



## 1Q 2014 Financial Results

5 May 2014

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## 1Q 2014 Financial Highlights & Capital Management

# Actual vs Forecast

## 01 January to 31 March 2014 (1Q 2014)

	Actual 2014 1Q	Forecast 2014 1Q <sup>1</sup>	Change
<b>Gross Revenue (\$m)</b>	<b>28.7</b>	<b>28.3</b>	<b>+1.4% ↑</b>
<b>Net Property Income (\$m)</b>	<b>25.6</b>	<b>25.0</b>	<b>+2.7% ↑</b>
<b>Distributable Income (\$m)</b>	<b>22.1</b>	<b>21.2</b>	<b>+4.3% ↑</b>
<b>DPS (S cents)</b>	<b>1.68</b>	<b>1.61</b>	<b>+4.3% ↑</b>

- Gross revenue for 1Q2014 of \$28.7 million was \$0.4 million or 1.4% higher than the forecast for the same period. The increase was mainly due to higher master lease revenue from Mandarin Orchard Singapore resulting from better hotel operating performance as the rental income of OUE H-REIT is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel.
- The hotel's move to increase room revenue from the corporate guests segment has increased the number of corporate meetings held in the hotel contributing to higher Food & Beverage ("F&B") sales. F&B revenue was also higher from increased banquet sales.
- RevPAR achieved was \$248 as the hotel enjoyed strong occupancy and room rates in the month of February due to the Singapore Airshow 2014. 1Q2014 RevPAR was lower than the forecast of \$257 mainly due to lower revenue contribution from the transient guests segment as the hotel had a lower number of Indonesia guests close to the April Parliamentary election period. This was mitigated by higher demand from the corporate and wholesale segments but at lower average rates.
- Overall, hotel revenue increased as higher F&B revenue more than compensated for the lower room revenue.
- Mandarin Gallery's contribution to gross revenue was in line with the forecast, recording an effective rent psf/mth of \$23.6.
- As a result of higher revenue and lower property expenses, higher NPI was recognised from both the hotel and Mandarin Gallery.
- In line with higher NPI and lower trust expenses, income available for distribution for 1Q2014 of \$22.1 million was \$0.9 million or 4.3% higher than forecast. This translated into 4.3% higher DPS of 1.68 cents as compared to forecast DPS of 1.61 cents.

<sup>1</sup> The forecast figures are derived from the forecast as set out in the Prospectus and adjusted for seasonality of the Singapore hospitality sector.

## Distribution Details

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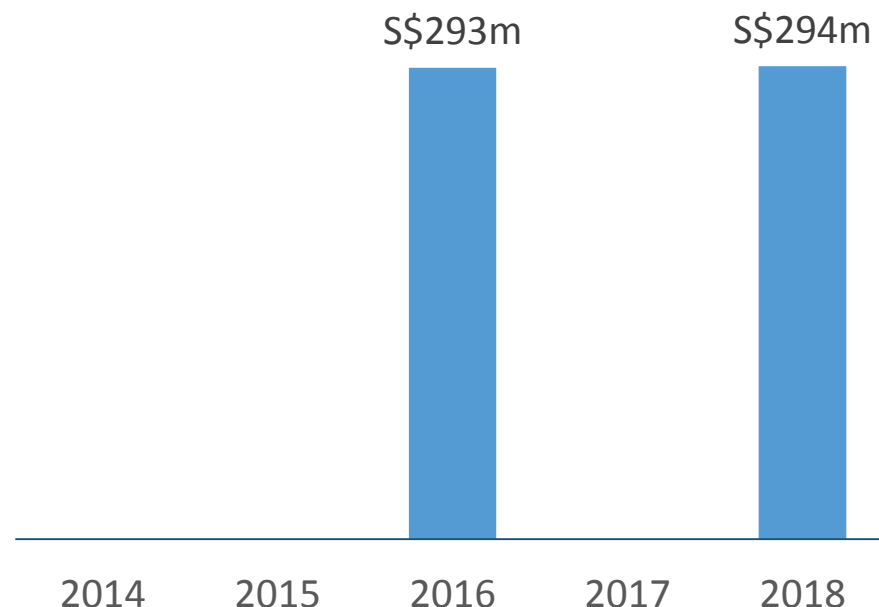
<b>Distribution Period</b>	01 January to 31 March 2014
<b>Distribution Rate</b>	1.68 cents per Stapled Security
<b>Ex-Date</b>	9 May 2014, 9 am
<b>Book Closure Date</b>	14 May 2014
<b>Distribution Payment Date</b>	6 June 2014

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# Capital Management (As at 31 Mar 2014)

<b>Gearing</b>	■ 32.2%
<b>Average Cost of Debt</b>	■ 2.2% ■ 100% fixed via interest rate swaps with weighted average remaining tenor of 2.3 years
<b>Interest Service Ratio</b>	■ 7.1 times
<b>Term</b>	■ Bullet repayment at maturity ■ Option to make prepayments without any penalty
<b>Additional Facilities</b>	■ S\$43 million Revolving Credit Facility (undrawn)

## Debt Maturity Profile



- There are no refinancing requirements until July 2016
- Interest 100% fixed with weighted average remaining tenor of 2.3 years

## Balance Sheet Highlights (As at 31 Mar 2014)

	S\$
Investment Properties	1,756.0
<b>Total assets</b>	<b>1,820.8</b>
Borrowings (secured) <sup>1</sup>	581.9
<b>Total liabilities</b>	<b>624.9</b>
<b>Net assets</b>	<b>1,195.8</b>
<b>NAV per Stapled Security (S\$)</b>	<b>0.91</b>
<b>Closing price on 31 Mar 2014</b>	<b>0.845</b>
<i>Premium / (Discount) to NAV (%)</i>	<i>(7.1)%</i>

