



Proposed Acquisition and Master Lease of Crowne Plaza Changi Airport Hotel and its Future Extension

28 November 2014

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Overview of Transaction

Overview of Proposed Transaction

Property to be Acquired	Crowne Plaza Changi Airport (CPCA) ¹	Crowne Plaza Changi Airport Extension (CPEX) ²	Combined CPCA & CPEX
No. of Guestrooms	320	243	563
Property Acquisition Price	S\$290.0 million	S\$205.0 million	S\$495.0 million
Expected Acquisition Yield	4.5% ³		4.6% ⁴
Expected Completion of Acquisition	End-2014	End-2015 but not later than June 2016	
Capital Expenditure	S\$3.2 million commitment from Vendor		
Vendor	<ul style="list-style-type: none"> ■ OUE Airport Hotel Pte Ltd (OUEAH), a subsidiary of OUE Limited 		
Master Lease	<ul style="list-style-type: none"> ■ Master Lease with OUEAH (as master lessee) on variable rent subject to a minimum rent⁵ 		
Extraordinary General Meeting	<ul style="list-style-type: none"> ■ The Proposed Transaction (comprising the acquisition and the master leases of CPCA and CPEX) constitutes an Interested Person Transaction under the Listing Manual as well as an Interested Party Transaction under the Property Funds Appendix (PFA), and is subject to Stapled Securityholders' approval at an Extraordinary General Meeting (EGM) ■ PricewaterhouseCoopers Corporate Finance Pte. Ltd. appointed as IFA to advise independent directors and the audit and risk committee on whether terms of the Proposed Transaction are on normal commercial terms and are not prejudicial to the interests of OUE H-Trust and its minority Stapled Securityholders. 		

¹Acquired pursuant to the CPCA Sale and Purchase Agreement (CPCA SPA)

²Acquired pursuant to the CPEX Sale and Purchase Agreement (CPEX SPA)

³Annualised yield based on pro forma financial period from 25 July 2013 to 31 December 2013

⁴Annualised yield based on pro forma financial period from 25 July 2013 to 31 December 2013 and first four quarters' target rent of the combined CPCA and CPEX

⁵The rental under the Master Lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

Crowne Plaza Changi Airport and its Extension

Location	Singapore Changi Airport – The hotel has direct access to the passenger terminals. It is within a short distance to Changi Business Park and Singapore Expo, and is connected to the city by expressway and mass rapid transit (MRT).
Leasehold Tenure	77 years expiring August 2083
Current Ownership	100% owned by OUEAH
No. of rooms	Existing 320 rooms + 243 ¹ rooms to be built in CPEX
Proposed Master Lessee	OUEAH
Hotel Manager	InterContinental Hotels Group (IHG)



Crowne Plaza Changi Airport



¹ The additional 243 hotel rooms are expected to be completed around the end of 2015 but not later than June 2016

Independent Valuations

Property to be Acquired	Crowne Plaza Changi Airport (CPCA) ¹	Crowne Plaza Changi Airport Extension (CPEX) ²	Combined CPCA & CPEX
No. of Guestrooms	320	243	563
Purchase Consideration / Per Key	S\$290 million / S\$906,250 per key	S\$205 million / S\$843,621 per key	S\$495 million / S\$879,218 per key
Independent Valuations	S\$290.0 million (JLL) S\$291.5 million (Chesterton)	S\$201.0 million (JLL) S\$206.5 million (Chesterton)	S\$491.0 million (JLL) S\$498.0 million (Chesterton)
Date of Valuation Reports	30 September 2014		
Valuation Methodology	<ul style="list-style-type: none"> ■ JLL's valuation based on income capitalisation and discounted cash flow approaches ■ Chesterton's valuation based on discounted cash flow approach ■ The valuers have considered the income support and the annual land rent payable to CAG in arriving at their valuations ■ Both valuers are of the view that the income support does not affect their respective valuations 		

Overview of the Master Leases

Properties	CPCA	CPCA and CPEX
No. of Guestrooms	320	563
Master Lease Rental	Variable Rent Comprising Sum of: (i) 1% of Hotel F&B Revenues; (ii) 30% of Hotel Rooms and Other Revenues not related to F&B; (iii) 30% of Hotel Gross Operating Profit; and (iv) 77% of Gross Rental Income from leased space; subject to Minimum Rent of S\$12.5 million ¹ .	Variable Rent Comprising Sum of: (i) 4% of Hotel F&B Revenues; (ii) 33% of Hotel Rooms and Other Revenues not related to F&B; (iii) 30% Hotel Gross Operating Profit; and (iv) 80% of Gross Rental Income from leased space; subject to Minimum Rent of S\$22.5 million ¹ .
Income Support	N.A.	Aggregate of S\$7.5 million to be drawn down over 3 years
Tenure	<ul style="list-style-type: none"> ■ Master Lease term to commence from date of completion of acquisition of CPCA ■ First term of Master Lease to expire in May 2028 ■ Master Lessee has option to renew for an additional two consecutive 5-year terms 	
Capital Replacement Contribution	<ul style="list-style-type: none"> ■ Aligned with hotel management agreement between OUEAH and IHG ■ Generally at 3% 	

