PRESS RELEASE
For Immediate Release

OUE C-REIT Reports 1H 2020 Distribution of S$54.5 million

- 2Q 2020 net property income increased 23.7% year-on-year ("YoY") to S$50.4 million, due to contribution from the merger with OUE Hospitality Trust in 2019 ("Merger"), partially offset by rental rebates to tenants
- Positive rental reversions ranging from 6.8% to 14.8% for Singapore office portfolio in 2Q 2020 with committed occupancy of 93.7%
- Hospitality segment impacted by COVID-19, but master lease arrangements have provided downside protection
- Issued S$100.0 million 5-year fixed rate notes at 4.0% in June 2020 to refinance existing borrowings; remaining 2020 debt to be refinanced ahead of maturity
- Aggregate leverage of 40.1% with stable average cost of debt of 3.1% p.a. as at 30 June 2020

23 July 2020 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), reported net property income for the financial period 1 April 2020 to 30 June 2020 ("2Q 2020") of S$50.4 million, an increase of 23.7% YoY, mainly due to contribution from Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger.

The increase in net property income was partially offset by rental rebates and other relief measures granted to support tenants during this challenging period where businesses have been disrupted due to the COVID-19 pandemic. Including higher income support drawn for OUE Downtown Office, amount available for distribution in 2Q 2020 was S$30.7 million, 36.0% higher YoY. For the financial period 1 January 2020 to 30 June 2020 ("1H 2020"), amount available for distribution was S$68.3 million, an increase of 40.6% YoY.

OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. In view of uncertainties posed by the COVID-19 pandemic, the Manager has retained S$13.8 million of distribution in 1H 2020, comprising tax-exempt income and capital distribution to preserve financial flexibility. Hence, amount to be distributed to Unitholders for 1H 2020 was S$54.5 million, translating to a DPU of 1.00 cents.

With the books closure date being Monday 3 August 2020, payment of the distribution can be expected on Friday, 11 September 2020.

Summary of OUE C-REIT's Group Results

(S$'000)	2Q 2020	2Q 2019	Change (%)	1H 2020	1H 2019	Change (%)
Revenue	**64,275**	51,885	23.9	**142,009**	107,220	32.4
Net Property Income	**50,424**	40,750	23.7	**112,500**	84,318	33.4
Amount Available For Distribution	**30,653**	22,535	36.0	**68,283**	48,572	40.6
Amount to be Distributed				**54,452[(1)]**	48,572	12.1
DPU (Cents)				**1.00[(2)]**	1.68[(3)]	(40.5)

Notes:

(1) OUE C-REIT's distribution policy is to distribute at least 90% of its taxable income on a semi-annual basis, with the actual level of distribution to be determined at the Manager's discretion. For 1H 2020, S$13.8 million of distribution comprising tax-exempt income and capital distribution was retained to preserve financial flexibility in view of uncertainties posed by the COVID-19 situation
(2) Based on 5,415 million Units in issue and to be issued as at 30 June 2020
(3) Based on 2,872 million Units in issue and to be issued as at 30 June 2019

Mr Lee Yi Shyan, Chairman of the Board of the Manager, said, "The past quarter has been a challenging one for tenants due to the circuit breaker in Singapore, where non-essential trades were temporarily closed. To cushion the impact of business disruption on our tenants, OUE C-REIT has provided support in the form of rental rebates and other relief measures. The various tenant support schemes, as well as the retention of distribution in 1H 2020, are necessary measures to achieve a balance between providing sustainable returns to Unitholders while maintaining flexibility to address the challenges ahead."

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "With the gradual reopening of the economy, the safety of our tenants, visitors and guests is a key priority and the Manager continues to focus on enhancing health and hygiene processes to ensure a safe and clean environment at OUE C-REIT's properties. Given the uncertain business and economic outlook, we remain focused on proactive asset management and tenant retention to sustain occupancy. To maintain financial flexibility, the Manager will continue to prioritise cost management and cash conservation. OUE C-REIT is anchored by a high-quality portfolio of assets in strategic locations which, together with the wide and diversified tenant base, will continue to underpin the resilience of the portfolio."