<sup>1</sup> Net of unamortised debt-related transaction costs



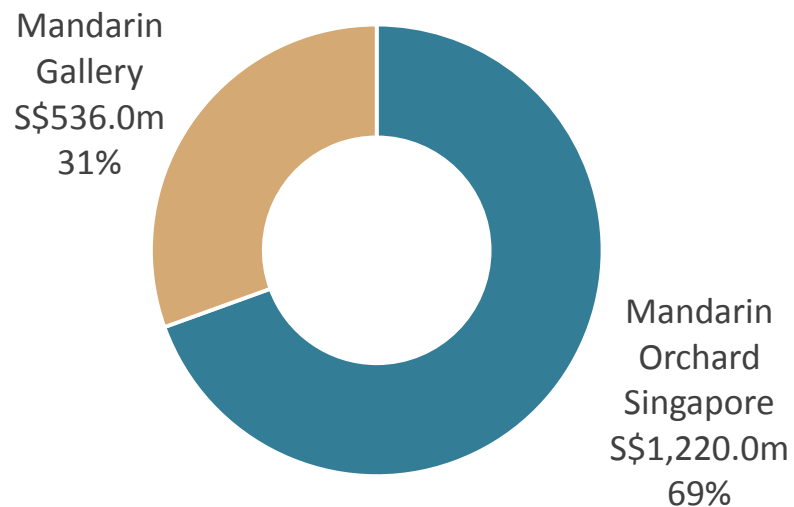


## Portfolio Highlights

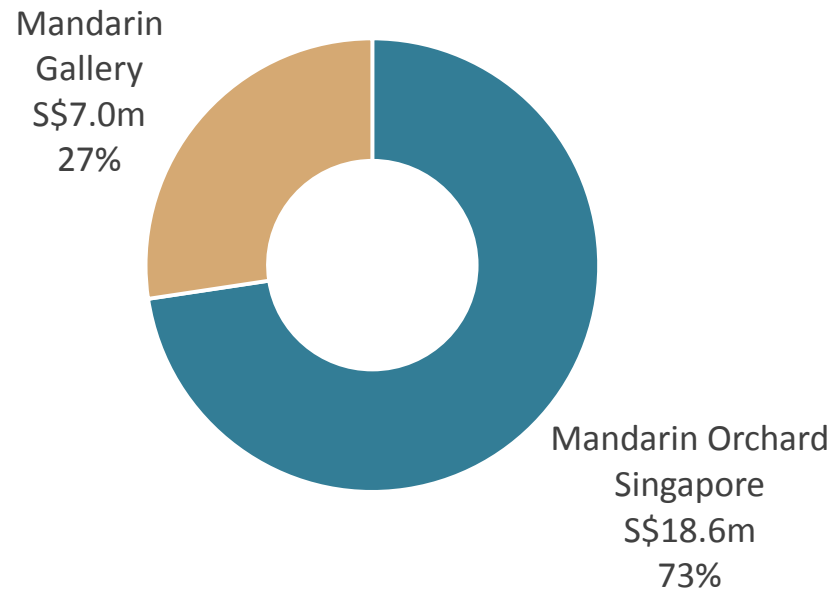


# Asset Value and NPI Contribution

**Contribution by Asset Value as at 31 Dec 2013<sup>1</sup>**



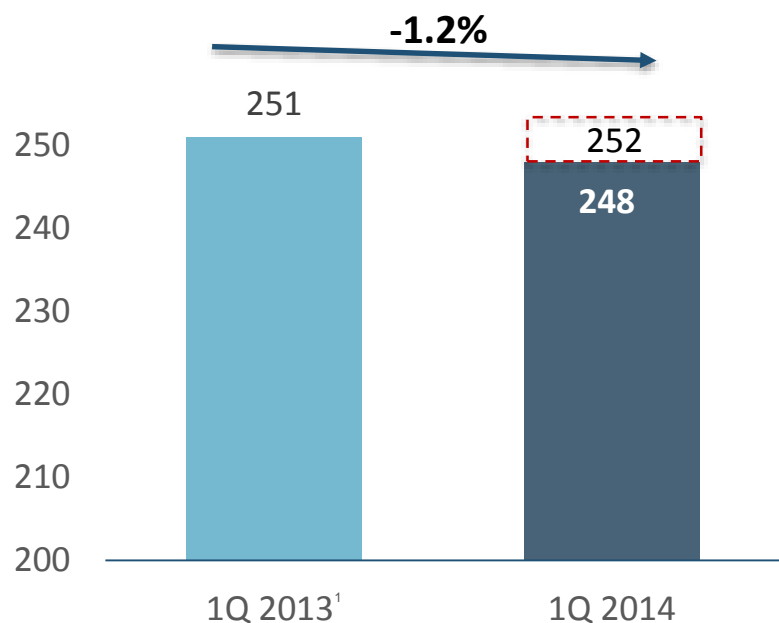
**1Q 2014 Contribution by NPI**



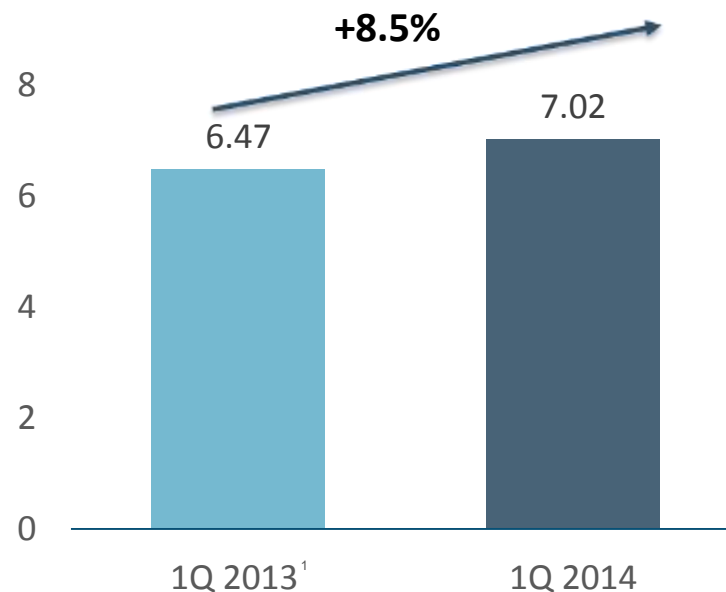
<sup>1</sup> Based on independent valuations as at 31 Dec 2013