¹ The rental under the Master Lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

Benefits of the Transaction

i. Increase DPS to stapled securityholders

- Acquisition and Master Leases are expected to be accretive to distribution per stapled security (DPS)
- On a pro forma basis, the Acquisition and Master Leases are expected to increase NPI and distributable income
- Increase in pro forma FP2013¹ DPS of 0.16 cents post-acquisition of CPCA and 0.24 cents post-acquisition of combined CPCA and CPEX, assuming acquisition is fully debt-funded
- Expected annualised NPI yield for CPCA is 4.5% and 4.6% for the combined CPCA and CPEX

Crowne Plaza Changi Airport Lobby Lounge



¹ FP2013 refers to the financial period from 25 July 2013 to 31 December 2013

- ii. Opportunity to acquire a quality asset in a strategic location
- Rare opportunity to own global brand name hotel asset with direct connection to Changi Airport terminal
 - Changi Airport is world's sixth busiest airport for international traffic.
 - It served a record 53.7 million passengers from around the globe in 2013¹.
 - Hotel is close to Changi Business Park and Singapore Expo.
 - Companies located at Changi Business Park include IBM, Invensys, Honeywell, and financial institutions such as DBS Bank, Citibank, Credit Suisse and Standard Chartered Bank².



Crowne Plaza Changi Airport Meeting Room



Crowne Plaza Changi Airport Restaurant

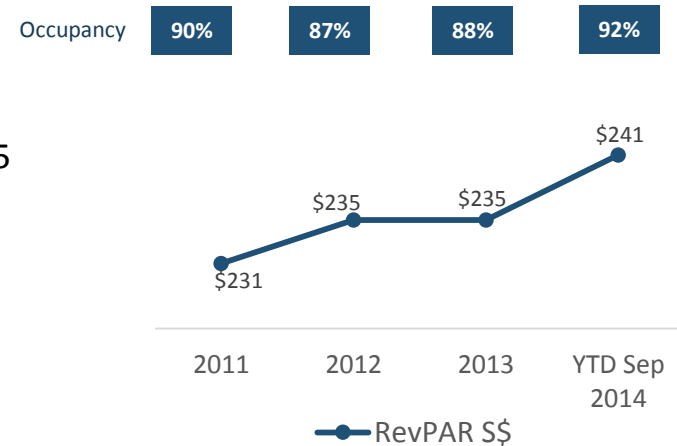
¹ Source: <http://www.changiairport.com/our-business/about-changi-airport>

² Source: <http://www.jtc.gov.sg/RealEstateSolutions/Business-Park-Land/Pages/Changi-Business-Park.aspx>

Benefits of the Transaction

iii. Attractive growth potential in revenue per available room

- CPCA enjoys high occupancy of above 85% and has seen revenue per available room (RevPAR) increasing from \$231 in 2011 to \$235 in 2013
- As at YTD Sep 2014¹, CPCA achieved RevPAR of S\$241.
- CPCA will be able to leverage on the expansion plans of Changi Airport which has announced plans for Project Jewel² and has commenced development of Terminal 4



iv. Master Lease provides income stability with downside protection and upside potential

- OUEAH will be master lessee for CPCA and CPEX when it is operational
- Minimum rent provides OUE H-Trust with downside protection
- Variable rent allows OUE H-Trust to enjoy operational upside when the hotel performs well



Crowne Plaza Changi Airport Business Centre

¹ Based on management accounts of CPCA.

² Project Jewel is a new mixed-use complex envisaged to be a world-class, signature lifestyle destination that will enable Changi Airport to capture tourism mindshare, and strongly boost Singapore's appeal as a stopover point for global travellers. The complex will offer aviation and travel-related facilities, a wide range of retail offerings, as well as unique leisure attractions. Project Jewel is targeted to open in end 2018 (<http://www.capitamallsasia.com/en/corporate/media-centre/press-releases/2013/changi-airport-group-and-capitamalls-asia-to-jointly-develop-project-jewel-at-changi-airport>) and Terminal 4 is expected to be operational in 2017 (<http://www.changiairport.com/at-changi/our-terminals/terminal-4>).

