



Presentation at Annual General Meeting

25 April 2018

Important Notice

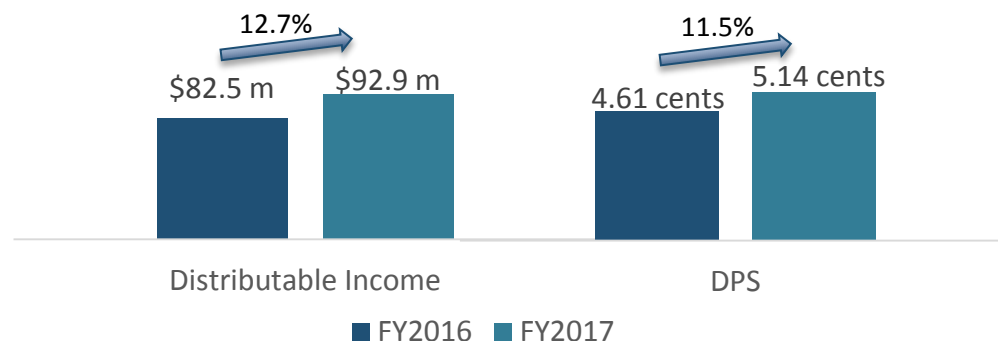
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FY2017 Highlights

- Distribution per Stapled Security (DPS) for 2017 of 5.14 cents was 11.5% higher than 2016



- Distributable Income in 2017 of \$92.9 million highest recorded annual DI since listing
- Hospitality segment recorded higher income due to better operating performance of Mandarin Orchard Singapore and full-year contribution from the enlarged 563-room Crowne Plaza Changi Airport (CPCA)
- Mandarin Gallery also achieved higher income as average occupancy jumped to 95.5% from 86.3% the previous year
- Completed renovation of 430 guest rooms and the meeting facilities located on level 8 of the Main Tower of Mandarin Orchard Singapore in 1Q2017
- On 19 December 2017, re-financed outstanding term loans of \$859 million ahead of their maturity with new term loan facilities. Following the refinancing, QUE H-Trust has no loan due until December 2020



Financial Highlights & Capital Management

FY2017 Financial Highlights

	FY2017 S\$'000	FY2016 S\$'000	Increase/ (Decrease) %
Gross revenue:			
- Hospitality	96,341	89,919	7.1
- Retail	34,722	32,575	6.6
	131,063	122,494	7.0
Net property income:			
- Hospitality	87,417	82,875	5.5
- Retail	25,328	24,520	3.3
	112,745	107,395	5.0
Other income¹:	4,818	2,682	79.6
Distributable income	92,940	82,503	12.7
DPS (cents)	5.14	4.61	11.5

- Gross revenue for FY2017 was \$8.5 million higher than FY2016. Both hospitality and retail segments posted higher revenue in FY2017 as compared to FY2016.
- Net property income for FY2017 was \$5.4 million higher than FY2016 due to better performance from both hospitality and retail segments.
- Income available for distribution was \$10.4 million higher than FY2016 mainly due to higher income received from hospitality and retail segments, and higher income support received for CPCA.
- The DPS for FY2017 was 5.14 cents, 11.5% higher as compared to 4.61 cents for FY2016.

¹Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. In 3Q2017, OUE H-REIT has fully drawn down the full income support of \$7.5 million.

FY2017 vs FY2016 – Hospitality Highlights

	Revenue			Net property income		
	FY2017 S\$m	FY2016 S\$m	Increase/ (Decrease) %	FY2017 S\$m	FY2016 S\$m	Increase/ (Decrease) %
Mandarin Orchard Singapore (MOS)	73.8	71.7	3.0	70.4	68.3	3.0
Crowne Plaza Changi Airport (CPCA)	22.5	18.2	23.9	17.0	14.6	15.9
Hospitality segment	96.3	89.9	7.1	87.4	82.9	5.5

