PRESS RELEASE
For Immediate Release

OUE C-REIT Announces 3Q 2020 Amount Available for Distribution of S$34.2 million

- 3Q 2020 net property income increased 11.4% year-on-year ("YoY") to S$55.8 million due to contribution from the merger with OUE Hospitality Trust ("Merger"), partially offset by tenant rebates
- Singapore office portfolio continued to provide stability in 3Q 2020 with quarter-on-quarter ("QoQ") improvement in committed occupancy to 94.5%, and sustained positive rental reversions ranging from 2.9% to 22.1%
- Lippo Plaza's committed office occupancy increased QoQ despite a supply increase in the wider Shanghai office market
- Minimum rent from hotel master lease arrangements continued to provide downside protection
- In documentation stages for the refinancing of borrowings due in late 2020, with early refinancing of S$450 million of borrowings due in 2021 in progress

12 November 2020 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the "Manager") of OUE Commercial Real Estate Investment Trust ("OUE C-REIT"), announced today key financial and operational updates for the financial period 1 July 2020 to 30 September 2020 ("3Q 2020") as OUE C-REIT has adopted semi-annual reporting of financial results.

Net property income for 3Q 2020 increased by 11.4% YoY to S$55.8 million, due to contribution from the Merger, which was effective from 4 September 2019. The increase was partially offset by rental rebates and other relief measures granted to retail tenants of about S$5.0 million as this sector continues to face headwinds. Consequently, amount available for distribution in 3Q 2020 was S$34.2 million.

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Summary of OUE C-REIT's Group Results

(S$'000)	3Q 2020	3Q 2019	YoY Change (%)	2Q 2020	QoQ Change (%)
Revenue	**70,915**	63,315	12.0	64,275	10.3
Net Property Income	**55,763**	50,057	11.4	50,424	10.6
Amount Available for Distribution	**34,173**	29,513	15.8	30,653	11.5

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased to see an improvement in committed office occupancy to 94.5%, as well as continued positive rental reversions at our Singapore office properties which underpin the resilience of OUE C-REIT's commercial portfolio. The gradual reopening of the economy and calibrated easing of pandemic measures has relieved some of the business pressures faced by our tenants. However, certain businesses continue to be negatively impacted by the restrictions on short-term visitors and work-from-home measures. We have thus extended further assistance to selected retail tenants in the current quarter, and continue to stand prepared to support our tenants as required."

Even as the protraction of the pandemic continues to weigh on business sentiment and dampen leasing demand, the Manager will continue its focus on proactive asset management to sustain occupancy within OUE C-REIT's commercial portfolio, as well as to prioritise cost containment to drive operational efficiency.

Commercial Segment – Stable Portfolio

With the resumption of leasing activities post circuit breaker and gradual reopening of the economy, OUE C-REIT's Singapore office portfolio saw an improvement in committed occupancy to 94.5% as at end September 2020. Positive rental reversions of 2.9% to 22.1% were registered in 3Q 2020, resulting in higher YoY average passing rents as of September 2020.

In Shanghai, Lippo Plaza's committed office occupancy improved 1.7 percentage points ("ppt") QoQ to 82.8% as at 30 September 2020, despite an increase in new office supply during the quarter. Against the backdrop of significant new supply in the Central Business District ("CBD") in the medium term, landlords have adjusted rental expectations to retain tenants. Consequently, average passing rent declined 1.0% QoQ to RMB9.54 per square metre ("psm") per day as of September 2020.

The operating performance of Mandarin Gallery remained largely stable in 3Q 2020. While shopper traffic and sales have rebounded to approximately 80% and 70% of pre-COVID levels respectively, the retail sector continues to be challenging.

Hospitality Segment – Impacted by COVID-19

As borders remain shut to short-term travellers, demand for OUE C-REIT's hotel properties in 3Q 2020 continued to be supported by alternative sources such as inbound travellers serving out Stay-Home Notices and workers affected by border shutdowns, while Crowne Plaza Changi Airport benefitted from the additional demand derived from the air crew segment due to its close proximity to the airport.

For 3Q 2020, Mandarin Orchard Singapore's RevPAR declined 68.0% YoY to S$74, while RevPAR for Crowne Plaza Changi Airport declined 46.0% YoY to S$115. Overall, hospitality segment RevPAR was 60.8% lower YoY in 3Q 2020 at S$88. On a QoQ basis, Mandarin Orchard Singapore and Crowne Plaza Changi Airport's RevPAR was 84.1% and 38.5% higher respectively, driven by higher occupancy and higher average room rates. While staycations have commanded higher room rates since both hotels provided leisure accommodation to locals from August 2020, contribution from this segment remains small due to limited availability and capacity due to safe management measures.

