

OUE COMMERCIAL REAL ESTATE INVESTMENT TRUST

**Unaudited Financial Statements and Distribution Announcement for the Second Quarter
and Financial Period from 1 January 2017 to 30 June 2017**

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Introduction

OUE Commercial Real Estate Investment Trust (“OUE C-REIT”) was constituted by a trust deed dated 10 October 2013 (as amended) entered into by OUE Commercial REIT Management Pte. Ltd. as the Manager of OUE C-REIT (the “Manager”) and DBS Trustee Limited as the Trustee of OUE C-REIT (the “Trustee”).

OUE C-REIT was listed on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 January 2014. The principal investment strategy of OUE C-REIT is to invest, directly or indirectly, in a portfolio of 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 within and outside of Singapore, as well as real estate-related assets. OUE C-REIT’s portfolio currently comprises three prime commercial properties located in Singapore and Shanghai:

- One Raffles Place: Integrated commercial development comprising two Grade-A office towers and a retail mall strategically located in the heart of Singapore’s central business district in Raffles Place. OUE C-REIT holds One Raffles Place (“ORP”) through its 83.33% interest in OUB Centre Limited (“OUBC”). As OUBC owns 81.54% of the beneficial interest in ORP, OUE C-REIT has an effective interest of 67.95% in ORP.
- OUE Bayfront: Premium Grade-A office building with ancillary retail facilities located between the new Marina Bay downtown and Raffles Place, within Singapore’s central business district.
- Lippo Plaza: Grade-A commercial building located along Huai Hai Middle Road in the Huangpu district, one of Shanghai’s established core commercial districts. OUE C-REIT has 91.2% strata ownership of Lippo Plaza.

Summary of OUE C-REIT Group Results

	2Q 2017 ⁽¹⁾ (S\$'000)	2Q 2016 ⁽²⁾ (S\$'000)	Change (%)	1H 2017 ⁽¹⁾ (S\$'000)	1H 2016 ⁽²⁾ (S\$'000)	Change (%)
Gross revenue	44,214	45,688	(3.2)	89,030	88,602	0.5
Net property income	34,769	35,228	(1.3)	69,411	68,483	1.4
Amount available for distribution to Unitholders	17,833	17,734	0.6	34,475	34,775	(0.9)
Distribution per Unit (“DPU”) (cents)	1.15	1.36	(15.4)	2.38	2.68	(11.2)

Footnotes:

- (1) The current period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.929 for 2Q 2017 and 1:4.892 for 1H 2017.
- (2) The prior period results of OUE C-REIT’s foreign subsidiaries are translated using the SGD:CNY rate of 1:4.815 for 2Q 2016 and 1:4.735 for 1H 2016.

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1(a) Consolidated Statement of Total Return and Distribution Statement

<u>Statement of Total Return</u>	Note	2Q 2017 ⁽¹⁾ (S\$'000)	2Q 2016 ⁽²⁾ (S\$'000)	Change (%)	1H 2017 ⁽¹⁾ (S\$'000)	1H 2016 ⁽²⁾ (S\$'000)	Change (%)
Revenue		44,214	45,688	(3.2)	89,030	88,602	0.5
Property operating expenses		(9,445)	(10,460)	(9.7)	(19,619)	(20,119)	(2.5)
Net property income		34,769	35,228	(1.3)	69,411	68,483	1.4
Other income	1	756	759	(0.4)	1,431	1,462	(2.1)
Amortisation of intangible asset		(1,113)	(1,118)	(0.4)	(2,226)	(2,236)	(0.4)
Manager's management fees	2	(2,367)	(3,528)	(32.9)	(4,706)	(5,873)	(19.9)
Trustee's fee		(137)	(136)	0.7	(275)	(274)	0.4
Other expenses		(446)	(326)	36.8	(933)	(892)	4.6
Finance income		1,336	29	N/M	1,700	78	N/M
Finance costs		(11,277)	(13,791)	(18.2)	(25,243)	(27,541)	(8.3)
Net finance costs	3	(9,941)	(13,762)	(27.8)	(23,543)	(27,463)	(14.3)
Foreign exchange differences		(112)	(276)	(59.4)	(333)	(672)	(50.4)
Total return for the period before tax		21,409	16,841	27.1	38,826	32,535	19.3
Tax expense	4	(4,489)	(4,460)	0.7	(8,937)	(8,371)	6.8
Total return for the period		16,920	12,381	36.7	29,889	24,164	23.7
Attributable to:							
Unitholders and CPPU holder		14,951	10,649	40.4	25,928	20,614	25.8
Non-controlling interests		1,969	1,732	13.7	3,961	3,550	11.6
Total return for the period		16,920	12,381	36.7	29,889	24,164	23.7
Distribution Statement							
Total return for the period attributable to Unitholders and CPPU holder		14,951	10,649	40.4	25,928	20,614	25.8
Less: Amount reserved for distribution to CPPU holder		(1,371)	(1,368)	0.2	(2,727)	(2,735)	(0.3)
Distribution adjustments	5	4,253	8,453	(49.7)	11,274	16,896	(33.3)
Amount available for distribution for the period		17,833	17,734	0.6	34,475	34,775	(0.9)
Comprising:							
Taxable income		7,028	7,811	(10.0)	13,717	15,491	(11.5)
Tax exempt income		6,966	9,923	(29.8)	13,627	9,923	37.3
Unitholders' contributions		3,839	-	N/M	7,131	9,361	(23.8)
		17,833	17,734	0.6	34,475	34,775	(0.9)

N/M: Not meaningful

Footnotes:

- (1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.929 for 2Q 2017 and 1:4.892 for 1H 2017.
- (2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.815 for 2Q 2016 and 1:4.735 for 1H 2016.