# Highlights of Operating Performance (1Q 2014 vs 1Q 2013)

## Mandarin Orchard Singapore (MOS) RevPAR (\$)



## Mandarin Gallery (MG) NPI (\$'m)



### MOS

- Lower RevPAR in 1Q 2014 mainly due to lower room inventory available due to on-going renovation
- Despite recording fewer room nights occupied due to lower inventory available, the hotel achieved higher room revenue due to higher average rates
- If we exclude the impact of lower inventory, RevPAR would have been higher than 1Q 2013 at \$252

### MG

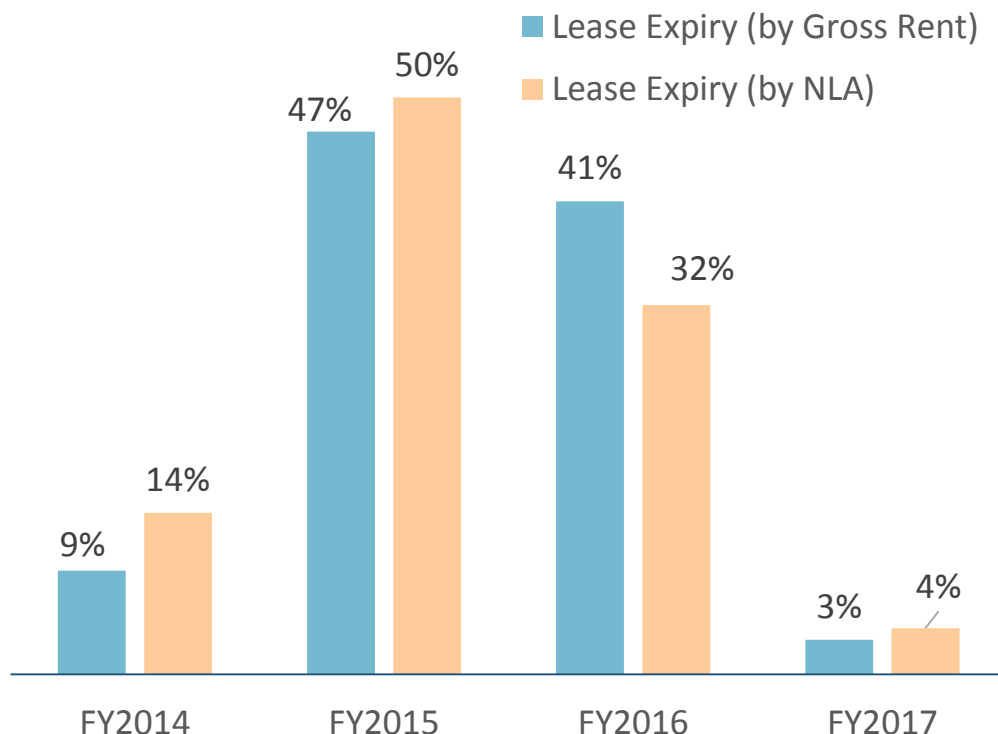
- The mall achieved higher NPI mainly due to higher average occupancy compared to 1Q 2013

252 RevPAR adjusted for the impact of lower room inventory compared to 2013 due to rooms closed for renovation

<sup>1</sup>As disclosed in the Prospectus dated 18 July 2013

# Mandarin Gallery - Resilient Rental Income

## Mandarin Gallery Lease Expiry Profile as at 31 March 2014



### As at 31 March 2014:

- Mandarin Gallery is 100% committed
- Two leases, accounting for approx. 0.7% of NLA, were renewed/ signed in 1Q 2014 with positive rental reversion

**WALE<sup>2</sup> (by Gross Rent<sup>1</sup>) : 1.67 yrs**

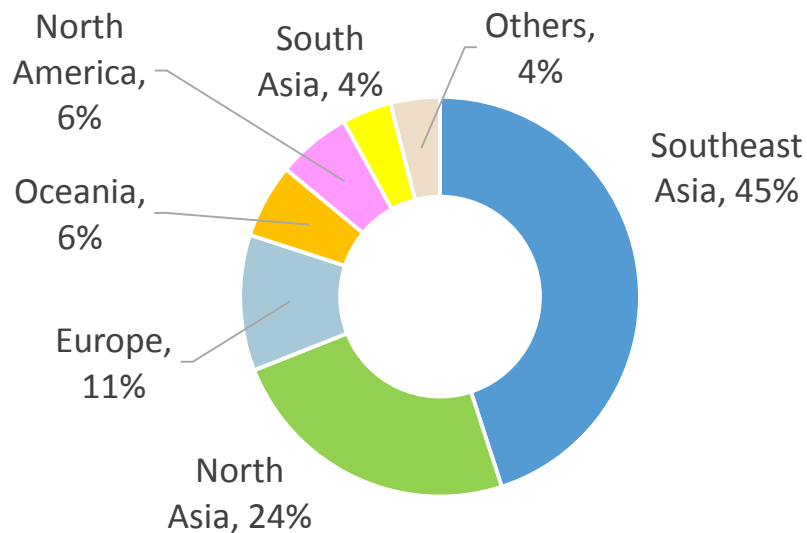
**WALE (by NLA) : 1.60 yrs**

<sup>1</sup>Excludes turnover rent

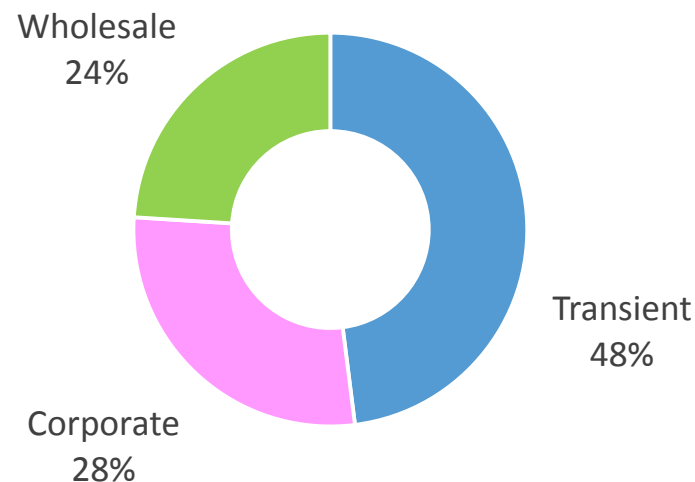
<sup>2</sup>Weighted average lease expiry

