



Presentation at REITs Symposium 2018

19 May 2018

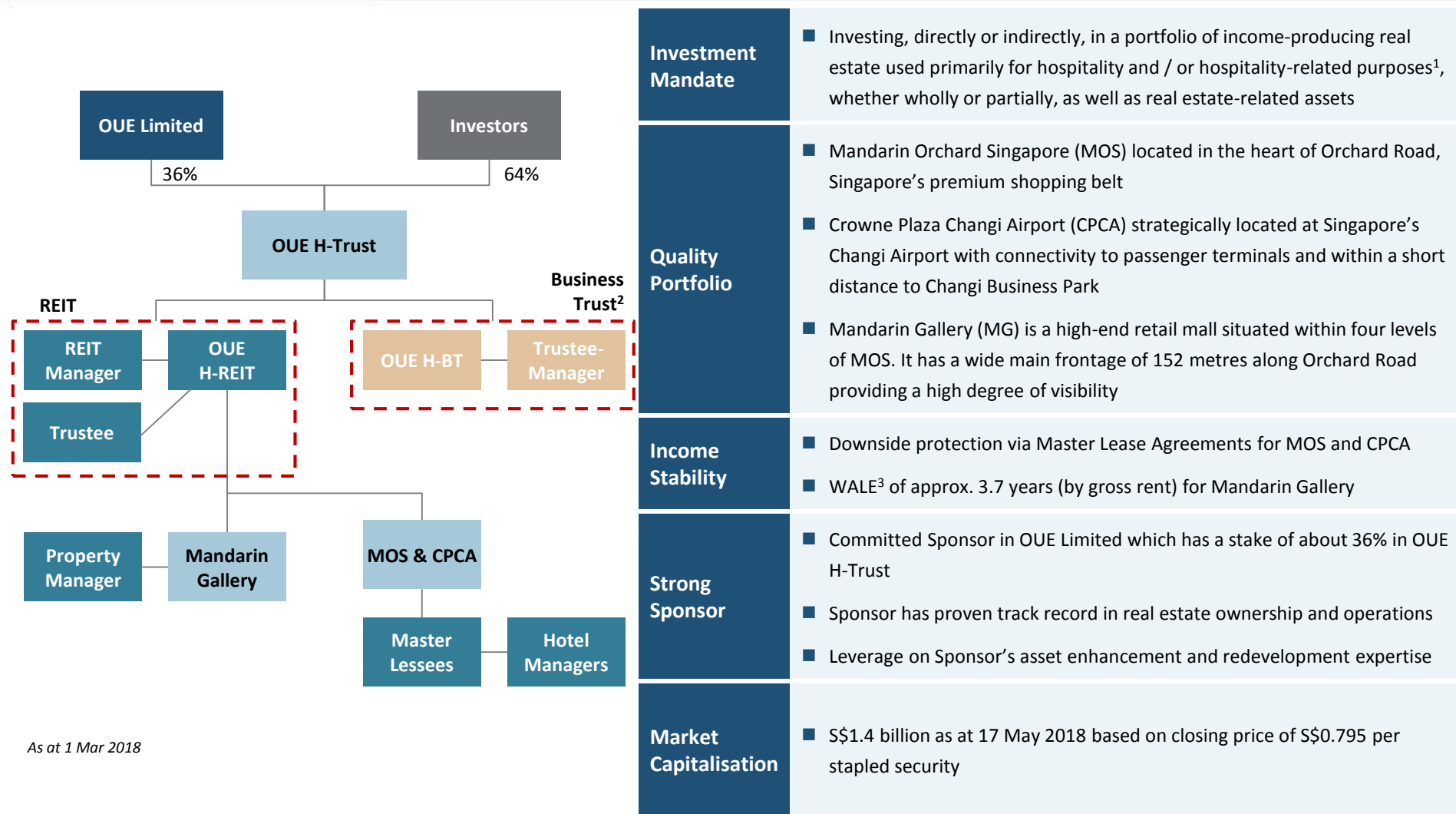
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# Overview of OUE H-Trust



As at 1 Mar 2018

<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

<sup>3</sup> Weighted average lease expiry



## OUE H-Trust's Portfolio

# 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 more than 30,000 sqft of meeting and function space
- ✓ Shisen Hanten by Chen Kentaro awarded two stars in the Michelin Guide Singapore in the inaugural 2016 edition and in the 2017 edition
- ✓ Chatterbox, home of the legendary Mandarin Chicken Rice, made it to the Hall of Fame for winning the SPBA Heritage Brand distinction five years in a row