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Notes to Consolidated Statement of Total Return and Distribution Statement:

(1) Other income

Other income comprises income support relating to the top-up payments from OUE Limited (the "Sponsor") pursuant to the Deed of Income Support dated 9 January 2014 (the "Deed of Income Support").

(2) Manager's management fees

Manager's management fees comprise the following:-

	2Q 2017 (S\$'000)	2Q 2016 (S\$'000)	Change (%)	1H 2017 (S\$'000)	1H 2016 (S\$'000)	Change (%)
Base fee	2,367	2,334	1.4	4,706	4,679	0.6
Performance fee	-	1,194	N/M	-	1,194	N/M
	2,367	3,528	(32.9)	4,706	5,873	(19.9)

N/M: Not meaningful

The Manager has elected to pay 20% of the base management fee in cash, with the balance 80% in the form of new Units for both 1H 2017 and 1H 2016.

(3) Net finance costs

Net finance costs comprises the following:

	2Q 2017 (S\$'000)	2Q 2016 (S\$'000)	Change (%)	1H 2017 (S\$'000)	1H 2016 (S\$'000)	Change (%)
Finance income						
Interest income	180	29	N/M	225	78	N/M
Ineffective portion of changes in fair value of cash flow hedges	1,156	-	N/M	1,475	-	N/M
	1,336	29	N/M	1,700	78	N/M
Finance costs						
Borrowing costs	(9,423)	(9,873)	(4.6)	(18,996)	(19,398)	(2.1)
Amortisation of debt establishment costs	(1,353)	(1,989)	(32.0)	(3,512)	(3,974)	(11.6)
Ineffective portion of changes in fair value of cash flow hedges	-	(1,929)	N/M	-	(4,169)	N/M
Change in fair value of financial derivatives	(330)	-	N/M	(2,382)	-	N/M
Hedging reserve transferred from unitholders' funds	(171)	-	N/M	(353)	-	N/M
	(11,277)	(13,791)	(18.2)	(25,243)	(27,541)	(8.3)
Net finance costs	(9,941)	(13,762)	(27.8)	(23,543)	(27,463)	(14.3)

N/M: Not meaningful

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The above includes the following net fair value movements relating to financial derivatives:

	2Q 2017 (S\$'000)	2Q 2016 (S\$'000)	Change (%)	1H 2017 (S\$'000)	1H 2016 (S\$'000)	Change (%)
Ineffective portion of changes in fair value of cash flow hedges	1,156	(1,929)	N/M	1,475	(4,169)	N/M
Change in fair value of financial derivatives	(330)	-	N/M	(2,382)	-	N/M
Hedging reserve transferred from unitholders' funds	(171)	-	N/M	(353)	-	N/M
Net fair value gain/(loss)	655	(1,929)	N/M	(1,260)	(4,169)	(69.8)

N/M: Not meaningful

(4) Tax expense

Tax expense comprises of income tax, deferred tax and withholding tax relating to OUE CREIT's subsidiaries.

	2Q 2017 (S\$'000)	2Q 2016 (S\$'000)	Change (%)	1H 2017 (S\$'000)	1H 2016 (S\$'000)	Change (%)
Current tax						
- Current period	3,596	3,310	8.6	6,979	6,426	8.6
- Under provision in respect of prior period	6	-	N/M	785	-	N/M
Deferred tax						
- Current period	575	800	(28.1)	1,336	1,368	(2.3)
- Over provision in respect of prior period	-	-	-	(779)	-	N/M
Withholding tax	312	350	(10.9)	616	577	6.8
	4,489	4,460	0.7	8,937	8,371	6.8

N/M: Not meaningful

(5) Distribution adjustments

Distribution adjustments include non-tax deductible expenses relating to the Manager's management fees payable in the form of Units, fees paid to the Trustee, amortisation of intangible asset, amortisation of debt establishment costs, amortisation of rent-free incentives, fair value movement relating to financial derivatives, and tax and statutory reserves adjustments.

Please refer to Section 8 on Review of the Performance.