Prudent Capital Management

As at 30 September 2020, OUE C-REIT's aggregate leverage remained stable at 40.3%, with a weighted average cost of debt of 3.1% per annum. The refinancing of S$425 million borrowings due in late 2020 is in documentation stages. Further, the S$450 million of loans due in 2021 (comprising approximately 56% of debt due in 2021) will be refinanced ahead of expiry, in line with the Manager's proactive and prudent approach to capital management. Upon completion of these refinancing activities, OUE C-REIT's average term of debt is expected to increase to 2.6 years, from 1.6 years as at 30 September 2020.

In line with the Manager's objective of delivering long-term sustainability in DPU, it has opted to receive 50% of the Manager's base management fees in cash with the balance in Units of OUE C-REIT commencing from 3Q 2020, an increase from 20% previously.

Outlook

According to CBRE, Singapore's core CBD Grade A occupancy declined by 0.3 ppt QoQ to 96.8% on negative net absorption of 445,491 square feet. Core CBD Grade A office rents declined by 4.0% QoQ to S$10.70 per square foot ("psf") per month in 3Q 2020. Office occupancy and rents are expected to remain under pressure in view of dampened demand and continued focus on cost efficiency by occupiers amidst weak economic prospects. In the short term, secondary vacancy as a result of rationalisation by occupiers is expected to increase leasing competition. However, supply concerns in the medium term are mitigated due to projected completion delays. As the current expiring rents of the Singapore office properties are below market rents, operating performance is expected to remain resilient. OUE C-REIT's Singapore office properties contributed 57.5% to 3Q 2020 revenue.

The recent announcement on the unilateral lifting of border restrictions for all visitors from mainland China is a positive development. However, while various arrangements with numerous countries have been recently established to facilitate essential business and official travel, the positive impact to visitor numbers is expected to be minimal. The minimum rent component of S$67.5 million per annum under the master lease arrangements of OUE C-REIT's hotel portfolio will continue to provide downside protection. In 3Q 2020, the hospitality segment contributed 23.8% of revenue.

3Q 2020 prime retail rents in Orchard Road declined 3.4% QoQ and 5.4% YoY to S$30.00 psf per month, according to CBRE. Uncertainty about the economic and employment outlook is expected to continue to weigh on discretionary expenditure, while the operating environment remains challenging for retailers relying on short-term visitors and office-based employees. Hence, outlook for the retail sector is expected to remain weak. The Singapore retail segment contributed 10.4% to 3Q 2020 revenue.

According to Colliers International, while 3Q 2020 leasing demand for Shanghai CBD Grade A office rebounded QoQ with the uptick in economic activity, occupancy edged down 0.1 ppt QoQ to 85.3% due to new supply in the quarter. Given the intense leasing competition, CBD Grade A office rents declined 2.0% QoQ to RMB9.09 psm per day. Vacancy rates are expected to remain elevated due to significant new office supply in the medium term. Hence the rental outlook continues to be subdued. Lippo Plaza contributed 8.3% to OUE C-REIT's 3Q 2020 revenue.

As announced in 1H 2020, the Manager has elected to retain approximately S$13.8 million[1] of distribution comprising tax-exempt income and capital distribution, to maintain financial flexibility. The utilisation of retention will depend on working capital requirements, and the Manager will determine the return of retention when there is more certainty and clarity on the operating outlook. As OUE C-REIT has a semi-annual distribution policy, any distribution of retention will be disclosed at the FY2020 results announcement.

While the Singapore economy has started to recover with the gradual reopening from the circuit breaker, growth momentum is likely to be modest with the recovery ahead expected to be uneven. The Manager will continue to monitor the situation closely and will continue its focus on proactive asset management and prudent

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[1] Including retention of S$3.0 million for ongoing working capital requirements relating to the hotel properties

capital management to maintain financial flexibility, so as to preserve sustainable long term returns to 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 (SGX-ST: OUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia. 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 First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited), the manager of First REIT, Singapore's first healthcare real estate investment trust, in October 2018. In 2019, OUE expanded into the consumer sector with OUE Restaurants.

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.