# Mandarin Orchard Customer Profile

**Customer Profile for Mandarin Orchard Singapore  
(By Geography Based on Room Nights Occupied)  
1Q 2014**



**Customer Profile for Mandarin Orchard Singapore  
(By Room Revenue)<sup>1</sup>  
1Q 2014**



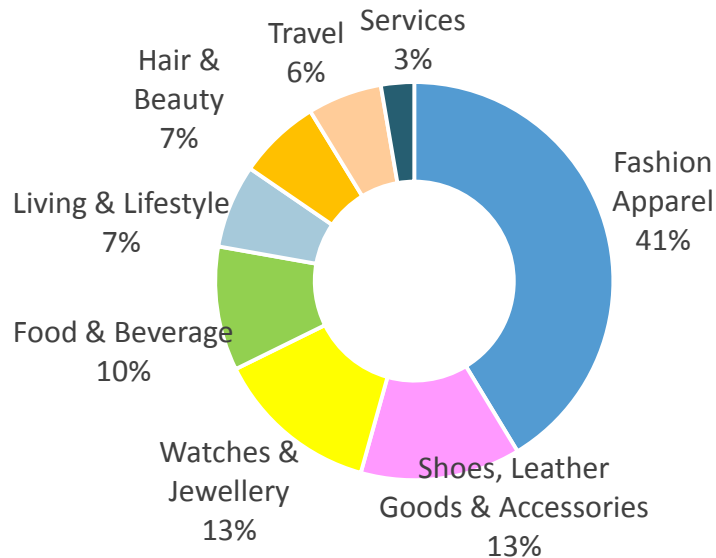
<sup>1</sup>**“Transient”** refers to revenue derived from rental of rooms and suites to individuals or groups occupying less than 10 rooms per night, who do not have a contract with the Hotel

**“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

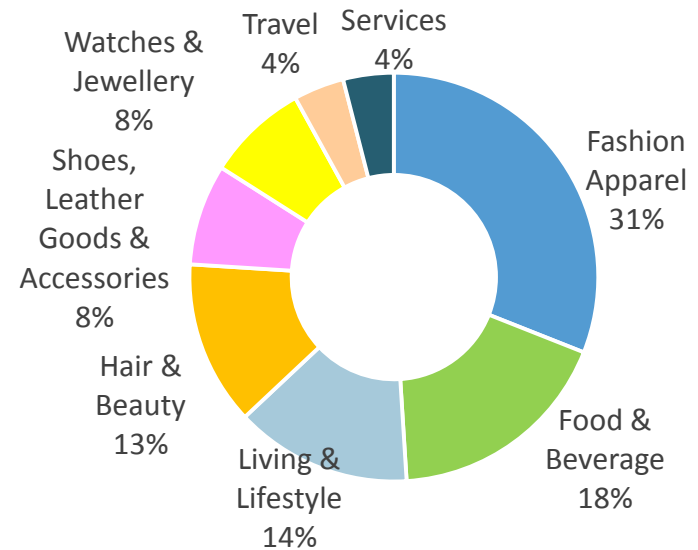
**“Wholesale”** refers to revenue derived from the rental of rooms and suites booked via a third party travel agent on a wholesale contracted rate basis

# Mandarin Gallery Tenant Mix

**Tenant Mix for Mandarin Gallery (By Gross Rent<sup>1</sup>)  
As at 31 Mar 2014**



**Tenant Mix for Mandarin Gallery (By NLA)  
As at 31 Mar 2014**



<sup>1</sup>Excludes turnover rent

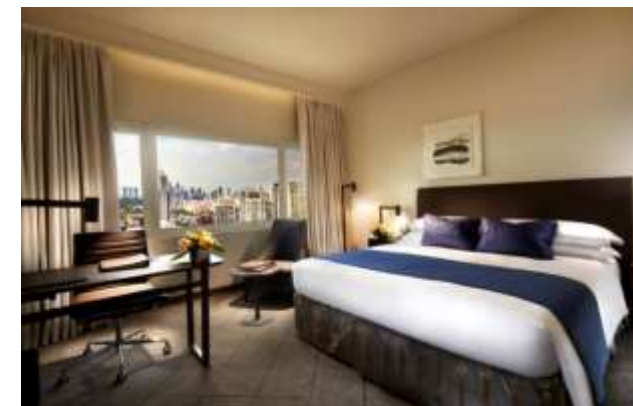
## Mandarin Orchard Singapore

- As at April 2014, completed refurbishment of an additional 32 guest rooms
  - Bringing total guestrooms renovated to 64 of the 430 guestrooms to be renovated
- On average, 2% to 3% of guestrooms out-of-order over the renovation period
- Renovation programme on track to complete in phases by end 2015

Before Refurbishment



After Refurbishment



## Mandarin Gallery – Welcoming The Year Of The Horse







## Outlook & Prospects

Singapore Tourism Board reported 7.4%<sup>1</sup> year-on-year growth in international visitor arrivals for 2013 and forecast visitor arrivals to grow in the range of 4% to 8% to between 16.3 million and 16.8 million in 2014. The global economy has broadly strengthened and is expected to improve further in 2014. In Singapore, Ministry of Trade and Industry Singapore reported a 5.1%<sup>2</sup> growth in 1Q2014 and has maintained its forecast of 2.0% to 4.0% growth for 2014.