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(b)(i) Statements of Financial Position

Note	Group			Trust		
	30 Jun 2017 ⁽¹⁾ (S\$'000)	31 Dec 2016 ⁽²⁾ (S\$'000)	Change (%)	30 Jun 2017 (S\$'000)	31 Dec 2016 (S\$'000)	Change (%)
Non-current assets						
	429	486	(11.7)	-	-	-
1	3,398,880	3,408,535	(0.3)	1,146,037	1,146,000	0.0
2	6,977	9,203	(24.2)	6,977	9,203	(24.2)
	-	-	-	1,393,472	1,400,935	(0.5)
	218	309	(29.4)	-	-	-
3	-	315	N/M	-	288	N/M
	3,406,504	3,418,848	(0.4)	2,546,486	2,556,426	(0.4)
Current assets						
4	17,059	11,302	50.9	2,726	2,820	(3.3)
	33,988	29,278	16.1	9,142	3,107	N/M
	51,047	40,580	25.8	11,868	5,927	N/M
Total assets	3,457,551	3,459,428	(0.1)	2,558,354	2,562,353	(0.2)
Non-current liabilities						
5	1,184,721	961,949	23.2	869,022	636,553	36.5
6	37,404	39,196	(4.6)	11,394	12,084	(5.7)
3	16,924	7,747	N/M	14,483	6,440	N/M
	65,819	66,267	(0.7)	-	-	-
	1,304,868	1,075,159	21.4	894,899	655,077	36.6
Current liabilities						
5	1,018	341,796	(99.7)	-	341,796	N/M
6	55,382	57,590	(3.8)	16,693	16,319	2.3
3	248	43	N/M	248	43	N/M
7	16,963	15,962	6.3	-	-	-
	73,611	415,391	(82.3)	16,941	358,158	(95.3)
Total liabilities	1,378,479	1,490,550	(7.5)	911,840	1,013,235	(10.0)
Net assets	2,079,072	1,968,878	5.6	1,646,514	1,549,118	6.3
Represented by:						
8	1,320,923	1,206,751	9.5	1,115,787	1,018,353	9.6
9	530,727	530,765	(0.0)	530,727	530,765	(0.0)
10	227,422	231,362	(1.7)	-	-	-
	2,079,072	1,968,878	5.6	1,646,514	1,549,118	6.3

N/M: Not meaningful

Footnotes:

- (1) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 30 June 2017 are translated using the SGD:CNY rate of 1:4.909.
- (2) The statements of financial position of OUE C-REIT's foreign subsidiaries as at 31 December 2016 are translated using the SGD:CNY rate of 1:4.815.

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Notes to Statements of Financial Position:

(1) Investment properties

Investment properties are carried at the last fair market value based on independent valuations as at 31 December 2016, with additions made in 2017. The decrease was due mainly to depreciation of the CNY against the SGD between December 2016 and June 2017.

(2) Intangible asset

Intangible asset represents the unamortised income support receivable by OUE C-REIT from the Sponsor pursuant to the Deed of Income Support.

(3) Financial derivatives

Financial derivatives represent the fair value of the interest rate swaps (“IRS”) entered to hedge the floating interest rate exposure of OUE C-REIT Group’s borrowings. The movement for the financial period from December 2016 to June 2017 was due to net unfavourable changes in the fair value of the IRS during the period.

(4) Trade and other receivables – Current

The Group’s trade and other receivables increased as compared to December 2016 due mainly to increase in prepayments relating to maintenance work. At the Trust level, trade receivables decreased as compared to December 2016.

(5) Loans and borrowings – Non-current and Current

During the year, the Trust refinanced the maturing loans with a new 5-year loan facility, resulting in an increase in the non-current loans due. Total loan and borrowings decreased post the partial prepayment of loans with the private placement proceeds.

(6) Trade and other payables – Non-current and Current

Trade and other payables decreased mainly due to settlement of refurbishment work accrued as at December 2016. At Trust level, accrual of performance fees as at 31 December 2016 was also settled in the current year.

(7) Current tax liabilities

The increase in current tax liabilities is mainly due to higher net tax provision for 1H 2017 and reclassification from deferred to current tax liabilities.

(8) Unitholders’ funds

The increase in unitholders’ funds is mainly due to the S\$150.0 million gross private placement proceeds received from the issue of 233,281,400 Units on 17 March 2017. This is offset by the distributions paid to Unitholders in February and June 2017, the net unfavourable movement in the fair value reserve of the IRS as at 30 June 2017 and the depreciation of the CNY against the SGD from 31 December 2016 to 30 June 2017.

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(9) CPPU holder's funds

On 8 October 2015, 550.0 million CPPUs amounting to S\$550.0 million were issued to Clifford Development Pte. Ltd. (a wholly-owned subsidiary of OUE Limited), the vendor of OUE C-REIT's wholly-owned subsidiary, Beacon Property Holdings Pte. Ltd., as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPU holder is entitled to a coupon distribution of 1.0% per annum.

(10) Non-controlling interests

OUE C-REIT holds an 83.33% indirect interest in OUBC. Non-controlling interests represent the equity in OUBC that is not attributable to OUE C-REIT Group.

1 (b)(ii) Aggregate Amount of Borrowings and Debt Securities for OUE C-REIT Group

	30 Jun 2017 ⁽¹⁾ (S\$'000)	31 Dec 2016 ⁽²⁾ (S\$'000)
Secured borrowings		
Amount repayable within one year, or on demand	1,018	342,000
Amount repayable after one year	1,198,413	968,509
Less: Debt establishment costs ⁽³⁾	(13,692)	(6,764)
Total secured borrowings	1,185,739	1,303,745
Unsecured borrowings	-	-
Total borrowings	1,185,739	1,303,745

Footnotes:

- (1) The borrowings of OUE C-REIT's foreign subsidiaries as at 30 June 2017 are translated using the SGD:CNY rate of 1:4.909.
- (2) The borrowings of OUE C-REIT's foreign subsidiaries as at 31 December 2016 are translated using the SGD:CNY rate of 1:4.815.
- (3) Debt establishment costs are amortised over the tenure of the respective loan facilities.

