PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 3Q 2022 Amount Available for Distribution of S$26.2 million

- Net property income of S$48.3 million, 4.4% higher YoY
- Singapore office properties committed occupancy rose 2.5 ppt QoQ to 95.4% as at 30 September 2022 with positive rental reversions of 1.6% to 9.2%
- Hospitality segment RevPAR increased 15.5% QoQ to S$262 driven by Hilton Singapore Orchard and the recovery in visitor arrivals and MICE sector
- Circa 70% of total debt is hedged into fixed rates mitigating rising interest rate risk
- Obtained an unsecured S$978 million sustainability-linked loan in August, increasing the proportion of unsecured debt to 70.1% and improving financial flexibility
- Average term of debt lengthened to 3.1 years with no refinancing requirements until September 2023 where only 12% (S$283 million) of total debt is due and none due in 2024

3 November 2022 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), wishes to announce that net property income ("NPI") for the financial period 1 July 2022 to 30 September 2022 ("3Q 2022") increased 4.4% year-on-year ("YoY") to S$48.3 million. The better performance was mainly due to lower property expenses. Taking into account lower income support for OUE Downtown Office and higher interest expense, amount available for distribution was S$26.2 million, 13.3% lower YoY.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to report consecutive quarterly improvements in OUE C-REIT's portfolio operational metrics, notably an increase in committed occupancies and positive rental reversions for the Singapore office properties, as well as higher RevPARs for both our hotels. Coupled with disciplined cost management, this enhances the portfolio resilience and underpins OUE C-REIT's performance moving forward."

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"Our proactive capital management approach over the past six months positions us to stay resilient amidst the macroeconomic headwinds of inflation, rising interest rates and heightened geopolitical tensions. We have mitigated refinancing risk by successfully completing the early refinancing of close to S$1 billion of secured debt in August with an unsecured S$978 million sustainability-linked loan. Only 12% of total debt is due for refinancing in 2023 and none in 2024. Earlier in May, we further diversified funding sources and increased financial flexibility with the issuance of S$150 million five-year 4.2% fixed rate notes. With prudent asset and capital management, we remain confident in our ability to deliver sustainable returns to our Unitholders," added Mr Han.

Summary of OUE C-REIT's Group Financial Performance

(S$'000)	3Q 2022	3Q 2021	Change (%)
Revenue	**59,486**	58,473	1.7
Net Property Income	**48,269**	46,228	4.4
Share of Joint Venture Results	**3,428**	3,966	(13.6)
Amount Available for Distribution(1)	**26,201**	30,231	(13.3)

Note:

(1) Net of working capital requirements in relation to the hospitality segment

Commercial Segment – Improving Operational Performance

For 3Q 2022, the commercial (office and retail) segment reported higher revenue and NPI of S$42.6 million (+2.4% YoY) and S$32.7 million (+5.3% YoY), respectively. Approximately S$0.9 million of rental rebates was extended to retail tenants at Lippo Plaza due to continued challenges facing retail businesses in Shanghai.

As at 30 September 2022, the committed occupancy of OUE C-REIT's Singapore office properties increased 2.5 percentage points ("ppt") quarter-on-quarter ("QoQ") to 95.4% on the back of the Manager's proactive leasing strategy. Positive rental reversions ranging from 1.6% to 9.2% were recorded across all Singapore office properties with average passing rents remaining stable as of September 2022. OUE Bayfront's average passing rent continued its upward climb to S$12.57 per square foot ("psf") per month due to positive rental reversions in previous quarters.

Rental reversions at Mandarin Gallery turned positive at 9.2% in 3Q 2022 due to the Manager's focus on optimising rents with improving prime retail market sentiment. While committed occupancy as at 30 September 2022 declined 1.1 ppt QoQ to 89.2%, the committed occupancy including short-term leases was 93.4%. Average passing rent was stable at S$20.89 psf per month. For 3Q 2022, both shopper traffic and tenant sales remained at approximately 90% and 85%, respectively, of pre-COVID levels.

Against the backdrop of continued business uncertainties in Shanghai, leasing demand was tepid in 3Q 2022 as occupiers focused on space and cost efficiencies. Consequently, Lippo Plaza's committed office occupancy declined 2.1 ppt to 85.6% as at 30 September 2022. Nonetheless, the average office passing rent remained stable at RMB8.91 per square metre ("psm") per day. In view of intense leasing competition amongst landlords due to significant new supply and the weaker economic outlook, the Manager remains agile and is focused on sustaining occupancy at Lippo Plaza.

Hospitality Segment – Positioned to Ride Recovery

Hospitality segment revenue for 3Q 2022 remained at the minimum rent of S$16.9 million under the master lease arrangements of OUE C-REIT's hotel properties due to the reduced inventory. Net property income for the same period was 2.7% higher YoY at S$15.6 million.

For 3Q 2022, the overall hospitality segment revenue per available room ("RevPAR") increased 15.5% QoQ to S$262. The increase was due to strong demand from the return of tourism and the recovering MICE sector, as well as higher room rates at the newly re-branded Hilton Singapore Orchard ("HSO"). HSO's RevPAR increased 10.2% QoQ to S$332, surpassing the previous RevPARs of the property before its re-branding, while Crowne Plaza Changi Airport's RevPAR registered a 28.2% QoQ increase to S$182.

The ongoing refurbishment of HSO's Orchard Wing (446 rooms) is expected to complete by end 2022. With the recovery in the travel-related sectors well underway and a limited hotel supply pipeline, OUE C-REIT's hotel assets are well-positioned to continue to ride on the recovery.

