PRESS RELEASE
For Immediate Release

OUE C-REIT Reports Strong Financial & Operational Performance for 3Q 2023

- NPI in 3Q 2023 increased 29.8% YoY to S$62.7 million driven by overall portfolio improvement
- Committed occupancy of Singapore office portfolio remained healthy at 95.7% as at 30 September 2023 with positive rental reversion of 18.4% in 3Q 2023
- 3Q 2023 hospitality segment RevPAR increased 12.8% YoY to S$295
- Crowne Plaza Changi Airport asset enhancement on track to complete by December 2023 to capture visitor rebound in 2024
- Obtained investment grade credit rating of BBB- with a stable outlook from S&P Global Ratings; interest rate of 4.20% notes due 2027 will step down to 3.95% resulting in some cost savings

30 October 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 announce that net property income ("NPI") for the financial period 1 July 2023 to 30 September 2023 ("3Q 2023") grew by 29.8% year-on-year ("YoY") to S$62.7 million. The better performance was due to overall YoY improvements in OUE C-REIT's portfolio, in particular the hospitality sector on the back of Singapore's tourism sector recovery.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to report another quarter of robust performance, marked by continued improvement in our asset performance and supported by the ongoing recovery of Singapore's tourism sector. The hospitality segment continued to be our growth driver for the quarter, while the Singapore-focused commercial segment remains stable with positive rental reversions recorded. Meanwhile, the asset enhancement initiative at Crowne Plaza Changi Airport is progressing well and the hotel is well-positioned to capture the anticipated influx of leisure and business travellers in 2024 and beyond."

"To further strengthen our capital structure, we have successfully obtained an investment grade credit rating of BBB- with stable outlook on 30 October 2023. The interest rate of OUE C-REIT's S$150 million 4.20% fixed rate notes due 2027 will step down by 25 basis points to 3.95% with effect

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from 5 November 2023. Looking ahead, while finance costs continue to present headwinds due to elevated interest rates, we remain cautiously optimistic that the impact on distributions will be mitigated by the portfolio's healthy revenue and NPI growth, coupled with our prudent capital management approach," he added.

Commercial Segment

For 3Q 2023, the commercial (office and retail) segment recorded higher revenue and NPI of S$47.5 million (11.6% YoY) and S$35.6 million (9.1% YoY), respectively, due to the better performance of the Singapore portfolio.

As at 30 September 2023, OUE C-REIT's Singapore office portfolio remained healthy with committed occupancy at 95.7%. The average passing rent increased 1.3% quarter-on-quarter ("QoQ") to S$10.35 per square foot ("psf") per month in September due to positive rental reversions achieved in past consecutive quarters. The Manager achieved a positive rental reversion of 18.4% for office lease renewals in 3Q 2023.

Mandarin Gallery's committed occupancy (excluding short-term leases) increased 0.7 percentage points ("ppt") to 97.1%. Including short-term leases, the committed occupancy was 98.7%. Amidst improving retail sales and visitor arrivals, high rental reversion of 31.1% was recorded for 3Q 2023. Shopper traffic and tenant sales in 3Q 2023 remained stable at 98% and 83% of pre-COVID levels.

In line with the Manager's focus on prioritising occupancy at Lippo Plaza in Shanghai, the committed office occupancy increased 2.1 ppt QoQ to 88.7% as at 30 September 2023 while the average office passing rent remained stable at RMB8.48 per square metre ("psm") per day in September 2023. Against the backdrop of muted demand due to the uncertain economic outlook and strong leasing competition amidst ample supply, the Manager will continue to exercise flexibility in lease management and renewals.

Hospitality Segment

Hospitality segment revenue for 3Q 2023 was 67.6% higher YoY at S$28.3 million while NPI increased by 73.2% YoY to S$27.0 million. The better performance was due to Hilton Singapore Orchard operating the total inventory of 1,080 rooms in 3Q 2023 as compared to 634 rooms a year ago, as well as the ongoing recovery in the hospitality sector with visitor arrivals for the first nine months of the year increasing by three times YoY to 10.1 million.

For 3Q 2023, the hospitality segment revenue per available room ("RevPAR") increased 12.8% YoY to S$295. Hilton Singapore Orchard's 3Q 2023 RevPAR was 3.8% higher YoY at S$345 while Crowne Plaza Changi Airport's RevPAR increased 9.6% YoY to reach S$199.

Crowne Plaza Changi Airport Asset Enhancement Initiative ("AEI")

In August 2023, the Manager commenced the 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 include the addition of 12 guest rooms, an extensive revamp of the all-day dining restaurant to complement the current food & beverage ("F&B") offerings at Changi Airport, and the creation of new and flexible meeting facilities by optimising and repurposing underutilised spaces to enhance value and drive greater returns.