- Hospitality revenue was \$6.4 million higher than FY2016 due to higher master lease income from both MOS and CPCA.
- Master lease income from MOS was \$2.1 million higher than FY2016. MOS recorded a higher RevPAR of \$223 (FY2016: \$217) as a result of higher occupancy and average room rates. Higher master lease income was also attributable to higher sales in banquet and in food and beverage outlets. Banquet sales increased due to more meeting business with the opening of new meeting facilities, whereas food and beverage outlets had performed better due to higher patronage.
- Master lease income from CPCA (including Crowne Plaza Changi Airport Extension (CPEX)) was \$4.2 million higher than FY2016 with the addition of CPEX in August 2016. Since CPEX's opening, CPCA continues to ramp up its operations, with occupancy increasing from the 60% range to the 80% range in FY2017. In addition to the master lease income, OUE H-REIT received higher income support provided by OUEAH for first three quarters in 2017 (FY2016: income support was received in the last two quarters).
- In line with higher master lease income, NPI for both MOS and CPCA were higher.

FY2017 vs FY2016 – Retail Highlights

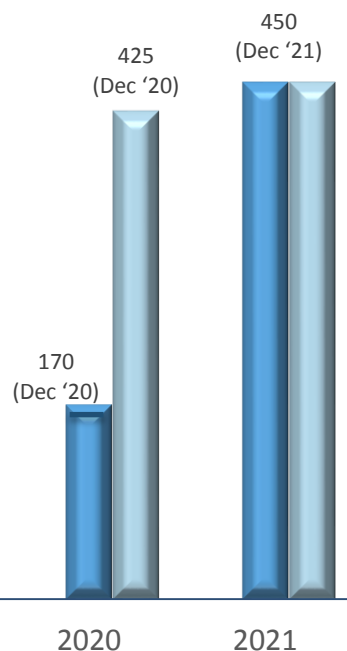
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- Retail segment pertains to rental and other income from the Mandarin Gallery shopping mall.
- Retail revenue for FY2017 was \$2.1 million higher than FY2016. The higher retail revenue in FY2017 was due to higher average occupancy rate in FY2017 at 95.5% (FY2016: 86.3%).
- In FY2016, the lower occupancy was attributable to landlord works to amalgamate units in order to bring in new tenants who have signed longer leases.
- The mall recorded an effective rent per square foot per month of \$23.3 for FY2017 (FY2016: \$24.2) due to impact from negative rental reversion in the preceding quarters.

Capital Management (As at 31 Dec 2017)

Debt and Interest Maturity Profile (\$'m)

■ IRS Maturity ■ Loan Maturity



Interest Rate Profile



Gearing	38.8%
Average Cost of Debt	2.5% per annum (FY2017)
Debt Maturity	Weighted average remaining tenor of 3.5 years
Interest Cover Ratio	4.5 times (FY2017)
Revolving Credit Facilities	\$105 million (undrawn)

- On 19 December 2017, OUE H-REIT had re-financed the outstanding term loans of \$859 million ahead of their maturity with the new term loan facilities, including the \$294 million that was due in July 2018.
- OUE H-Trust's weighted average loan maturity has increased by about 2 years to 3.5 years as at 31 December 2017.
- OUE H-REIT has no loan due until December 2020.

Property Valuations

- As at 31 December 2017, independent full valuations for the properties were carried out by independent valuer Savills.
- Valuations were determined using the discounted cash flow analysis, income capitalisation and direct comparison methods.

Property	Valuation as at 31 Dec 2017 (S\$'000)	Valuation as at 31 Dec 2016 (S\$'000)
Mandarin Orchard Singapore	1,227,000	1,210,500
Mandarin Gallery	494,000	501,000
Crowne Plaza Changi Airport	497,000	496,600 ¹
Total	2,218,000	2,208,100

¹Crowne Plaza Changi Airport valuation without income support as determined by independent valuer as at 31 December 2016.

