

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

TABLE OF CONTENTS		
Item	Description	Page
	INTRODUCTION	2
1(a)	STATEMENTS OF TOTAL RETURN	3
1(b)(i)	STATEMENTS OF FINANCIAL POSITION	6
1(b)(ii)	BORROWINGS	7
1(c)	STATEMENTS OF CASH FLOWS	9
1(d)(i)	STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS	12
1(d)(ii)	DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES	15
2	REVIEW OF RESULTS BY AUDITORS	15
3	AUDITORS' REPORT	15
4	ACCOUNTING POLICIES	15
5	CHANGES IN ACCOUNTING POLICIES	16
6	EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY	16
7	NET ASSET VALUE / NET TANGIBLE ASSET	16
8	REVIEW OF PERFORMANCE	17
9	VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS	20
10	OUTLOOK AND PROSPECTS	20
11	DISTRIBUTIONS	21
12	DISTRIBUTION STATEMENT	22
13	GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS	22
14	CONFIRMATION PURSUANT TO RULE 705(5) OF LISTING MANUAL	22
15	CONFIRMATION PURSUANT TO RULE 720(1) OF LISTING MANUAL	22

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

INTRODUCTION

OUE Hospitality Trust (“**OUE H-Trust**”) is a stapled group (the “**Stapled Group**”) comprising OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”), a real estate investment trust, and its subsidiary (the “**OUE H-REIT Group**”) and OUE Hospitality Business Trust (“**OUE H-BT**”), a business trust. OUE H-Trust was listed on Singapore Exchange Securities Trading Limited (“**SGX**”) on 25 July 2013 (the “**Listing Date**”).

The units in OUE H-REIT and OUE H-BT are stapled together as stapled securities in OUE H-Trust (“**Stapled Securities**”) under the terms of a stapling deed dated 10 July 2013 (the “**Stapling Deed**”) entered into between OUE Hospitality REIT Management Pte. Ltd. (in its capacity as the manager of OUE H-REIT) (the “**REIT Manager**”), RBC Investor Services Trust Singapore Limited (in its capacity as the trustee of OUE H-REIT) (the “**REIT Trustee**”) and OUE Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of OUE H-BT) (the “**Trustee-Manager**”). Each Stapled Security in OUE H-Trust comprises one unit in OUE H-REIT and one unit in OUE H-BT and cannot be traded separately.

OUE H-REIT was constituted by a trust deed dated 10 July 2013 (the “**REIT Trust Deed**”). OUE H-REIT is a Singapore-based REIT established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

As at 30 September 2017, OUE H-REIT’s asset portfolio comprised the 1,077-room Mandarin Orchard Singapore (“**MOS**”); the adjoining Mandarin Gallery (“**MG**”); and the 563-room Crowne Plaza Changi Airport (“**CPCA**”) which was named the World’s Best Airport Hotel for three consecutive years since 2015.

OUE H-BT was constituted by a trust deed dated 10 July 2013. OUE H-BT is a Singapore-based business trust which is presently dormant. OUE H-BT will, however, become active if OUE H-REIT is unable to appoint a master lessee for its hospitality assets or for a newly acquired hospitality asset. In such circumstances, OUE H-BT will be appointed by OUE H-REIT as a master lessee for that hospitality asset, and OUE H-BT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hospitality asset. OUE H-BT exists primarily as “a master lessee of last resort”.

Distribution Policy

OUE H-REIT will distribute at least 90.0% of its property-related income chargeable to tax under the Income Tax Act, Chapter 134 of Singapore after the deduction of allowable expenses and capital allowances, if any (“**Taxable Income**”), to holders of Stapled Securities (“**Stapled Securityholders**”), with the actual level of distribution to be determined at the REIT Manager board’s discretion after having considered OUE H-Trust’s funding requirements, other capital management considerations and the overall stability of distributions.

OUE H-REIT makes distributions on a quarterly basis in arrears for the periods ending 31 March, 30 June, 30 September and 31 December each year.

OUE H-BT may make distributions in the future when it becomes active and profitable.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (a) STATEMENTS OF TOTAL RETURN

OUE H-REIT Group						
Note	3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue	34,009	32,252	5.4	97,255	89,270	8.9
Property tax	(2,237)	(1,955)	14.4	(6,919)	(5,943)	16.4
Insurance	(56)	(54)	3.7	(168)	(162)	3.7
Other property expenses	(2,252)	(1,854)	21.5	(6,648)	(5,325)	24.8
Net property income	29,464	28,389	3.8	83,520	77,840	7.3
Other income	1,568	1,057	48.3	4,818	1,057	>100
Amortisation of intangible asset	(1,636)	(344)	>100	(4,908)	(344)	>100
REIT Manager's base management fees	(1,703)	(1,737)	(2.0)	(5,052)	(4,860)	4.0
REIT Manager's performance fees	(1,179)	(1,178)	0.1	(3,341)	(3,156)	5.9
REIT Trustee's fees	(105)	(104)	1.0	(311)	(304)	2.3
Other trust expenses	(417)	(277)	50.5	(986)	(889)	10.9
Finance income	253	29	>100	890	235	>100
Finance expenses	(6,671)	(5,793)	15.2	(19,163)	(19,531)	(1.9)
Net finance expenses	(6,418)	(5,764)	11.3	(18,273)	(19,296)	(5.3)
Net Income	19,574	20,042	(2.3)	55,467	50,048	10.8
Net change in fair value of investment properties	-	(1,008)	n.m.	-	(1,008)	n.m.
Total return for the period	19,574	19,034	2.8	55,467	49,040	13.1

