PRESS RELEASE
For Immediate Release

OUE H-Trust Posts 18.2% Increase in DPS for 1Q2017

- ***For 1Q2017, OUE H-Trust's distributable income (DI) is also 19.1% higher than 1Q2016***

Singapore – 4 May 2017 - OUE Hospitality Trust (OUE H-Trust), a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), achieved DI of $23.5 million for the period from 1 January 2017 to 31 March 2017 (1Q2017), 19.1% higher than 1Q2016. OUE H-Trust's distribution per stapled security (DPS) for 1Q2017 was 1.30 cents, 18.2% higher than 1Q2016.

Revenue and net property income (NPI) of $32.1 million and $27.4 million respectively were 6.4% and 4.3% higher than 1Q2016. Both the hospitality and retail segments of OUE H-Trust have recorded higher revenue and NPI for 1Q2017.

Distribution Details

Distribution Period	1 January 2017 to 31 March 2017
Distribution Rate	1.30 cents per Stapled Security
Ex-Distribution Date	11 May 2017, 9.00 am
Book Closure Date	15 May 2017
Distribution Payment Date	6 June 2017

Mr. Christopher Williams, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: "OUE H-Trust has done well in 1Q2017 achieving 18.2% higher DPS compared to 1Q2016. This is attributable to the increased contribution from the 563-room enlarged CPCA and higher occupancy at Mandarin Gallery. The operating environment is expected to remain challenging, and OUE H-Trust will continue to focus on active asset management to optimise the performance of its assets."

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: "OUE H-Trust enjoyed higher income from the hospitality segment as the additional $1.6 million master lease income from the enlarged CPCA more than offset the $0.6 million lower contribution from Mandarin Orchard Singapore (MOS)."

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Mr. Chong continued: “MOS achieved higher occupancy in 1Q2017 compared to 1Q2016, however the absence of biennial meetings, incentives, convention and exhibition (MICE) events such as the Singapore Airshow this year and a competitive market resulted in lower average room rates achieved. Overall, MOS’ revenue per available room (RevPAR) for 1Q2017 was $217, which was slightly lower than 1Q2016 RevPAR of $222. The lower room sales were partially mitigated by higher sales from the hotel’s food and beverage outlets and banquet.”

The 243-room extension to CPCA was acquired and commenced operation on 1 August 2016. As such, it is not meaningful to compare the 1Q2017 RevPAR for the 563-room enlarged CPCA with the RevPAR for the 320-room CPCA for 1Q2016.

Mr. Chong added: “The average occupancy of Mandarin Gallery in 1Q2017 has increased to 94.7% from 82.9% in 1Q2016. As a result, retail revenue for 1Q2017 was $1.0 million higher than 1Q2016. NPI for the retail segment was also 17.6% higher at $6.4 million.”

Outlook

Singapore Tourism Board (“STB”) reported a 3.4%[1] year-on-year increase in international visitor arrivals in the first two 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. As such the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased rooms supply in Singapore had created a highly competitive market environment and this would likely persist as more supply is expected in 2017 before tapering in 2018. To support the tourism industry and in an effort to boost tourism, the Singapore government has set aside $700 million[3] in a Tourism Development Fund to be invested from 2016 to 2020. In addition, Changi Airport Group, Singapore Airlines and STB have announced that they will jointly invest $34 million to promote Singapore as an attractive stopover and twinning destination to travellers globally.[4] Changi Airport’s Terminal 4 is expected to be operational in the second half of 2017.[5] Higher air passenger traffic through Changi Airport could potentially benefit Singapore’s hospitality sector.

The asset enhancement programme on 430 rooms of Mandarin Orchard Singapore (“MOS”) and a programme to renovate and increase the meeting facilities in MOS have been completed. The enhancement of MOS’ meeting facilities will allow it to attract and cater to a wider range of banquet and conference demand. For the enlarged CPCA, the ramping up of operations continues in a challenging market.

The retail scene in Singapore remains challenging. To partner tenants towards success, the structure of leases for some tenants feature lower base rent and higher turnover rent compared to previous leases for the same units.