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Details of any collaterals

As at 30 June 2017, the Group's loans and borrowings outstanding amounted to S\$1,151.2 million which includes the proportionate share of loans and borrowings in OUBC.

The Group's loan and revolving credit facilities of three to eight years are secured on the following:

- investment properties with a total carrying amount of \$1,660.5 million;
- assignment of insurance policies on the above investment properties;
- assignment of all rights, titles, benefits and interests in connection with the sale and tenancy agreements, tenancy deposits/proceeds, sales deposits/proceeds, property management agreements and the receivables of certain properties;
- assignment of all rights, titles, benefits and interests in connection with the Deed of Income Support over OUE Bayfront;
- a debenture incorporating a fixed charge over book debts, charged accounts, goodwill, intellectual property and plant and machinery in connection with OUE Bayfront and floating charge over generally all of the present and future assets of the Trust in connection with OUE Bayfront;
- first priority fixed charge over the shares of certain subsidiaries; and
- the account control or charge over certain bank accounts of the Trust and certain subsidiaries.

Unsecured Medium Term Notes

In August 2015, OUE C-REIT, through its wholly-owned subsidiary, established a S\$1.5 billion Multicurrency Debt Issuance Programme (the "Programme"). Under the Programme, OUE C-REIT may from time to time issue notes ("Notes") and/or perpetual securities ("Perpetual") in series or tranches. As at 30 June 2017, no Notes and/or Perpetual have been issued under the Programme.

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Notes to Consolidated Statement of Cash Flows:

- (1) Gross proceeds of S\$150.0 million was pursuant to the private placement completed in March 2017. Transaction costs of S\$0.9 million relating to the issue were paid from the gross proceeds received. The balance proceeds have been utilised to partially repay OUE C-REIT's secured term loan due in 2018 and revolving loan facility.
- (2) For purpose of the Consolidated Statement of Cash Flows, the Group's cash and cash equivalents comprise the following:

	30 Jun 2017 (S\$'000)	30 Jun 2016 (S\$'000)
Bank and cash balances	6,458	19,678
Fixed deposits	27,530	5,721
Cash and cash equivalents at end of the period	33,988	25,399
Less: Restricted cash	-	(943)
Cash and cash equivalents	33,988	24,456

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1 (d)(i) Statements of Changes in Unitholders' Funds

Group 2Q 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)	Non- controlling interests (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 April 2017	1,322,757	529,356	1,852,113	233,193	2,085,306
Operations					
Total return for the period	14,951	-	14,951	1,969	16,920
Less: Amount reserved for distribution to CPPU holder	(1,371)	1,371	-	-	-
Net increase in net assets resulting from operations	13,580	1,371	14,951	1,969	16,920
Transactions with owners					
<i>Contributions by and distributions to owners</i>					
Issue of new Units					
- Manager's fees paid/payable in Units	1,894	-	1,894	-	1,894
Distribution paid to Unitholders	(13,026)	-	(13,026)	-	(13,026)
Dividends paid	-	-	-	(7,600)	(7,600)
Net decrease in net assets resulting from transactions with owners	(11,132)	-	(11,132)	(7,600)	(18,732)
Movement in foreign currency translation reserve	836	-	836	-	836
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(5,278)	-	(5,278)	(151)	(5,429)
Hedging reserve transferred to statement of total return	160	-	160	11	171
Net movement in hedging transactions	(5,118)	-	(5,118)	(140)	(5,258)
Net assets attributable to owners at 30 June 2017	1,320,923	530,727	1,851,650	227,422	2,079,072

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
1H 2017	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)	(S\$'000)	interests	(S\$'000)
				(S\$'000)	
Net assets attributable to owners at 1 January 2017	1,206,751	530,765	1,737,516	231,362	1,968,878
Operations					
Total return for the period	25,928	-	25,928	3,961	29,889
Less: Amount reserved for distribution to CPPU holder	(2,727)	2,727	-	-	-
Net increase in net assets resulting from operations	23,201	2,727	25,928	3,961	29,889
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Private placement	150,000	-	150,000	-	150,000
- Manager's fees paid/payable in Units	3,765	-	3,765	-	3,765
Issue costs	(906)	-	(906)	-	(906)
Distributions paid to Unitholders	(45,591)	-	(45,591)	-	(45,591)
Distribution paid to CPPU holder	-	(2,765)	(2,765)	-	(2,765)
Dividends paid	-	-	-	(7,600)	(7,600)
Net increase/(decrease) in net assets resulting from transactions with owners	107,268	(2,765)	104,503	(7,600)	96,903
Movement in foreign currency translation reserve	(8,162)	-	(8,162)	-	(8,162)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(8,465)	-	(8,465)	(324)	(8,789)
Hedging reserve transferred to statement of total return	330	-	330	23	353
Net movement in hedging transactions	(8,135)	-	(8,135)	(301)	(8,436)
Net assets attributable to owners at 30 June 2017	1,320,923	530,727	1,851,650	227,422	2,079,072

