UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP")
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

TABLE OF CONTENTS

Item	Description	Page
	INTRODUCTION	2
1(a)	STATEMENTS OF TOTAL RETURN	3
1(b)(i)	STATEMENTS OF FINANCIAL POSITION	5
1(b)(ii)	BORROWINGS	6
1(c)	STATEMENTS OF CASH FLOWS	8
1(d)(i)	STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS	10
1(d)(ii)	DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES	11
2	REVIEW OF RESULTS BY AUDITORS	12
3	AUDITORS' REPORT	12
4	ACCOUNTING POLICIES	12
5	CHANGES IN ACCOUNTING POLICIES	12
6	EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY	13
7	NET ASSET VALUE / NET TANGIBLE ASSET	13
8	REVIEW OF PERFORMANCE	14
9	VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS	15
10	OUTLOOK AND PROSPECTS	16
11	DISTRIBUTIONS	17
12	DISTRIBUTION STATEMENT	17
13	GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS	18
14	CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL	18
15	CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL	18

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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 31 March 2019, 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 four 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 required but 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 FIRST QUARTER ENDED 31 MARCH 2019

1 (a) STATEMENTS OF TOTAL RETURN

	Note	OUE H-REIT Group			Stapled Group		
		1Q2019 $'000	1Q2018 $'000	Increase/ (Decrease) %	1Q2019 $'000	1Q2018 $'000	Increase/ (Decrease) %
Gross revenue	(a)	31,703	32,682	(3.0)	31,703	32,682	(3.0)
Property tax		(1,903)	(1,879)	1.3	(1,903)	(1,879)	1.3
Insurance		(61)	(54)	13.0	(61)	(54)	13.0
Other property expenses	(b)	(2,079)	(2,461)	(15.5)	(2,079)	(2,461)	(15.5)
Net property income		27,660	28,288	(2.2)	27,660	28,288	(2.2)
REIT Manager's base management fees		(1,686)	(1,673)	0.8	(1,686)	(1,673)	0.8
REIT Manager's performance fees		(1,097)	(1,132)	(3.1)	(1,097)	(1,132)	(3.1)
REIT Trustee's fees		(103)	(103)	-	(103)	(103)	-
Other trust expenses		(1,089)	(325)	>100	(1,090)	(326)	>100
Finance income		17	17	-	17	17	-
Finance expenses		(6,476)	(5,742)	12.8	(6,476)	(5,742)	12.8
Net finance expenses	(c)	(6,459)	(5,725)	12.8	(6,459)	(5,725)	12.8
Total return for the period		**17,226**	**19,330**	**(10.9)**	**17,225**	**19,329**	**(10.9)**

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.

(c) Net finance expenses comprise the following:

	Note	OUE H-REIT Group and Stapled Group		
		1Q2019 $'000	1Q2018 $'000	Increase/ (Decrease) %
Interest income from fixed deposits		17	17	-
Finance income		17	17	-
Amortisation of debt-related transaction costs		(738)	(731)	1.0
Interest expense paid/payable to banks	(c)(i)	(5,516)	(5,011)	10.1
Finance expense - lease liabilities	(c)(ii)	(222)	-	n.m.
Finance expenses		(6,476)	(5,742)	12.8
Net finance expenses		(6,459)	(5,725)	12.8

(c)(i) The interest expense was higher in 1Q2019 due to higher cost of debt.

(c)(ii) OUE H-REIT Group and the Stapled Group adopted FRS 116/SFRS(I) 16 on 1 January 2019 and the existing land lease was recognised as right-of-use ("ROU") asset with corresponding lease liabilities. The lease liabilities was amortised using the effective interest rate and this was recognised as finance expense – lease liabilities. The finance expense – lease liabilities 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 FIRST QUARTER ENDED 31 MARCH 2019

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

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

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

	1Q2019 $'000	1Q2018 $'000	Increase/ (Decrease) %
OUE H-REIT	17,227	19,331	(10.9)
Other OUE H-REIT Group entity	(1)	(1)	-
OUE H-REIT Group	17,226	19,330	(10.9)
OUE H-BT	(1)	(1)	-
Stapled Group	17,225	19,329	(10.9)

