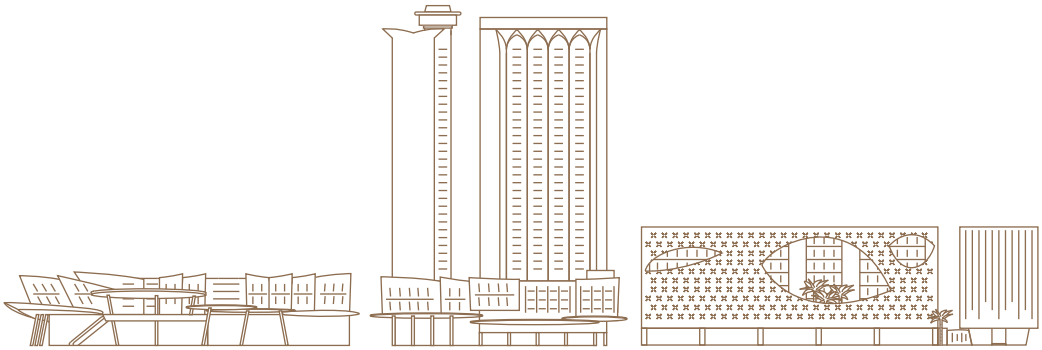


A DISTINCTIVE MARK

OUE HOSPITALITY TRUST
ANNUAL REPORT 2018

ABOUT OUE HOSPITALITY TRUST

OUE Hospitality Trust ("**OUE H-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$2.22 billion as at 31 December 2018.

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

To access our annual report online, please visit www.oueht.com

CONTENTS

OVERVIEW

Key Highlights 06
Financial Highlights 07
Letter to Stapled Securityholders 08
Year in Review 14
Trust Structure 16
Strategy of the Trust 17
Board of Directors 21
REIT Management Team 25

PERFORMANCE

Investor Relations 27
Financial Review 30
Portfolio Overview & Review 34
Property Profiles 40
Independent Market Review 46

SUSTAINABILITY

Sustainability Report 56

CORPORATE GOVERNANCE

Corporate Governance Report 81
Statement on Policies and Practices of in Relation to the Management and Governance of OUE Hospitality Business Trust 96
Additional Information on Re-Endorsement of Directors 104

FINANCIALS

OUE Hospitality Trust Financial Statements 112
OUE Hospitality Trust Management Pte. Ltd. Financial Statements 197

OTHERS

Interested Party Transactions 212
Statistics of Stapled Securityholdings 213
Notice of AGM 217
Proxy Form
Corporate Information

A DISTINCTIVE MARK

Over the course of our five-year journey, OUE H-Trust has been charting a **distinctive** path as we deliver on our promises of growth, value and returns to our Stapled Securityholders. Our vigilant asset management stewardship has enhanced the performance of the Trust's assets while our prudent capital management keeps the Trust financially sound and nimble.

These values form the foundation of OUE H-Trust as we seek to deliver more with our **distinctive mark**.


AWRY'S
THE PRIME CUT
VICTORIA'S SECRET



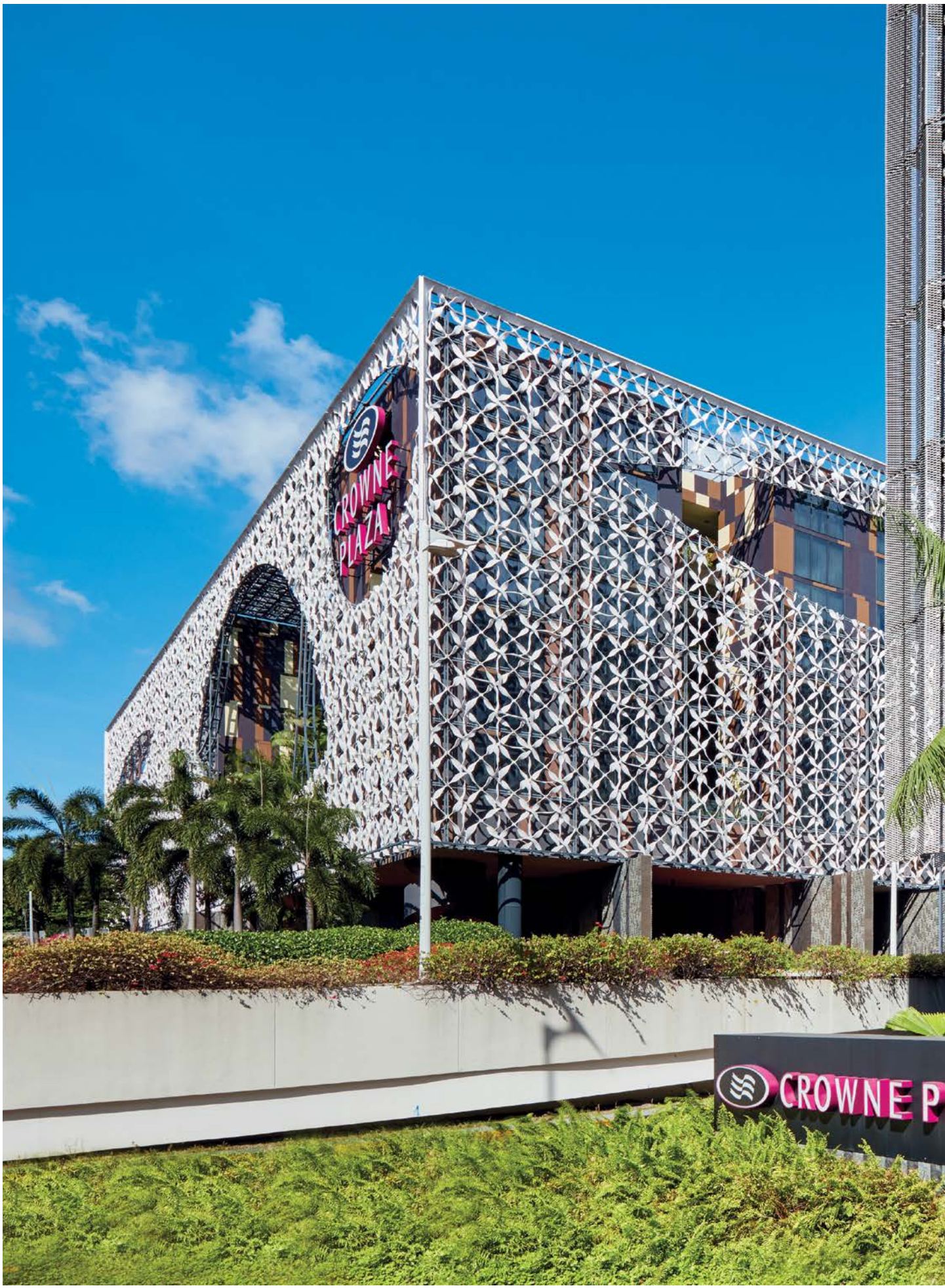
DISTINCTIVE ASSETS

Our well-positioned quality assets supported by our excellent hospitality service and retail experience, are highly-regarded by hotel guests and shoppers alike. We remain focused on seeking opportunities that will strengthen the quality and positioning of our portfolio.

7.4%

Distibution yield for FY2018[1]

1 Based on FY2018 distribution per Stapled Security of 4.99 S cents and closing price of S$0.67 at 31 December 2018.


CROWNE PLAZA
CROWNE P



DISTINCTIVE MANAGEMENT

We practise vigilant stewardship over our portfolio of assets and enhance the value of our properties through optimising operational performance. Our prudent capital management keeps the Trust financially sound and nimble. We stay focused in delivering healthy returns to our Stapled Securityholders.

7.7%

increase in RevPAR at Crowne Plaza Changi Airport

KEY HIGHLIGHTS

FOR FY2018

Net Property Income
S$112.8 million

Distributable Income
S$90.8 million

Distribution per Stapled Security
4.99 cents

Distribution Yield[1]
7.4%

Investment Properties
S$2.2 billion

Market Capitalisation[2]
S$1.2 billion

Gearing
38.8%

Average Cost of Debt per annum
2.4%

***Information as at 31 December 2018 or for the financial year ended 31 December 2018 (FY2018).**

1 Based on FY2018 distribution per Stapled Security of 4.99 S cents and the closing price of S$0.67 as at 31 December 2018.
2 By reference to the closing price of S$0.67 as at 31 December 2018 and the total number of issued stapled securities of 1,820,466,056.

FINANCIAL HIGHLIGHTS

	FY2014	FY2015	FY2016	FY2017	**FY2018**
Gross Revenue (S$ million)	115.9	124.6	122.5	131.1	**129.7**
Net Property Income (S$ million)	103.2	109.1	107.4	112.7	**112.8**
Distributable Income (S$ million)	89.0	87.4	82.5	92.9	**90.8**
Distribution Per Stapled Security (DPS) (S cents)	6.74	6.55	4.61	5.14	**4.99**
Distribution Yield[1]	7.5%	8.5%	7.0%	6.1%	**7.4%**
Selected Statement of Financial Position Data as at 31 December	2014	2015	2016	2017	**2018**
Total Assets (S$ million)	1,796.6	2,100.9	2,256.4	2,256.9	**2,255.5**
Unitholders' Funds (S$ million)	1,198.4	1,207.0	1,382.0	1,376.1	**1,372.1**
Total Borrowings (S$ million)	583.1	877.2	854.0	865.3	**868.0**
Financial Ratios					
Gearing	32.7%	42.0%	38.1%	38.8%	**38.8%**
Interest Service	7.1 times	4.6 times	4.4 times	4.5 times	**4.8 times**
Average Term to Maturity	2.6 years	2.4 years	2.4 years	3.5 years	**2.5 years**
Average Cost of Debt (per annum)	2.2%	2.5%	2.3%	2.7%	**2.4%**
Management Expense Ratio[2]	0.92%	1.01%	1.01%	1.30%	**0.96%**
Financial derivatives as % of NAV[3]	(0.19%)	0.42%	(0.28%)	(0.08%)	**0.09%**
Total operating expenses to NAV[4]	2.0%	2.3%	2.1%	2.6%	**2.2%**
NAV Per Stapled Security (S$)	0.90	0.90	0.77	0.76	**0.75**
Others as at 31 December					
Market Capitalisation[2] (S$ million)	1,195.9	1,031.1	1,181.7	1,535.5	**1,219.7**
Number of Stapled Securities in Issue (million)	1,321.4	1,335.4	1,790.4	1,806.5	**1,820.5**

1 Based on the closing price of S$0.67 per Stapled Security as at 31 December 2018 (2017: S$0.85; 2016: S$0.66; 2015: S$0.77; 2014: S$0.905).
2 The expenses used in the computation relate to expenses of OUE H-Trust, excluding property expenses and finance expenses which amounted to S$13.2 million (2017: S$17.8 million; 2016: S$13.8 million; 2015: S$12.1 million; 2014: S$11.1 million).
3 Financial derivatives assets/liabilities relate to the interest rate swaps entered into.
4 The ratio is computed based on total operating expenses of S$30.2 million (2017: S$36.1 million; 2016: S$28.9 million; 2015: S$27.6 million; 2014: S$23.8 million) as a percentage of NAV as at the end of the financial year (including all fees and charges paid/payable to the REIT Manager and interested parties for the financial year).

LETTER TO STAPLED SECURITYHOLDERS



OUE H-Trust recorded a stable set of results in FY2018, amidst a competitive trading environment, underpinned by the strength of our quality portfolio.

DEAR STAPLED SECURITYHOLDERS,

On behalf of the Board of Directors of the Managers, we are pleased to present OUE Hospitality Trust's ("**OUE H-Trust**") annual report for the financial year ended 31 December 2018 (FY2018).

YEAR IN REVIEW

In FY2018, OUE H-Trust's gross revenue and net property income ("**NPI**") was S$129.7 million and S$112.8 million respectively. Distributable income was S$90.8 million for FY2018, and distribution per Stapled Security ("**DPS**") was 4.99 cents, translating to a yield of 7.4% based on the closing price of S$0.67 as at 31 December 2018. Distributable income was lower compared to FY2017, mainly due to the absence of income support[1] from OUE Airport Hotel Pte. Ltd., partially mitigated by lower interest expense and higher contribution from the retail segment. Excluding the income support that was distributed in FY2017, OUE H-Trust recorded a stable set of results amidst a competitive trading environment, underpinned by the underlying strength of our quality portfolio while maintaining a healthy financial position.

As at 31 December 2018, OUE H-Trust's portfolio was valued at a steady S$2,218.0 million, while the net asset value ("**NAV**") per Stapled Security was S$0.75.

1 Income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of S$7.5 million as at 3Q2017.

RESILIENT OPERATING PERFORMANCE

Singapore's overall economic growth in 2018 was positive with healthy visitor arrival growth of 6.2% and increase of 4.8%[2] in total visitor days. Increased flight connectivity from key markets, as well as strengthened partnerships with cruise operators and the meetings and incentives groups remained positive demand drivers for the hospitality industry. 2018 also featured a strong events calendar including large biennial events such as the Singapore Airshow, Food & Hotel Asia as well as the 32nd and 33rd ASEAN summits whereby Singapore was the host country for the year. For 2018, Singapore's island-wide hotel room inventory declined 2.1% to 66,994 rooms[3], which provided support for the hotel sector on the back of increased tourist arrivals. For 2018, the overall Singapore hotel revenue per available room ("**RevPAR**") showed an increase of 2.4% at S$188.6, while RevPAR for the upscale hotel category increased 2.1% to S$226.3[4].

OUE H-Trust's master lease income and NPI from the hospitality segment held steady at S$95.8 million and S$87.3 million, while the hospitality portfolio RevPAR rose 2.9% to S$210 in FY2018.

NPI contribution from Mandarin Orchard Singapore ("**MOS**") was stable at S$70.3 million owing to the resilient performance of the hotel. For FY2018, RevPAR for MOS gained 1.0% to S$226 due to improved occupancy and higher demand from the transient and corporate segments.

In FY2018, NPI contribution from Crowne Plaza Changi Airport ("**CPCA**") was steady at S$17.0 million. Master lease income from CPCA remained at minimum rent[5]. CPCA continued to ramp up its operations and achieved RevPAR of S$180, a year-on-year improvement of 7.7%. CPCA will enjoy seamless connectivity to Jewel Changi Airport upon its opening in early 2019 via a pedestrian bridge from Terminal 3, which is linked directly to the hotel.

The retail segment achieved gross revenue and NPI of S$33.9 million and S$25.5 million respectively in FY2018. Despite the challenging operating environment, Mandarin Gallery achieved the highest occupancy for the year at 99.1%[6] as at 31 December 2018, an improvement from 94.6%[7] as at 31 December 2017. Approximately 30% of the mall's net lettable area was renewed or re-leased in FY2018 and we continue to focus on finetuning the tenant mix while retaining quality tenants.

CPCA continued to ramp up its operations and achieved RevPAR of S$180, a year-on-year improvement of 7.7%.

2 Singapore Tourism Board (STB), International Visitor Arrivals, 13 February 2019.
3 Source: STB and Cushman Wakefield research.
4 STB Hotel Statistics, 13 February 2019.
5 Master lease income from CPCA was below minimum rent, hence minimum rent was received.
6 Committed occupancy as at 31 December 2018.
7 Committed occupancy as at 31 December 2017.

PRUDENT CAPITAL MANAGEMENT

OUE H-Trust maintained a healthy balance sheet through its consistent and disciplined capital management approach. Gearing was stable at 38.8% as at 31 December 2018. There is no loan due until December 2020, following a full refinancing of OUE H-Trust's total debt facilities at the end of FY2017. The all-in average cost of debt is 2.4% per annum. To mitigate the impact of interest rate volatility, 71% of total debt is on fixed rate basis. OUE H-Trust has revolving credit facilities of S$105 million[8], providing financial flexibility.

SUSTAINABILITY REPORTING

We recognise that sustainability is important to the long-term viability of our business. We continue to work closely with our Master Lessees, Property Manager and other stakeholders in adopting the best practices in environmental, social and governance ("**ESG**") matters. For 2018, we have enhanced our sustainability report and transitioned towards being in accordance with the Global Reporting Initiative ("**GRI**") G4 Guidelines to the GRI Standards "Core" which provides topic-specific disclosures on material ESG issues for OUE H-Trust.

OUE H-Trust clinched the Silver award at the Asia Pacific Best Of The Breeds REITs Awards™ 2018 for the Hospitality REIT category.

AWARDS & ACHIEVEMENTS

Our properties continued to be recognised internationally as choice accommodation for travellers. In 2018, CPCA received the World's Best Airport Hotel Award at the Skytrax World Airport Awards for the fourth consecutive year. MOS was recognised as the Best City Hotel – Singapore at the 29th Annual TTG Travel Awards for the sixth consecutive year since 2013, and clinched the Best Upscale Hotel – Asia Pacific award at the Travel Weekly Asia Reader's Choice Awards 2018. Shisen Hanten by Chen Kentaro remains the highest Michelin-rated Chinese restaurant in Singapore, with a two-star rating by the Michelin Guide Singapore for the third consecutive year.

In August 2018, OUE H-Trust clinched the Silver award at the Asia Pacific Best Of The Breeds REITs Awards™ 2018 for the Hospitality REIT category. We were also named as the Best Sustainable Growth REIT In Asia at the Fortune Times REITs Pinnacle Award 2018.

LOOKING AHEAD

The global economy is expected to moderate to 3.5% in 2019, a further downward revision which reflects softer trade momentum, as well as effects of higher uncertainties from trade policies and weakening financial market sentiments[9]. The Singapore Government expects the Singapore economy to grow at the mid-point of 1.5% to 3.5% in 2019 on the back of increased uncertainties and downside risks in the global economy, moderating from the 3.2% growth rate in 2018[10]. We remain watchful of the risks from these external events that could indirectly impact our business and will work with the Master Lessees, hotel operators and Property Manager to take appropriate actions where necessary.

Singapore Tourism Board ("**STB**") has forecast a growth of 1.0% to 4.0% in international visitor arrivals in 2019 to be in the range of 18.7 million to 19.2 million[11]. STB and Changi Airport Group have been gaining traction in their marketing efforts which include strategic partnerships with cruise operators, new flight connections and increased flight frequencies. Jewel Changi Airport will be opened from the first half of 2019 and the integration of the expansion of Terminal 1 with Jewel Changi Airport will see increased passenger capacity[12]. In Singapore, hotel trading performance is

8 This comprises a four-year uncommitted revolving credit facility of S$50 million and a one-year committed revolving credit facility of S$55 million. On 24 January 2019, OUEHT announced the extension of the one-year revolving credit facility for a further one-year period.
9 International Monetary Fund, World Economic Outlook, January 2019.
10 Ministry of Trade and Industry Singapore, MTI Maintains 2019 GDP Growth Forecast at "1.5 to 3.5 Per Cent", 15 February 2019.
11 STB, Third Consecutive Year of Growth for Singapore Tourism Sector in 2018, 13 February 2019.
12 Changi Airport Group Annual Report 2017/18.

Building on our strong foundation, we will conscientiously drive operational excellence through proactive asset management and prudent capital management, as well as identify potential growth opportunities to anchor OUE H-Trust's strategy for stable long-term growth.

expected to improve in the near term with a potential increase in room rates, on the back of healthy growth in tourist arrivals and easing room supply growth. Industry data puts new hotel room supply at a compound annual growth rate ("**CAGR**") of 1.5% for 2018-2021, easing significantly from a CAGR of 3.6% from 2015-2018. For 2019, the island-wide room inventory is expected to grow at 3.1% to 69,092 rooms[13]. Supply in 2019 will be concentrated in the Core Central Region and Outside Central Region, with limited supply in the Orchard and Changi sub-markets.

The retail operating environment continues to be impacted by structural industry changes and fast-evolving consumer expectations and consumption behaviour. For 2018, retail sales (excluding motor vehicles) remain soft, posting a 0.5% growth from 2017[14]. Cultivating customer-centric shopping experiences at the mall remains fundamental while we continue to explore leasing opportunities to curate Mandarin Gallery as a destination mall.

In January 2019, plans to revitalise Orchard Road were announced by the Singapore Government. The heart of Orchard Road will remain the retail core, while new retail concepts, attractions, entertainment and events will be introduced to strengthen Orchard Road's position as a lifestyle destination[15]. The Orchard Interchange station on the upcoming Thomson-East Coast MRT Line will also provide better connectivity to the shopping precinct when it is completed in 2021[16].

As we enter the new financial year, we remain committed to achieving long-term sustainable returns for Stapled Securityholders. Building on our strong foundation, we will conscientiously drive operational excellence through proactive asset management and prudent capital management, as well as identify potential growth opportunities to anchor OUE H-Trust's strategy for stable long-term growth.

APPRECIATION

On behalf of the Board and Management, we would like to express our appreciation to the previous Chief Executive Officer and Executive Director Mr Chong Kee Hiong for his contributions since the inception of OUE H-Trust in 2013, and to have positioned it well for OUE H-Trust's next stage of development.

We extend our heartfelt appreciation to all our Directors for their guidance and contributions over the years. We would like to thank the management and staff of MOS and CPCA, and the Property Manager of Mandarin Gallery for their hard work and dedication.

Last but not least, we would like to extend our heartfelt appreciation to our Stapled Securityholders, business partners, stakeholders and our Sponsor for their continued trust and valuable support.

LEE YI SHYAN
Chairman

CHEN YI CHUNG
Acting Chief Executive Officer

5 March 2019

13 Source: STB and Cushman & Wakefield research.
14 Singapore Department of Statistics, Retail Sales Index, Food and Beverage Sales Index December 2018, 12 February 2019.
15 https://ura.sg/orchardrd.
16 Land Transport Authority, Thomson-East Coast Line's Orchard Station: Challenges in Constructing the Platform Link, 13 July 2018.

致合订证券持有人的信函

尊敬的合订证券持有人，

我们代表管理人的董事会欣然提呈华联酒店信托截至2018年12月31日(2018财年)的年度报告。

年度回顾

在2018财年，华联酒店信托总收入和净物业收入("**NPI**")达1.297亿新币和1.128亿新币。年度可分派收入为9080万新币，每单位合订证券派息("**DPS**")为4.99分。根据2018年12月31日0.67新币的臂市价，派息收益率为7.4%。年度可分派收入与去年同期相比下降，主要于缺乏华联机场酒店私人有限公司(OUE Airport Hotel Pte. Ltd.)支付的收入资助，但该颓势被较低的利息支出和零售部门的较高贡献所缓解。除去2017财年派发的收入资助的影响，华联酒店信托在竞争激烈的贸易环境中取得了一系列稳定的业绩，这得益于旗下优质投资组合的实力，同时保持了健康的财务状况[1]。

截至2018年12月31日，华联酒店信托的投资组合价估值稳定在22.18亿新币，而每单位合订证券的资产净值("**NAV**")为0.75新币。

稳健的经营业绩

新加坡的总体经济增长势头良好，2018年游客接待人数增长6.2%，总计游客人日数也增长4.8%[2]。提升主要市场航班的互联互通，加强与邮轮运营商以及会议和奖励旅游团体的伙伴关系，持续推动了对酒店业的需求。新加坡在2018年有丰富的活动日程，包括两年一度的新加坡航空展、亚洲食品与酒店展以及新加坡作为东道国召开的第32届和第33届东盟峰会。在2018年，新加坡全岛酒店客房下降了2.1%，达到66,994间[3]，在游客数量增长的背景下，这为旅游业提供了支撑。2018年新加坡每间可入住客房收入("**RevPAR**")增长2.4%至188.6新币，而高档酒店的RevPAR增长了2.1%，达到226.3新币[4]。

华联酒店信托酒店部门2018年主租赁收入及净物业收入稳定在9580万新币和8730万新币，而酒店投资组合RevPAR在2018财年增长了2.9%，达到210新币。

得益于新加坡文华大酒店的稳健业绩，其净物业收入稳定在7030万新币。在2018财年，由于入住率的提高以及临时需求与企业客户需求的增加，新加坡文华大酒店的RevPAR增长了1.0%，达到226新币。

樟宜机场皇冠假日酒店("**皇冠假日酒店**")的净物业收入贡献稳定在1700万新币。皇冠假日酒店的主租赁收入维持在基本租金[5]。皇冠假日酒店继续提升运营绩效，实现了180新币的RevPAR，同比增长7.7%。在星耀樟宜于2019年开通后，皇冠假日酒店将可通过樟宜机场第3号航站楼的人行天桥，与其实现无缝连接。

零售部门在2018财年的租金收入与净物业收入为3390万新币和2550万新币。尽管经营环境充满挑战，但截至2018年12月31日，文华购物廊的入住率达到了全年最高水平的99.1%[6]，比2017年12月31日的94.6%[7]有所提高。2018财年，商场的净租赁面积约有30%被续约或重新租赁，我们会持续优化租户结构并保留优质租户。

审慎的资本管理

华联酒店信托透过其一贯和严谨的资本管理方式维持了健康的资产负债表。截至2018年12月31日，杠杆率稳定在38.8%。在2017财年结束时，华联酒店信托对其债务进行了再融资，直至2020年12月前无债务融资需要。加权平均债务成本为每年2.4%。为了减轻利率波动的影响，总债务的71%为固定利率。华联酒店信托还有1.05亿新币的滚动授信[8]以获得财务灵活性。

可持续性报告

我们认识到可持续性对我们企业的长期生存能力非常重要。我们继续与主承租人、物业经理和其他利益相关者密切合作，在环境、社会和治理("**ESG**")事务中采用最佳做法。2018年，我们加强了可持续性报告，并向符合全球报告倡议("**GRI**")G4指南的GRI标准"核心"转变，该指南为华联酒店信托提供了关于重大ESG问题的专题披露方面的规定。

荣誉和成绩

我们的酒店继续在国际上被旅行者视为住宿首选。皇冠假日酒店于2018年连续四年被"Skytrax全球机场大奖"评选为"全球最佳机场酒店"。新加坡文华大酒店在第29

1 华联机场酒店私人有限公司(OUEAH)根据收入支持契约提供收入资助。截至2017年第三季度，OUE H-REIT已经完全提取了750万新币的全部收入资助。
2 新加坡旅游局2018年国际游客量统计数据，2019年2月13日。
3 资料来源：新加坡旅游局与高纬环球究部。
4 新加坡旅游局2018年酒店统计数据，2019年2月13日。
5 皇冠假日酒店的主租赁收入低于基本租金，因此收取基本租金的金额。
6 截至2018年12月31日的承诺入住率。
7 截至2017年12月31日的承诺入住率。
8 这包括一笔5000万新币的四年期非承诺循环信贷安排和一笔5500万新币的一年期承诺循环信贷安排。在2019年1月24日，华联酒店信托宣布将一年期承诺循环信贷安排再延长一年。

届TTG旅游大奖中被评选为“新加坡最佳城市酒店”，自2013年以来连续第六年荣获这项殊荣。此外，新加坡文华大酒店还在2018年《亚洲旅游周刊》读者评选大奖中荣获“亚太区最佳高端酒店奖”。我们也非常荣幸地报告，新加坡文华大酒店的知名川菜馆四川饭店（Shisen Hanten by Chen Kentaro）连续第三年获得新加坡版《米其林指》的两星评级，继续保持新加坡米其林评级最高的中餐馆地位。

