PRESS RELEASE
For Immediate Release

OUE C-REIT Achieved 2Q 2019 Distribution of S$22.5 million, 36.6% Increase YoY

Key Highlights:

- Net property income of S$40.8 million in 2Q 2019 was 20.1% higher year-on-year ("YoY"), primarily due to contribution from the office components of OUE Downtown ("OUE Downtown Office") which were acquired in November 2018
- 2Q 2019 amount available for distribution of S$22.5 million, 36.6% increase YoY, translating to distribution per unit ("DPU") of 0.78 cents
- Stable committed portfolio occupancy of 94.5% as at 30 June 2019, with positive rental reversions across the Singapore portfolio
- Aggregate leverage ratio of 39.3% as at 30 June 2019, with no significant refinancing requirements until 2020

7 August 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$22.5 million for the financial period from 1 April 2019 to 30 June 2019 ("2Q 2019"), representing an increase of 36.6% YoY. 2Q 2019 DPU was 0.78 cents.

OUE C-REIT pays out its distribution on a semi-annual basis. The DPU for the financial period 1 January 2019 to 30 June 2019 ("1H 2019") of 1.68 cents is expected to be paid on Thursday, 12 September 2019, with the books closure date on Monday, 19 August 2019. Based on annualised 1H 2019 DPU and OUE C-REIT's unit closing price of S$0.505 as at 28 June 2019, the last trading day of the quarter, OUE C-REIT's distribution yield is 6.7%.

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Summary of OUE C-REIT's Group Results

(S$'000)	2Q 2019	2Q 2018	Change (%)	1H 2019	1H 2018	Change (%)
Revenue	**51,885**	43,060	20.5	**107,220**	87,155	23.0
Net Property Income	**40,750**	33,934	20.1	**84,318**	69,211	21.8
Amount Available For Distribution	**22,535**	16,494	36.6	**48,572**	33,915	43.2
DPU (Cents)	**0.78**	1.06	(26.4)	**1.68**	2.18	(22.9)
		0.58[1] (restated)	34.5		1.19[1] (restated)	41.2

Net property income in 2Q 2019 was S$40.8 million, an increase of 20.1% YoY due primarily to contribution from OUE Downtown Office which was acquired in November 2018. With the drawdown of OUE Downtown Office's rental support, partially offset by higher interest expenses in 2Q 2019 as a result of higher borrowings, the amount available for distribution in 2Q 2019 was S$22.5 million, 36.6% higher YoY.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "In 2Q 2019, the operational performance of OUE C-REIT remained positive, with stable committed occupancy and higher average passing office rents across OUE C-REIT's portfolio of properties. Net property income in 2Q 2019 was 20.1% higher YoY, due mainly to the contribution from OUE Downtown Office which was acquired in November 2018.

Although rental growth in the Singapore CBD Grade A office market has moderated, continued leasing momentum within OUE C-REIT's properties led to higher rents being achieved in 2Q 2019 compared to the previous quarter, while maintaining stable committed office occupancy. OUE C-REIT's Singapore properties continued to record positive rental reversions for the lease renewals committed in 2Q 2019.

[1] For the purpose of comparison, 2Q 2018 DPU and 1H 2018 DPU have been restated to include the 1,288,438,981 Units issued on 30 October 2018 pursuant to the rights issue.

The Manager will continue to focus its efforts on proactive asset management, as well as maintain a prudent and disciplined stance towards capital management, so as to deliver stable and sustainable returns for OUE C-REIT unitholders ("Unitholders")."

Healthy Operational Performance

As at 30 June 2019, OUE Bayfront's committed office occupancy was 99.3%, ahead of the Singapore CBD office market occupancy rate of 96.1%. With the retail component achieving full occupancy in the quarter, the property's overall occupancy was 99.4%. Despite high expiring office rents of S$13.75 psf per month in 2Q 2019, OUE Bayfront continued to enjoy positive office rental reversions. Committed office rents for new and renewed leases ranged from S$11.50 psf per month to S$14.75 psf per month in 2Q 2019, which were significantly above that of the wider market. Consequently, average passing office rent continued to rise, from S$11.65 psf per month a quarter ago to S$11.76 psf per month as of June 2019.

One Raffles Place's committed office occupancy as at 30 June 2019 was 94.5%. Committed rents for new office leases achieved in 2Q 2019 ranged from S$9.20 psf per month to S$11.40 psf per month, which resulted in a consecutive quarter of positive rental reversions. Average passing office rent rose from S$9.50 psf per month a quarter ago to S$9.56 psf per month as of June 2019.

At One Raffles Place Shopping Mall, the fit-out of anchor tenant Spaces is in progress, and the co-working operator is on track to commence operations in the third quarter of 2019. With committed retail occupancy of 97.8% as at 2Q 2019, One Raffles Place's overall committed occupancy is a healthy 95.1%.