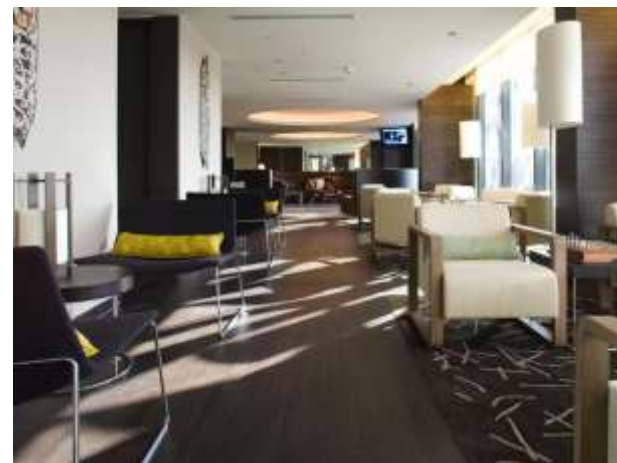
Benefits of the Transaction

v. Reduced concentration risk

- OUE H-Trust's portfolio comprises Mandarin Orchard Singapore and Mandarin Gallery, which coexist in the same location in the Orchard Road shopping precinct
- Acquisition of CPCA and CPEX would:
 - Reduce OUE H-Trust's concentration risk
 - Further enhance the income diversification of OUE H-Trust and reduce the reliance of OUE H-Trust's income stream on any single property
 - Expand OUE H-Trust's coverage of the hospitality market in Singapore and enlarge and diversify its hotel clientele

vi. Increased portfolio size creates stronger platform for further acquisition growth

- OUE H-Trust's asset portfolio will increase from S\$1.76 billion to approximately S\$2.25 billion
- The enlarged quality portfolio could attract more investor interest in OUE H-Trust
- Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to potentially better access to equity and debt capital markets



Crowne Plaza Changi Airport Club Lounge



Crowne Plaza Changi Airport Swimming Pool

Overview of the Put Option Agreements

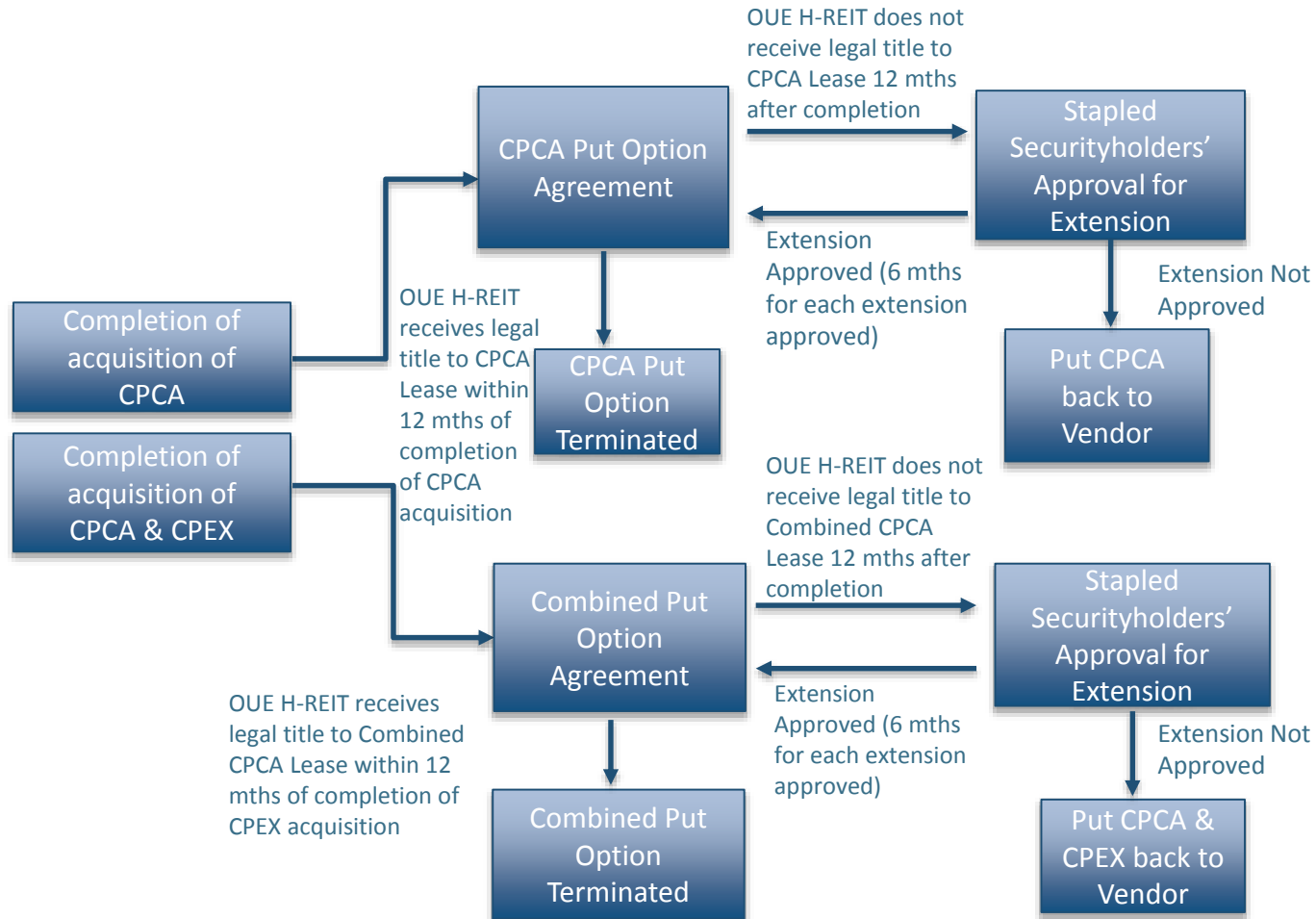
- As at the date of this announcement, the Vendor holds
 - (i) the right to a registered lease to the strata lot where CPCA is situated (the “CPCA Lease”) from Changi Airport Group (Singapore) Pte. Ltd. (“CAG”) pursuant to the building agreement in respect of CPCA granted to the Vendor and
 - (ii) the right to secure the registered lease to the combined strata lot comprising CPCA and CPEX (the “Combined CPCA Lease”) from CAG pursuant to the building agreement entered into between the Vendor and CAG in respect of CPEX together with the Vendor’s rights under the CPCA Lease.

