PRESS RELEASE
For Immediate Release

OUE C-REIT Reports Healthy Operational Performance in 1H 2023, Distribution of S$57.6 million

- NPI in 1H 2023 increased 23.1% YoY to S$115.3 million supported by Singapore's tourism recovery and improvements in portfolio operational metrics
- 1H 2023 hospitality segment RevPAR increased 34.3% YoY to S$232
- Committed occupancy of Singapore office portfolio remained healthy at 96.1% as at 30 June 2023 with continued positive rental reversion of 8.1%
- No refinancing requirement until 2025 with completion of 3rd sustainability-linked loan ("SLL") of S$430 million
- Weighted average term of debt lengthened to 3.0 years as at 30 June 2023

26 July 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 higher revenue and net property income ("NPI") for the financial period 1 January 2023 to 30 June 2023 ("1H 2023") with higher contributions from both hospitality and commercial segments.

Revenue for 1H 2023 was S$138.8 million, an increase of 19.8% year-on-year ("YoY") on the back of the recovery in Singapore's tourism sector and YoY improvements in operational performance for OUE C-REIT's portfolio. In line with the higher revenue, NPI grew by a robust 23.1% YoY to S$115.3 million. Amount to be distributed for 1H 2023 was 3.3% lower YoY at S$57.6 million mainly due to higher YoY finance costs from the elevated interest rate environment and the absence of income support for OUE Downtown Office. Consequently, distribution per unit ("DPU") was 1.05 cents, 2.8% lower YoY.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to report that OUE C-REIT's hospitality segment is performing above pre-COVID levels, supported by the ongoing recovery of Singapore's tourism sector. The commercial segment also remains healthy, with stable or improving occupancies and continued positive rental reversions. While finance costs continues to present headwinds due to high interest rates, the impact on distributions is mitigated by

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the portfolio's healthy revenue and NPI growth, as well as our prudent capital management approach. Gearing remains stable at 39.1% compared to a year ago and the proportion of fixed rate debt remains high at 68.2%. We also obtained a S$430 million sustainability-linked loan in June to refinance existing borrowings, significantly lowering OUE C-REIT's near-term refinancing risk as the next debt maturity is two years away in 2025."

Summary of OUE C-REIT's Group Results

(S$'000)	1H 2023	1H 2022	Change (%)
Revenue	**138,802**	115,837	19.8
Net Property Income	**115,265**	93,604	23.1
Other Income	**-**	7,875	N.M.
Finance Costs	**58,214**	33,405	74.4[(1)]
Share of Joint Venture Results	**4,251**	8,297	(48.8)
Amount to be Distributed[(1)]	**57,584**	59,542	(3.3)
DPU (cents)	**1.05**	1.08	(2.8)

Notes:

N.M.: Not meaningful

(1) Excluding non-cash mark-to-market adjustments, the increase in finance costs was 38.3%
(2) Net of working capital requirements in relation to the hospitality segment

OUE C-REIT pays out its distribution on a semi-annual basis. With the book closure date on Thursday, 3 August 2023, Unitholders can expect to receive the payment of 1H 2023 distribution on Friday, 25 August 2023.

Commercial Segment

For 1H 2023, the commercial (office and retail) segment recorded higher revenue and NPI of S$93.0 million (13.3% YoY) and S$72.3 million (16.4% YoY), respectively. These results reflected the better performance of the Singapore portfolio.

As of June 2023, OUE C-REIT's Singapore office portfolio committed occupancy and average passing rent remained healthy at 96.1% and S$10.22 per square foot ("psf") per month, respectively. Positive rental reversion of 8.1% was recorded for office lease renewals in 2Q 2023.

Against the backdrop of improving retailer sentiment due to healthy retail sales and the recovery in visitor arrivals, Mandarin Gallery's committed occupancy (excluding short-term leases) increased 3.5% quarter-on-quarter ("QoQ") to 96.4%. Including short-term leases, the committed occupancy was 98.0%. Rental reversion continued to be positive for the fourth consecutive quarter at 5.5% in 2Q 2023. Shopper traffic and tenant sales in 2Q 2023 remained stable at 98% and 83% of pre-COVID levels, respectively.

