

PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 1Q 2021 Amount Available for Distribution of S\$37.1 million

- Net property income in 1Q 2021 was S\$61.1 million, 1.6% lower year-on-year (“YoY”), due mainly to provision for rental rebates to selected retail tenants and partially offset by lower property operating expenses
- Due to lower interest expense, amount available for distribution was S\$37.1 million, representing a 2.7% increase YoY
- Singapore office properties continued to achieve positive rental reversions with committed occupancy of 93.7% as at 31 March 2021
- Completed divestment of a 50% interest in OUE Bayfront property (comprising OUE Bayfront, OUE Link and OUE Tower) on 31 March 2021
- Average term of debt increased to 2.8 years as at 31 March 2021 due to early refinancing of loan attributable to OUE Bayfront property

4 May 2021 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the “Manager”) of OUE Commercial Real Estate Investment Trust (“OUE C-REIT”), announced net property income of S\$61.1 million for the financial period 1 January 2021 to 31 March 2021 (“1Q 2021”), representing a decrease of 1.6% YoY. The decrease was due mainly to provision for rental rebates to selected retail tenants, partially mitigated by lower property operating expenses. With lower interest expense in 1Q 2021 due to lower interest rates, amount available for distribution for 1Q 2021 was 2.7% higher YoY at S\$37.1 million.

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Summary of OUE C-REIT's Group Results

(S\$'000)	1Q 2021	1Q 2020	Change (%)
Revenue	74,713	77,734	(3.9)
Net Property Income	61,102	62,076	(1.6)
Amount Available for Distribution ⁽¹⁾	37,096	36,130	2.7

Note:

(1) Amount available for distribution is net of S\$1.5 million retained for ongoing working capital requirements in relation to the hospitality segment.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "For 1Q 2021, we are pleased to report a higher amount available for distribution due to proactive cost containment measures and lower interest expense. OUE C-REIT's portfolio remains resilient, with income stability underpinned by the Singapore office properties which have continued to achieve positive rental reversions during the quarter. While we provided rental rebates to selected retail tenants who continued to face challenges due to restrictions on short-term visitors and operating capacity, the quantum for the first half of 2021 is expected to be lower compared to the prior half-year. With more employees returning to the workplace recently due to the easing of COVID-19 safe management measures, we are encouraged by the improvement in both traffic and tenant sales at One Raffles Place Shopping Mall and will continue to monitor the situation closely."

"During the quarter, we announced the divestment of a 50% interest in the OUE Bayfront property, which was completed on 31 March 2021. We are pleased to have achieved an agreed value which was 7.3% and 26.1% above the 31 December 2020 book value and purchase consideration for the property at listing, respectively. In determining the optimal use of the net divestment proceeds of approximately S\$262.6 million, the Manager will take into consideration the impact on OUE C-REIT's capital structure, funding requirements, as well as opportunities available for growth on the horizon. Approximately S\$155.0 million will be used to redeem convertible perpetual preferred units to optimise OUE C-REIT's capital structure. In addition, we will set aside S\$15.0 million to share divestment gains

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with Unitholders. The balance will be applied towards other value-enhancing options to drive returns for Unitholders,” added Ms Tan.

Commercial Segment – Resilient Portfolio

For 1Q 2021, the commercial (office and retail) segment reported revenue and net property income of S\$57.8 million (-5.0% YoY), and S\$45.7 million (-3.0% YoY), respectively. Approximately S\$2.6 million of rental rebates were extended to selected retail tenants during the quarter as challenges remain for businesses dependent on short-term visitors and office-based employees.

As at 31 March 2021, OUE C-REIT’s commercial segment committed occupancy was 91.7%, 0.8 percentage points (“ppt”) lower quarter-on-quarter (“QoQ”). In Singapore, committed office eased 0.4 ppt QoQ to 93.7%. Nevertheless, the Singapore office properties continued to achieve positive rental reversions of 0.8% to 7.2% during the quarter, resulting in higher YoY average passing rents. In Shanghai, Lippo Plaza’s committed office occupancy decreased 3.3 ppt QoQ to 83.2% due to intense leasing competition amidst increasing supply. As a result, average office passing rents declined 2.3% QoQ to RMB9.17 per square metre (“psm”) per day as of March 2021.

At Mandarin Gallery, the committed occupancy improved 0.5 ppt QoQ to 91.6%. Including short-term leases to support tenants’ space requirements, the committed occupancy is 97.1%. In view of continued headwinds facing the prime retail segment, the Manager continues to adopt flexible leasing strategies to sustain occupancy.

Hospitality Segment – Impacted by COVID-19

For 1Q 2021, the hospitality segment revenue was S\$16.9 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 same period was 3.0% YoY higher at S\$15.4 million due to lower property operating expenses.

