PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 1H 2021 Distribution of S$67.2 million, 23.0% YoY Increase in DPU to 1.23 cents

- 1H 2021 amount to be distributed was S$67.2 million, translating to distribution per Unit ("DPU") of 1.23 cents, representing an increase of 23.0% year-on-year ("YoY")
- Commercial segment committed occupancy remained stable at 91.7% as at 30 June 2021
- Issued S$150 million five-year fixed rate notes at 3.95% in June 2021 to refinance existing borrowings, extending average term of debt to 2.9 years as at 30 June 2021
- Lower aggregate leverage of 38.0% as at 30 June 2021, with weighted average cost of debt stable at 3.2% per annum
- Re-branding works at Mandarin Orchard Singapore on track to complete for the relaunch as Hilton Singapore Orchard in January 2022

29 July 2021 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), wishes to announce a distribution amount of S$67.2 million for the financial period 1 January 2021 to 30 June 2021 ("1H 2021"), translating to DPU of 1.23 cents, an increase of 23.0% over 1H 2020 DPU.

OUE C-REIT pays out its distribution on a semi-annual basis. With the books closure date being Friday, 6 August 2021, payment of 1H 2021 distribution can be expected on Friday, 10 September 2021.

With the completion of the divestment of a 50% interest in OUE Bayfront on 31 March 2021, the performance of OUE Bayfront is no longer consolidated and is recognised as share of joint venture results. As a result, net property income for 1H 2021 was 3.1% lower YoY at S$109.0 million, partially offset by lower rental rebates and property expenses.

Due to lower interest expense and including the share of joint venture results from OUE Bayfront, amount available for distribution in 1H 2021 was 3.0% higher YoY at S$67.2 million. 1H 2021 DPU of 1.23 cents is 23.0% higher YoY as the 1H 2020 DPU of 1.00 cent included a retention of distribution to address COVID-19 related uncertainties.

Summary of OUE C-REIT's Group Results

(S$'000)	**1H 2021**	**1H 2020**	**Change (%)**
Revenue	**133,546**	142,009	(6.0)
Net Property Income	**109,045**	112,500	(3.1)
Share of Joint Venture Results	**4,066**	-	NM
Amount Available for Distribution(1)	**67,212**	65,283	3.0
Amount to be Distributed	**67,212**	54,452(2)	23.4
DPU (cents)	**1.23**	1.00	23.0

Notes:

NM: Not meaningful

(1) Net of retention for working capital requirements in relation to the hospitality segment

(2) For 1H 2020, S$10.8 million of distribution was retained to preserve financial flexibility in view of uncertainties posed by the COVID-19 situation

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased to report a year-on-year increase in both distribution and DPU for 1H 2021. Operating performance for the Singapore commercial properties remained stable despite disruptions in business activities from the tightened safe management measures imposed in May. The impact of a lower contribution from OUE Bayfront due to the divestment of 50% interest on 31 March 2021 was mitigated by lower rental rebates extended to tenants, as well as lower interest expense."

"The issuance of S$150 million of five-year fixed rates notes for refinancing requirements has extended OUE C-REIT's average term of debt to 2.9 years as at 30 June 2021. As a result of our proactive capital management efforts, aggregate leverage as at 30 June 2021 is lower at 38.0%, with the weighted average cost of debt remaining stable at 3.2% per annum. We will continue to maintain our prudent capital management strategy to diversify funding sources, manage refinancing requirements and enhance financial flexibility to deliver stable and sustainable returns to Unitholders," added Ms Tan.

Commercial Segment – Resilient Portfolio

For 1H 2021, the commercial (office and retail) segment reported lower revenue and net property income of S$99.8 million (-7.8% YoY), and S$78.5 million (-4.4% YoY), respectively, due to the partial divestment of OUE Bayfront on 31 March 2021. Approximately S$6.2 million of rental rebates were extended to retail tenants, to address the business impact of safe management measures of Phase 2 (Heightened Alert) in Singapore.

As at 30 June 2021, OUE C-REIT's commercial segment committed occupancy remained stable at 91.7%. In Singapore, committed office occupancy declined 1.4 percentage points ("ppt") quarter-on-quarter ("QoQ") to 92.3%. Due to consecutive positive rental reversions in previous quarters, the average passing rents of all Singapore office properties continued to improve as of June 2021, with the average passing rent at OUE Bayfront hitting a high of S$12.44 per square foot ("psf") per month. Further, the successful renewal of an anchor tenant at a higher-than-preceding rental rate will continue to underpin OUE Bayfront's performance going forward.

In Shanghai, Lippo Plaza's committed office occupancy saw a significant 5.3 ppt increase QoQ to 88.5% on the back of strong leasing demand in the Shanghai Central Business District's ("CBD") Grade A office market, supported by the Manager's continued focus on prioritising occupancy. The average office passing rent was stable at RMB9.21 per square metre ("psm") per day as of June 2021.

Prime Singapore retail leasing sentiment weakened in 2Q 2021 as retailers turned cautious on the back of tightening of safe management measures in May to curb a resurgence in COVID-19 infections. At Mandarin Gallery, committed occupancy declined 2.0 ppt QoQ to 89.6% as at 30 June 2021. Including short-term leases to support tenants' space requirements, committed occupancy was 96.1%.