Commercial Segment – Resilient Portfolio

The commercial (office and retail) segment reported revenue and net property income of S$47.4 million and S$35.0 million respectively for 2Q 2020. The lower YoY performance for the commercial segment was due mainly to provision for rental rebates to be extended to qualifying tenants under the New Rental Relief Framework for Small and Medium Enterprises ("SME") announced on 5 June 2020 by the Singapore Government[1], to cushion the impact of business disruption due to COVID-19.

OUE C-REIT's commercial segment committed occupancy declined 2.7 percentage points ("ppt") quarter-on-quarter ("QoQ") to 91.6% as at 30 June 2020. Its Singapore portfolio committed office occupancy eased 2.0 ppt QoQ to 93.7%, as the weak economic outlook dampened leasing momentum in 2Q 2020, compounded by the suspension of leasing activities during the circuit breaker period. Nevertheless, OUE C-REIT's Singapore office properties continued to achieve positive office rental reversions of 6.8% to 14.8% during the quarter, resulting in higher YoY average passing rents across the portfolio as of June 2020.

[1] Ministry of Law Press Release, New Rental Relief Framework for SMEs, 3 June 2020
URL: https://www.mlaw.gov.sg/news/press-releases/new-rental-relief-framework-for-smes

Shanghai CBD Grade A office demand remained weak due to persistent business uncertainty, exacerbated by the COVID-19 pandemic. As a result, Lippo Plaza's committed office occupancy declined 4.7 ppt QoQ to 81.1% as at 30 June 2020. Average passing rent at Lippo Plaza remained stable at RMB9.64 per square metre ("psm") per day as of June 2020.

Mandarin Gallery's committed occupancy fell 3.4 ppt QoQ to 94.4% as at 30 June 2020, given the continued operating challenges facing the retail segment amidst the pandemic situation. The average passing rent at the prime Orchard Road shopping mall was stable at S$22.47 per square foot ("psf") per month as of June 2020.

As at 30 June 2020, approximately 11.1% of the gross rental income for the commercial segment is due for renewal for the rest of 2020. Post the end of the second quarter, a further 5.3% of OUE C-REIT's commercial segment gross rental income was renewed. Given the business uncertainty which has dampened leasing momentum, the Manager will continue to focus on tenant retention, providing support such as flexible payment and other assistance schemes to selected tenants where necessary, so as to sustain occupancy.

Hospitality Segment – Impacted by COVID-19

The hospitality segment revenue for 2Q 2020 was S$16.9 million, which is the minimum rent under the master lease arrangements of the hotel properties in OUE C-REIT's portfolio. Net property income in 2Q 2020 was S$15.4 million.

The continued restrictions on inbound short-term visitors to Singapore have significantly impacted accommodation demand in 2Q 2020, leading OUE C-REIT's hotel properties to seek alternative demand sources such as healthcare and eldercare workers, inbound travellers serving out Stay-Home Notices and workers affected by border shutdowns. Consequently, 2Q 2020 RevPAR for Mandarin Orchard Singapore fell 79.5% YoY to S$40, while Crowne Plaza Changi Airport recorded a relatively smaller decline of 56.2% YoY to S$83 due to additional demand from the air crew segment. Overall, the hospitality segment RevPAR was 71.7% lower YoY in 2Q 2020 at S$55.

Prudent Capital Management

On 24 June 2020, the Manager issued S$100.0 million 4.0% fixed rate notes due in 2025 to refinance existing borrowings. In line with the Manager's disciplined and prudent approach to capital management, the balance of debt due in the latter half of 2020 will be refinanced ahead of maturity. The average cost of debt is expected to remain stable.

OUE C-REIT has sufficient liquidity to meet its operational and financial commitments, and its balance sheet remains healthy with available credit facilities to tap on where necessary. As at 30 June 2020, OUE C-REIT's aggregate leverage remained stable at 40.1% with a weighted average cost of debt of 3.1% per annum.

For 2Q 2020, the Manager has elected to receive 80% 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.