Singapore will benefit from a bumper MICE schedule in 2014. New infrastructure such as the Singapore Sports Hub which is due to open in June 2014 will also add to Singapore's ability to increase its sources of visitor origination. The Sports Hub will be the venue for the World Club 10s Rugby in June this year and the Women's Tennis Association's (WTA) annual end of season tour championship for the next five years, commencing from October 2014.

OUE H-Trust remains positive on the corporate travel, tourism and retail segments in Singapore for 2014.

On 2 April 2014, OUE H-Trust established a US\$1 billion Euro Medium Term Note programme which will provide OUE H-Trust with more options for refinancing and acquisition funding when the trust grows its portfolio. We will continue to seek growth opportunities through active asset management and yield accretive acquisitions from our Sponsor and third parties.

<sup>1</sup> Singapore Tourism Board, *International Visitor Arrivals Statistics*, 24 April 2014

<sup>2</sup> Ministry of Trade and Industry Singapore, *Press Release*, 14 April 2014



Thank You



## Appendices

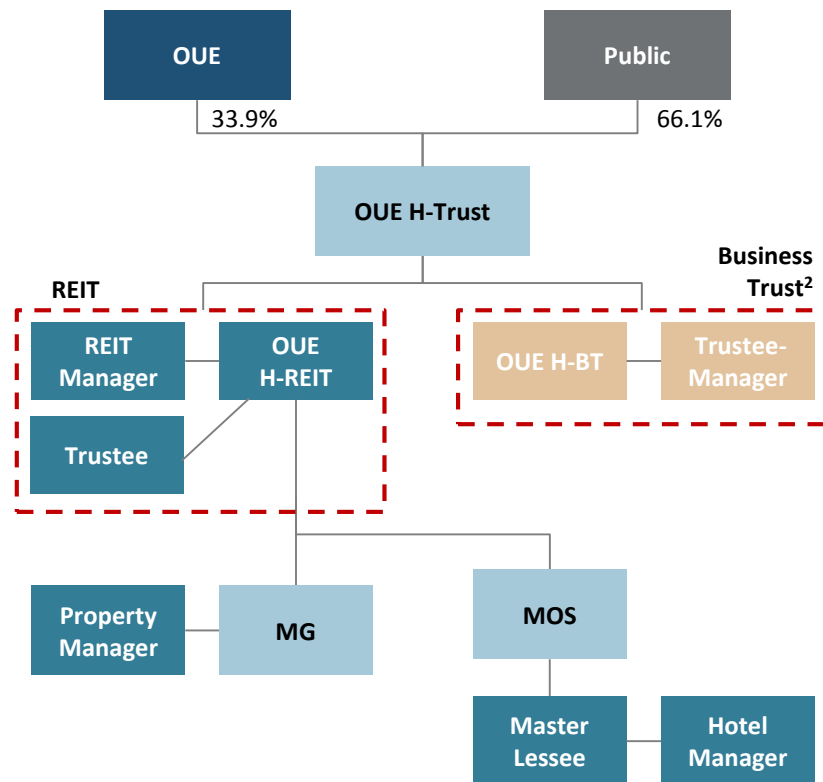
- Overview of OUE H-Trust
- OUE H-Trust's Portfolio
- About the Sponsor – OUE Limited





## Overview of OUE H-Trust

# Overview of OUE H-Trust



## Investment Mandate

- Investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for hospitality<sup>1</sup> and / or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets

## Quality Portfolio

- Mandarin Orchard Singapore and Mandarin Gallery
- Located in the heart of Orchard Road, Singapore's premium shopping belt

## Income Stability

- Stable distributions with downside protection via Master Lease Agreement for Mandarin Orchard Singapore
- WALE of about 1.6 years for Mandarin Gallery

## Strong Sponsor

- Committed Sponsor in OUE Limited which has retained a stake of 33.9% in OUE H-Trust
- Sponsor has proven track record in real estate ownership and operations
- Leverage on Sponsor's asset enhancement and redevelopment expertise

## Market Capitalisation

- S\$1.15 billion as at 2 May 2014 based on closing price of S\$0.87

<sup>1</sup> Real estate which is used for hospitality purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, which may include commercial, entertainment, retail and leisure facilities, while properties which are used for hospitality-related purposes include retail and/or commercial assets which are either complementary to or adjoining hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy