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 2Q 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 April 2017	1,130,141	529,356	1,659,497
Operations			
Total return for the period	2,569	-	2,569
Less: Amount reserved for distribution to CPPU holder	(1,371)	1,371	-
Net increase in net assets resulting from operations	1,198	1,371	2,569
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's fees paid/payable in Units	1,894	-	1,894
Distribution paid to Unitholders	(13,026)	-	(13,026)
Net decrease in net assets resulting from transactions with owners	(11,132)	-	(11,132)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(4,521)	-	(4,521)
Hedging reserve transferred to statement of total return	101	-	101
Net movement in hedging transactions	(4,420)	-	(4,420)
Net assets attributable to owners at 30 June 2017	1,115,787	530,727	1,646,514

Trust 1H 2017	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2017	1,018,353	530,765	1,549,118
Operations			
Total loss for the period	(476)	-	(476)
Less: Amount reserved for distribution to CPPU holder	(2,727)	2,727	-
Net (decrease)/increase in net assets resulting from operations	(3,203)	2,727	(476)
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Private placement	150,000	-	150,000
- Manager's fees paid/payable in Units	3,765	-	3,765
Issue costs	(906)	-	(906)
Distributions paid to Unitholders	(45,591)	-	(45,591)
Distribution paid to CPPU Holder	-	(2,765)	(2,765)
Net increase/(decrease) in net assets resulting from transactions with owners	107,268	(2,765)	104,503
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(6,845)	-	(6,845)
Hedging reserve transferred to statement of total return	214	-	214
Net movement in hedging transactions	(6,631)	-	(6,631)
Net assets attributable to owners at 30 June 2017	1,115,787	530,727	1,646,514

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
2Q 2016	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)	(S\$'000)	interests	(S\$'000)
				(S\$'000)	
Net assets attributable to owners at 1 April 2016	1,180,965	529,367	1,710,332	234,457	1,944,789
Operations					
Total return for the period	10,649	-	10,649	1,732	12,381
Less: Amount reserved for distribution to CPPU holder	(1,368)	1,368	-	-	-
Net increase in net assets resulting from operations	9,281	1,368	10,649	1,732	12,381
Transactions with owners					
Contributions by and distributions to owners					
Issue of new Units					
- Manager's fees paid/payable in Units	3,061	-	3,061	-	3,061
Dividends paid	-	-	-	(10,000)	(10,000)
Net increase/(decrease) in net assets resulting from transactions with owners	3,061	-	3,061	(10,000)	(6,939)
Movement in foreign currency translation reserve	(10,750)	-	(10,750)	-	(10,750)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(2,842)	-	(2,842)	(47)	(2,889)
Net assets attributable to owners at 30 June 2016	1,179,715	530,735	1,710,450	226,142	1,936,592

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Group	Unitholders	CPPU	Total	Non-	Total
1H 2016	(S\$'000)	holder	(S\$'000)	controlling	(S\$'000)
		(S\$'000)		interests	
			(S\$'000)	(S\$'000)	(S\$'000)
Net assets attributable to owners at 1 January 2016	1,233,064	529,281	1,762,345	232,909	1,995,254
Operations					
Total return for the period	20,614	-	20,614	3,550	24,164
Less: Amount reserved for distribution to CPPU holder	(2,735)	2,735	-	-	-
Net increase in net assets resulting from operations	17,879	2,735	20,614	3,550	24,164
Transactions with owners					
<i>Contributions by and distributions to owners</i>					
Issue of new Units					
- Manager's fees paid/payable in Units	4,937	-	4,937	-	4,937
Distribution paid to Unitholders	(30,689)	-	(30,689)	-	(30,689)
Distribution paid to CPPU Holder	-	(1,281)	(1,281)	-	(1,281)
Dividends paid	-	-	-	(10,000)	(10,000)
Net decrease in net assets resulting from transactions with owners	(25,752)	(1,281)	(27,033)	(10,000)	(37,033)
Movement in foreign currency translation reserve	(25,925)	-	(25,925)	-	(25,925)
Hedging transactions					
Effective portion of change in fair value of cash flow hedges	(19,551)	-	(19,551)	(317)	(19,868)
Net assets attributable to owners at 30 June 2016	1,179,715	530,735	1,710,450	226,142	1,936,592

Trust	Unitholders	CPPU	Total
2Q 2016	(S\$'000)	holder	(S\$'000)
		(S\$'000)	(S\$'000)
			(S\$'000)
Net assets attributable to owners at 1 April 2016	999,912	529,367	1,529,279
Operations			
Total return for the period	47,833	-	47,833
Less: Amount reserved for distribution to CPPU holder	(1,368)	1,368	-
Net increase in net assets resulting from operations	46,465	1,368	47,833
Transactions with owners			
<i>Contributions by and distributions to owners</i>			
Issue of new Units			
- Manager's fees paid/payable in Units	3,061	-	3,061
Net increase in net assets resulting from transactions with owners	3,061	-	3,061
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(2,608)	-	(2,608)
Net assets attributable to owners at 30 June 2016	1,046,830	530,735	1,577,565

