

PRESS RELEASE
For Immediate Release

OUE C-REIT Achieved 2Q 2016 Distribution of S\$17.7 million, 38.6% Increase Year-on-Year

Key Highlights:

- 2Q 2016 amount available for distribution increased 38.6% year-on-year (“YoY”) to S\$17.7 million due primarily to contribution from One Raffles Place which was acquired in October 2015
- 2Q 2016 distribution per unit (“DPU”) of 1.36 cents, 34.7% higher YoY
- Excluding contribution from One Raffles Place, organic growth in net property income of the portfolio in 2Q 2016 continued to be strong at 15.9% YoY
- Steady and healthy occupancy levels maintained, with average passing rents continuing to increase due to positive rental reversions achieved year-to-date

2 August 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\$17.7 million for the financial period 1 April 2016 to 30 June 2016 (“2Q 2016”), an increase of 38.6% over the distribution of S\$12.8 million delivered in the prior corresponding financial period 1 April 2015 to 30 June 2015 (“2Q 2015”). 2Q 2016 DPU was 1.36 cents, 34.7% higher YoY.

OUE C-REIT pays its distribution to Unitholders on a semi-annual basis. Together with 1Q 2016 DPU of 1.32 cents, DPU for 1H 2016 was 2.68 cents, translating to an annualised yield of 7.9% based on OUE C-REIT’s closing price of S\$0.675 on 30 June 2016. With the books closure date on Thursday, 11 August 2016, Unitholders can expect to receive the 1H 2016 distribution on Tuesday, 6 September 2016.

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Summary of OUE C-REIT's Group Results

(S\$'000)	2Q 2016	2Q 2015	Change	1H 2016	1H 2015	Change
Gross Revenue	45,688	19,677	+132.2%	88,602	40,088	+121.0%
Net Property Income	35,228	14,693	+139.8%	68,483	30,400	+125.3%
Amount Available For Distribution	17,734	12,794	+38.6%	34,775	25,411	+36.9%
Distribution Per Unit (Cents)	1.36	1.01 ^(a)	+34.7%	2.68	2.00 ^(a)	+34.0%

Note:

(a) Based on the number of Units in issue and to be issued as at 30 June 2015, including the 393,305,817 new Units issued on 4 August 2015 as such Units were entitled to the amount available for distribution in respect of 1H 2015

OUÉ C-REIT achieved higher gross revenue of S\$45.7 million in 2Q 2016, mainly due to contribution from One Raffles Place which was acquired in October 2015, coupled with improved performance at OUE Bayfront and Lippo Plaza. Higher property operating expenses were incurred due to the inclusion of One Raffles Place's expenses as well as higher maintenance costs at OUE Bayfront, which were partially offset by lower leasing commissions at Lippo Plaza. As a result, 2Q 2016 net property income was S\$35.2 million, increasing from S\$14.7 million in 2Q 2015.

2Q 2016 finance costs were higher compared to 2Q 2015 due to the larger amount of loans outstanding as well as higher interest rates, resulting in an amount available for distribution of S\$17.7 million, 38.6% higher YoY.

Ms Tan Shu Lin, Chief Executive Officer of the Manager, said, "We are pleased that OUE C-REIT continued to deliver a strong set of results in 2Q 2016, with amount available for distribution increasing 38.6% year-on-year. While One Raffles Place contributed significantly to the increased distribution, the uplift in earnings was also driven by robust organic growth from the initial portfolio comprising OUE Bayfront and Lippo Plaza, where 2Q 2016 net property income growth grew 15.9% year-on-year. This attests to the quality and resilience of OUE C-REIT's portfolio, where operational performance remained healthy despite the challenging environment.

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Portfolio committed occupancy was stable at 94.5% as at 30 June 2016 compared to 94.8% a quarter ago, with higher average passing rents at all three properties year-on-year. Despite declining market rents, 1H 2016 office rental reversions were positive at 1.8% and 2.1% for OUE Bayfront and One Raffles Place respectively, while Lippo Plaza recorded a 9.0% rental reversion.

The Manager will continue its proactive efforts to attract new tenants as well as retain existing tenants. Together with our prudent and disciplined approach to capital management, we will remain focused on delivering stable and sustainable returns for our Unitholders.”