Concurrent to the conditional sale and purchase agreements (SPAs)

- OUE H-REIT has entered into the CPCA Put Option Agreement with the Vendor as OUE H-REIT may only receive the legal title to the lease of the site on which CPCA is situated (the “CPCA Lease”) after completion of the acquisition of CPCA.
- OUE H-REIT has also entered into the Combined Put Option Agreement with the Vendor as OUE H-REIT may only receive the legal title to the lease for the combined site comprising CPCA and CPEX (the “Combined CPCA Lease”) after completion of the acquisition of CPEX.

Overview of the Put Option Agreements (Cont'd)

Summary of the Put Option Agreements



Overview of the Put Option Agreements (Cont'd)

- If the CPCA Put Option or Combined Put Option is exercised by the REIT Trustee in accordance with the CPCA Put Option Agreement or Combined Put Option Agreement respectively, the REIT Trustee shall be bound to sell and the Vendor shall be bound to purchase from the REIT Trustee, CPCA or CPCA and CPEX respectively, at a purchase price which is the higher of:
 - the valuation of CPCA or CPCA and CPEX as at the date of service of the CPCA Put Option or Combined Put Option exercise notice; and
 - the purchase consideration of CPCA or CPCA and CPEX under the respective SPA .
- For the purpose of determining the valuation, each of the Vendor and the REIT Trustee shall separately appoint one independent valuer and the valuation to be utilised shall be the average of the valuations provided by the two valuers.



Impact on OUE H-Trust

- **Method of Financing**
- **Financial Impact**
- **Portfolio Diversification**

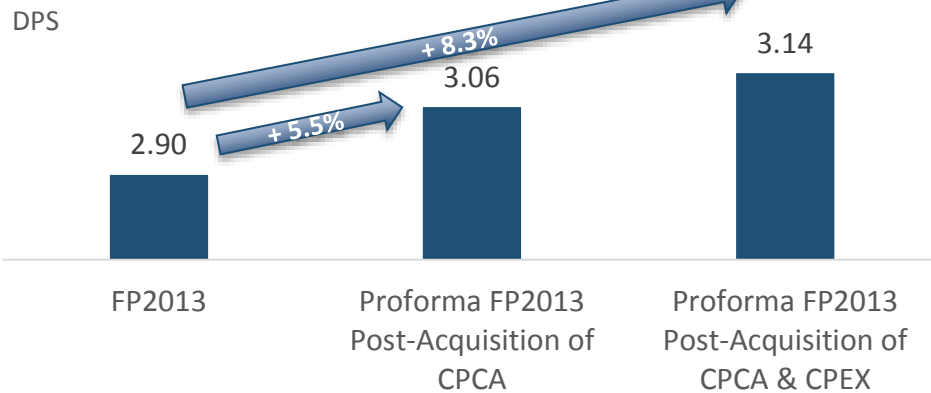
Method of Financing

- The REIT Manager intends to finance all acquisition costs relating to the Acquisition (save for the Acquisition Fee payable in Stapled Securities to the REIT Manager) through debt and/or equity financing.
- In addition, the REIT Manager has secured commitment for the funding of the full purchase consideration of CPCA in order to give certainty to the completion of the acquisition of CPCA.

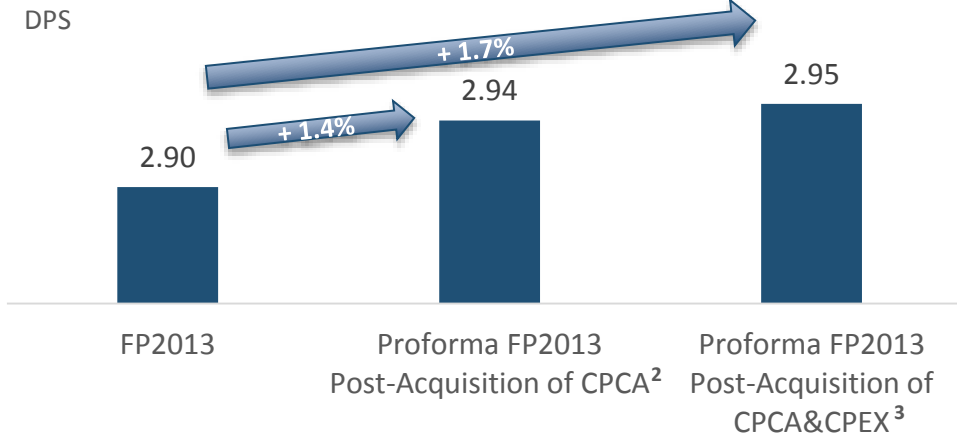
- Enhanced DPS

Based on pro forma Distributable Income for the financial period from 25 July 2013 to 31 December 2013

