

PRESS RELEASE
For Immediate Release

OUE C-REIT Achieved 1Q 2016 Distribution of S\$17.0 million, 35.1% Higher Year-on-Year

Key Highlights:

- 1Q 2016 amount available for distribution increased 35.1% year-on-year (“YoY”) to S\$17.0 million due to contribution from One Raffles Place which was acquired in October 2015
- Excluding contribution from One Raffles Place, organic growth in net property income of the portfolio is 7.8% YoY
- Steady and high occupancy levels maintained, as well as positive rental reversions achieved across all properties in the portfolio
- Increased fixed-rate loans to 79.2% as at 31 March 2016, up from 63.8% in the previous quarter

10 May 2016 – OUE Commercial REIT Management Pte. Ltd., in its capacity as manager (the “Manager”) of OUE Commercial REIT (“OUE C-REIT”), is pleased to announce an amount available for distribution of S\$17.0 million for the financial period 1 January 2016 to 31 March 2016 (“1Q 2016”), an increase of 35.1% over the distribution of S\$12.6 million achieved in the prior corresponding financial period 1 January 2015 to 31 March 2015 (“1Q 2015”). 1Q 2016 DPU is 1.32 cents, translating to an annualised yield of 8.1%, based on OUE C-REIT’s closing price of S\$0.65 on 31 March 2016.

Summary of OUE C-REIT’s Group Results

(S\$’000)	1Q 2016	1Q 2015	Change
Gross Revenue	42,914	20,411	+110.2%
Net Property Income	33,255	15,707	+111.7%
Amount Available For Distribution	17,041	12,617	+35.1%
Distribution Per Unit (Cents)	1.32	0.99 ¹	+33.3%

¹ The number of Units entitled for distribution and DPU have been restated to include the 393,305,817 new Units issued on 4 August 2015 at an issue price of S\$0.555 per Unit as such Units were entitled to the amount available for distribution in respect of 1Q 2015.

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

OUE C-REIT delivered gross revenue of S\$42.9 million in 1Q 2016, more than doubling the S\$20.4 million achieved in 1Q 2015 due to contribution from One Raffles Place which was acquired in October 2015, as well as better performance at OUE Bayfront. Higher property operating expenses were incurred due to the inclusion of One Raffles Place's expenses as well as higher property tax at OUE Bayfront, which were partially offset by lower maintenance costs incurred at Lippo Plaza. As a result, 1Q 2016 net property income was S\$33.3 million, increasing from S\$15.7 million in 1Q 2015.

1Q 2016 finance costs was higher compared to 1Q 2015 due to the larger amount of loans outstanding as well as higher interest rates, resulting in an amount available for distribution of S\$17.0 million, 35.1% higher YoY.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased that OUE C-REIT continued to deliver a good set of results in 1Q 2016, with a 35.1% year-on-year increase in amount available for distribution. This is underpinned by contribution from One Raffles Place, as well as continued organic growth from the initial portfolio comprising OUE Bayfront and Lippo Plaza. Despite the challenging environment, operational performance continued to be healthy, reflecting the quality and resilience of OUE C-REIT's portfolio.

Portfolio committed occupancy increased to 94.8% as at 31 March 2016 from 94.3% a quarter ago whilst rental reversions in 1Q 2016 for OUE Bayfront and One Raffles Place were 4.9% and 3.0% respectively, and that for Lippo Plaza was 5.3%.

Notwithstanding the headwinds faced in the Singapore office sector, the Manager remain focused on delivering stable and sustainable returns for our Unitholders, and will continue our proactive efforts to attract new tenants as well as retain existing tenants."

Healthy Operational Performance

Committed office occupancy at OUE Bayfront remained steady quarter-on-quarter (“QoQ”) at 98.2% as at 31 March 2016, above the Singapore core CBD office occupancy of 95.1%. Committed rents in 1Q 2016 for new and renewed / reviewed office leases ranged from S\$12.00 psf per month to S\$12.30 psf per month, reflecting a positive rental reversion of 4.9%. The average passing office rent continued to rise, to S\$11.82 psf per month for March 2016, 11.5% higher YoY.