Stapled Group						
Note	3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue	34,009	32,252	5.4	97,255	89,270	8.9
Property tax	(2,237)	(1,955)	14.4	(6,919)	(5,943)	16.4
Insurance	(56)	(54)	3.7	(168)	(162)	3.7
Other property expenses	(2,252)	(1,854)	21.5	(6,648)	(5,325)	24.8
Net property income	29,464	28,389	3.8	83,520	77,840	7.3
Other income	1,568	1,057	48.3	4,818	1,057	>100
Amortisation of intangible asset	(1,636)	(344)	>100	(4,908)	(344)	>100
REIT Manager's base management fees	(1,703)	(1,737)	(2.0)	(5,052)	(4,860)	4.0
REIT Manager's performance fees	(1,179)	(1,178)	0.1	(3,341)	(3,156)	5.9
REIT Trustee's fees	(105)	(104)	1.0	(311)	(304)	2.3
Other trust expenses	(417)	(277)	50.5	(987)	(891)	10.8
Finance income	253	29	>100	890	235	>100
Finance expenses	(6,671)	(5,793)	15.2	(19,163)	(19,531)	(1.9)
Net finance expenses	(6,418)	(5,764)	11.3	(18,273)	(19,296)	(5.3)
Net Income	19,574	20,042	(2.3)	55,466	50,046	10.8
Net change in fair value of investment properties	-	(1,008)	n.m.	-	(1,008)	n.m.
Total return for the period	19,574	19,034	2.8	55,466	49,038	13.1

n.m.: not meaningful

NOTES TO THE STATEMENTS OF TOTAL RETURN

- (a) Gross revenue comprises master lease income from MOS and CPCA, and rental income from MG. Please refer to section 8 for further details.
- (b) Other property expenses comprise mainly property maintenance expenses, utilities expenses, marketing expenses, land rent expenses and property management fees.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (a) STATEMENTS OF TOTAL RETURN (cont’d)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont’d)

- (c) Other income relates to income support provided by OUE Airport Hotel Pte. Ltd. (“OUEAH”) pursuant to a Deed of Income Support which OUE H-REIT entered into with OUEAH upon its completion of the acquisition of the extension of CPCA (“CPEX”) on 1 August 2016 (the “Deed of Income Support”). In 3Q2017, income support of \$7.5 million has been fully drawn down with a final claim of the remaining \$1.6 million.
- (d) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. In 3Q2017, OUE H-REIT has amortised in full the income support in line with the full claim made on the income support. The amortisation is non-cash in nature and has no impact on income available for distribution.
- (e) Net finance expenses comprise the following:

OUE H-REIT Group and Stapled Group							
Note	3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Interest income from fixed deposits	16	29	(44.8)	50	235	(78.7)	
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	237	-	n.m.	840	-	n.m.
Finance income	253	29	>100	890	235	>100	
Amortisation of debt-related transaction costs	(531)	(521)	1.9	(1,614)	(1,727)	(6.5)	
Interest expense paid/payable to banks	(e)(ii)	(6,140)	(5,188)	18.4	(17,549)	(16,950)	3.5
Change in fair value of financial derivatives	-	(84)	n.m.	-	(720)	n.m.	
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	-	-	-	(134)	n.m.	
Finance expenses	(6,671)	(5,793)	15.2	(19,163)	(19,531)	(1.9)	
Net finance expenses	(6,418)	(5,764)	11.3	(18,273)	(19,296)	(5.3)	

- (e)(i) This relates to the change in fair value of the interest rate swaps that were entered into to hedge OUE H-REIT’s interest rate risk. It is a non-cash item and the gain/(loss) is adjusted to arrive at the income available for distribution (see (h) below).
- (e)(ii) The interest expense was higher in 3Q2017 due to higher average cost of debt as OUE H-REIT had on 6 April 2017 entered into a \$270 million interest rate swap to fix interest rate on a longer tenor.
- (f) In 3Q2016, the decline in fair value of investment properties of \$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of \$206.6 million was \$1.0 million higher than the valuation of \$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at \$205.0 million. The decline in fair value has no impact on income available for distribution.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (a) STATEMENTS OF TOTAL RETURN (cont’d)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont’d)

(g) Total return for the period of the Stapled Group was contributed by:

OUE H-REIT Group and Stapled Group						
3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)	
\$'000	\$'000	%	\$'000	\$'000	%	
OUE H-REIT	19,575	19,036	3	55,471	49,044	13
Other OUE H-REIT Group entity	(1)	(2)	(50)	(4)	(4)	-
OUE H-REIT Group	19,574	19,034	3	55,467	49,040	13
OUE H-BT	-	-	-	(1)	(2)	(50)
Stapled Group	19,574	19,034	3	55,466	49,038	13

(h) Income available for distribution

OUE H-REIT Group and Stapled Group						
Note	3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Total return for the period for OUE H-REIT	19,575	19,036	2.8	55,471	49,044	13.1
Add/(Less):						
Non-tax deductible/(chargeable) items:						
- REIT Manager's management fees paid/payable in Stapled Securities	2,882	2,915	(1.1)	8,393	8,016	4.7
- REIT Trustee's fees	105	104	1.0	311	304	2.3
- Amortisation of intangible asset	1,636	344	>100	4,908	344	>100
- Amortisation of debt-related transaction costs	531	521	1.9	1,614	1,727	(6.5)
- Change in fair value of financial derivatives	-	84	n.m.	-	720	n.m.
- Ineffective portion of changes in fair value of cash flow hedge	(237)	-	n.m.	(840)	134	n.m.
- Straight-lining of lease incentives	69	(1,780)	n.m.	(87)	(2,940)	(97.0)
- Net change in fair value of investment properties	-	1,008	n.m.	-	1,008	n.m.
- Other items	117	20	>100	180	150	20.0
	5,103	3,216	58.7	14,479	9,463	53.0
Income available for distribution (h)(i)	24,678	22,252	10.9	69,950	58,507	19.6