- i. Assuming 100% debt-funding¹



- ii. Assuming combination of debt-funding and equity¹



¹ Stapled Securities issuable to the REIT Manager as payment for Acquisition Fee and management fee in relation to CPCA assumed to be issued at illustrative price of S\$0.88 per stapled security

² Assuming S\$75 million of Stapled Securities issued for the acquisition of CPCA at illustrative price of S\$0.88 per stapled security

³ Assuming S\$125 million of Stapled Securities issued for the acquisition of CPCA and CPEX at illustrative price of S\$0.88 per stapled security

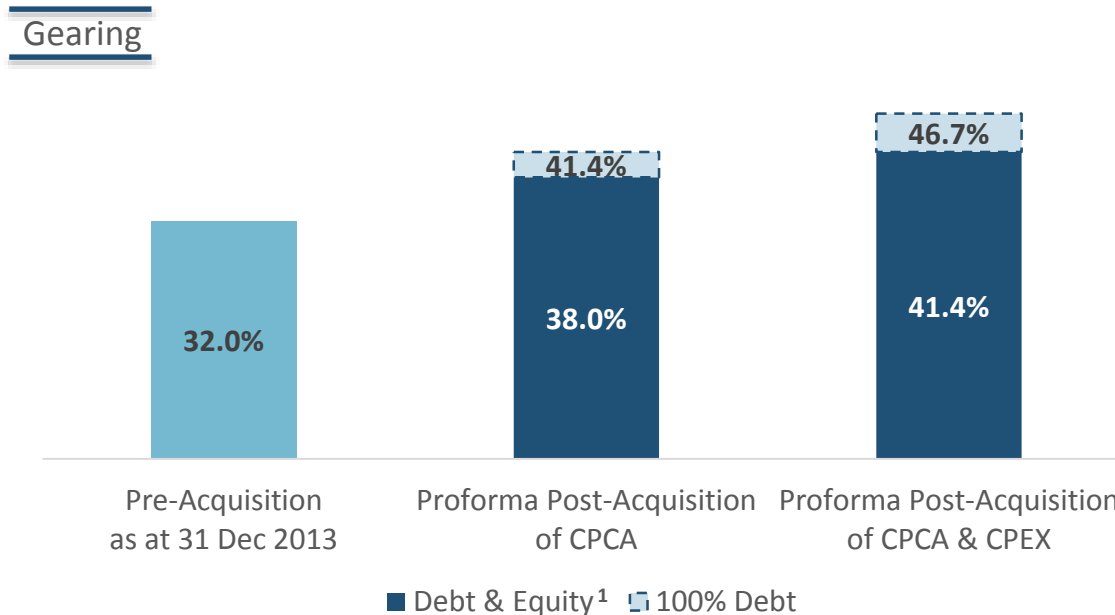
- **Maintain Healthy Balance Sheet**

- **Gearing**

- Assuming the acquisition is 100% debt-funded, OUE H-Trust’s gearing will be within 60% gearing limit under the Property Funds Appendix
- OUE H-REIT has been assigned a Ba1 rating from Moody’s

- **NAV**

- No material impact on NAV of S\$0.92 as at 31 December 2013 based on pro forma effects

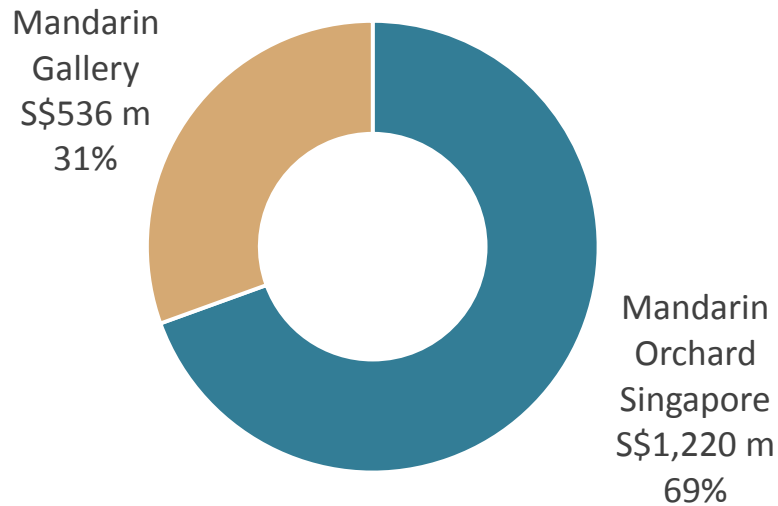


¹ Assuming S\$75 million of Stapled Securities issued for the acquisition of CPCA at illustrative price of S\$0.88 per stapled security and assuming S\$125 million of Stapled Securities issued for the acquisition of CPCA and CPEX at illustrative price of S\$0.88 per stapled security

