PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 1Q 2022 Amount Available for Distribution of S$31.2 million

- Commercial segment committed occupancy was 91.2% as at 31 March 2022
- Soft opening of Hilton Singapore Orchard on 24 February 2022, landmark transformation of former Mandarin Orchard Singapore into Hilton's flagship hotel in Singapore and its largest in Asia Pacific
- Mandarin Gallery shopper traffic and sales improved to approximately 80% of pre-COVID levels respectively in March 2022
- Weighted average cost of debt decreased to 3.0% per annum as at 31 March 2022 with interest rate risk mitigated by 70.0% of debt hedged into fixed rates; well-spread out debt maturity profile with only 8.6% of total debt due in December 2022
- On 5 May 2022, OUE C-REIT issued Singapore's first bond with a coupon step-down of 25 basis points upon re-rating to investment grade

12 May 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$48.0 million for the financial period 1 January 2022 to 31 March 2022 ("1Q 2022"), representing a decrease of 21.5% year-on-year ("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 mitigated by lower rental rebates and lower 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 15.8% lower YoY at S$31.2 million.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.
Company Registration No. 201327018E
333 Orchard Road, #33-01, Singapore 238867
T +65 6809 8700 **F** +65 6809 8701 www.ouect.com

Summary of OUE C-REIT's Group Results

(S$'000)	1Q 2022	1Q 2021	Change (%)
Revenue	**59,541**	74,713	(20.3)
Net Property Income	**47,950**	61,102	(21.5)
Share of Joint Venture Results	**4,165**	-	NM
Amount Available for Distribution(1)	**31,236**	37,096	(15.8)

Notes:

NM: Not meaningful

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

Mr Han Khim Siew, Chief Executive Officer of the Manager, said, "We are pleased to have completed the re-branding of one of OUE C-REIT's landmark assets into the Hilton Singapore Orchard during the quarter, in time to ride on the recovery in Singapore's hospitality sector. As the Hilton brand's flagship hotel in Singapore and its largest in Asia Pacific, we are confident the property is in a strong position to cater to corporate and leisure demand for rooms and MICE events. Mandarin Gallery's shopper traffic and sales have also received a boost from the relaunch of Orchard Road's latest lifestyle destination, rebounding to approximately 80% of pre-pandemic levels."

"Post quarter, OUE C-REIT issued S$100 million 4.20% fixed rate notes due 2027 with a coupon step-down of 25 basis points upon re-rating to investment grade, a first in Singapore. This is in line with our proactive capital management approach to ensure OUE C-REIT has access to diversified funding sources while managing refinancing requirements and optimising the cost of debt. We are confident of being assigned an investment grade rating for OUE C-REIT within the next 18 months," added Mr Han.

Commercial Segment

As at 31 March 2022, OUE C-REIT's commercial segment committed occupancy was 0.3 percentage points ("ppt") lower quarter-on-quarter ("QoQ") at 91.2%, In Singapore, committed office occupancy eased 0.4 ppt QoQ to 90.8%. Nevertheless, the average passing rents of all Singapore office properties remained stable as of March 2022.

The operating performance of Mandarin Gallery remained largely stable in 1Q 2022 amidst improving business expectations due to the further easing of Singapore's border restrictions. Consequently, Mandarin Gallery's committed occupancy increased 2.0 ppt QoQ to 88.7%, with committed occupancy including short-term leases at 95.4%. In March 2022, both shopper traffic and tenant sales had improved to approximately 80% of pre-COVID levels.

In 1Q 2022, leasing demand in Shanghai was affected by the Chinese New Year and the COVID-19 outbreak. Nonetheless, Lippo Plaza's committed office occupancy was stable at 91.6% and continued to outperform the overall Shanghai Central Business District ("CBD") Grade A office occupancy of 90.0%. Average office passing rent at Lippo Plaza edged down 0.6% QoQ to RMB8.95 per square metre ("psm") per day however, due to leasing competition arising from significant new supply in the market.

Hospitality Segment – Positioned to ride recovery

Hospitality segment revenue for 1Q 2022 was S$16.9 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$15.7 million.

During the quarter, the property formerly known as Mandarin Orchard Singapore was relaunched as Hilton Singapore Orchard, Hilton's flagship hotel in Singapore and its largest in Asia Pacific. Following a re-branding and extensive refurbishment, the property features 1,080 rooms and suites, new and enhanced meetings, incentives, conference and exhibition ("MICE") facilities, as well as revamped and fresh food and beverage offerings. The asset enhancement initiative has strengthened the property's competitive positioning as one of the top hotels in the prime Orchard Road area, and it will benefit from the recovery in the Singapore hospitality sector. Due to the contribution of Hilton Singapore Orchard from 24 February 2022, the property's revenue per available room ("RevPAR") in 1Q 2022 increased 2.1% QoQ to S$99.