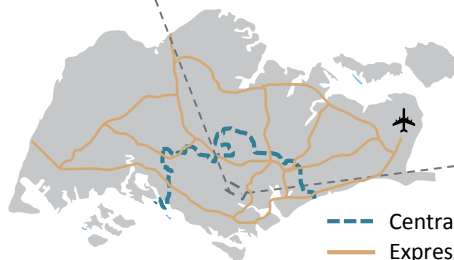
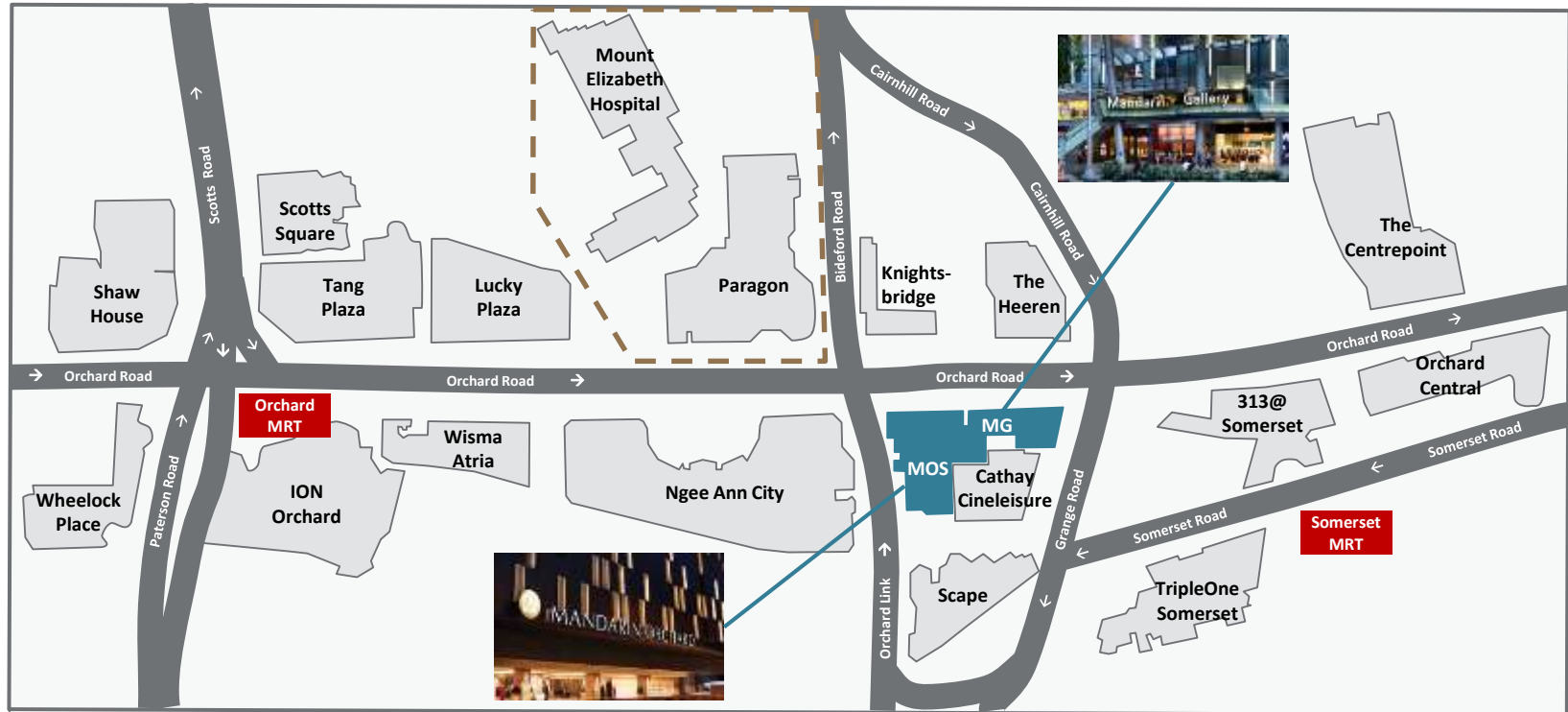
<sup>2</sup> Dormant as at listing and is the master lessee of last resort



## OUE H-Trust's Portfolio



# Centrally Located in Singapore's Prime Shopping and Tourism District



- Central Region
- Expressways
- Orchard Road Medical Cluster

- ☒ Located in the heart of Orchard Road – Singapore's premier shopping district
- ☒ Next to the Orchard Road Medical Cluster
- ☒ Excellent accessibility and connectivity

# Premier Portfolio of High Quality Landmark Assets

## *Mandarin Orchard Singapore*

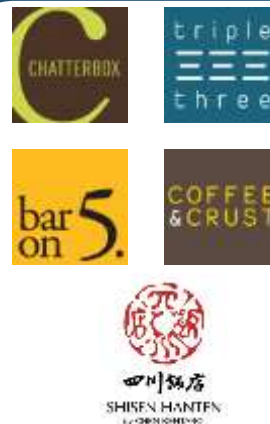


- ✓ Located in the heart of Orchard Road
- ✓ A world class hospitality icon in Singapore since 1971
- ✓ One of the top accommodation choices in Singapore for leisure and business travellers globally
- ✓ Largest hotel on Orchard Road with 1,077 rooms and approx. 25,511 sq ft of meeting and function space with a total capacity of about 1,840 people
- ✓ Addition of 26 new guest rooms in FY2013
- ✓ Strong branding



GFA (sq ft '000)	990
No. of Available Rooms	1,077
Car Park Lots	441
Purchase Consideration (S\$m)	1,180 / (1.12 per key)
Leasehold Tenure	99-yr lease commencing from 1 July 1957

### Popular F&B



### Awards & Accolades



(2012)



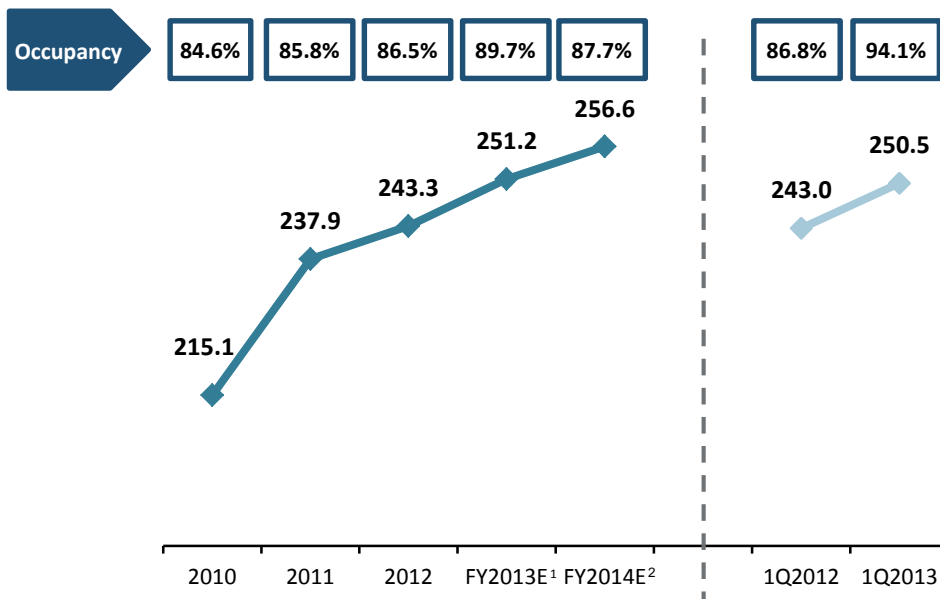
(2010)