Increased Asset Diversification

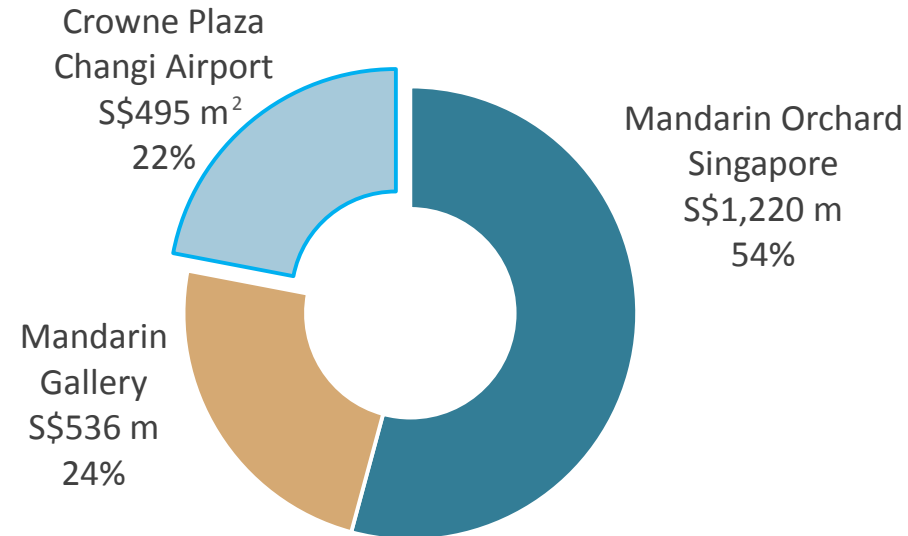
Pre-Acquisition

Breakdown by Asset Value Pre-Acquisition¹



Post-Acquisition

Breakdown by Asset Value Post-Acquisition



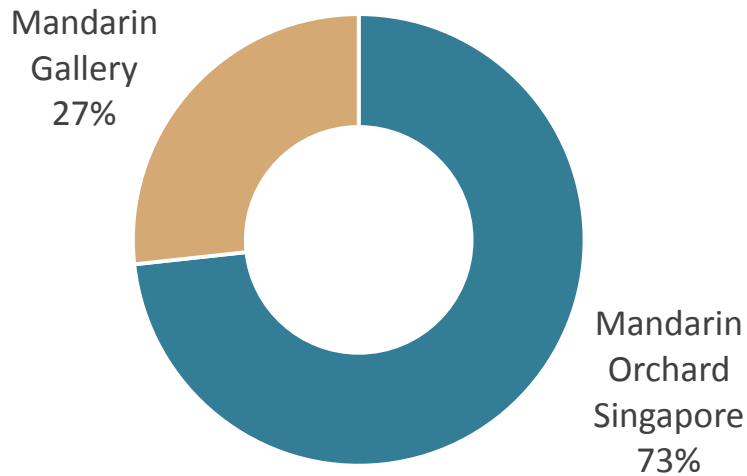
¹ Based on independent valuations as at 31 Dec 2013

