PRESS RELEASE
For Immediate Release

OUE C-REIT Achieves 12.0% Increase in 4Q 2019 DPU to 0.84 Cents on Distribution of S$45.1 million

- First full quarter results post the merger with OUE Hospitality Trust ("Merger")
- 4Q 2019 net property income increased by 92.6% year-on-year ("YoY") to S$70.6 million, due to a full quarter's contribution from the Merger effective from 4 September 2019, and contribution from OUE Downtown Office acquired in November 2018
- Healthy Singapore office portfolio committed occupancy of 95.7% with positive rental reversions achieved in 4Q 2019
- Crowne Plaza Changi Airport delivered exceptional performance, surpassing its minimum rent and recorded over 9% growth in RevPAR for both 4Q 2019 and FY2019
- Focus remains on strengthening the portfolio to deliver sustainable growth and value to Unitholders

30 January 2020 – 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 a distribution (after retention for working capital purposes) of S$45.1 million for the financial period 1 October 2019 to 31 December 2019 ("4Q 2019"), translating to a DPU of 0.84 cents. The result included the first full quarter's contribution from the Merger (effective from 4 September 2019) and contribution from OUE Downtown Office (acquired on 1 November 2018).

For the financial year ended 31 December 2019 ("FY2019"), amount to be distributed (after retention for working capital purposes) was S$123.2 million, 72.8% increase from FY2018. FY2019 DPU was 3.31 cents, translating to a distribution yield of 5.9% based on OUE C-REIT's unit closing price of S$0.565 as at 31 December 2019.

Summary of OUE C-REIT's Group Results

(S$'000)	4Q 2019	4Q 2018	Change (%)	FY2019	FY2018	Change (%)
Revenue	**86,794**	48,036	80.7	**257,329**	176,396	45.9
Net Property Income	**70,576**	36,635	92.6	**204,951**	138,187	48.3
Amount Available For Distribution	**46,629**	21,500	116.9	**124,714**	71,290	74.9
Amount to be Distributed(1)	**45,129**	21,500	109.9	**123,214**	71,290	72.8
DPU(1) (Cents)	**0.84(2)**	0.75(3)	12.0	**3.31(2)**	3.48(3)	(4.9)

Notes:

(1) After retention for working capital purposes
(2) Based on 5,392 million Units in issue and to be issued as at 31 December 2019
(3) Based on 2,862 million Units in issue and to be issued as at 31 December 2018

Net property income in 4Q 2019 was S$70.6 million, an increase of 92.6% YoY due primarily to a full quarter's contribution of the Merger, augmented by contribution from OUE Downtown Office which was acquired on 1 November 2018.

Amount available for distribution for 4Q 2019 more than doubled YoY to S$46.6 million, 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. Amount distributed after retention for working capital purposes is S$45.1 million, translating to DPU of 0.84 cents.

OUE C-REIT has a semi-annual distribution policy. 3Q 2019 DPU was 0.79 cents, of which a clean-up distribution of 0.53 cents per Unit for the period from 1 July 2019 to 3 September 2019 was paid on 5 December 2019 pursuant to the completion of the Merger on 4 September 2019. The balance DPU of 0.26 cents for the period 4 September 2019 to 30 September 2019 will be paid together with the 4Q 2019 DPU of 0.84 cents. Hence, the total DPU for the period 4 September 2019 to 31 December 2019 is 1.10 cents, which will be paid on Friday, 6 March 2020.

As at 31 December 2019, the value of OUE C-REIT's investment properties was S$6,770.2 million, translating to a net asset value per Unit of S$0.62. The significant increase in OUE C-REIT's portfolio from S$4,494.5 million a year ago was mainly due to the consolidation of OUE Hospitality Trust's portfolio post-Merger.

Mr Lee Yi Shyan, Chairman of the Board of the Manager, said, "With the successful merger of OUE Hospitality Trust, 2019 turned out to be a year of transformation for OUE C-REIT. As we enter the new financial year, we do so in great confidence in and anticipation of operational excellence, continued growth and value creation for our Unitholders."

