PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 2H 2021 Distribution of S$74.8 million, DPU of 1.37 cents

- FY 2021 distribution was S$142.0 million, translating to DPU of 2.60 cents and representing an increase of 7.0% year-on-year ("YoY")
- Average passing rents of Singapore office properties as of December 2021 were higher YoY, with OUE Bayfront hitting a high of S$12.49 psf
- Mandarin Gallery shopper traffic and sales improved to approximately 75% and 65% of pre-COVID levels respectively in December
- Overall hospitality segment RevPAR for 4Q 2021 increased 23.0% quarter-on-quarter ("QoQ") to S$113, supported by local staycation demand during the year-end holiday period and the gradual relaxation of border restrictions in Singapore
- Average term of debt lengthened to 3.0 years as at 31 December 2021 with only 7.6% of total debt due in December 2022; interest rate fluctuations mitigated by 72.4% of debt hedged into fixed rates

16 February 2022 – 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$95.2 million for the financial period 1 July 2021 to 31 December 2021 ("2H 2021"), representing a decrease of 20.3% YoY mainly due to the deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021 (the "Divestment").

The net property income decrease was partially offset by lower rental rebates and property expenses. Including the drawdown of income support at OUE Downtown Office, share of joint venture results of OUE Bayfront and lower interest expense, amount available for distribution was 11.2% lower YoY at S$64.2 million. With the

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release of S$5.0 million of distribution previously retained in FY 2020 to preserve financial flexibility, and partial distribution of divestment gain from OUE Bayfront of S$5.4 million, 2H 2021 amount to be distributed was S$74.8 million, translating to a DPU of 1.37 cents.

For the financial year ended 31 December 2021 ("FY 2021"), amount to be distributed was S$142.0 million with DPU of 2.60 cents. Based on OUE C-REIT's unit closing price of S$0.440 as at 31 December 2021, FY 2021 distribution yield was 5.9%.

OUE C-REIT pays out its distribution on a semi-annual basis. With the books closure date being Thursday, 24 February 2022, payment of 2H 2021 distribution can be expected on Wednesday, 30 March 2022.

Summary of OUE C-REIT's Group Results

(S$'000)	2H 2021	2H 2020	Change (%)	FY 2021	FY 2020	Change (%)
Revenue	**116,338**	149,998	(22.4)	**249,884**	292,007	(14.4)
Net Property Income	**95,160**	119,390	(20.3)	**204,205**	231,890	(11.9)
Share of Joint Venture Results	**9,170**	-	NM	**13,236**	-	NM
Amount Available for Distribution(1)	**64,420**	72,539	(11.2)	**131,632**	137,822	(4.5)
Amount to be Distributed	**74,820(2)**	78,370(3)	(4.5)	**142,032(2)**	132,822(4)	6.9
DPU (cents)	**1.37**	1.43	(4.2)	**2.60**	2.43	7.0

Notes:

NM: Not meaningful

(1) Net of working capital requirements in relation to the hospitality segment
(2) Release of S$5.0 million of distribution retained in FY 2020 and S$5.4 million capital gain distribution from divestment of OUE Bayfront
(3) Release of approximately S$5.8 million from the S$10.8 million of distribution retained in 1H 2020
(4) S$5.0 million of distribution was retained to preserve financial flexibility in view of uncertainties posed by the COVID-19 situation

As at 31 December 2021, the valuation of OUE C-REIT's properties was approximately S$6.0 billion, representing a YoY decrease due to the Divestment. Excluding the Divestment, the valuation of OUE C-REIT's properties was stable YoY. The lower valuations for the hospitality and retail segments of the portfolio were mitigated by higher valuations for the Singapore office properties which saw fair value increases ranging from 0.2% to 7.5% YoY. Consequently, net asset value per Unit was S$0.57.

