PRESS RELEASE
For Immediate Release

OUE C-REIT Delivered Steady Operational Performance in 1Q 2023

- Net property income in 1Q 2023 increased 18.0% YoY to S$56.6 million
- Healthy growth in operating results underpinned by the full opening of Hilton Singapore Orchard and improved performance of Singapore commercial segment
- Committed occupancy of Singapore office portfolio increased 1.2 ppt to 96.7% as at 31 March 2023 with continued positive rental reversion of 6.7%
- In advanced discussion with banks for the refinancing of borrowings due in September 2023 and no refinancing requirement in 2024. Pro forma weighted average term of debt as at 31 March 2023 will lengthen to 3.2 years post refinancing

4 May 2023 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), is pleased to provide a business update of OUE C-REIT for the financial period 1 January 2023 to 31 March 2023 ("1Q 2023").

Revenue for 1Q 2023 increased by 14.9% year-on-year ("YoY") to S$68.4 million mainly driven by higher contributions from Hilton Singapore Orchard and Singapore commercial properties. Alongside the higher revenue, net property income ("NPI") increased by 18.0% YoY to S$56.6 million.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to report another quarter of stronger operating performance. In particular, our high-quality CBD Grade A office assets in Singapore continued to record high occupancy and positive rental reversion which provides resilient returns. The successful AEI completion and full opening of Hilton Singapore Orchard will be a growth engine for OUE C-REIT as Singapore's tourism sector and business travel continues on the recovery path."

"Looking ahead, the elevated interest rate environment continues to be challenging on interest costs for REITs including OUE C-REIT, and we expect higher interim interest expense to impact upcoming distributions in 2023. As part of proactive balance sheet management, the Manager has initiated and is already in advanced discussion with banks on the early refinancing of S$263 million of borrowings due September 2023. Upon completion of the refinancing ahead of maturity, OUE C-REIT's average term of debt is expected to lengthen to 3.2 years from 2.7 years as at 31 March 2023, with no refinancing requirement until 2025. We will continue to adopt a prudent capital management approach with a goal to deliver sustainable returns to Unitholders," added Mr Han.

Commercial Segment

For 1Q 2023, the commercial (office and retail) segment recorded higher revenue and NPI of S$46.5 million (9.0% YoY) and S$36.0 million (11.9% YoY), respectively, due to better performance of the Singapore portfolio.

OUE C-REIT's Singapore office portfolio committed occupancy continued to increase in 1Q 2023, rising 1.2 percentage points ("ppt") quarter-on-quarter ("QoQ") to 96.7% as at 31 March 2023. Positive rental reversion of 6.7% was recorded for office leases in 1Q 2023 and average passing rent for the portfolio rose 1.6% QoQ to S$10.26 per square foot ("psf") per month as of March 2023.

On the back of healthy demand and supported by the Manager's proactive leasing strategy, Mandarin Gallery's committed occupancy (excluding short-term leases) increased 1.0 ppt QoQ to 92.9% as at 31 March 2023. Including short-term leases, the committed occupancy was 96.4%. Rental reversion continued to be positive for the third consecutive quarter. For 1Q 2023, Mandarin Gallery's rental reversion was 11.6%. Consequently, the average passing rent increased by 2.7% QoQ to S$21.34 psf per month. Shopper traffic and tenant sales in March 2023 was approximately 95% and 87% of pre-COVID levels, respectively.

Due to tepid leasing activity as occupiers turned cautious in view of the uncertain economic outlook and strong leasing competition amongst landlords, Lippo Plaza's committed office occupancy declined 4.7 ppt QoQ to 75.2% as at 31 March 2023. The Manager remains focused on sustaining occupancy at Lippo Plaza and is actively sourcing for new prospects as well as working with existing tenants which have additional space needs. The property accounted for 8.5% of 1Q 2023 revenue based on OUE C-REIT's proportionate interest in the respective properties.