n.m.: not meaningful

(h)(i) The distribution for the Stapled Group represents the aggregate of distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the financial period is contributed solely by OUE H-REIT as OUE H-BT was dormant during the financial period. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		30/9/2017 \$'000	31/12/2016 \$'000	30/9/2017 \$'000	31/12/2016 \$'000	30/9/2017 \$'000	31/12/2016 \$'000
ASSETS							
Non-current assets							
Investment properties		2,209,383	2,208,100	-	-	2,209,383	2,208,100
Intangible asset	(a)	-	4,908	-	-	-	4,908
Deposit	(b)	2,295	2,295	-	-	2,295	2,295
		2,211,678	2,215,303	-	-	2,211,678	2,215,303
Current assets							
Trade and other receivables		11,770	12,508	-	-	11,770	12,508
Cash and cash equivalents		28,712	28,547	11	12	28,723	28,559
		40,482	41,055	11	12	40,493	41,067
Total assets		2,252,160	2,256,358	11	12	2,252,171	2,256,370
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	562,003	853,995	-	-	562,003	853,995
Financial derivative liabilities	(c)	6,372	3,176	-	-	6,372	3,176
Rental deposits		3,587	2,913	-	-	3,587	2,913
		571,962	860,084	-	-	571,962	860,084
Current liabilities							
Borrowings	1(b)(ii)	293,486	-	-	-	293,486	-
Rental deposits		869	1,479	-	-	869	1,479
Financial derivative liabilities	(c)	30	704	-	-	30	704
Trade and other payables		13,080	12,123	2	2	13,082	12,125
		307,465	14,306	2	2	307,467	14,308
Total liabilities		879,427	874,390	2	2	879,429	874,392
Net assets		1,372,733	1,381,968	9	10	1,372,742	1,381,978
Represented by:							
Unitholders' funds							
Unitholders' funds of OUE H-REIT Group		1,372,733	1,381,968	-	-	1,372,733	1,381,968
Unitholders' funds of OUE H-BT		-	-	9	10	9	10
		1,372,733	1,381,968	9	10	1,372,742	1,381,978

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) Intangible asset arose from the recognition of income support pursuant to a Deed of Income Support. As at 30 September 2017, the intangible asset has been fully amortised.
- (b) Deposit pertains to the security deposit placed with Changi Airport Group, the lessor of CPCA.
- (c) Financial derivative liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group's interest rate risk.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont'd)

1 (b)(ii) BORROWINGS

		OUE H-REIT Group and Stapled Group	
		30/9/2017	31/12/2016
		\$'000	\$'000
Repayable within one year			
	Secured borrowings	294,000	-
	Less: Unamortised transaction costs	(514)	-
		293,486	-
Repayable after one year			
	Secured borrowings	565,000	859,000
	Less: Unamortised transaction costs	(2,997)	(5,005)
		562,003	853,995
Total			
	Secured borrowings	859,000	859,000
	Less: Unamortised transaction costs	(3,511)	(5,005)
		855,489	853,995

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT As at 30/9/2017		
		Facility amount	Drawn down	Repayable
		\$'000	\$'000	
2013 Facility	5-year term loan	294,000	294,000	July 2018
2015 Facility	5-year term loan	295,000	295,000	January 2020
2016 Facility	3-year term loan	270,000	270,000	July 2019
		859,000	859,000	

OUE H-REIT has no loan refinancing requirements until July 2018.

As at 30 September 2017, the weighted average debt maturity was 1.7 years and gearing at 38.1%. The average cost of debt for 3Q2017 was 2.8% per annum, with an interest cover of 4.5 times.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont’d)

1 (b)(ii) BORROWINGS (cont’d)

The above bank loan facilities are secured by:

- A registered first legal mortgage over MOS and MG (collectively, the “Properties”);
- A legal assignment of all insurance taken in respect of the Properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements, and lease or tenancy deposits/proceeds in respect of MG;
- An assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of MOS; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Properties.

Unsecured medium term notes

In April 2014, OUE H-REIT Group, through its subsidiary, established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“**Programme**”). Under the Programme, OUE H-REIT, through its subsidiary, may from time to time issue the notes (the “**Notes**”) in series or tranches. Each series or tranche of Notes may be issued in United States dollars or any other currency, in various amounts and tenors, and may bear interest at fixed or floating rates. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

The Notes issued will constitute direct, unconditional, unsubordinated and unsecured obligations and shall at all times rank *pari passu* and without preference among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the subsidiary.

As at 30 September 2017, no Notes have been issued under this Programme.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (c) STATEMENTS OF CASH FLOWS

		OUE H-REIT Group			
Note	3Q2017	3Q2016	YTD2017	YTD2016	
	\$'000	\$'000	\$'000	\$'000	
Operating activities					
Total return for the period	19,574	19,034	55,467	49,040	
Adjustments for:					
Amortisation of intangible assets	1,636	344	4,908	344	
REIT Manager's fees paid/payable in Stapled Securities (a)	2,882	2,915	8,393	8,016	
Finance income	(253)	(29)	(890)	(235)	
Finance expenses	6,671	5,793	19,163	19,531	
Net change in fair value of investment properties	-	1,008	-	1,008	
Straight-lining of lease incentives	69	(1,780)	(87)	(2,940)	
Operating income before working capital changes	30,579	27,285	86,954	74,764	
Changes in working capital:					
Deposit	-	(750)	-	(794)	
Trade and other receivables	5,303	(4,333)	550	(3,140)	
Trade and other payables	2,003	1,487	(461)	(1,288)	
Rental deposits	(83)	(208)	64	(555)	
Cash generated from operating activities	37,802	23,481	87,107	68,987	
Investing activities					
Interest received	36	45	71	244	
Capital expenditure on investment properties	-	(93)	(950)	(340)	
Acquisition of investment property	-	(205,070)	-	(205,070)	
Cash (used in)/generated from investing activities	36	(205,118)	(879)	(205,166)	
Financing activities					
Finance expenses paid	(6,165)	(4,950)	(16,329)	(18,029)	
Proceeds from Rights Issue	-	-	-	238,627	
Issue costs paid in relation to Rights Issue	-	(69)	-	(4,274)	
Repayment of loan	-	(65,000)	-	(293,000)	
Proceeds from borrowings	-	270,000	-	270,000	
Payment of transaction costs on borrowings	-	(2,482)	-	(2,482)	
Distribution to Stapled Securityholders (b)	(21,832)	(16,428)	(69,734)	(58,809)	
Cash (used in)/generated from financing activities	(27,997)	181,071	(86,063)	132,033	
Net increase/(decrease) in cash and cash equivalents	9,841	(566)	165	(4,146)	
Cash and cash equivalents at beginning of the period	18,871	27,781	28,547	31,361	
Cash and cash equivalents at end of the period	28,712	27,215	28,712	27,215	