2018年8月，华联酒店信托荣获了2018年“亚太地区最佳房地产信托品种奖”的酒店业房地产信托级别中的银奖。我们也在《时代财智》2018年度房产信托大奖中获得“亚洲最佳持续成长产业信托”奖项。

展望未来

2019年全球经济增长速率预计将放缓至3.5%，该增速下调反映出贸易势头减弱，贸易政策不确定性的增加以及金融市场情绪减弱的影响[9]。基于不确定性以及经济下行风险的增加，新加坡政府预计2019年经济增长速率将从2018年的3.2%，下调至1.5%至3.5%之间[10]。我们将对这些可能间接影响我们业务的外部事件的风险保持警戒，并将与主承租人、酒店管理和物业经理合作，在必要时采取适当的行动。

据新加坡旅游局预测，2019年国际游客数量将增长1.0%至4.0%，达到1870万到1920万人次[11]。新加坡旅游局和樟宜机场集团在市场营销努力上获得了更多进展，包括增加了新的航线并且提高了班机的频率。星耀樟宜将于2019年上半年开放，而其与1号航站楼扩建工程的整合预计将增加载客量[12]。在新加坡，在游客人数持续增长以及客房供应增长放缓的背景下，房价将有上调的潜力，而酒店业的业绩在近期内也预计会有所改善。行业数据显示，2018-2021年新酒店客房供应量的复合年增长率（“**CAGR**”）为1.5%，较2015-2018年的3.6%大幅下降。2019年，全岛客房数量预计将增长3.1%，达到69,092间[13]。2019年增加的客房将集中在核心中央区和中央区以外，在乌节路及樟宜亚市场的新增客房将较为有限。

零售业经营环境继续受到结构性的行业变化以及快速变化的消费者预期和消费行为的影响。2018年，零售额(不包括汽车)保持疲软，只比2017年增长了0.5%[14]。我们将持续发展以顾客为中心的购物体验，此外，也将继续寻求租赁机会，将文华购物廊打造为目标购物商场。

新加坡政府在2019年1月宣布了振兴乌节路的计划。乌节路的中心地段仍将是以零售业为核心，同时，新零售概念、景点、娱乐和活动也会被引入，以加强乌节路作为生活方式标杆的地位[15]。即将到来的汤申东海岸线地铁线上的乌节路转换站，也将在2021年完工后，为乌节路购物区提供更优质的交通连接[16]。

在这新的财政年度，我们会持续致力于为合订证券持有人实现长期可持续回报。在我们既有的坚实基础之上，我们将通过积极主动的资产管理和谨慎的资本管理，追求营运卓越，并找出潜在的增长机会，巩固华联酒店信托的长期稳定增长策略。

致谢

我们谨代表董事会和管理层，感谢前任首席执行官兼执行董事鍾奇雄先生自2013年华联酒店信托上市以来所做的贡献，并且为下一个发展阶段做好了准备。

我们衷心感谢所有董事多年来的指导和贡献。我们还要感谢新加坡文华大酒店和皇冠假日酒店的管理层和员工，以及文华购物廊的物业经理，感谢他们的辛勤工作和奉献。

最后，我们要感谢我们的合订证券持有人、业务伙伴、利益相关者和保荐人的持续信任和大力支持。

李奕贤
董事会主席、非独立非执行董事

陈一中
代理首席执行官

2019年3月5日

9 国际货币基金组织，《世界经济展望》，2019年1月。
10 新加坡贸易和工业部，新加坡贸易和工业部维持2019年国内生产将增长“1.5%至3.5%”，2019年2月15日发布。
11 新加坡旅游局，2018年新加坡旅游业连续第三年增长，2019年2月13日发布。
12 樟宜机场集团2017/18年度报告。
13 资料来源：新加坡旅游局和高纬环球研究部。
14 新加坡统计局，零售指数，2018年12月食品和饮料销售指数，2019年2月12日发布。
15 https://ura.sg/orchardrd。
16 新加坡陆路交通管理局，汤申东海岸线乌节地铁站：建设平台连接的挑战，2018年7月13日发布。

YEAR IN REVIEW



MARCH
Crowne Plaza Changi Airport received the awards for World's Best Airport Hotel and Best Airport Hotel in Asia for the fourth consecutive year, at the Skytrax World Airport Awards 2018.

APRIL
The fourth Annual General Meeting for OUE Hospitality Trust was held on 25 April 2018 with all resolutions duly passed.

MAY
Crowne Plaza Changi Airport was awarded the Best Airport Hotel of Asia at the Hotel Discovery Award 2018.



MAY
Crowne Plaza Changi Airport commemorated its tenth anniversary with an international prize giveaway for travellers and a celebratory dinner for valued corporate clients and partners.

AUGUST
OUE Hospitality Trust was awarded the Silver award at the Asia Pacific Best of the Breeds REITs Awards™ 2018 for the Hospitality REITs category.

MARCH APRIL MAY AUGUST

MAY
Mr Chong Kee Hiong relinquished his role as Chief Executive Officer and Executive Director of OUE Hospitality REIT Management Pte. Ltd and OUE Hospitality Trust Management Pte. Ltd. He was succeeded by Mr Chen Yi Chung as the Acting Chief Executive Officer with effect from 16 July 2018.



SEPTEMBER
Mandarin Orchard Singapore was named the Best City Hotel – Singapore at the 29th Annual TTG Travel Awards 2018 for the sixth consecutive year.



SEPTEMBER
Shisen Hanten by Chen Kentaro was awarded two stars by the Michelin Guide Singapore for the third consecutive year since 2016.



OCTOBER
OUE Hospitality Trust was named as the Best Sustainable Growth REIT in Asia at the Fortune Times REITs Pinnacle Award 2018.

SEPTEMBER



SEPTEMBER
Crowne Plaza Changi Airport was named the Best Airport Hotel in Asia Pacific by Business Traveller Asia-Pacific.

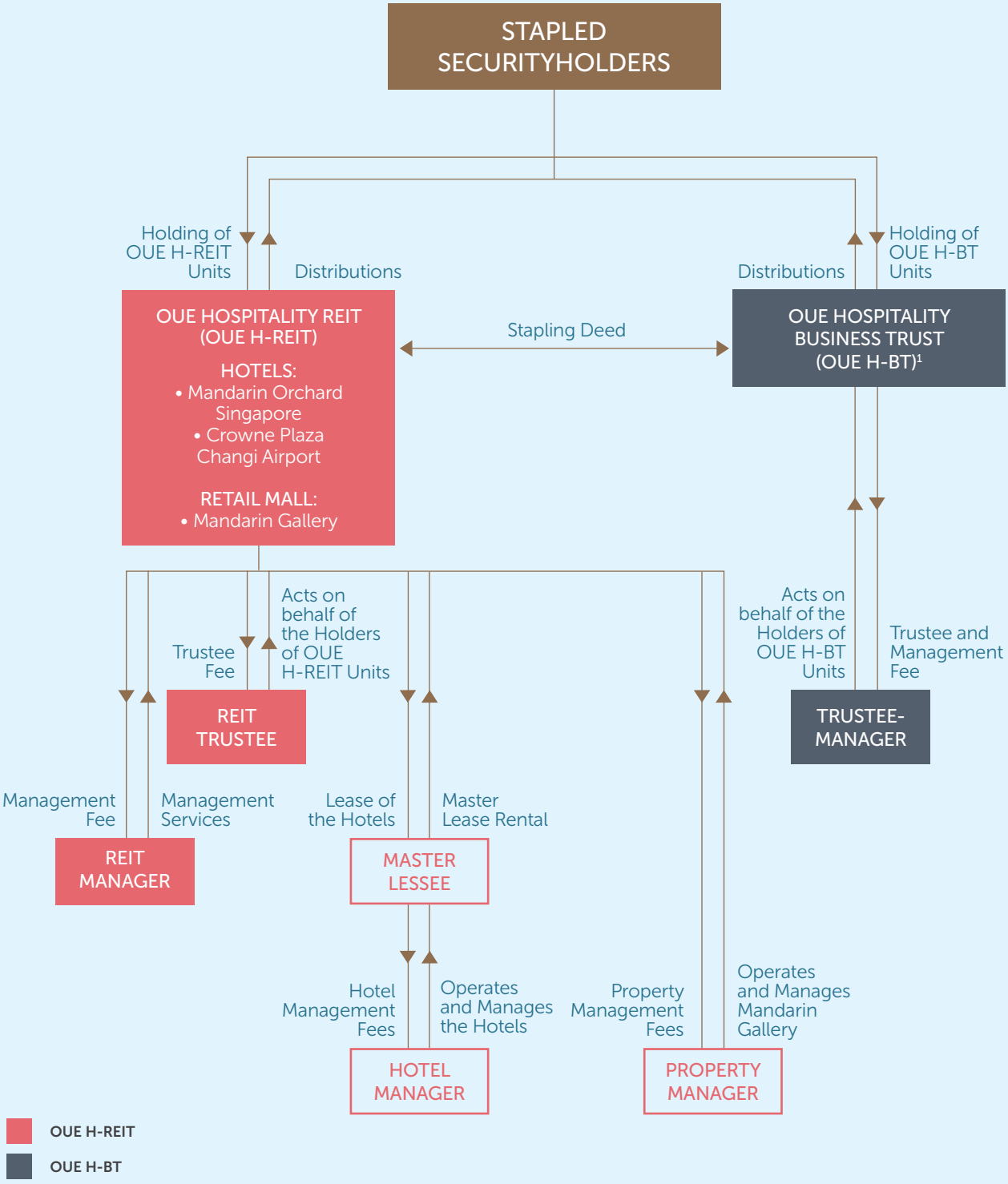


SEPTEMBER
Shisen Hanten by Chen Kentaro was a two-star recipient of the Singapore's Top Restaurants "House of Stars" Awards 2018 by Wine & Dine magazine.

OCTOBER



OCTOBER
Mandarin Orchard Singapore was named Best Upscale Hotel – Asia Pacific at the Travel Weekly Asia Reader's Choice Awards 2018.



1 OUE H-BT is currently dormant.

STRATEGY OF THE TRUST



Optimising assets and delivering operational excellence

Growth through acquisitions

Active capital and risk management

The principal objectives of the manager of OUE H-REIT (the "**REIT Manager**") and the trustee-manager of OUE H-BT (the "**Trustee-Manager**") are to deliver regular and stable distributions to Stapled Securityholders and to achieve long-term growth in distributions and in the NAV per Stapled Security, while maintaining an appropriate capital structure.

OUE Hospitality Trust ("**OUE H-Trust**") is a stapled group comprising OUE Hospitality REIT ("**OUE H-REIT**") and OUE Hospitality Business Trust ("**OUE H-BT**").

ABOUT OUE H-REIT

OUE H-REIT has been 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 portfolio comprises Mandarin Orchard Singapore, Crowne Plaza Changi Airport (collectively, the "**Hotels**") and Mandarin Gallery (the "**Mall**").

INVESTMENT POLICY

In accordance with the requirements of the Listing Manual of Singapore Exchange Securities Trading Limited, this principal investment policy will be adhered to for at least three years following the Listing Date unless changed by Extraordinary Resolution in a meeting of holders of OUE H-REIT Units. After the expiry of the three-year period, the REIT Manager may from time to time change the principal investment policy of OUE H-REIT so long as the REIT Manager has given not less than 30 days' prior notice of the change.

KEY STRATEGIES

The REIT Manager plans to achieve its objectives through the following strategies:

1. Optimising assets and delivering operational excellence

The REIT Manager intends to leverage its relationship with the Sponsor (OUE Limited), who has extensive experience in the hospitality and real estate industry, to actively manage the operational performance and maximise the cash flow and value of the portfolio.

- **Effective collaboration with the Master Lessees**
  The hotel management agreement between the Master Lessees and the Hotel Managers allows the Master Lessees to closely monitor the performance of the Hotel Managers.

  The Master Lessees will ensure that the Hotel Managers use their best efforts to optimise the performance of the Hotels. Close interaction and consultation between the REIT Manager, the Master Lessees and the Hotel Managers will ensure that OUE H-REIT's asset management strategies are implemented.

- **Capture growth opportunities through the Sponsor's industry insight**
  The Master Lessees, in consultation with the REIT Manager, will oversee the annual budgeting process for the Hotels and be responsible for recommending strategies to increase revenue and profitability. This will include drawing upon the Sponsor's experience to provide strategic direction in areas such as room yield management, optimising guest mix, access to global hospitality market intelligence, and leveraging the Sponsor's in-depth understanding of the latest hospitality industry trends to implement innovative hotel and food and beverage ("**F&B**") concepts.

- **Enhance operational performance to deliver disciplined growth**
  The REIT Manager will work with the Master Lessees/Hotel Managers and the Property Manager to maximise hotel and retail revenues and returns through maintaining cost discipline in its operations, while achieving optimal occupancy and average room rates and improving rentals.

- **Maximise revenues and returns through asset enhancements**
  The REIT Manager will identify, evaluate and approve property improvement opportunities that will enhance the value of the portfolio and will work closely with the Master Lessees/Hotel Managers and the Property Manager to contribute to higher revenues and profitability. These opportunities include upgrading and refurbishing existing facilities, rooms or F&B outlets that could enhance pricing, or increase their service offering.

- **Optimisation of the Mall**
  This may be done by improving tenant mix, reconfiguration of space to achieve higher rentals, optimising the use of the Mall for other income-generating opportunities and optimising leasing plans through a tailored approach to the marketing of space, so as to potentially improve returns to Stapled Securityholders.

- **Active leasing strategy**
  The REIT Manager works with the Property Manager to pursue new leasing opportunities, manage lease renewals through advance negotiations with tenants whose leases are about to expire and by managing lease expiry periods. The Property Manager will also work to foster close relationships with tenants in order to achieve optimal tenant retention.

- **Cost management strategy**
  The REIT Manager and the Property Manager will regularly review workflow processes and assess service providers to improve efficiencies and manage the cost of operations.

2. Growth through acquisitions

In pursuing growth through acquisitions, the REIT Manager will seek third party acquisition opportunities on its own and, in addition, leverage the Sponsor's experience, market reach and network of contacts in the hospitality and hospitality-related sectors to source potentially yield-accretive deals. The Sponsor has the capacity to support the portfolio growth of OUE H-REIT in the following ways:

- offering a right of first refusal ("**ROFR**") to OUE H-REIT which will provide OUE H-Trust with access to future acquisition opportunities of income-producing properties which are used primarily for hospitality and hospitality-related purposes; and

- lending its industry experience, networks and expertise to the REIT Manager in assessing potential acquisition opportunities.

In addition, OUE H-REIT can seek partnership and co-operation opportunities with the Sponsor as it seeks to expand within and beyond Singapore.

The REIT Manager will pursue opportunities for acquisitions that meet its investment criteria including:

- **Yield requirements**
  The REIT Manager will seek to acquire properties which are value-enhancing after taking into account regulatory, commercial, political and other relevant factors, with yields that are estimated to be above OUE H-REIT's cost of capital and are expected to maintain or enhance returns to Stapled Securityholders in the long run while balancing the various risks associated with such an investment.

- **Geography and location**
  The REIT Manager will assess each property's location and the potential for business growth in its market, as well as its impact on the overall geographic diversification of its property portfolio.

- **Strong fundamentals and organic growth potential**
  The REIT Manager will seek to acquire high quality properties with good potential for increasing average room rates and occupancy rates going forward.

- **Value-adding asset enhancement opportunities**
  The REIT Manager may also seek to acquire properties which are under-managed and properties that have been poorly maintained but have upgrading potential. The REIT Manager would assess the potential to add value through improved hotel management, market repositioning or other enhancements.

3. Active capital and risk management

The REIT Manager intends to use a combination of debt and equity to fund future acquisitions and property enhancements such that it is within the aggregate leverage limit set out in Appendix 6 to the Code on Collective Investment Schemes (also known as the Property Funds Appendix).

The objectives of the REIT Manager in relation to capital and risk management are to:

- maintain a strong balance sheet and remain within the aggregate leverage limit set out in the Property Funds Appendix;

- manage the cost of debt financing, potential refinancing or repayment risks;

- secure diversified funding sources from both financial institutions and capital markets as OUE H-REIT grows in size and scale; and

- manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies.

The REIT Manager will consider diversifying its sources of debt financing, including by way of accessing the public debt capital markets. The public debt capital markets may also provide OUE H-REIT with the ability to secure longer term funding options in a more cost efficient manner. Nevertheless, the REIT Manager intends to maintain a prudent level of borrowings while maximising returns to Stapled Securityholders.

The REIT Manager's capital and risk management strategy includes managing risk of potential interest rate and foreign exchange volatility through the use of hedging instruments. The REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate and foreign exchange hedges, after taking into account the prevailing market conditions.

In order to manage the currency risk involved in investing in assets beyond Singapore, the REIT Manager may adopt currency risk management strategies that may include the use of foreign currency denominated borrowings to match the currency of the asset investment as a natural currency hedge.

ABOUT OUE H-BT

OUE H-BT is currently dormant. It will, however, become active if any of the following occurs:

- it is appointed by OUE H-REIT, in the absence of any other suitable master lessee(s), as a master lessee of its hotel assets. It is intended that OUE H-BT will appoint a professional hotel manager to manage the hotel(s). OUE H-BT exists primarily as "a master lessee of last resort" with regard to the hotel assets so that in the event that a master lessee terminates or does not renew the master lease agreement beyond the expiry of the lease term and OUE H-REIT is unable to lease the hotel(s) to another master lessee for any reason, OUE H-BT will enter into a master lease agreement for the hotel(s) on substantially the same terms as the previous master lease agreement;

- OUE H-REIT acquires hospitality assets in the future and, if there are no other suitable master lessees, OUE H-REIT will lease these acquired hospitality assets to OUE H-BT. OUE H-BT will then become a master lessee for that acquired hospitality asset and will appoint a professional manager to manage that acquired hospitality asset; or

- it undertakes certain hospitality-related development projects, acquisitions and investments which may not be suitable for OUE H-REIT.

In general, OUE H-BT will be considered to be active in the event that it carries on any business activity other than:

- activities which OUE H-BT is required to carry out under any applicable law, regulation, the listing rules of the SGX-ST, guidelines, rules, or directive of any agency, regulatory or supervisory body;

- the lending to any entity which OUE H-BT owns or to OUE H-REIT or use of the initial S$20,000 working capital raised from the initial public offering; or

- equity fund-raising activities and issue of new OUE H-BT Units carried out in conjunction with OUE H-REIT which are solely for the purposes of funding OUE H-REIT's business activities.

Upon OUE H-BT becoming active, the Trustee-Manager intends where appropriate to manage the exposure arising from adverse market movements in interest rates and foreign exchange through appropriate hedging strategies. The extent of the foreign exchange exposure would depend on the jurisdictions in which OUE H-BT becomes active in and the extent of the interest rate exposure would depend on the type of facilities to be taken up by OUE H-BT.

OUE H-BT is currently dormant but when it becomes active, appropriate internal controls would be put in place. OUE H-REIT will not guarantee any debt of OUE H-BT, and vice versa. This will help shield each entity from the other's financial obligations because each entity's creditors will not have recourse to the other.








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5	6

1. MR. LEE YI SHYAN
Chairman
and Non-Independent
Non-Executive Director

Mr. Lee Yi Shyan was appointed as the Deputy Chairman and Non-Independent Non-Executive Director of the Board of Directors of the REIT Manager and the Trustee-Manager (collectively, the "**Managers**") on 12 January 2016. He assumed the role of the Chairman of the Board of Directors of the Managers on 1 November 2017.

Mr. Lee joined OUE Limited as an executive adviser to the chairman of OUE Limited in January 2016. He was appointed as the chairman and non-independent non-executive director of OUE Lippo Healthcare Limited on 17 July 2017. He is also the chairman and director of OUE USA Services Corp..

Mr. Lee is also an elected member of parliament for East Coast GRC. Mr. Lee has been appointed as chairman of Business China since 1 October 2016. He is also the chairman and director of ICE Futures Singapore Pte. Ltd. ("**IFSG**"), a company which operates as an approved exchange under the supervision of the Monetary Authority of Singapore ("**MAS**"), ICE Clear Singapore Pte. Ltd., which operates as an approved clearing house under the supervision of MAS, and ICE Singapore Holdings Pte. Ltd., the holding company of IFSG. He was appointed as an advisor of Keppel Corporation Limited in January 2018, and a director of each of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd., the developer of Eco-City, Singapore Tianjin Eco-City Investment Holdings Pte. Ltd. and Keppel Group Eco-City Investments Pte. Ltd. in March 2018.

Prior to joining OUE Limited, Mr. Lee was a member of the Cabinet of the Singapore government from 2006 to 2015. As senior minister of state for the Ministry of National Development, Mr. Lee oversaw urban planning, construction productivity development and town council management. As senior minister of state for the Ministry of Trade & Industry, Mr. Lee had extensive interactions with governments and businesses in China, the Middle East, Africa and Russia.

Prior to his political career, Mr. Lee was the chief executive officer of International Enterprise Board from 2001 to 2006, whose mission was to help Singapore businesses internationalise through its 40 offices worldwide. He was the deputy chief executive officer of SPRING Singapore from 2000 to 2001, which helped small and medium enterprises in capacity building, innovation and productivity development.

Mr. Lee was honored with the Distinguished Alumni Award by the Centre for Creative Leadership, North Carolina, USA, in 2009, and the Distinguished Engineering Alumni Award by the Faculty of Engineering, National University of Singapore, in 2013.

Mr. Lee studied Chemical Engineering in the National University of Singapore. He completed an executive management programme at the Harvard Business School in 1997 and a management programme at Tsinghua University in 2001.

2. MR. SANJIV MISRA
Lead Independent Director

Mr. Sanjiv Misra was appointed as an Independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as Lead Independent Director and Chairman of the Audit and Risk Committee of the REIT Manager, and is also a member of the Nominating and Remuneration Committee of the REIT Manager.

Mr. Misra is the chairman of the Asia Pacific Advisory Board for Apollo Management, a global private equity and alternative asset management firm. He is the president of Phoenix Advisers Pte. Ltd., a boutique advisory and principal investing firm. Mr. Misra is an independent and non-executive director of Olam International Limited (a company listed on SGX-ST). He is also a member of the board of EDBI Pte Ltd, Clifford Capital Pte. Ltd. and Singapore Symphonia Company Limited.

Mr. Misra was an independent and non-executive director of Edelweiss Financial Services Limited (a company listed on Bombay Stock Exchange) from May 2011 to January 2019. He served as a member of the board of directors of the National University Health System from 2008 to 2016, and was a member of its executive committee. He also served as a member of the board of trustees of SMU from 2004 to 2016, and was a member of the investment committee of SMU and the SMU Enterprise Board.

Mr. Misra spent 11 years at Citigroup from February 1997 to May 2008 and was the head of the Asia Pacific Corporate Bank from June 2004 till May 2008. Prior to his appointment with the Asia Pacific Corporate Bank, Mr. Misra was the chief executive officer of Citigroup's Global Corporate and Investment Banking Group in Singapore and Brunei, Citigroup country officer for Singapore, and head of Asia Pacific Investment Banking from 1999 to 2003.

Between 1986 and 1997, Mr. Misra worked in the Investment Banking Division at Goldman Sachs & Co., in New York, Hong Kong and Singapore.

Mr. Misra holds a Bachelor of Arts degree in economics from St. Stephen's College, Delhi University, a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad, and a Master of Management from the J.L. Kellogg Graduate School of Management at Northwestern University, USA.

3. MR. ONG KIAN MIN
Independent Director

Mr. Ong Kian Min was appointed as an Independent Director of the Board of Directors of the Managers on 11 June 2013. He is the Chairman of the Nominating and Remuneration Committee of the REIT Manager, and also serves as a member of the Audit and Risk Committee of the REIT Manager.

Mr. Ong is an advocate and solicitor practising as a consultant with Singapore law firm Drew & Napier LLC, which he joined in October 2000. He was called to the Bar of England and Wales in 1988 and to the Singapore Bar the following year. In his more than 25 years of legal practice, he focused on corporate and commercial law such as mergers and acquisitions, joint ventures, restructuring and corporate finance. In addition to his legal practice, he is a senior adviser of Alpha Advisory Pte. Ltd., a boutique financial and corporate advisory firm, which he joined in January 2010. He is also the founder of Kanesaka Sushi Private Limited, a company which he set up in January 2010 and now owns and operates two fine dining Japanese restaurants in Singapore.

Mr. Ong is currently an independent non-executive director of four other companies listed on the SGX-ST, namely BreadTalk Group Limited, Food Empire Holdings Limited, Penguin International Limited and Silverlake Axis Ltd, where he is also the lead independent director and chairs the audit committees of all four of these listed companies.

Mr. Ong was the chairman and independent non-executive director of Hupsteel Limited from 2003 to 2017, and an independent non-executive director of China Energy Limited from September 2008 until its delisting from the SGX-ST in November 2014, of GMG Global Ltd from November 1999 until January 2017 following its delisting from the SGX-ST and of Jaya Holdings Limited from December 2012 until its members' voluntary winding-up and liquidation in February 2018.

Mr. Ong was an elected member of parliament in Singapore from January 1997 to April 2011. In 1979, he was awarded the President's Scholarship and the Singapore Police Force Scholarship. He holds a Bachelor of Laws (Honours) external degree from the University of London in England and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology, England.

4. MR. LIU CHEE MING
Independent Director

Mr. Liu Chee Ming was appointed as an Independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as a member of the Audit and Risk Committee of the REIT Manager.

Mr. Liu has been a member of the Takeovers Appeal Committee under the Hong Kong Securities and Futures Commission since May 1995, and the deputy chairman of the Takeovers and Mergers Panel since April 2008, where his duties include reviewing mergers and acquisition cases and dealing with the relevant appeals. He is currently a Governor of the Singapore International School (Hong Kong) since May 2006 and was the Chairman of its Finance Committee from 2009 to 2015.

Mr. Liu is currently the managing director of Platinum Holdings Company Limited, which he established in March 1996, and oversees its stock broking, corporate finance and asset management business. He has been an independent non-executive director of Haitong Securities Co., Ltd. (a company listed on the Hong Kong and Shanghai stock exchanges) since November 2011. He has been appointed as an Independent Supervisor of the Supervisory Committee of Dalian Wanda Commercial Properties Co., Ltd. (a company which was listed on the Hong Kong Stock Exchange and privatised in September 2016) since May 2015, and an independent non-executive director of STT GDC Pte. Ltd. since October 2015. Mr. Liu was also appointed as an independent non-executive director of DBS Bank (Hong Kong) Limited in June 2018.

Mr. Liu also served on the boards of Kader Holdings Company Limited (a company listed on the Hong Kong Stock Exchange) from June 1998 to June 2016, Founder BEA Trust Co., Ltd. (an associate company of The Bank of East Asia, Limited) from November 2013 to June 2016, Japfa Ltd. (a company listed on the SGX-ST) from July 2014 to April 2016, and StarHub Ltd. (a company listed on the SGX-ST) from August 2004 to April 2018. He has also been a member of the President's Advancement Advisory Council of the National University of Singapore from March 2010 to November 2017.