(e) Income available for distribution

	Note	OUE H-REIT Group and Stapled Group		
		1Q2019 $'000	1Q2018 $'000	Increase/ (Decrease) %
Total return for the period for OUE H-REIT		17,227	19,331	(10.9)
Add/(Less):				
Non-tax deductible/(chargeable) items:				
- REIT Manager's management fees paid/payable in Stapled Securities		2,783	2,805	(0.8)
- REIT Trustee's fees		103	103	-
- Amortisation of debt-related transaction costs		738	731	1.0
- Straight-lining of lease incentives	(e)(i)	1	(105)	n.m.
- Other items		809	45	>100
		4,434	3,579	23.9
Income available for distribution	(e)(ii)	21,661	22,910	(5.5)

n.m.: not meaningful

(e)(i) Straight-line lease incentive relates to the timing difference between the recognition of lease rental income in MG and the cash rental received. As straight-line lease incentives are non-cash in nature, it is adjusted to arrive at the income available for distribution.

(e)(ii) 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 FIRST QUARTER ENDED 31 MARCH 2019

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		31/3/2019 $'000	31/12/2018 $'000	31/3/2019 $'000	31/12/2018 $'000	31/3/2019 $'000	31/12/2018 $'000
ASSETS							
Non-current assets							
Investment properties	(a)	2,243,952	2,218,000	-	-	2,243,952	2,218,000
Deposit	(b)	3,826	3,826	-	-	3,826	3,826
Financial derivative assets	(c)	2,311	1,215	-	-	2,311	1,215
		2,250,089	2,223,041	-	-	2,250,089	2,223,041
Current assets							
Trade and other receivables		10,469	10,109	-	-	10,469	10,109
Cash and cash equivalents		18,990	22,306	8	8	18,998	22,314
		29,459	32,415	8	8	29,467	32,423
Total assets		2,279,548	2,255,456	8	8	2,279,556	2,255,464
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	868,774	868,038	-	-	868,774	868,038
Rental deposits		3,514	3,288	-	-	3,514	3,288
Lease liabilities	(a)	25,109	-	-	-	25,109	-
		897,397	871,326	-	-	897,397	871,326
Current liabilities							
Rental deposits		1,212	1,495	-	-	1,212	1,495
Trade and other payables		11,134	10,514	4	3	11,138	10,517
		12,346	12,009	4	3	12,350	12,012
Total liabilities		909,743	883,335	4	3	909,747	883,338
Net assets		1,369,805	1,372,121	4	5	1,369,809	1,372,126
Represented by:							
Unitholders' funds							
Unitholders' funds of OUE H-REIT Group		1,369,805	1,372,121	-	-	1,369,805	1,372,121
Unitholders' funds of OUE H-BT		-	-	4	5	4	5
		1,369,805	1,372,121	4	5	1,369,809	1,372,126

NOTES TO STATEMENTS OF FINANCIAL POSITION

(a) OUE H-REIT Group and the Stapled Group adopted FRS 116/SFRS(I) 16 on 1 January 2019 and the existing land lease was recognised as ROU asset with corresponding lease liabilities. Increase in investment properties was mainly due to the recognition of ROU asset of $25.9 million.

(b) Deposit pertains to the security deposit placed with Changi Airport Group ("**CAG**"), the lessor of CPCA.

