

**PRESS RELEASE**

For Immediate Release

OUE Records Loss Attributable to Shareholders for 1H 2020

- Fair value loss of S\$310.0 million recognised on U.S. Bank Tower, the main attributor for loss attributable to shareholders for 1H 2020
- Weaker operating performance amidst the COVID-19 pandemic, mitigated by government grants
- Group has sufficient liquidity to meet its near-term debt obligations and operational needs
- No interim dividend declared for 1H 2020 to conserve cash in the current uncertain market conditions

Financial Highlights

S\$ million	1H 2020	1H 2019	% Change
Revenue	311.4	432.6	(28.0)
Earnings before interest and tax ("EBIT")	125.1	103.4	21.0
(Loss)/Profit attributable to shareholders	(207.2)	61.9	n.m.

Singapore – 4 August 2020 – SGX Mainboard-listed integrated property developer OUE Limited ("OUE" and together with its subsidiaries, the "Group") today recorded a loss attributable to shareholders of S\$207.2 million for the half year ended 30 June 2020 ("1H 2020"), as compared to profit attributable to shareholders of S\$61.9 million for the corresponding period last year ("1H 2019"). The loss attributable to shareholders was mainly due to fair value loss recognised on U.S. Bank Tower, coupled with the weaker operating performance of the Group's business divisions.

On 17 July 2020, an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement for the sale of U.S. Bank Tower at a sale consideration of US\$430.0 million (approximately S\$597.2 million as at 30 June 2020). Accordingly, fair value loss of S\$310.0 million was recognised on U.S. Bank Tower in 1H 2020 based on the difference between the sale consideration and book value of U.S. Bank Tower as at 31 December 2019.

Operationally, the Group recorded revenue and EBIT of S\$311.4 million and S\$125.1 million respectively for 1H 2020. Whilst EBIT grew 21.0% year-on-year due mainly to higher contribution from equity-accounted investees, the increase was partially offset by lower contribution across business divisions.

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For the period under review, revenue from all divisions decreased except for the Investment Properties division, where revenue grew 1.9% to S\$141.6 million. The increase was mainly due to the inclusion of revenue contribution from Mandarin Gallery subsequent to the merger of OUE Hospitality Trust and OUE Commercial Real Estate Investment Trust in September 2019. The increase was partially offset by rental rebates granted to tenants.

The Group's Hospitality division saw a sharp drop in revenue to S\$49.6 million in 1H 2020 (1H 2019: S\$110.7 million), mainly due to an overall decline in room occupancy and banquet sales arising from travel restrictions and various containment measures imposed by the Singapore government since March 2020 in response to the COVID-19 pandemic.

The Development Property division recorded revenue of S\$98.5 million in 1H 2020 (1H 2019: S\$158.3 million) pertaining to the completion of the sale of certain OUE Twin Peaks units sold under deferred payment schemes.

The Healthcare division recorded a marginal 1.7% decrease in revenue to S\$14.9 million in 1H 2020 due to lower management fees earned by First REIT Management Limited, the manager of First Real Estate Investment Trust ("First REIT"). This was a result of lower revenue recorded by First REIT.

The Consumer division recorded lower revenue of S\$5.1 million in 1H 2020 (1H 2019: S\$9.3 million) due to a dip in revenue from OUE Skyspace LA arising from its mandatory closure since mid-March 2020 imposed by the authorities in the United States.

Overall, the Group has sufficient liquidity to meet its near-term debt obligations and operational needs. In June 2020, the Group secured a S\$100.0 million committed facility. In addition, the expected completion of the U.S. Bank Tower disposal in September 2020 will enable the Group to substantially increase its cash reserves, improve its net gearing by paring down existing debts and remain nimble in the current uncertain global economic climate. To conserve cash in the current uncertain market conditions, no interim dividend is declared for 1H 2020.

Business Review

With current unprecedented events impacting most of its businesses, the Group is committed to sharing the burden and working cooperatively with its tenants to navigate the challenges through various rental reliefs, rent deferment, flexible leasing terms and the passing on of any applicable tax rebates.

In March 2020, OUE announced the rebranding of Mandarin Orchard Singapore to Hilton Singapore Orchard, allowing it to leverage on Hilton's strong brand recognition and global sales and distribution network. Expected to be relaunched in 2022, Hilton Singapore Orchard will be Hilton's flagship hotel in Singapore and the largest Hilton hotel in Asia-Pacific.

In June 2020, the Group completed the acquisition of a land parcel measuring approximately 8,000 square metres, located in the central business district of South Jakarta, Indonesia, for Rp1,316,250 million (approximately S\$132.3 million).

On 17 July 2020, the Group announced that it had entered into a sale and purchase agreement to divest U.S. Bank Tower for a consideration of US\$430.0 million. During a period in which the COVID-19 pandemic and its related lockdown measures have affected tenancies and income for the property, disposing of the property will enable the Group to streamline its asset ownership, increase its cash reserves, improve its net gearing by paring down existing debts and recycle its capital to more optimally pursue higher growth reinvestment opportunities should they arise. OUE is also in discussion to sell its leasehold interest in OUE Skyspace LA.

The Group's key priorities to mitigate the uncertain business and economic outlook include implementing cost management, cash conservation, and maintaining financial flexibility, such as by suspending non-essential capital and operating expenditure across the properties.

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About OUE Limited

OUE Limited (SGX-ST: OUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors. In March 2017, OUE expanded its portfolio into the healthcare sector with the acquisition of OUE Lippo Healthcare Limited, a listed integrated healthcare services and facilities provider. This was followed by the acquisition of First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited), the manager of First REIT, Singapore's first healthcare real estate investment trust, in October 2018. In 2019, OUE expanded into the consumer sector with OUE Restaurants.

With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. OUE is the sponsor of OUE Commercial Real Estate Investment Trust.

For the latest news from OUE, visit www.oue.com.sg

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