix across industries and a well-staggered lease maturity schedule. As of September 2025, hospitality tenants account for the largest share at 34.1% of gross rental income (GRI), followed by banking, insurance & financial services (17.1%) and accounting & consultancy services (9.6%). Other meaningful contributors include retail (8.9%), food & beverage (4.9%), manufacturing & distribution (4.8%), IT/media/telecommunications (3.9%) and energy & commodities (3.5%). This wide sector spread reduces reliance on any single industry and cushions against cyclical risks.

Figure 6: Tenant breakdown by sector (based on gross rental income)

As of Sep 2025

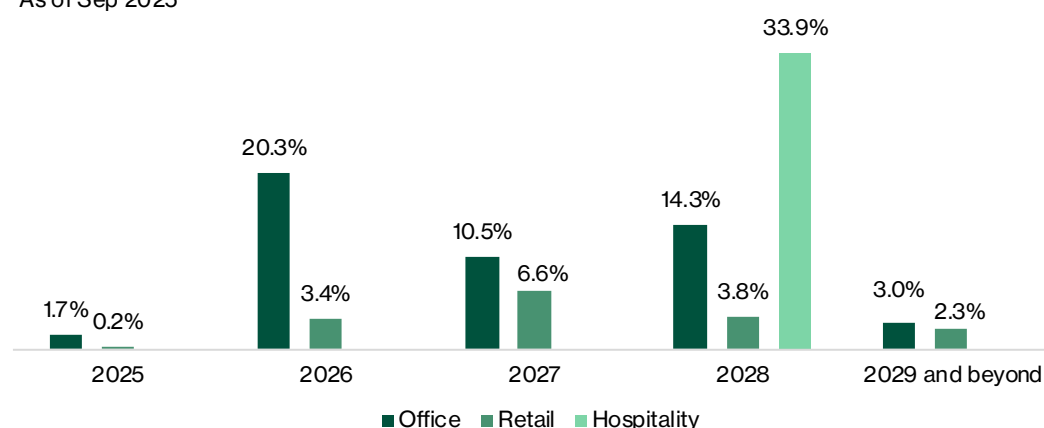


Source: Company data, as of 30 Sep 2025

Lease expiries are also well managed, with a weighted average lease expiry (WALE) of 2.2 years by GRI, slightly shorter than last quarter's 2.3 years. Expiries are staggered across the next few years, with 20.3% of leases rolling in 2026, 10.5% in 2027 and 14.3% in 2028. Importantly, a sizeable 33.9% of leases extend beyond 2028, anchoring long-term income visibility. The balanced mix of expiries across office, retail, and hospitality segments ensures that OUE REIT is not overly exposed to any single maturity year, while still leaving room for rental uplifts from positive market reversions.

Figure 7: Weighted average lease term to expiry of 2.2 years

As of Sep 2025



Source: Company data, as of 30 Sep 2025

Commercial segment – Strong rent reversions lift performance

OUE REIT's commercial segment continued to perform well in 3Q25, with revenue rising 4.2% YoY to S\$43.6m and NPI up 3.8% YoY to S\$32.5m on a like-for-like basis, driven by stronger passing rents across key properties. The Singapore office portfolio maintained a healthy committed occupancy of 95.3% as at end-September 2025, versus end-June 2025's occupancy rate of 95.5%, with positive rental reversion of 9.3% and average passing rents ticking up 0.5% quarter-on-quarter (QoQ) to S\$10.91 psf per month.

On the retail side, Mandarin Gallery demonstrated stability amid evolving consumer trends, delivering a positive rental reversion of 5.6% and a 1.4% QoQ uplift in passing rents to S\$22.52 psf per month, with occupancy slightly lower at 97.4%, compared to 99.0% at end-June 2025. Together, these metrics reflect the strength of OUE REIT's prime CBD positioning, which continues to support resilient income performance even in a challenging macroeconomic environment.

Hospitality segment – Stable despite F1 timing shift

In 3Q 2025, OUE REIT's hospitality segment demonstrated resilience despite the shift of the F1 Singapore Grand Prix to October, which affected year-on-year comparables. Revenue and NPI dipped marginally by 3.4% and 0.4% YoY to S\$26.9 million and S\$24.5 million, while portfolio RevPAR eased 5.7% to S\$279.