One Raffles Place’s committed office occupancy improved slightly to 90.6% as at 31 March 2016. Office renewal rents saw an uplift of 3.0% in 1Q 2016, with new and renewed leases ranging from S\$8.50 psf per month to S\$12.50 psf per month. The average passing office rent for March 2016 was S\$10.27 psf per month.

Lippo Plaza’s committed office occupancy of 98.1% as at 31 March 2016 eased from a high of 99.2% a quarter ago, but continued to outperform the overall Shanghai CBD Grade A occupancy of 96.0%. The range of committed rents for new and renewed office leases achieved in 1Q 2016 was RMB9.50 psm per day to RMB11.33 psm per day. Office rental reversion for 1Q 2016 was 5.3% with the average passing office rent increasing 4.0% YoY year-on-year to RMB9.55 psm per day for March 2016. We are pleased to welcome Victoria’s Secret’s first flagship store in China to Lippo Plaza, which will open by end-2016. As an internationally renowned brand with an established track record, the entry of Victoria’s Secret is an endorsement of Lippo Plaza’s position as a prime location for new retail concepts in Shanghai. The long-term lease committed further underpins the stability of the income of the property.

As at 31 March 2016, 9.1% of OUE C-REIT’s gross rental income is due for renewal in 2016, reducing from 15.1% at the start of the year. To-date, the Manager has completed the renewal of all expiring leases in 2016 for OUE Bayfront and more than 60% of the property’s gross rental income is due for renewal only in 2019 and beyond.

OUÉ COMMERCIAL REIT MANAGEMENT PTE. LTD.

Prudent Capital Management

OUÉ C-REIT's aggregate leverage was 40.5% as at 31 March 2016, with a weighted average cost of debt of 3.56% per annum. In view of the volatile interest rate environment, the Manager has entered into further interest rate swaps and increased the proportion of fixed rate borrowings to 79.2% as at 31 March 2016 compared to 63.8% as at 31 December 2015. The average term of fixed rate debt as at 31 March 2016 is 2.95 years. C-REIT has no refinancing requirements in 2016.

In line with the Manager's objective of delivering long-term sustainability in DPU, 20% of the Manager's base management fees will be paid in cash with the balance paid in Units of OUÉ C-REIT commencing from 1Q 2016.

Outlook

Core CBD office occupancy remained unchanged from a quarter ago at the end of 1Q 2016 at 95.1%, with CBD Grade A office rents declining by 4.8% QoQ to S\$9.90 psf per month, according to CBRE. The sluggish economy weighed on office demand, resulting in negative net absorption of -133,500 sq ft. Tenant demand from the oil and gas sector continued to be impacted, while occupiers from the information technology, e-commerce, insurance and pharmaceutical sectors remained active. As demand continues to be lacklustre, the completion of major new office developments from 3Q 2016 is expected to impact vacancy.

As demand remained firm amidst a lack of new completions during the quarter, Shanghai CBD Grade A office vacancy declined 1.0 ppt QoQ to 4.0% as at 1Q 2016, according to Colliers International. Consequently, CBD Grade A rents in Shanghai rose 1.7% QoQ to RMB10.3 psm per day. In Puxi, average Grade A rents rose 0.9% QoQ to RMB9.5 psm per day. In view of further new supply coming on-stream in the rest of 2016, the overall Shanghai vacancy rate may increase in the coming quarters and hence the rental outlook is expected to be subdued.

- End -

OUÉ COMMERCIAL REIT MANAGEMENT PTE. LTD.

For further information and enquiries, please contact:

Elaine Cheong
Vice President, Investor Relations
Tel: +65 6809 8704
Email: elaine.cheong@ouect.com

About OUE Commercial REIT

OUE C-REIT is a Singapore real estate investment trust listed on the Main Board 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.

OUE C-REIT's portfolio comprises OUE Bayfront and One Raffles Place in Singapore, as well as Lippo Plaza in Shanghai, with a total assets-under-management of approximately S\$3.4 billion.

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 ("OUE") 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 primarily in Singapore. 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

OUE COMMERCIAL REIT MANAGEMENT PTE. LTD.

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.