Balance Sheet Highlights (As at 31 Dec 2017)

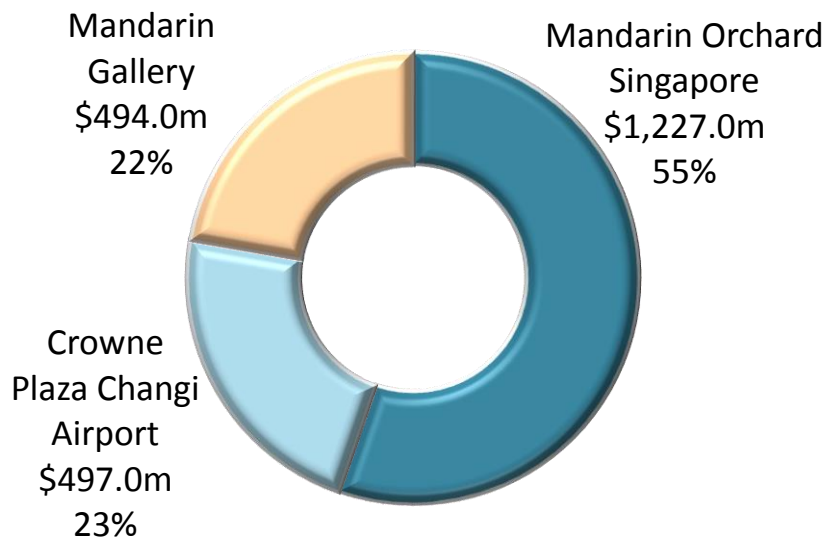
	S\$ 'm
Investment Properties	2,218.0
Total assets	2,256.9
Borrowings (secured)	875.0
Total liabilities	880.8
Net assets	1,376.1
NAV per Stapled Security (S\$)	0.76
Closing price on 29 Dec 2017 (S\$)	0.85
Premium to NAV (%)	+11.8%