(c) Financial derivative assets 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 FIRST QUARTER ENDED 31 MARCH 2019**

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

1 (b)(ii) BORROWINGS

	OUE H-REIT Group and Stapled Group	
	31/3/2019 $'000	31/12/2018 $'000
Repayable within one year		
Secured borrowings	-	-
Less: Unamortised transaction costs	-	-
	-	-
Repayable after one year		
Secured borrowings	875,000	875,000
Less: Unamortised transaction costs	(6,226)	(6,962)
	868,774	868,038
Total		
Secured borrowings	875,000	875,000
Less: Unamortised transaction costs	(6,226)	(6,962)
	868,774	868,038

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT Group and Stapled Group As at 31/03/2019			
		Facility amount $'000	Drawn down $'000	Repaid $'000	Repayable
2017 Facility	3-year term loan	425,000	425,000	-	December 2020
	4-year term loan	450,000	450,000	-	December 2021
	1-year revolving credit facility[(1)] (committed)	55,000	-	-	Undrawn
	4-year revolving credit facility (uncommitted)	50,000	-	-	Undrawn

The Stapled Group has no loan refinancing requirements until December 2020.

As at 31 March 2019, the weighted average debt maturity was 2.2 years and gearing at 38.4%. The average cost of debt for 1Q2019 was 2.6% per annum, with an interest cover of 4.3 times.

(1) On 24 January 2019, the Stapled Group announced the extension of the 1-year revolving credit facility for a further one year period.

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 31 March 2019, 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 FIRST QUARTER ENDED 31 MARCH 2019

1 (c) STATEMENTS OF CASH FLOWS

	Note	OUE H-REIT Group		Stapled Group	
		1Q2019	1Q2018	1Q2019	1Q2018
		$'000	$'000	$'000	$'000
Operating activities					
Total return for the period		17,226	19,330	17,225	19,329
Adjustments for:					
REIT Manager's fees paid/payable in Stapled Securities	(a)	2,783	2,805	2,783	2,805
Finance income		(17)	(17)	(17)	(17)
Finance expenses		6,476	5,742	6,476	5,742
Straight-lining of lease incentives		1	(105)	1	(105)
Operating income before working capital changes		26,469	27,755	26,468	27,754
Changes in working capital:					
Trade and other receivables		(1,360)	714	(1,360)	714
Trade and other payables		674	527	675	527
Rental deposits		(57)	102	(57)	102
Cash generated from operating activities		25,726	29,098	25,726	29,097
Investing activities					
Interest received		17	17	17	17
Capital expenditure on investment properties		(83)	(580)	(83)	(580)
Cash used in investing activities		(66)	(563)	(66)	(563)
Financing activities					
Finance expenses paid		(5,555)	(5,011)	(5,555)	(5,011)
Distribution to Stapled Securityholders	(b)	(23,421)	(23,036)	(23,421)	(23,036)
Cash used in financing activities		(28,976)	(28,047)	(28,976)	(28,047)
Net (decrease)/increase in cash and cash equivalents		(3,316)	488	(3,316)	487
Cash and cash equivalents at beginning of the period		22,306	25,548	22,314	25,559
Cash and cash equivalents at end of the period		18,990	26,036	18,998	26,046

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

NOTES TO STATEMENTS OF CASH FLOWS

(a) **1Q2019**

In 1Q2019, 2,319,794 Stapled Securities amounting to $1,686,259 will be issued to the REIT Manager on 2 May 2019 as satisfaction of the REIT Manager's base management fees payable in Stapled Securities. A performance fee of $1,096,393 has been accrued in the current quarter, which will be settled through the issuance of Stapled Securities after the year ending 31 December 2019.

In 1Q2018, 2,010,762 Stapled Securities amounting to $1,673,356 has been issued to the REIT Manager on 2 May 2018 as satisfaction of the REIT Manager's base management fees payable in Stapled Securities. The performance fee of $1,131,525 has been settled through the issuance of 1,695,422 Stapled Securities on 29 January 2019.