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The re-branding of Mandarin Orchard Singapore commenced in February 2021 with the Orchard Wing of the hotel closing for renovation works. The Main Tower remains open throughout the renovation period and will continue to cater to local demand. As such, Mandarin Orchard Singapore's revenue per available room ("RevPAR") in 1Q 2021 was S\$32, down 71.3% YoY. Renovation works are progressing well and the property is on track to reopen as Hilton Singapore Orchard in January 2022.

After temporarily closing in January 2021 as a precautionary measure to facilitate investigations by the Ministry of Health on COVID-19 cases, Crowne Plaza Changi Airport reopened in February 2021 and continued to serve the air crew segment. Due to the one-month closure, Crowne Plaza Changi Airport's 1Q 2021 RevPAR was S\$78 in 1Q 2021, a decline of 44.4% YoY. Given its strategic location, the hotel remains a key beneficiary of further progress by the authorities in travel arrangements with other countries.

Prudent Capital Management

OUE C-REIT's aggregate leverage as at 31 March 2021 was 40.4%, on total debt of approximately S\$2,335 million.

The divestment of a 50% interest in the OUE Bayfront property to a fund managed by Allianz Real Estate Asia Pacific Pte. Ltd., was completed on 31 March 2021. Net divestment proceeds were approximately S\$262.6 million, of which S\$155.0 million will be utilised to redeem convertible perpetual preferred units ("CPPUs"). Post the redemption, S\$220.0 million of CPPUs will remain outstanding. Pending the deployment of the balance net proceeds, funds will be used to pare down revolving credit facilities.

As part of the divestment of the 50% interest in the OUE Bayfront property, the loan attributable to the property which was due in 2022 was refinanced ahead of expiry with a new five-year facility. As a result, OUE C-REIT's term of debt increased to 2.8 years as at 31 March 2021 from 2.3 years in the previous quarter. Weighted

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average cost of debt in 1Q 2021 remained stable at 3.1% per annum. OUE C-REIT has S\$400 million of debt due in the latter half of 2021 which will be refinanced ahead of maturity, with the average cost of debt expected to remain stable.

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 1Q 2021.

Outlook

According to CBRE, Singapore's core Central Business District ("CBD") Grade A occupancy rose 0.6 ppt QoQ to 96.7% in 1Q 2021 on an uptick in leasing momentum. Islandwide net absorption was positive at 130,000 square feet for the quarter, driven by demand from the technology and financial services sectors as well as displacement of tenants from buildings scheduled for redevelopment. Supported by the tighter vacancy, core CBD Grade A office rents stabilised at S\$10.40 per square foot ("psf") per month in 1Q 2021 after four consecutive quarters of decline.

Against a backdrop of limited Grade A office supply in 2021 and with work-from-home no longer the default arrangement in Singapore, demand is expected to be supported by gains in employment amidst a gradual economic recovery. Due to flight to quality, the Grade A office market is expected to lead the recovery in the sector. OUE C-REIT's high quality Grade A Singapore office portfolio and diversified tenant base is expected to continue to underpin a stable performance. OUE C-REIT's Singapore office properties contributed 56.1% to 1Q 2021 revenue.

While Singapore has various arrangements with numerous countries to facilitate essential business and official travel, the positive impact to visitor numbers is expected to remain limited as long as borders remain closed to tourism. The asset enhancement works for Mandarin Orchard Singapore's re-branding to Hilton Singapore Orchard is in progress. Upon relaunch in early 2022, as the largest Hilton property in Asia-Pacific and its flagship in Singapore, the property will boast

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additional facilities for events, newly refurbished rooms and revamped food and beverage offerings. This will position the property 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. In 1Q 2021, the hospitality segment contributed 22.6% of revenue.

The improvement in business expectations alongside the uptick in retail sales has resulted in a slowing of rental decline of prime retail spaces. In 1Q 2021, prime Orchard Road retail rents corrected 2.0% QoQ to S\$34.90 psf per month, according to CBRE. Despite the improvement in local spending however, the high street retail segment is unlikely to recover fully until borders are reopened to tourism which is highly dependent on the global vaccine rollout and the extent of containment of COVID-19 infections globally. The Singapore retail segment contributed 13.2% to 1Q 2021 revenue.

According to Colliers International, the recovery in demand for Shanghai Grade A office is expected to continue in 2021. Nevertheless, vacancy rates are expected to remain elevated due to significant new office supply from both the CBD and decentralised markets in the medium term. Hence, prospects for office rental growth continue to be subdued. Overall Shanghai CBD Grade A occupancy remained stable QoQ at 85.1% as at 1Q 2021, with CBD Grade A office rents down 1.3% QoQ to RMB8.88 psm per day. Lippo Plaza contributed 8.1% to OUE C-REIT's 1Q 2021 revenue.

In light of the fluidity in the recovery trajectory, the Manager will adapt its strategies according to the business environment and continue its focus on proactive asset management and prudent capital management to maintain financial flexibility, so as to preserve sustainable long-term returns to 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\$6.8 billion as at 31 December 2020. 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

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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.