Mr. Liu holds a Bachelor's degree in Business Administration from the former University of Singapore.

5. PROFESSOR NEO BOON SIONG
Independent Director

Professor Neo Boon Siong was appointed as an Independent Director of the Board of Directors of the Managers on 11 June 2013. He serves as a member of the Audit and Risk Committee of the REIT Manager.

He is the Canon Endowed Chair Professor of Business at Nanyang Business School. He was the Dean of Nanyang Business School of Nanyang Technological University, Singapore, from June 2016 and relinquished his role on 1 January 2018. He had previously held this position from 1998 to 2004.

After his first appointment as Dean, Prof Neo remained a Professor at the Nanyang Business School from 2004 to 2005 before accepting an

appointment as the director of Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy in the National University of Singapore from 2005 to 2010. He returned to the Nanyang Business School as Professor in 2011. During these appointments, his duties covered areas of education, research and consultancy.

Prof Neo is a non-executive director of Keppel Telecommunications & Transportation Ltd. He was a non-executive director of Oversea-Chinese Banking Corporation Limited from 2005 to 2013, and a non-executive director of Great Eastern Holdings Limited from 2000 to 2010.

Prof Neo holds a Bachelor of Accountancy with Honours from the National University of Singapore and a Master of Business Administration and Ph.D from University of Pittsburgh. He is a member of the Institute of Singapore Chartered Accountants.

6. MR. CHRISTOPHER JAMES WILLIAMS

Non-Independent
Non-Executive Director

Mr. Christopher James Williams was appointed as the Chairman and Non-Independent Non-Executive Director of the Board of Directors of the Managers on 19 April 2013. He retired as Chairman of the Board of Directors of the Managers on 1 November 2017. He also serves as a member of the Nominating and Remuneration Committee of the REIT Manager.

Mr. Williams is a founding partner of Howse Williams (formerly known as Howse Williams Bowers), Hong Kong, which he co-founded in 2012 as an independent Hong Kong law firm. Mr. Williams was responsible in particular for establishing the non-contentious area of the Practice. Howse Williams has subsequently grown to become one of the leading independent law firms in Hong Kong.

Prior to co-founding Howse Williams, Mr. Williams was from 1994 a partner in Richards Butler, an international law firm which merged with the US law firm Reed Smith in 2008 and was throughout this period based in Hong Kong.

Mr. Williams is presently the deputy chairman of OUE Limited and was appointed as the chairman and non-independent non-executive director of OUE Commercial REIT Management Pte. Ltd. in October 2013. Mr Williams was appointed as chairman and non-independent non-executive director of Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust, in October 2018. He has also been a director of OUB Centre Limited since January 2014.

Mr. Williams specialises in corporate finance, mergers and acquisitions, direct investment and corporate restructurings and reorganisations. He also advises on corporate governance and compliance. His practice encompasses Hong Kong and the Asia Pacific region, particularly Indonesia and Singapore. He has been named in the *Guide to the World's Leading Mergers and Acquisitions Lawyers* as well as the *International Who's Who of Merger and Acquisition Lawyers* as one of the world's top mergers and acquisitions lawyers.

Mr. Williams qualified as a solicitor in England and Wales in 1986 and was admitted as a solicitor in Hong Kong in 1991. He holds a Bachelor of Arts (Honours) in International Relations and Economics from the University of Reading, United Kingdom.

REIT MANAGEMENT TEAM

MR. CHEN YI CHUNG
Acting Chief Executive Officer

Mr. Chen Yi Chung is the Acting Chief Executive Officer of the REIT Manager.

Mr. Chen has extensive experience in the real estate and consulting industry in Singapore and internationally. Mr. Chen joined the REIT Manager as Vice President, Investments where he was in charge of investment and asset management. Mr. Chen was part of the team which listed OUE Hospitality Trust on the main board of Singapore Exchange Securities Trading Limited on 23 July 2013. Mr. Chen was the Deputy Chief Executive Officer of the REIT Manager since his appointment on 1 January 2018. Before joining the REIT Manager, Mr. Chen was with the Sponsor, where his last held position was Vice President, Investments. Before joining OUE Limited, Mr. Chen was with the manager of Lippo Malls Indonesia Retail Trust.

Mr. Chen holds a Bachelor's degree in Business Administration from Fu Jen Catholic University in Taiwan, a Master's degree in Computer Science from the University of Texas at Arlington and a Master's degree in Business Administration from the University of Chicago Booth School of Business.

MR. LIONEL CHUA
Chief Financial Officer

Mr. Chua is responsible for the financial, accounting, taxation and treasury functions of the REIT Manager. He is also responsible for evaluating investment opportunities, fund raising activities, risk management and compliance matters. He has more than 20 years of working experience and has previously held positions in various listed companies in Singapore. Prior to joining the REIT Manager, he was the Chief Financial Officer of Keppel Infrastructure Fund Management Pte Ltd, the trustee-manager of Keppel Infrastructure Trust.

Mr. Chua holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. He is a Chartered Accountant of Singapore, or CA (Singapore), with the Institute of Singapore Chartered Accountants.

MS. TANG SAL LEE
Vice President, Finance

Ms. Tang assists the Chief Financial Officer in the finance and accounting functions of the REIT Manager including financial reporting, taxation, treasury, capital management and compliance matters. She has more than 10 years of experience in audit, accounting, statutory reporting, compliance and tax in Singapore. Prior to joining the REIT Manager, she was with Keppel Infrastructure Fund Management Pte Ltd, the trustee-manager of Keppel Infrastructure Trust. She was an external auditor with Ernst & Young LLP previously.

Ms. Tang holds a Bachelor of Accountancy (Merit) degree from Nanyang Technological University, Singapore. She is a Chartered Accountant of Singapore, or CA (Singapore), with the Institute of Singapore Chartered Accountants.

REIT MANAGEMENT TEAM

MS. DELPHINE SZE

Vice President, Investor Relations

Ms. Sze manages the investor relations function of the REIT Manager, and is responsible for investor targeting, as well as facilitating effective communication with the investment and research community, media and stapled securityholders. She has more than 10 years of experience in investor relations, marketing and corporate communications. Prior to joining the REIT Manager, she headed the investor relations function at CapitaLand Retail China Trust REIT Management Limited. She also previously assumed investor relations positions in various real estate-related listed companies in Singapore.

Ms. Sze holds a Bachelor of Arts in Communications and Media Management from University of South Australia and the International Certificate in Investor Relations (ICIR).

MS. TOK SOON JU

Vice President, Asset and Investment Management

Ms. Tok manages the asset and investment management functions of the REIT Manager, and is responsible for deal sourcing, financial feasibility studies, asset due diligence as well as implementation of asset enhancement plans to optimise operational performance and capital growth. She has more than 10 years of working experience within the real estate sector and has previously held positions in various private and listed companies in Singapore. Prior to joining the REIT Manager, she was with Banyan Tree Hotels & Resorts, and was responsible as fund manager for the development of an integrated hotel resort and golf course located in Vietnam. She started off her career in investment banking in London, UK.

Ms. Tok holds a Masters of Engineering degree from the Imperial College of Science & Technology, England.

INVESTOR RELATIONS

OUE H-Trust is committed to maintaining regular and transparent communication with its stakeholders, namely Stapled Securityholders, prospective investors, analysts and the media.

OUE H-Trust provides factual and timely disclosure with regular updates of general information including annual reports, investor presentations and portfolio information on OUE H-Trust's website www.oueht.com. All company announcements and press releases are also available on SGXNET. Investors may also sign up for email alerts to receive updates on OUE H-Trust's latest announcements. There is a dedicated email (enquiry@oueht.com) to address queries from investors and the general public.

The Management, including the Investor Relations team, conduct regular results briefings, provide updates through one-on-one and group meetings, conference calls, roadshows, and through its corporate website. We also organise familiarisation visits to OUE H-REIT's properties for financial analysts and institutional investors upon request.

OUE H-Trust proactively engages investors and the research analysts through various channels to extend its outreach. During the year, the management of OUE H-Trust participated in conferences and non-deal roadshows in Bangkok, Hong Kong, Singapore and Tokyo. It held its full-year and half-year financial results briefings for analysts and media in January and July respectively. OUE H-Trust also engages retail investors through its participation in the annual REITs Symposium.

On 25 April 2018, OUE H-Trust held its annual general meeting ("**AGM**") of stapled securityholders. OUE H-Trust conducted its poll electronically and results of the AGM were published on SGXNET.

	EVENT	LOCATION
1Q	Post-4Q2017 Results Briefing to Media and Analysts	Singapore
	Post-4Q2017 Results Investor Luncheon hosted by UBS Securities	Singapore
	Non-deal Roadshow hosted by BNP Paribas	Hong Kong
2Q	Post-1Q2018 Results Investor Luncheon hosted by CGS-CIMB	Singapore
	DBS-REITAS REITs Investors' Luncheon for Private Bankers and High Net-worth Individuals	Singapore
	ShareInvestor REITs Symposium	Singapore
3Q	Post-2Q2018 Results Briefing to Media and Analysts	Singapore
	Post-2Q2018 Results Investor Luncheon hosted by BNP Paribas	Singapore
	Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Forum	Singapore
	Non-deal Roadshow hosted by DBS	Bangkok
4Q	SGX-Credit Suisse Real Estate Corporate Day	Singapore
	Post-3Q2018 Results Investor Luncheon hosted by RHB	Singapore
	PhillipCapital Trading Representatives Presentation	Singapore
	Non-deal Roadshow hosted by Deutsche Bank	Tokyo

EQUITY RESEARCH COVERAGE

As at 31 December 2018, OUE H-Trust is covered by sell-side analysts from:

- BNP Paribas
- CGS-CIMB Research
- Credit Suisse
- DBS Vickers Securities
- Deutsche Bank
- OCBC Investment Research
- RHB

FINANCIAL CALENDAR

	FY2018	FY2019*
Full Year Results Announcement	30 January 2018	29 January 2019
Fourth Quarter Distribution Payment	28 February 2018	28 February 2019
Annual General Meeting	25 April 2018	30 April 2019
First Quarter Results Announcement	2 May 2018	May 2019
First Quarter Distribution Payment	4 June 2018	June 2019
Second Quarter Results Announcement	27 July 2018	July/August 2019
Second Quarter Distribution Payment	30 August 2018	August/September 2019
Third Quarter Results Announcement	7 November 2018	November 2019
Third Quarter Distribution Payment	6 December 2018	December 2019

*Dates are tentative and subject to change.

ENQUIRIES

For general enquiries, please contact:

INVESTOR RELATIONS
OUE Hospitality REIT Management Pte. Ltd.
333 Orchard Road, #33-00,
Singapore 238867
Tel: (65) 6831 6000
www.oueht.com

UNIT REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower,
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710

For depository-related matters such as change of details pertaining to investment records of stapled securityholder(s), please contact:

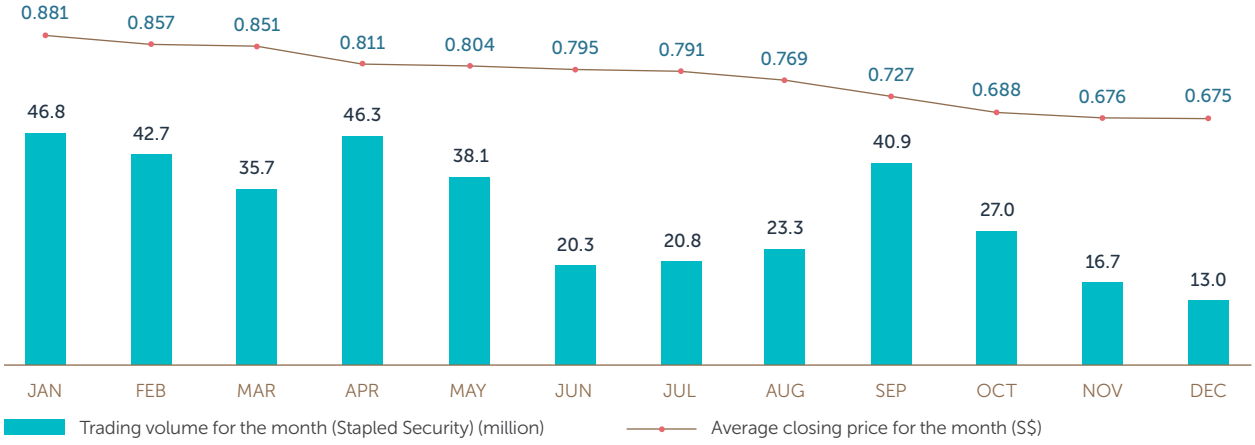
The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis Tower 2
Singapore 138589
Tel: (65) 6535 7511
Email: asksgx@sgx.com

UNIT PRICE PERFORMANCE

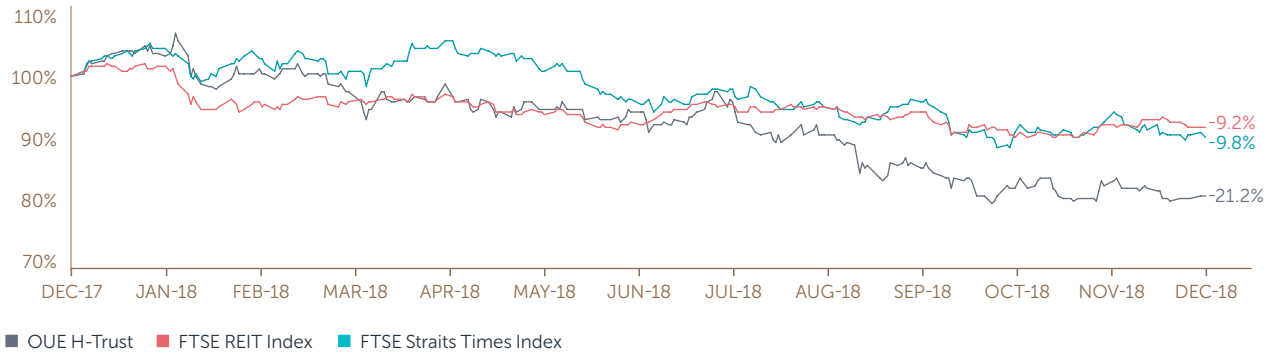
Trading Data in FY2018

CLOSING PRICE (UNLESS OTHERWISE STATED)	S$ PER STAPLED SECURITY
Closing Price on 29 December 2017	0.850
Opening Price on 2 January 2018	0.850
Closing Price on 31 December 2018	0.670
Highest Price	0.915
Lowest Price	0.655
Average Closing Price	0.777
VOLUME TRADED	**STAPLED SECURITY (MILLION)**
Total Volume Traded	371.5
Average Daily Volume	1.4

OUE H-TRUST MONTHLY TRADING PERFORMANCE IN FY2018

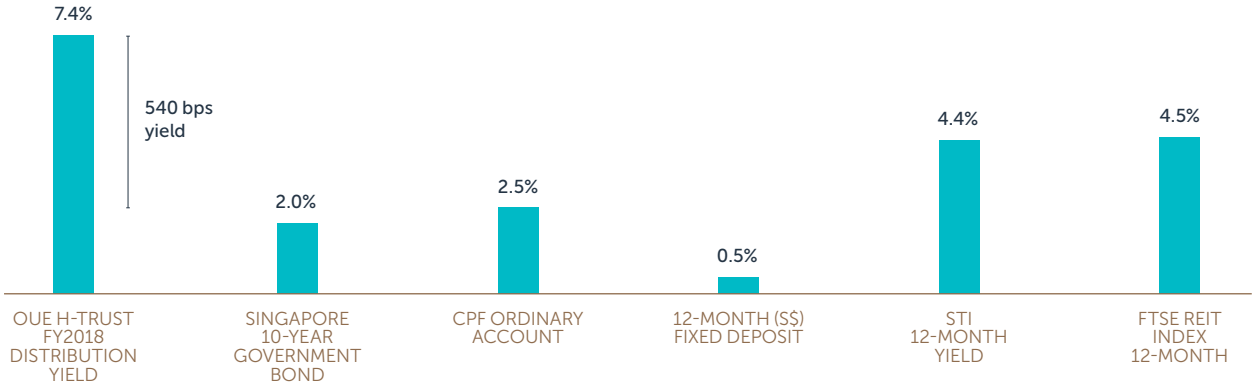


RELATIVE PERFORMANCE FOR 2 JANUARY TO 31 DECEMBER 2018 (%)



COMPARATIVE YIELDS (%)

As at 31 December 2018



Sources: Bloomberg, Central Provident Fund (CPF) Board, Monetary Authority of Singapore.

1 Based on FY2018 distribution per Stapled Security of 4.99 S cents and the closing price of S$0.67 as at 31 December 2018.

OPERATING PERFORMANCE

	FY2018	FY2017	CHANGE
Gross Revenue (S$ million)	129.7	131.1	(1.0%)
Net Property Income (S$ million)	112.8	112.7	0.0%
Other Income[1] (S$ million)	-	4.8	n.m.
Income Available For Distribution (S$ million)	90.8	92.9	(2.3%)
Distribution per Stapled Security (S cents)	4.99	5.14	(2.9%)

OUE H-Trust delivered a stable operating performance, underpinned by the underlying strength of our quality portfolio while maintaining a healthy financial position.

Gross Revenue and Net Property Income

OUE H-Trust recorded a gross revenue of S$129.7 million (FY2017: S$131.1 million), marginally lower than last year, amidst a competitive trading environment for both the hospitality and retail segments. Notwithstanding these challenges, OUE H-Trust delivered a stable operating performance, underpinned by the underlying strength of our quality portfolio while maintaining a healthy financial position.

Hospitality Segment

The hospitality segment achieved a gross revenue of S$95.8 million (FY2017: S$96.3 million), a decrease of S$0.5 million. The decrease was attributable to lower master lease income contribution from Mandarin Orchard Singapore ("**MOS**"), while the master lease income from Crowne Plaza Changi Airport ("**CPCA**") had remained the same at minimum rent. In FY2018, the master lease income[2] from MOS and CPCA were S$73.3 million (FY2017: S$73.8 million) and S$22.5 million (FY2017: S$22.5 million) respectively.

Master lease income from MOS was S$0.5 million lower than FY2017. MOS achieved higher room sales and higher gross operating profit ("**GOP**") attributable to higher revenue per available room ("**RevPAR**") of S$226 (FY2017: S$223) as a result of higher occupancy and stronger demand from transient and corporate segments. However, MOS recorded lower food and beverage sales, attributable to lower banquet sales with lower meetings and events, partially mitigated by better performance from all food and beverage outlets.

Master lease income from CPCA was unchanged at S$22.5 million (FY2017: S$22.5 million) at minimum rent. CPCA continued to ramp up its operations and achieved RevPAR of S$180, an improvement of 7.7% from FY2017.

1 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 S$7.5 million as at 3Q2017.

2 Master lease income is pegged to a percentage of gross operating revenue and gross operating profit of hotels, subject to minimum rent. Please see "Portfolio Overview & Review" section of OUE H-Tust's Annual Report 2018 for more information.

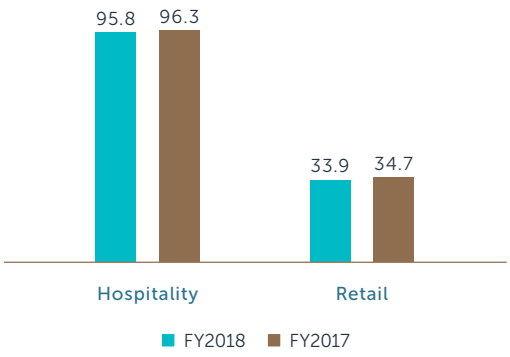
Retail Segment

For the retail segment, Mandarin Gallery ("**MG**") recorded a revenue[3] of S$33.9 million (FY2017: S$34.7 million), a decline of S$0.8 million, mainly attributable to the lower effective rent per square foot per month of S$22.5 (FY2017: S$23.3). MG achieved higher committed occupancy of 99.1% as at 31 December 2018 (31 December 2017: 94.6%), and an average occupancy of 96.6% for FY2018 (FY2017: 95.5%).

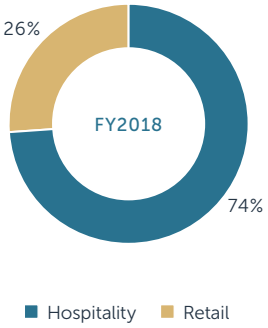
Property expenses were S$1.3 million lower (FY2018: S$17.0 million; FY2017: S$18.3 million) than FY2017 mainly attributable to lower property tax as a result of the lower annual value assessed partially offset by the higher land rent payable to Changi Airport Group.

Overall, OUE H-Trust achieved a slight improvement on the net property income of S$112.8 million (FY2017: S$112.7 million) due to higher contribution from the retail segment.

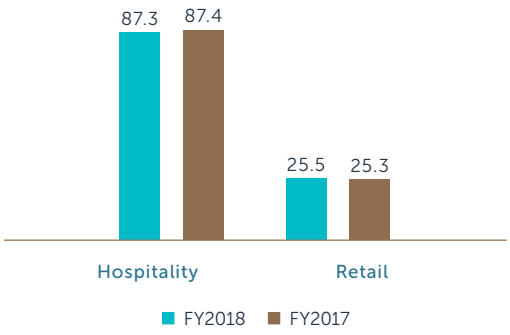
GROSS REVENUE BY SEGMENT (S$ MILLION)



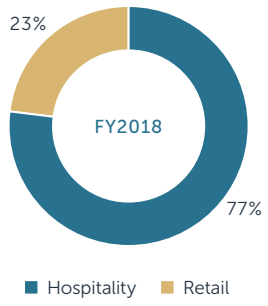
GROSS REVENUE CONTRIBUTION



NET PROPERTY INCOME BY SEGMENT (S$ MILLION)



NET PROPERTY INCOME CONTRIBUTION



3 Included in MG's revenue is straight-line lease adjustment (FY2018: < S$0.1 million; FY2017: S$0.3 million) relating to the timing difference between the recognition of lease rental income and the cash rental received. As straight-line lease adjustment is non-cash in nature, it is adjusted to arrive at the income available for distribution.

Other Income and Expenses at Trust Level and Net Income

Other income comprised OUE H-Trust's claim on income support pursuant to the Deed of Income Support[4]. In FY2017, OUE H-Trust had fully drawn down the remaining balance of S$4.8 million of the entire income support of S$7.5 million.

In line with the full draw down of the income support in FY2017, OUE H-Trust had also fully amortised the intangible asset of S$4.9 million in FY2017.

OUE H-Trust recorded lower net finance expenses by S$8.1 million (FY2018: S$23.8 million; FY2017: S$31.9 million) mainly due to a one-time write-off of unamortised debt-related transaction costs of S$3.0 million and cost of unwinding the interest rate swaps ("**IRS**") of S$5.1 million, as a result of the refinancing of the term loans in FY2017. Both the write-off of unamortised debt-related transaction costs and the cost of unwinding the IRS had no impact on the income available for distribution in FY2017 as the unamortised debt-related costs are non-cash in nature, and the cost of unwinding the IRS is capital in nature and is not deductible for tax purposes.

Following the refinancing in end-FY2017, the interest expense has decreased by S$2.4 million (FY2018: S$20.9 million; FY2017: S$23.3 million) in FY2018 as a result of the lower average cost of debt.

The REIT management fees and Trustee's fees for FY2018 maintained relatively unchanged compared with FY2017, in line with the stable operating performance and total assets base.

OUE H-Trust's net income in FY2018 rose to S$75.8 million (FY2017: S$67.8 million), an increase of S$7.9 million mainly due to one-time finance expenses in FY2017.

Net Change in Fair Value of Investment Properties

At year end, an independent valuation on the investment properties was carried out. OUE H-Trust recorded a net decline in fair value of investment properties of S$2.8 million which was attributable to fair value adjustments of MOS and MG, compared with a fair value gain of S$8.1 million recorded in FY2017. The change in fair value of investment properties is non-cash in nature and has no impact on income available for distribution.

Total Return

As a result, OUE H-Trust recorded a lower total return of S$73.0 million (FY2017: S$75.9 million) mainly due to the net change in fair value adjustments on investment properties, partially mitigated by lower net finance expenses.

Distributions

The income available for distribution was S$90.8 million (FY2017: S$92.9 million), recording a decrease of S$2.1 million as OUE H-REIT no longer receives income support for CPCA and lower income received from the hospitality segment, partially mitigated by lower interest expense and higher income received from the retail segment. The DPS was 4.99 cents, 2.9% lower as compared to 5.14 cents for FY2017.

OUE H-REIT will distribute at least 90.0% of its property-related income chargeable to tax under the Income Tax Act, Chapter 134 of Singapore after the deduction of allowable expenses and capital allowances, if any, to holders of Stapled Securities, with the actual level of distribution to be determined at the REIT Manager board's discretion after having considered OUE H-Trust's funding requirements, other capital management considerations and the overall stability of distributions. In FY2018, OUE H-Trust had distributed 100% (FY2017: 100%) of the income available for distribution.

OUE H-Trust makes distributions on a quarterly basis in arrears for the periods ending 31 March, 30 June, 30 September and 31 December each year.

Borrowings and Fund Raising

Following the refinancing in end-FY2017, OUE H-Trust's weighted average loan maturity was 2.5 years (FY2017: 3.5 years) as at 31 December 2018, and OUE H-Trust has no loans due until December 2020. Approximately 71% of the

4 The Deed of Income Support from OUE Airport Hotel Pte. Ltd. came into effect on 1 August 2016. Subject to the enlarged CPCA not achieving the agreed Target Quarterly Rent over the first twelve (12) quarters from the acquisition of CPEX, OUE H-REIT could draw down income support over (i) three years from the date of acquisition of CPEX; or (ii) until the income support of S$7.5 million had been fully drawn down by OUE H-REIT, whichever is earlier.

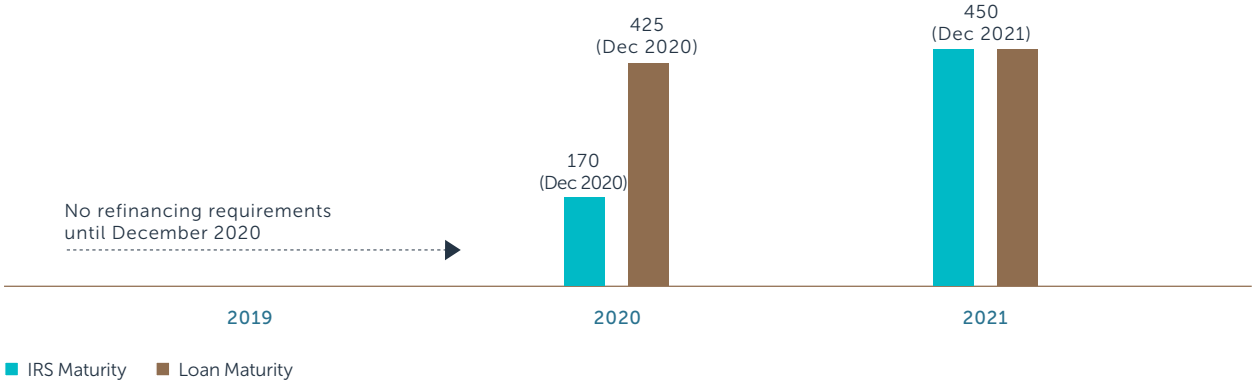
S$875 million term loan has been fixed through interest rate swaps. For FY2018, the average cost of debt was about 2.4% as compared with the average cost of debt of 2.7% in FY2017.