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

		Stapled Group			
Note	3Q2017 \$'000	3Q2016 \$'000	YTD2017 \$'000	YTD2016 \$'000	
Operating activities					
	19,574	19,034	55,466	49,038	
Total return for the period					
Adjustments for:					
	1,636	344	4,908	344	
	2,882	2,915	8,393	8,016	
(a)	(253)	(29)	(890)	(235)	
	6,671	5,793	19,163	19,531	
	-	1,008	-	1,008	
	69	(1,780)	(87)	(2,940)	
	30,579	27,285	86,953	74,762	
Operating income before working capital changes					
Changes in working capital:					
	-	(750)	-	(794)	
	5,303	(4,333)	550	(3,140)	
	2,003	1,485	(461)	(1,289)	
	(83)	(208)	64	(555)	
	37,802	23,479	87,106	68,984	
Cash generated from operating activities					
Investing activities					
	36	45	71	244	
	-	(93)	(950)	(340)	
	-	(205,070)	-	(205,070)	
	36	(205,118)	(879)	(205,166)	
Cash (used in)/generated from investing activities					
Financing activities					
	(6,165)	(4,950)	(16,329)	(18,029)	
	-	-	-	238,627	
	-	(69)	-	(4,274)	
	-	(65,000)	-	(293,000)	
	-	270,000	-	270,000	
	-	(2,482)	-	(2,482)	
(b)	(21,832)	(16,428)	(69,734)	(58,809)	
	(27,997)	181,071	(86,063)	132,033	
Cash (used in)/generated from financing activities					
	9,841	(568)	164	(4,149)	
Net increase/(decrease) in cash and cash equivalents					
	18,882	27,795	28,559	31,376	
Cash and cash equivalents at beginning of the period					
	28,723	27,227	28,723	27,227	
Cash and cash equivalents at end of the period					

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

NOTES TO STATEMENTS OF CASH FLOWS

(a) **3Q2017**

In 3Q2017, 2,179,164 Stapled Securities amounting to \$1,703,017 will be issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore's new regulations, the REIT Manager's performance management fee will only be paid once a year, after the end of the financial year. A performance fee of \$1,178,577 has been accrued in the current quarter, which will be settled through the issuance of Stapled Securities after the year ending 31 December 2017.

In 3Q2016, 2,589,537 Stapled Securities amounting to \$1,737,579 have been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of \$1,177,834 has been settled through the issuance of 1,802,623 Stapled Securities on 25 January 2017.

YTD2017

In YTD2017, 6,910,846 Stapled Securities amounting to \$5,052,406 have been/will be issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. A performance fee of \$3,340,803 has been accrued for the current period, which will be settled through the issuance of Stapled Securities after the year ending 31 December 2017.

In YTD2016, 7,264,872 Stapled Securities amounting to \$4,860,490 have been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of \$3,155,869 has been settled through the issuance of 4,829,919 Stapled Securities on 25 January 2017.

(b) **3Q2017**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 2Q2017. In the previous corresponding period, the distribution paid was in respect of 2Q2016.

YTD2017

Distribution to Stapled Securityholders relates to the distribution paid in respect of the financial period from 1 October 2016 to 30 June 2017. In the previous corresponding period, the distribution paid was in respect of the financial period from 1 October 2015 to 30 June 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS

OUE H-REIT Group					OUE H-BT	Stapled Group	
Note	Units in issue and to be issued \$'000	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits/ (losses) \$'000	Total \$'000	Total \$'000	Total \$'000
At 1/7/2017	1,434,644	(26,577)	(7,879)	(30,368)	1,369,820	9	1,369,829
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	19,574	19,574	-	19,574
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	2,289	-	2,289	-	2,289
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(i)	-	-	-	(21,832)	(21,832)	-	(21,832)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(i)	2,882	-	-	-	2,882	-	2,882
Increase/(Decrease) in net assets resulting from unitholders’ transactions	2,882	-	-	(21,832)	(18,950)	-	(18,950)
At 30/9/2017	1,437,526	(26,577)	(5,590)	(32,626)	1,372,733	9	1,372,742

OUE H-REIT Group					OUE H-BT	Stapled Group	
Note	Units in issue and to be issued \$'000	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits/ (losses) \$'000	Total \$'000	Total \$'000	Total \$'000
At 1/1/2017	1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	10	1,381,978
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	55,467	55,467	(1)	55,466
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(3,361)	-	(3,361)	-	(3,361)
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(ii)	-	-	-	(69,734)	(69,734)	-	(69,734)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(ii)	8,393	-	-	-	8,393	-	8,393
Increase/(Decrease) in net assets resulting from unitholders’ transactions	8,393	-	-	(69,734)	(61,341)	-	(61,341)
At 30/9/2017	1,437,526	(26,577)	(5,590)	(32,626)	1,372,733	9	1,372,742