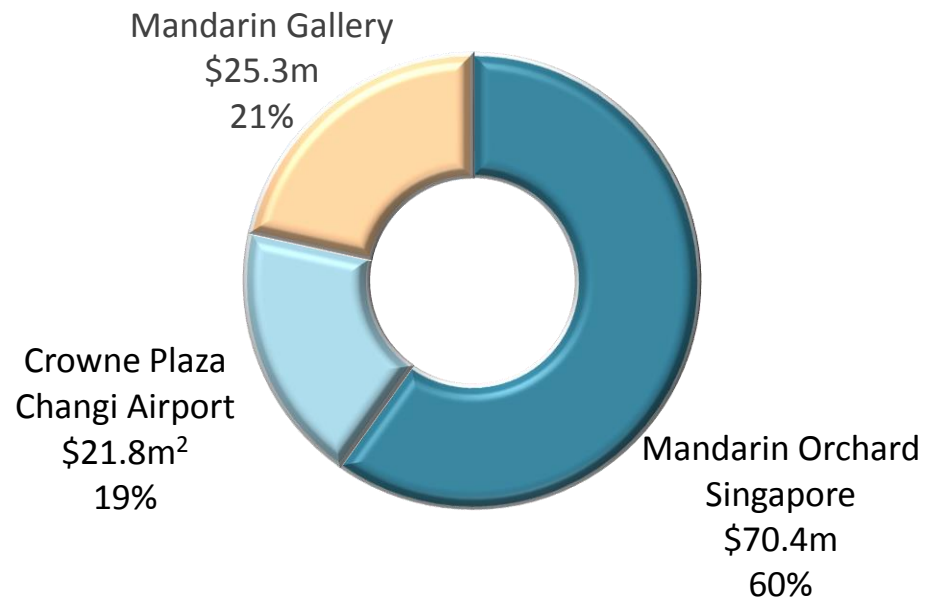
Portfolio Highlights

Asset Value and NPI Contribution

Breakdown by Asset Value¹



FY2017 Breakdown by NPI Contribution

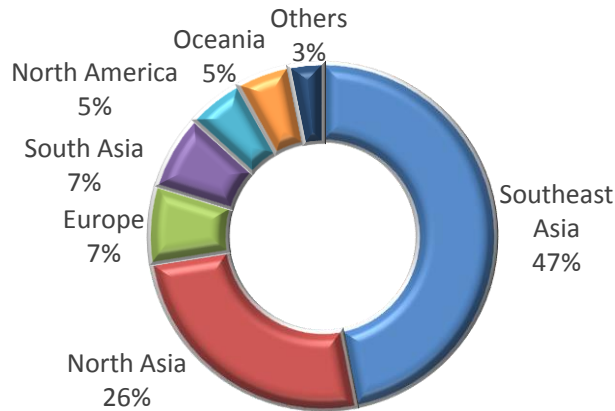


¹ Based on independent valuations as at 31 December 2017.

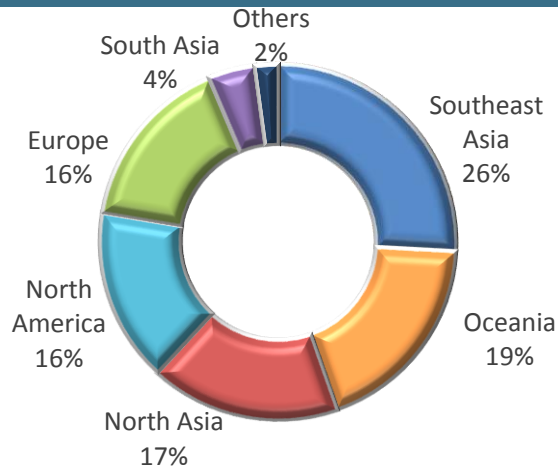
² Includes income support of \$4.82 million.

Portfolio Customer Profile (By Geography)

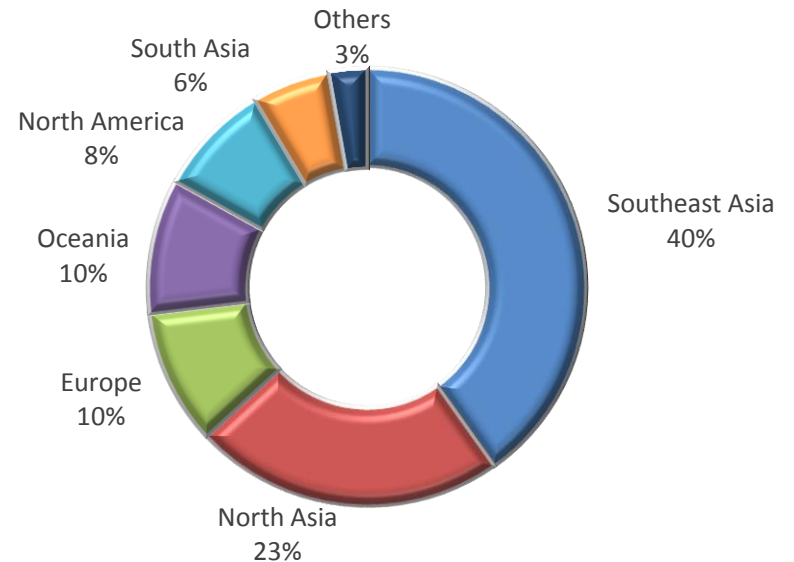
**Customer Profile for Mandarin Orchard Singapore
(By Geography Based on Room Nights Occupied)
FY2017**



**Customer Profile for Crowne Plaza Changi Airport
(By Geography Based on Room Nights Occupied)
FY2017**



**Portfolio Customer Profile
(By Geography Based on Room Nights Occupied)
FY2017**

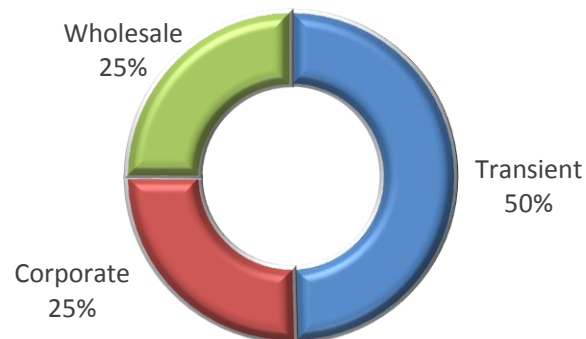


Note: Excludes aircrew

Portfolio Customer Profile (By Segment Based on Room Revenue)