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to report a creditable set of results for FY 2021. Post the divestment of OUE Bayfront, the aggregate leverage has improved to 38.7% with the weighted average cost of debt stable at 3.2% per annum, which places OUE C-REIT in a strong position to pursue value-adding opportunities for future growth. Even as business operations remained challenging, we continued to proactively manage our capital structure. In securing OUE C-REIT's maiden S$540 million sustainability-linked loan in October, we not only refinanced debt due ahead of maturity but also lengthened the average term of debt to 3.0 years, resulting in a well-spread out debt maturity profile with no more than 24% of debt due in any financial year."

"With the authorities allowing 50% of employees to return to the office from January, we have seen an improvement in office leasing momentum. This bodes well for a continued recovery in Singapore office rents in 2022, which will underpin the performance of OUE C-REIT's high quality Grade A office properties," added Mr Han.

Commercial Segment – Resilient Portfolio

For 2H 2021, the commercial (office and retail) segment reported lower revenue and net property income of S$82.6 million (-29.0% YoY), and S$62.4 million (-29.8% YoY), respectively, due to the Divestment. Approximately S$2.3 million of rental rebates were provided in 2H 2021, a lower quantum than in 1H 2021 due to the gradual relaxation of safe management measures from 4Q 2021.

In 4Q 2021, occupiers remained focused on space and cost efficiencies in their lease considerations, with the majority of activity comprising flight-to-quality and downsizing requirements due to hybrid working arrangements. Consequently, as at 31 December 2021, OUE C-REIT's Singapore office properties committed occupancy declined 1.4 ppt QoQ to 91.2%. Nevertheless, the average passing rents of all Singapore office properties were higher YoY as of December 2021, with OUE Bayfront's average passing rent hitting a high of S$12.49 per square foot ("psf") per month due to the successful renewal of an anchor tenant.

The continued cap on group sizes for dine-in and social gatherings in 4Q 2021 amidst the emergence of the Omicron variant weighed on retail leasing sentiment in Singapore. Consequently, Mandarin Gallery's committed occupancy declined 0.7 ppt QoQ to 86.7%, with committed occupancy including short-term leases at 94.3%. Nevertheless, supported by the year-end festive season, shopper traffic and tenant sales in December 2021 improved to approximately 75% and 65% of pre-COVID levels respectively.

On the back of strong leasing demand in Shanghai's Central Business District ("CBD") Grade A office market, Lippo Plaza registered a 2.7 ppt increase in committed occupancy to 91.8%. It was the second consecutive quarterly improvement, and outperformed the overall Shanghai Grade A office occupancy of 88.4%. Average office passing rent declined 0.8% QoQ to RMB9.00 per square metre ("psm") per day however, due to strong leasing competition arising from significant new supply in the market.

Hospitality Segment – Positioned to ride recovery

Hospitality segment revenue for 2H 2021 was S$33.8 million, which is the minimum rent under the master lease arrangements for OUE C-REIT's hotel properties. Net property income for the same period was S$32.7 million.

Buoyed by local staycation demand during the year-end holiday period, Mandarin Orchard Singapore's revenue per available room ("RevPAR") in 4Q 2021 increased 43.9% QoQ to S$97. Crowne Plaza Changi Airport, which continued to serve the aviation segment in 4Q 2021, recorded a 13.0% QoQ increase to S$125 with the gradual relaxation of Singapore's borders during the quarter with its various Vaccinated Travel Lane ("VTL") arrangements. Consequently, the overall hospitality segment RevPAR for 4Q 2021 was 23.0% higher QoQ at S$113.

Despite manpower and cost challenges arising from the COVID-19 situation, the renovation works for Mandarin Orchard Singapore's re-branding has progressed largely on time, and within budget, with Hilton Singapore Orchard's relaunch opening scheduled for 1 March 2022. Throughout the ramping-up of operations, the minimum rent of S$45.0 million per annum under the hotel's master lease arrangement will provide income assurance to Unitholders of OUE C-REIT.

