PRESS RELEASE
For Immediate Release

OUE C-REIT Reports 44.5% Increase in 1Q 2020 Distribution to S$37.6 million

- 1Q 2020 net property income increased by 42.5% year-on-year ("YoY") to S$62.1 million, due to contribution from the merger with OUE Hospitality Trust in 2019 ("Merger")
- Healthy performance maintained by Singapore office portfolio, with committed occupancy of 95.7% and positive rental reversions in 1Q 2020
- Hospitality segment significantly impacted by COVID-19, but master lease arrangements have provided downside protection; accelerated plans to re-brand Mandarin Orchard Singapore to capitalise on current operating environment
- Extended various support measures to cushion the impact of business disruption on tenants, especially the retail segment which has been impacted by enforced closures
- Focus on cost management and cashflow conservation to maintain financial flexibility

5 May 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 an amount available for distribution of S$37.6 million for the financial period 1 January 2020 to 31 March 2020 ("1Q 2020").

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Summary of OUE C-REIT's Group Results

(S$'000)	1Q 2020	1Q 2019	Change (%)
Revenue	**77,734**	55,335	40.5
Net Property Income	**62,076**	43,568	42.5
Amount Available For Distribution	**37,630**	26,037	44.5
Distribution to Unitholders	**-** [(1)]	26,037	N.M.[(2)]

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. The Manager will review OUE C-REIT's financial results for 1Q 2020 and 2Q 2020 in totality to determine the actual level of distribution for 1H 2020

(2) Not meaningful

Net property income in 1Q 2020 was S$62.1 million, an increase of 42.5% YoY mainly due to the contribution from Mandarin Gallery, Mandarin Orchard Singapore and Crowne Plaza Changi Airport upon completion of the Merger. As a result, amount available for distribution was S$37.6 million, 44.5% higher YoY.

Mr Lee Yi Shyan, Chairman of the Board of the Manager, said, "OUE C-REIT started the year on solid ground, however the COVID-19 pandemic has caused an unprecedented public health and socio-economic crisis. Businesses have been disrupted due to the various measures implemented to contain community spread. To help to cushion the impact on our tenants' businesses in these challenging times, we have provided various relief measures to our tenants, which we believe serve the long-term interests of all stakeholders."

In Singapore, OUE C-REIT has extended approximately S$18.8 million in support to tenants. This includes the full pass-through of property tax rebates[1] to its commercial and hotel properties, full rental waiver for April 2020 to eligible retail tenants and other targeted relief measures depending on tenants' needs. Eligible tenants have also been extended flexible rental payment schemes. For Lippo Plaza in Shanghai, support measures in line with relevant government advisories have

[1] In line with the Singapore Government's Resilience Budget which was announced on 26 March 2020. The estimated amount of the property tax rebates is S$13.3 million

been extended to all qualifying tenants. The Manager is monitoring the situation continually and is prepared to introduce further initiatives to support tenants as required.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, “While we are pleased to report a healthy 1Q 2020 operational performance for our commercial segment which is the major contributor to OUE C-REIT’s revenue, the COVID-19 situation is still evolving and there remains uncertainty as to when businesses can resume normal operations. Given the fluidity of the pandemic situation, we will continue to monitor our operations closely and adapt our business accordingly. In terms of asset management, our focus is on tenant retention to sustain occupancy. We have also employed various strategies to manage our cashflow and maintain financial flexibility, with a focus on cost management and cash conservation.”

“The Manager is also capitalising on the currently weak operating environment to re-brand Mandarin Orchard Singapore as Hilton Singapore Orchard, with the addition of new income-generating spaces to create value and drive sustainable returns. This will better position the hotel, which already enjoys a prime Orchard Road location, to benefit from the expected recovery in the Singapore hospitality sector once travel confidence resumes. The minimum rent in OUE C-REIT’s hotel master lease agreements will continue to provide downside support throughout the renovation and ramping-up period”, added Ms Tan.

Commercial Segment – Healthy Operational Performance

The commercial (office and retail) segment reported revenue and net property income of S$60.9 million and S$47.1 million, respectively, for 1Q 2020. Net property income growth of 8.1% YoY in the commercial segment was primarily driven by contribution from Mandarin Gallery as a result of the Merger.

As at 31 March 2020, OUE C-REIT’s commercial segment committed occupancy was 94.3%. Excluding Mandarin Gallery which entered the portfolio in September 2019, the commercial segment committed occupancy remained stable YoY at

94.1% as at 1Q 2020. During the quarter, the office properties in Singapore achieved positive rental reversions of between 7.9% and 16.7%, resulting in higher YoY average passing rents across its Singapore office properties as of March 2020.

With China at the epicentre of the COVID-19 outbreak, 1Q 2020 leasing momentum in Shanghai was weaker and consequently, Lippo Plaza's committed office occupancy fell 4.1 percentage points ("ppt") quarter-on-quarter ("QoQ") to 85.8% as at 31 March 2020. Nevertheless, this is in line with overall Shanghai Grade A office occupancy of 85.4% for 1Q 2020, which saw a decline of 2.2 ppt QoQ. Average passing rent as of March 2020 was stable at RMB9.70 per sq m ("psm") per day.

Committed occupancy at Mandarin Gallery recorded a slight decrease of 0.5 ppt to 97.8% as at 31 March 2020, with stable average passing rent of S$22.02 per sq ft ("psf") per month as of March 2020. However, with progressively stricter social distancing measures being imposed, shopper traffic and tenant sales have seen more significant declines from April 2020.

Approximately 14.0% of the gross rental income for the commercial segment is due for renewal for the balance of 2020, with a further 28.5% of gross rental income due in 2021.