GFA (sq ft '000)	990
No. of Available Rooms	1,077
Car Park Lots	441
Valuation as at 31 Dec 2017	S\$1,227 million
Leasehold Tenure	99-yr lease commencing from 1 July 1957

### Popular F&B



### Awards & Accolades



**Best City Hotel,  
Singapore**



**Shisen Hanten**

# Overview of Master Leases

## *Mandarin Orchard Singapore*

Property	Mandarin Orchard Singapore
No. of Guestrooms	1077
Master Lease Rental	<p>Variable Rent Comprising Sum of:</p> <p>(i) 33.0% of MOS GOR<sup>1</sup> ; and</p> <p>(ii) 27.5% of MOS GOP<sup>2</sup>;</p> <p>subject to Minimum Rent of \$45 million<sup>3</sup></p>
Master Lessee	<ul style="list-style-type: none"> <li>▪ OUE Limited</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>▪ First term of 15 years to expire in July 2028</li> <li>▪ Option to renew for an additional 15 years on the same terms and conditions</li> </ul>
FF&E Reserve	<ul style="list-style-type: none"> <li>▪ 3% of GOR</li> </ul>

<sup>1</sup> Gross operating revenue

<sup>2</sup> Gross operating profit

<sup>3</sup> 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



# Premier Portfolio of High Quality Landmark Assets

## *Crowne Plaza Changi Airport*



- ✓ Located at Singapore Changi Airport – The hotel has direct access to the passenger terminals and is within a short distance to Changi Business Park
- ✓ Designed by award-winning architectural firm WOHA
- ✓ The hotel has 563 rooms including 27 suites, four food & beverage outlets and eight meeting rooms (including a ballroom)
- ✓ Managed by InterContinental Hotels Group (IHG)

### Awards & Accolades

- ✓ Best Airport Hotel – 27<sup>th</sup> Annual TTG Travel Awards
- ✓ World Best Airport Hotel - Skytrax World Airport Awards 2015, 2016, 2017 & 2018
- ✓ Travel Weekly Asia 2016 Readers Choice - Best Airport Hotel

	Crowne Plaza Changi Airport (CPCA)
Completion of Acquisition	30 January 2015 (for the operating hotel) 1 August 2016 (for the extension)
Approx. GFA (sq ft '000)	439
No. of Available Rooms	563
Valuation as at 31 Dec 2017	\$497 million
Leasehold Tenure	Approx. 66 years remaining, expiring on 29 August 2083

# Overview of the Master Leases

## *Crowne Plaza Changi Airport*

<b>Property</b>	<b>CPCA and CPEX (w.e.f. 1 August 2016)</b>
<b>No. of Guestrooms</b>	563
<b>Master Lease Rental</b>	<p>Variable Rent Comprising Sum of:</p> <ul style="list-style-type: none"> <li>(i) 4% of Hotel F&amp;B Revenues;</li> <li>(ii) 33% of Hotel Rooms and Other Revenues not related to F&amp;B;</li> <li>(iii) 30% Hotel Gross Operating Profit; and</li> <li>(iv) 80% of Gross Rental Income from leased space;</li> </ul> <p>subject to Minimum Rent of \$22.5 million<sup>1</sup></p>
<b>Income Support</b>	Aggregate of \$7.5 million has been fully drawn down in 3Q2017 <sup>2</sup>
<b>Master Lessee</b>	OUE Airport Hotel Pte. Ltd. (OUEAH)
<b>Tenure</b>	<ul style="list-style-type: none"> <li>■ First term of Master Lease to expire in May 2028</li> <li>■ Master Lessee has option to renew for an additional two consecutive 5-year terms</li> </ul>
<b>Capital Replacement Contribution</b>	<ul style="list-style-type: none"> <li>■ Aligned with hotel management agreement between OUEAH and IHG</li> <li>■ Generally at 3% of GOR</li> </ul>

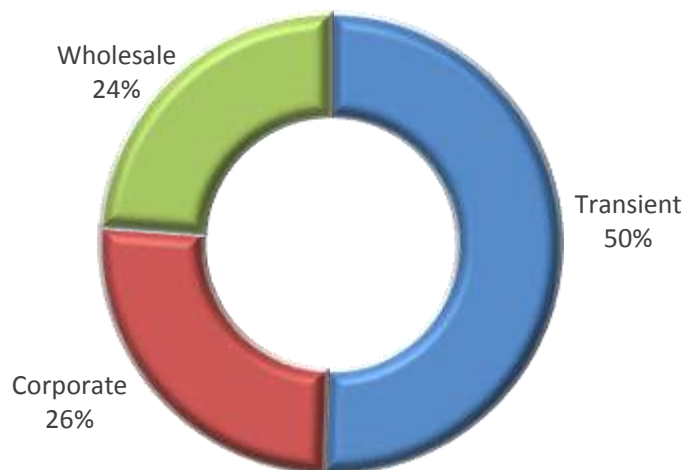
<sup>1</sup> The rental under the Master Lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent

<sup>2</sup> In 3Q2017, OUE H-REIT has fully drawn down the full income support of \$7.5 million with a final claim of the remaining \$1.6 million.