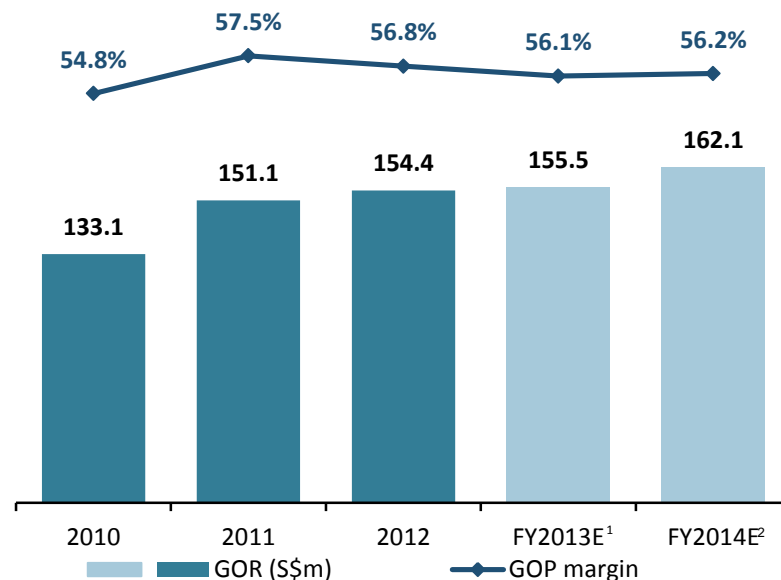
(2012)

# Sound Asset Fundamentals Driving Strong Operational Performance – Mandarin Orchard Singapore (MOS)

Historical and Forecast RevPAR (S\$) and Occupancy Rate Trends for MOS



Historical and Forecast Gross Operating Revenue (GOR) and Gross Operating Profit (GOP) Margin for MOS



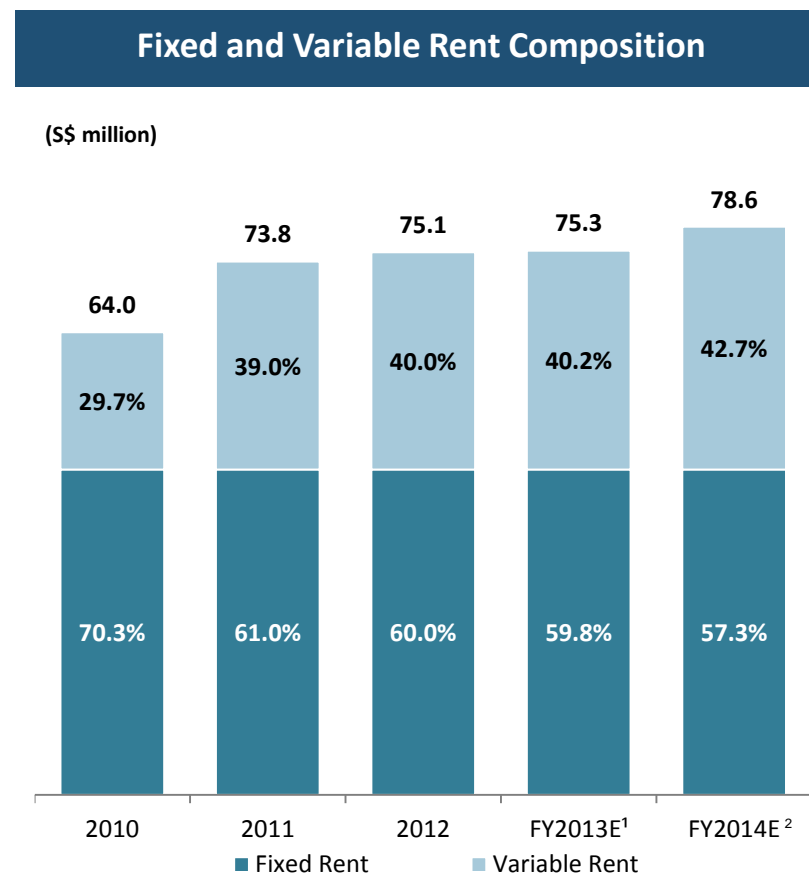
■ Historical RevPAR CAGR of 6.4% from 2010 to 2012 – forecasted to grow by another 2.7% p.a.

<sup>1</sup>“FY2013E” refers to the estimated results for FY2013. FY2013E figures are computed based on (i) unaudited pro forma financials from 1 January 2013 to 31 March 2013, and (ii) forecast figures for the 9-month period from 1 April 2013 to 31 December 2013 (“Forecast Period 2013”) as disclosed in the Prospectus dated 18 July 2013.

<sup>2</sup> As disclosed in the Prospectus dated 18 July 2013

# MOS - Downside Protection via Long-term Master Lease Agreement

<b>Tenure</b>	<ul style="list-style-type: none"> <li>15 years</li> <li>Option to renew for an additional 15 years on the same terms and conditions</li> </ul>
<b>Fixed Rent</b>	<ul style="list-style-type: none"> <li>S\$45 million per annum</li> </ul>
<b>Variable Rent</b>	<ul style="list-style-type: none"> <li>33.0% of MOS GOR and 27.5% of MOS GOP, less Fixed Rent</li> </ul>
<b>FF&amp;E Reserve</b>	<ul style="list-style-type: none"> <li>3.0% of Gross Revenue</li> </ul>
<b>Master Lessee</b>	<ul style="list-style-type: none"> <li>OUE Limited</li> </ul>



**Fixed rent component offers downside protection while variable rent component provides upside potential**

<sup>1</sup> "FY2013E" refers to the estimated results for FY2013. FY2013E figures are computed based on (i) unaudited pro forma financials from 1 January 2013 to 31 March 2013, and (ii) forecast figures for the 9-month period from 1 April 2013 to 31 December 2013 ("Forecast Period 2013") as disclosed in the Prospectus dated 18 July 2013.