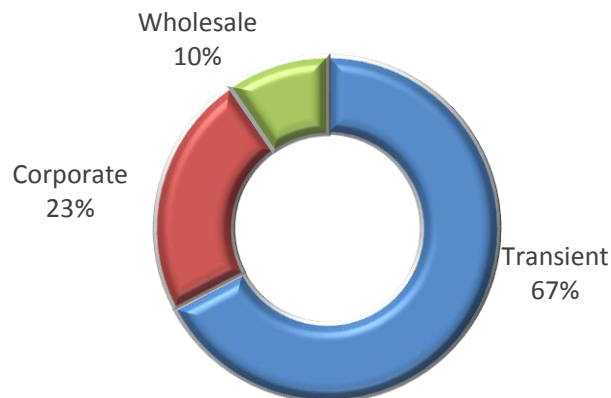
**Customer Profile for Mandarin Orchard Singapore
(By Segment Based on Room Revenue)¹**

FY2017



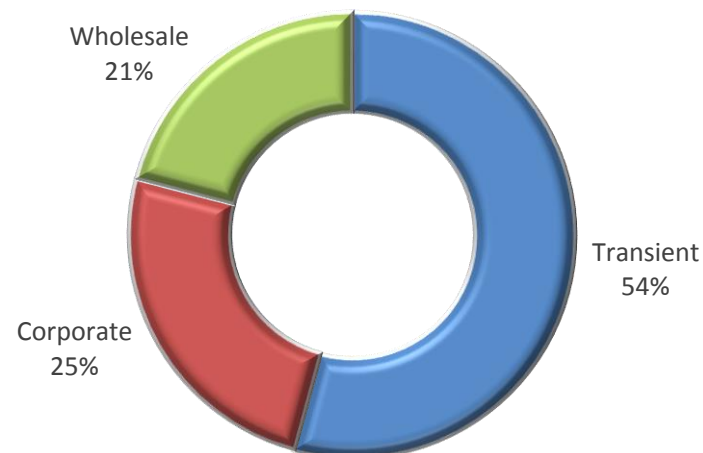
**Customer Profile for Crowne Plaza Changi Airport
(By Segment Based on Room Revenue)¹**

FY2017



**Portfolio Customer Profile
(By Segment Based on Room Revenue)¹**

FY2017



¹**"Transient"** refers to revenue derived from rental of rooms and suites to individuals or groups, who do not have a contract with the Hotel

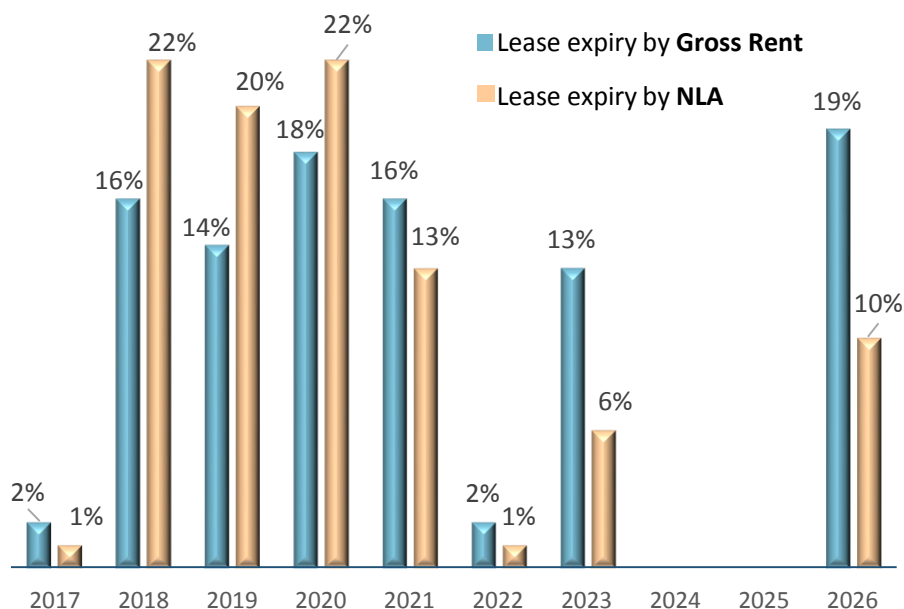
"Corporate" refers to revenue derived from the rental of rooms and suites booked via a corporate or government company that has contracted annual rates with the Hotel