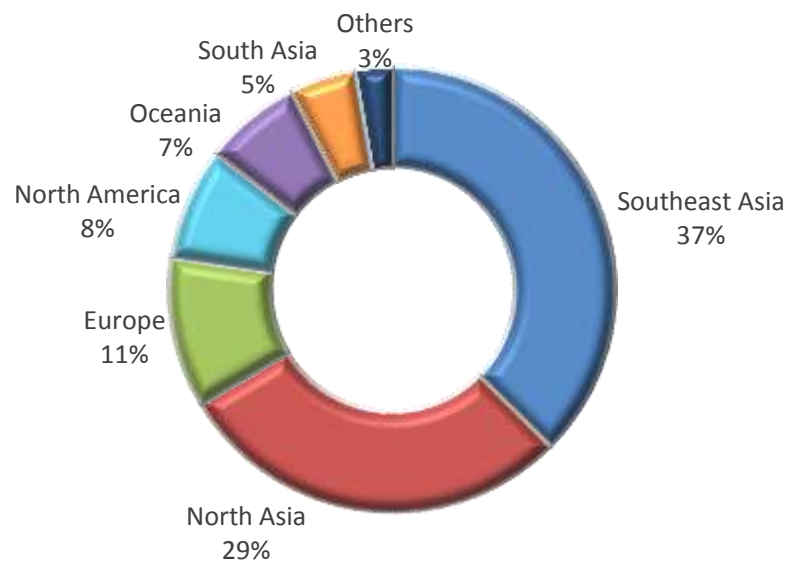


# Portfolio Customer Profile (By Geography)

**Portfolio Customer Profile  
(By Segment Based on Room Revenue)<sup>1</sup>  
1Q2018**



**Portfolio Customer Profile  
(By Geography Based on Room Nights Occupied)  
1Q2018**



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

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

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

**Note:** Excludes aircrew and delays.

**Note:** Excludes aircrew

# Premier Portfolio of High Quality Landmark Assets

## *Mandarin Gallery*



- ✓ 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
- ✓ Minimal brand duplication versus neighbouring malls
- ✓ Tailored destination for its specific target audience

GFA (sq ft '000)	196
Retail NLA (sq ft '000)	126
Valuation as at 31 Dec 2017	\$494 million
Leasehold Tenure	99-yr lease commencing from 1 July 1957

### High Quality and Diverse Tenant Base

#### Retail

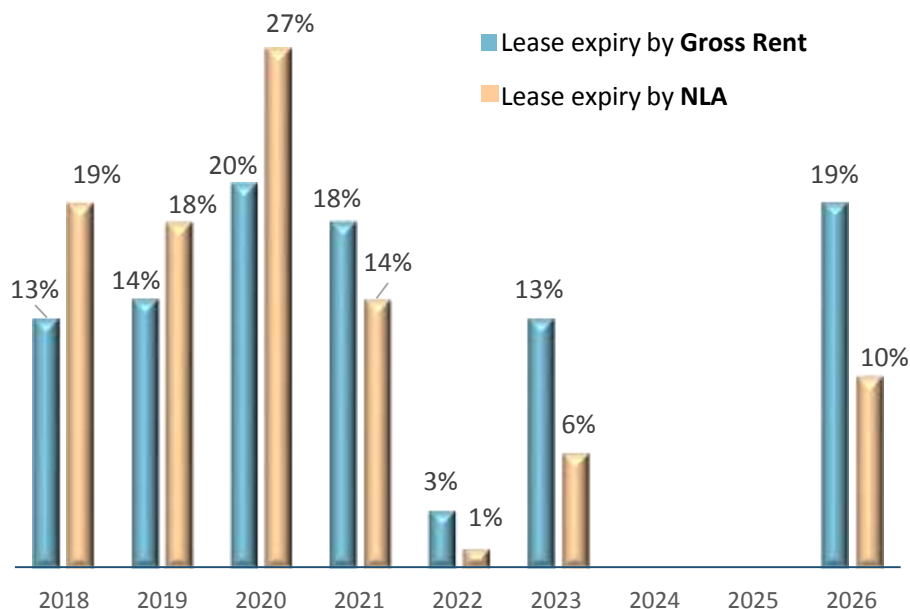
VICTORIA'S SECRET  
MICHAEL KORS  
MaxMara RIMOWA  
BIMBA Y LOLA Y-3