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "The merger with OUE Hospitality Trust has placed us in a position of strength from which to execute our strategies to optimise portfolio performance for the benefit of Unitholders. Not only has OUE C-REIT's resilience strengthened with a larger portfolio of properties, the broadened investment mandate and enlarged capital base also allow for enhanced flexibility for OUE C-REIT to pursue future growth opportunities."

"While the pace of growth of Singapore CBD Grade A office rents has moderated, the Manager expects continued positive operational performance for OUE C-REIT's Singapore office portfolio as expiring rents in 2020 are below current market rents, having been committed at a time when rents were lower. We are also pleased to announce that Crowne Plaza Changi Airport has turned in an exceptional set of results in 2019, surpassing its minimum rent based on full year performance. We believe it will continue to benefit from the expansion of facilities at Changi Airport in the longer-term. Further, the hospitality segment, which is expected to experience a gradual recovery on continued investments in tourism against the backdrop of a benign supply outlook, will also see a boost from the resumption of biennial MICE events this year," added Ms Tan.

Commercial Portfolio – Continued Organic Growth

The commercial (office and retail) portfolio reported revenue and net property income of S$62.0 million and S$47.8 million, respectively, for 4Q 2019. For FY2019, revenue and net property income were S$225.0 million, and S$175.3 million, respectively. Net property income growth in the commercial portfolio was primarily driven by contribution from Mandarin Gallery as a result of the Merger.

As at 31 December 2019, OUE C-REIT's commercial portfolio committed occupancy was stable at 95.2%, whilst the Singapore office properties recorded an occupancy of 95.7%. In addition, all office properties in Singapore reported positive rental reversions during the quarter of between 9.4% and 26.5% as rents for renewed leases were higher than expiring rents in 4Q 2019. Average passing rents for the Singapore office portfolio as of December 2019 were higher YoY as a consequence of consecutive quarters of positive rental reversions.

Lippo Plaza's committed office occupancy edged down 0.9 percentage points ("ppt") quarter-on-quarter ("QoQ") to 89.9% as at 31 December 2019, due to intense leasing competition amidst a supply increase. Nevertheless, this was ahead of overall Shanghai Grade A office occupancy of 87.6% for 4Q 2019. The range of committed rents for new and renewed office leases was RMB7.50 per sq m ("psm") per day to RMB11.50 psm per day during the quarter, against an average passing rent of RM9.65 psm per day for the quarter.

Within the prime Orchard Road location in Singapore, Mandarin Gallery maintained high committed occupancy of 98.3% as at 31 December 2019, while the average passing rent remained stable at S$21.95 per sq ft ("psf") per month for December 2019.

Approximately 20.2% of the gross rental income for the commercial portfolio is due for renewal for the balance of 2020, with a further 28.3% of gross rental income due in 2021.

Hospitality Portfolio – Positive Operational Performance

The hospitality portfolio reported 4Q 2019 revenue of S$24.8 million and net property income of S$22.8 million. For FY2019, revenue and net property income were S$32.3 million and S$29.6 million, respectively.

For 4Q 2019, the hospitality portfolio RevPAR increased by 1.9% YoY to S$216 on the back of higher demand, as the segment was supported by increased tourist arrivals and strong line-up of major events during the quarter. The increase was largely driven by higher room rates and increased demand at Crowne Plaza Changi Airport which registered a 9.9% YoY increase in RevPAR to S$198 for the quarter, while Mandarin Orchard Singapore maintained a relatively stable performance.

For FY2019, with the absence of certain large-scale biennial events primarily in the first half of the year, the hospitality portfolio RevPAR registered a slight decline of 0.4% YoY in RevPAR to S$209, mitigated by a stronger performance from Crowne Plaza Changi Airport. Crowne Plaza Changi Airport delivered an exceptional performance and surpassed its minimum rent of S$22.5 million per annum for FY2019. The hotel also achieved a 9.0% YoY increase in RevPAR of S$196, on the back of improved operating performance driven by increased demand from corporate and wholesale segments, while Mandarin Orchard Singapore recorded a decline of 4.3% YoY in RevPAR to S$216 as it continued to face downward pressure in the trading environment.