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

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[1] Singapore Tourism Board, International Visitor Arrivals Statistics, 13 April 2017
[2] Singapore Tourism Board, Year-in-Review 2016, 14 February 2017
[3] MTI News Room, Speech by Minister S Iswaran at the Tourism Industry Conference 2016
[4] Changi Airport Group, Press Release ‘CAG, SIA and STB sign new joint partnership’, 17 April 2017
[5] Changi Airport Group, Press Release ‘Construction of Changi Airport Terminal 4 Completed’, 16 December 2016

Summary of Results

1Q2017 vs 1Q2016

	1Q			*Notes*
(S$m)	**2017**	**2016**	**Variance %**	
Gross Revenue	32.1	30.1	6.4	*1*
Net Property Income	27.4	26.3	4.3	*2*
Other Income	1.6	-	n.m.	*3*
Distributable Income	23.5	19.7	19.1	*4*
DPS (S cents)	1.30	1.10	18.2	*4*

Note 1:

- Gross revenue for 1Q2017 was $1.9 million higher than 1Q2016. Both hospitality and retail segments posted higher revenue in 1Q2017 as compared to 1Q2016.
- Hospitality revenue was $1.0 million higher than 1Q2016. This was a result of $1.6 million higher master lease income from CPCA which more than offset the $0.6 million decrease in master lease income from MOS.
- Master lease income from MOS was $0.6 million lower than 1Q2016 as MOS recorded a lower RevPAR of $217 as compared to RevPAR of $222 in 1Q2016. Although occupancy improved in 1Q2017, RevPAR was lower due to lower average room rates achieved in the absence of biennial meetings, incentives, convention and exhibition (MICE) events such as the Singapore Airshow and a competitive market. The lower room sales were partially mitigated by higher sales from the hotel’s food and beverage outlets and banquet.
- Master lease income from the enlarged CPCA was $1.6 million higher than 1Q2016 due to enlarged room inventory in CPCA with the addition of CPEX’s 243 rooms which opened for business on 1 August 2016. As such, it is not meaningful to compare the RevPAR for the enlarged 563-room CPCA with the RevPAR for the 320-room CPCA for 1Q2016. In addition to master lease income, OUE H-REIT also receives income support provided by OUEAH (refer to *Note 3* for more details).
- Retail revenue for 1Q2017 was $1.0 million higher than 1Q2016 mainly due to higher average occupancy rate at 94.7% (1Q2016: 82.9%). The mall recorded an effective rent per square foot per month of $23.7 for 1Q2017 (1Q2016: $24.4).

Note 2:

- NPI for 1Q2017 was $1.1 million or 4.3% higher than 1Q2016 due to higher gross revenue from both hospitality and retail segments, partially offset by higher property expenses for CPCA.

Note 3:

- 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. Subject to the enlarged CPCA not achieving agreed Target Quarterly Rent over the first twelve (12) quarters from the date of acquisition of CPEX, OUE H-REIT could draw down the income support over (i) three years from the date of OUE H-REIT's acquisition of CPEX; or (ii) until the income support of $7.5 million had been fully drawn down by OUE H-REIT, whichever is earlier.

Note 4:

- Income available for distribution was $3.8 million or 19.1% higher than 1Q2016 due to higher income from both hospitality and retail segments, income support received for CPCA and lower interest expense. The DPS for 1Q2017 was 1.30 cents as compared to 1.10 cents for 1Q2016.

About OUE Hospitality Trust

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), listed on the Mainboard of Singapore Exchange Securities Trading Limited.

OUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

OUE H-REIT's asset portfolio comprising two hotels - the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S$2.2 billion as at 31 December 2016.

OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited (OUE). OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by OUE.

For more information, please visit www.oueht.com

About the Sponsor

OUE Limited (SGX-ST: "OUE") is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail and residential sectors primarily in Singapore. With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. OUE is the sponsor of OUE Hospitality Trust and OUE Commercial Real Estate Investment Trust.

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