PRESS RELEASE
For Immediate Release

OUE REIT Delivered Higher Revenue and Net Property Income in 1Q 2024

- Revenue and net property income increased by 9.5% and 6.9% YoY to S$74.9 million and S$60.5 million, respectively, mainly driven by higher contributions from Hilton Singapore Orchard and the resilient performance of Singapore commercial properties
- Overall hospitality segment RevPAR for 1Q 2024 increased by 23.3% YoY to S$280, underpinned by the robust demand from tourism, business travel and MICE sectors in Singapore
- Committed occupancy of Singapore office properties as of 31 March 2024 remained healthy at 95.1%, with positive rental reversions of 12.6% in 1Q 2024
- Mandarin Gallery occupancy remained high at 97.6% with positive rental reversion of 22.0% recorded in 1Q 2024
- Smoothed out the debt maturity profile by obtaining an unsecured sustainability-linked loan of S$600 million on 23 April 2024 for the early refinancing of existing secured borrowings due in 2025 and for general corporate purposes. Post refinancing, no further refinancing requirements until second half of 2025 where only 25% of the total debt is due

24 April 2024 – OUE REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Real Estate Investment Trust ("OUE REIT", formerly known as "OUE Commercial REIT"), is pleased to report higher revenue and net property income ("NPI") for the financial period 1 January 2024 to 31 March 2024 ("1Q 2024").

Revenue grew by 9.5% year-on-year ("YoY") to S$74.9 million in 1Q 2024. The increase was largely driven by the higher contribution from Hilton Singapore Orchard and the resilient operating performance of OUE REIT's commercial properties. Consequently, NPI increased by 6.9% YoY to S$60.5 million in 1Q 2024.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are delighted to deliver another quarter of stronger operating performance. In particular, the timely asset enhancements at Hilton Singapore Orchard and Crowne Plaza Changi Airport enabled OUE REIT to capitalise on the strong concerts and MICE pipelines in the first quarter of 2024. As part of our proactive capital management to smoothen our debt maturity profile, we have successfully obtained an unsecured sustainability-linked loan ("SLL") of S$600 million on 23 April 2024 for the early refinancing of existing secured borrowings due in 2025 and for general corporate purposes. Backed by strong support from a total of 12 banks, the SLL was oversubscribed by 2.0 times and was subsequently upsized from the initial loan amount of S$540 million to S$600 million including the greenshoe. Post refinancing, the REIT has no further refinancing requirements until the second half of 2025 where only 25% of the total debt is due. Looking ahead, higher financing costs arising from the elevated interest rate environment is expected to impact the upcoming distribution. To mitigate the impact, the Manager remains steadfast in optimising our asset performance while managing capital prudently."

Commercial Segment

For 1Q 2024, the commercial (office and retail) segment recorded higher revenue of S$48.0 million and NPI of S$36.7 million, representing an increase of 3.3% and 1.7% YoY respectively. The stable performance was mainly due to the resilient performance of the Singapore commercial portfolio.

As of 31 March 2024, OUE REIT's Singapore office portfolio remained stable with committed occupancy at 95.1%. In 1Q 2024, the Manager recorded a positive rental reversion of 12.6% for office lease renewals, while the average passing rent increased by 1.0% quarter-on-quarter ("QoQ") to S$10.50 per square foot ("psf") per month in March 2024.

Mandarin Gallery's committed occupancy (excluding short-term leases) remained high at 96.6%. Including short-term leases, the committed occupancy was 97.6%. Benefitting from continued improvement in retailer sentiment, Mandarin Gallery saw another quarter of high rental reversion of 22.0% in 1Q 2024. Consequently, the average passing rent increased by 0.5% QoQ to S$21.15 psf per month.

Against the backdrop of intensified leasing competition due to ample market supply in Shanghai, Lippo Plaza's committed office occupancy decreased by 7.8 percentage points ("ppt") QoQ to 75.5%, while committed retail occupancy remained high at 94.5% as of 31 March 2024. Lippo Plaza contributed only 7.9% of the REIT's portfolio revenue as of 31 March 2024. In the face of strong market headwinds, the Manager is focused on developing competitive leasing strategies to attract and retain tenants while proactively managing expenditures.

Hospitality Segment

Benefitting from robust corporate and leisure travel demand, hospitality segment revenue for 1Q 2024 was 22.7% higher YoY at S$26.9 million, while NPI was 15.9% higher YoY at S$23.8 million.

For 1Q 2024, the hospitality segment revenue per available room ("RevPAR") rose 23.3% YoY to S$280. In particular, Hilton Singapore Orchard significantly surged by 32.3% YoY to S$308 for the quarter on the back of higher occupancy. Meanwhile, despite the enlarged room inventory of 575 rooms, Crowne Plaza Changi Airport's RevPAR also rose by 5.1% YoY, reaching S$227.