The hospitality market remains poised to benefit from increased strategic partnerships to drive increase visitor arrivals, boosted by long-term investments in city-wide tourism infrastructure by the Singapore government, while supported by limited new hotel supply over the new few years.

Prudent Capital Management

OUE C-REIT's aggregate leverage as at 31 December 2019 was 40.3%. The weighted average cost of debt remained stable at 3.4% per annum, while the average term of debt was 2.2 years. The proportion of fixed rate debt remained stable at 75.0% as at 31 December 2019, mitigating interest rate volatility, in line with the Manager's prudent and disciplined approach to capital management.

Following the Merger, OUE C-REIT's larger capital base and funding capacity enhances its ability to undertake larger transactions as well as asset enhancement initiatives. This will provide flexibility for OUE C-REIT to react with greater speed to capture potential accretive investments which will drive growth and benefit Unitholders in the long-term.

For 4Q 2019, the Manager has elected to receive 20% of its base management fees in cash with the balance in Units, in alignment with its objective of delivering sustainable and stable DPU to Unitholders.

Outlook

According to CBRE, core CBD Grade A occupancy in Singapore remained stable at 96.1% in 4Q 2019, while core CBD Grade A office rents edged up 0.9% QoQ to S$11.55 psf per mth, marking the tenth consecutive quarter of growth since the trough in 2Q 2017 and a cumulative increase of 29.1%. Demand was driven mainly by flexible workspace operators and the technology sector. Islandwide net absorption in 4Q 2019 was 358,434 sq ft, resulting in 2019 net absorption of 1.08 million sq ft, below the 10-year average of 1.63 million sq ft. With limited new Grade A office supply in the medium-term, CBD Grade A office rents are expected to remain stable. OUE C-REIT's portfolio of high-quality and strategically located office properties are expected to continue to achieve committed rents which are in line with or above market rents. As expiring rents of OUE C-REIT's Singapore office portfolio are below current market rents, rental reversions are expected to be positive.

For the first 11 months of 2019, international visitor arrivals to Singapore grew 2.9% to 17.4 million compared to same period a year ago driven by significant gains from top source markets of China, Indonesia, and Australia. For the month of November 2019, international visitor arrivals increased 8.9% YoY, while the number of visitor days increased by 8.4% for the same period, averaging 3.1 days. Singapore continues to invest and strengthen its tourism infrastructure across the city, while increasing flight connectivity to key source markets and the expansion of its aviation facilities including a four-year upgrading project for Changi Airport Terminal 2 which will commence end-January 2020. Further, the Singapore Tourism Board continues to drive visitor arrivals through strategic partnerships which position Singapore as a prime fly-cruise and convention destination. OUE C-REIT's strategically located hospitality assets in the prime Orchard Road belt and in Changi Airport are prime beneficiaries from these favourable medium-term developments.

Whilst the resumption of large-scale biennial events in 2020 and limited future hotel supply over the next few years is supportive of a recovery in the Singapore hospitality sector, the outbreak of the Wuhan coronavirus and measures put in place to prevent its spread may adversely impact tourism demand in the near-term.

According to Colliers International, Shanghai CBD Grade A office demand rebounded in 4Q 2019. However upside in rents was capped by the existing high level of vacancy in the market. Consequently, Shanghai CBD Grade A occupancy edged up 0.1 ppt QoQ to 87.6% as at 4Q 2019, while rents moderated 1.2% QoQ to RMB10.10 psm per day. In Puxi, Grade A office occupancy rose 0.2 ppt QoQ to 90.4% as at 4Q 2019, while rents softened 1.0% QoQ to RMB 9.46 psm per day. Leasing demand is expected to continue to intensify with the peaking of office supply expected in 2021. Compounded by competition from decentralised markets, rental outlook is expected to be subdued in the near-term. As supply eases after 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.

OUE C-REIT completed the merger with OUE Hospitality Trust in September 2019 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.