Crowne Plaza Changi Airport continued to serve the air crew and aviation segment and 1Q 2022 RevPAR increased slightly by 0.7% QoQ to S$126. Consequently, the overall hospitality segment RevPAR for 1Q 2022 was stable at S$113.

Prudent Capital Management

OUE C-REIT's aggregate leverage as at 31 March 2022 was 39.4%, on total debt of approximately S$2,308 million. The weighted average cost of debt decreased to 3.0% per annum with approximately 70.0% of total debt on a fixed rate basis to mitigate the potential impact of rising interest rates. The debt maturity profile is also well-spread out with only 8.6% of total debt due in December 2022.

Post quarter, OUE C-REIT issued S$100 million five-year fixed rate notes at 4.2% on 5 May 2022 to refinance existing borrowings. The notes feature a coupon step-down trigger upon OUE C-REIT's re-rating to investment grade within 18 months of the issuance, a first in Singapore's capital markets. On a pro forma basis, OUE C-REIT's term of debt is expected to lengthen to 2.9 years from 2.8 years as at 31 March 2022, while the proportion of fixed rate borrowings will increase to approximately 74.3% post issuance.

For 1Q 2022, the Manager has elected to receive 50% of its management fees in cash with the balance in Units of OUE C-REIT.

Outlook

According to CBRE, Singapore's office market saw net absorption of 0.31 million square feet in 1Q 2022, largely driven by expansionary demand from existing occupiers and new market entrants. Non-bank financial institutions and technology companies remained key drivers while pharmaceutical and fast-moving consumer goods companies saw significant activity. Consequently, core CBD Grade A office occupancy stabilised in 1Q 2022 to maintain at 95.5% while rents improved 1.4% QoQ to S$10.95 per square foot ("psf") per month. The recovery in the office market is expected to be supported by the lifting of workplace capacity limits for employees, as well as continued expansionary demand from co-working, technology and non-bank sectors amidst a limited supply pipeline. OUE C-REIT's portfolio of well-located Grade A office properties and diversified tenant base is expected to continue to underpin a stable performance.

In 1Q 2022, visitor arrivals increased by more than three times YoY to 0.2 million due to the Vaccinated Travel Lane arrangements with various countries. While the latest easing of measures in April will continue to support an uplift in inbound travel, the return of visitor arrivals to pre-pandemic levels is not expected in the near term. The tight labour market and inflation pressures also pose additional challenges to the hospitality sector. Hilton Singapore Orchard has seen an encouraging start since its soft opening in February 2022 and Crowne Plaza Changi Airport will continue to serve the air crew and aviation segment while accepting both corporate and leisure bookings from 2Q 2022. The minimum rent component of S$67.5 million embedded in the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide income assurance to Unitholders as the Singapore hospitality sector continues on its recovery path.

Prime Orchard Road retail rents maintained at S$34.20 psf per month in 1Q 2022 according to CBRE. This was due to stable leasing activity underpinned by improving retailer confidence amidst expectations of an eventual return of tourist spending. The retail sector is set to benefit from the lifting of various community and border measures in Singapore, however retailers are expected to face other challenges due to the rise in business costs and manpower shortages. As a result, retail rents are expected to remain stable for the most of 2022 with meaningful increases expected only in 2023.

According to Colliers International, Shanghai CBD Grade A office net absorption slowed in 1Q 2022 due to the recurrence of COVID-19. However, occupancy rose 1.6 ppt QoQ to 90.0% while CBD rents increased 1.4% QoQ to RMB9.16 psm per day due to underlying stable leasing demand from the technology, media and telecommunications ("TMT") sector, as well as the professional services and pharmaceutical industries. While the current COVID-19 outbreak has brought on some short-term uncertainty, demand from the TMT sector is expected to remain stable. In view of the significant office supply over the next few years, rental growth is expected to be measured.

According to the Monetary Authority of Singapore, the Singapore economy remains on track to record a consecutive year of above-trend growth in 2022 barring further escalation in the Russia-Ukraine conflict or a severe setback to the pandemic's recovery trajectory. While businesses in Shanghai have been disrupted by the recent measures implemented to contain the spread of COVID-19, the Manager will continue to monitor the situation in Shanghai closely, and is prepared to support tenants as required. The Manager will continue to calibrate its leasing strategies in order 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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For further information and enquiries, please contact:

Andrea Ng
OUE Commercial REIT Management Pte. Ltd.
Tel: +65 6809 8724
Email: andrea.ng@ouect.com

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 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 yields and unlock value. As at 31 December 2021, OUE's total assets were valued at S$9.0 billion.

OUE is the manager of two SGX-listed real estate investment trusts ("REITs"): OUE C-REIT and First REIT. As at 31 December 2021, 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 Lippo 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.