#### F&B



# Mandarin Gallery – Lease Profile

## Mandarin Gallery Lease Expiry Profile as at 31 March 2018<sup>1</sup>



### As at 31 Mar 2018:

- Mandarin Gallery was approx. 95% committed<sup>5</sup>.
- Average occupancy<sup>6</sup> of about 96.0% for 1Q2018.

### Leasing Update

- Rental reversion for base rent was about +2.2% for leases signed in 1Q2018, for approx. 3% of the NLA.

**WALE<sup>2</sup> (by Gross Rent<sup>1,3</sup>) : 3.7 yrs**

**WALE (by NLA<sup>1,4</sup>) : 2.6 yrs**

<sup>1</sup>Based on committed tenancies

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

<sup>3</sup>Excludes turnover rent

<sup>4</sup>Net lettable area

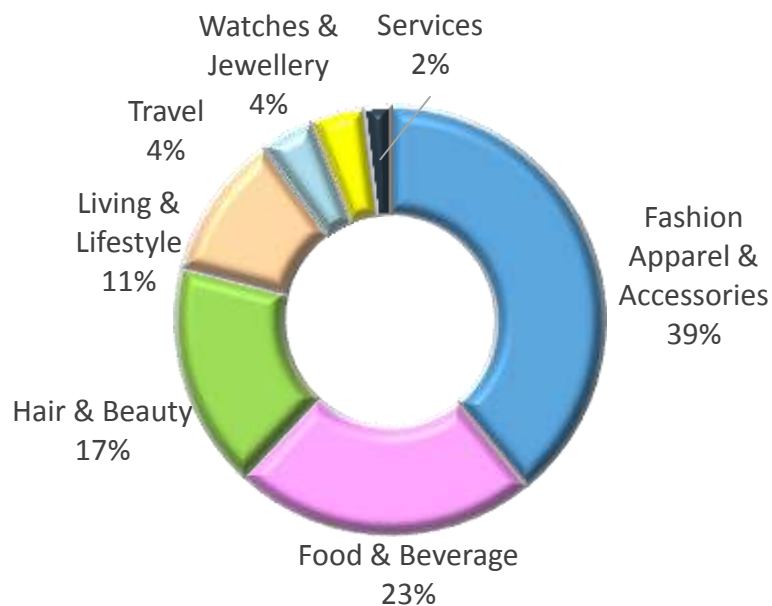
<sup>5</sup>Excludes pop-up stores

<sup>6</sup>Includes pop-up stores

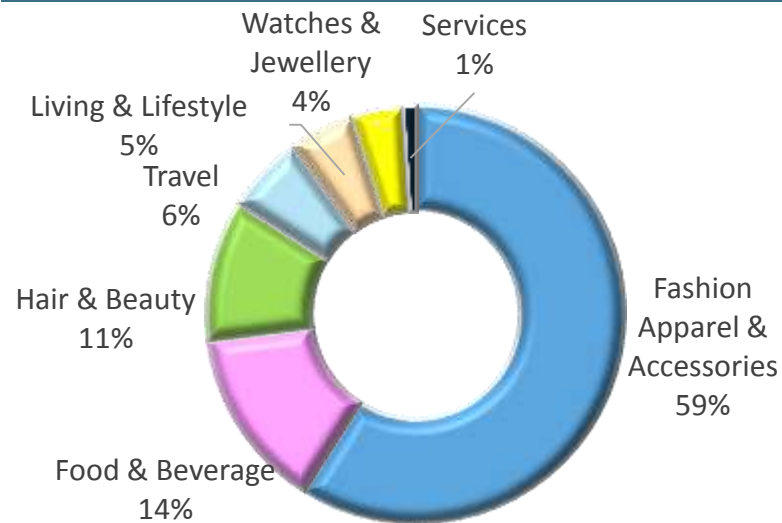
**Note:** Rental reversion is based on the variance between the average rental rates between the new leases and the preceding leases. New leases for space not leased for more than 12 months are excluded.