Proactive Capital Management

OUE REIT has no refinancing needs until the second half of 2025. As of 31 March 2024, OUE REIT's aggregate leverage stood at 38.8%. The weighted average cost of debt remained stable at 4.5% per annum, while the weighted average term of debt was 2.2 years as of 31 March 2024. 60.0% of the total debt was hedged, allowing the Manager to mitigate the impact of elevated interest rates environment while maintaining financial flexibility. The interest coverage ratio ("ICR") and adjusted ICR, calculated according to MAS' guidelines, remained stable at 2.4x and 2.3x, respectively.

For 1Q 2024, the Manager has elected to receive 100% of its base management fees in cash.

Outlook

Limited supply and low vacancies continued to drive Singapore's office rental growth in 1Q 2024, according to CBRE. Core Central Business District ("CBD") Grade A rents recorded a modest 0.4% QoQ increase in 1Q 2024, reaching S$11.95 psf per month. Although flight-to-quality and flight-to-green trends are likely to sustain office demand, businesses are expected to take a conservative approach towards their spending and investment plans due to still-high interest rates and capital expenditure. OUE REIT's green-certified core Grade A offices located in prime locations are well-positioned to withstand near-term market headwinds.

Singapore's retail leasing sentiment remained positive in 1Q 2024 according to CBRE. In particular, against the backdrop of tourism recovery and strong concert pipelines, Orchard Road retail rents outperformed other submarkets, increasing by 1.1% QoQ to S$36.70 psf per month. In the near term, retailers will continue to face ongoing challenges such as labour shortages, elevated operating costs and competition from e-commerce platforms. Nevertheless, with tourism continuing to rebound in 2024 and new retail supply remaining on par with the historical average, prime retail rents are expected to continue recovering in 2024.

According to Colliers International, Shanghai's CBD Grade A office occupancy declined by 1.1 ppt QoQ to 85.4%, while CBD Grade A office rents fell to the lowest level in a decade, reaching RMB8.37 per square metre per day. With the further expansion of office stock and an expected total of 1.64 million square metres of new supply entering the market in 2024, Shanghai's office market is expected to remain under pressure. In the face of continued market headwinds, the Manager is adopting proactive leasing and flexible asset management strategies for Lippo Plaza.

According to statistics from the Singapore Tourism Board ("STB"), visitor arrivals for 1Q 2024 reached 4.4 million, up 49.6% YoY compared to 1Q 2023. The increase in arrivals is mainly due to high-profile business and leisure events as well as the implementation of mutual 30-day visa-free travel between China and Singapore from 9 February 2024. For 2024, STB maintains an optimistic outlook on tourism recovery and expects 15 to 16 million international arrivals, underpinned by improved global flight connectivity and capacity, as well as high-profile business and leisure events. However, a global economic slowdown and geopolitical risks may present headwinds to the hospitality sector. OUE REIT's newly enhanced hotel properties are well-positioned to capitalise on the continuous influx of tourists and business travellers in 2024 and beyond.

\- End -

For further information and enquiries, please contact:
Mary Ng
OUE REIT Management Pte. Ltd.
Tel: +65 6809 8704
Email: mary.ng@ouereit.com

About OUE REIT

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.

OUE REIT aims to deliver stable distributions and provide sustainable long-term growth in return to holders of units ("Unitholder") by investing 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, the 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.

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

About the Sponsor: OUE Limited

OUE Limited (SGX: LJ3) is a leading real estate and healthcare group, growing strategically to capitalise on growth trends across Asia.

OUE's real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail, residential and healthcare sectors. OUE manages two SGX-listed REITs: OUE REIT, one of Singapore's largest diversified REITs, and First REIT (a subsidiary of OUE Healthcare), Singapore's first listed healthcare REIT. As at 31 December 2023, OUE's real estate portfolio was valued at S$9.3 billion, with S$7.9 billion in funds under management across OUE's two REIT platforms and managed accounts.

OUE Healthcare, an SGX Catalist-listed subsidiary of OUE, operates and owns high-quality healthcare assets in high-growth Asian markets. With a vision of creating a regional healthcare ecosystem that is anchored on Singapore's medical best practices, OUE Healthcare's portfolio of owned and operated businesses includes hospitals, medical centres, clinics and senior care facilities in Singapore, Japan, Indonesia and China.

Anchored by its "Transformational Thinking" philosophy, OUE has built a strong 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 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 REIT is not necessarily indicative of the future performance of OUE 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.