(b) **1Q2019**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 4Q2018. In the previous corresponding period, the distribution paid was in respect of 4Q2017.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP")
FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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	Issue costs	Hedging reserve	Accumulated profits/ (losses)	Total	Total	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1/1/2019		1,451,692	(26,577)	1,215	(54,209)	1,372,121	5	1,372,126
Operations								
Increase/(Decrease) in net assets resulting from operations		-	-	-	17,226	17,226	(1)	17,225
Movement in hedging reserve								
Effective portion of changes in fair value of cash flow hedge		-	-	1,096	-	1,096	-	1,096
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(i)	-	-	-	(23,421)	(23,421)	-	(23,421)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(i)	2,783	-	-	-	2,783	-	2,783
Increase/(Decrease) in net assets resulting from unitholders' transactions		2,783	-	-	(23,421)	(20,638)	-	(20,638)
At 31/3/2019		**1,454,475**	**(26,577)**	**2,311**	**(60,404)**	**1,369,805**	**4**	**1,369,809**

		OUE H-REIT Group					OUE H-BT	Stapled Group
	Note	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 1/1/2018		1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	8	1,376,069
Operations								
Increase/(Decrease) in net assets resulting from operations		-	-	-	19,330	19,330	(1)	19,329
Movement in hedging reserve								
Effective portion of changes in fair value of cash flow hedge		-	-	6,079	-	6,079	-	6,079
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(ii)	-	-	-	(23,036)	(23,036)	-	(23,036)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(ii)	2,805	-	-	-	2,805	-	2,805
Increase/(Decrease) in net assets resulting from unitholders' transactions		2,805	-	-	(23,036)	(20,231)	-	(20,231)
At 31/3/2018		**1,443,207**	**(26,577)**	**5,033**	**(40,424)**	**1,381,239**	**7**	**1,381,246**

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 4Q2018.

(a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2017.

(b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 1Q2019. 2,319,794 Stapled Securities relating to base management fee will be issued on 2 May 2019. Stapled Securities relating to performance management fee will be issued after the year ending 31 December 2019.

(b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 1Q2018. 2,010,762 Stapled Securities relating to base management fee has been issued on 2 May 2018. 1,695,422 Stapled Securities relating to performance management fee has been issued on 29 January 2019.

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

	Note	Stapled Group	
		1Q2019 '000	1Q2018 '000
Issued Stapled Securities at beginning of the period		1,820,466	1,806,518
Issuance of new Stapled Securities:			
- as payment of REIT Manager's management fees		9,314	7,366
Issued Stapled Securities at end of the period		1,829,780	1,813,884
Stapled Securities to be issued:			
- as payment of REIT Manager's management fees	(a)	3,828	3,370
Total issued and issuable Stapled Securities at end of the period		1,833,608	1,817,254

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.

3,828,107 Stapled Securities relates to base management fee and performance management fee payable for 1Q2019. 2,319,794 Stapled Securities relating to the base management fee for 1Q2019 will be issued on 2 May 2019. 1,508,313 Stapled Securities relating to performance management fee for 1Q2019 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 31 March 2019 and this will be issued after year ending 31 December 2019 based on VWAP of the Stapled Security for the last 10 business days before 31 December 2019 in accordance with MAS requirements.

3,370,441 Stapled Securities relates to base management fee and performance management payable for 1Q2018. 2,010,762 Stapled Securities relating to the base management fee for 1Q2018 has been issued on 2 May 2018. 1,359,679 Stapled Securities relating to the performance management fee for 1Q2018 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 31 March 2018. On 29 January 2019, the performance management fee for 1Q2018 was settled through the issuance of 1,695,422 Stapled Securities based on VWAP of the Stapled Security for the last 10 business days before 31 December 2018 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 but have been extracted from the financial information for the quarter ended 31 March 2019 which has been reviewed by our auditors in accordance with Singapore Standard on Review Engagements SSRE 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity".*

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

Please refer to the attached review report.

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

Other than the disclosure in section 5, 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 2018.

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.

The Stapled Group has adopted FRS 116/SFRS(I) 16 Leases effective for the financial period beginning 1 January 2019. FRS 116/SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees whereby a lessee recognises a ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Stapled Group has applied the modified retrospective approach by recognising the ROU assets (as part of investment properties) with corresponding lease liabilities, with no adjustment to the opening balance of retained earnings at 1 January 2019 and no restatement of comparative information. The Stapled Group also applied the practical expedient whereby FRS 116/SFRS(I) 16 will be applied to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17/SFRS(I) 1-17.