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1 (d)(i) Statements of Changes in Unitholders' Funds (cont'd)

Trust 1H 2016	Unitholders (S\$'000)	CPPU holder (S\$'000)	Total (S\$'000)
Net assets attributable to owners at 1 January 2016	1,047,484	529,281	1,576,765
Operations			
Total return for the period	45,800	-	45,800
Less: Amount reserved for distribution to CPPU holder	(2,735)	2,735	-
Net increase in net assets resulting from operations	43,065	2,735	45,800
Transactions with owners			
Contributions by and distributions to owners			
Issue of new Units			
- Manager's fees paid/payable in Units	4,937	-	4,937
Distribution paid to Unitholders	(30,689)	-	(30,689)
Distribution paid to CPPU holder	-	(1,281)	(1,281)
Net decrease in net assets resulting from transactions with owners	(25,752)	(1,281)	(27,033)
Hedging transactions			
Effective portion of change in fair value of cash flow hedges	(17,967)	-	(17,967)
Net assets attributable to owners at 30 June 2016	1,046,830	530,735	1,577,565

1 (d)(ii) Details of Any Changes in Units (Group and Trust)

	2Q 2017 (^{'000})	2Q 2016 (^{'000})	1H 2017 (^{'000})	1H 2016 (^{'000})
Units in issue:				
At the beginning of the period	1,535,880	1,289,452	1,297,832	1,285,799
Issue of new Units relating to:				
- Manager's fees paid in Units	2,716	2,883	7,482	6,536
- Private placement	-	-	233,282	-
At the end of the period	1,538,596	1,292,335	1,538,596	1,292,335
Units to be issued:				
Manager's fee payable in Units	2,661	4,593	2,661	4,593
At the end of the period	1,541,257	1,296,928	1,541,257	1,296,928

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by OUE C-REIT's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation adopted in the preparation of the financial statements for the current report financial year are consistent with those described in the audited financial statements for the financial year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6 Earnings per Unit and Distribution per Unit

Earnings per Unit attributable to Unitholders ("EPU")

	2Q 2017	2Q 2016	1H 2017	1H 2016
Weighted average number of Units	1,538,625,156	1,292,365,448	1,440,611,406	1,290,924,350
Basic EPU (cents)	0.88	0.72	1.61	1.38
Weighted average number of Units ⁽¹⁾	2,195,240,167	1,949,119,112	2,098,576,603	1,949,119,112
Diluted EPU (cents)	0.68	0.55	1.24	1.06

Footnote:

(1) The weighted average number of Units includes the potential Units to be issued assuming all the CPPUs were converted at S\$0.841 per Unit.

550.0 million CPPUs were issued in October 2015 as partial satisfaction of the purchase consideration for the acquisition of ORP. The CPPUs cannot be converted for a period of four years commencing from the date of issue ("Restriction Period") save in certain limited circumstances and thereafter, not more than one-third of the CPPUs initially issued can be converted in any one year. After the Restriction Period, the CPPUs can be converted into Units at S\$0.841 per Unit and will impact the EPU upon conversion. Upon full conversion, 653,983,353 Units will be issued.

Distribution per Unit attributable to Unitholders ("DPU")

	2Q 2017	2Q 2016	1H 2017	1H 2016
No of Units entitled to distribution	1,541,256,814 ⁽¹⁾	1,295,135,759 ⁽²⁾	1,541,256,814 ⁽¹⁾	1,295,135,759 ⁽²⁾
Distribution per Unit (cents)	1.15	1.36	2.38	2.68

Footnotes:

(1) Comprises the Units in issue as at 30 June 2017 of 1,538,595,915 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2017 of 2,660,899.

(2) Comprises the Units in issue as at 30 June 2016 of 1,292,334,667 and Units to be issued to the Manager as satisfaction of Manager's base fee payable for 2Q 2016 of 2,801,092.

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7 Net Asset Value per Unit and Net Tangible Asset per Unit attributable to Unitholders

	Group		Trust	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
No of Units in issue and to be issued at end of period/year	1,541,256,814	1,302,598,200	1,541,256,814	1,302,598,200
Net asset value ("NAV") per Unit (S\$)	0.86	0.93	0.72	0.78
Net tangible asset ("NTA") per Unit (S\$)	0.85	0.92	0.72	0.77

The NAV per Unit and NTA per Unit are computed based on the Units in issue and to be issued as at the end of the financial period/year.