"Wholesale" refers to revenue derived from the rental of rooms and suites booked via a third party travel agent on a wholesale contracted rate basis

Note: Excludes aircrew and delays.

Mandarin Gallery – Lease Profile

Mandarin Gallery Lease Expiry Profile as at 31 December 2017¹



As at 31 Dec 2017:

- Mandarin Gallery was approx. 94.6% committed⁵.
- Average occupancy⁶ of about 96.9% for 4Q2017.

Leasing Update

- Rental reversion for base rent was about +3.8% for leases signed in 4Q2017, for approx. 7.0% of the NLA.
- The weighted average rental reversion for FY2017 is approx. -12% for about 28% of NLA.

WALE² (by Gross Rent^{1,3}) : 3.8 yrs

WALE (by NLA^{1,4}) : 2.7 yrs

¹Based on committed tenancies

²Weighted average lease expiry

³Excludes turnover rent

⁴Net lettable area

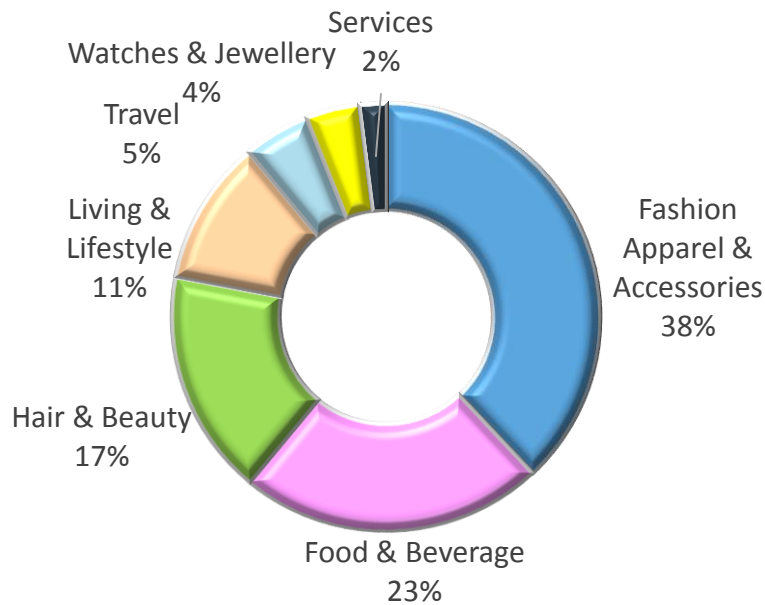
⁵Excludes pop-up stores

⁶Includes pop-up stores

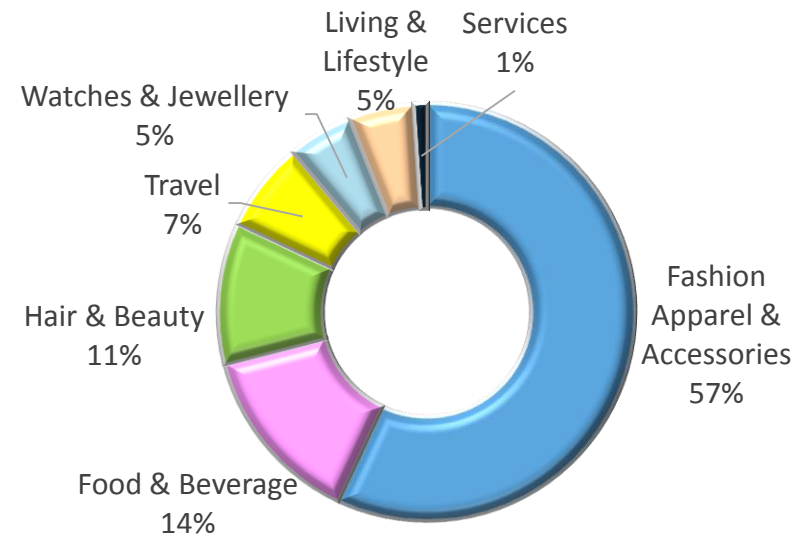
Note: Rental reversion is based on the variance between the average rental rates between the new leases and the preceding leases. New leases for space not leased for more than 12 months are excluded.

Mandarin Gallery - Tenant Mix

NLA
As at 31 Dec 2017¹



Gross Rent (excludes turnover rent)
As at 31 Dec 2017¹



¹Based on committed tenancies



Outlook

According to the International Monetary Fund (“**IMF**”), the global upswing in economic activity has gained momentum and it has projected global growth at a rate of 3.9% in 2018. However, risks to a sustained recovery remain.¹

Singapore’s economic growth similarly picked up pace in 2017, recording a growth rate of 3.6% compared to the 2.0% registered for 2016.² Against a backdrop of an improving global economy, the pace of growth of the Singapore economy in 2018 is expected to remain firm though it is projected to moderate as compared to 2017.³

In the tourism sector, Singapore Tourism Board (“**STB**”) reported a 6.2%⁴ year-on-year increase in international visitor arrivals in 2017. The number of visitor days had also increased by 4.6%.⁴ STB has forecast a growth of 1.0% to 4.0% in international visitor arrivals in 2018 in the range of 17.6 million to 18.1 million.⁵

