HOSPITALITY TRUST

PRESS RELEASE
For Immediate Release

Higher Revenue From Hospitality and Retail Segments Drives OUE H-Trust's 2Q2017 DPS 31.5% Higher

- ***For 2Q2017, OUE H-Trust's distributable income (DI) is also 31.8% higher than 2Q2016***

Singapore – 1 August 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 $21.8 million for the period from 1 April 2017 to 30 June 2017 (2Q2017), 31.8% higher than 2Q2016. OUE H-Trust's distribution per stapled security (DPS) for 2Q2017 was 1.21 cents, 31.5% higher than 2Q2016.

Revenue and net property income (NPI) of $31.2 million and $26.6 million were respectively 16% and 15% higher than 2Q2016 as a result of higher contributions from both the hospitality and retail segments.

Distribution Details

Distribution Period	1 April 2017 to 30 June 2017
Distribution Rate	1.21 cents per Stapled Security
Ex-Distribution Date	7 August 2017, 9.00 am
Book Closure Date	10 August 2017
Distribution Payment Date	4 September 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's DPS has surged 31.5% on the back of higher revenue and NPI achieved by both the hospitality and retail segments. For the hospitality segment, Mandarin Orchard Singapore (MOS) has performed well in both room sales and the food and beverage divisions, whilst the enlarged Crowne Plaza Changi Airport (enlarged CPCA) has contributed to an increase in master lease income to OUE H-Trust. For the retail segment, Mandarin Gallery's average occupancy and rental revenue have improved and the mall enjoys a high weighted average lease expiry (by gross rent) of 3.9 years[1]. "

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: "MOS posted a 5% RevPAR increase in 2Q2017 as a result of higher occupancy and average room rates achieved. In addition, better performance by the hotel's food and beverage outlets and banquet

[1] As at 30 June 2017

business also contributed to the $1 million higher master lease income from MOS. The enlarged CPCA also posted higher master lease income as a result of an increase in room inventory. Overall, revenue from the hospitality segment increased 15.7% in 2Q2017 compared to 2Q2016."

Mr. Chong added: "In 2Q2016, Mandarin Gallery recorded a lower occupancy of 79.1% due to landlord works undertaken to amalgamate units in order to hand over to new tenants. Compared to the same period last year, 2Q2017 average occupancy of Mandarin Gallery has increased to 93.9%. As a result, retail revenue for 2Q2017 was 16.8% higher than 2Q2016. NPI for the retail segment was also 20.3% higher at $6.5 million."

Outlook

Singapore Tourism Board ("**STB**") reported a 3.6%[2] year-on-year increase in international visitor arrivals in the first five 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.[3]

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 2H2017 before tapering in 2018. Changi Airport's Terminal 4 is expected to be operational in the second half of 2017[4]. The higher air passenger traffic through Changi Airport could potentially benefit Singapore's hospitality sector.

CPCA continues to ramp up its operations in a challenging market which resulted in a drawdown of $5.9 million of income support. The remaining $1.6 million of income support is expected to be fully drawn down in 3Q2017.

Challenges in Singapore's retail scene remain and therefore tenants are more cautious and taking a longer time to renew or commit to leases. We are continuously exploring leasing opportunities with current and potential tenants, and 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.

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[2] Singapore Tourism Board, International Visitor Arrivals Statistics, 28 July 2017
[3] Singapore Tourism Board, Year-in-Review 2016, 14 February 2017
[4] Changi Airport Group, Press Release 'Construction of Changi Airport Terminal 4 Completed', 16 December 2016

Summary of Results (2Q2017 vs 2Q2016)

	2Q			*Notes*
(S$m)	**2017**	**2016**	**Variance %**	
Gross Revenue	31.2	26.9	16.0	*1*
Net Property Income	26.6	23.2	15.0	*2*
Other Income	1.6	-	n.m.	*3*
Distributable Income	**21.8**	**16.6**	**31.8**	*4*
DPS (S cents)	**1.21**	**0.92**	**31.5**	*4*

Note 1:

- Gross revenue for 2Q2017 was $4.3 million higher than 2Q2016. Both hospitality and retail segments posted higher revenue in 2Q2017 as compared to 2Q2016.
- Hospitality revenue was $3.0 million higher than 2Q2016 due to higher master lease income from both MOS and CPCA.
- Master lease income from MOS was $1.0 million higher than 2Q2016. MOS recorded a higher RevPAR of $210 as compared to RevPAR of $200 in 2Q2016 as MOS achieved higher room rates and occupancy. Food and beverage outlets also performed better due to higher patronage. Banquet sales had also increased due to more wedding events and meeting business with the opening of new meeting facilities.
- Master lease income from the enlarged CPCA was $2.0 million higher than 2Q2016 due to enlarged room inventory in CPCA with the addition of Crowne Plaza Changi Airport Extension's (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 2Q2016. The enlarged CPCA continues to ramp up its operations, with occupancy increasing from the 60% range when CPEX first opened to mid-70% in 2Q2017. In addition to the master lease income, OUE H-REIT also receives income support provided by OUEAH (refer to *Note 3* for more details).
- Retail revenue for 2Q2017 was $1.3 million higher than 2Q2016 mainly due to higher average occupancy rate at 93.9% (2Q2016: 79.1%). In 2Q2016, the lower occupancy was attributable to landlord works to amalgamate units in order to hand over to new tenants. The mall recorded an effective rent per square foot per month of $23.8 for 2Q2017 (2Q2016: $24.6).

Note 2:

- NPI for 2Q2017 was $3.5 million higher than 2Q2016 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.

Note 4:

- Income available for distribution was $5.3 million higher than 2Q2016 due to higher income from both hospitality and retail segments and income support received for CPCA. The DPS for 2Q2017 was 1.21 cents, 31.5% higher as compared to 0.92 cents for 2Q2016.

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 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, residential and healthcare sectors. 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. In March 2017, OUE acquired International Healthway Corporation, a listed integrated healthcare services and facilities provider.

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IMPORTANT NOTICE

amount invested. The past performance of OUE Hospitality Trust is not necessarily indicative of the future performance of OUE Hospitality Trust.

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