PRESS RELEASE
For Immediate Release

OUE C-REIT Achieves 3Q 2018 Distribution of S$15.9 million, Completes Acquisition of OUE Downtown

Key Highlights:

- 3Q 2018 amount available for distribution of S$15.9 million, translating to distribution per unit ("DPU") of 0.55[1] cents
- Healthy portfolio occupancy of 94.9% with all three properties continuing to achieve higher-than-market office occupancy
- Positive rental reversions were achieved at OUE Bayfront and Lippo Plaza, with One Raffles Place recording flat reversions
- 2018 refinancing completed on unsecured terms, increasing the proportion of unsecured debt from 13.8% to 47.4% as at 30 September 2018
- Completed acquisition of the office components of OUE Downtown on 1 November 2018, increasing assets-under-management to S$4.4 billion

8 November 2018 – 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$15.9 million for the financial period 1 July 2018 to 30 September 2018 ("3Q 2018"), translating to DPU of 0.55 cents.

[1] DPU is calculated based on the number of Units entitled to 3Q 2018 amount available for distribution which includes the 1,288,438,981 new Units issued on 30 October 2018 pursuant to the rights issue.

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Summary of OUE C-REIT's Group Results

(S$'000)	3Q 2018	3Q 2017	Change (%)	YTD Sep 2018	YTD Sep 2017	Change (%)
Revenue	**41,205**	43,273	(4.8)	**128,360**	132,303	(3.0)
Net Property Income	**32,341**	34,076	(5.1)	**101,552**	103,487	(1.9)
Amount Available For Distribution	**15,875**	17,795	(10.8)	**49,790**	52,270	(4.7)
DPU (Cents)	**0.55**	1.15	(52.2)	**2.73**	3.53	(22.7)
		0.62[2] (restated)	(11.3)		3.00[3] (restated)	(9.0)

Net property income in 3Q 2018 was S$32.3 million, a decline of 5.1% year-on-year ("YoY") due primarily to lower revenue achieved during the quarter. This was offset partially by lower utilities and maintenance expenses. The utilities cost savings arose from improved energy efficiency at One Raffles Place Tower 1 following the replacement of air-conditioning chillers which was completed earlier in 2018.

With higher interest expenses in 3Q 2018 as a result of higher borrowings, partially offset by higher drawdown of income support and lower distribution to convertible perpetual preferred unit ("CPPU") holder, amount available for distribution in 3Q 2018 was S$15.9 million.

Upon completion of the rights issue on 30 October 2018 to part-finance the acquisition of the office components of OUE Downtown, 1,288,438,981 new Units (the "Rights Units") were issued. The Rights Units rank *pari passu* in all respects with the existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 July 2018 to 31 December 2018. As a result, the DPU for 3Q 2018 is 0.55 cents.

[2] For the purpose of comparison, 3Q 2017 DPU has been restated to include the 1,288,438,981 new Units issued on 30 October 2018.
[3] For the purpose of comparison, YTD September 2017 DPU has been restated based on actual 1H 2017 DPU with 3Q 2017 adjusted for the 1,288,438,981 new Units issued on 30 October 2018.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "Given the positive rental growth momentum in Singapore, the Manager continued to focus on optimising office rents and occupancy levels at OUE C-REIT's property portfolio in 3Q 2018.

Committed office occupancy at both OUE Bayfront and One Raffles Place remained healthy at 97.6% and 96.2% respectively, ahead of Singapore core Central Business District ("CBD") occupancy of 94.6%. With the sustained growth in Singapore CBD Grade A office rents, OUE Bayfront continued to achieved positive rental reversions, with One Raffles Place recording flat reversions in 3Q 2018.

In Shanghai, Lippo Plaza's committed office occupancy was 94.2%, remaining ahead of the overall market as at 3Q 2018, with committed rents which continued to be higher than market rates.

The completion of the acquisition of the office components of OUE Downtown on 1 November 2018 marks OUE C-REIT's second acquisition since listing, and the strategic addition of a new office submarket in Singapore's CBD. Aside from strengthening our presence and competitive positioning in Singapore, the addition of OUE Downtown enhances the diversity and resilience of OUE C-REIT's portfolio."

Healthy Operational Performance

As at 30 September 2018, OUE Bayfront's committed office occupancy was 97.6%, ahead of the Singapore CBD office market occupancy rate of 94.6%. Committed rents achieved in 3Q 2018 for new, reviewed and renewed office leases ranged from S$10.70 psf per month to S$12.80 psf per month, significantly above the office market rent of S$10.45 psf per month. With two quarters of positive rental reversions, average passing office rent for the property improved to S$11.50 psf per month as at September 2018.

Committed office occupancy at One Raffles Place was stable at 96.2% as at 30 September 2018. Committed office rents in 3Q 2018 for new and renewed leases ranged from S$9.70 psf per month to S$11.50 psf per month, which were in line with market rates. Average passing office rent was S$9.45 psf per month for September 2018.

At One Raffles Place Shopping Mall, with the asset enhancement exercise to create a more open retail space and improve circulation areas underway, committed retail occupancy improved to 98.5% as at 30 September 2018. Renovations for co-working operator, Spaces, has also commenced with the opening of their flagship site in the mall occupying more than 35,000 sq ft on track for early-2019.