On 24 January 2019, OUE H-Trust announced the extension of the one-year revolving credit facility of S$55 million for a further one-year period, maintaining the total undrawn revolving credit facilities of S$105[5] million which increases OUE H-Trust's financial flexibility.

As at 31 December 2018, OUE H-Trust's total borrowings were S$875 million, comprising (i) a three-year term loan of S$425 million that matures in December 2020; and (ii) a four-year term loan of S$450 million that matures in December 2021. As at 31 December 2018, OUE H-Trust's gearing remained stable at 38.8% (FY2017: 38.8%).

On 2 April 2014, OUE H-REIT, through its wholly-owned subsidiary, OUE H-T Treasury Pte Ltd (collectively, "**OUE H-REIT Group**"), established a US$1 billion Guaranteed Euro Medium Term Note Programme. Under the programme, OUE H-REIT Group may from time to time issue the notes in series or in tranches. As at 31 December 2018, no notes have been issued under this programme.

DEBT AND INTEREST MATURITY PROFILE (S$ MILLION)



KEY FINANCIAL INDICATORS AS AT 31 DECEMBER 2018

Gearing	38.8%
Average Cost of Debt	2.4% per annum
Average Term to Maturity	2.5 years
Interest Cover Ratio	4.8 times
Available Revolving Credit Facility	S$105 million[5] (undrawn)
Fixed Debt Ratio	71%

5 This comprises a four-year uncommitted revolving credit facility of S$50 million and a one-year committed revolving credit facility of S$55 million. On 24 January 2019, OUE H-Trust announced the extension of the one-year revolving credit facility for a further one-year period.

OUE H-Trust's portfolio comprises two hotels, the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport; and the high-end Mandarin Gallery retail mall. These properties are located in prime tourist catchments of the prime Orchard Road shopping belt and world-renowned Changi Airport in Singapore.

Mandarin Orchard Singapore is a renowned upscale hotel, with strong brand recognition given its long history of operations in Singapore since 1971, and has won numerous internationally recognised awards and accolades for both its excellence in hospitality and dining.

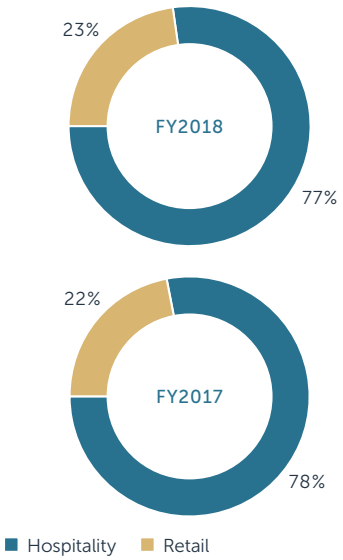
The 563-room Crowne Plaza Changi Airport is connected to Changi Airport Terminal 3 on both the arrival and departure levels, and has been named the "World's Best Airport Hotel" by Skytrax for four consecutive years since 2015.

Mandarin Gallery boasts a wide frontage of 152 metres along Orchard Road, providing the mall with a high degree of prominence. The mall comprises four levels of high-end boutiques, shops and restaurants.

Income Stability

OUE H-Trust enjoys income stability from the master lease rental for Mandarin Orchard Singapore and Crowne Plaza Changi Airport. The minimum rent under the hotels' master leases provides OUE H-Trust with downside protection while the variable rent structures allows OUE H-Trust to enjoy operational upside when the hotels perform well.

BREAKDOWN OF NPI CONTRIBUTION BY SEGMENT



For FY2018, 77% of OUE H-Trust's gross revenue was attributed to the hospitality segment, while 23% was attributed to OUE H-Trust's retail property, Mandarin Gallery.

For Mandarin Gallery, typical lease terms generally range from two to five years and add to the income stability of OUE H-Trust.

Lease Expiry Profile

OUE H-Trust has a healthy lease expiry profile. The master leases for Mandarin Orchard Singapore and Crowne Plaza Changi Airport each have remaining tenors of approximately 9 years with options for renewal and OUE H-Trust's hospitality portfolio has a weighted average of 9.5 years as at 31 December 2018[1] .

In FY2018, the weighted average lease expiry (by area) for all leases signed by OUE H-Trust in 2018 is 2.6 years, representing approximately 4.9% of the total portfolio gross rental income[2]. The new leases signed were in relation to Mandarin Gallery as there were no new hotel leases entered into in FY2018.

PROPERTY	LEASE TENURE	WEIGHTED AVERAGE LEASE EXPIRY
Mandarin Orchard Singapore	99-year lease from 1 July 1957	Hospitality Segment: 9.5 years
Crowne Plaza Changi Airport	74-year lease from 1 July 2009	
Mandarin Gallery	99-year lease from 1 July 1957	3.5 years (by gross rent[3,4]) 2.7 years (by net lettable area[3])

1 Based on gross floor area.
2 Based on gross rental income of new leases entered into at Mandarin Gallery as a percentage of the total portfolio gross rental income for all properties in FY2018.
3 Based on committed tenancies.
4 Excludes turnover rent.

Top 10 Tenants By Total Gross Rental Income For FY2018

The top 10 tenants contributed 89.2% of the total gross rental income for OUE H-Trust in FY2018. The top two tenants refer to the hotel master leases at Mandarin Orchard Singapore and Crowne Plaza Changi Airport respectively. The remaining leases refer to leases at Mandarin Gallery.

TENANT	INDUSTRY	PERCENTAGE OF TOTAL GROSS RENTAL INCOME
OUE Limited	Real Estate	57.0%
OUE Airport Hotel Pte. Ltd.	Hotel Investment and Operation	17.5%
Luxury Ventures Pte. Ltd.	Fashion Apparel and Accessories	8.2%
Kwang Sia International Pte. Ltd.	Fashion Apparel and Accessories	1.3%
Ram Pacific Pte Ltd	Travel	1.2%
F J Benjamin (Singapore) Pte Ltd	Fashion Apparel and Accessories	1.0%
Lawry's The Prime Rib Singapore Pte Ltd	Food & Beverage	0.9%
Genesis Retail Pte. Ltd.	Hair & Beauty	0.7%
Bimba & Lola Singapore, Pte. Ltd.	Fashion Apparel and Accessories	0.7%
Kwang Sia Ausway Pte. Ltd.	Fashion Apparel and Accessories	0.7%
		89.2%

Stable Valuation

The value of the total investment properties of OUE H-Trust as at 31 December 2018 was S$2,218.0 million (31 December 2017: S$2,218.0 million).

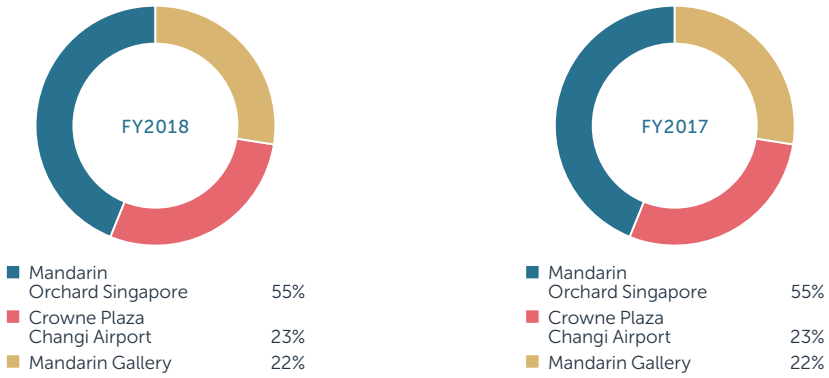
The real estate assets of OUE H-Trust are valued at least once a year. Any increase or decrease in fair value is credited or charged to the Statement of Total Return. This net change in fair value has no impact on the distribution to the Stapled Securityholders.

As at 31 December 2018, an independent valuation of the real estate properties of OUE H-Trust was carried out by Savills Valuation and Professional Services (S) Pte Ltd ("**Savills**"). In determining the fair value, Savills used the discounted cash flow, income capitalisation and direct comparison methods. In deriving the valuation, Savills had also taken into consideration the prevailing market conditions.

PROPERTY	VALUATION AS AT 31 DEC 2018 S$ MILLION	VALUATION AS AT 31 DEC 2017 S$ MILLION
Mandarin Orchard Singapore	1,227.0	1,227.0
Crowne Plaza Changi Airport	497.0	497.0
Mandarin Gallery	494.0	494.0
Total	**2,218.0**	**2,218.0**

As at 31 December 2018, the net asset value ("**NAV**") of OUE H-Trust was S$1,372.1 million (31 December 2017: S$1,376.1 million) and the NAV per Stapled Security as at 31 December 2018 was S$0.75 (31 December 2017: S$0.76).

BREAKDOWN BY ASSET VALUE



HOSPITALITY SEGMENT

2018 featured a stronger events calendar, and a 6.2% growth in tourist arrivals[5], while new hotel room supply declined 2.1% over 2017. For 2018, the revenue per available room ("**RevPAR**") of Singapore hotels posted a gain of 2.4% over 2017, while RevPAR for the upscale hotel category was 0.1% higher over 2017[6].

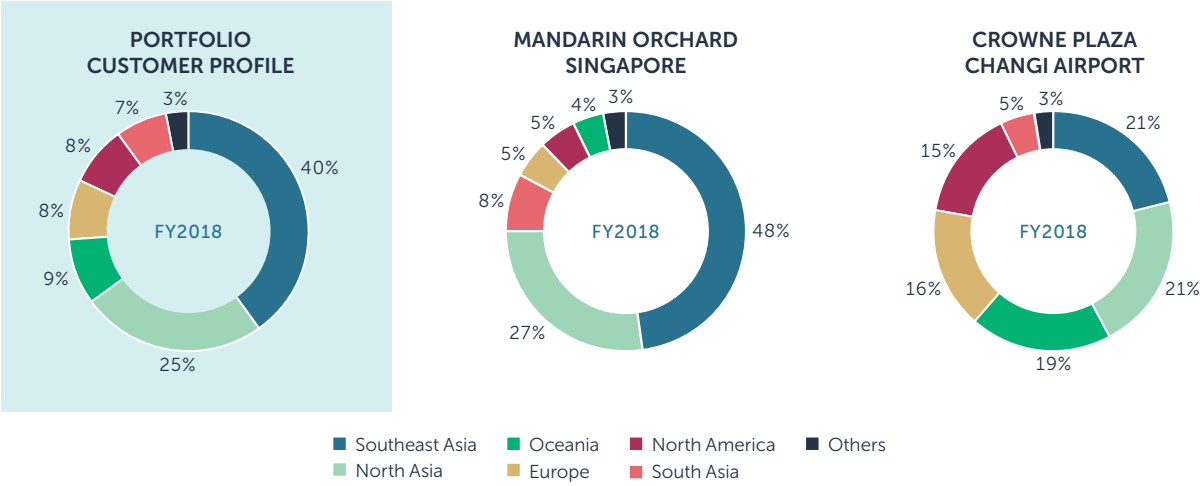
OUE H-Trust's hotels turned in respectable results for the year. Mandarin Orchard Singapore's RevPAR of S$226 increased 1.0% over FY2017, in line with the performance on the back of higher occupancy and better demand from transient and corporate segments. Crowne Plaza Changi Airport recorded a 7.7% growth in RevPAR, showcasing its progressive improvement in operating performance for the year. With the opening of Jewel Changi Airport in 2019, as well as expanded passenger capacity following the expansion and renovation of Terminal 1 and strengthened flight connections to key visitor markets, Crowne Plaza Changi Airport is expected to continue its positive trend of RevPAR growth.

Operating Performance	MANDARIN ORCHARD SINGAPORE		CROWNE PLAZA CHANGI AIRPORT	
	FY2018	FY2017	FY2018	FY2017
Gross Revenue (S$ million)	73.3	73.8	22.5	22.5
Net Property Income (S$ million)	70.3	70.4	17.0	17.0
RevPAR (S$)	226	223	180	167

5 Singapore Tourism Board (STB), International Visitor Arrivals, 13 February 2019.
6 STB Hotel Statistics, 13 February 2019.

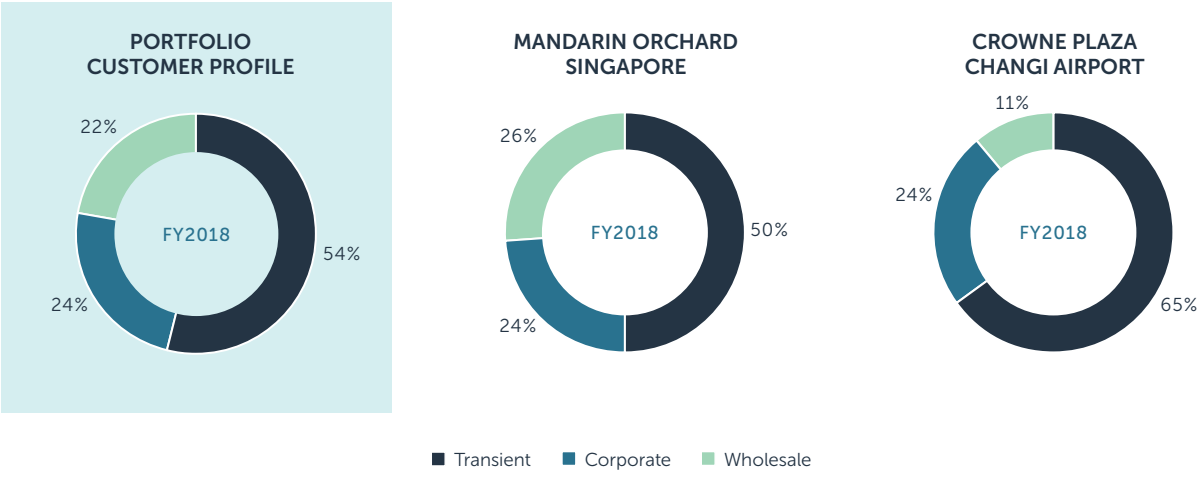
Customer Profile (By Geography Based On Room Nights Occupied)

Southeast Asia and North Asia continued to be the two largest contributors to the portfolio customer profile, based on the total number of room nights occupied[7] in FY2018.



Customer Profile (By Segment Based On Room Revenue[8])

In FY2018, the transient segment continued to be the main driver of room revenue[8], contributing 54% of the total room revenue for the hospitality segment.



7 Excludes aircrew.

8 **"Transient"** refers to revenue derived from the 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.

RETAIL SEGMENT

Mandarin Gallery is managed by the Property Manager which actively manages the leases in the mall. The typical lease terms generally range from two to five years, and incorporate annual rent revisions and renewal option periods. Typical leases provide for payment of base rent, service charge and advertising and promotion charges. In addition, most tenancies include payment of turnover rent when a pre-determined level of gross sales turnover is achieved.

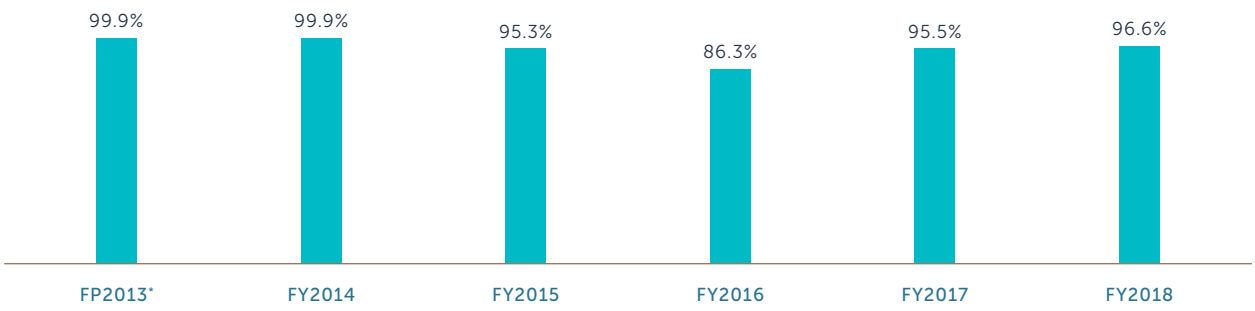
For FY2018, gross revenue for the Retail Segment was at S$33.9 million, 2.4% lower than FY2017 due to lower effective rent of S$22.5 per square foot per month (FY2017: S$23.3), while net property income was 0.7% higher year-on-year at S$25.5 million, due to lower property expenses.

Mandarin Gallery's upscale positioning as a destination mall has attracted quality tenants. Its stable of differentiated retailers include the Singapore flagship stores of Victoria's Secret, Bathing Ape, Hugo Boss, Bimba Y Lola and a variety of upscale dining including the one-Michelin-starred restaurant, Beni.

As at 31 December 2018, Mandarin Gallery achieved its highest committed occupancy for the year at 99.1%, while the average occupancy for FY2018 was 96.6%.

	MANDARIN GALLERY	
	FY2018	FY2017
Gross Revenue (S$ million)	33.9	34.7
Net Property Income (S$ million)	25.5	25.3
Committed Occupancy As At 31 December	99.1%	94.6%
Average Occupancy	96.6%	95.5%
Effective Rent Per Square Foot Per Month (S$)	22.5	23.3

Mandarin Gallery Average Occupancy



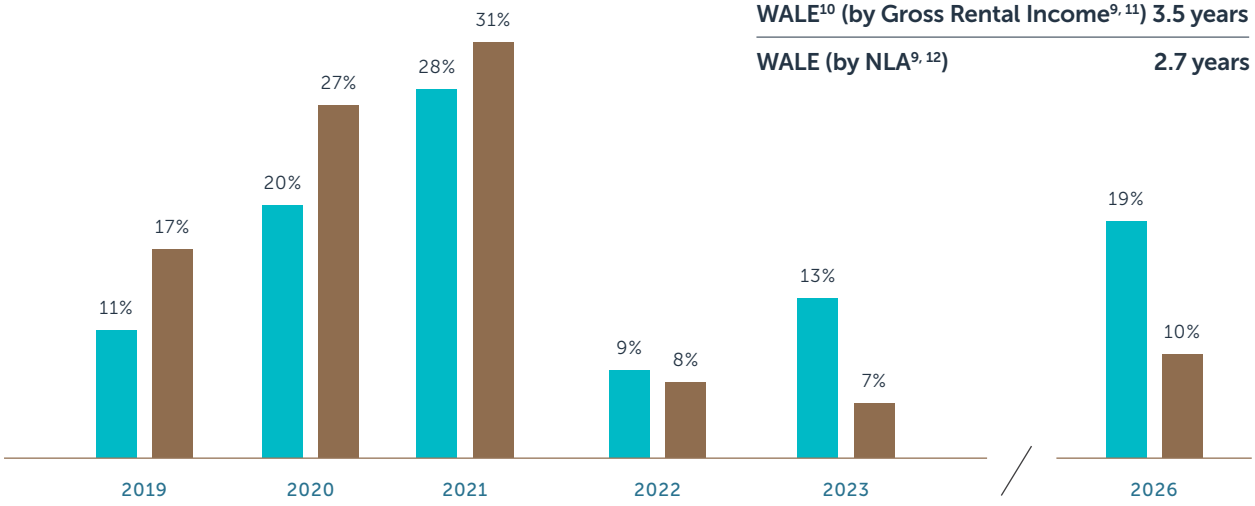
*OUE H-TRUST was listed on 25 July 2013. Hence operating results for 2013 are only for the period from 25 July 2013 to 31 December 2013.

Mandarin Gallery Lease Expiry Profile[9]

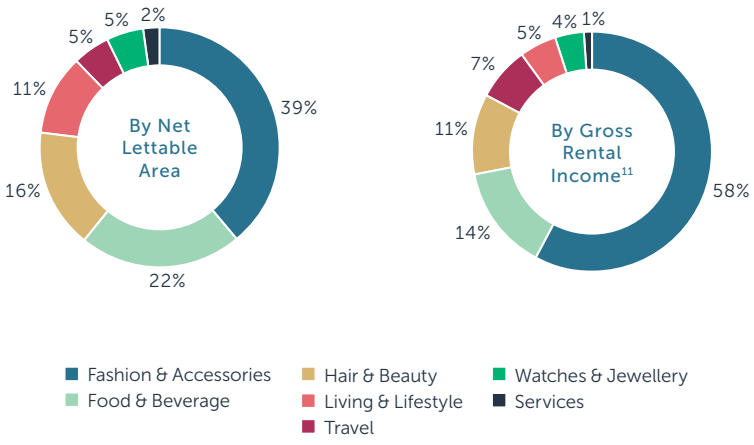
As at 31 December 2018

WALE[10] (by Gross Rental Income[9, 11]) 3.5 years

WALE (by NLA[9, 12]) 2.7 years



TENANT MIX AS AT 31 DECEMBER 2018[9]



9 Based on committed tenancies.
10 Weighted average lease expiry.
11 Excludes turnover rent.
12 Net lettable area.

MANDARIN ORCHARD SINGAPORE

333 Orchard Road, Singapore 238867
meritushotels.com/orchard

ABOUT THE PROPERTY

PROPERTY DETAILS

Number of guest rooms	1,077
*Gross Floor Area ("**GFA**")*	990,277[1] sq ft
Remaining Term of Lease	37.5 years
Purchase price in 2013	S$1,180 million
Valuation as at 31 December 2018[2]	S$1,227 million

MASTER LEASE DETAILS

Master Lessee	OUE Limited
Term	Initial term of 15 years to expire in July 2028 with an option for the Master Lessee to extend for another 15 years upon expiry
Lease rental	Variable rent comprising sum of: i. 33.0% of gross operating revenue and; ii. 27.5% of gross operating profit subject to minimum rent of S$45 million per annum[3]

1 Out of the 990,277 sq ft of GFA at Mandarin Orchard Singapore, 166,910 sq ft of GFA is for commercial use which is not exclusively for hotel guests only.
2 The property was valued by Savills using the discounted cash flow, income capitalisation and direct comparison methods.
3 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.

MANAGED BY

MERITUS HOTELS & RESORTS







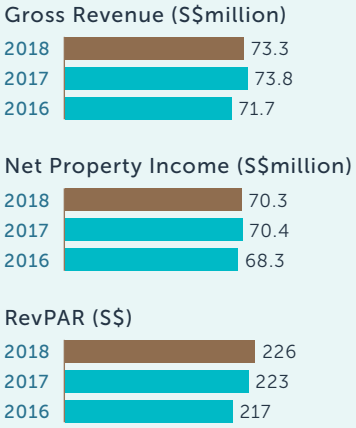
Mandarin Orchard Singapore ("**MOS**") is a renowned upscale hotel with strong brand recognition given its relatively long history of operations in Singapore since 1971. The hotel is strategically located in the heart of Orchard Road – the core central region of Singapore which enjoys a strong flow of international tourists, business travellers and locals.

The hotel is easily accessible via public transport, with the Orchard Road area being well-served by a network of major roads and the Mass Rapid Transit ("**MRT**"). Popular tourist destinations such as Marina Bay Sands and Gardens by the Bay, as well as key business districts such as the central business district ("**CBD**") and the Marina Bay area, are approximately a 10- to 15-minute drive away. MOS is also located next to a major medical cluster which includes leading medical facilities such as Mount Elizabeth Hospital and Paragon Medical Centre.





OPERATING PERFORMANCE



1. Facade of Mandarin Orchard Singapore
2. International buffet dining at Triple Three
3. Superior Deluxe Room at the Main Tower

AWARDS & ACCOLADES IN 2018

HOTEL

Best City Hotel – Singapore
29th Annual TTG Travel Awards 2018

Best Upscale Hotel – Asia Pacific
Travel Weekly Asia Reader's Choice Awards 2018

TripAdvisor Certificate of Excellence 2018

FOOD & BEVERAGE

Two Stars, The MICHELIN Guide Singapore 2018 – Shisen Hanten by Chen Kentaro

Wine & Dine "House of Stars" Award 2018 – Shisen Hanten by Chen Kentaro

Wine & Dine Singapore's Top Restaurants 2018 – Triple Three and Chatterbox

T-Dining Singapore's Best Restaurant 2018 – Shisen Hanten by Chen Kentaro, Triple Three and Chatterbox

MOS features 1,077 rooms distributed across two towers, five F&B outlets, and more than 30,000 sq ft of meeting and function space. Facilities in the hotel include an outdoor swimming pool, a fitness centre and a tennis court. There is also a medical clinic located within the hotel. In early 2017, the hotel completed the renovation of 430 guest rooms in the Main Tower and meeting facilities through reconfiguration of space at the Orchard Wing.

The hotel's F&B outlets are popular with both local patrons and tourists. Chatterbox – synonymous with its signature Mandarin Chicken Rice dish – was inducted into the Hall of Fame at the Singapore Prestige Brand Award 2016 for achieving the Heritage Brand distinction for five consecutive years. Shisen Hanten by Chen Kentaro, located on level 35 of the hotel's Orchard Wing, is the first foray outside of Japan for the acclaimed Shisen Hanten chain of Sichuan restaurants in Japan. The restaurant was awarded two stars in the inaugural Michelin Guide Singapore 2016 and retained the achievement in 2017 and 2018. The accolade makes Shisen Hanten by Chen Kentaro the highest Michelin-rated Chinese restaurant in Singapore for three consecutive years.

CROWNE PLAZA CHANGI AIRPORT

75 Airport Boulevard, Singapore 819664
crowneplaza.com/changiairport

ABOUT THE PROPERTY

PROPERTY DETAILS

Number of guest rooms	563
Gross Floor Area	440,389 sq ft
Remaining Term of Lease	64.5 years
Purchase price	CPCA (in 2015): S$290 million CPEX (in 2016): S$205 million
Valuation as at 31 December 2018[1]	S$497 million

MASTER LEASE DETAILS

Master Lessee	OUE Airport Hotel Pte. Ltd.
Term	First term of Master Lease to expire in May 2028 with an option for the Master Lessee to extend for an additional two consecutive five-year terms
Lease rental	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 per annum[2]

1 The property was valued by Savills using the discounted cash flow, income capitalisation and direct comparison methods.
2 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.

Crowne Plaza Changi Airport ("**CPCA**"), is a 563-room business hotel managed by the InterContinental Hotels Group. CPCA was officially opened in May 2008 with 320 guest rooms. OUE H-Trust acquired the operating 320-room CPCA in January 2015 and subsequently acquired the newly constructed 243-room Crowne Plaza Changi Airport extension when it was completed and commenced operations on 1 August 2016.

The global brand name hotel is situated within the vicinity of the passenger terminals of Changi Airport. CPCA is connected directly to Changi Airport Terminal 3 on both the arrival and departure levels. The hotel will be connected to Jewel Changi Airport via a pedestrian bridge at Terminal 3. CPCA is within a short distance to Changi Business Park, Loyang Business Park and Singapore Expo, and is connected to the city by expressway and MRT.

