

PRESS RELEASE
For Immediate Release

OUE Commercial REIT's 3Q 2014 DPU of 1.40 Cents Higher than Forecast by 2.9%

Highlights:

- Net property income of S\$14.9 million exceeds Forecast¹ by 6.3%
- Distribution per Unit of 1.40 cents is 2.9% higher than Forecast
- Year-to-date rental reversions from office renewals at OUE Bayfront of 10.2% and 5.6% for Lippo Plaza

31 October 2014 – OUE Commercial REIT Management Pte. Ltd., the Manager of OUE Commercial REIT (“OUE C-REIT”), is pleased to announce an amount available for distribution of S\$12.2 million for the period 1 July 2014 to 30 September 2014 (“3Q 2014”). This is higher than Forecast for the same period by 3.2%. Distribution per Unit (“DPU”) achieved for the period was 1.40 cents, 2.9% higher than Forecast. This translates to an annualised distribution yield of 7.0%, based on OUE C-REIT’s closing price of S\$0.795 on 30 September 2014.

Standard Chartered Securities (Singapore) Pte. Limited, CIMB Bank Berhad, Singapore Branch and Oversea-Chinese Banking Corporation Limited were the joint global coordinators and issue managers for the initial public offering of OUE C-REIT (the “Issue Managers”).

The Issue Managers assume no responsibility for the contents of this press release.

¹ As disclosed in OUE C-REIT’s initial public offering prospectus dated 17 January 2014 (the “Prospectus”).

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Summary of OUE C-REIT's Group Results

	3Q 2014			For the period 27 Jan 2014 to 30 Sep 2014 ²		
	Actual	Forecast ³	Change	Actual	Forecast ³	Change
Gross Revenue (S\$'000)	19,493	19,145	+1.8%	51,982	51,566	+0.8%
Net Property Income (S\$'000)	14,860	13,981	+6.3%	39,469	37,820	+4.4%
Amount Available For Distribution (S\$'000)	12,216	11,840	+3.2%	33,332	31,998	+4.2%
Distribution Per Unit (Cents)	1.40	1.36	+2.9%	3.83	3.68	+4.1%

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased to announce yet another set of strong results, where DPU outperformed Forecast by 2.9%. This was mainly attributed to higher occupancy rates, continued positive rental reversions across the portfolio and proactive cost management. Portfolio occupancy rose to 97.2% from 96.8% a quarter ago, on the back of improved occupancy at Lippo Plaza from 93.6% to 94.4%. OUE Bayfront maintained full occupancy. Year-to-date, office renewal rates at OUE Bayfront were 10.2% higher than preceding rents, while Lippo Plaza recorded office rental reversions of 5.6% over the same period.

During the quarter, OUE C-REIT incurred lower utilities expenses following the Manager's cost saving initiative to bulk purchase OUE Bayfront's utility consumption. We will continue our proactive leasing and asset management strategy to deliver stable, long-term returns for our Unitholders."

² OUE C-REIT was incorporated on 10 October 2013 but was dormant until Listing Date of 27 January 2014.

³ Forecast for the period was derived by pro-rating the forecast for 2014 as disclosed in the Prospectus.

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Stable and Resilient Operational Performance

Occupancy rate at OUE Bayfront maintained at 100% as at 30 September 2014. Office rental reversion for 3Q 2014 was 37.0%, on the back of a renewal of a small space, whilst year-to-date office rental reversions remained at a healthy 10.2%. Committed rents during the quarter for new and renewal leases were in the range of S\$12.50 psf per month to S\$15.50 psf per month, which were generally higher than the average market rent. As a result, OUE Bayfront's average passing rent increased to S\$10.68 psf per month as at 30 September 2014.

At Lippo Plaza, office occupancy improved to 94.2% from 92.9% last quarter, comparing favourably to the office market occupancy of 89.0% in Puxi as at 30 September 2014. The average passing office rent rose to RMB9.13 psm per day, on the back of office rental reversions of 5.6% achieved year-to-date. Office rental reversions for 3Q 2014 was 6.8%.

Prudent Capital Management

The Manager adopts a prudent and proactive approach towards capital management. OUE C-REIT's aggregate leverage is 39.8% as at 30 September 2014, with an average cost of debt of 2.57% per annum. About 56.8% of OUE C-REIT's interest rate exposure is hedged for the next 3.39 years. With an average term to maturity for its borrowings of 3.18 years, OUE C-REIT has no refinancing requirement until 2017.

In view of potential increases in interest rates as the US Federal Reserve completes its quantitative easing program, the Manager has entered into additional interest rate swaps in October 2014 to further hedge OUE C-REIT's interest rate exposure. Post these additional interest rate swaps, OUE C-REIT has about 72.0% of its interest rate exposure hedged into fixed rates for the next 3.52 years. Consequently, average cost of debt is expected to increase to 2.76% per annum.

Outlook

According to CBRE, Grade A office rents in Singapore rose for the fourth consecutive quarter by 3.3% to S\$10.95 psf per month as at end 3Q 2014. Core CBD occupancy rose 0.8 percentage points (“ppt”) to 96.6% as leasing momentum remained steady with net absorption of 230,000 sq ft in 3Q 2014. Demand was predominantly from expansion by existing tenants and was across diverse trade sectors. Given tighter vacancy levels and limited new supply in the CBD until end-2015, rental growth is expected to remain positive.

According to Colliers International Research, overall vacancy in the Shanghai CBD market increased by 0.6 ppt quarter-on-quarter (“QoQ”) to 7.8% as at end 3Q 2014 due primarily to two new office completions during the quarter. The average Shanghai CBD office rental was RMB9.2 psm per day, 0.6% higher QoQ, underpinned by better rental growth in Pudong. In Puxi, rents declined modestly by 0.4% QoQ to RMB8.8 psm per day though vacancy decreased 0.4 ppt to 11.0%. The rental outlook is expected to be subdued as further new supply in the market is anticipated.

As core CBD vacancy in Singapore continues to tighten in view of limited new office supply, Grade A office rents are expected to continue to rise. This is positive for OUE Bayfront, which accounts for about 70% of OUE C-REIT’s portfolio. The outlook for Shanghai CBD office is expected to be stable.

Barring any unforeseen event and any weakening of the economic environment, the Manager expects OUE C-REIT to meet its forecast distribution for 2014.

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QUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

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About QUE Commercial REIT

QUE C-REIT is a Singapore real estate investment trust listed on the Mainboard of Singapore Exchange Securities Trading Limited. 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.

QUE C-REIT's portfolio comprising QUE Bayfront in Singapore and Lippo Plaza in Shanghai, has a total asset value of about S\$1.6 billion.

QUE C-REIT is managed by QUE Commercial REIT Management Pte. Ltd., which is a wholly-owned subsidiary of QUE Limited.

For more information, please visit www.ouect.com

About the Sponsor : QUE Limited

QUE Limited ("QUE") is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the U.S.. The group focuses its business across the commercial, hospitality, retail and residential sectors primarily in Singapore. With its core strategy of investing in and enhancing a stable of distinctive properties, QUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value.

QUE is listed on the Main Board of SGX-ST in Singapore with a market capitalization of S\$1.9 billion as at 30 September 2014. QUE has an experienced management team and an established track record of operations dating back to 1964.

For more information, please visit www.oue.com.sg.

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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.