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS (cont’d)

Note	OUE H-REIT Group					OUE H-BT	Stapled Group
	Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/(losses)	Total	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1/7/2016	1,421,838	(26,508)	(6,500)	32,681	1,421,511	11	1,421,522
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	19,034	19,034	-	19,034
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(477)	-	(477)	-	(477)
Unitholders’ transactions							
Distribution to Stapled Securityholders	(a)(iii)	-	-	(16,428)	(16,428)	-	(16,428)
Stapled Securities to be issued as payment of REIT Manager’s management fees	(b)(iii)	2,915	-	-	2,915	-	2,915
Stapled Securities issued as payment of REIT Manager’s acquisition fees	(c)(i)	1,538	-	-	1,538	-	1,538
Issue costs paid		-	(69)	-	(69)	-	(69)
Increase/(Decrease) in net assets resulting from unitholders’ transactions		4,453	(69)	(16,428)	(12,045)	-	(12,045)
At 30/9/2016	1,426,291	(26,577)	(6,977)	35,287	1,428,024	11	1,428,035

Note	OUE H-REIT Group					OUE H-BT	Stapled Group
	Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/(losses)	Total	Total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1/1/2016	1,178,110	(22,303)	6,126	45,056	1,206,989	13	1,207,002
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	49,040	49,040	(2)	49,038
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(13,103)	-	(13,103)	-	(13,103)
Unitholders’ transactions							
Distribution to Stapled Securityholders	(a)(iv)	-	-	(58,809)	(58,809)	-	(58,809)
Stapled Securities to be issued as payment of REIT Manager’s management fees	(b)(iv)	8,016	-	-	8,016	-	8,016
Stapled Securities issued as payment of REIT Manager’s acquisition fees	(c)(i)	1,538	-	-	1,538	-	1,538
Proceeds from rights issue		238,627	-	-	238,627	-	238,627
Issue costs paid		-	(4,274)	-	(4,274)	-	(4,274)
Increase/(Decrease) in net assets resulting from unitholders’ transactions		248,181	(4,274)	(58,809)	185,098	-	185,098
At 30/9/2016	1,426,291	(26,577)	(6,977)	35,287	1,428,024	11	1,428,035

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS (cont’d)

NOTES TO STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS

- (a)(i) Distribution to Stapled Securityholders relates to the distribution made in respect of 2Q2017.
- (a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2016, 1Q2017 and 2Q2017.
- (a)(iii) Distribution to Stapled Securityholders relates to the distribution made in respect of 2Q2016.
- (a)(iv) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2015, 1Q2016 and 2Q2016.
- (b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 3Q2017. 2,179,164 Stapled Securities relating to base management fee will be issued on 1 November 2017. Stapled Securities relating to performance management fees will be issued after year ending 31 December 2017.
- (b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2017, 2Q2017 and 3Q2017. 2,422,592 Stapled Securities and 2,309,090 Stapled Securities relating to base management fee for 1Q2017 and 2Q2017 have been issued on 4 May 2017 and 1 August 2017 respectively. 2,179,164 Stapled Securities relating to base management fee for 3Q2017 will be issued on 1 November 2017. Stapled Securities relating to performance management fees will be issued after year ending 31 December 2017.
- (b)(iii) This represents Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 3Q2016. 2,589,537 Stapled Securities relating to base management fee for 3Q2016 have been issued on 31 October 2016. 1,802,623 Stapled Securities relating to performance management fee for 3Q2016 have been issued on 25 January 2017.
- (b)(iv) This represents Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2016, 2Q2016 and 3Q2016. 2,356,056 Stapled Securities, 2,319,279 Stapled Securities and 2,589,537 Stapled Securities relating to base management fee for 1Q2016, 2Q2016 and 3Q2016 have been issued on 6 May 2016, 1 August 2016 and 31 October 2016 respectively. 4,829,919 Stapled Securities relating to performance management fee for YTD2016 have been issued on 25 January 2017.
- (c)(i) This represents 2,167,935 Stapled Securities issued as satisfaction of the REIT Manager’s acquisition fee in connection with OUE H-REIT’s acquisition of CPEX. This has been issued on 30 August 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

1(d)(ii) DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES

		Stapled Group			
Note	3Q2017 '000	3Q2016 '000	YTD2017 '000	YTD2016 '000	
Issued Stapled Securities at beginning of the period	1,802,030	1,783,352	1,790,428	1,335,421	
Issuance of new Stapled Securities:					
- rights issue	-	-	-	441,901	
- as payment of REIT Manager's management fees	2,309	2,319	13,911	8,349	
- as payment of REIT Manager's acquisition fees	-	2,168	-	2,168	
Issued Stapled Securities at end of the period	1,804,339	1,787,839	1,804,339	1,787,839	
Stapled Securities to be issued:					
- as payment of REIT Manager's management fees (a)	6,454	7,293	6,454	7,293	
Total issued and issuable Stapled Securities at end of the period	1,810,793	1,795,132	1,810,793	1,795,132	

NOTE

(a) This represents Stapled Securities issued/to be issued as satisfaction of the REIT Manager's management fee incurred for the respective quarters. This is calculated based on the volume weighted average traded price (“VWAP”) of a Stapled Security for the last 10 business days of the relevant period in which the management fee accrues, as provided for in the REIT Trust Deed, Supplemental Deeds and the Stapling Deed.

6,454,022 Stapled Securities relates to base management fee payable for 3Q2017 and performance management fee payable for YTD2017. 2,179,164 Stapled Securities relating to the base management fee for 3Q2017 will be issued on 1 November 2017. 4,274,858 Stapled Securities relating to performance fee for YTD2017 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 30 September 2017 and this will be issued after year ending 31 December 2017 based on VWAP of the Stapled Security for the last 10 business days before 31 December 2017 in accordance with MAS requirements.