Hospitality Segment – Impacted by COVID-19

The hospitality segment revenue for 1Q 2020 was S$16.9 million, which was the minimum rent under the master lease arrangements of the hotel properties in OUE C-REIT's portfolio. Net property income in 1Q 2020 was S$15.0 million.

Both hotel properties saw a strong start to the year but as strict travel restrictions were progressively imposed from end January 2020, there was significant loss of demand from tourist arrivals as well as postponement and cancellation of planned MICE and social events. Although there was replacement demand from those on self-isolation as well as workers affected by border shutdowns, the operating environment remained weak. Consequently, Mandarin Orchard Singapore's 1Q

2020 RevPAR fell 47.7% YoY to S$110 while Crowne Plaza Changi Airport recorded a smaller decline of 23.9% YoY to S$141. Overall, the hospitality segment RevPAR was 40.2% lower YoY in 1Q 2020 at S$121.

To capitalise on the currently weak operating environment, the Manager on 26 March 2020 announced the transformational re-branding of Mandarin Orchard Singapore to Hilton Singapore Orchard. The addition of new income-generating spaces positions the property better to cater to growing demand for MICE events, further driving growth in sustainable returns and value.

Hilton's strong brand recognition and marketing enhances the property's competitive positioning amongst other upper upscale hotels along Orchard Road. The property will also be able to expand its reach to more than 100 million members worldwide through the highly successful Hilton Honors guest loyalty programme, as it drives more direct booking business.

Major refurbishments are expected to take place from 2Q 2020 onwards, with the re-branded hotel set to become Hilton's flagship in Singapore and the largest Hilton hotel in Asia Pacific when it relaunches in 2022.

OUE C-REIT will invest S$90.0 million over the period of phased renovation, and the expected return on investment on a stabilised basis is approximately 10%. The minimum rent embedded of S$45.0 million per annum within the hotel master lease arrangement will provide downside protection throughout the phased renovation and ramping-up period.

Prudent Capital Management

OUE C-REIT's aggregate leverage as at 31 March 2020 remained stable at 40.2%, with slightly lower weighted average cost of debt of 3.2% per annum. With 76.6% of OUE C-REIT's debt on fixed rate basis, earnings are mitigated against interest rate fluctuations.

On 20 March 2020, the Manager established a S$2.0 billion multi-currency debt issuance programme to enable OUE C-REIT to tap on diversified sources of funding. Approximately S$596 million of debt which is due in the latter part of 2020 will be refinanced ahead of maturity, and average cost of debt is expected to remain stable.

In line with the Manager's prudent approach to capital management, OUE C-REIT will focus on cost management and cash conservation, especially in the current operating environment. Non-essential capital and operating expenditure has been suspended across OUE C-REIT's properties.

For 1Q 2020, 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

After 10 straight quarters of rental growth, core Singapore CBD Grade A office rents slipped 0.4% QoQ to S$11.50 psf per month. While the supply of new Grade A office space in the medium-term is limited, both occupancy and office rents are expected to come under pressure, in view of business uncertainty in the current economic climate and concerns over the back-filling of secondary vacancy in office buildings. OUE C-REIT's Singapore office portfolio contributed approximately 53.1% to 1Q 2020 revenue. 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 are below current market rents, operating performance is expected to remain resilient.

For the first three months of 2020, international visitor arrivals to Singapore decreased by 43.3% to 2.7 million compared to the same period a year ago. The Singapore Tourism Board has projected a decline of 25-30% in tourist arrivals for 2020. The decrease was due to the travel restrictions on inbound travellers imposed since the end of January to stem the spread of COVID-19. To mitigate the decline in tourism demand, OUE C-REIT's hotel properties have sought alternative sources of demand including guests on self-isolation as well as workers affected by border shutdowns. The hotel properties have also implemented various cost containment measures to mitigate the decline in performance. The Singapore Government's assistance packages such as wage and tax reliefs have also provided some support. Overall, the minimum rent component of S$67.5 million per annum under the master lease arrangements of OUE C-REIT's hotel portfolio provides downside protection. For 1Q 2020, the hotel segment contributed 21.7% to revenue.

OUE C-REIT's Singapore retail portfolio, which contributed approximately 17.1% to 1Q 2020 revenue, has been impacted by the decline in tourist demand and safe-distancing measures in place due to COVID-19. In Singapore, the "circuit breaker" announced by the Government ordering all non-essential trades to close temporarily, initially from 7 April 2020 until 4 May 2020, and subsequently extended until 1 June 2020, will continue to impact on retail tenants' operations. Prime retail rents in Orchard Road saw a modest decline in 1Q 2020. Given the significant business disruption brought about by COVID-19, the retail operating environment is expected to remain challenging.

Office leasing momentum in the Shanghai CBD Grade A market slowed in 1Q 2020, due to economic uncertainties posed by the COVID-19 pandemic. Due to intense leasing competition, rents corrected 4.2% QoQ to RMB9.68 psm per day. Given the significant office supply pipeline which only peaks after 2021, the rental outlook is expected to remain subdued in the near term. At Lippo Plaza, which contributed 8.1% to OUE C-REIT's 1Q 2020 revenue of which the office component accounted for about 80% of the property's revenue, the Manager's priority is to retain tenants and maintain occupancy.

In support of tenants during this challenging period where businesses have been disrupted due to the COVID-19 pandemic, OUE C-REIT has passed on in full the property tax rebates announced by the Singapore Government to all tenants, as well as provided additional relief measures and assistance schemes to tenants across its portfolio of properties. 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.

As the COVID-19 situation is fluid and still evolving, the full impact on OUE C-REIT depends on several factors including the duration of the pandemic, potential for further extension of the circuit breaker or other movement control orders, as well as the trajectory of recovery when the pandemic is under control. The Manager will continue to focus its efforts on 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 under management 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.