As at 30 September 2018, Lippo Plaza's committed office occupancy edged down 0.9 ppt quarter-on-quarter ("QoQ") to 94.2%, but still ahead of Shanghai CBD Grade A occupancy of 89.7% as at 3Q 2018. While the range of committed rents for new and renewed office leases showed some moderation, at RMB9.00 psm per day to RMB11.00 psm per day in 3Q 2018, average committed rents remained favourable compared to the Puxi market rent of RMB9.51 psm per day as at 3Q 2018. As a result, Lippo Plaza continued to enjoy positive rental reversions for leases renewed during the quarter. Average passing office rent was stable at RMB9.84 psm per day for September 2018.

At the portfolio level, about 3.5% of OUE C-REIT's gross rental income remains due for renewal in 2018.

Acquisition of the Office Components of OUE Downtown

On 10 September 2018, the Manager announced the acquisition of the office components of OUE Downtown for a purchase consideration of S$908.0 million, translating to S$1,713 psf on a net lettable area of 529,981 sq ft. The Manager also announced a rights issue of 1,288,438,981 new Units in OUE C-REIT at an issue price of S$0.456 per rights Unit to raise gross proceeds of approximately S$587.5 million to part-finance the acquisition.

The Manager believes the acquisition will bring about the following benefits to Unitholders:

(i) Strategic acquisition of a recently refurbished Grade A Singapore office property which is primed to benefit from the transformation of Tanjong Pagar into a business and lifestyle hub in the CBD;

(ii) Acquisition of a high quality Grade A office property at an attractive price of S$1,713 psf (or S$2,234 psf after adjusting for residual land tenure) and attractive acquisition net property income yield of 5.0%[4];

(iii) Increased exposure to a rising Singapore CBD office market, with a favourable growth profile from potential positive rental reversions;

(iv) Enhanced market positioning and diversified product offering;

(v) Increased portfolio size post-acquisition, creating a stronger platform for growth; and

(vi) Improved portfolio diversification with reduced asset and tenant concentration risk, improving the resilience of income streams.

The acquisition and rights issue were approved by Unitholders at an extraordinary general meeting held on 28 September 2018. The rights issue was fully subscribed, with a healthy subscription level of 108.5%. The acquisition was completed on 1 November 2018, increasing OUE C-REIT's assets-under-management to S$4.4 billion.

Prudent Capital Management

In line with the Manager's prudent and proactive approach to capital management, OUE C-REIT's 2018 refinancing was completed during the quarter, with the refinancing provided on unsecured terms. As a result, the proportion of unsecured debt increased from approximately 13.8% as at 30 June 2018 to 47.4% as at 30 September 2018. With the tenure of the new loans ranging from 3.0 to 5.5 years, the average term of debt was extended from 2.3 years to 3.5 years as at 30 September 2018, with no refinancing requirements until 2020. Further, OUE C-REIT also enjoyed lower all-in interest margins from the refinancing. As such, the

[4] Inclusive of rental support.

weighted average cost of debt remained stable at 3.5% per annum, despite the higher interest rate environment.

As at 30 September 2018, OUE C-REIT's aggregate leverage edged up slightly to 41.4%. To part-finance the acquisition of OUE Downtown, the Manager entered into an unsecured loan facility of S$400.0 million for facilities of 3 and 5 years in tenure. Post the transactions relating to the acquisition, OUE C-REIT's pro forma gearing as at 30 September 2018 is expected to be approximately 40.4%.

For 2018, the Manager has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units. This is to align with its objective of delivering sustainable and stable DPU to Unitholders.

Outlook

According to CBRE, islandwide net absorption for office space in 3Q 2018 strengthened 20% QoQ to 605,077 sq ft on the back of overall stronger leasing activity and the healthy level of pre-commitment at a newly completed decentralised office property. With diversified demand from sectors such as technology, shipping, insurance as well as European and Asia financial institutions, core CBD office occupancy improved 0.5 ppt to 94.6% as at 3Q 2018. As vacancy continued to tighten, Grade A CBD core office rents grew 3.5% QoQ to S$10.45 psf per month.

Given the pace of recovery in office market rents in the Singapore CBD, OUE Bayfront achieved positive rental reversions for the lease renewals and rent reviews committed in 3Q 2018. With One Raffles Place achieving flat rent reversions in 3Q 2018 due to the narrowing gap between expiring rents and market rents, the extent of negative reversions in 2018 is expected to be less than that in 2017.

According to Colliers International, Shanghai CBD Grade A office occupancy edged up 0.3 ppt QoQ to 89.7% as at 3Q 2018, supported by stable net demand of 123,000 sq m for the quarter. With 119,000 sq m of new office supply in 3Q 2018, mainly located in Pudong, Shanghai CBD Grade A office rents softened 0.1% QoQ to RMB10.35 psm per day as at 3Q 2018. In Puxi, Grade A office occupancy rose 0.8 ppt QoQ to 91.5% as at 3Q 2018, while rents increased 0.6% QoQ to RMB 9.51 psm per day.

A significant amount of new office supply is expected to enter the Shanghai market over the next few years. Nevertheless, healthy demand from the finance and technology sectors are expected to underpin occupancy as well as rental rates in Shanghai.

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About OUE Commercial REIT

OUE C-REIT is a Singapore real estate investment trust listed on the Main Board of Singapore Exchange Securities Trading Limited. It was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for commercial purposes (including real estate used primarily for office and/or retail purposes) in financial and business hubs within and outside of Singapore, as well as real estate-related assets.

OUE C-REIT's portfolio comprises OUE Bayfront and One Raffles Place in Singapore, as well as Lippo Plaza in Shanghai, with a total assets-under-management of approximately S$3.5 billion.

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 ("OUE") 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 primarily in Singapore. 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.