In Shanghai, Lippo Plaza's committed office occupancy increased 11.4 ppt QoQ to 86.6% as at 30 June 2023 from the Manager's proactive leasing strategy and focus on sustaining occupancy. The average office passing rent declined 2.4% to RMB8.50 per square metre ("psm") per day as of June 2023. Against the backdrop of muted demand due to the uncertain economic outlook and strong leasing competition amidst ample supply, prioritising occupancy remains a key focus.

Hospitality Segment

Hospitality segment revenue for 1H 2023 was 35.8% higher YoY at S$45.8 million. The better performance was driven by higher room rates and supported by the ongoing recovery in the hospitality sector with 1H 2023 visitor arrivals reaching 6.3 million, a YoY increase of more than four times. In line with the higher revenue, NPI increased by 36.4% YoY to S$43.0 million.

For 1H 2023, the hospitality segment revenue per available room ("RevPAR") increased 34.3% YoY to S$232. Hilton Singapore Orchard's 1H 2023 RevPAR was 16.5% higher YoY at S$246 while Crowne Plaza Changi Airport recorded a 54.1% YoY increase to reach S$207.

Proactive Prudent Capital Management

In June 2023, OUB Centre Limited, an indirect subsidiary of OUE C-REIT, obtained an unsecured SLL of S$430 million to refinance existing borrowings and for general corporate purposes. Consequently, OUE C-REIT has no further refinancing needs until 2025 with the weighted average term of debt at 3.0 years as at 30 June 2023. This is also OUE C-REIT's third SLL which increased the proportion of sustainable financing to 69.7% of total borrowings, one of the highest amongst S-REITs.

As at 30 June 2023, OUE C-REIT's aggregate leverage remained stable at 39.1%, on total debt of approximately S$2,340 million. The weighted average cost of debt was 4.1% per annum with 68.2% of total debt on a fixed rate basis. 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.

For 1H 2023, the Manager has elected to receive 65% of its management fees in cash with the balance in Units of OUE C-REIT.

Outlook

According to CBRE, leasing demand remained healthy in 2Q 2023 driven by non-banking financial institutions and flexible workspace operators. Largely supported by tight vacancies, core Central Business District ("CBD") Grade A office rents increased marginally by 0.4% QoQ to S$11.80 per square foot ("psf") per month while vacancy registered a slight increase of 0.1 ppt to 4.0% in 2Q 2023. CBRE anticipates that CBD Grade A office rents would remain unchanged through the end of 2023 due to the weakening economy, increased shadow space, and a sizable office building due for completion in upcoming quarters. 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 data released by the Singapore Tourism Board ("STB"), visitor arrivals from January to June 2023 reached 6.3 million, crossing the halfway mark of the STB's target of 12 to 14 million for 2023. Monthly visitor arrivals have exceeded the one million mark since March 2023 and now represents 72.8% of pre-COVID arrivals. The improvement was underpinned by the continued growth of Chinese visitors which rose 18.5% month-on-month in June. 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 to capture the rebound in business and leisure travellers.

CBRE reported strong retail leasing activity in 2Q 2023 with the demand mainly driven by food & beverage operators, particularly cafes. With retailers optimistic about Singapore's tourism recovery, prime Orchard Road retail rents increased 1.0% QoQ to S$35.20 psf per month in 2Q 2023. While landlords have raised rental expectations in response to the demand for prime spaces, retailers continue to struggle with labour shortage, rising operating expenses, and a new Goods & Services Tax hike. Nonetheless, overall retail rents are anticipated to continue recovering in 2023 with the influx of tourists and lower-than-historical-average new supply.

Colliers International reported a modest revival in Shanghai's Grade A office demand with net absorption increasing 13% QoQ in 2Q 2023. However, the figure still fell short of the three-year average. Against the backdrop of an impending supply peak coupled with subdued tenant sentiment, market confidence was dampened. Consequently, CBD Grade A office rents declined by 1.2% QoQ to RMB8.97 psm per day while vacancy decreased by 0.2 ppt QoQ to 10.6% in the second quarter. With the continued influx of new office space, Colliers expects rents to remain under pressure. In response to the intensified competition, the Manager remains focused on prioritising occupancy at Lippo Plaza while simultaneously positioning for the gradual market recovery.

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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 yield 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 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.