Changi Airport’s Terminal 4 commenced operations on 31 October 2017 and on 18 December, Changi Airport recorded its 60th million passenger within a calendar year for the first time.⁶ In 2018, the return of large biennial events, such as the Singapore Airshow and Food & Hotel Asia, are expected to increase demand for hotel accommodation. New supply in 2018 is expected to be lower but the market has to absorb the additional rooms that came on stream in the second half of 2017. As such, the market environment remains competitive.

Challenges in Singapore’s retail scene remain, with tenants more cautious and taking a longer time to renew or commit to leases. Whilst we continue to explore leasing opportunities to optimise the occupancy of Mandarin Gallery, we remain committed to curating the right tenant mix to retain the mall’s positioning as a destination mall.

In December 2017, OUE H-Trust completed the refinancing of its total outstanding debts amounting to \$859 million ahead of their maturity, including the \$294 million term loan that was due in July 2018. This is in line with OUE H-Trust’s pro-active and prudent approach to capital management, strengthening its debt profile in an environment of rising interest rates. In addition, OUE H-Trust has also secured revolving credit facilities of \$105 million which increases OUE H-Trust’s financial flexibility. Following the refinancing, OUE H-Trust has no loan due until December 2020.

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

¹International Monetary Fund. 2018. *World Economic Outlook*

^{2,3}MTI Press Release. *MTI Expects GDP Growth in 2018 to Moderate but Remain Firm*. 14 February 2018

⁴STB, *International Visitor Arrivals Statistics*, 12 February 2018

⁵STB Press Release. *Singapore tourism sector performance breaks record for the second year running in 2017*. 12 February 2018

⁶Changi Airport Group Press Release. *Flying higher, Changi Airport crosses 60-million milestone in 2017*, 18 December 2017



Thank You