Proactive and Prudent Capital Management

In line with the Manager's proactive capital management approach, an unsecured S$978 million sustainability-linked loan was obtained in August to refinance existing secured borrowings. Consequently, the proportion of unsecured debt has increased significantly to 70.1% from 30.9%, and the term of debt has lengthened to 3.1 years as at 30 September 2022. There is no further refinancing requirement until September 2023 where only 12% (S$283 million) of total debt is due and there is no debt due in 2024.

As at 30 September 2022, OUE C-REIT's aggregate leverage was 40.3% with the weighted average cost of debt remaining stable at 3.2% per annum. To mitigate the impact of rising interest rates, circa 70% of total debt is hedged into fixed rates.

For 3Q 2022, the Manager has elected to receive 50% of its management fees in cash with the balance in Units of OUE C-REIT.

Outlook

According to CBRE, the strong positive office net absorption in 3Q 2022 brought the year-to-date take-up to 0.56 million square feet, surpassing the total in 2021. Demand was largely driven by technology firms, flexible workspace operators and non-banking financial companies. Core Central Business District ("CBD") Grade A occupancy increased 1.3 ppt QoQ to 96.9% in 3Q 2022 while office rents saw an increase of 2.7% QoQ to S$11.60 psf per month. While global macroeconomic headwinds and consolidation in the technology sector could weigh on demand and rents in 2023, core CBD Grade A office rental growth is expected to remain positive for the rest of 2022 and 2023 due to the limited supply pipeline, barring a sustained recession. OUE C-REIT's portfolio of core Grade A offices and well-diversified tenant base is expected to underpin a stable performance as the Singapore office rental recovery continues.

Singapore's international visitor arrivals grew for the eighth consecutive month in September, bringing the total to 3.7 million for the first nine months of 2022, against the Singapore Tourism Board's forecast of between four to six million total arrivals for 2022. Even as the hospitality sector continues to face inflationary pressures and an uncertain economic outlook, the further easing of pandemic measures, pick up in MICE events and continued recovery of the travel-related sectors are expected to sustain hotel demand. The minimum rent component of S$67.5 million embedded in the master lease arrangements of OUE C-REIT's hotel portfolio will provide downside protection.

With the recovery in visitor arrivals, prime Orchard Road retail rents bottomed out and rose 0.7% QoQ to S$34.45 psf per month in 3Q 2022 according to CBRE, though it was still 10.9% below pre-COVID levels. While improvements in shopper traffic and retail sales have provided some landlords with the confidence to raise rents, retailer confidence continues to be tempered by rising business costs, a labour shortage and a weaker economic outlook.

According to Colliers International, Shanghai CBD Grade A office demand fell in 3Q 2022 due to economic and business uncertainties posed by the COVID-19 pandemic. Consequently, rents declined 1.1% QoQ to RMB9.09 psm per day and occupancy declined 0.4 ppt to 90.4%. While overall demand is expected to be stable in 2022, rents and occupancy will remain under pressure in view of the significant new supply over the next two years. At Lippo Plaza, the Manager remains focused on prioritising occupancy.

In August, the Ministry of Trade and Industry narrowed Singapore's GDP growth forecast for 2022 to "3.0 to 4.0%", from "3.0 to 5.0%" in view of a dimming global economy and an expected slowdown of external demand. China is still expected to register positive economic growth for 2022 assuming the COVID-19 outbreaks which have held back economic activity are contained and pandemic restrictions loosened. The Manager will adapt its leasing strategies according to the business environment and continue to recalibrate its asset management strategy to optimise the performance of OUE C-REIT's portfolio, while remaining focused on prudent capital management. To partially offset rising costs, the Manager will be raising service charges for the Singapore commercial portfolio from January 2023.

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About OUE Commercial REIT

OUE C-REIT is a real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited since 27 January 2014.

OUE C-REIT is one of the largest diversified Singapore REITs with total assets of S$5.8 billion as at 30 June 2022. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's portfolio comprises approximately 2.2 million sq ft of prime office and retail space, and 1,643 upper upscale hotel rooms.

OUE C-REIT invests in 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/or hospitality and/or hospitality-related purposes, as well as real estate-related assets.

OUE C-REIT is managed by OUE Commercial REIT Management Pte. Ltd., which is a wholly-owned subsidiary of OUE Limited.

For more information, please visit www.ouect.com.

About the Sponsor: OUE Limited

OUE Limited (SGX: LJ3) is a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors. Best known for its landmark property portfolio in Singapore, OUE consistently leverages its expertise in property development and asset management to maximise yields and unlock value. As at 30 June 2022, OUE's real estate portfolio was valued at S$9.4 billion.

OUE is the manager of two SGX-listed real estate investment trusts ("REITs"): OUE C-REIT and First REIT. As at 30 June 2022, OUE managed S$7.8 billion in funds under management across its two REIT platforms and its managed accounts.

Since 2017, OUE has expanded its business activities into the complementary and high-growth healthcare and consumer sectors. OUE is the controlling shareholder of OUE Lippo Healthcare Limited, an SGX-listed, integrated healthcare services provider that owns, operates and invests in quality healthcare assets in high-growth Asian markets.

Anchored by its "Transformational Thinking" philosophy, OUE has built a reputation for developing iconic projects, transforming communities, providing exceptional service to customers and delivering long-term value to stakeholders. For more information, please visit www.oue.com.sg.

IMPORTANT NOTICE

The value of units in OUE C-REIT ("Units") and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

Investors should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits, and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.