Hilton Singapore Orchard and Crowne Plaza Changi Airport achieved RevPARs of S\$293 and S\$251, respectively. Performance was underpinned by stronger trading momentum in July and August, alongside proactive revenue optimisation and targeted marketing initiatives. Both hotels continued to differentiate through experiential offerings, such as Hilton's McLaren F1 partnership and the new Ginger.Lily Bar, as well as Crowne Plaza's curated F&B packages during F1 week.

The portfolio also maintained a diversified demand base, with room nights balanced across North Asia and Southeast Asia (27% each), complemented by healthy contributions from North America (16%) and Oceania (11%).

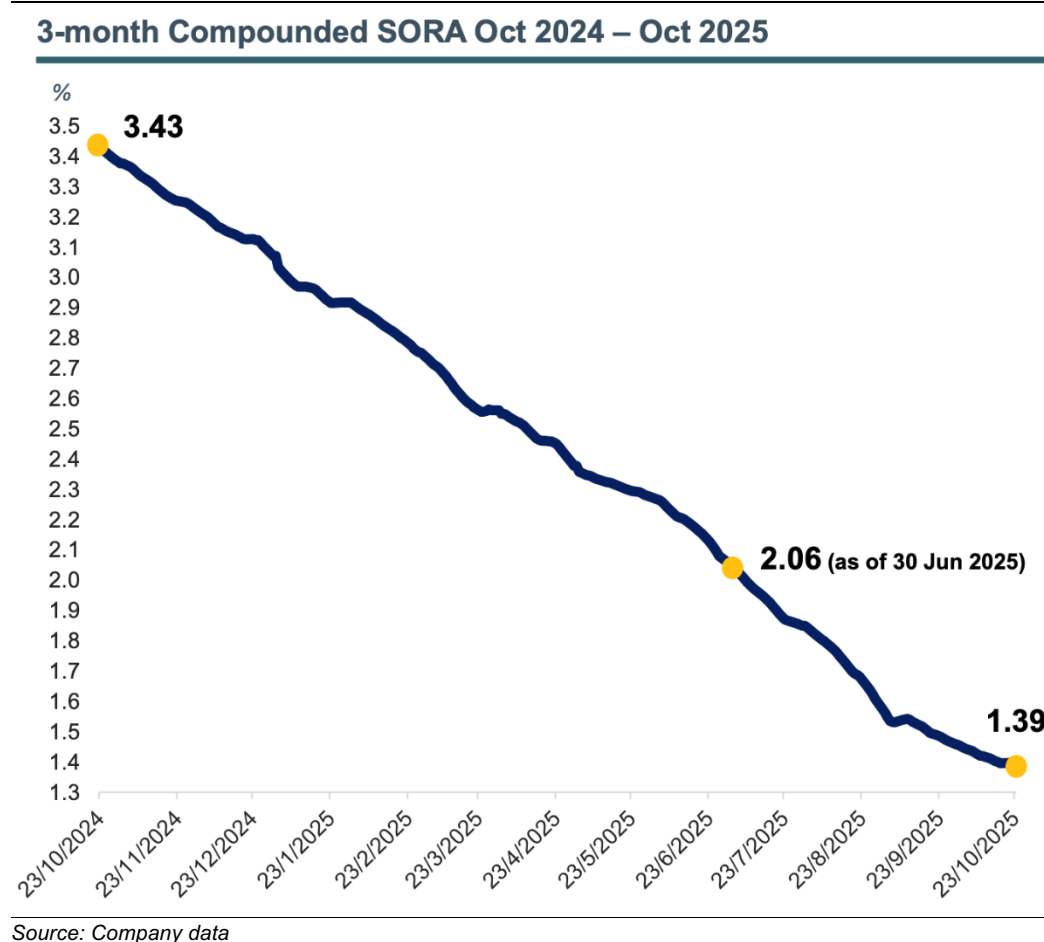
By channel, transient travellers drove the bulk of room revenue at 64%, supported by steady corporate demand at 22% and wholesale bookings at 14%. These dynamics reflect the segment's ability to sustain performance despite calendar shifts, leveraging both geographic diversity and channel mix to drive long-term growth.

Lower financing costs support DPU growth

OUE REIT's financing costs declined significantly by 19.7% year-on-year to S\$21.6 million in 3Q 2025. With 66.7% of its debt portfolio hedged, OUE REIT is well-placed to benefit from the ongoing decline in interest rates. On 8 October 2025, the REIT successfully issued S\$150 million of 7-year investment-grade Green Notes due 2032 at a coupon of 2.75% – the lowest in its bond issuance history. On a pro forma basis, following this notes issuance, this would help to extend the average term of debt to 3.3 years from 2.9 years as of 30 September 2025.