# Mandarin Gallery - Tenant Mix

**NLA**  
**As at 31 Mar 2018<sup>1</sup>**



**Gross Rent (excludes turnover rent)**  
**As at 31 Mar 2018<sup>1</sup>**



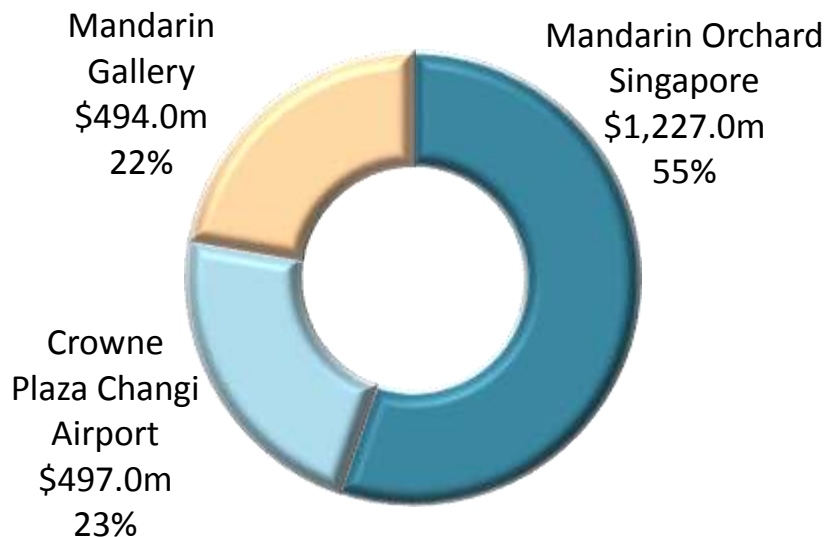
<sup>1</sup>Based on committed tenancies