Being an airport hotel, CPCA's guest rooms are designed and built to be insulated from noise from the airport runway, aircraft operations and the surrounding highway. CPCA has also integrated sustainable approaches into its design. The facade screen was conceptualised as three-dimensional lace screens that provided shade and texture for guestrooms and public spaces, and a sense of peace and tranquillity for

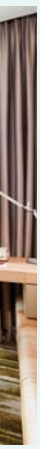
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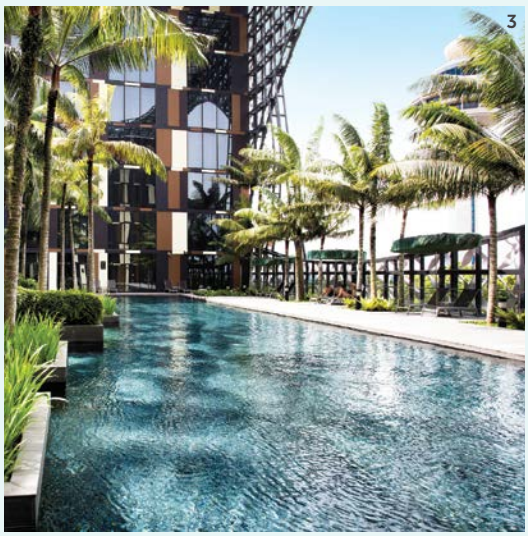

1


2

1. Facade of Crowne Plaza Changi Airport
2. Premier room with airport runway view
3. Outdoor landscaped swimming pool







travellers. The naturally ventilated and lit open-air walkways and the ceiling to floor glass windows in the guestrooms, which allow natural light into the room foyer and bathroom, also help to reduce energy consumption.

CPCA has four food & beverage outlets and six meeting rooms, including a ballroom. Facilities at the hotel include an outdoor landscaped swimming pool, a fitness centre, a spa and a business centre.

The award-winning hotel has been recognised as the "World's Best Airport Hotel" for four consecutive years from 2015 to 2018 by Skytrax World Airport Awards.

OPERATING PERFORMANCE

Gross Revenue (S$ million)



Net Property Income (S$ million)



RevPAR (S$)



Note: As CPEX's 243 rooms opened for business and were acquired by OUE H-Trust on 1 August 2016, it is not meaningful to compare the RevPAR for 12 months of enlarged 563-room CPCA in FY2018 and FY2017 with the combined RevPAR for five months of the enlarged 563-room CPCA and seven months of 320-room CPCA in FY2016.

AWARDS & ACCOLADES IN 2018

HOTEL

World's Best Airport Hotels (Ranked 1st) and Best Airport Hotels in Asia (Ranked 1st) *Skytrax World Airport Awards 2018*

Best Airport Hotel of Asia
Hotel Discovery Award 2018

Best Airport Hotel in Asia Pacific (Ranked 1st)
Business Traveller Asia-Pacific

MANDARIN GALLERY

333A Orchard Road, Singapore 238897
mandaringallery.com.sg

ABOUT THE PROPERTY

PROPERTY DETAILS

Gross Floor Area	196,336 sq ft
Net Lettable Area	126,283 sq ft
Number of tenants	95
Committed Occupancy[1]	99.1%
Average Occupancy (FY2018)	96.6%
Remaining Term of Lease	37.5 years
Purchase price in 2013	S$525 million
Valuation as at 31 December 2018[2]	S$494 million

1 As at 31 December 2018.
2 The property was valued by Savills using the discounted cash flow, income capitalisation and direct comparison methods.







1. Mandarin Gallery facade along Orchard Road
2. Luxurious interior of Michael Kors boutique
3. Exquisite food and beverage offerings

Mandarin Gallery is a high-end retail mall situated within four levels of Mandarin Orchard Singapore ("**MOS**"). Mandarin Gallery features upscale international fashion, lifestyle, services and food and beverage tenants, and has established itself with its differentiated mall offering. The property is situated along Orchard Road between the intersections of Orchard Link and Grange Road, in the heart of Singapore's premier hotel, shopping and entertainment district.

Mandarin Gallery has a wide main frontage of 152 metres along Orchard





3

OPERATING PERFORMANCE

Gross Revenue (S$ million)



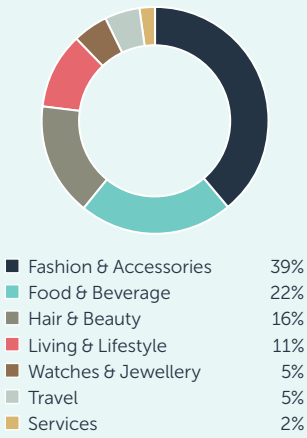
Net Property Income (S$ million)



Average Occupancy



TENANT MIX BY NET LETTABLE AREA (AS AT 31 DECEMBER 2018)



Road, providing a high degree of visibility. Featuring six duplexes and six street front shop units facing Orchard Road, Mandarin Gallery is a choice location for flagship stores of international brands. Car parking spaces are located in the multi-level carpark and basement levels, and are shared with and operated by MOS.

Mandarin Gallery commenced operations in November 2009 after undergoing renovation at a cost of approximately S$200 million to transform it into a high-end shopping and lifestyle destination. It was officially opened on 28 January 2010.

As at 31 December 2018, Mandarin Gallery was 99.1% committed by net lettable area. The Property Manager negotiates leases individually with each tenant, using its standard set of lease terms as the starting point. Generally, the typical lease terms range from two to five years, and may incorporate periodic rent revisions and renewal option periods. Typical leases provide for payment of base rent, service charge and advertising and promotion charges. In addition, most tenancies include payment of turnover rent when a pre-determined level of gross sales turnover is achieved.

Tenant Information

As at 31 December 2018, Mandarin Gallery has a total of 95 tenants. Premium retail brands represented in Mandarin Gallery include Bathing Ape, Bimba Y Lola, Hugo Boss, Max Mara, Michael Kors, Rimowa, Victoria's Secret and Y-3. Approximately 22.0% of Mandarin Gallery's NLA is occupied by F&B tenants, including the one-Michelin-starred Beni, Ippudo Ramen, Ito-Kacho Restaurant, Wild Honey, Antoinette and The Providore.

The top 10 tenants contributed 60.9% of Mandarin Gallery's retail rental income for FY2018. Approximately 91% of the leases (by net lettable area) have a turnover rent component as at 31 December 2018.

Mandarin Gallery's weighted average lease expiry (WALE) by gross rental income is approximately 3.5 years as at 31 December 2018.

CUSHMAN & WAKEFIELD

1.0 ECONOMIC OVERVIEW

1.1 Economic Indicators

Singapore's economic prospects remain steady

Singapore's economy grew by 3.2% in 2018, slower than the 3.9% growth registered in 2017. GDP growth in 2018 was driven by externally-oriented sectors such as manufacturing, finance & insurance business services. Unemployment rates improved to 2.1% in 2018 from 2.2% in 2017 and household incomes grew 2.6% in 2018 from 1.5% in 2017 on the back of firm economic growth. Annual population growth reached 0.5% in 2018, rebounding from a decade low of 0.1% in 2017.

Ongoing global trade tensions and a potential tightening of global financial conditions have dampened outlook on global economic growth, tempering business and consumer confidence. As such, Singapore's economic growth in 2019 is expected to moderate from 2018 and be range-bound between 1.5% and 3.5%.

Retail sales continue to grow as consumer sentiments improve

Amidst improving consumer sentiments, retail sales (excluding motor vehicles) strengthened by 0.5% in 2018. Growth was fuelled by the medical goods & toiletries (+5.0%), furniture & household equipment (+3.4%), watches & jewellery (+2.0%) and wearing apparel & footwear (+2.0%) sectors.

SINGAPORE ECONOMIC INDICATORS

	2015	2016	2017	2018
Singapore GDP Growth	2.5%	2.8%	3.9%	3.2%
Singapore Population Growth	1.2%	1.3%	0.1%	0.5%
Median Household Income Growth	4.9%	2.6%	1.5%	2.6%
Unemployment Rate	1.9%	2.1%	2.2%	2.1%
Retail Sales Growth	-1.0%	-3.4%	1.3%	0.5%

Source: Department of Statistics Singapore, Oxford Economics, Cushman & Wakefield Research

On the other hand, sectors such as computer & telecommunications equipment (-3.8%), optical goods & books (-2.7%) and supermarkets & hypermarkets (-2.6%) dragged down overall retail sales growth.

1.2 Tourism Market

Tourism market reaches record high

Singapore's tourist arrivals hit a record high for the third consecutive year[1] in 2018. International visitor arrivals reached 18.5 million in 2018, growing 6.2% y-o-y from 2017. Additionally, tourism receipts in the first three quarters of 2018 saw a growth of 1.1% y-o-y to $20.6 billion, compared to $20.3 billion in the corresponding period in 2017[2]. Currency fluctuations and shorter stays due to daytrippers and multi-destination visitors, led to slower growth of tourism receipts compared to visitor arrivals.

Singapore's top three international visitor markets for 2018 were China (3.4 million visitors), Indonesia (3.0 million visitors) and India (1.4 million visitors) and contributed around 18.5%, 16.3%, and 7.8% of total international visitor arrivals respectively. Outside of the top five markets, Vietnam is shaping up to become an important tourism source market. Visitors from Vietnam grew by 11.3% in 2018, reaching 591,600 visitors and achieving a double-digit growth rate for three consecutive years since 2016.

Further growth is expected for Singapore's tourism market, albeit at a slower pace, given global economic uncertainties and stiffer competition from regional tourism destinations. International visitor arrivals and tourism receipts are expected to see growth in 2019 and with visitor arrivals and tourism receipts to reach around 18.7 to 19.2 million (+1% to +4%) and $27.3 to S$27.9 billion (+1% to +3%) respectively.

1 Singapore Tourism Board (STB), Visitor Arrivals 2018, 13 February 2019.
2 STB, Tourism Sector Performance Q3 2018, 12 February 2019.
3 STB, Third Consecutive Year of Growth for Singapore Tourism Sector in 2018, 13 February 2019.

INTERNATIONAL TOURIST ARRIVALS (IN MILLION), BY COUNTRIES (TOP FIVE MARKETS)

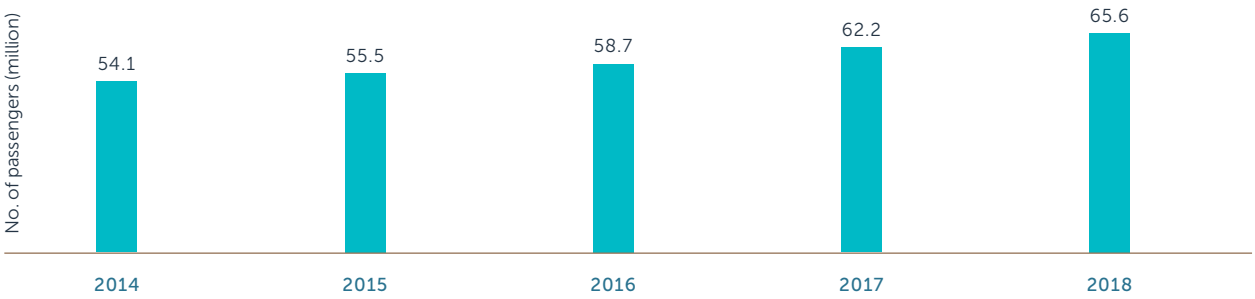
		2015	2016	2017	2018	% CHANGE (2018 VS 2017)
	Total	**15.2**	**16.4**	**17.4**	**18.5**	**6.2%**
Top Five Markets	China	2.1	2.9	3.2	3.4	5.8%
	Indonesia	2.7	2.9	3.0	3.0	2.3%
	India	1.0	1.1	1.3	1.4	13.4%
	Malaysia	1.2	1.2	1.2	1.3	7.3%
	Australia	1.0	1.0	1.1	1.1	2.3%

Source: STB, Cushman & Wakefield Research

Changi Airport passengers hit record high

Singapore Changi Airport registered strong performance in 2018, handling a record 65.6 million passenger movements in 2018, an increase of 5.5%[4]. In December last year, 6.1 million passengers passed through the airport, the first time when Changi Airport welcomed more than six million passengers in a month.

CHANGI AIRPORT PASSENGER MOVEMENTS



Source: Changi Airport Group, Cushman & Wakefield Research

Despite a rise in arrivals, shopping receipts fall

Total shopping spend, which is part of the tourism receipts, in 1Q-3Q2018 was around S$4.1 billion, down 14.2% compared to the same corresponding period in 2017. Chinese and Indonesian visitors were the top contributors to the total shopping spend, representing 35.0% (S$1.4 billion) and 14.2% (S$0.6 billion) of total shopping spend respectively for the first nine months of 2018.

Though total shopping spend by Chinese tourists rose by 4.7% y-o-y in 1Q-3Q2018, shopping spend

4 Changi Airport Group, Changi Airport Crosses 65 Million Passenger Mark in 2018, 29 January 2019.

CUSHMAN & WAKEFIELD

per capita fell in 2018. The Chinese spent $524 per visitor on shopping in 1Q-3Q2018, down 3.6% from the whole year of 2017. China overtook Indonesia as the largest source of international tourist arrivals in 2017 and remains the top spender for more than three years, highlighting Chinese dominance in Singapore's tourism industry.

Shopping spend by Indonesians fell to $256 per visitor, down 14.8% from 2017. The sharp fall in shopping spend can be attributed to the depreciation of the Indonesian Rupiah which fell 7.1% against the Singapore dollar in the first nine months of 2018.

Overall, average shopping spend per visitor saw a decline in 1Q-3Q2018 of 18.2%, compared to 2017. The fall in shopping spend per visitor is due to changes in tourists' spending patterns and a strengthening Singapore dollar. Young and savvy tourists are increasingly prioritising travel experience rather than shopping, leading to a fall in shopping per capita. Additionally the Singapore dollar strengthened against the currencies of the top five markets in 1Q-3Q2018, making shopping in Singapore less attractive for increasingly sophisticated and value-conscious tourists, who compare prices online and can easily acquire international goods from cheaper markets overseas or even e-commerce sites.

TOURIST SHOPPING SPEND PER CAPITA ($) (TOP FIVE MARKETS)

		2015	2016	2017	1Q-3Q2018	% CHANGE (1Q-3Q2018 VS 2017)
	Total	**$257**	**$363**	**$354**	**$290**	**-18.2%**
Top Five Markets	China	$544	$534	$543	$524	-3.6%
	Indonesia	$244	$336	$300	$256	-14.8%
	India	$173	$268	$247	$209	-15.6%
	Malaysia	$143	$221	$252	$192	-24.0%
	Australia	$134	$235	$212	$190	-10.4%

Source: STB, Cushman & Wakefield Research

Tourism Trends in Singapore & Singapore Government Initiatives

Investing in Chinese potential pays off

Deeper engagement efforts by STB and increased flight connectivity between Singapore and tier-two Chinese cities drove tourist arrivals from Chinese tier-two cities higher. As a result, visitors from tier-two cities rose 6% y-o-y to 1 million visitors, faster than tier-one visitor growth of 4% y-o-y in 2018[5]. STB has also collaborated with Alipay to share content across their respective digital platforms to enable a more personalised and enriching Singapore experience for Chinese tourists.

Singapore Government committed $1.3 million, six-month study to rejuvenate Orchard Road

The Singapore government committed to a six-month study in April 2018 that costs a total of $1.3 million to come up with ways to rejuvenate Orchard Road. The study is a positive development for the iconic shopping belt to ensure that Orchard Road remains relevant amidst increasing competition from global shopping destinations, local suburban malls and online retailers. The highlights of the plans unveiled in January 2019 include the proposed enhancement of connections between the open spaces and pedestrianising a section of Orchard Road. The increased accessibility and partial pedestrianisation of the main

5 STB, 2018 Year-In-Review, 13 February 2019.

shopping belt shows the government's effort to bring shoppers, particularly the locals back to Orchard Road by enhancing the overall shopping experience.

Growing the cruise market

STB is collaborating with Cruise Lines International Association (CLIA), the cruise industry's global trade organisation through a three-year partnership, the first of its kind in the Asia-Pacific Region. Singapore is a popular gateway to the Southeast Asia region for cruise visitors, due to its strategic location, dynamic tourism landscape, and leading air and cruise infrastructure. In 2018, Singapore welcomed 401 ship calls and logged a passenger throughput of 1.9 million[6]. Although, the number of ship calls fell (-4.8%), passenger throughput rose 35.5% y-o-y in 2018. Cruising has been a significant driver in growing the Indian market, which is currently Singapore's top cruise market, with Indian cruise passengers in 2018 growing 27% y-o-y. Notably, the STB is working with cruise lines and travel agents to get more cruise passengers to stay overnight in Singapore, which should boost tourism spend.

Jewel Changi Airport to draw shopping spend

In October 2018, it was reported that close to 90% of the retail space at Jewel Changi Airport has been taken up[7]. Jewel Changi Airport is a 10-storey mixed use retail and lifestyle complex featuring attractions F&B and retail offerings, and a hotel amongst other airport-related facilities. Around one quarter of the stores are flagship stores that are new to the Singapore market. New brands include Burger & Lobster, Pokemon Centre Singapore, American burger Shake Shack, Xiao Bin Lou and You's Kitchen, Swiss chocolatier Laderach and Norwegian seafood restaurant Pink Fish. The extensive and exciting line-up of retail options presents a positive user experience for both locals and transit passengers and may translate into higher shopping spend.

2.0 HOTEL MARKET

2.1 Hotel Industry Trends

Gearing up for a smart future

Given Singapore's tight labour market and encouragement from the Singapore government, more and more hotels are moving towards a man-power lean model, powered by technology. This has led to a rise of 'smart hotels' in Singapore, which are more resource-efficient and productive. Hotels which have embarked on such a journey include Hotel Jen Tanglin which has robo-butlers which can complement the room service aspect. M Social Singapore offers butler services and even boasts a robot chef which can cook perfect eggs. Besides boosting hotel productivity and potentially lowering costs, the incorporation of smart elements into a hotel can potentially create a unique and convenient experience for guests, particularly the millennials.

Experimenting with Co-living

Sharing economy is everywhere, as seen by the proliferation of co-working spaces and ride-sharing services worldwide. Though the adoption of co-living in Singapore hotels is at a nascent stage, co-living concept is gaining traction in several overseas markets. For example, Marriott is reportedly planning to introduce communal living rooms at selected Element hotels which serve markets such as the United States and the Asia-Pacific Region.

Some Singapore hospitality providers are also experimenting with co-living concepts. Lyf, a co-living brand by Ascott, is poised to open three purpose-built developments in Singapore over the next three years, namely Lyf Funan (279 rooms), Lyf one-north (324 rooms) and Lyf Farrer (240 rooms). As sharing economy continues to gain popularity amongst the millennials, we could potentially see more co-living concepts emerging at the economy and mid-tier hotel segments in Singapore.

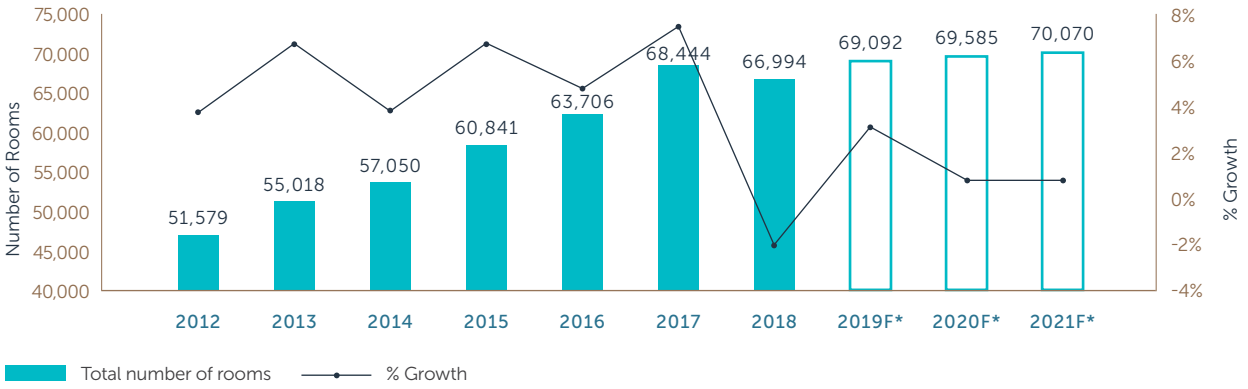
2.2 Hotel Supply

Singapore's islandwide hotel room stock fell by 2.1% or 1,450 rooms, to 66,994 hotel rooms in 2018, a sharp contrast to the 10-year average growth of around 2,762 units per annum. The decrease in hotel room stock can be partially attributed to the redevelopment of Pan Pacific Orchard Hotel and the renovation of some rooms at Swissotel The Stamford. Notable hotel openings in 2018 include The Capitol Kempinski Hotel Singapore (157 rooms), Six Senses Duxton (49 rooms) and Six Senses Maxwell (138 rooms).

6 STB, 2018 Year-In-Review, 13 February 2019.
7 The Straits Times, Almost 90% of Jewel Changi Airport's Retail Space Taken Up Ahead of 2019 Launch, 11 October 2018.

CUSHMAN & WAKEFIELD

HOTEL ROOMS HISTORICAL SUPPLY



*Estimated

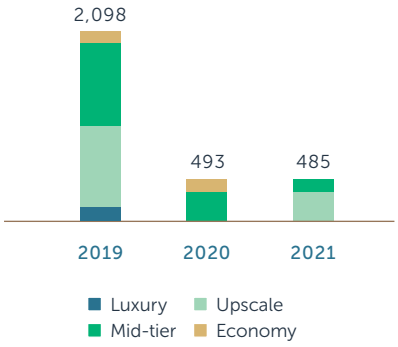
Source: STB, Cushman & Wakefield Research

Moving forward, hotel room net supply is expected to remain low, with only around 2,098 rooms (+3.1%) in 2019, 493 rooms (+0.7%) in 2020 and 485 rooms (+0.7%) in 2021.

Over the next three years, the bulk of supply will come from the mid-tier market (1,362 rooms, 44.3%), followed by the upscale market (1,260 rooms, 41.0%). The luxury and economy markets are expected to provide only around 155 rooms (5.0%) and 299 rooms (9.7%) respectively.

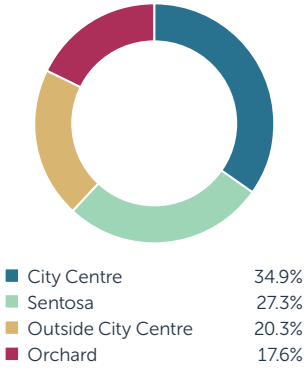
By submarket, the majority of hotel room supply (34.9%) will be in the city centre (excluding Orchard). This is followed by Sentosa (27.3%), and Outside City Centre (20.3%). Notably, the incoming hotel supply in Orchard (17.6%) is expected to remain low, with new supply from The EDITION by Marriott (190 rooms) and the redevelopment of Pan Pacific Orchard Hotel (350 rooms) expected to enter the market in 2019 and 2021 respectively.

HOTEL ROOMS FUTURE SUPPLY BY TIER



Source: Cushman & Wakefield Research

HOTEL ROOMS FUTURE SUPPLY BY SUBMARKET (2019-2021)

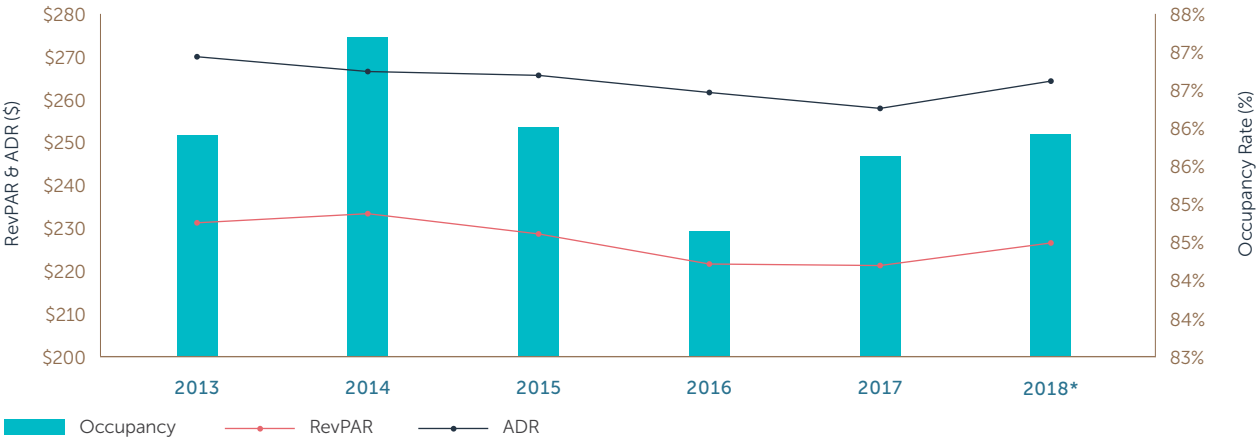


Source: Cushman & Wakefield Research

2.3 Hotel Demand and Performance

On the back of record tourist arrivals, upscale hotel average daily room rates (ADR) picked up after five years of consecutive decline since 2013. Upscale ADR reached $263.4 in 2018, after bottoming out in 2017 at $257.7. The increase in ADR was supported by rising occupancy rates since 2017. Average occupancy rates rose to 85.9% in 2018, compared to 85.6% in the prior year. As such, revenue per available room (RevPAR) for upscale hotels rose in 2018 to $226.3 in 2018 from $220.6 in 2017.

AVERAGE UPSCALE HOTEL OCCUPANCY RATES, AVERAGE DAILY RATES AND REVENUE PER ROOM



*Preliminary Estimates

Source: STB, Cushman & Wakefield Research

Major Hotel Investment Sales

Given the favourable hospitality outlook, the hotel segment saw interest picking up by developers and hotel operators in 2018. Hotel investment sales reached $1.3 billion in 2018, up 99.7% from 2017's hotel investment sales of $0.6 billion. Additionally, the government has relaxed its moratorium on new hotel developments in 2018, leading to an introduction of new hotel sites through 2018's Government Land Sales Programme and the conversion of non-hotel zoned sites such as Waterloo Apartments and Golden Wall Centre to hotel use.

MAJOR HOTEL INVESTMENT SALES IN 2018 AND JANUARY 2019

BUILDING	TRANSACTION VALUE ($ MILLION)	TENURE	SUBMARKET	NO. OF ROOMS
Oasis Hotel Downtown	210	with 65 years balance lease	City Centre	314
Hill Street (development site)	118	99 year leasehold	City Centre	342
Wangz Hotel	46	freehold	Outside City Centre	41
Waterloo Apartments (development site)	131	999 year leasehold	City Centre	159*
Golden Wall Centre (development site)	276	freehold	City Centre	312*
Wanderlust Hotel	37	freehold	City Centre	29
Club Street (development site)	562	99 year leasehold	City Centre	390*
Ascott Raffles Place Singapore	353	999 year leasehold	City Centre	146

*Estimated

Source: Cushman & Wakefield Research

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Low hotel supply and higher tourist arrivals to benefit Mandarin Orchard Singapore

Limited hotel supply in Orchard coupled with increased tourist arrivals should bode well for Mandarin Orchard Singapore. Orchard Road, Singapore's main shopping strip lined with iconic shopping malls, hotels and medical centres, is home to a spectrum of fashion brands and signature homegrown and international restaurants. As such, Orchard Road's position as a main tourist attraction remains unchanged and should continue to attract tourists in droves despite competition from Marina Bay Sands and the upcoming Jewel Changi Airport. Mandarin Orchard's prospects are underpinned by its proximity to popular premier shopping malls such as Paragon and Ngee Ann City, as well as easy accessibility to both the Somerset and Orchard MRT stations.