OUE REIT estimates that DPU could increase by 0.04 cents for every 25 basis points (bps) decrease in interest rates, which translates to 1.9% increase from FY24 reported dividend of \$0.0206. Singapore Overnight Rate Average has declined about 200bps since October last year.

Figure 8: Weighted average lease term to expiry of 2.2 years



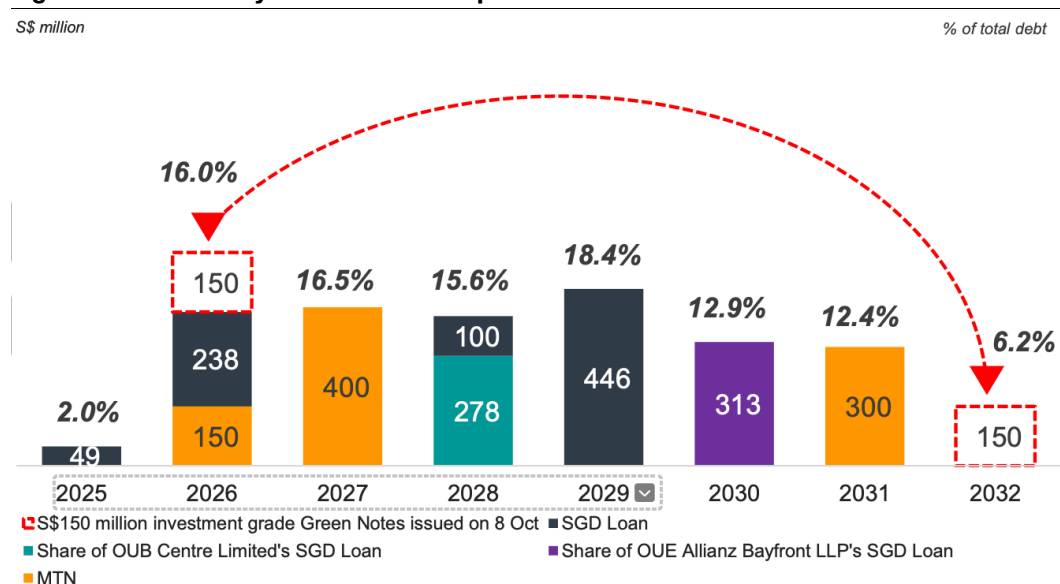
Prudent capital management

OUE REIT maintained a healthy balance sheet as of 30 September 2025, with aggregate leverage stable at 40.9% and total debt at S\$2.42 billion. The REIT successfully lowered its weighted average cost of debt by 10bps to 4.1% p.a., while extending the average debt tenor to 2.9 years from 2.7 years last quarter. Post 8 October's Green Notes issuance, OUE REIT has only 16.0% of total debt due in 2026.

Importantly, 66.7% of borrowings are on fixed rates, providing stability in a declining interest rate environment, and 85.1% of debt qualifies as green financing, up sharply from 73.1% in June 2025. The interest coverage ratio improved to 2.3x (from 2.2x as of end-June 2025), reflecting stronger financial flexibility.

OUE REIT has a well diversified funding source with 58.7% from bank loans and 41.3% from MTN (post 7-year Green Notes issuance in October).

Figure 9: Debt Maturity Profile as of 30 Sep 2025



Source: Company data

Maintain BUY on potential DPU uplift

OUE REIT stands to gain from the continued decline in interest rates, with every 25 bps reduction in borrowing costs translating to a 1.9% uplift from the FY24 reported DPU of S\$0.0206. Proceeds from the divestment of Lippo Plaza Shanghai may also be used to pare down debt, further strengthening aggregate leverage and lowering finance costs. Together, this combination of debt reduction and a softer SORA could pave the way for potential DPU growth. Based on 1H 2025 DPU of 0.98 cents, OUE REIT offers an annualized distribution yield of 5.8%. It currently trades at a price-to-book valuation of 0.6x. We maintain BUY and lift target price to S\$0.36, implying 6% upside from 23 October closing price of S\$0.34.