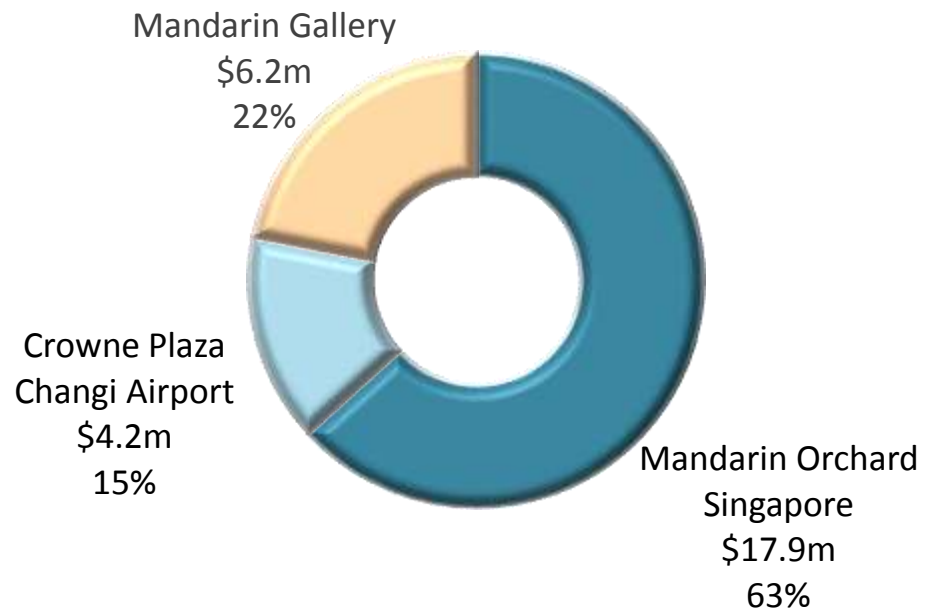
## 1Q2018 Highlights

# Asset Value and NPI Contribution

**Breakdown by Asset Value<sup>1</sup>**



**1Q2018 Breakdown by NPI Contribution**

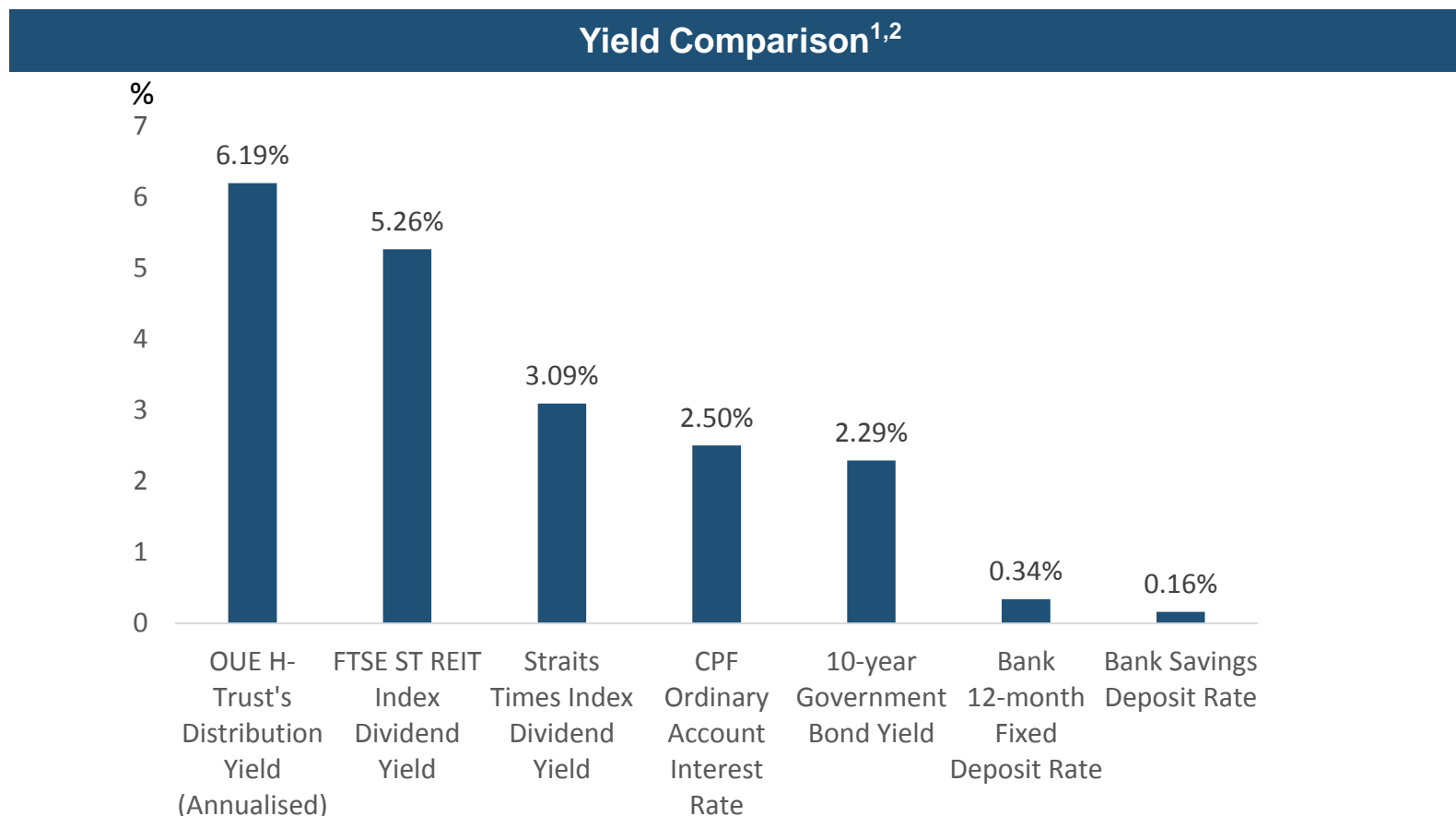


<sup>1</sup> Based on independent valuations as at 31 December 2017.



# Attractive Distribution Yield

- 6.19% (annualised) distribution yield based on 1Q2018 Distribution per Stapled Security (DPS) of 1.26 cents.



Source: Bloomberg, Monetary Authority of Singapore, Central Provident Fund (CPF) Board, Singapore Government Securities

(1) OUE H-Trust's annualised distribution yield based on 1Q2018 DPS of 1.26 cents and unit closing price of S\$0.825 as at 29 March 2018

(2) All other information as at 29 March 2018 or end of March 2018, except CPF Ordinary Account based on news release by the CPF Board on 20 February 2018

# 1Q2018 Highlights

- Revenue and net property income (NPI) higher driven by better hospitality segment performance
- Portfolio hotel RevPAR increased 8.6%
- Mandarin Orchard Singapore (MOS) achieved its fourth consecutive quarter of RevPAR increase as compared to previous corresponding quarters with 6.9% RevPAR increase
- Crowne Plaza Changi Airport's (CPCA's) operating performance has progressively improved with RevPAR increasing 13.6% to \$184 in 1Q2018 from \$162 in 1Q2017
- Mandarin Gallery recorded a healthy occupancy of 96.0% for 1Q2018, higher than the occupancy of 94.7% achieved in 1Q2017, with lower effective rent of \$22.6 psf/mth
- Timely refinancing of loans in December 2017 has resulted in savings in interest expense