Healthy Operational Performance

OUE Bayfront’s committed office occupancy remained steady quarter-on-quarter (“QoQ”) at 98.2% as at 30 June 2016, above the Singapore core CBD office occupancy of 95.1%. 2Q 2016 office rental reversion was slightly negative at -0.9% due to the renewal of a tenant with a high passing rent. Nonetheless, committed rents achieved by OUE Bayfront during the quarter for new and renewed office leases ranged from S\$11.00 psf per month to S\$14.20 psf per month, which is notably above the office market rent of S\$9.50 psf per month as at 2Q 2016, reflecting the premium positioning of OUE Bayfront. Average passing office rent continued to increase to S\$11.84 psf per month as at June 2016, an improvement of 7.2% YoY.

Committed office occupancy at One Raffles Place continued to improve, rising 1.2 percentage points (“ppt”) QoQ to 91.8% as at 30 June 2016. 2Q 2016 committed rents for new and renewed leases ranged from S\$8.40 psf per month to S\$11.00 psf per month, resulting in flat rental reversions for the quarter. However, average passing office rent increased to S\$10.33 psf per month for June 2016, from S\$10.27 psf per month a quarter ago.

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Lippo Plaza's committed office occupancy declined to 93.4% as at 30 June 2016 from 98.1% a quarter ago due to the non-renewal of some tenants whose leases were not back-filled within the quarter. The Manager has since secured new leases which will result in a higher committed office occupancy of about 95.0%. Nonetheless, Lippo Plaza's committed office occupancy as at 30 June 2016 still compares favourably to the overall Shanghai CBD Grade A occupancy of 92.8%, and is in line with the Puxi sub-market occupancy of 93.6% as at end-June 2016. Office rental reversion achieved in 2Q 2016 was a notable 12.5%, with the range of committed rents for new and renewed office leases from RMB9.10 psm per day to RMB11.30 psm per day. Average passing office rent increased 5.0% YoY to RMB9.67 psm per day for June 2016.

As at 30 June 2016, 4.8% of OUE C-REIT's gross rental income is due for renewal in 2016, reduced from 15.1% at the start of the year. To-date, the Manager has completed the renewal of all expiring office leases in 2016 for OUE Bayfront and more than 65% of the property's gross rental income is due for renewal only in 2019 and beyond.

Prudent Capital Management

As at 30 June 2016, OUE C-REIT's aggregate leverage was 40.2%, with a weighted average cost of debt of 3.53% per annum. About 79.5% of borrowings are on fixed rate basis with an average term of fixed rate debt of 2.72 years.

OUE C-REIT has no refinancing requirements in 2016. In line with the Manager's prudent and proactive approach to capital management, it has refinanced an onshore RMB loan ahead of its maturity in 2017 in July 2016. The tenure of the new loan is for eight years, expiring in 2024.

For 2016, the Manager has elected to receive 20% of its base management fees to be paid in cash, with the balance in Units. This is in line with its objective of delivering sustainable and stable DPU to Unitholders.

Outlook

Singapore core CBD office occupancy at the end-2Q 2016 remained steady at 95.1%, with Grade A office rents contracting for the fifth consecutive quarter by 4.0% QoQ to S\$9.50 psf per month, according to CBRE. Though leasing activity picked up due to occupiers taking advantage of attractive rental terms to relocate from older to newer buildings, islandwide net demand in 2Q 2016 continued to be negative at -74,741 sq ft. Tenant sectors that were active include info-communications & technology, as well as financial and professional services, though space requirements were modest. With demand continuing to be muted, the completion of major new office developments from 3Q 2016 is expected to impact vacancy.

According to Colliers International, Shanghai CBD Grade A office vacancy increased by 3.2 ppt QoQ to 7.2% as at end-2Q 2016. This was mainly due to the completion of four new office projects totaling 121,000 sq m in 2Q 2016, as well as net absorption turning negative at -69,000 sq m due to a retreat in tenant demand. Consequently, CBD Grade A rents in Shanghai edged down 0.5% QoQ to RMB10.3 psm per day. In Puxi, Grade A office vacancy rose 2.7 ppt QoQ to 6.4% as at the end of June, with average Grade A office rents declining 1.3% QoQ to RMB9.4 psm per day. In view of further new supply coming on-stream for 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.

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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 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.