² Based on acquisition price of CPCA and CPEX

Enhanced Income Diversification

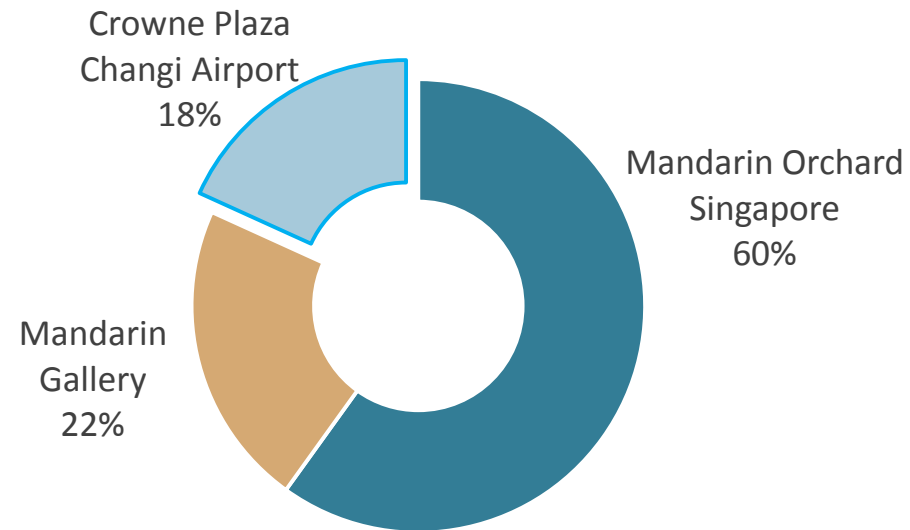
Pre-Acquisition

**Contribution by NPI Pre-Acquisition
For the Period from
25 July 2013 to 31 December 2013**



Post-Acquisition

**Contribution by NPI Post-Acquisition¹
For the Pro forma Period from
25 July 2013 to 31 December 2013**

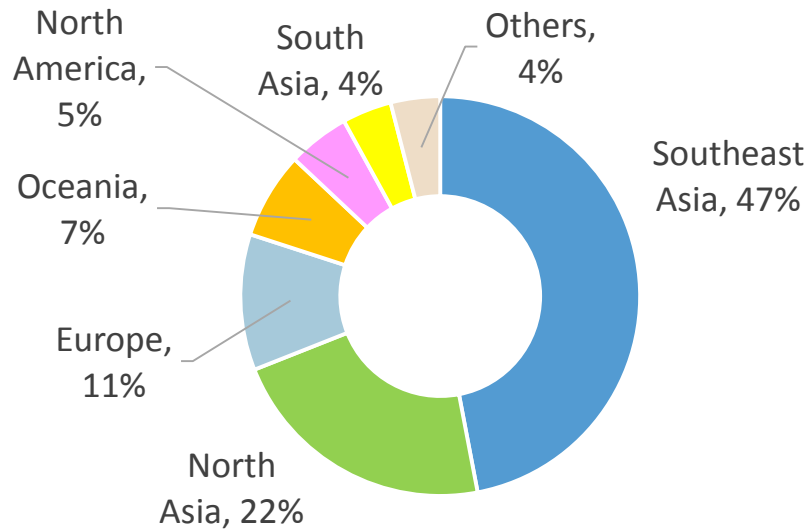


¹ Post-Acquisition of CPCA and CPEX, based on the expected acquisition yield (annualised) of 4.6% for the combined CPCA and CPEX asset.

Greater Diversification of Hotel Customer Profile

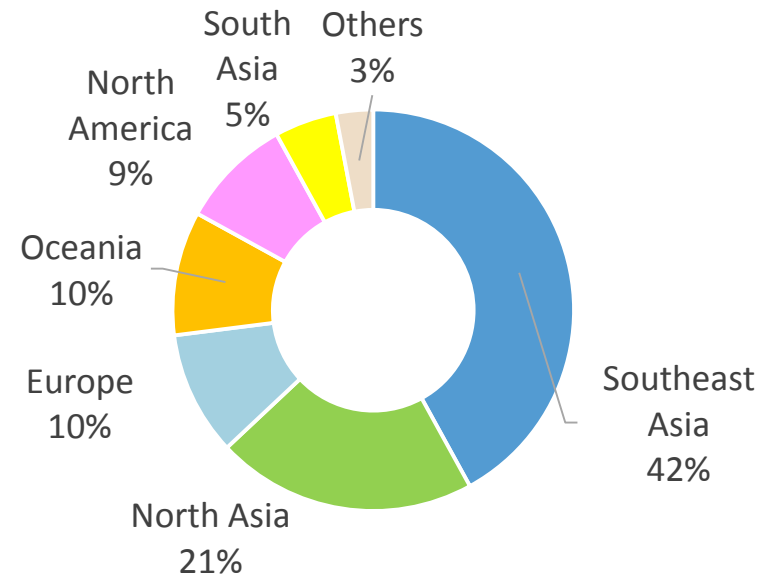
Pre-Acquisition

**Customer Profile for Mandarin Orchard Singapore
(By Geography Based on Room Nights Occupied)
YTD Sep 2014**



Post-Acquisition

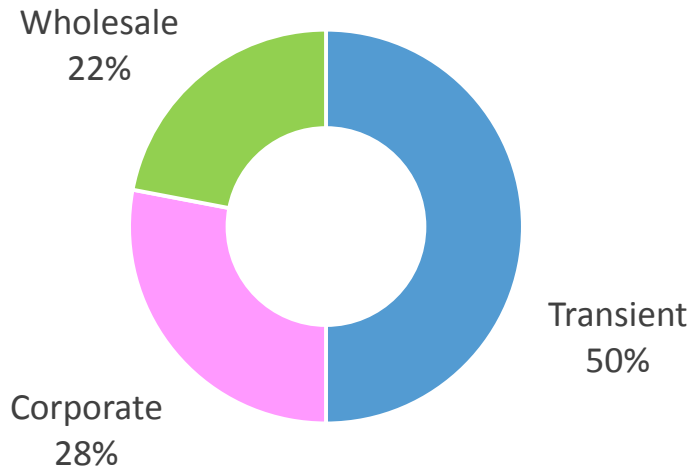
**Portfolio Customer Profile Post-Acquisition¹
(By Geography Based on Room Nights Occupied)
YTD Sep 2014**



¹ Based on Mandarin Orchard Singapore and Crowne Plaza Changi Airport (excludes Aircrew)