8 Review of the Performance

Statement of Total Return	2Q 2017⁽¹⁾ (S\$'000)	2Q 2016⁽²⁾ (S\$'000)	Change (%)	1H 2017⁽¹⁾ (S\$'000)	1H 2016⁽²⁾ (S\$'000)	Change (%)
Revenue	44,214	45,688	(3.2)	89,030	88,602	0.5
Property operating expenses	(9,445)	(10,460)	(9.7)	(19,619)	(20,119)	(2.5)
Net property income	34,769	35,228	(1.3)	69,411	68,483	1.4
Other income	756	759	(0.4)	1,431	1,462	(2.1)
Amortisation of intangible asset	(1,113)	(1,118)	(0.4)	(2,226)	(2,236)	(0.4)
Manager's management fees	(2,367)	(3,528)	(32.9)	(4,706)	(5,873)	(19.9)
Trustee's fee	(137)	(136)	0.7	(275)	(274)	0.4
Other expenses	(446)	(326)	36.8	(933)	(892)	4.6
Finance income	1,336	29	N/M	1,700	78	N/M
Finance costs	(11,277)	(13,791)	(18.2)	(25,243)	(27,541)	(8.3)
Net finance costs	(9,941)	(13,762)	(27.8)	(23,543)	(27,463)	(14.3)
Foreign exchange differences	(112)	(276)	(59.4)	(333)	(672)	(50.4)
Total return for the period before tax	21,409	16,841	27.1	38,826	32,535	19.3
Tax expense	(4,489)	(4,460)	0.7	(8,937)	(8,371)	6.8
Total return for the period	16,920	12,381	36.7	29,889	24,164	23.7

N/M: Not meaningful

Footnotes:

(1) The current period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.929 for 2Q 2017 and 1:4.892 for 1H 2017.

(2) The prior period results of OUE C-REIT's foreign subsidiaries are translated using the SGD:CNY rate of 1:4.815 for 2Q 2016 and 1:4.735 for 1H 2016.

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Review of OUE C-REIT Group's performance 2Q 2017 vs 2Q 2016

In 2Q 2017, the properties in OUE C-REIT's portfolio achieved stronger operational performance and contributed to higher gross rental income, which were offset by lower one-off income recognised during the quarter. Lower property tax expenses in 2Q 2017 resulted in a decline in property operating expenses by 9.7%. As a result, net property income in 2Q 2017 dropped marginally by ~ 1% vs 2Q 2016.

Lower management fees and lower finance costs due to lower borrowing cost and favorable IRS' fair value movement (2Q 2017: net gain of S\$0.7 million vs 2Q 2016: net loss of S\$1.9 million) resulted in a 36.7% increase in total return for 2Q 2017 to S\$16.9 million, as compared to S\$12.4 million in 2Q 2016. The fair value movement in the IRS has no DPU impact.

Review of OUE C-REIT Group's performance 1H 2017 vs 1H 2016

1H 2017 net property income increased 1.4% in the current period, to S\$69.4 million contributed by the improvement in operating performance from the higher revenue coupled with lower property operating expenses.

Total return increased 23.7% year-on-year to S\$29.9 million in 1H 2017 (1H 2016: S\$24.2 million) attributed mainly to lower management fees and net finance cost. Management fees was higher in 1H 2016 due to the accrual of S\$1.2 million of performance fee. Borrowing costs was also lower with the partial prepayment of loans from private placement proceeds in March 2017. The unfavorable IRS' fair value movement for 1H 2017 of S\$1.3 million was lower compared to 1H 2016 (S\$4.2 million). Fair value movement in the IRS has no DPU impact.

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9 Variance between Actual and Forecast Results

OUE C-REIT has not made any forecast.

10 Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months

Singapore

According to advance estimates by the Ministry of Trade and Industry (“MTI”), Singapore’s economy grew 2.5%¹ year-on-year (“YoY”) in 2Q 2017, at the same rate of growth as the previous quarter. This is at the higher end of MTI’s GDP growth forecast of 1.0% to 3.0% for 2017. The manufacturing sector grew 8.0% YoY, extending the 8.5% growth in the preceding quarter, driven by the electronics and precision engineering clusters. The services producing industries strengthened 1.7% YoY in the same period, primarily supported by the transportation & storage and business services sectors.

CBD Grade A office rents stabilised at \$8.95 psf per month² in 2Q 2017, unchanged quarter-on-quarter (“QoQ”), after eight consecutive quarters of decline, according to CBRE. With the completion of Marina One East Tower and UIC Building in 2Q 2017, core CBD occupancy in Singapore slipped 1.5 percentage points (“ppt”) QoQ to 94.1%. Net absorption was 923,810 sq ft in 2Q 2017, boosted by pre-commitments in the newly completed office buildings. Otherwise, leasing activity remains tepid with mostly small and medium-sized transactions. Demand for office space continued to be driven by growth in the banking and finance, as well as the technology sectors.

While Singapore office rents have stabilised on diminished fears of a supply overhang given the strong pre-commitment levels at new office developments, current market rents are still lower than that in 2014, when most of OUE C-REIT’s Singapore leases expiring in 2017 were committed. Hence, negative rental reversions for leases due for renewal in 2017 may be expected.

China

China’s 2Q 2017 GDP growth was 6.9%³, at the same rate of growth as in the previous quarter. Firmer exports and steel production, as well as stronger retail sales growth supported the expansion in output, while real estate investment growth eased on the back of government efforts to curb speculation. With the 2017 GDP growth target unchanged at around 6.5%, the stronger growth recorded in the first half of 2017 provides a favourable backdrop for policymakers to push through with structural reforms, especially in the financial system, for a more sustainable economy.