7,292,770 Stapled Securities relates to base management fee payable for 3Q2016 and performance management fee payable for YTD2016. 2,589,537 Stapled Securities relating to the base management fee were issued on 30 October 2016. 4,703,233 Stapled Securities relating to the performance management fee for YTD2016 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 30 September 2016. On 25 January 2017, the performance management fee was settled through the issuance of 4,829,919 Stapled Securities based on VWAP of the Stapled Security for the last 10 business days before 31 December 2016 in accordance with MAS requirements.

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

The figures have not been audited nor reviewed by our auditors.

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

Not applicable.

4. Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied

The accounting principles and methods of computation adopted are consistent with those applied in the audited financial statements for the financial year ended 31 December 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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.

There has been no change in the accounting policies and methods of computation adopted by Stapled Group.

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security (“EPS”)

	Stapled Group			
	3Q2017	3Q2016	YTD2017	YTD2016
Weighted average number of Stapled Securities ('000)	1,804,363	1,787,137	1,802,035	1,617,741
Basic EPS (cents)	1.08	1.07	3.08	3.03
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,810,793	1,795,128	1,810,793	1,625,271
Diluted EPS (cents)	1.08	1.06	3.06	3.02

⁽¹⁾ The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued as payment for the REIT Manager’s performance fee after the financial year end.

Distribution per Stapled Security (“DPS”)

	Stapled Group			
	3Q2017	3Q2016	YTD2017	YTD2016
Number of Stapled Securities entitled to distribution ('000)	1,806,518 ⁽¹⁾	1,790,429 ⁽²⁾	1,806,518 ⁽¹⁾	1,790,429 ⁽²⁾
DPS (cents)	1.36	1.23	3.87	3.25

⁽¹⁾ Included 2,174,164 Stapled Securities to be issued as satisfaction of REIT Manager’s base management fee for 3Q2017.

⁽²⁾ Included 2,589,537 Stapled Securities issued as satisfaction of REIT Manager’s base management fee for 3Q2016.

7. NET ASSET VALUE (“NAV”) / NET TANGIBLE ASSET (“NTA”)

	OUE H-REIT Group and Stapled Group	
	30/9/2017	31/12/2016
Number of Stapled Securities ('000):		
- in issue	1,804,339	1,790,429
- issuable	6,454	9,178
	1,810,793	1,799,607
NAV per OUE H-REIT unit / Stapled Security	\$0.76	\$0.77
NTA per OUE H-REIT unit / Stapled Security	\$0.76	\$0.77

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

8. REVIEW OF PERFORMANCE

		Stapled Group					
Note	3Q2017	3Q2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Gross revenue:							
- Hospitality	25,425	23,739	7.1	71,129	65,437	8.7	
- Retail	8,584	8,513	0.8	26,126	23,833	9.6	
(a)	34,009	32,252	5.4	97,255	89,270	8.9	
Property expenses:							
- Hospitality	(2,416)	(1,940)	24.5	(6,979)	(5,046)	38.3	
- Retail	(2,129)	(1,923)	10.7	(6,756)	(6,384)	5.8	
(b)	(4,545)	(3,863)	17.7	(13,735)	(11,430)	20.2	
Net property income:							
- Hospitality	23,009	21,799	5.6	64,150	60,391	6.2	
- Retail	6,455	6,590	(2.0)	19,370	17,449	11.0	
(c)	29,464	28,389	3.8	83,520	77,840	7.3	
Other income	1,568	1,057	48.3	4,818	1,057	>100	
Amortisation of intangible asset	(1,636)	(344)	>100	(4,908)	(344)	>100	
REIT Manager's fees	(2,882)	(2,915)	(1.1)	(8,393)	(8,016)	4.7	
REIT Trustee's fees	(105)	(104)	1.0	(311)	(304)	2.3	
Other trust expenses	(417)	(277)	50.5	(987)	(891)	10.8	
Net finance expenses	(6,418)	(5,764)	11.3	(18,273)	(19,296)	(5.3)	
(f)	(6,418)	(5,764)	11.3	(18,273)	(19,296)	(5.3)	
Net Income	19,574	20,042	(2.3)	55,466	50,046	10.8	
Net change in fair value of investment properties	-	(1,008)	n.m.	-	(1,008)	n.m.	
(g)	-	(1,008)	n.m.	-	(1,008)	n.m.	
Total return for the period	19,574	19,034	2.8	55,466	49,038	13.1	
(h)	19,574	19,034	2.8	55,466	49,038	13.1	
Income available for distribution	24,678	22,252	10.9	69,950	58,507	19.6	
(i)	24,678	22,252	10.9	69,950	58,507	19.6	
DPS (cents)	1.36	1.23	10.6	3.87	3.25	19.1	
(i)	1.36	1.23	10.6	3.87	3.25	19.1	

n.m.: not meaningful

3Q2017 vs 3Q2016

- (a) Gross revenue for 3Q2017 was \$1.8 million higher than 3Q2016. Both hospitality and retail segments posted higher revenue in 3Q2017 as compared to 3Q2016.

Hospitality segment pertains to the master lease income from the Mandarin Orchard Singapore hotel (“**MOS**”) and the Crowne Plaza Changi Airport hotel (“**CPCA**”) which is pegged to a percentage of the operating revenue and profit of the respective hotels, subject to minimum rent.