The Stapled Group has recognised the existing operating lease arrangements at 1 January 2019 as ROU assets with corresponding lease liabilities under FRS 116/SFRS (I) 16. The nature of expenses related to these operating leases has changed as FRS 116/SFRS (I) 16 replaced the straight-line operating lease expense (previously recognised in "other property expenses") with change in fair value for ROU assets and interest expense on lease liabilities.

No significant impact is expected for other leases in which the Group is a lessor.

The impact on the Stapled Group's financial statements arising from the adoption of FRS 116 is as follows:

	Stapled Group	
	1Q2019	**1Q2018**
	$'000	**$'000**
Increase in investment properties	25,887	-
Increase in lease liabilities	(25,109)	-
Increase in net assets	778	-
Interest expenses on lease liabilities	(222)	-
Variable lease payments not included in the measurement of lease liabilities	(856)	-

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security ("EPS")

	Stapled Group	
	1Q2019	1Q2018
Weighted average number of Stapled Securities ('000)	1,829,805	1,813,907
Basic EPS (cents)	0.94	1.07
Weighted average number of Stapled Securities ('000)	1,833,608[1]	1,817,255[1]
Diluted EPS (cents)	0.94	1.06

[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	
	1Q2019	1Q2018
Number of Stapled Securities entitled to distribution ('000)	1,832,099[1]	1,815,895[2]
DPS (cents)	1.18	1.26

[1] Included 2,319,794 Stapled Securities to be issued as satisfaction of REIT Manager's base management fee for 1Q2019.
[2] Included 2,010,762 Stapled Securities issued as satisfaction of REIT Manager's base management fee for 1Q2018.

7. NET ASSET VALUE ("NAV") / NET TANGIBLE ASSET ("NTA")

	OUE H-REIT Group and Stapled Group	
	31/03/2019	31/12/2018
Number of Stapled Securities ('000):		
- in issue	1,829,780	1,820,466
- issuable	3,828	9,314
	1,833,608	1,829,780
NAV per OUE H-REIT unit / Stapled Security	$0.75	$0.75
NTA per OUE H-REIT unit / Stapled Security	$0.75	$0.75

8. REVIEW OF PERFORMANCE

	Note	Stapled Group		
		1Q2019	1Q2018	Increase/ (Decrease)
		$'000	$'000	%
Gross revenue:				
- Hospitality		23,193	24,259	(4.4)
- Retail		8,510	8,423	1.0
	(a)	31,703	32,682	(3.0)
Property expenses:				
- Hospitality		(1,926)	(2,206)	(12.7)
- Retail		(2,117)	(2,188)	(3.2)
	(b)	(4,043)	(4,394)	(8.0)
Net property income:				
- Hospitality		21,267	22,053	(3.6)
- Retail		6,393	6,235	2.5
	(c)	27,660	28,288	(2.2)
REIT Manager's fees		(2,783)	(2,805)	(0.8)
REIT Trustee's fees		(103)	(103)	-
Other trust expenses		(1,090)	(326)	>100
Net finance expenses	(d)	(6,459)	(5,725)	12.8
Total return for the period	(e)	**17,225**	**19,329**	**(10.9)**
Income available for distribution	(f)	**21,661**	**22,910**	**(5.5)**
DPS (cents)	(f)	**1.18**	**1.26**	**(6.3)**

n.m.: not meaningful

1Q2019 vs 1Q2018

(a) Gross revenue for 1Q2019 was $1.0 million lower than 1Q2018. Lower revenue from hospitality segment was partially mitigated by higher revenue from the retail segment.

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.