According to Colliers International, Shanghai CBD Grade A office occupancy edged down 0.5 ppt QoQ to 87.1%⁴ as at 2Q 2017 despite strong net absorption of 261,000 sq m, due to significant new office completions during the quarter which increased stock by 5.2% to 6.75 million sq m. Consequently, Shanghai CBD Grade A office rents as at 2Q 2017 were RMB10.3 psm per day, marginally lower by 0.3 ppt QoQ. In Puxi, Grade A office occupancy increased 0.4 ppt QoQ to 87.6% as at 2Q 2017, with rents 0.7% QoQ lower at RMB 9.3 psm per day.

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In view of further new office supply coming on-stream in Shanghai in 2017, the overall CBD Grade A vacancy rate may continue to increase in the coming quarters and hence the rental outlook continues to be soft.

¹ Singapore Ministry of Trade and Industry Press Release, 14 July 2017

² CBRE, Singapore MarketView 2Q 2017

³ National Bureau of Statistics of China Press Release, 17 July 2017

⁴ Colliers International Shanghai Office Research & Forecast Report 2Q 2017

11 Distribution

(a) Current financial period

Any distribution declared for the current financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 17 March 2017 to 30 June 2017¹

Distribution type: (i) Taxable income distribution
(ii) Tax exempt income distribution
(iii) Capital distribution

Distribution rate: 1.38 cents per Unit comprises:-
(i) Taxable income distribution: 0.55 cents per Unit
(ii) Tax exempt income distribution: 0.53 cents per Unit
(iii) Capital distribution: 0.30 cents per Unit

¹ Pursuant to the private placement announcement on 8 March 2017 and completed on 16 March 2017, an Advanced Distribution of 1.00 cents per Unit for the period from 1 January 2017 to 16 March 2017 was paid on 6 June 2017. Total distribution for the financial period from 1 January 2017 to 30 June 2017 amounts to 2.38 cents per Unit.

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2017 to 30 June 2017

Distribution rate/ type: S\$2,727,397.26 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

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Tax rate:	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax.</p> <p>Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.</p> <p>Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distribution after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status.</p> <p><u>Capital distribution</u> The capital distribution is treated as return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sales of Units, the amount of capital distribution will be applied to reduce the cost base of their Units for Singapore income tax purposes.</p>
Book closure date:	11 August 2017
Date payable:	5 September 2017

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(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the corresponding period of the immediate preceding financial period? Yes

Unitholders

Name of distribution: Distribution for the financial period from 1 January 2016 to 30 June 2016

Distribution type: (i) Taxable income distribution
(ii) Tax exempt income distribution
(iii) Capital distribution

Distribution rate: (i) Taxable income distribution: 1.20 cents per Unit
(ii) Tax exempt income distribution: 0.76 cents per Unit
(iii) Capital distribution: 0.72 cents per Unit

CPPU Holder

Name of distribution: Distribution for the financial period from 1 January 2016 to 30 June 2016

Distribution rate/ type: S\$2,734,972.68 which represents 1% p.a. of CPPU based on the issue price of S\$1.00 per CPPU comprising taxable income distribution, tax exempt income distribution and capital distribution

Tax rate: Taxable income distribution
Individuals who receive such distribution as investment income (excluding income received through partnership in Singapore or from the carrying on of a trade, business or profession) will be exempted from tax.

Qualifying corporate investors will receive pre-tax distributions and pay tax on the distributions at their respective tax rates unless otherwise exempt.

Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax exempt where the distributions received are returned to their respective CPF and SRS accounts.

Qualifying foreign non-individual investors will receive their distribution after deduction of tax at the rate of 10%.

All other investors will receive their distribution after deduction of tax at the rate of 17%.

Tax-exempt income distribution

Tax-exempt income distribution is exempt from tax in the hands of all Unitholders, regardless of their nationality, corporate identity or tax residence status. Tax-exempt income relates to the one-tier dividend income received by OUE C-REIT.

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Capital distribution

The capital distribution is treated as return of capital to Unitholders for Singapore income tax purpose and is therefore not subject to Singapore income tax. For Unitholders who are liable to Singapore income tax on profits from sales of Units, the amount of capital distribution will be applied to reduce the cost base of their Units for Singapore income tax purposes.

Book closure date: 11 August 2016

Date payable: 6 September 2016

12 If no distribution has been declared / recommended, a statement to that effect

Not applicable.

13 If OUE C-REIT has obtained a general mandate from Unitholders for interested person transactions, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no interested person transactions mandate has been obtained, a statement to that effect.

OUE C-REIT did not obtain a general mandate from Unitholders for interested person transactions.

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Manager which may render the unaudited financial results of OUE C-REIT Group for the period from 1 January 2017 to 30 June 2017 to be false or misleading in any material respect.

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15 Confirmation pursuant to Appendix 7.7 under Rule 720(1) of the Listing Manual

We, on behalf of the Directors of OUE Commercial REIT Management Pte. Ltd. (as Manager of OUE C-REIT), hereby confirm that the undertakings from all its directors and executive officer as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

On behalf of the Board of the Manager

Christopher Williams
Chairman and Non-Executive Director

Tan Shu Lin
Chief Executive Officer and Executive Director

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This 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.

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.

By Order of the Board

Ng Ngai
Company Secretary

OUE Commercial REIT Management Pte. Ltd.
(as Manager of OUE Commercial Real Estate Investment Trust)
(Company registration no. 201327018E)

2 August 2017