Jewel Changi Airport could attract local demand to Crowne Plaza Changi Airport

In 2018, Changi Airport recorded an all-time high of 65.6 million passengers, beating 2017's 62.2 million passengers with a 5.5% increase. This year, with the opening of Jewel Changi Airport and the newly-renovated Terminal 1, Changi Airport is expected to be able to handle a passenger capacity of 85 million per annum. This is a positive demand driver for Crowne Plaza Changi Airport, given the expected increase in tourist arrivals this year. When opened, Jewel Changi Airport could potentially attract some footfall from both tourists and local alike. The mega retail and lifestyle development could also create opportunities for staycations among the locals. Jewel Changi Airport aims to welcome 40 - 50 million visitors a year and expects about 60% to be locals and the remaining 40% to be tourists[8]. Two new hotels are expected to open in the vicinity: YOTELAIR Singapore Changi Airport and Dusit Thani Laguna Singapore. YOTELAIR is positioned as an economy hotel that is targeted at transit passengers, unlike Crowne Plaza, an upscale hotel. Dusit Thani Laguna Singapore, which is located about 10 minutes' drive from Changi Airport, is positioned for golf tourism.

Singapore hospitality outlook

Singapore remains an exciting destination for international tourists and intra-regional visitors. It also boasts a pipeline of interesting developments that could further enhance Singapore's tourism sector in the years to come. This includes Jewel Changi Airport, the Mandai eco-tourism hub, and the rejuvenation of Orchard Road. Development plans are also underway for Sentosa, Pulau Brani and the Greater Southern Waterfront, which could potentially inject more new attractions and investments. Demand for hotel rooms is expected to grow further in the near- to medium-term. Together with rising tourist arrivals and visitor days, Singapore's hospitality outlook is very promising. The limited incoming hotel supply will lend support to hotel occupancy and room rates over the next few years, unless sentiments are dampened in the event of an external shock to the global economy.

3.0 RETAIL MARKET

3.1 Emerging Retail Trends

Continued appeal to international retailers in prime Orchard Road

Singapore continues to appeal to international retailers as a crucial gateway to the Southeast Asia market, which has huge potential due to the rising middle class. Orchard Road, the pre-eminent shopping belt, remains highly popular and is constantly touted as the sole option to showcase top grade retail offerings to regional retail shoppers. It is evidenced by the fact that German luxury brand MCM opened its first Southeast Asia MCM HAUS in Paragon in May 2018. The 2,160 square feet store offers a full range of products including leather goods, ready-to-wear apparel as well as shoes and accessories. Another flagship store opened during the year was British accessories brand Olivia Burton, together with Asian retail specialist Norbreeze Group. For the first time in Singapore, its fashion jewellery collection and personalisation services are being offered at the flagship store.

8 Channel News Asia, Jewel Changi Airport tenants to include A&W, Pokemon, Shaw Theatres, 11 October 2018.

Retailers and malls investing in technology and embracing omni-channel strategies

Capitalising on the exponential growth in available data, landlords and retailers continue to invest in technology to deliver a personalised and localised experience to consumers. The goal is to attract footfalls and increase spending. Some malls have partnered with leading e-payment service providers to launch holistic payment services. Besides smoothening the consumer transaction process, consumer insights and data can also be analysed over time.

Shoppers are getting more sophisticated, engaging in both online and offline channels to collect information and make purchasing decisions. In view of this trend, retailers are increasingly adopting an omni-channel strategy to meet the needs of this new generation of shoppers. The strategy could pay off in the long run. A study by Harvard Business Review revealed that omni-channel shoppers spent an average of 4.0% more on every shopping occasion in the store and 10.0% more online than single-channel shoppers[9].

Majority of retail sales still done offline

Though Singaporeans are expected to shop more online, the contribution of online retail sales remains low, at around 4.7% of total retail sales, based on data from the Department of Statistics in 2018. Total retail sales reached around $45.6 billion in 2018 with total online spend estimated at around A$2.1 billion. According to a study by Google and Temasek in 2018, total online spend is expected to grow to around $6.8 billion[10] by 2025.

Activity-based tenants return to malls

Amidst a changing retail landscape and the disruption of e-commerce, activity-based tenants are making a comeback to malls. To attract footfalls, landlords are incorporating an increased focus on food and beverage (F&B), fitness, lifestyle and entertainment services. In November 2018, SuperPark Singapore, a mega indoor activity park from Finland, opened its doors at Suntec City. The mega park took up 40,000 square foot of space and features 20 adrenaline pumping activity stations. Malls are exploring new tenant pools such as co-working operators. For example, JustCo, a Singapore co-working operator, has opened its sixth and largest co-working centre in Marina Square's retail premises.

Pop-up and multi-label stores curate experience

Once used as a stop-gap measure to increase mall occupancy, pop-up stores and multi-label outlets are becoming the norm for many landlords who want to curate exciting and new concepts to draw shopper traffic and entrench shopper loyalty. The pop-up model has grown beyond e-retailers to include established fashion labels and luxury brands. In June 2018, French luxury house Chloe launched its world's first pop-up concept in Singapore. Located at ION Orchard's atrium, the intimate pop-up sported a curated pool of exclusive products from bags to leather goods and sunglasses.

Similarly, multi-label outlets boost the experiential factor in shopping and offer customers a holistic retail experience, allowing them to dine, shop and attend workshops all in one location. It has also become a popular way for e-retailers to establish their physical presence in premier locations. E-retailers are mostly attracted to the pop-up concept's flexible lease structure and compact space, which helps reduce the initial capital outlay and operating costs when they start their new businesses and test new products. NomadX, a new multi-label concept store, took up 11,000 square foot of space at Plaza Singapura. The multi-label concept store not only houses new retailers, but also sees a few online retailers going into brick-and-mortar for the first time, such as Taobao and Style Theory.

3.2 Retail Supply

In 2018, island-wide retail space increased by 1 million square foot. The increase in supply mainly came from the suburban areas, with the bulk of supply coming from Jewel Changi Airport, as well as the asset enhancement initiatives (AEI) at Century Square, Tampines Mall, VivoCity and Raffles Hotel Shopping Arcade.

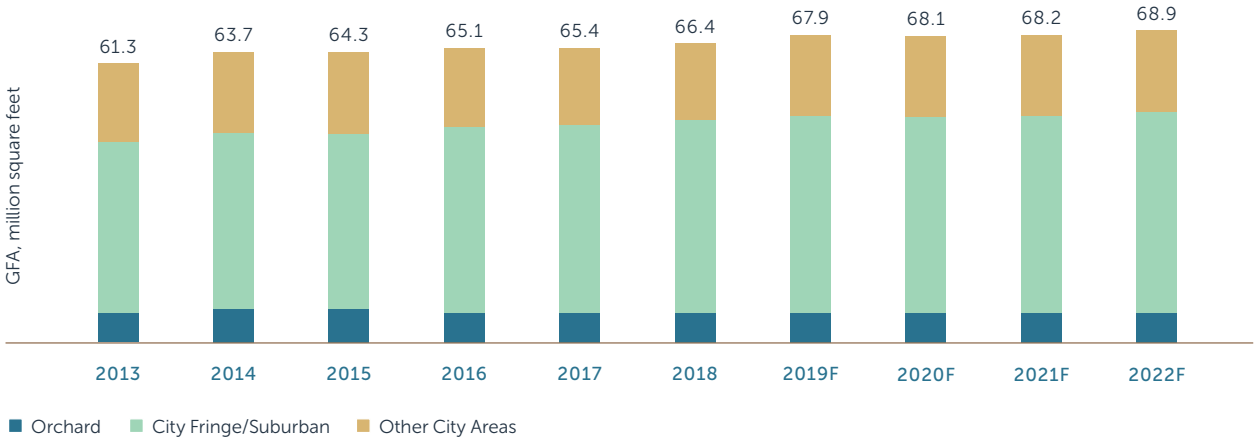
9 Harvard Business Review, A Study of 46,000 Shoppers Shows that Omnichannel Retailing Works, 3 January 2017.
10 Google and Temasek Holdings, e-Conomy SEA 2018 Southeast Asia's Internet Economy Hits an Inflection Point, November 2018.

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Going forward, another 2.5 million square foot of retail space is expected to enter the market from 2019 to 2022, the bulk of which will be located within the City Fringe/ Suburban and Other City Areas, at 55.7% and 36.7% of total incoming retail supply respectively. Incoming retail supply in Orchard remains tight, with only 0.2 million square foot of new retail space or 7.6% of total incoming retail supply over the next 4 years.

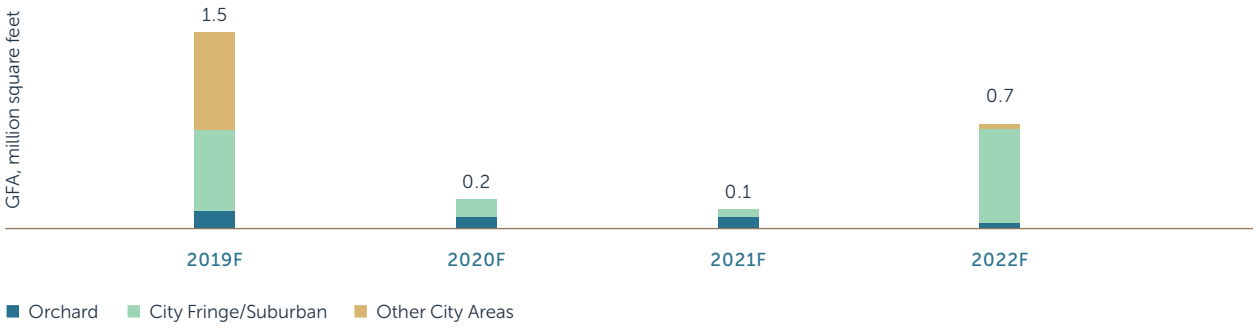
Major contributors to new supply in 2019 include PLQ Mall (0.5 million square foot) and Funan (0.5 million square foot). Though 2019 will see a strong growth in supply, retail supply is expected to taper off in subsequent years.

HISTORICAL AND FORECAST RETAIL SUPPLY



Source: Cushman & Wakefield Research

INCOMING RETAIL SUPPLY (2019 TO 2022)



Source: Cushman & Wakefield Research

Limited impact for Mandarin Gallery

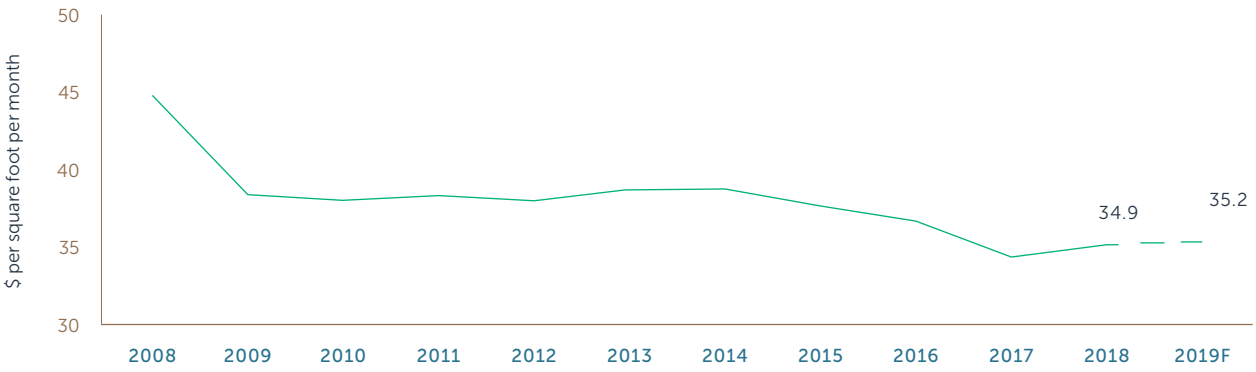
The influx of new retail supply in 2019 should have limited impact on Mandarin Gallery, given that most of the supply will not be in Orchard. Upcoming supply in Orchard remains thin, originating from the completion of AEI works at 111 Somerset and the new Design Orchard (opened in January 2019). Furthermore, both upcoming retail spaces are positioned differently from Mandarin Gallery. 111 Somerset will feature anchor tenant FairPrice Finest and other retailers such as Coney Donut, Pasta House and 328 Katong Laksa, and is targeted towards working professionals and families in the area. Design Orchard, which is located across the road from Mandarin Gallery, is a showcase and incubator for up-and-coming homegrown retail labels and is complementary to Mandarin Gallery's line up of international and local luxury boutique brands.

3.3 Retail Demand and Rents for Orchard Road

Amidst improving retail sales and tourist arrivals, average prime rents for Orchard edged up 1.5% in 2018, based on prime retail rents tracked by Cushman & Wakefield Research. Retail space in Orchard remains sought after as seen from the low vacancy rates in Orchard. Orchard vacancy rates fell to 5.1% in 2018 from 6% in 2017. Orchard prime rents continue to be supported by limited new supply in Orchard and Orchard's status as Singapore's main shopping belt.

Going forward, prime retail rents in Orchard are expected to stay resilient, or even experience mild increases in 2019 on the back of encouraging economic growth, growing tourism figures and limited prime retail space.

PRIME ORCHARD RETAIL RENTS



Source: Cushman & Wakefield Research

The Board continues to consider sustainability issues as part of the Manager's overall strategy and we are regularly updated on our sustainability performance by our management team.

BOARD STATEMENT

The Board of Directors (the "**Board**") of OUE Hospitality REIT Management Pte. Ltd. (the "**Manager**") is pleased to present the second sustainability report of OUE Hospitality Trust ("**OUE H-Trust**").

As this is our second year of reporting on our sustainability performance, we have been able to put into practice many of the lessons learned from the process of developing OUE H-Trust's first report. Last year we started by formalising many of our management processes and practices as well as setting up teams to govern sustainability within the Trust. As part of our report development process, we identified the sustainability topics that were most relevant to our Trust and put into place performance measures and targets for the Manager. This year, we have determined that the selected Environmental and Social and Governance ("**ESG**") factors remain to be relevant to OUE H-Trust and therefore they remain unchanged. The Manager also continues to work with OUE Group to assist and support them in their sustainability efforts and endeavours.

This sustainability report describes our activities over the past year and compares our performance against the targets set in 2017. We are pleased to note that we have met all our targets for 2018, except for maintaining a turnover rate below the national average. There have been a number of changes at the Manager, and any personnel change results in a disproportionality large turnover rate, due to the leanness of our team.

The Board continues to consider sustainability issues as part of the Manager's overall strategy and oversee the management and monitoring of the material ESG factors. We are also regularly updated on our sustainability performance by our management team. This report is aligned to the SGX-ST Listing Rules – Sustainability Reporting Guide and is in accordance with the internationally recognised Global Reporting Initiative ("**GRI**") Standards (2016), "Core" framework.

WHO WE ARE

[GRI 102-1] [GRI 102-2] [GRI 102-16]

OUE H-Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**") and OUE Hospitality Business Trust ("**OUE H-BT**").

The Manager of OUE H-Trust, OUE Hospitality Trust Management Pte. Ltd, is a wholly-owned subsidiary of OUE Limited (the "**Sponsor**"). OUE Limited 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 H-Trust's asset portfolio comprises two hotels – the 1,077-room Mandarin Orchard Singapore ("**MOS**") and the 563-room Crowne Plaza Changi Airport ("**CPCA**"), and a high-end retail mall, Mandarin Gallery.

OUE H-Trust continues to be committed to grow and create sustainable value for our stakeholders. The principal objectives of the manager of OUE H-REIT (the "**REIT Manager**") and the trustee-manager of OUE H-BT (the "**Trustee-Manager**", collectively the "**Manager**") are to deliver regular and stable distributions to Stapled Securityholders and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure.

The Manager endeavours to achieve this through the key strategies of optimising assets and delivering operational excellence, growth through acquisitions, and active capital and risk management.

Sustainability Trends, Risks and Opportunities [GRI 102-18] [GRI 102-16]

OUE Group has worked hard to develop a brand that has become known for higher quality real estate with a focus on design and finish. In addition, OUE is known to provide reliable and responsive services and to develop effective partnerships. As part of the OUE Group, we fully

support this brand and we maintain these principles through our work.

The Manager has contemplated some of the lessons learned in 2017, leading us to further define how sustainability is governed and managed within the Group and the Manager. In addition, throughout 2018, the Manager continued to play a role in sustainability governance for the group, taking part on the Sustainability Steering Committee ("**SCC**") and various internal stakeholder discussions. In a new initiative, the Internal Audit team is now tasked with overseeing sustainability performance data collection to improve controls around this process, following findings from an assessment by an external consultant.

As part of our sustainability journey, a focus of our sustainability efforts over the last year has been to consider emerging and existing sustainability-related trends in the real estate sector and determine how they may affect our business and the OUE brand in the future. We worked with internal stakeholders to holistically identify what risks or opportunities these trends might present for us. Following these engagements, we are better able to manage any potential, current and impending business risks that need to be managed or take advantage of any opportunities they may provide. These include increased awareness of travellers and hotel guests and their impact on the hospitality industry. Understanding these sustainability-related trends can enable the management and guidance of our business.

SUSTAINABILITY FOCUS AREAS	RISKS TO OUE H-TRUST'S OPERATIONS	OPPORTUNITIES FOR OUE H-TRUST'S BUSINESS
Eco-efficient buildings Trend – There are continuous architectural, technological and mechanical developments that improve the eco-efficiency of buildings. In addition, hotel guests and Master Lessees are increasingly demanding more environmentally-friendly buildings, facilities and activities to allow them to reduce their own environmental footprint. 	Increasing demand from guests and tenants with regards to environmentally-friendly buildings, facilities and activities in order for the properties of OUE H-Trust to keep in line with the competitive hospitality and retail landscapes.	Keeping track of architectural, technological and mechanical developments allows us to improve the eco-efficiency of our assets, which will not only keep us up-to-date with changing demands, but will also allow us to uphold our reputation for providing high-quality, modern real estate opportunities in a competitive landscape. Our asset management team is continually looking for opportunities to work with our Property Manager and Master Lessees to increase the environmental performance of our assets.
Creating Social Ecosystems Trend – How people use buildings is changing subtly. The needs and demands of hotel guests are constantly evolving and they look for environments that contribute to social and physical wellness. 	Our properties are at risk of falling out of demand if we do not continue to evolve our assets in line with emerging property and hospitality trends.	The Group has recently been focusing on training and we are working to apply these learnings across our portfolio.

SUSTAINABILITY FOCUS AREAS	RISKS TO OUE H-TRUST'S OPERATIONS	OPPORTUNITIES FOR OUE H-TRUST'S BUSINESS
People and Resourcing Trend – We rely on our people to deliver the standard of service that our partners have come to expect from our brand. In order to deliver reliable, responsive and effective service, we need people who believe in these principles. 	Loss of key talent, inability to recruit the right talent, reducing productivity due to job disillusionment and a feeling of not being safe at work will all contribute to a lower standard of service in the workforce which will impact the value of the brand.	Providing our employees with the tools and resources they need will improve the quality of our work.
Good Corporate Governance Trend – Businesses are no longer just expected to deliver financial returns, they are expected to deliver financial returns whilst operating ethically and responsibly. 	Non-compliance with anti-corruption laws and regulations or any laws and regulations will have serious consequences financially, operationally and on the reputation of the business.	OUE Group's stringent and robust compliance management strengthens stakeholders' trust in the Group and the way that the Group operates.

ABOUT THIS REPORT [GRI 102-50]

This sustainability report discloses the Manager's sustainability performance over the year, and addresses our material ESG topics from 1 January to 31 December 2018.

Reporting Scope [GRI 102-46]

The Manager determined the scope of the report by the level of operational control that we have over the various activities through the Trust, the Manager and the Sponsor. Unless otherwise specified, the performance data reported pertain to our asset portfolio comprising two hotels – Mandarin Orchard Singapore and Crowne Plaza Changi Airport, and a retail mall Mandarin Gallery. As OUE H-Trust is managed by the Manager and our assets are either externally managed or fully leased out, our targets refer to activities only directly within the Manager's control. Despite this, we understand that we have indirect impact and influence through our Property Manager, Master Lessees and Sponsor, therefore, we work closely with these stakeholders to help them to improve their sustainability performance and achieve their objectives wherever feasible.

The information contained in this report is published in good faith for the benefit of our stakeholders. We will seek to continuously improve our reporting practices as we continue our sustainability reporting journey.

Reporting Standard [GRI 102-54]

This report has been prepared in compliance with the requirements of SGX-ST Listing Rules 711A and 711B. The report is in accordance with the Global Reporting Initiative (GRI) Standards (2016), "Core", and includes consideration of the GRI Construction and Real Estate Sector Disclosures. The GRI Index and the relevant references are presented on pages 77 to 80.

Addressing the GRI Reporting Principles [GRI 102-46]

GRI REPORTING PRINCIPLES	HOW WE HAVE ADDRESSED THE GRI REPORTING PRINCIPLES
Reporting principles for defining report content • Stakeholder Inclusiveness • Sustainability Context • Materiality • Completeness	Our materiality assessment and subsequent review allowed us to identify the most material and complete list of ESG factors to include in our report. In order to do so, we consider our stakeholders concerns and the global and local context of our business.
Reporting principles for defining report quality • Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness	We were careful to control the accuracy and reliability of information in our report through a review process that also includes our Internal Audit team. The information disclosed is balanced and clear and, as this being our second report, we have maintained similar indicators to allow a comparison over time and with our peers.

Feedback [GRI 102-53]

The Manager welcomes feedback as we seek to improve our sustainability practices. Please send your questions or feedback to enquiry@oueht.com.

ASSESSING MATERIALITY WITH OUR STAKEHOLDERS IN MIND

Engaging with Our Stakeholders [GRI 102-40] [GRI 102-42] [GRI 102-43]

In order to get an accurate picture of where our sustainability efforts are best focused, we need to assess the needs and concerns of our stakeholder groups. Regular stakeholder engagement facilitates continuous improvement in our areas of operations and within the organisation, as well as fosters accountability between OUE H-Trust and its stakeholders. We seek to engage our stakeholders on the concerns relating to the relevant ESG issues through various channels of engagements as outlined in the table below.

STAKEHOLDERS	ENGAGEMENT METHODS	RELEVANT ESG ISSUES	FREQUENCY OF ENGAGEMENT
Stapled Securityholders and the Investment Community	• Release of financial results, announcements, press releases, presentation slides and other relevant disclosures on SGXNET and OUE H-Trust's website, www.oueht.com	• Sustainable and market comparable financial returns • Ethical business operations • Keeping up-to-date with customer and market trends	• Periodically

STAKEHOLDERS	ENGAGEMENT METHODS	RELEVANT ESG ISSUES	FREQUENCY OF ENGAGEMENT
	• Annual General Meeting and Extraordinary General Meeting where necessary • Updates through one-on-one and group meetings, conference calls, emails and the website • Participation in investor roadshows and conferences • Familiarisation visits to OUE H-REIT's properties for financial analysts and institutional investors upon request (See section on Investor Relations on pages 27 to 29 of this Annual Report)		
Tenants and Guests 	• Tenant bulletins to communicate activities within the mall • Regular performance meetings with the Master Lessees, Hotel Managers and Property Manager • Guest engagement	• Cost efficient buildings • Modern, high quality facilities and features • Safe environments that safeguard their well-being and provide for their various needs	• Regularly
Employees 	• Training and development programmes • Annual performance reviews • Recreational and team building events • Staff volunteering activities	• Productive working environments that have their safety and well-being in mind • Opportunities for career development and growth • Competitive salaries and benefits	• Frequently
Government and Regulators 	• Compliance with mandatory reporting requirements • Industry networking functions • Regulatory audits	• Compliance with laws and regulations • Ethical corporate business practices	• Periodically

MATERIALITY ASSESSMENT THREE-STEP PROCESS	ACTIVITIES CONDUCTED
Step 1: Identify material ESG factors	• Market research and peer landscape/benchmarking • Pre-workshop questionnaire completed by members of the SSC, which includes C-suite representation from OUE H-Trust
Step 2: Prioritise material ESG factors	• Sustainability reporting workshop attended by members of the SSC which included C-suite representation from OUE H-Trust
Step 3: Validate material ESG factors	• Approval and validation by the Board

Materiality Assessment [GRI 102-47] [GRI 103-1]

These interactions were used in our first formal ESG materiality assessment in January 2017, which was conducted by the members of the Sustainability Steering Committee, which is made up of representatives from various divisions across the OUE Group. The stakeholder opinions were references to issues that may have the most impact on our business operations and allowed us to identify various ESG factors that are of the most relevance to the Group.

Through the assessment and taking into account OUE H-Trust's level of operational control and low level of involvement in the day-to-day operations of the owned properties as they are mainly master-leased, eight material ESG factors were determined to be material to the Trust. Following a review, the eight material ESG issues identified are unchanged from last year.

The eight material factors in the table below form the focus of OUE H-Trust's sustainability report.

OUE H-TRUST'S SUSTAINABILITY FOCUS AREAS	MATERIAL TOPICS	MATERIAL BOUNDARY[1]
Economic	Economic Performance[2]	The Manager
Workforce	Occupational Health and Safety	The Manager, Property Managers and Master Lessees
	Talent Retention	The Manager
	Career Development	The Manager, Property Managers and Master Lessees

1 Material topic boundary describes where significant impacts occur for each material factor and where the Manager have caused or contributed to the impacts through our business relationships.

2 For detailed financial results and performance, please refer to the following sections of this Annual Report – Key Highlights for 2018 (page 6), Financial Highlights (page 7), Financial Review (pages 30 to 33) and Financial Statements (pages 112 to 211).

Community	Customer Health and Safety	Property Managers, Master Lessees, Tenants and Customers
Governance	Anti-corruption	The Sponsor and The Manager
	Compliance with Relevant Local Laws and Regulations	The Sponsor and The Manager
Environment	Compliance with Environmental Regulations	Property Managers, Master Lessees, Tenants and Customers

The Manager regularly takes into consideration key issues that would interest stakeholders surfaced from its member representations in strategic associations including the REIT Association of Singapore, Investor Relations Professionals Association (Singapore) as well as engagement with government agencies and regulators including Building and Construction Authority, Monetary Authority of Singapore, Singapore Exchange Limited and Urban Redevelopment Authority of Singapore. The Property Manager is a member of the Orchard Road Business Association which works with selected malls and business owners to promote shopping tourism within the precinct.

