

PRESS RELEASE
For Immediate Release

OUE C-REIT Achieves 85.9% Increase in Distribution to S\$29.5 million in 3Q 2019

- Completion of transformational merger with OUE Hospitality Trust to become one of the largest diversified S-REITs with total assets of S\$6.8 billion
- 3Q 2019 net property income increased by 54.8% year-on-year (“YoY”) to S\$50.1 million, largely driven by inclusion of OUE Downtown Office acquired in November 2018, and consolidation of financial results post-merger from 4 September 2019
- Higher-than-market Singapore office portfolio committed occupancy of 95.5% with positive rental reversions achieved across the portfolio in 3Q 2019
- Crowne Plaza Changi Airport’s revenue per available room (“RevPAR”) rose 13.3% to S\$212 in 3Q 2019

13 November 2019 – 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 an amount available for distribution of S\$29.5 million for the financial period 1 July 2019 to 30 September 2019 (“3Q 2019”).

The 3Q 2019 amount available for distribution includes the clean-up distribution amount of S\$15.4 million for the period 1 July 2019 to the day immediately preceding the merger, i.e. 3 September 2019, translating to distribution per Unit (“DPU”) of 0.53 cents. This will be paid out on 5 December 2019 to eligible unitholders based on the books closure date of 3 September 2019¹.

As OUE C-REIT pays its distribution on a semi-annual basis, the remaining amount available for distribution of S\$14.1 million for the period from merger effective date of 4 September 2019 to 30 September 2019, translating to DPU of 0.26 cents, will

¹ As announced by the Manager on 26 August 2019.

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be payable together with the distribution for the financial period 1 October 2019 to 31 December 2019.

Summary of OUÉ C-REIT's Group Results

(\$'000)	3Q 2019	3Q 2018	Change (%)
Revenue	63,315	41,205	53.7
Net Property Income	50,057	32,341	54.8
Amount Available For Distribution	29,513		
- For the period 1 Jul – 3 Sep 2019	15,354		
- For the period 4 Sep – 30 Sep 2019	14,159	15,875	85.9
DPU (Cents)	0.79		
- For the period 1 Jul – 3 Sep 2019	0.53 ⁽¹⁾		
- For the period 4 Sep – 30 Sep 2019	0.26 ⁽²⁾	0.55	43.6

Notes:

- (1) The clean-up distribution of 0.53 cents per Unit for the period from 1 July 2019 to the day before the effective date of the merger, i.e. 3 September 2019, was based on the outstanding number of Units in issue of 2,872 million Units prior to the merger.
- (2) The distribution for the period from 4 September 2019 to 30 September 2019 of 0.26 cents per Unit was based on the number of Units in issue and to be issued of 5,385 million Units pursuant to the completion of the merger.

(\$'000)	YTD Sep 2019	YTD Sep 2018	Change (%)
Revenue	170,535	128,360	32.9
Net Property Income	134,375	101,552	32.3
Amount Available For Distribution	78,085	49,790	56.8
DPU (Cents)	2.47⁽³⁾	2.73	(9.5)

Notes:

- (3) YTD September 2019 DPU is calculated based on actual 1H 2019 DPU, and 3Q 2019 DPU comprising the (i) clean-up distribution of 0.53 cents per Unit for the period from 1 July 2019 to 3 September 2019, and (ii) the distribution for the period from 4 September 2019 to 30 September 2019 of 0.26 cents per Unit.

Net property income in 3Q 2019 was S\$50.1 million, an increase of 54.8% YoY due primarily to contribution from OUÉ Downtown Office which was acquired in

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November 2018, augmented by the contribution from the merger from 4 September 2019.

Amount available for distribution in 3Q 2019 was S\$29.5 million, 85.9% higher YoY, mainly attributable to higher net property income and the drawdown of income support at OUE Downtown Office, partially offset by higher interest expense as a result of higher borrowings.

Completion of Merger with OUE Hospitality Trust

The merger with OUE Hospitality Trust by way of a trust scheme of arrangement was completed on 4 September 2019. Following the completion of the merger, OUE C-REIT is one of the largest diversified S-REITs with total assets of approximately S\$6.8 billion in Singapore and Shanghai. The seven high-quality properties across the office, retail and hospitality sectors have a combined net lettable area of 2.2 million of commercial space and 1,640 upscale hotel rooms.

Mr Li Yi Shyan, Chairman of the Board of the Manager, said, “The successful merger led by OUE C-REIT has created one of the largest diversified S-REITs. It is poised to realise the benefits of scale and diversity to create greater shareholder values.”

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, “With the completion of the merger, OUE C-REIT’s market position has strengthened significantly, with a doubling of market capitalisation to approximately S\$3.0 billion. We are encouraged by the enhanced visibility, as seen from the increase in trading volume. We believe the enhanced scale and higher trading liquidity of the platform provides a strong foundation with which to improve OUE C-REIT’s access to competitive capital sources, so as to drive future growth opportunities for Unitholders. Moving forward, we will focus on driving operational performance across our portfolio and pursue opportunities to deliver sustainable growth.”

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While Singapore office rental growth has stabilised in 3Q 2019, OUE C-REIT's portfolio continues to deliver positive rental reversions as committed renewal rents were higher than expiring rents. Going forward, the Manager will continue to focus on optimising office rents and occupancy levels so as to maximise rental performance of OUE C-REIT's commercial portfolio.