<sup>2</sup> As disclosed in the Prospectus dated 18 July 2013

# Premier Portfolio of High Quality Landmark Assets

## *Mandarin Gallery*



GFA (sq ft '000)	196
Retail NLA (sq ft '000)	125
Purchase Consideration (\$m)	525 (S\$2,674psf <sup>1</sup> )
Leasehold Tenure	99-yr lease commencing from 1 July 1957

- ✓ Prime retail landmark on Orchard Road featuring six duplexes and six street front shop units
- ✓ Completed in 2009 with a high degree of prominence given 152-metre wide frontage along Orchard Road
- ✓ Preferred location for flagship stores of international brands
- ✓ Tailored destination for its specific target audience
- ✓ Large and reputable tenant mix with minimal brand duplication versus neighbouring malls

### High Quality and Diverse Tenant Base

#### Retail



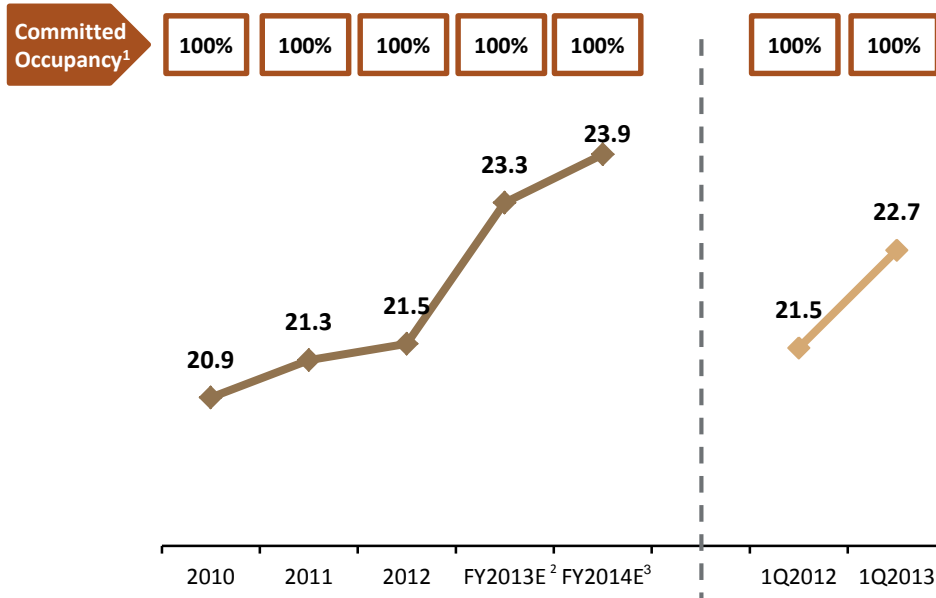
#### F&B



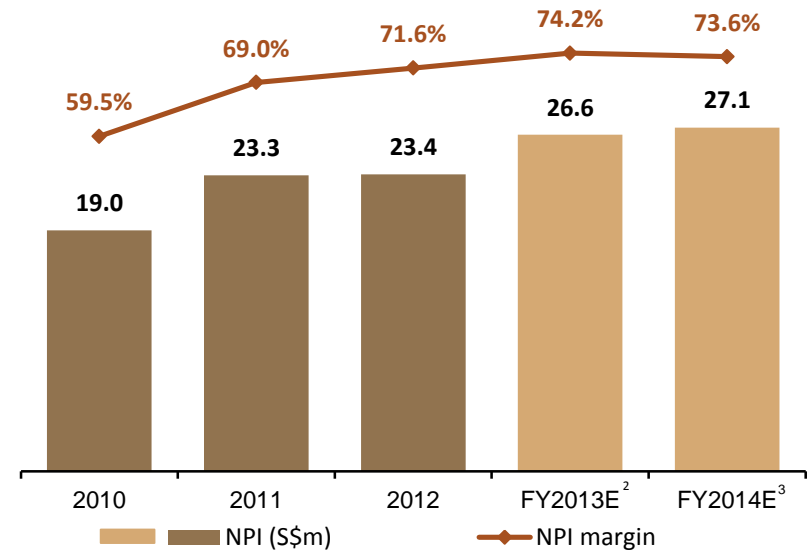
<sup>1</sup> Based on Mandarin Gallery's GFA.

# Sound Asset Fundamentals Driving Strong Operational Performance – Mandarin Gallery

Historical and Forecast Rental (\$\$ psf pm) and Committed Occupancy Rate<sup>1</sup> Trends for MG



Historical and Forecast (Net Property Income) NPI and NPI Margin for MG



<sup>1</sup> Committed Occupancy Rate is defined as the occupancy rate based on all committed leases in respect of Mandarin Gallery for the period, including legally binding letters of offer which have been accepted for vacant units, as a function of total lettable space (excludes units which are undergoing conversion, amalgamation and / or sub-division)

<sup>2</sup> "FY2013E" refers to the estimated results for FY2013. FY2013E figures are computed based on (i) unaudited pro forma financials from 1 January 2013 to 31 March 2013, and (ii) forecast figures for the 9-month period from 1 April 2013 to 31 December 2013 ("Forecast Period 2013") as disclosed in the Prospectus dated 18 July 2013.

<sup>3</sup> As disclosed in the Prospectus dated 18 July 2013





## 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  
(100% stake)**



**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  
(100% stake)**



**One Raffles Place  
Retail Podium  
(41% stake)**

### Residential



**Twin Peaks  
(100% stake)**

# Proven Track Record in Asset Enhancement

## 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
- TOP obtained in August 2012

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



Thank you