Financial summary

Y/E Dec (\$m)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E	Y/E Dec (\$m)	FY21A	FY22A	FY23A	FY24A	FY25E	FY26E
Income Statement							Cash Flow						
Revenue	250	242	285	296	280	288	Operating cash flow						
Property expenses	(46)	(45)	(50)	(61)	(63)	(64)	Pretax profit	70	299	208	(47)	138	153
Net property income	204	197	235	234	218	224	Adjustments	128	(104)	14	263	65	54
Other income	15	9	0	0	0	0	Working capital changes	(16)	1	3	(6)	3	0
Manager's fees	(18)	(16)	(18)	(16)	(15)	(15)	Others	(73)	(61)	(84)	(93)	(111)	(65)
Other expenses	(16)	(13)	(2)	(29)	(2)	(2)	Cash flow from operations	109	136	140	117	94	142
Share of results of associates & JV	13	37	17	30	18	19	Investing cash flow						
Change in value of investment properties	(56)	140	87	(154)	0	0	CAPEX	(57)	(48)	(11)	(26)	0	0
EBIT	142	354	320	66	219	226	Others	951	0	0	299	0	0
Net finance expenses	(72)	(55)	(112)	(113)	(81)	(73)	Cash flow from investments	894	(48)	(11)	274	0	0
Profit before tax	70	299	208	(47)	138	153	Financing cash flow						
Tax	(14)	(11)	(2)	(12)	(2)	(2)	Dividends paid	(153)	(142)	(123)	(117)	(115)	(134)
Minority interests	(17)	(12)	(6)	(9)	(10)	(10)	Proceeds from borrowings	(726)	48	(1)	34	0	0
CPPU dividend	(3)	(2)	(2)	(2)	(2)	(2)	Others	(155)	0	0	0	0	0
Profit attributable to owners	36	273	198	(71)	123	138	Cash flow from financing	(1034)	(94)	(124)	(82)	(115)	(134)
Balance sheet							Net change in cash	(31)	(6)	6	308	(21)	7
Assets							Beginning cash	89	60	49	54	362	341
PPE	5,410	5,539	5,630	5,170	5,169	5,169	Currency translation	2	(4)	(1)	(0)	0	0
Others	336	373	359	383	389	398	Ending cash	60	50	54	362	341	348
Total non-current assets	5,746	5,913	5,989	5,553	5,558	5,567	Per share data (\$ cents)						
Cash & cash equivalents	60	49	54	362	341	348	Book value per unit	57.4	59.2	60.3	58.0	58.2	58.3
Trade & other receivables	27	20	22	26	23	23	Distribution per unit	2.6	2.1	2.1	2.1	2.1	2.4
Others	0	7	3	0	0	0	Earnings per unit	0.7	5.0	3.6	(13)	2.2	2.5
Total current assets	87	76	80	387	364	371	Valuation						
Total assets	5,833	5,989	6,069	5,940	5,922	5,938	P/E (x)	51.1	6.8	9.4	-	15.2	13.5
Liabilities							P/B (x)	0.6	0.6	0.6	0.6	0.6	0.6
ST borrowings	172	328	0	115	0	0	EV/NPI (x)	12.6	9.7	7.6	7.6	7.5	7.3
Trade & other payables	87	76	90	72	72	72	Dividend yield (%)	7.6	6.2	6.1	6.1	6.1	7.1
Others	16	15	16	40	3	3	Ratios						
Total current liabilities	276	419	107	227	74	74	ROE (%)	12	8.4	6.0	(2.2)	3.8	4.3
LT borrowings	1,813	1,722	2,055	1,984	2,100	2,100	ROA (%)	0.6	4.6	3.3	(12)	2.1	2.3
Others	155	141	129	71	71	71	Net gearing (%)	0.54	0.54	0.53	0.48	0.48	0.47
Total non-current liabilities	1,968	1,863	2,184	2,055	2,171	2,171	Margins (%)						
Total liabilities	2,244	2,282	2,291	2,283	2,245	2,245	EBIT margin	56.7	146.5	112.3	22.3	78.0	78.4
EQUITY							Net margin	14.5	113.2	69.4	(23.9)	43.9	47.9
Share Capital	3,128	3,240	3,311	3,187	3,197	3,203							
Total equity	3,128	3,240	3,311	3,187	3,197	3,203							
CPPU holders' funds	212	212	212	212	212	212							
Minority interests	248	255	255	258	268	278							
Total equity and liabilities	5,833	5,989	6,069	5,940	5,922	5,938							

Disclosure Appendix

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