PRESS RELEASE
For Immediate Release

OUE C-REIT Achieves 1Q 2018 Distribution of S$17.4 million, 4.7% Higher YoY

Key Highlights:

- 1Q 2018 amount available for distribution of S$17.4 million increased 4.7% year-on-year ("YoY"), translating to DPU of 1.12 cents
- Healthy portfolio occupancy of 96.9% with all three properties continuing to achieve higher-than-market office occupancy
- Committed office rents in 1Q 2018 were above market across the portfolio
- Asset enhancement initiatives for One Raffles Place Shopping Mall to commence in mid-2018; co-working operator Spaces to launch flagship site in early 2019

10 May 2018 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial REIT ("OUE C-REIT"), wishes to announce an amount available for distribution of S$17.4 million for the financial period 1 January 2018 to 31 March 2018 ("1Q 2018"). 1Q 2018 DPU was 1.12 cents, translating to an annualised distribution yield of 6.4% based on OUE C-REIT's unit closing price of S$0.705 as at 29 March 2018, the last trading day of the quarter.

Summary of OUE C-REIT's Group Results

(S$'000)	1Q 2018	1Q 2017	Change
Revenue	**44,095**	44,816	-1.6%
Net Property Income	**35,277**	34,642	+1.8%
Amount Available For Distribution	**17,421**	16,642	+4.7%
DPU (Cents)	**1.12**	1.23	-8.9%

Revenue in 1Q 2018 declined slightly YoY to S$44.1 million due to lower rental income. With lower property operating expenses due to lower utilities and

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maintenance costs, net property income in 1Q 2018 was S$35.3 million, 1.8% increase YoY. Due to higher income support drawn, 1Q 2018 amount available for distribution was S$17.4 million, 4.7% higher YoY. DPU in 1Q 2018 of 1.12 cents was 8.9% lower due to an enlarged unit base from the private placement completed in March 2017.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased that OUE C-REIT continued to deliver a good set of results in 1Q 2018, with amount available for distribution of S$17.4 million, 4.7% higher YoY, and DPU of 1.12 cents.

OUE C-REIT's portfolio committed occupancy continued to be robust at 96.9% in 1Q 2018, with all three properties achieving higher-than-market office occupancy. As the Singapore office market continues to improve, committed office rents achieved across the Singapore portfolio on average in 1Q 2018 were higher QoQ, and continued to be at a premium to market rates.

With the replacement of air-conditioning chillers at One Raffles Place Tower 1 completed, improved energy efficiency has enabled OUE C-REIT to enjoy utilities costs savings in 1Q 2018, resulting in lower property operating expenses YoY.

The quality and positioning of OUE C-REIT's assets, together with the Manager's execution of its proactive asset management strategy have enabled us to achieve these results.

We remain committed to delivering stable and sustainable returns for our Unitholders. The Manager will continue to focus its efforts on proactive lease management, optimising rents and occupancy levels so as to maximise rental revenue. We will also maintain cost efficiency to mitigate any impact on rental income as a result of negative rental reversions, if any."

Strong Operational Performance

OUE Bayfront's committed office occupancy as at 31 March 2018 was stable at 98.2%, whilst committed rents achieved in 1Q 2018 for new and renewed office leases ranged from S$11.30 psf per month to S$13.90 psf per month. Committed rents continued to be significantly above the office market rent of S$9.70 psf per month as at 1Q 2018, affirming the premium positioning of the property. Average passing office rent for the property was stable, at S$11.42 psf per month as at March 2018.

Committed office occupancy at One Raffles Place was 97.1% as at 31 March 2018, rising 0.6 ppt QoQ and continued to be above the Singapore core CBD office occupancy of 94.1%. Committed office rents in 1Q 2018 for new and renewed leases ranged from S$9.70 psf per month to S$11.00 psf per month, with the weighted average rent achieved ahead of the market office rent of S$9.70 psf per month in the same period. Average passing office rent was S$9.75 psf per month for December 2017.

As part of the Manager's efforts to enhance the vibrancy and sustainability of One Raffles Place Shopping Mall, asset enhancement works to improve the circulation areas and create a more inviting and open retail space are expected to commence in mid-2018. Co-working operator Spaces is set to open their flagship site in the mall in early-2019, which will occupy more than 35,000 sq ft. One Raffles Place Shopping Mall will remain operational during the asset enhancement period, and the cost of the asset enhancement initiative is not expected to have a material impact on OUE C-REIT's gearing.

As at 31 March 2018, Lippo Plaza's committed office occupancy was 99.2%, significantly ahead of the Shanghai CBD Grade A occupancy of 86.5% as at 1Q 2018. The range of committed rents for new and renewed office leases from RMB9.70 psm per day to RMB11.00 psm per day in 1Q 2018, above the Puxi market rent of RMB9.31 psm per day as at 1Q 2018. Average passing office rent was RMB9.85 psm per day for March 2018.

At the portfolio level, about 15.0% of OUE C-REIT's gross rental income is due for renewal in 2018. At OUE Bayfront, only 5.6% of gross rental income is due for renewal in 2018.

Prudent Capital Management

The Manager proactively manages its capital structure to ensure longer-term sustainability, in line with its prudent and disciplined approach to capital management.

In January 2018, S$100 million convertible perpetual preferred units ("CPPUs") were redeemed to reduce the amount of CPPUs outstanding so as to mitigate future DPU dilution from potential conversion of CPPUs into new units. The current outstanding amount of CPPUs is S$375 million.

As at 31 March 2018. OUE C-REIT's aggregate leverage was 40.5% with a weighted average cost of debt of 3.4% per annum.

To mitigate interest rate volatility, about 73.7% of borrowings are on fixed rate basis. Further, the Manager is currently in advanced negotiations to complete OUE C-REIT's 2018 refinancing requirements ahead of maturity in the second half of 2018. The refinancing to be provided is on unsecured terms, which would improve OUE C-REIT's credit profile and hence financial flexibility.

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, 1Q 2018 islandwide net absorption for office space in Singapore was 149,444 sq ft. Core CBD office occupancy edged up 0.3 ppt QoQ to 94.1% as at 1Q 2018, with demand supported by co-working operators, oil & gas firms as well as the insurance sector. CBD Grade A office rents continued to rise, increasing 3.2% QoQ to S$9.70 psf per month, on firmer rental expectations as pre-commitments at upcoming developments continue to be healthy.

According to Colliers International, Shanghai CBD Grade A office occupancy as at 1Q 2018 rose 0.4 ppt QoQ to 86.5%, supported by strong demand of 239,000 sq m in the quarter. Consequently, Shanghai CBD Grade A office rents as at 1Q 2018 increased 0.4% QoQ to RMB10.26 psm per day. In Puxi, Grade A office occupancy as at 1Q 2018 improved 0.5 ppt QoQ to 86.2%, while rents increased 1.7% QoQ to RMB 9.31 psm per day.

Depending on the pace of recovery in spot rents in the Singapore CBD, negative rental reversions may potentially continue into 2018, albeit at a slower pace than that experienced in 2017. However, this is mitigated as only 5.6% of OUE Bayfront's gross rental income is due for renewal for the rest of 2018 and its rental revenue has downside protection from the income support arrangement. At One Raffles Place, its 2018 revenue base would have improved due to the notable increase in committed office occupancy achieved in 2017, thereby mitigating potential negative reversions in 2018.

A significant amount of new office supply is expected to enter the Shanghai market over the next two years, before easing in 2020. Nevertheless, firm economic growth is expected to continue to support healthy demand from the finance and technology sectors in Shanghai and underpin occupancy as well as rental rates.

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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.