Retail segment pertains to rental and other income from the Mandarin Gallery (“**MG**”) shopping mall.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

8. REVIEW OF PERFORMANCE (cont’d)

3Q2017 vs 3Q2016 (cont’d)

	Revenue			Net property income		
	3Q2017	3Q2016	Increase/ (Decrease)	3Q2017	3Q2016	Increase/ (Decrease)
	\$'m	\$'m	%	\$'m	\$'m	%
MOS	19.8	18.6	6.7	18.9	17.7	6.7
CPCA ⁽¹⁾	5.6	5.1	10.7	4.1	4.1	0.6
Hospitality portfolio	25.4	23.7	7.1	23.0	21.8	5.6

⁽¹⁾ Inclusive of CPEX (243 rooms) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms. Master lease income excludes income support.

Hospitality revenue was \$1.7 million higher than 3Q2016 due to higher master lease income from both MOS and CPCA.

Master lease income from MOS was \$1.2 million higher than 3Q2016. MOS recorded a higher RevPAR of \$242 as compared to RevPAR of \$224 in 3Q2016 as MOS achieved higher room rates and occupancy. Banquet sales and food and beverage outlets also contributed higher master lease income.

Master lease income from the enlarged CPCA was \$0.4 million higher than 3Q2016 due to enlarged room inventory in CPCA with the addition of CPEX’s 243 rooms which opened for business on 1 August 2016. The enlarged CPCA continues to ramp up its operations, with occupancy increasing from the 60% range when CPEX first opened to the 80% range in 3Q2017. The RevPAR for the enlarged CPCA for August and September 2017 was \$180 (August and September 2016: \$147). In addition to the master lease income, OUE H-REIT also receives income support provided by OUEAH (refer to part (d) for more details).

Retail revenue for 3Q2017 was \$0.1 million higher than 3Q2016 retail revenue which included the non-cash straight-line lease incentives of \$1.8 million. The increase in revenue is attributable to higher average occupancy rate in 3Q2017 at 96.4% (3Q2016: 89.0%) as the mall recorded an effective rent per square foot per month of \$22.9 for 3Q2017 (3Q2016: \$24.6) due to the impact from negative rental reversion in the preceding quarters.

- (b) Higher property expenses by \$0.7 million were mainly due to higher land rent payable to Changi Airport Group, higher property tax for the enlarged CPCA and the mall.
- (c) Net property income (“NPI”) for 3Q2017 was \$1.1 million higher than 3Q2016 due to higher NPI from the hospitality segment.
- (d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. With the addition of the newly acquired CPEX which forms an integral part of CPCA (collectively, the “enlarged CPCA”), the Deed of Income Support comes into effect. In 3Q2017, OUE H-REIT has fully drawn down the full income support of \$7.5 million with a final claim of the remaining \$1.6 million.
- (e) Amortisation of intangible asset of \$1.6 million in 3Q2017 relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. The amortisation is non-cash in nature and has no impact on income available for distribution.
- (f) Net finance expenses for 3Q2017 were higher than 3Q2016 by \$0.7 million mainly due to higher interest expense on higher average cost of debt, partially offset by changes in the fair value of interest rate swaps that were entered into to hedge OUE H-REIT’s interest rate risk. The change in fair value is non-cash in nature and has no impact on income available for distribution.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

8. REVIEW OF PERFORMANCE (cont’d)

3Q2017 vs 3Q2016 (cont’d)

- (g) In 3Q2016, the decline in fair value of investment properties of \$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of \$206.6 million was \$1.0 million higher than the valuation of \$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at \$205.0 million. The decline in fair value has no impact on income available for distribution.
- (h) Total return was \$0.5 million higher mainly due to better operating performance from hospitality segment partially offset by higher net finance expenses.
- (i) Income available for distribution was \$2.4 million higher than 3Q2016 mainly due to higher income received from hospitality segment, higher retail rental as 3Q2016 included the non-cash straight-line lease incentives, and income support received for CPCA, partially offset by higher interest expense. The DPS for 3Q2017 was 1.36 cents, 10.6% higher as compared to 1.23 cents for 3Q2016.

YTD2017 vs YTD2016

- (a) Gross revenue for YTD2017 was \$8.0 million higher than YTD2016. Both hospitality and retail segments posted higher revenue in YTD2017 as compared to YTD2016.

	Revenue			Net property income		
	YTD2017	YTD2016	Increase/ (Decrease)	YTD2017	YTD2016	Increase/ (Decrease)
	\$'m	\$'m	%	\$'m	\$'m	%
MOS	54.2	52.8	2.6	51.6	50.0	3.2
CPCA ⁽¹⁾	16.9	12.6	33.6	12.6	10.4	21.6
Hospitality portfolio	71.1	65.4	8.7	64.2	60.4	6.2

⁽¹⁾ Inclusive of CPEX (243 rooms) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms. Master lease income excludes income support.

Hospitality revenue was \$5.7 million higher than YTD2016 due to higher master lease income from both MOS and CPCA.

Master lease income from MOS was \$1.4 million higher than YTD2016. MOS recorded a higher RevPAR of \$223 as compared to RevPAR of \$216 in YTD2016 as a result of higher occupancy. Food and beverage outlets also performed better due to higher patronage. Banquet sales had also increased due to more meeting business with the opening of new meeting facilities.

Master lease income from the enlarged CPCA was \$4.3 million higher than YTD2016 due to enlarged room inventory in CPCA with the addition of CPEX’s 243 rooms which opened for business on 1 August 2016. The enlarged CPCA continues to ramp up its operations, with occupancy increasing from the 60% range when CPEX first opened to near 80% in YTD2017. In addition to the master lease income, OUE H-REIT also receives income support provided by OUEAH (refer to part (d) for more details).

Retail revenue for YTD2017 was \$2.3 million higher than YTD2016 retail revenue which included the non-cash straight-line lease incentives of \$2.9 million. The increase in revenue is attributable to higher average occupancy rate in YTD2017 at 95.0% (YTD2016: 83.7%). In YTD2016, the lower occupancy was attributable to landlord works to amalgamate units in order to hand over to new tenants. The mall recorded an effective rent per square foot per month of \$23.4 for YTD2017 (YTD2016: \$24.4) due to impact from negative rental reversion in the preceding quarters.