Hospitality Segment – Impacted by COVID-19

For 1H 2021, the hospitality segment revenue was S$33.8 million, which is the minimum rent under the master lease arrangements of the hotel properties in OUE C-REIT's portfolio. Net property income for the period was 0.6% higher YoY at S$30.6 million due to lower property operating expenses.

Despite challenges posed by the COVID-19 situation in Singapore, renovation works for the re-branding of Mandarin Orchard Singapore continue to progress on schedule, with the property on track to relaunch in January 2022 as Hilton's largest hotel in Asia-Pacific and its flagship in Singapore. The Main Tower of the hotel, which remains open throughout the renovation period, was supported by Stay-Home Notice ("SHN") business as well as local staycation bookings in 2Q 2021. Consequently, revenue per available room ("RevPAR") more than doubled QoQ to S$72 in 2Q 2021.

Crowne Plaza Changi Airport continued to serve the air crew and aviation segment due to its proximity to the airport, recording 2Q 2021 RevPAR of S$125, 60.5% higher QoQ. The significant QoQ increase was due to the lower base in 1Q 2021 where the hotel was temporarily closed in January as a precautionary measure to facilitate investigations by the Ministry of Health on COVID-19 cases. Overall, hospitality segment RevPAR for 2Q 2021 increased 96.1% QoQ to S$102.

Prudent Capital Management

The Manager continues to proactively manage and optimise OUE C-REIT's capital structure for financial flexibility and long-term sustainability.

With the completion of the partial divestment of OUE Bayfront on 31 March 2021, the Manager utilised the net divestment proceeds to redeem convertible perpetual preferred units ("CPPUs") and pare down borrowings. As a result, the amount of outstanding CPPUs has reduced from S$375 million to S$220 million. Aggregate leverage as at 30 June 2021 was lower at 38.0%, compared to 40.4% in the preceding quarter.

Further, S$150 million 3.95% fixed rate notes due in 2026 were issued on 2 June 2021 to refinance existing borrowings. As a result, OUE C-REIT's term of debt increased to 2.9 years as at 30 June 2021 with the weighted average cost of debt remaining stable at 3.2% per annum.

In alignment with the objective of delivering long-term sustainability in DPU, the Manager has elected to receive 50% of its base management fees in cash with the balance in Units of OUE C-REIT for 1H 2021.

Outlook

According to CBRE, islandwide office net absorption in Singapore was a negative 0.36 million square feet ("sq ft") in 2Q 2021 due to continued relocations and downsizing efforts by occupiers, coupled with an increase in new supply following the completion of a new office development. The technology and financial services sectors continued to drive the majority of demand. Whilst core CBD Grade A occupancy declined 1.1 ppt to 95.6% in 2Q 2021, core CBD Grade A office rents edged up 1.0% QoQ to S$10.50 psf per month, the first uptick since 4Q 2019.

Despite potential demand risks, the limited supply pipeline is expected to support a positive medium-term outlook for the Grade A office sector. OUE C-REIT's portfolio of high quality Grade A Singapore office properties and diversified tenant base is expected to continue to underpin a stable performance.

For the first six months of 2021, international visitor arrivals to Singapore continued to be well below pre-COVID levels. With the local vaccination rollout progressing as planned, the authorities are exploring ways to reopen borders such as the establishment of bilateral travel corridors for vaccinated persons from places with low to moderate infection rates, which could happen before the end of 2021. With Hilton Singapore Orchard on track to reopen in January 2022, the property is positioned to capture the recovery in the Singapore hospitality segment when restrictions are eventually relaxed. The minimum rent component of S$67.5 million per annum under the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide significant downside protection for the hospitality segment.

According to CBRE, prime Orchard Road retail rents eased 1.0% QoQ to S$34.55 psf per month in 2Q 2021, moderating from the 2.0% correction in the preceding quarter. The retail sector is set to benefit from the economic rebound and improving consumer sentiment on the back of the vaccination rollout. However, the pace of recovery is expected to be hampered by continued border restrictions, work-from-home as the default working arrangement and other ongoing safe management measures. OUE C-REIT will continue to provide targeted assistance to retail tenants as necessary.

According to Colliers International, demand for Shanghai CBD Grade A office continued to be strong in 1H 2021 at 138,000 square metres, already exceeding demand for the whole of 2020. Consequently, overall Shanghai CBD Grade A occupancy edged up 0.9 ppt QoQ to 86.0% as at 2Q 2021. CBD Grade A office rents rose 0.7% QoQ to RMB8.94 psm per day, after nine consecutive quarters of decline. While office demand is expected to continue to track the economic recovery, rental growth is expected to be measured due to the ample supply pipeline.

The economies of Singapore and China are expected to recover in 2021 on the back of the global economic rebound, with global vaccine deployment expected to provide a boost to economic activity and the possibility of easing of border restrictions. However, significant risks and uncertainties such as the resurgence of local COVID-19 infections remain which will impact on businesses. While adapting accordingly to any changes in the operating environment, the Manager will continue to focus on proactive asset management to sustain occupancy, as well as prudent capital management to maintain financial flexibility.

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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$5.8 billion as at 30 June 2021. 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 1,640 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-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 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. 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.