Tenant Support

OUE C-REIT has provided relief measures to eligible tenants across its portfolio during this challenging period. This includes various rental rebates, passing on in full the property tax rebates provided by the Singapore Government, as well as assistance schemes such as flexible payment and rental reduction to eligible tenants.

On 5 June 2020, the Singapore Government announced additional support measures for SME tenants including rental waiver of four months and two months for qualifying SME retail and office tenants respectively, to be co-shared between the Singapore Government and landlords. The rental waivers OUE C-REIT has granted to date will form part of this additional government-mandated support.

Currently, the eligibility of tenants and implementation details from the Singapore Government on the mandated relief are still pending.

OUE C-REIT has committed approximately S$13.8 million of rental rebates to date, excluding an estimated S$19.9 million of support from the Singapore Government, comprising property tax rebates and mandated share of SME relief.

Outlook

According to CBRE, Singapore's core CBD Grade A occupancy edged down 0.5 ppt QoQ to 97.1% in 2Q 2020 on negative net absorption of 293,040 square feet. Core CBD Grade A office rents slipped for the second consecutive quarter, down 3.0% QoQ to S$11.15 per square foot ("psf") per month in 2Q 2020. As occupiers look to streamline operating costs, office occupancy and rents are expected to remain under pressure, although the situation is partially mitigated by the limited supply of new Grade A office in the medium term. OUE C-REIT's portfolio of high-quality and strategically located Singapore office properties, which contributed approximately 55.4% to 2Q 2020 revenue, are expected to continue to achieve rents which are in line with or above market rents. As current expiring rents are below market rents, operating performance is expected to remain resilient.

Due to continued restrictions on inbound short-term visitors, visitor arrivals to Singapore from January to May 2020 decreased by 65.7% YoY to approximately 2.7 million. OUE C-REIT's hotel properties will continue to seek alternative sources of demand, including eldercare workers, inbound travellers serving out Stay-Home Notices, and workers affected by border shutdowns. Staycation bookings by locals, once approved by the authorities, will also augment hotel demand. Under the master lease arrangements of OUE C-REIT's hotel portfolio, the minimum rent component of S$67.5 million per annum continues to provide downside protection. The hospitality segment contributed 26.3% to total revenue in 2Q 2020.

In 2Q 2020, prime retail rents in Orchard Road corrected 1.9% QoQ to S$31.05 psf per month. OUE C-REIT's Singapore retail portfolio, contributing approximately

8.4% to 2Q 2020 revenue, was affected by the circuit breaker measures. With a phased approach to reopening the economy post circuit breaker, most retailers have resumed operations and shopper traffic has rebounded to approximately 70% of pre-COVID-19 levels at Mandarin Gallery. Nonetheless, with continued business uncertainties, the operating environment for OUE C-REIT's retail segment is expected to remain challenging.

According to Colliers International, Shanghai CBD Grade A office occupancy remained stable in 2Q 2020 at 85.4%, while rents declined 4.3% QoQ to RMB9.28 psm per day amidst intense leasing competition. The rental outlook is expected to be subdued given the significant office supply in the medium term. The Manager will continue to prioritise tenant retention and active lease management to sustain occupancy at Lippo Plaza, which contributed 9.9% to OUE C-REIT's 2Q 2020 revenue, of which the office component makes up about 72.8% of the property's revenue.

In 1H 2020, the Manager has elected to retain approximately S$13.8 million of distribution comprising tax-exempt income and capital distribution, in view of the on-going uncertainties caused by the COVID-19 pandemic globally. The prudent measure to conserve cash while balancing returns to Unitholders will provide financial flexibility for OUE C-REIT to better address the challenges ahead.

While the COVID-19 pandemic has largely stabilised in Singapore and China at this juncture, the Manager will continue to monitor the situation closely, and is prepared to introduce further initiatives to support OUE C-REIT's tenants as required. In view of protracted containment measures and weaker global conditions, the Manager will continue to prioritise its efforts on tenant retention through proactive asset management, and manage our capital prudently to maintain financial flexibility, so as to preserve sustainable long term returns for Unitholders.

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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.