- (b) Higher property expenses by \$2.3 million were mainly due to higher land rent payable to Changi Airport Group, higher property tax for enlarged CPCA and the mall.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

8. REVIEW OF PERFORMANCE (cont’d)

YTD2017 vs YTD2016 (cont’d)

- (c) Net property income (“NPI”) for YTD2017 was \$5.7 million higher than YTD2016 due to higher gross revenue from both hospitality and retail segments, partially offset by higher property expenses.
- (d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. With the addition of the newly acquired CPEX which forms an integral part of CPCA (collectively, the “**enlarged CPCA**”), the Deed of Income Support comes into effect. OUE H-REIT has fully drawn down the income support of \$7.5 million.
- (e) Amortisation of intangible asset of \$4.9 million in YTD2017 relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT has amortised in full the income support in line with the full claim made on the income support. The amortisation is non-cash in nature and has no impact on income available for distribution.
- (f) Net finance expenses for YTD2017 were lower than YTD2016 by \$1.0 million mainly due to changes in the fair value of interest rate swaps that were entered into to hedge OUE H-REIT’s interest rate risk that more than offset the higher interest expense. The change in fair value is non-cash in nature and has no impact on income available for distribution.
- (g) In YTD2016, the decline in fair value of investment properties of \$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of \$206.6 million was \$1.0 million higher than the valuation of \$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at \$205.0 million. The decline in fair value has no impact on income available for distribution.
- (h) Total return was \$6.4 million higher due to better operating performance from both hospitality and retail segments and absence of net change in fair value of investment properties.
- (i) Income available for distribution was \$11.4 million higher than YTD2016 due to higher income received from hospitality segment, higher retail rental as YTD2016 included the non-cash straight-line lease incentives, and income support received for CPCA. The DPS for YTD2017 was 3.87 cents, 19.1% higher as compared to 3.25 cents for YTD2016.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

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 Tourism Board (“**STB**”) reported a 4.0%¹ year-on-year increase in international visitor arrivals in the first eight months of 2017. For the full year 2017, STB has forecast 0% to 2% growth in international visitor arrivals at 16.4 million to 16.7 million.²

Though the economic outlook has improved, there are still risks to achieving sustained recovery. Going into 2018, the return of large biennial events, such as the Singapore Airshow, are expected to increase demand for hotel accommodation but new supply continues to come on stream in 4Q2017 and into 2018. As such, the market environment remains competitive.

In 3Q2017, CPCA has fully drawn down its income support. OUE H-REIT continues to benefit from the downside protection accorded by the minimum rent of \$22.5 million per annum as part of the CPCA master lease agreement as it builds on its efforts to ramp up its operations amidst a competitive hotel market.

¹ Singapore Tourism Board, International Visitor Arrivals Statistics, 19 October 2017

² Singapore Tourism Board, Year-in-Review 2016, 14 February 2017

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

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 (cont’d)

Challenges in Singapore’s retail scene remain, therefore tenants are more cautious and are taking a longer time to renew or commit to leases. We are continuously exploring leasing opportunities with current and potential tenants, and remain committed to curating the right tenant mix to retain the mall’s positioning as a destination mall.

OUE H-REIT adopts a pro-active and prudent approach to maintaining its financial strength and flexibility. To leverage on the current favourable interest rate environment, OUE H-REIT has commenced discussions with banks on the re-financing of the term loan facilities ahead of their maturity dates in 2018 and beyond.

We will continue to actively seek growth opportunities and yield accretive acquisitions from our Sponsor and third parties.

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 July 2017 to 30 September 2017
Distribution type	Taxable income
Distribution rate per stapled security	1.36 cents
Book closure date	9 November 2017
Date payable	1 December 2017

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the previous corresponding period?	Yes
Name of distribution	Distribution for the period from 1 July 2016 to 30 September 2016
Distribution type	Taxable income
Distribution rate per stapled security	1.23 cents

(c) Tax rate

Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) will receive pre-tax distributions. These distributions are exempted from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

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

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

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

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

Not applicable.

13. General mandate relating to Interested Person Transactions

OUE H-Trust has not obtained a general mandate from Stapled Securityholders for Interested Person Transactions.

14. CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

Pursuant to Rule 705(5) of the Listing Manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”), we, on behalf of the directors of the REIT Manager and the Trustee-Manager confirm that, to the best our knowledge, nothing has come to the attention of the board of directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of Stapled Group for the quarter ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

1 November 2017

15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

Pursuant to Rule 720(1) of the Listing Manual of SGX-ST, we, on behalf of the directors and executive officers of the REIT Manager and the Trustee-Manager confirm that we have submitted the undertakings to the Exchange.

On behalf of the Board of Directors and Executive Officers

Lee Yi Shyan
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

1 November 2017

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

Disclaimer

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 other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

The value of the Stapled Securities and the income derived from them may fall or rise. The Stapled Securities are not obligations, or deposits in, or guaranteed by the REIT Manager, the Trustee-Manager (together with the REIT Manager, the “Managers”) or RBC Investor Services Trust Singapore Limited (as trustee of OUE H-REIT Group) or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE Hospitality Trust is not necessarily indicative of the future performance of OUE Hospitality Trust.

Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

By Order of the Board

Ng Ngai
Company Secretary
OUE Hospitality REIT Management Pte. Ltd.
(Company Registration No. 201310245G)
As manager of OUE Hospitality Real Estate Investment Trust

By Order of the Board

Ng Ngai
Company Secretary
OUE Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201310246W)
As trustee-manager of OUE Hospitality Business Trust

1 November 2017