The Trust remains committed to supporting OUE Group's efforts with regard to other ESG factors which are material to their business. We collaborate with our Sponsor, the Master Lessees and Property Manager of the mall to bring tangible results in supporting our workforce, and in aid of causes that support ecological sustainability and the welfare of our community at large.

SUSTAINABILITY FOCUS AREAS	NON-MATERIAL TOPICS
Workforce	• Diversity and Equal Opportunity
Environment	• Energy & Emissions • Water • Effluents & Waste

WORKFORCE

Workplace Health & Safety [GRI 403-9]

Our employees are a key asset and we believe it is our responsibility to safeguard their health and well-being in the workplace. This material topic is inclusive of the Manager, as well as the Master Lessees and Property Manager managing our properties.

The Manager's employees are office based and, therefore, safety and health issues are mainly limited to employee well-being. This relates to employees feeling appreciated for their contributions to the Manager and to the Group and we investing in creating a working environment which respects individuals and acknowledges achievements. To promote health and well-being, our employees are entitled to benefits such as health insurance, annual health screenings, and

complimentary flu vaccinations. Visits to the panel doctors are cashless and Executive Health Screening is provided to employees holding managerial positions and above.

Team events, where staff can bond outside of the immediate work environment can contribute to productivity and job satisfaction. Therefore, the Manager encourages staff participation in various social and recreational activities during the year. These events are both Trust level and Group level events and include the New Year's welcome gathering, annual Dinner and Dance and Christmas celebrations.

We advocate a positive work culture and proactively engage our people to establish a conducive and family-friendly work environment. Employees are encouraged to adopt good work-life harmony practices to balance both family and work priorities. In support of the nationwide "Eat With Your Family Day" campaign, employees were encouraged to leave the office early on scheduled days to spend quality time with their families over dinner. Commencing 31 August 2017, the "Eat With Your Family Day" intiative increased its frequency to four times per year and is scheduled on a quarterly basis on the last day of each school term.

In 2018, there were zero work-related incidents and zero work-related fatalities involving staff employed by the REIT Manager. We continue to strengthen our safety management practices to minimise injuries in the workplace.

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Accident Frequency Rate (AFR) 	Zero	Achieved 2017 target of maintaining zero incidents resulting in employee permanent disability or fatality	• Maintain zero incidents resulting in employee permanent disability or fatality

*The scope of the figures presented in the above table is limited to employees of the Manager and does not include employees of the Master Lessees. Employees of the Property Manager are not included as they are separately reported under OUE Group. There were no temporary employees.

At Our Properties

Emphasis is placed on the importance of having a workforce that works with a safety mindset and attitude. The safety culture at our properties is reinforced through our occupational health and safety management framework comprising a Code of Practice for workplace health and safety, which was developed in reference to the Ministry of Manpower's ("**MOM**") Workplace Safety and Health ("**WSH**") Act. Our properties subscribe to the bizSAFE programme administered by the WSH Council. Mandarin Orchard Singapore and Crowne Plaza Changi Airport have both attained accreditation for bizSAFE Level 4. The properties are subject to periodic audits conducted by MOM-approved WSH auditors to ensure compliance with bizSAFE standards. These standards include the conducting of risk assessments, which identify and mitigate workplace hazards. When any incidents do regrettably occur, they are immediately reported to the human resource department for proper management and treatment.

As part of the bizSAFE programme, the properties also have in place risk and hazard management plans to anticipate and implement measures against threats to the workplace.

We work closely with our Master Lessees and Property Manager to identify opportunities for a safer working environment.

At Mandarin Orchard Singapore, the following health and safety training is provided for all employees on a regular basis:

- WSH Culturesafe Seminar

- Fire Safety Talk
- Implementing Incident Management Process
- Occupational First Aid & AED + CPR
- Pool First Aid Introduction Talk
- WSQ Work Safely
- Fire drills and table-top exercises

At Crowne Plaza Changi Airport, the following health and safety training is provided for all employees on a regular basis:

- WSQ Respond to Fire Emergency in Buildings
- Occupational First-Aid, AED and CPR
- Weekly Risk Assessment checklist
- Fire Safety training
- Fire Warden training
- Monthly night drill
- (CERT responses)
- Biannual fire evacuation drill
- Biannual table-top exercise
- Daily fire and life safety checks

In 2018, there were zero work-related fatalities across the Manager and the properties[3]. Across the properties, the accident frequency rate[4] was 13.76 in 2018.



TALENT RETENTION
[GRI 102-8] [GRI 401-1]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Monthly Rate of New Employee Hires	4%	• National monthly turnover rate for 2018 was 1.7%. • 2017 target of achieving turnover rate below national average was not achieved due to a change in management and operations at the Trust over the past year.	• Achieve employee turnover rate below national industry average
Monthly Rate of Employee Turnover	6%		

*The scope of the figures presented in the above table is limited to employees of the Manager and does not includes employees of the Master Lessees. Employees of the Property Manager are not included as they are separately reported under OUE Group. There were no temporary employees.

At the Manager, our hiring strategy is designed to attract talent that most accurately reflects our principles and values around quality, reliability and responsiveness. Getting the right people means that we can continue to uphold these important brand values. Once they are on board, it is important to create an environment that nurtures and grows their skills, experience and abilities.

The Manager adheres to the Group's human resources strategies and policies. These policies are included in the employee handbook which details hiring, learning and development, equal opportunity and fair employment practices. The Manager subscribes to the Tripartite Alliance for Fair & Progressive Employment Practices guidelines and government employment legislation in all its recruitment and selection practices. It is important to us that employees are selected based on merit and their potential to contribute to the business.

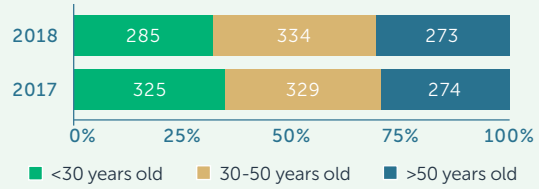
3 Data excludes the workplace safety and health performance of contractors.
4 Accident Frequency Rate is calculated based on the number of workplace accidents reported per million man-hours worked.

In 2018, the REIT Manager's workforce totalled 8 permanent employees in Singapore, 2 males and 6 females. There were no temporary or part-time employees and all are based in Singapore. Our board of directors' members are male. During the period, the monthly rate of new employee hires was 4% while the monthly employee turnover rate was at 6%. As the national monthly turnover rate in 2018 was 1.7%, our turnover was higher than our target. This was due to a change in management and operations at the Trust over the last year.

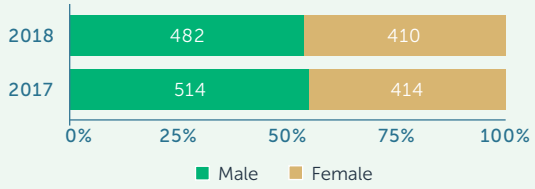
At Our Properties

At our hotels, employees under our brands total 892 with the majority being permanent and full-time. Our monthly new hire and turnover rates at our properties were both 3%.

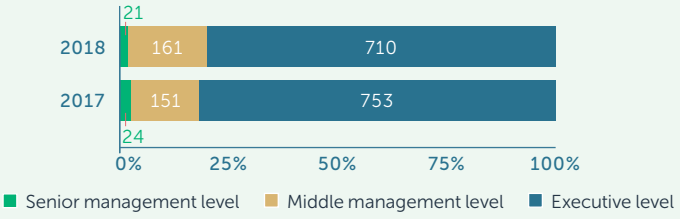
PROPERTIES' STAFF PROFILE BY AGE



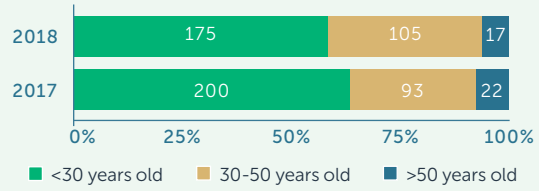
PROPERTIES' STAFF PROFILE BY GENDER



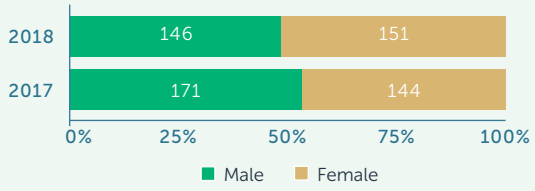
PROPERTIES' STAFF PROFILE BY TYPE



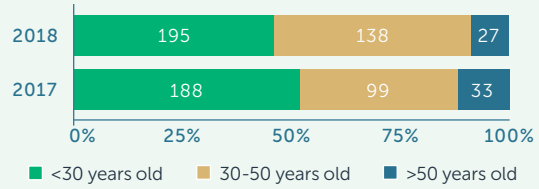
PROPERTIES' NEW HIRES PROFILE BY AGE GROUP



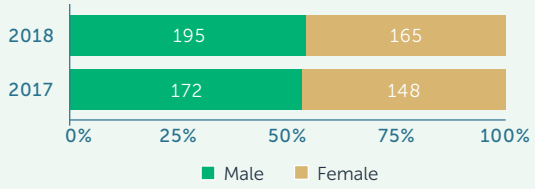
PROPERTIES' NEW HIRES PROFILE BY GENDER



PROPERTIES' STAFF TURNOVER PROFILE BY AGE



PROPERTIES' STAFF TURNOVER BY GENDER





CAREER DEVELOPMENT
[GRI 404-3]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Percentage of relevant employees receiving regular performance and career development reviews	Annual performance appraisals conducted for 100% of relevant employees	Achieved 2017 target of conducting annual performance appraisals for 100% relevant employees	• Continue to conduct annual performance appraisals for 100% of relevant employees

*The scope of the figures presented in the above table is limited to employees of the Manager and does not include employees of the Master Lessees. Employees of the Property Manager are not included as they are separately reported under OUE Group. There were no temporary employees.

The real estate business is rapidly evolving and changing and keeping up with stakeholder needs and demands can be a challenge. In a dynamic business environment, we recognise the need to constantly train and develop our employees in order to equip them with the skills necessary for their personal development and for the overall progress of the Manager.

The Manager leverages the Group's initiatives to provide training and development opportunities for employees. Learning and development measures are shared with staff in the employee handbook, which is available to all employees. New employees are engaged in the New Hire Orientation session where they learn about the Group's key policies, which include the Employee Code of Conduct.

Ongoing training for employees includes a wide array of training programmes and opportunities. These focus on softer skills such as leadership, as well as professional qualification courses. It is also important that employees comply with the training regulations administered by the Monetary Authority of Singapore ("**MAS**") mandating minimum Continuing Professional Development ("**CPD**") training hours as part of the licensing requirements for capital markets service providers.

In addition to in-house training which forms part of an employee's development, the Manager also supports other personal development opportunities which include development courses and programmes, and attendance of seminars and conferences. Employees may also apply for paid examination leave to pursue studies of their interest. In 2018, 100% of eligible employees received a performance review. The average training hours per employee of the REIT Manager was more than 38 hours in 2018, slightly less than last year.

At Our Properties – Mandarin Orchard Singapore ("MOS")

Service excellence is the cornerstone of Mandarin Orchard Singapore's delivery of the Meritus promise of Asian Grace, Warmth and Care. The training programme put in place for employees covers not only service execution but also workplace health and safety. As at the end of 2018, more than 600 MOS staff had attended at least one training programme and in aggregate accomplished a total of more than 15,000 hours of training.

In 2018, 112 employees of MOS received the Excellent Service Award ("**EXSA**") across the Star, Gold, and Silver categories. A national award that recognises individuals who have delivered quality service, EXSA seeks to develop service models for staff to emulate, and to create service champions. EXSA is managed by seven industry lead bodies — the Association of Singapore Attractions, the Land Transport Authority, the Restaurant



MOS Head Sommelier (Joel Lim) represented Singapore at the Southeast Asia + Taiwan Best Sommelier Competition 2018

Association of Singapore, the Singapore Hotel Association, the Singapore Retailers Association, and the Association of Banks in Singapore; and is supported by SPRING Singapore.

MOS' Head Sommelier Joel Lim represented MOS and won first place in Singapore's National Sommelier Competition 2018. He went on to represent Singapore and was crowned Champion of the Southeast Asia + Taiwan Best Sommelier Competition 2018.

MOS transitioned to the ISO 9001:2015 Quality Management System, successfully adopting international standards of quality and service within the hospitality industry. The hotel was also awarded the Certificate of Excellence in the Hotel Security Awards 2018. This award is jointly awarded by the Singapore Hotel Association, Singapore Police Force and the National Crime Prevention Council to recognise the contribution of the individual hotels towards the high standard of security in the industry.

MOS' Service Awards and Accolades in 2018:

- *21 Star distinctions, 50 Gold Awards and 41 Silver Awards Singapore Retailers Association Excellent Service Award 2018 (EXSA)*
- *Hotel Security Awards 2018 – Certificate of Excellence Singapore Hotel Association (SHA), the Singapore Police Force (SPF) and the National Crime Prevention Council (NCPC)*
- *ISO9001:2015 Quality Management Certification*

At Our Properties – Crowne Plaza Changi Airport ("CPCA")

CPCA is proud to be a part of the Intercontinental Hotels Group ("**IHG**") hotels in Singapore. IHG was ranked amongst the top companies to work for in Singapore and was recognised globally as an Aon Global Best Employer 2018.

These awards demonstrate the strength of our culture of employee empowerment and engagement. A variety of training programmes are offered to the employees. A total of more than 10,000 hours of training had been clocked by about 300 employees in areas such as service, leadership skills, new employee orientation and on-the-job training. Consistent training helps employees develop their skills and enables the hotel to deliver exceptional guest experience. CPCA also provides opportunities for staff to enhance their skills and build a long-term career with the hotel. Awards such as 'Employee of the Year', 'Manager of the Year' and 'Colleague of the Year' are conferred to recognise and reward employees for their contributions and outstanding performance.

TYPE	PROGRAMMES AVAILABLE
General courses	Cluster New Hire Orientation and Hotel New Hire Orientation Crowne Plaza Brand Orientation Leading Others True Hospitality Training Data Privacy Training
Specialised training	Hazard Analysis and Critical Control Points Training Mentor At Work WSQ Implement Incident Management Process WSQ Manage Disorderly Conduct And Threatening Behaviour

	AVERAGE HOURS OF TRAINING – OUE H-TRUST	AVERAGE HOURS OF TRAINING – HOTELS
Male	102.8	31.5
Female	17.3	32.8
Senior management level	116.8	37.6
Middle management level	30.8	52.4
Executive level	3.5	27.4
Total	**38.6**	**32.1**

CUSTOMER HEALTH & SAFETY
[GRI 416-2]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Non-compliance with regulations and/ or voluntary codes concerning the health and safety of tenants and building users which resulted in a fine, penalty or warning	Zero non-compliance with regulations and/ or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning	Achieved 2017 target of zero non-compliance with regulations and/ or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning	Maintain zero non-compliance with regulations and/ or voluntary codes concerning the health and safety of tenants and building users resulting in a fine, penalty or warning

*Data refers to the Trust and Trust Manager only.

A welcoming environment is vital to an enjoyable experience for our hotel guests, patrons and tenants.

As a real estate owner, we are committed to safety laws and regulations and strive to achieve the best of industry standards. We do this by encouraging and enabling our Master Lessees and Property Manager to provide a hazard-free and comfortable environment.

The properties are subject to periodic (usually once in five years) professional review for structural safety. When reviewing the annual capital expenditure budget of the properties, approval priority is given to expenditures related to regulatory, health and safety requirements. The Hotel Managers are required to hold the relevant licences from the Hotels Licensing Board to use the premises for operation as a hotel and adhere to the licensing and regulatory requirements relating to health and safety in their operations. The REIT Manager conducts periodic review of the validity of the key licences.

Staff at our properties are trained to swiftly adapt to ad-hoc situations to safeguard the health and safety of visitors and guests. This training includes fire and emergency training to teach employees how to react in such situations, and drills are carried

out regularly to practice these skills. Joint exercises are also conducted with the Singapore Civil Defence Force and Singapore Police Force to guard against terrorist attacks and bomb threats.

Although OUE H-Trust has not been subject to any incidents of non-compliance with customer health and safety regulations, one of our Master Lessees unfortunately, experienced a health incident. In December 2018, some guests at MOS were reported to have experienced symptoms of gastroenteritis after attending banquet events held at the hotel's Grand Mandarin Ballroom over a weekend. This resulted in joint investigations from the National Environment Agency ("**NEA**"), the Ministry of Health ("**MOH**") and the Agri-Food & Veterinary Authority ("**AVA**"). In the interest of public health, operations at the Grand Mandarin Ballroom and the attached banquet kitchen were temporarily suspended. The hotel manager responded swiftly by contacting and offering assistance to those affected, and cooperated fully with the relevant authorities as they conducted their investigations. The investigations have been completed and the cause of contamination was found to be an outbreak of norovirus gastroenteritis. The suspension of services at the Grand Mandarin Ballroom and its attached banquet kitchen was officially lifted on 29 January 2019 after the authorities deemed that the hotel had satisfactorily implemented measures required to rectify identified lapses. The Hotel Manager will continue to step up efforts on enforcing stringent standards of cleanliness and sanitation set by the regulatory body across all the food and beverage premises in the hotel. We will continue to monitor the situation and will work with the hotel manager to prevent any occurrence of a similar incident in future.

Guest Engagement and Appreciation

We must consider the feedback of our guest in order to continue to provide them with the experiences that they want and in order to improve and succeed. We engage with our hotel guests through feedback forms placed at their rooms or on the hotels' website, or through an appreciation email following their check-out. At Mandarin Gallery, the Property Manager communicates with tenants via electronic tenant bulletin with regards to operational, leasing or marketing matters.



ANTI-CORRUPTION
[GRI 205-3]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption	Achieved 2017 target of zero confirmed incidents of corruption	Zero confirmed incidents of corruption

*Data refers to the Trust and Trust Manager only.

COMPLIANCE WITH RELEVANT LOCAL LAWS AND REGULATIONS
[GRI 419-1]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Non-compliance with laws and/or regulations which resulted in significant fines and non-monetary sanctions	Zero non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	Achieved 2017 target of zero non-compliance with laws and/or regulations resulting in significant fines and non-monetary sanctions	Maintain zero non-compliance with laws and/or regulations resulting in significant fines[5] and non-monetary sanctions

*Data refers to the Trust and Trust Manager only.

At OUE H-Trust, we exercise clarity and honesty in our operations. We enforce such aims through the involvement of both the Sponsor and the Manager. Our processes are robust and follow the OUE Group's Code of Business Conduct and Ethics. This sets out expectations of employees in relation to issues such as fraud, bribery, segregation of duties and anti-competitive conduct. To be sure all employees are aware of the code, they are required to sign a certificate of compliance to indicate their willingness to adhere to the Code upon joining the Manager.

OUE H-Trust also adopts the Sponsor's whistle-blowing policy to provide a channel for employees to report concerns about possible improprieties in financial reporting and other matters. Any complaints submitted are anonymous and retaliation or harassment of any kind are not permitted against the individuals that submit them. The process is overseen by the Audit and Risk Committee ("**ARC**") of the Manager, along with the Head of OUE's Internal Audit Department. Under these procedures, arrangements are in place for independent investigation of complaints or concerns received and for appropriate action to be taken. The REIT Manager adopts Limits of Authority as approved by the Board for MOS and CPCA, and the Power of Attorney from the Trustee in relation to Mandarin Gallery to manage decision making. This ensures that actions to be authorised are at all times consistent with our objectives, principles, ethics as well as the relevant legal and/or regulatory requirements.

OUE H-Trust's Board of Directors and management believe compliance with local laws and regulations is pertinent to sustainable financial and operating performance. The Manager holds a Capital Markets Services License for Real Estate Investment Trust Management, administered under the Securities and Futures Act and any non-compliance issues could lead to the loss of this licence.

Compliance-related activities are guided by a legal and regulatory Compliance Manual and are administered by a legal and compliance team. This team implements remedial action, should any incidents of non-compliance occur. External consultants are also engaged to review our compliance with the Monetary Authority of Singapore's Risk-Based Capital ("**RBC**") framework as well as implement measures to meet Anti-Money Laundering, Counter-terrorism and Financing, and Know Your Customer requirements. The legal and compliance department monitors changes to relevant laws and regulations, and conducts regular updates and training for the Manager. Where necessary, external consultants are engaged to assist with training and implementation of policies and practices to adapt to changes in regulatory requirements.

5 A significant fine is one that exceeds 5% of the Group's profit.

COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS
[GRI 307-1]

INDICATOR	PERFORMANCE IN 2018	PERFORMANCE AGAINST TARGET SET FOR 2018	TARGET FOR 2019
Non-compliance with environmental laws and/or regulations which resulted in significant fines and non-monetary sanctions	Zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions	Achieved 2017 target of zero non-compliance with environmental laws and/or regulations resulting in significant fines and non-monetary sanctions	Maintain zero non-compliance with environmental laws and/or regulations resulting in significant fines[6] and non-monetary sanctions

At Our Properties

Our hospitality assets are subject to environmental laws and regulations, including the Building Control (Environmental Sustainability) Regulations administered by the Building and Construction Authority ("**BCA**"), as well as the Energy Conservation Act and Environment Protection and Management Act governed by NEA.

We work with the Master Lessees and Property Manager to support them to adhere to these various requirements and we have open dialogues with them to assess any new needs to address this material topic. The Hotel Managers and the Property Manager are responsible for conducting regular checks within the buildings and ensuring compliance with reporting requirements pertaining to the submission of environmental data.



CPCA's 3R Awards Certification

Eco-Efficient Buildings

We believe increasing operational efficiency at our properties through a greener approach makes business sense. Working to reduce the direct impact on the environment can create more sustainable ways of doing business.

As asset owners, the operations of the hotels and the mall are managed by the Master Lessees and Property Manager, and we work closely with our partners to support them in their sustainability endeavours. In our dialogues with our partners, we discuss the various needs they may have and we contribute through our capital expenditures. We ensure there is space for proper waste management and recycling facilities and we encourage our Master Lessees and Property Manager to suggest initiatives to add to our resources for consumption reduction.

As a testament to the commitment to environmental sustainability, both MOS and CPCA are proud recipients of the 3R Awards for Hotels (Merit) 2018, jointly presented by Singapore Hotel Association ("**SHA**") and NEA to recognise hotels for going the extra mile to reduce, reuse and recycle. Crowne Plaza Changi Airport has received its third 3R Awards, with the first 3R Awards for Hotels in 2014 and its second award in 2016. Mandarin Gallery was acknowledged with a Certificate of Participation at the inaugural 3R Awards for Shopping Malls in 2017 to recognise waste

6 A significant fine is one that exceeds 5% of the Group's profit.

reduction efforts by malls and retail tenants, which is held every two years.

We support the good energy, water and waste management efforts and initiatives from our Master Lessees and Property Manager that have been implemented at our properties.

Energy & Emissions

The bulk of OUE H-Trust's portfolio's energy consumption is from purchased grid electricity. As our buildings use substantial amounts of energy, energy management provides opportunities for the properties to enhance operational performance through energy efficiency initiatives as well as exploring energy efficiency innovations for future adoption.

All of OUE H-Trust properties, MOS, CPCA and Mandarin Gallery, were awarded the Green Mark certification by BCA. The BCA Green Mark is a green building certification that looks into the overall environmental performance and practices of buildings as they relate to sustainable design, construction, and operations. Criteria for a Green Mark rating include energy, water and waste efficiency; environmental protection, indoor environmental quality, and green innovations.

Some initiatives by the Hotel Managers and the Property Manager that were implemented to improve energy efficiency at our properties include:

MOS

- Installed energy-efficient LED lighting in common areas
- Installed endocube energy saving device in all kitchen walk in cold and freezer rooms
- Installed motion-activated lighting controls in common areas
- Regular monitoring of chiller plant efficiency and upgrading of old chillers
- Requiring tenants to abide by green guidelines while carrying out fit-out and renovation works
- Encouraging employees and hotel staff to practise energy-saving initiatives

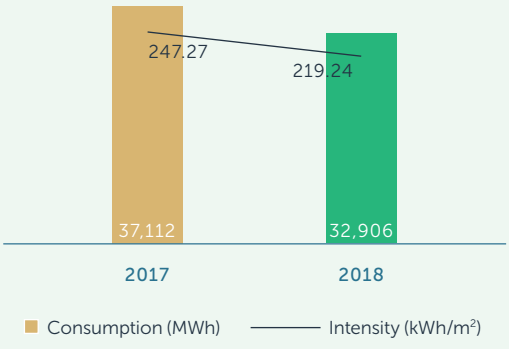
CPCA

- BCA Green Mark certification
- Participate in the IHG Green Engage certification programme - Level 2 achieved
- Monthly update on the usage of waste, energy & water consumption in IHG Green Engage
- Air conditioning for the meeting rooms and ballrooms is controlled through the Building Management System. Air conditioning is only switched on one hour before and after event to save on energy consumption

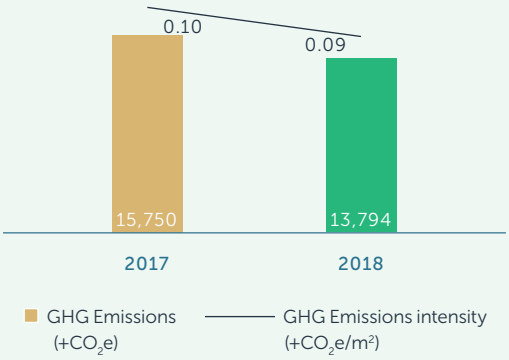
Mandarin Gallery

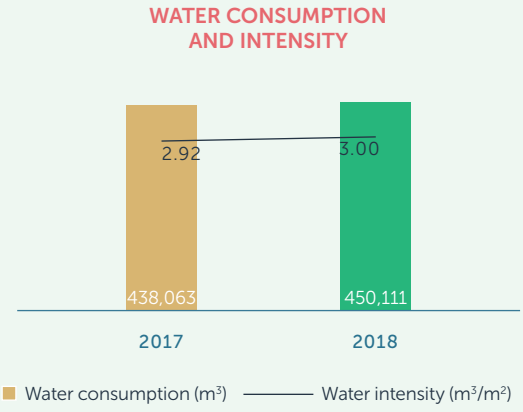
- BCA Green Mark certification
- Regular monitoring of chiller plant efficiency and upgrading of old chillers
- Encourage internal and external customers to practise energy-saving initiatives
- Revise time schedule for lightings and air conditioning and mechanical ventilation that are not necessary for early hours

ENERGY CONSUMPTION AND INTENSITY



GHG EMISSIONS AND INTENSITY





- New initiatives:
  - Introduce pre-cooled mechanical ventilation for maintenance due to hot air ingress
  - Energy efficiency is an ongoing task and the property manager has been embarking on energy savings projects for Mandarin Gallery over a number of years –
    2014 – Sleep mode for all escalators
    2015 – Energy efficient lightings for all corridors
    2016 – Energy efficient lighting for underside of 12 escalators
    2017 – Reduce hot air ingress at main thoroughfare on L1 entrances
    2018 – Introduced Variable Speed Drives for air handling units. Replaced facade lights to energy efficient type

In 2018, electrical energy consumption at the properties amounted to 32,906 megawatt hours (MWh), representing an 11% decrease from 2017. The overall building energy intensity recorded 219.24 kilowatt hour per square metre (kWh/m²) in 2018[7], an 11% decrease from the year before.