The AEI is progressing on schedule and is expected to complete by December 2023 to capture the rebound in both business travellers and tourist arrivals in 2024. The AEI is expected to be DPU-accretive with an estimated capital expenditure of approximately S$14 million and an expected stabilised return on investment of approximately 10%.

Proactive Capital Management

As at 30 September 2023, OUE C-REIT's weighted average cost of debt and aggregate leverage remained stable at 4.2% per annum and 39.4%, respectively. The proportion of fixed rate debt remains high at 68.0% and the pro forma impact of a 25 basis points increase in the interest rate on DPU is 0.03 Singapore cent per unit, based on OUE C-REIT's proportion of total debt on floating rate.

OUE C-REIT has no refinancing needs until 2025 with the weighted average term of debt at 2.7 years as at end September 2023.

Post-quarter, OUE C-REIT obtained an investment grade credit rating of BBB- with a stable outlook from S&P Global Ratings. The rate of interest payable to holders of S$150 million 4.20% fixed-rate notes issued in May 2022 will be reduced by 25 basis points to 3.95%.

For 3Q 2023, the Manager has elected to receive 65% of its base management fees in cash with the balance in Units of OUE C-REIT.

Outlook

According to CBRE, leasing activity was “better-than-expected” in 3Q 2023 with the availability of shadow space declining by half due to demand drivers from various sectors as well as an increase in office usage due to more mandated work-in-office days by existing occupiers. Consequently, core Central Business District (“CBD”) (Grade A) office rents increased by 0.4% QoQ to S$11.85 psf per month while vacancy declined 0.8 ppt to 3.2%. With the delayed completion of a sizeable CBD office development to 2024, CBRE expects vacancy to remain low and leasing momentum to continue through to end 2023. The improving economic outlook from 2H 2024 and limited new office completions over the next three years will continue to support core CBD Grade A office rents in the longer term.

According to statistics by the Singapore Tourism Board (“STB”), visitor arrivals for the first nine months of 2023 were 10.1 million, representing 70.8% of visitor arrivals in 2019 for the same period and on track to hit the STB’s target of 12 to 14 million. The improvement was underpinned by the continued growth of Chinese visitors which surpassed 50% of pre-pandemic levels in 3Q 2023. The STB expects tourism activity to recover to pre-pandemic levels by 2024 with a strong events pipeline as well as increasing flight connectivity and capacity.

Retail leasing activity remained robust in 3Q 2023 on continued optimism amongst retailers with demand driven by F&B operators and services according to CBRE. Prime Orchard Road retail rents outperformed the other sectors and rose 1.6% QoQ to S$35.75 psf per month due to retailers’ confidence in the tourism sector’s continued recovery which will be boosted by the upcoming festive season and strong pipeline of events. Thus, retail rents are expected to conclude on a positive note in 2023 with demand remaining firm amidst below-historical-average new supply.

In Shanghai, Grade A office demand fell in 3Q 2023 as occupiers focused on cost-efficiencies and placed leasing decisions on hold according to Colliers International. Consequently, CBD Grade A office rents declined by 2.5% QoQ to RMB8.76 psm per day while vacancy climbed 1.5 ppt to 12.1%. Colliers expects occupancy and rents to remain under pressure with the large supply of new office space coming onstream in 2023 and 2024 which has intensified leasing competition. The Manager is focused on proactive and flexible asset management to sustain occupancy at Lippo Plaza.

Singapore's economy expanded by 1.0% QoQ on a seasonally-adjusted basis in 3Q 2023 according to advance estimates by the Ministry of Trade and Industry, accelerating from the 0.1% growth the previous quarter. However, global economic activity has moderated due to weaker growth in the Eurozone and China, and is expected to soften further amid elevated interest rates. Against the backdrop of the lacklustre external outlook and Singapore's muted economic prospects in the near term, an increase in capital distribution retention for working capital requirements may be considered for financial prudence. Notwithstanding the above, the Manager remains confident that OUE C-REIT's prime portfolio of hospitality and commercial assets will continue to deliver a resilient and stable performance for Unitholders.

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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 30 June 2023. 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 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 Commercial REIT, one of Singapore's largest diversified REITs, and First REIT, a pan-Asian healthcare REIT. As at 31 December 2022, OUE's real estate portfolio was valued at S$9.5 billion, with S$7.8 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, China, Japan, Myanmar and Indonesia.

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 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.