8. REVIEW OF PEFORMANCE (cont'd)

1Q2019 vs 1Q2018 (cont'd)

	Revenue			Net property income			RevPAR		
	1Q2019	1Q2018	Increase/ (Decrease)	1Q2019	1Q2018	Increase/ (Decrease)	1Q2019	1Q2018	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%	$	$	%
MOS	17,568	18,634	(5.7)	16,772	17,836	(6.0)	211	232	(8.9)
CPCA	5,625	5,625	-	4,495	4,217	6.6	185	184	0.5
Hospitality portfolio	23,193	24,259	(4.4)	21,267	22,053	(3.6)	202	215	(6.2)

Hospitality segment recorded lower revenue in 1Q2019 as compared to 1Q2018 due to lower master lease income from MOS.

Master lease income from MOS was lower than 1Q2018. MOS recorded a lower RevPAR of $211 (1Q2018: $232) due to lower average room rates and lower demand from the corporate and wholesale segments. MOS also recorded lower food and beverage sales due to lower banquet sales following the suspension of services of the Grand Mandarin Ballroom and its attached kitchen, which was partially mitigated by compensation received, as well as lower sales from some of the food and beverage outlets.

Master lease income from CPCA had remained the same as 1Q2018 at minimum rent. CPCA's RevPAR increased marginally to $185 (1Q2018: $184). As the master lease income was below the minimum rent, minimum rent was received for the period.

Retail revenue was marginally higher than 1Q2018 mainly due to higher average occupancy recorded in the current period.

(b) Lower property expenses by $0.4 million were mainly due to lower marketing expenses and lower operating lease expense as the fixed component of the operating lease expense has been recognised as finance expense – lease liabilities instead of operating lease expense due to the adoption of FRS 116, see section 1(a)(cii) and section 5.

(c) Net property income ("**NPI**") for 1Q2019 was $0.6 million lower than 1Q2018 due to lower gross revenue from the hospitality segment, partially mitigated by lower property expenses.

(d) Net finance expenses for 1Q2019 were higher than 1Q2018 by $0.7 million mainly due to higher interest expense and finance expense – lease liabilities recognised due to the adoption of FRS 116, see section 1(a)(cii) and section 5.

(e) Total return in 1Q2019 of $17.2 million (1Q2018: $19.3 million) was $2.1 million lower mainly due to lower net property income, higher net finance expenses and higher trust expenses.

(f) Income available for distribution was $1.2 million lower than 1Q2018 due to lower income from the hospitality segment and higher interest expense, partially mitigated by higher income received from the retail segment. The DPS for 1Q2019 was 1.18 cents, 6.3% lower as compared to 1.26 cents for 1Q2018.

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

Global growth for 2019 was further downgraded to 3.3%[1] while the Singapore economy grew by 1.3% on a year-on-year basis in the first quarter of 2019 based on advance estimates, moderating from the 1.9% growth in the previous quarter[2].

Singapore Tourism Board ("STB") reported a 2.0% year-on-year growth in international visitor arrivals for the first two months of 2019, while the number of visitor days increased by 4.3% for the same period[3]. Increased investment for the broader transformation of the tourism sector includes the rejuvenation of Orchard Road, Mandai eco-tourism hub, S$9-billion expansion of Marina Bay Sands and Resorts World Sentosa[4], continued growth in the cruise industry, development of Greater Southern Waterfront and plans for an integrated tourism development at the Jurong Lake District[5].

The trading environment of the hospitality industry shall benefit from the continued growth in tourist arrivals, transformation of the tourism sector and reduced supply of new hotel rooms, while it will be impacted by uncertainty in the global economy and absence of large-scale events in certain periods of 2019. More than 1,800 hotel rooms are expected to open in 2019, and about 76 per cent of the upcoming supply is concentrated in Sentosa and the CBD-fringe area[6]. The hotel room supply pipeline is expected to taper off after 2019. CPCA, which enjoys seamless connectivity to the newly-opened Jewel, is poised to benefit from Changi Airport's strategy of continual upgrades and enhancements. The upgrading works at Terminal 1 is near completion while enhancement works at Terminal 2 is expected to commence soon[7].

Occupier demand for prime retail space is expected to hold firm in the near term on the back of a positive tourism outlook and sustained economic growth[8], as retail supply pipeline is expected to tighten over the next few years[9].