Prudent Capital Management

As at 31 December 2021, OUE C-REIT's total debt was stable at approximately S$2,257 million. Aggregate leverage was 38.7%, with the weighted average cost of debt remaining at 3.2% per annum. Approximately 72.4% of total debt is on a fixed rate basis, mitigating the potential impact of interest rate fluctuations.

In October, OUE C-REIT obtained its maiden S$540 million sustainability-linked loan for the refinancing of existing borrowings. Consequently, the average term of debt has lengthened to 3.0 years with only S$171 million or 7.6% of total debt due in December 2022. OUE C-REIT's debt maturity profile is also well-spread out with no more than 24% of debt due for refinancing in any financial year.

In line with the objective of delivering long-term sustainability in DPU, the Manager has elected to receive 50% of its management fees in cash with the balance in Units of OUE C-REIT for 4Q 2021.

Outlook

According to CBRE, Singapore's office market saw net absorption of 0.34 million square feet in 4Q 2021, up from 0.21 million in the previous quarter and the highest since 4Q 2019. Despite some downsizing activity due to hybrid working arrangements, demand continued to be driven by the technology and non-bank financial sectors. As a result, core CBD Grade A occupancy improved 1.0 ppt QoQ to 95.5% in 4Q 2021. The demand increase coupled with limited office supply drove an overall increase in office rents, led by the core CBD Grade A market which saw an increase of 1.4% QoQ to S$10.80 psf per month. The positive leasing momentum is expected to continue into 2022, supported by expansionary demand from the technology sector amidst a limited supply pipeline. 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 whole of 2021, total international visitor arrivals to Singapore remained well below pre-COVID levels. While December's visitor arrivals jumped almost fourfold YoY to 0.9 million due to the VTL arrangements with various countries, it constituted only 5% of arrivals in December 2019. The path to recovery for the Singapore hospitality sector is expected to be uneven given the risk of new COVID-19 variants which may delay border reopening plans. A stronger rebound is expected after 2022 when border restrictions are expected to be relaxed more substantially. During this recovery period of the Singapore hospitality sector, and as the new Hilton Singapore Orchard stabilises and ramps up its performance following its relaunch on 1 March 2022, the minimum rent component embedded in the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide significant downside protection.

After seven consecutive quarters of decline, prime Orchard Road retail rents stabilised in 4Q 2021 to maintain at S$34.20 psf per month according to CBRE, amidst an uptick in retail market sentiment due to the year-end holiday season. In 2021, the full year decline for prime Orchard Road retail rents was 3.9%, moderating from the 7.9% decline in the previous year. While the retail sector is set to benefit from improved economic activity and consumer sentiment, the emergence of the Omicron variant has raised uncertainties, delaying the easing of border restrictions and the return of tourist spending. A potential hike in goods and services tax in 2022 may also impact domestic consumption. Overall, retail rents are expected to remain stable for the most of 2022 with meaningful increases expected only in 2023.

According to Colliers International, even though Shanghai CBD Grade A office net absorption edged down slightly in 4Q 2021, total absorption in 2021 more than doubled YoY. Supported by the strong demand, Shanghai CBD Grade A occupancy rose 1.2 ppt QoQ to 88.4% as at 4Q 2021, while CBD rents increased 0.4% QoQ to RMB9.02 psm per day. While demand is expected to remain healthy due to robust growth of the technology, media and telecommunications sector, rental growth is expected to be subdued against the backdrop of rising vacancy amidst a significant supply over the next few years.

The economies of Singapore and China are expected to remain on the recovery path in 2022 underpinned by above-trend recovery in the global economy as economic activity progressively resumes. However, significant uncertainties remain, including supply chain disruptions, rising business costs due to inflation, and the risk of emergence of new COVID-19 variants which may result in further business disruption. The Manager will continue to calibrate its leasing strategy to adapt to potential shifts in occupier demand so as to optimise the performance of OUE C-REIT's portfolio, while maintaining focus on 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 31 December 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 1,643 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.