# 1Q2018 Financial Highlights

	1Q2018 S\$'000	1Q2017 S\$'000	Increase/ (Decrease) %
<b>Gross revenue:</b>			
- Hospitality	24,259	23,380	3.8
- Retail	8,423	8,706	(3.3)
	32,682	32,086	1.9
<b>Net property income:</b>			
- Hospitality	22,053	20,999	5.0
- Retail	6,235	6,434	(3.1)
	28,288	27,433	3.1
<b>Other income<sup>1</sup>:</b>	-	1,625	n.m.
<b>Distributable income</b>	<b>22,910</b>	<b>23,458</b>	<b>(2.3)</b>
<b>DPS (cents)</b>	<b>1.26</b>	<b>1.30</b>	<b>(3.1)</b>

- Gross revenue for 1Q2018 was \$0.6 million higher than 1Q2017. Hospitality segment posted higher revenue which more than offset the lower revenue from retail segment.
- NPI for 1Q2018 was \$0.9 million higher than 1Q2017 due to higher gross revenue from hospitality segment and lower property expenses, partially offset by lower gross revenue from retail segment.
- Income available for distribution was \$0.5 million lower than 1Q2017 as OUE H-REIT no longer receives income support for CPCA and income from the retail segment was lower, this was partially mitigated by higher income received from hospitality segment and lower interest expense.
- The DPS for 1Q2018 was 1.26 cents, 3.1% lower as compared to 1.30 cents for 1Q2017.

<sup>1</sup>Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.

# 1Q2018 vs 1Q2017 – Hospitality Highlights

	Revenue			Net property income			RevPAR		
	1Q2018 S\$m	1Q2017 S\$m	Increase/ (Decrease) %	1Q2018 S\$m	1Q2017 S\$m	Increase/ (Decrease) %	1Q2018 S\$	1Q2017 S\$	Increase/ (Decrease) %
<b>Mandarin Orchard Singapore (MOS)</b>	18.7	17.8	5.1	17.9	16.9	5.9	232	217	6.9
<b>Crowne Plaza Changi Airport (CPCA)</b>	5.6	5.6	-	4.2	4.1	2.4	184	162	13.6
<b>Hospitality segment</b>	24.3	23.4	3.8	22.1	21.0	5.2	215	198	8.6

- Hospitality revenue was \$0.9 million higher than 1Q2017 due to higher master lease income from MOS.
- Master lease income from MOS was higher as MOS recorded a higher RevPAR of \$232 (1Q2017: \$217) due to higher average room rates across all segments and higher demand from the corporate and wholesale segments. Higher master lease income was also attributable to higher sales in food and beverage outlets.
- Master lease income from CPCA had remained the same as 1Q2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of \$184 (1Q2017: \$162), the master lease income was below the minimum rent, hence minimum rent was received.