Proposed Merger with OUE Commercial REIT

On 8 April 2019, the Managers of both OUE Commercial REIT ("OUE C-REIT") and OUE H-Trust announced the proposed merger of OUE H-Trust and OUE C-REIT (the "Proposed Merger"). The Proposed Merger will be effected through the acquisition by OUE C-REIT of all the issued and paid-up stapled securities in OUE H-Trust in exchange for a combination of cash and new units in OUE C-REIT by way of a trust scheme of arrangement (the "Trust Scheme") in compliance with the Singapore Code on Take-overs and Mergers.

The Trust Scheme will require, amongst others, OUE H-Trust Stapled Securityholders' approval of OUE H-Trust's Trust Deeds Amendments and the Trust Scheme at the general meetings to be convened. In addition to the approvals required from OUE H-Trust Stapled Securityholders, the Trust Scheme will require the sanction of the Trust Scheme by the Singapore Court.

Further information on the Proposed Merger can be found in the joint announcement, the OUE C-REIT Manager Announcement, as well as both OUE C-REIT's and OUE H-Trust's investor presentations, which can be downloaded from SGXNET or from OUE C-REIT's and OUE H-Trust's respective websites.

[1] International Monetary Fund, World Economic Outlook Update, April 2019.
[2] Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 1.3 Per Cent in the First Quarter of 2019, 12 April 2019.
[3] Singapore Tourism Board, International Visitor Arrivals Statistics, 1 April 2019.
[4] The Business Times, Singapore IRs Bet on S$9b Expansion; Exclusive Licences Extended to 2030, 4 April 2019.
[5] The Business Times, 7-ha Jurong Tourism Playground Among Moves to Fend Off Rivals, 17 April 2019.
[6] The Business Times, Vacation Nation: Hotel Investment in Singapore to Get a Boost in 2019, 21 March 2019.
[7] Channel News Asia, Jewel Changi Airport to Open on Apr 17; Terminal 2 to be expanded, 7 March 2019.
[8] Jones Lang LaSalle, Property Market Monitor, April 2019.
[9] CBRE Research, Singapore MarketView, Q1 2019.

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 January 2019 to 31 March 2019
Distribution type	Taxable income
Distribution rate per stapled security	1.18 cents
Book closure date	10 May 2019
Date payable	6 June 2019

(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 January 2018 to 31 March 2018
Distribution type	Taxable income
Distribution rate per stapled security	1.26 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%.

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 31 March 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Christopher James Williams
Director

2 May 2019

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

Chen Yi Chung
Acting Chief Executive Officer

2 May 2019

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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. Representatives 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

Jackie Thia
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

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

2 May 2019

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Report on review of Interim Financial Information

The Board of Directors
OUE Hospitality Trust Management Pte. Ltd.
(in its capacity as the Trustee-Manager of OUE Hospitality Business Trust) (the "Trustee-Manager")
c/o OUE Hospitality Trust Management Pte. Ltd.
333 Orchard Road #33-00
Mandarin Orchard Singapore
Singapore 238867

OUE Hospitality REIT Management Pte. Ltd.
(in its capacity as Manager of OUE Hospitality Real Estate Investment Trust) (the "Manager")
c/o OUE Hospitality REIT Management Pte. Ltd.
333 Orchard Road #33-00
Mandarin Orchard Singapore
Singapore 238867

2 May 2019

Dear Sirs

OUE Hospitality Trust

Introduction

We have reviewed the accompanying interim financial information (the "Interim Financial Information") of OUE Hospitality Trust ("OUE H-Trust") for the three-month period ended 31 March 2019. OUE H-Trust comprises OUE Hospitality Business Trust and OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and its subsidiary, collectively the "Stapled Group". The Interim Financial Information consists of the following:-

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

- Statement of financial position of the Stapled Group as at 31 March 2019;
- Statement of total return of the Stapled Group for the three-month period ended 31 March 2019;
- Statement of movements in unitholders' funds of the Stapled Group for the period ended 31 March 2019;
- Distribution statement of the Stapled Group for the three-month period ended 31 March 2019;
- Portfolio statement of the Stapled Group as at 31 March 2019;
- Statement of cash flows of the Stapled Group for the period ended 31 March 2019; and
- Certain explanatory notes to the above Interim Financial Information.