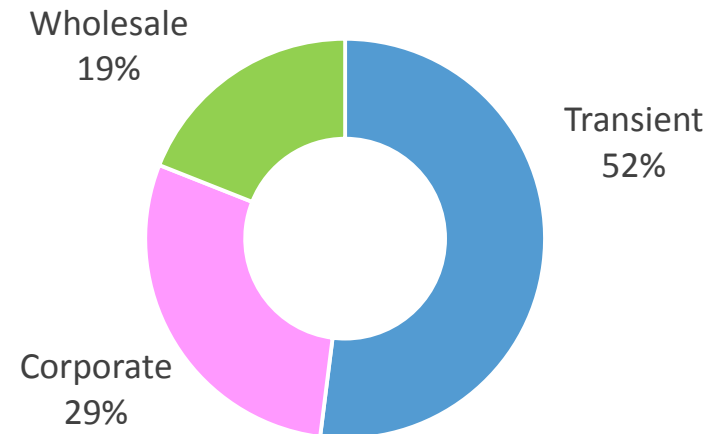
Pre-Acquisition

**Customer Profile for Mandarin Orchard Singapore
(By Room Revenue)¹
YTD Sep 2014**



Post-Acquisition

**Portfolio Customer Profile Post-Acquisition²
(By Room Revenue)
YTD Sep 2014**



¹**“Transient”** refers to revenue derived from rental of rooms and suites to individuals or groups occupying less than 10 rooms per night, 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

² Based on Mandarin Orchard Singapore and Crowne Plaza Changi Airport



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Conclusion

Conclusion

<p>Acquisition is Accretive</p>	<ul style="list-style-type: none"> • Acquisition is expected to enhance DPS • Based on pro forma FP2013, DPS expected to increase 0.16 cents or 5.5% post-acquisition of CPCA and 0.24 cents or 8.3% post-acquisition of combined CPCA and CPEX assuming acquisition is fully debt funded
<p>Opportunity to Acquire Quality Asset</p>	<ul style="list-style-type: none"> • Rare opportunity to own global brand name hotel asset with direct connection to the Changi Airport terminal • Leverage on the expansion plans of Changi Airport which has announced plans for Project Jewel and has commenced development of Terminal 4
<p>Income Stability</p>	<ul style="list-style-type: none"> • Master Lease provides income stability with downside protection and upside potential
<p>Enhances Diversification of OUE H-Trust</p>	<ul style="list-style-type: none"> • Successful acquisition of CPCA and the CPEX would reduce OUE H-Trust's concentration risk • Enhance the income diversification of OUE H-Trust and reduce the reliance of OUE H-Trust's income stream on any single property • Expand OUE H-Trust's coverage of the hospitality market in Singapore and enlarge and diversify its hotel clientele
<p>Establishes Stronger Platform for Future Growth</p>	<ul style="list-style-type: none"> • The enlarged quality portfolio could attract more investor interest in OUE H-Trust • Manager believes that the increased portfolio size will create a stronger platform for further acquisition growth due primarily to potentially better access to both capital and debt markets
<p>EGM</p>	<ul style="list-style-type: none"> • The Proposed Transaction constitutes an Interested Person Transaction under the Listing Manual as well as an Interested Party Transaction under the PFA, and is subject to Stapled Securityholders' approval at an EGM



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Thank You



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About the Sponsor – OUE Limited

OUE – Leading Property Developer in Singapore

Track Record in Real Estate Ownership and Operations

Diversified real estate owner, developer and operator with a real estate portfolio located in Asia and the US, across hospitality, retail, commercial and residential property segments

Hospitality



Mandarin Orchard
Singapore
OUE Hospitality Trust



Crowne Plaza Changi
Airport
(100% stake)



Marina Mandarin
(30% stake)

Commercial



OUE Bayfront
OUE Commercial REIT



Lippo Plaza, Shanghai
OUE Commercial REIT



OUE Downtown
Towers 1 and 2
(100% stake)



U.S. Bank Tower,
Los Angeles
(100% stake)



One Raffles Place
Towers 1 and 2
(41% stake)

Retail



Mandarin Gallery
OUE Hospitality Trust



One Raffles Place
Retail Podium
(41% stake)

Residential



Twin Peaks
(100% stake)

Mandarin Gallery

Before redevelopment:



After redevelopment:



- S\$200 million conversion of the old hotel lobby of Mandarin Orchard Singapore
 - Addition of 67,447 sq ft of prime retail space
 - Repositioned as a high-end shopping and lifestyle destination
 - Completed in November 2009

OUE Bayfront

Before redevelopment:



After redevelopment:



- Redevelopment of the well located former site of Overseas Union House into a premium commercial development comprising a Grade A office building, complemented by retail facilities at its ancillary properties, OUE Tower and OUE Link
- Completed in 2011

One Raffles Place Tower 2

Before redevelopment:



After redevelopment:



- Redevelopment of the low block podium into a 350,000 sq ft 38-storey Grade A office building with column free floor plates of approximately 11,000 sq ft
- Temporary Occupation Permit (TOP) obtained in August 2012

Ability to leverage on the Sponsor's asset enhancement and redevelopment expertise



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Thank you