Hospitality Segment

Hospitality segment revenue for 1Q 2023 was 30.0% higher YoY at S$21.9 million. In tandem with the higher revenue, NPI was 30.5% higher YoY at S$20.5 million.

For 1Q 2023, the hospitality segment revenue per available room (“RevPAR”) doubled YoY to S$227 on the back of higher room rates supported by the ongoing recovery in the hospitality sector. On 1 January 2023, Hilton Singapore Orchard reopened the 446-room Orchard Wing. With the full inventory of 1,080 rooms compared to only 634 rooms available for booking from 24 February 2022, Hilton Singapore Orchard’s RevPAR grew by 2.4 times YoY to S$233 for the quarter. Meanwhile, Crowne Plaza Changi Airport’s RevPAR has recovered to pre-pandemic levels, increasing by 71.4% YoY to reach S$216.

Proactive Prudent Capital Management

As at 31 March 2023, OUE C-REIT’s aggregate leverage remained stable at 39.0%, on total debt of approximately S$2,332 million. The weighted average cost of debt was 3.8% per annum with 69.4% of total debt on a fixed rate basis. The pro forma impact of a 25 basis points increase in interest rate on DPU is 0.03 Singapore cent per unit, based on OUE C-REIT’s proportion of total debt on floating rate.

For 1Q 2023, the Manager has elected to receive 65% of its management fees in cash with the balance in Units of OUE C-REIT, an increase from 50% previously.

Outlook

According to CBRE, the strong recovery momentum in the Singapore office market has begun to show signs of moderation in 1Q 2023 as uncertainties within the technology and banking sectors grew. While Core Central Business District (“CBD”) Grade A office occupancy increased 0.3 ppt to 96.1% amidst tight vacancies and rents climbed 0.4% QoQ to S$11.75 psf per month, rental growth has slowed from the 0.9% recorded in 4Q 2022. For the rest of 2023, rents are expected to remain stable despite cautious occupier sentiment, supported by tight future supply. OUE C-REIT’s portfolio of core Grade A offices and well-diversified tenant base is expected to underpin a stable performance in 2023.

According to data released by the Singapore Tourism Board ("STB"), visitor arrivals crossed the one-million mark for the first time since the pandemic in March 2023 bringing the total number to 2.9 million for the first three months of 2023. The STB expects 12 to 14 million international arrivals in 2023 with tourism receipts reaching approximately two-thirds to three-quarters of the levels in 2019. While global economic conditions are highly uncertain and the hospitality sector's recovery is also dependent on labour and cost challenges, OUE C-REIT's hotel properties are well-positioned and expected to rebound to pre-pandemic levels barring any unforeseen circumstances.

Retail leasing activity remained strong in 1Q 2023 according to CBRE, with demand mainly driven by food and beverage ("F&B") operators which sought to capitalise on the return of the office crowd. Against the backdrop of recovering visitor arrivals and a rebound in consumer spending, Orchard Road retail rents increased 0.9% QoQ to S$34.85 psf per month in 1Q 2023. While retailers continue to face labour shortages, higher operating costs, competition from e-commerce and a slowing economy, overall retail rents are expected to remain on the recovery path in 2023 with improved mobility, tourism recovery and below-historical-average new retail supply over the next few years.

According to Colliers International, net absorption for Shanghai CBD Grade A offices was negative in 1Q 2023 as the market continued to adjust amidst tepid business confidence in a traditionally slower leasing quarter due to the Chinese New Year holiday and an increase in office supply. Consequently, occupancy declined 0.6 ppt to 89.2% while rents remained unchanged at RMB9.08 per square metre per day. Due to a large CBD office supply peak in 2023 and 2024, both occupancy and rents are expected to remain under pressure before a gradual rebound in late 2024.

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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$6.0 billion as at 31 December 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 31 December 2022, OUE's total assets were valued at S$9.5 billion.

OUE is the manager of two SGX-listed real estate investment trusts ("REITs"): OUE C-REIT and First REIT. As at 31 December 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.