OUE Downtown Office's committed office occupancy was 93.2% as at 30 June 2019. The range of rents for new leases and renewals committed in 2Q 2019 was S$8.00 psf per month to S$9.20 psf per month, against expiring rents of S$7.07 psf per month. As a result, average passing office rent increased 2.3% quarter-on-quarter ("QoQ") to S$7.16 psf per month as of June 2019.

In Shanghai, Lippo Plaza's committed office occupancy eased 1.2 percentage points ("ppt") QoQ to 89.2% as at 30 June 2019 due to weak demand. Nevertheless, Lippo Plaza's committed office occupancy remained ahead of Shanghai CBD Grade A occupancy of 88.4% as at 2Q 2019. The range of committed rents for new and renewed office leases in 2Q 2019 was RMB8.35 psm per day to RMB11.20 psm per day. Average passing office rent was RMB9.86 psm per day for June 2019.

With the vacancy at Lippo Plaza's retail podium substantially backfilled with the flagship store of a high-end sportswear brand, committed retail occupancy as at 30 June 2019 reached a new high of 98.7%. Consequently, Lippo Plaza's overall committed occupancy as at 30 June 2019 was 90.6%.

At the portfolio level, approximately 7.6% of OUE C-REIT's gross rental income is due for renewal in 2019, with a further 25.6% of gross rental income due in 2020.

Proposed Merger with OUE Hospitality Trust

On 8 April 2019, the Manager announced the proposed merger of OUE C-REIT with OUE Hospitality Trust by way of a trust scheme of arrangement. The circular on the proposed merger was despatched to Unitholders on 10 July 2019 with an extraordinary general meeting ("EGM") to be convened on 14 August 2019.

If the resolutions pertaining to the proposed merger are passed at the EGM and other relevant approvals are successfully obtained, OUE C-REIT is set to be one of the largest diversified S-REITs with total assets of approximately S$6.9 billion. The enlarged scale of the combined portfolio will enhance the enlarged REIT's visibility, with the larger market capitalisation and free float driving higher trading liquidity which could potentially lead to a positive re-rating.

Prudent Capital Management

OUE C-REIT's aggregate leverage ratio as at 30 June 2019 remained stable at 39.3%. In line with the Manager's prudent and proactive approach to capital management, the proportion of borrowings on a fixed rate basis increased in the quarter to 76.1% as at 30 June 2019, while maintaining a stable weighted average cost of debt of 3.5% per annum. The average term of debt as at 30 June 2019 was 3.0 years, with no significant refinancing requirement until 2020.

For 2019, the Manager has elected to receive 20% of its base management fees to be paid in cash, with the balance in units of OUE C-REIT ("Units"), to align with its objective of delivering sustainable and stable DPU to Unitholders.

Outlook

According to CBRE, while Singapore office vacancy continued to tighten on the back of positive islandwide net absorption of 508,443 sq ft due mainly to the completion of an office building in the CBD fringe, leasing momentum has slowed on the back of business uncertainty and consolidation due to the cloudy global economic outlook. Consequently, even as the core CBD Grade A occupancy rose 0.9 ppt QoQ to 96.1% in 2Q 2019, growth in core CBD Grade A office rents moderated to 1.3% QoQ, to S$11.30 psf per month. Given the benign medium term office supply outlook, however, we continue to expect positive operational performance in 2019.

According to Colliers International, Shanghai CBD Grade A office net absorption turned positive in 2Q 2019 at 61,000 sq m, albeit below-trend. Due to slow leasing progress, some planned completions of new office projects were delayed. With no new completions during the quarter, Shanghai CBD Grade A office occupancy increased 0.8 ppt QoQ to 88.4%. With increased competition for tenants, Shanghai CBD Grade A office rents edged down 0.5% QoQ to RMB10.27 psm per day as at 2Q 2019. In Puxi, Grade A office occupancy was 91.9% as at 2Q 2019, 2.2 ppt higher QoQ, with rents 0.1% lower QoQ at RMB9.54 psm per day. With a significant amount of new office supply scheduled to enter the Shanghai market in 2019 and the decentralisation of demand expected to continue, rental growth is expected to be subdued in the near-term. As supply eases in the longer term from 2020, stable demand is expected to underpin steady rental growth.

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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 (the "SGX-ST"). 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, One Raffles Place and OUE Downtown Office in Singapore, as well as Lippo Plaza in Shanghai, with a total assets under management of approximately S$4.5 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 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 and the income derived from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager, DBS Trustee Limited (as trustee of OUE C-REIT) or any of their respective affiliates. An investment in the 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. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. 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.