PRESS RELEASE
For Immediate Release

OUE REIT Delivered Continued Revenue and NPI Growth in 1H 2024, Distribution of S$51.3 million

- Revenue and net property income increased by 5.7% and 1.6% YoY to S$146.7 million and S$117.1 million, respectively, mainly driven by higher contribution from the hospitality segment, and the stable performance of Singapore commercial properties
- Singapore office properties achieved positive rental reversions of 11.7% in the second quarter of 2024, with committed occupancies inching up to 95.2% as of 30 June 2024
- Hospitality segment RevPAR increased by 15.8% YoY to S$269 in 1H 2024
- Only 14.4% of total debt due in 2025
- Aggregate leverage decreased to 38.7% with well-spread out debt maturity profile at 2.7 years

24 July 2024 – OUE REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Real Estate Investment Trust ("OUE REIT"), is pleased to achieve higher revenue and net property income ("NPI") for the financial period 1 January 2024 to 30 June 2024 ("1H 2024").

Revenue and NPI for 1H 2024 grew by 5.7% and 1.6% year-on-year ("YoY"), reaching S$146.7 million and S$117.1 million respectively. The better performance was attributable to the resilience of Singapore commercial properties and higher hospitality sector contributions. Taking into account increased finance costs, higher retention for working capital, and payment of 100% base management fees in cash, amount available for distribution for 1H 2024 was S$48.8 million.

The Board of OUE REIT has approved the release of the remaining capital distribution from the 50% divestment of OUE Bayfront of S$5.0 million this year, with such distribution to be made semi-annually. Including the pro-rated distribution amount of S$2.5 million, 1H 2024 distributable income would be S$51.3 million, translating to a distribution per unit ("DPU") of 0.93 cents.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "The benefits of a diversified Singapore-centric portfolio were evident in 1H 2024. Our commercial assets in Singapore continued to deliver stable income growth and high occupancy. Simultaneously, our two hotels have benefitted

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from the recovery of Singapore business and leisure tourism, providing attractive returns. Our proactive and disciplined approach to strengthening our investment grade balance sheet has also placed us in a favourable position to mitigating the impact of the persistent elevated interest rate environment. Looking ahead, prevailing concerns over the economic outlook, inflation and geopolitical risks inevitably pose challenges to our operations. Our team will remain focused on optimising our asset performance and minimising our cost of capital, while prudently and patiently exploring new growth avenues."

Summary of OUE REIT's Group Results

(S$'000)	1H 2024	1H 2023	Change (%)
Revenue	**146,729**	**138,802**	5.7
Net Property Income	**117,143**	**115,265**	1.6
Finance Costs	**(54,744)**	**(46,194)**(1)	18.5
Share of Joint Venture Results	**4,480**	**4,251**	5.4
Amount Available for Distribution	**48,799**(2)	**57,584**(3)	(15.3)
Amount to be Distributed	**51,299**(4)	**57,584**	(10.9)
DPU (cents)	**0.93**	**1.05**	(11.4)

Notes:

(1) Excluding non-cash impact of net change in fair value of derivatives of S$12.0 million in 1H 2023
(2) Net of working capital requirements of S$5.0 million in 1H 2024
(3) Net of working capital requirements of S$3.0 million in 1H 2023
(4) Release of S$2.5 million capital distribution from 50% divestment of OUE Bayfront in 2021

OUE REIT pays distributions on a semi-annual basis. With the book closure date on 1 August 2024, Unitholders can expect to receive the payment of 1H 2024 distribution on 4 September 2024.

Commercial Segment

Benefitting from the stable performance of the Singapore's office and retail portfolio, OUE REIT's commercial segment recorded higher revenue of S$95.0 million (2.2% YoY) in 1H 2024. The better performance was offset by higher property tax and utility costs. Consequently, NPI declined marginally by 0.9% YoY to S$71.7 million in 1H 2024. As of June 2024, OUE REIT's Singapore office portfolio committed occupancy and average passing rent increased to 95.2% and S$10.57 per square foot ("psf") per month, respectively. Positive rental reversion remained strong at 11.7% for office lease renewals in 2Q 2024.

Mandarin Gallery's committed occupancy (including short-term leases) remained high at 98.3%. Benefitting from continued improvement in retailer sentiment and the recovery in visitor arrivals, Mandarin Gallery achieved another quarter of high rental reversion of 28.4% in 2Q 2024. Consequently, the average passing rent remained stable at S$21.10 psf per month.

The dual challenges of oversupply and intensified leasing competition continued to impact Lippo Plaza in Shanghai. The Manager undertook proactive and customised leasing strategies enabling committed office occupancy to rise by 0.7 percentage points ("ppt") QoQ to 76.2%, with office average passing rent declining only marginally to RMB 8.37 per square meter ("psm") per day as of 30 June 2024. Benefitting from its prime location, Lippo Plaza's committed retail occupancy remained high at 94.5%. Lippo Plaza currently contributes only 7.4% of the REIT's portfolio revenue in 2Q 2024. Amidst the continued challenging China operating environment, the Manager continues to prioritise occupancy and adopt very tight cost management controls.