The hospitality portfolio recorded an increase of 3.3% YoY in RevPAR to S\$224 in 3Q 2019. The better overall performance was supported by higher demand and higher room rates at Crowne Plaza Changi Airport on the back of the capacity expansion plans and attractions at Changi Airport, while Mandarin Orchard Singapore maintained a stable performance amid the market competition and economic uncertainty. The hospitality market is poised to benefit from strategic investments in tourism infrastructure by the Singapore government while limited new hotel supply is expected to support the sector.

Commercial Portfolio – Continued Organic Growth

The commercial (office and retail) portfolio reported revenue and net property income of S\$55.8 million and S\$43.2 million, respectively, for 3Q 2019.

As at 30 September 2019, OUE C-REIT's commercial portfolio committed occupancy was a healthy 95.2%, increasing 0.7 percentage points ("ppt") quarter-on-quarter ("QoQ"). Excluding Mandarin Gallery which entered the portfolio during the quarter pursuant to the merger, portfolio committed occupancy as at 3Q 2019 was 95.0%, compared to 94.5% in the previous quarter.

The Singapore commercial properties maintained a high committed office occupancy of 95.5% as at 30 September 2019. All office properties in Singapore reported positive rental reversions during the quarter of between 8.1% and 14.1%, as rents for renewed leases were higher than expiring rents in 3Q 2019.

Lippo Plaza's committed occupancy improved to 92.1%, driven by the 1.7 ppt QoQ improvement in office committed occupancy to 90.8% as at 30 September 2019.

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This was ahead of overall Shanghai Grade A office occupancy of 87.5% for 3Q 2019. With the range of committed rents for new and renewed office leases of RMB7.30 per sq m (“psm”) per day to RMB11.00 psm per day during the quarter, Lippo Plaza achieved positive office rental reversions during the quarter.

Mandarin Gallery demonstrated resilience in its prime Orchard Road location and maintained high committed occupancy of 98.2% as at 30 September 2019, while the average passing rent improved 1.2% QoQ to S\$21.95 per sq ft (“psf”) per month for September 2019.

Approximately 2.3% of the gross rental income for the commercial portfolio is due for renewal for the balance of 2019, with a further 23.9% of gross rental income due in 2020.

Hospitality Portfolio – Positive Operational Performance

For 3Q 2019, the hospitality portfolio registered revenue of S\$7.5 million and net property income of S\$6.9 million for the period from the merger effective date of 4 September 2019 to 30 September 2019.

During the quarter, the hotel portfolio recorded RevPAR of S\$224, an increase of 3.3% from 3Q 2018, which was largely driven by higher demand and higher room rates at Crowne Plaza Changi Airport, while the operational performance of Mandarin Orchard Singapore remained relatively stable. Crowne Plaza Changi Airport continued to drive its operational performance, and achieved an improved RevPAR of S\$212 in 3Q 2019, representing a 13.3% increase from 3Q 2018 due to the continual enhancements and expansion of Changi Airport.

Prudent Capital Management

With the larger capital base and funding capacity following the merger, OUE C-REIT’s ability to undertake larger transactions as well as asset enhancement initiatives is enhanced. This provides more flexibility for OUE C-REIT to react with

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greater speed to capture potential accretive investments which will drive growth and benefit Unitholders in the long-term.

OUE C-REIT's aggregate leverage as at 30 September 2019 was 40.5%. The weighted average cost of debt remained stable at 3.5% per annum, while the average term of debt was 2.4 years.

For 3Q 2019, the Manager has elected to receive 20% of its base management fees in cash with the balance in Units, to align with its objective of delivering sustainable and stable DPU to Unitholders.

Outlook

Singapore office demand in 3Q 2019 weakened as business sentiment amongst occupiers was cautious amid the uncertain global economic outlook, according to CBRE. With no completions during the quarter, core CBD Grade A office occupancy edged up 0.4 ppt QoQ to 96.5%, while rents rose 1.3% QoQ to S\$11.45 psf per month as at 3Q 2019, at the same pace as the previous quarter. On the supply front, the medium term outlook continues to be benign.

For the first nine months of 2019, international visitor arrivals to Singapore registered a 2.1% growth compared to a year ago to 14.3 million. For the month of September 2019, international visitor arrivals increased 1.0% compared to a year ago, while the number of visitor days increased by 3.2% for the same period to 3.3 days. Singapore is continually refreshing its tourist offerings with the expansions of the two existing integrated resorts and other tourism developments, greater flight connectivity to key source markets and expansion of its aviation infrastructure. Further, the Singapore Tourism Board continues to drive visitor arrivals, positioning Singapore as a prime convention destination. These positive demand drivers, coupled with limited future hotel supply are expected to support the Singapore hospitality sector.

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According to Colliers International, 3Q 2019 net absorption in the Shanghai CBD weakened considerably to 24,000 sq m, down 60.7% QoQ, contributed by uncertainty due to international trade tensions. Shanghai CBD Grade A occupancy fell 0.9 ppt QoQ to 87.5% as at 3Q 2019 and rents edged down 0.7% QoQ to RMB10.20 psm per day. With office projects which were previously deferred entering the market in 2020, and intensified competition from the decentralised markets, rental growth is expected to be subdued in the near-term. As supply eases from 2021, stable demand is expected to underpin steady rental growth.

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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.

In September 2019, OUE C-REIT completed the merger with OUE Hospitality Trust to become one of the largest diversified REITs with total assets of S\$6.8 billion. With seven properties across the commercial and hospitality segments in Singapore and Shanghai, OUE C-REIT's property 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 is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. 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 March 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 Bowsprit Capital Corporation Limited, the manager of First REIT, Singapore's first healthcare real estate investment trust in October 2018.

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.