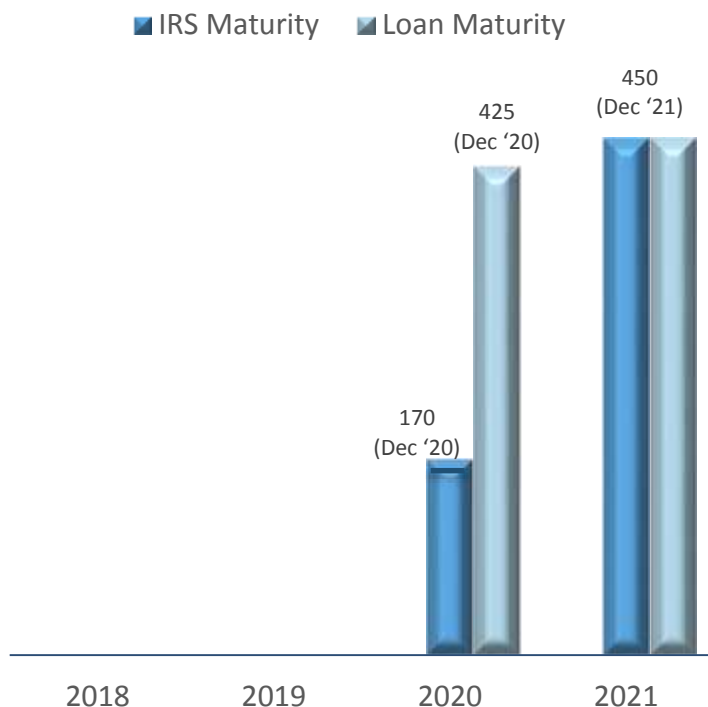
# 1Q2018 vs 1Q2017 – Retail Highlights

	1Q2018 S\$'000	1Q2017 S\$'000	Increase/ (Decrease) %
<b>Gross revenue:</b>			
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<b>Other income:</b>	-	1,625	n.m.
<b>Distributable income</b>	<b>22,910</b>	<b>23,458</b>	<b>(2.3)</b>
<b>DPS (cents)</b>	<b>1.26</b>	<b>1.30</b>	<b>(3.1)</b>

- Retail segment pertains to rental and other income from the Mandarin Gallery shopping mall.
- Retail revenue for 1Q2018 was \$0.3 million lower than 1Q2017.
- The lower retail revenue in 1Q2018 was due to lower effective rent per square foot per month of \$22.6 (1Q2017: \$23.7) as a result of negative rental reversion in the preceding quarters.
- Occupancy rate was higher in 1Q2018 at 96.0% (1Q2017: 94.7%).

# Capital Management (As at 31 Mar 2018)

## Debt and Interest Maturity Profile (S\$ 'm)



## Interest Rate Profile



Gearing	38.7%
Average Cost of Debt	2.3% per annum (1Q2018)
Debt Maturity	Weighted average remaining tenor of 3.3 years
Interest Cover Ratio	5.0 times (1Q2018)
Revolving Credit Facilities	\$105 million (undrawn)

- OUE H-REIT has no loan due until December 2020.



## Balance Sheet Highlights (As at 31 Mar 2018)

	S\$ 'm
Investment Properties	2,218.4
<b>Total assets</b>	<b>2,262.1</b>
Borrowings (secured)	875.0
<b>Total liabilities</b>	<b>880.9</b>
<b>Net assets</b>	<b>1,381.2</b>
<b>NAV per Stapled Security (S\$)</b>	<b>0.76</b>
<b>Closing price on 29 Mar 2018 (S\$)</b>	<b>0.825</b>
<b>Premium to NAV (%)</b>	<b>+8.6%</b>



## Outlook

Based on advance estimates, the Singapore economy grew by 4.3% on a year-on-year basis in the first quarter of 2018, higher than the 3.6% growth in the fourth quarter of 2017.<sup>1</sup> Against a backdrop of an improving global economy, the pace of growth in the Singapore economy is expected to moderate in 2018 as compared to the 3.6% growth in 2017, but remain firm. According to the MTI, the GDP growth forecast for 2018 is 1.5% to 3.5%.<sup>2</sup>

In the tourism sector, Singapore Tourism Board (“**STB**”) reported a 7.3%<sup>3</sup> year-on-year increase in international visitor arrivals in the first two months of 2018. The number of visitor days had also increased by 4.0%.<sup>3</sup> For full year 2018, STB has forecast 17.6 million to 18.1 million international visitor arrivals, a growth of 1% to 4% compared to 2017.<sup>4</sup>

In 2018, the return of large biennial events are expected to increase demand for hotel accommodation. Furthermore, Singapore being the ASEAN chairman for the 32<sup>nd</sup> and 33<sup>rd</sup> ASEAN Summit, will host meetings and events involving foreign delegates throughout the year. As part of initiatives to continue to raise the profile of Singapore as a quality destination, STB, Changi Airport Group (“**CAG**”) and Qantas announced a \$5 million partnership to promote Singapore as a destination and a connecting gateway to Asia, Europe and Australia.<sup>5</sup> On the supply front, new room supply in 2018 is expected to slow down. However, as the market has to absorb the additional rooms that came on stream in the second half of 2017, the market environment remains competitive.

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

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

<sup>1</sup>MTI Press Release. *Singapore’s GDP Grew by 4.3 Per Cent in the First Quarter of 2018*. 13 April 2018

<sup>2</sup>MTI Press Release. *MTI Expects GDP Growth in 2018 to Moderate But Remain Firm*. 14 February 2018

<sup>3</sup>Singapore Tourism Board, *International Visitor Arrivals Statistics*. 30 April 2018

<sup>4</sup>STB Press Release. *Singapore tourism sector performance breaks record for the second year running in 2017*. 12 February 2018

<sup>5</sup>Changi Airport Group, *Press Release ‘Qantas inks Strategic Marketing Partnership with Singapore Tourism Board and Changi Airport Group’*. 13 March 2018



Thank You