Hospitality Segment

Hospitality segment revenue and net property income for 1H 2024 rose by 12.9% and 5.9% YoY to S$51.7 million and S$45.5 million respectively. This improved performance was attributed to higher room rates and occupancies supported by the strong MICE and event pipeline in the first quarter of 2024, which offset the impact of softer tourist arrivals between April to June 2024 due to the seasonality of demand.

For 1H 2024, the hospitality segment revenue per available room ("RevPAR") rose 15.8% YoY to S$269. In particular, Hilton Singapore Orchard experienced a robust 18.3% YoY increase in RevPAR to S$291 in 1H 2024 on the back of higher occupancy. Crowne Plaza Changi Airport's RevPAR also rose 10.6% YoY to S$228.

Proactive Capital Management

In April 2024, OUE REIT successfully obtained a S$600 million unsecured sustainability-linked loan ("SLL") for both the early refinancing of S$540 million in existing secured borrowings due in 2025 and for general corporate purpose use.

Subsequently in June 2024, OUE REIT's wholly-owned subsidiary, OUE REIT Treasury Pte. Ltd. (formerly known as OUE CT Treasury Pte. Ltd.) also successfully completed the issuance of its inaugural S$250 million investment grade green notes (the "Notes") at a 4.10% fixed rate due 2027. At initial price guidance of 4.35%, the offer achieved peak orderbook in excess of S$475 million, 3.2 times oversubscribed based on OUE REIT's initial target size of S$150 million. Subsequently, the final offer was upsized to S$250 million and pricing was ultimately tightened to 4.10%. The issuance garnered a final orderbook of S$425 million (good at reoffer), representing an oversubscription of 1.7 times over the final upsized offer. Approximately 74% of the final allocation went towards institutional investors. The demand demonstrates strong investor interest for green bonds and their confidence in OUE REIT's performance and business outlook.

With the two facilities in place, OUE REIT has no refinancing requirements until 2025 where only 14.4% of total debt is due. OUE REIT has also lowered aggregate leverage by 0.1 ppt to 38.7% as of 30 June 2024, with weighted average cost of debt stable at 4.7% per annum, while the weighted average debt maturity was extended to 2.7 years as of 30 June 2024. 61% of the total debt was hedged, allowing the Manager to moderate 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 2.3x and 2.2x, respectively.

Outlook

According to CBRE, Core Central Business District ("CBD") rents remained unchanged at S$11.95 psf per month in the second quarter of 2024, underpinned by continued flight-to-quality trends and expansion demand from legal and tech companies. With the addition of 1.0 million square feet ("sq ft") of prime office stock in the CBD following the completion of IOI Central Boulevard Towers (Phase 1), Core CBD (Grade A) occupancy rates declined by 2.5 ppt to 93.9%. However, excluding the committed space at IOI Central Boulevard Towers (Phase 1), Core CBD recorded a positive net absorption of 0.17 million sq ft.

CBRE Research maintains its original forecast of 2% to 3% growth in rents for Core CBD (Grade A) offices through 2024. Although the new completions have temporarily eased upward pressure, leasing activity for new developments is expected to regain momentum in the second half of 2024, underpinned by the continued flight-to-quality trend, as well as the relocation activity from redevelopment projects and transitional sites. With no expected new developments in the CBD between 2025 and 2027, astute tenants are also likely to take this limited supply into consideration, which will support rental growth.

Singapore's retail leasing sentiment remained robust in the second quarter of 2024 with the demand mainly driven by food & beverage ("F&B") operators, as well as beauty & health and fashion brands, according to CBRE. Benefitting from tourism recovery and high-profile sell-out concerts, Orchard Road retail rents continued to outperform other submarkets, increasing by 1.2% QoQ to S$36.15 psf per month. In the near term, retailers will continue to face ongoing challenges such as labour shortages, high operating costs, and competition from e-commerce platforms. However, with a strong MICE and concerts pipeline, coupled with below-historical-average new supply, CBRE expects overall prime retail rents to continue their growth trajectory in 2024.

According to Colliers International, Shanghai's CBD Grade A office occupancy declined by 1.0 ppt QoQ to 85.3%, while CBD Grade office rents continue to decline to the new low of RMB 8.15 psm per day, the lowest level in a decade. Although there was only 1 new project entering the market in 2Q 2024, a total of 1.57 million square metres of new supply is expected to enter the market in 2024, the highest since 2019. In the face of continued challenging operating environment, the Manager is prioritising occupancy and adopts proactive leasing and flexible asset management strategies for Lippo Plaza.

Visitor arrivals for January to June 2024 grew by 20.9% YoY to reach 8.2 million, on track of achieving Singapore Tourism Board's target of 15 to 16 million in 2024. Continued improvements in international flight connectivity, a robust event pipeline, strengthened collaborations between Singapore Tourism Board and global travel and payment platform will support continued tourism recovery. Meanwhile, further diversification of quality travel experiences will also contribute to the growth momentum of the sector.

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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.