The management of OUE Hospitality REIT Management Pte. Ltd. (the "Manager" of OUE H-REIT) is responsible for the preparation and presentation of this Interim Financial Information in accordance with the recommendations of the Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants ("ISCA"). Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Other Matter

The Interim Financial Information for the comparative period ended 31 March 2018 have not been audited or reviewed.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not presented, in all material respects, in accordance with the recommendations of RAP 7 *Reporting Framework for Unit Trusts* relevant to interim financial information issued by the ISCA.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting OUE H-Trust to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and comply with the requirements of Rule 25 of Singapore Code of Take-Overs and Mergers, and for no other purpose. Our report is included in the unaudited financial statements announcement of OUE H-Trust for the first quarter ended 31 March 2019 for the information of the holders of its Stapled Securities and the scheme document issued by OUE H-Trust in relation to the proposed merger with OUE Commercial Real Estate Investment Trust. We do not assume responsibility to anyone other than the OUE H-Trust for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
2 May 2019

Report from the IFA in respect of the Interim Financial Statements

2 May 2019

The Board of Directors (the "**Directors**") of
OUE Hospitality REIT Management Pte. Ltd.
(in its capacity as Manager of OUE Hospitality Real Estate Investment Trust)
333 Orchard Road
#33-00 Mandarin Orchard Singapore
Singapore 238867

OUE Hospitality Trust Management Pte. Ltd.
(in its capacity as Trustee-Manager of OUE Hospitality Business Trust)
333 Orchard Road
#33-00 Mandarin Orchard Singapore
Singapore 238867

RBC Investor Services Trust Singapore Limited
(in its capacity as Trustee of OUE Hospitality Real Estate Investment Trust)
8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960

Dear Sirs,

Report from the IFA in respect of the Interim Financial Statements (as defined herein) made in the announcement which was released by OUE Hospitality Trust (the "Company") on SGXNET on 2 May 2019

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Joint Announcement in relation to the Proposed Merger of OUE Commercial Real Estate Investment Trust and OUE Hospitality Trust dated 8 April 2019.

On 8 April 2019, the H-Trust Managers and the C-REIT Manager jointly announced the Proposed Merger, which shall be effected through the acquisition by the C-REIT Trustee of all the Stapled Securities held by the Stapled Securityholders in exchange for a combination of cash and C-REIT Units by way of a trust scheme of arrangement in compliance with the Code.

On 2 May 2019, the Directors had approved the unaudited financial statements announcement of the Company relating to its financial performance for the first quarter ended 31 March 2019 ("**1QFY2019**") (the "**Interim Financial Statements**").

We have reviewed the Interim Financial Statements and have held discussions with the management of the Company who are responsible for the preparation of the Interim Financial Statements.

Save for the adoption of the accounting standard FRS 116/SFRS(I) 16, the Interim Financial Statements were arrived at on bases consistent with the significant accounting policies and methods of computation adopted by the Company for the preparation of the audited consolidated financial statements of the

Company for the full year ended 31 December 2018 ("**FY2018**"), which are set out in the annual report of the Company for FY2018.

We have also considered the Report on review of Interim Financial Information dated 2 May 2019 issued by KPMG LLP, being the external independent auditors of the Company, relating to their review of the Interim Financial Statements.

Based on the above, we are of the opinion that the Interim Financial Statements have been made by the Directors after due and careful enquiry.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with us by the Company. Save as provided in this letter, we do not express any other opinion or views on the Interim Financial Statements. The Directors remain solely responsible for the Interim Financial Statements.

The letter is provided to the Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose. We do not accept any responsibility to any person(s), other than the Company and the Directors, in respect of, arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
Australia and New Zealand Banking Group Limited, Singapore Branch



Sigismund Kwok
Corporate Advisory