OUE H-Trust's indirect Green House Gas ("**GHG**") emissions[8] and intensity from electrical energy in 2018 were approximately 13,794 tonnes of carbon dioxide equivalent (tCO_2e) and 0.09 tCO_2e per square metre (tCO_2e/m^2), respectively.

Water

Water is essential to the business operations at OUE H-Trust's properties. Like energy, water management provides opportunities for the properties to enhance their operational performance.

Our properties are certified under the Public Utilities Board's ("**PUB**'s") Water Efficient Building ("**WEB**") Certification Programme. This signifies that the buildings have been installed with approved water efficient fittings and adopted WEB recommended flow rates and flush volumes.

MOS

- Buildings utilise water from alternative sources to reduce the reliance on potable water, although majority of the water supply is sourced from public utilities
- Non-potable water is used in cooling towers, for irrigation as well as flushing lavatories

CPCA

- Raise awareness with green posters on the notice boards for staff and placement of environmental cards in guestrooms
- Installation of Jemflo, a water flow control system which provides sustainable long-term water and energy savings
- Non-potable water is used in cooling towers and for irrigation

Mandarin Gallery

- Non-potable water is used in cooling towers, for irrigation as well as flushing lavatories
- PUB Water Efficiency Building Certification

Total building water consumption at the properties in 2018 recorded 450,111 cubic metres (m³) while the overall building water intensity recorded 3.00 m³ per square metre (m³/m²). This represented a 3% increase from 2017 which is in line with our increased guest room occupancy rates this year.

7 Note that 2017 electricity consumption and intensity, as well as GHG emissions and intensity, have been slightly revised since our 2017 sustainability report.
8 GHG emissions is derived based on the latest available Singapore's Grid Emission Factors published by the Energy Market Authority.

Effluents and Waste

Reducing waste generation and proper waste management is an increasing priority in Singapore. The Hotel Managers and Property Manager do not have direct control over the production of waste by guests and tenants within its buildings. Their focus is therefore on providing food waste management and recycling facilities for guests and tenants as part of their efforts to reduce overall environmental footprint. We recognise that there are opportunities for the functionality of our buildings to contribute towards a circular economy, where by-products and materials are recycled or reused.

With support from creative seniors from the NTUC Health Silver Circle Centre and 'Linens for Life' project team from Diversey, recycled hotel linens at CPCA were repurposed into eco-plush planes which are used as Christmas tree decorations to bring cheer to guests and inspire innovative green gift ideas – giving used items a new lease of life by transforming them into treasures loved by others.



Repurposed hotel linens used as Christmas decorations at CPCA.

MOS

At MOS, the 'Meritus Loves the Earth' green campaign engages guests and employees alike to actively participate in waste reduction measures. The three 'Rs' (Reduce, Reuse, and Recycle) are applied where possible – from cleaning guestrooms and setting up events, to managing waste in the kitchens and installing recycling bins at back-of the-house areas.

As a large hotel with 1,077 rooms, waste management is one of the key drivers of MOS' environmental sustainability efforts. Since 2014, MOS has embarked on a Food Recycling Programme partnering with ECO-WIZ Group Pte Ltd, one of the world's leading food waste management companies to recycle all food waste generated. The hotel implemented its Fluorescent Lamp Recycling Programme in July 2014 with the objective to reduce the environmental risk from improper disposal of used mercury-containing lamps by collecting and treating them in line with international practices.

Some of the waste reduction initiatives at MOS include:

- Recycling bins are provided in common areas to promote the recycling of waste such as glass, paper, metal, plastic, food and used electronic equipment
- Promotion and education on waste minimisation
- Engages directly with tenants via periodic management circulars which contain information on recycling and waste diversion initiatives within the buildings
- Tenants and guests are encouraged to reuse paper and minimise waste production where possible

CPCA

CPCA has an Environmental Management Committee which is focused on implementing effective initiatives to promote sustainability. CPCA also engages employees and guests in its green practices which include incorporating 3R initiatives widely within the hotel with readily available recycling points; involving guests by placing linen and towel reuse cards in guestrooms; providing training to employees on waste separation and reduction; and the use of environmentally-friendly cleaning products.

CPCA also works with Sealed Air on the 'Soap for Hope' initiative to provide, sanitise and recycle used soap bars into new bars for distribution to underprivileged communities around the region.

The hotel also participates in the 'Linen for Life' programme by donating linen, which can be repurposed into pillow cases, sleeping bags and simple clothing which are then sold to earn a small income for the people who made them.

Some of the environmental technology initiatives at CPCA include:

- Installation of the Eco Wiz – Food Digestor to reduce food waste going to landfill. CPCA was among the first few to adopt the Eco-Wiz

Mandarin Gallery

Although the Property Manager does not have direct control over the generation of waste by tenants, the mall has in place a waste management plan in collaboration with MOS by using waste management technology to compact and automatically discharge waste. Part of the waste is also recycled with the objective of reducing waste. Working with a licensed waste/recyclables vendor, the mall pro-actively tracks the recycling of waste such as paper, metal, glass and plastic.

The total waste sent for recycling amounted to 291,790 kilograms (kg) in 2018, representing 13.3% of the total waste, a slight decrease from 2017.

COMMUNITY

Stars of Christmas 2018

Stars of Christmas, an annual community programme championed by OUE Limited ("**OUE**") together with MOS and Marina Mandarin Singapore, is now in its ninth year of bringing Christmas cheer to beneficiaries of non-profit organisations providing programmes and services to underprivileged children, and those with special needs and illnesses. Stars of Christmas 2018 is in support of Children's Cancer Foundation, Club Rainbow, KK Women's and Children's Hospital, and various other children's welfare organisations under Community Chest. Supporting partners of Stars of Christmas 2018 are Komoco Motorcycles Pte Ltd (Harley-Davidson of Singapore – Sole Authorised Dealer) and Community Chest – the fund-raising arm of the National Council of Social Service. They are joined this year by Downtown Gallery and Takashimaya Singapore Ltd.



Volunteer riders on Harley Davidson motorcycles setting off to deliver the Christmas presents to the beneficiaries of OUE's Stars of Christmas programme.



Stars of Christmas Toy Run.



Community Chest Heartstrings Walk 2018.

The three-part programme commenced this year with the ceremonial hanging of Christmas stars at the lobby of MOS on 21 November, led by OUE Chief Executive Officer and Group Managing Director, Mr Thio Gim Hock. Giant Christmas trees at MOS, Marina Mandarin Singapore and Downtown Gallery were adorned with stars indicating beneficiaries' information, whereby staff and members of the public would pick the stars and purchase Christmas presents accordingly. More than 1,500 beneficiaries received presents under this year's OUE Stars of Christmas community programme.

The beneficiaries, accompanied by their families and caregivers, were invited to a Christmas luncheon hosted by OUE Limited at Marina Mandarin Singapore on 14 December. The children were joined by employees of OUE and its affiliate companies for an afternoon of Christmas treats and entertainment, featuring a visit from Santa who helped give out Christmas presents. Stars of Christmas 2018 culminated in a Toy Run activity on the morning of 15 December, with volunteer riders on a fleet of Harley Davidson motorcycles making a festive spectacle along the Orchard Road frontage of Mandarin Gallery as they set off to various locations to deliver the Christmas presents.

Heartstrings Walk 2018

Over 200 employees from OUE Limited, MOS and Marina Mandarin Singapore participated in the Community Chest Heartstrings Walk 2018. This year's walk brought together people from all parts of the community, partners, volunteers and beneficiaries, to signify a collective effort to build one community that shares, and a nation that cares.

True Hospitality for Good

During the annual IHG True Hospitality for Good month in September, CPCA joined colleagues from IHG hotels and corporate offices around the world to make a positive change through volunteering, taking care of the environment, or activities focused on health, fitness and wellbeing. Working with a select group of charity partners, True Hospitality for Good aims to change lives for the better in two main areas: building skills and education in our hospitality industry; and supporting communities in times of disaster.

CPCA pledged its support through a series of activities, including the 'Know Your Health' workshop, 'Walk for Health' and Zumba mass workouts. Employees also joined students from Metta School in a soap recycling workshop, and had an enjoyable afternoon interacting with partners from the Association for Persons with Special Needs (APSN) at the APSN Gala Lunch event. For every colleague who participates, IHG made a donation of up to S$4 to their nominated IHG charity partner.


CPCA staff joined students from Metta School in a soap recycling workshop.

GRI INDEX

GRI Standards (2016)		Notes/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	OUE Hospitality Trust ("**OUE H-Trust**")
102-2	Activities, brands, products, and services	Portfolio Overview & Review, pages 34 to 39 Property Profiles, pages 40 to 45
102-3	Location of headquarter	Corporate Information on Inside Back Cover
102-4	Location of operations	Corporate Information on Inside Back Cover
102-5	Ownership and legal form	Trust Structure, page 16
102-6	Markets served	Portfolio Overview & Review, pages 34 to 39 Property Profiles, pages 40 to 45
102-7	Scale of the organisation	Portfolio Overview & Review, pages 34 to 39 Property Profiles, pages 40 to 45
102-8	Information on employees and other workers	Workforce, Talent Retention, pages 64 to 65 There is no significant variation in employment numbers during the reporting period. A significant portion of the organisation's activities are not performed by workers who are not employees.
102-9	Supply chain	Supply chain is minimal and not significant to report on.
102-10	Significant changes to organisation and its supply chain	There is no significant change to the organisation and its supply chain during the reporting period.
102-11	Precautionary principle or approach	OUE H-Trust does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Year In Review, pages 14 to 15 Tripartite Alliance for Fair and Progressive Employment Practices
102-13	Membership of associations	Materiality Assessment, pages 61 to 62
Strategy		
102-14	Statement from senior decision-maker	Board Statement, page 56
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Who We Are, page 56
Governance		
102-18	Governance structure	Who We Are, Sustainability Trends, Risks and Opportunities, pages 56 to 58

Stakeholder Engagement

102-40	List of stakeholder groups	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, pages 59 to 60
102-41	Collective bargaining agreements	None of our employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, pages 59 to 60
102-43	Approach to stakeholder engagement	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, pages 59 to 60
102-44	Key topics and concerns raised	Assessing Materiality with Our Stakeholders in Mind, Engaging with Our Stakeholders, pages 59 to 60

Reporting Practice

102-45	Entities included in the consolidated financial statements	Financial Statements, page 112 to 211
102-46	Defining report content and topic Boundaries	About this Report, Reporting Scope, page 58
102-47	List of material topics	Assessing Materiality with Our Stakeholders in Mind, Materiality Assessment, pages 61 to 62
102-48	Restatements of information	Not applicable
102-49	Changes in reporting	Not applicable
102-50	Reporting period	1 January 2018 – 31 December 2018
102-51	Date of most recent report	1 January 2017 – 31 December 2017
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	About this Report, Feedback, page 59
102-54	Claims of reporting in accordance with GRI Standards	About this Report, Reporting Standard, pages 58 to 59
102-55	GRI content index	The GRI content index is laid out on pages 78 to 80.
102-56	External assurance	OUE H-Trust has not sought external assurance this year and will consider doing so in the future.

Material Topics

Economic Performance

201-1	Direct economic value generated and distributed	Financial Highlights, page 7 Financial Statements, pages 112 to 211

Anti-corruption

103-1	Confirmed incidents of corruption and actions taken	Anti-corruption, page 69
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, page 69

Environmental Compliance

103-1	Explanation of the material topic and its boundary	Compliance with Environmental Laws and Regulations, pages 71 to 75
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
307-1	Non-compliance with environmental laws and regulations	Compliance with Environmental Laws and Regulations, pages 71 to 75

Employment

103-1	Explanation of the material topic and its boundary	Talent Retention, pages 64 to 65
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
401-1	New employee hires and employee turnover	Talent Retention, pages 64 to 65

Occupational Health and Safety (2018)

103-1	Explanation of the material topic and its boundary	Workplace Health & Safety, pages 62 to 64
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
403-9	Work-related injuries	Workplace Health & Safety, pages 62 to 64 Number of man hours worked is included in the calculation of injury rates

403-1 403-2 403-3 403-4 403-5 403-6 403-7	• Occupational health and safety management system • Hazard identification, risk assessment, and incident investigation • Occupational health services • Worker participation, consultation, and communication on occupational health and safety • Worker training on occupational health and safety • Promotion of worker health • Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Workplace Health & Safety, pages 62 to 64

Training and Education

103-1	Explanation of the material topic and its boundary	Customer Health & Safety, pages 68 to 69
103-2	The management approach and its components	
103-3	Evaluation of the management approach	
404-3	Percentage of employees receiving regular performance and career development reviews.	Career Development, pages 66 to 68

Customer Health and Safety

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health & Safety, pages 68 to 69

Socioeconomic Compliance

419-1	Non-compliance with laws and regulations in the social and economic area	Governance, Compliance with Local Laws and Regulations, page 70

OUE Hospitality Trust ("**OUE H-Trust**") is a stapled trust which comprises OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**") and OUE Hospitality Business Trust ("**OUE H-BT**")[1]. OUE Hospitality REIT Management Pte. Ltd., as manager of OUE H-REIT (the "**REIT Manager**") and OUE Hospitality Trust Management Pte. Ltd., as trustee-manager of OUE H-BT (the "**Trustee-Manager**") are committed to maintaining good standards of corporate governance with regards to OUE H-REIT and OUE H-BT respectively. This report describes the corporate governance practices of the REIT Manager and the Trustee-Manager (collectively, the "**Managers**") for the financial year ended 31 December 2018 ("**FY2018**") with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**"). The Managers are pleased to report that they have complied in all material aspects with the principles and guidelines set out in the Code, save for certain deviations from the Code which are explained under the respective sections.

Outlined below are the policies, processes and practices adopted by the Managers in compliance with the principles and spirit of the Code.

A. BOARD MATTERS

Principle 1: Board's Conduct of Affairs

The composition of the board of directors (the "**Board**") for each of the Managers is similar. The Managers are headed by an effective Board comprising a majority of non-executive Directors who are independent of the management of the Managers (the "**Management**"). The Board is supported by two Board committees of the REIT Manager, namely the audit and risk committee (the "**ARC**") and the nominating and remuneration committee (the "**NRC**"). Each Board committee is governed by clear terms of reference which have been approved by the Board and set out the duties and authority of such Board committee. As disclosed in OUE H-Trust's IPO prospectus dated 18 July 2013 (the "**Prospectus**"), the Trustee-Manager does not have an audit and risk committee as it has been exempted from the requirement under the Business Trusts Act, Chapter 31A of Singapore (the "**Business Trusts Act**"), to constitute an audit committee, to the extent that OUE H-BT is dormant and subject to certain conditions[2].

The principal roles and responsibilities of the Board include:

- providing leadership, setting strategic objectives and ensuring that the necessary financial and human resources are in place for the Managers to meet their objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding the interests of the holders of stapled securities in OUE H-Trust ("**Stapled Securities**", and holders of Stapled Securities, the "**Stapled Securityholders**") and OUE H-Trust's assets;
- reviewing the Management's performance;
- identifying the key stakeholder groups and recognising that their perceptions affect the reputation of the Managers and OUE H-Trust;
- setting the Managers' values and standards (including ethical standards), and ensuring that obligations to Stapled Securityholders and other stakeholders are understood and met; and
- considering sustainability issues (including environmental and social factors) as part of the Managers' overall strategy.

1 OUE H-BT is presently dormant and it does not hold any properties.
2 Please refer to pages 204, 305 and 306 of the Prospectus.

The Managers have adopted internal guidelines which require Board approval for investments, divestments and bank borrowings. The Managers have adopted a framework of delegated authorisation, as set out in their Limits of Authority ("**LOA**"). The LOA sets out the procedures and levels of authorisation required for specified transactions. It also sets out approval limits for operating and capital expenditure. The LOA also contains a schedule of matters specifically reserved for the Board's approval. These include approval of annual business plans, operating budgets, statutory accounts, declaration of distribution per Stapled Security, and material transactions, namely, major acquisitions, joint ventures, strategic alliances, investment proposals, establishment of banking facilities and corporate restructuring.

The Board holds regular scheduled meetings on a quarterly basis, with ad hoc meetings convened as and when required. A total of six Board meetings were held in FY2018.

The attendance of the directors of the Managers ("**Directors**") at Board and Board committee meetings, as well as the frequency of such meetings during 2018, is disclosed below. Directors who are unable to attend Board and/or Board committee meetings may convey their views to the chairman (the "**Chairman**") or the company secretary of the Managers (the "**Company Secretary**"). The Managers' Constitutions provide for participation in meetings via telephone or video conference where Directors are unable to be physically present at such meetings. Directors may raise questions and seek clarification through discussion forums with the Management in respect of significant matters passed via circular resolutions.

Attendance of Board and Board Committee Meetings

	Number of meetings attended in FY2018		
Name of Director	Board	ARC	NRC
Lee Yi Shyan	6	-	-
Chong Kee Hiong[3]	4	-	-
Sanjiv Misra	6	6	3
Ong Kian Min	6	6	3
Liu Chee Ming	6	6	-
Neo Boon Siong	5	5	-
Christopher James Williams	6	-	3
Number of meetings held in FY2018	**6**	**6**	**3**

Board Orientation and Training

Upon their appointment to the Board, the newly-appointed Director will be given a formal letter which sets out the duties and obligations of a Director. In addition, the Managers conduct an orientation programme for newly-appointed Directors to familiarise them with the business, operations and financial performance of OUE H-Trust. The newly-appointed Directors will also be briefed on the Managers' governance practices, including board processes, policies on disclosure of interests in securities, prohibitions on dealing in the Stapled Securities and restrictions on disclosure of price-sensitive information. OUE H-Trust was listed on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 25 July 2013 (the "**Listing Date**") and, save for Mr Lee Yi Shyan who was appointed as Deputy Chairman and Non-Independent Non-Executive Director on 12 January 2016 (and subsequently appointed as Chairman on 1 November 2017), no new director has been appointed since the Listing Date.

3 Mr Chong Kee Hiong resigned as the Chief Executive Officer and Executive Director of the Managers with effect from 15 July 2018.

Directors are at liberty to request for further explanations, briefings or informal discussions on any aspect of the Managers' operations or business issues from the Management.

The Managers will arrange for the Directors to be kept abreast of developments in the real estate and hospitality industries on a regular basis. To keep pace with the fast-changing laws and regulations and commercial risks, the Directors have an on-going budget to receive further relevant training of their choice in connection with their duties as directors of the Managers. They are also given unrestricted access to professionals for consultation as and when they deem necessary at the Managers' expense.

The Board is routinely updated on developments and changes in the operating environment and applicable laws and regulations, including directors' duties and responsibilities, corporate governance matters and changes in financial reporting standards, so as to enable them to discharge their duties effectively as members of the Board and where applicable, as Board committee members. The Directors may also attend other relevant courses, conferences and seminars, at the Managers' expense. These include programmes run by the Singapore Institute of Directors.

The NRC makes recommendations to the Board on relevant matters relating to the review of training and professional development programs for the Board.

Principle 2: Board Composition and Guidance
Principle 3: Chairman and Chief Executive Officer[4]

The Board assesses the independence of each of the Directors in accordance with the requirements of the Code. Under the Code, an independent director is one who has no relationship with the Managers, their related corporations, their 10% shareholders, their officers or the 10% Stapled Securityholders that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Managers and OUE H-Trust.

The Board comprises six Directors with four non-executive independent Directors. No individual or small group of individuals dominates the Board's decision-making. In addition to the Board's annual review of the Directors' independence, each independent Director also submits an annual declaration regarding his independence.

In addition to the requirements of the Code, the Board also reviews and assesses annually the independence of each Director in accordance with regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"[5]). Under the SFLCB Regulations, a director is considered to be independent if the director:

(a) is independent from the management of the REIT Manager and OUE H-REIT;

(b) is independent from any business relationship with the REIT Manager and OUE H-REIT;

(c) is independent from every substantial shareholder of the REIT Manager and from every substantial Stapled Securityholder of OUE H-Trust;

(d) is not a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of OUE H-Trust; and

(e) has not served as a director of the REIT Manager for a continuous period of nine years or longer.

4 All references to Chief Executive Officer in this report shall include the Acting Chief Executive Officer, pending confirmation of appointment of the Chief Executive Officer.

5 The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business) (Amendment No. 2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director's independence.

In its review for FY2018, the NRC has endorsed in its recommendation to the Board that the following directors are independent for FY2018:

Mr Sanjiv Misra	Independent
Mr Ong Kian Min	Independent
Mr Liu Chee Ming	Independent
Professor Neo Boon Siong	Independent

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board of the REIT Manager, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

Name of Director:	**Mr Lee Yi Shyan[1]**	**Mr Sanjiv Misra[2]**	**Mr Ong Kian Min[3]**	**Mr Liu Chee Ming[4]**	**Professor Neo Boon Siong[5]**	**Mr Christopher James Williams[6]**
(i) had been independent from the management of the REIT Manager and OUE H-REIT during FY2018		√	√	√	√	√
(ii) had been independent from any business relationship with the REIT Manager and OUE H-REIT during FY2018						
(iii) had been independent from every substantial shareholder of the REIT Manager and every substantial Stapled Securityholder of OUE H-Trust during FY2018						
(iv) had not been a substantial shareholder of the REIT Manager or a substantial Stapled Securityholder of OUE H-Trust during FY2018	√	√	√	√	√	√
(v) has not served as a director of the REIT Manager for a continuous period of 9 years or longer as at the last day of FY2018	√	√	√	√	√	√

(1) Mr Lee Yi Shyan is currently an Executive Advisor to the Chairman of the Sponsor. In addition, he is a director of the Trustee-Manager. The Trustee-Manager is a related corporation of the REIT Manager since both entities are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. As such, during FY2018, Mr Lee Yi Shyan is deemed (i) to have a management and business relationship with the REIT Manager and OUE H-Trust; and (ii) to be connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust, by virtue of his directorship on the board of the Trustee-Manager and his role as an Executive Advisor to the Chairman of the Sponsor. The Board is satisfied that, as at 31 December 2018, Mr Lee Yi Shyan was able to act in the best interests of all the Stapled Securityholders as a whole.

(2) Mr Sanjiv Misra is a director of the Trustee-Manager. The Trustee-Manager is a related corporation of the REIT Manager since both entities are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. As such, during FY2018, Mr Sanjiv Misra is deemed (a) to have a business relationship with the REIT Manager and OUE H-Trust; and (ii) connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust, by virtue of his directorship on the board of the Trustee-Manager. Nonetheless, the Board is satisfied that, as at 31 December 2018, Mr Sanjiv Misra was able to act in the best interests of all the Stapled Securityholders of OUE H-Trust as a whole and is of the view that Mr Sanjiv Misra should be treated as an independent director of the REIT Manager.

(3) Mr Ong Kian Min is a director of the Trustee-Manager. The Trustee-Manager is a related corporation of the REIT Manager since both entities are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. In addition, Mr Ong Kian Min is a consultant with Drew & Napier LLC (Corporate & Finance Department). The Board noted that Drew & Napier LLC has been engaged by the REIT Manager to provide legal services to OUE H-Trust in FY2018. In view of the foregoing, during FY2018, Mr Ong Kian Min is deemed (a) to have a business relationship with the REIT Manager and OUE H-Trust; and (ii) connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust, by virtue of his directorship on the board of the Trustee-Manager and his role as a consultant with Drew & Napier LLC. Nonetheless, the Board is satisfied that, as at 31 December 2018, Mr Ong Kian Min was able to act in the best interests of all the Stapled Securityholders of OUE H-Trust as a whole and is of the view that Mr Ong Kian Min should be treated as an independent director of the REIT Manager. The Board also takes the view that Mr Ong Kian Min was able to exercise independent judgment and demonstrate objectivity in his deliberations in the interests of OUE H-Trust notwithstanding his role as a consultant with Drew & Napier LLC on the basis that he was not involved in the decision-making processes in Drew & Napier LLC's transactions involving OUE H-Trust.

(4) Mr Liu Chee Ming is a director of the Trustee-Manager. The Trustee-Manager is a related corporation of the REIT Manager since both entities are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. As such, during FY2018, Mr Liu Chee Ming is deemed (a) to have a business relationship with the REIT Manager and OUE H-Trust; and (ii) connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust, by virtue of his directorship on the board of the Trustee-Manager. Nonetheless, the Board is satisfied that, as at 31 December 2018, Mr Liu Chee Ming was able to act in the best interests of all the Stapled Securityholders of OUE H-Trust as a whole and is of the view that Mr Liu Chee Ming should be treated as an independent director of the REIT Manager.

(5) Professor Neo Boon Siong is a director of the Trustee-Manager. The Trustee-Manager is a related corporation of the REIT Manager since both entities are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. As such, during FY2018, Professor Neo Boon Siong is deemed (a) to have a business relationship with the REIT Manager and OUE H-Trust; and (ii) connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust, by virtue of his directorship on the board of the Trustee-Manager. Nonetheless, the Board is satisfied that, as at 31 December 2018, Professor Neo Boon Siong was able to act in the best interests of all the Stapled Securityholders of OUE H-Trust as a whole and is of the view that Professor Neo Boon Siong should be treated as an independent director of the REIT Manager.

(6) Mr Christopher James Williams is currently the Deputy Chairman and Non-Executive Director of the Sponsor. In addition, he is a director of the Trustee-Manager. Both the REIT Manager and the Trustee-Manager are wholly-owned subsidiaries of the Sponsor which is a substantial Stapled Securityholder of OUE H-Trust. As such, during FY2018, Mr Christopher James Williams is deemed (i) to have a business relationship with the REIT Manager and OUE H-Trust; and (ii) to be connected to a substantial shareholder of the REIT Manager and substantial Stapled Securityholder of OUE H-Trust. The Board is satisfied that, as at 31 December 2018, Mr Christopher James Williams was able to act in the best interests of all the Stapled Securityholders as a whole.

For the purposes of Regulation 13E(b)(ii) of the SFLCB Regulations, as at 31 December 2018, Mr Lee Yi Shyan, Mr Sanjiv Misra, Mr Ong Kian Min, Mr Liu Chee Ming, Professor Neo Boon Siong and Mr Christopher James Williams were able to act in the best interests of all the Stapled Securityholders of OUE H-Trust as a whole.

The integrity and professionalism of the Directors have allowed them to discharge their responsibilities with due care and diligence.

The Board is of the opinion that its current size is appropriate, taking into account the nature and scope of the Managers' role vis-a-vis OUE H-Trust, for effective decision making. The Board comprises Directors who as a group have the core competencies, such as accounting or finance, government administration experience, international trade experience, business or management experience, legal, industry knowledge, strategic planning experience and customer-based experience or knowledge, required for the Board to be effective in all aspects of its roles.

Board Composition

Board Member	
Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Sanjiv Misra	Lead Independent Director
Ong Kian Min	Independent Director
Liu Chee Ming	Independent Director
Neo Boon Siong	Independent Director
Christopher James Williams	Non-Independent Non-Executive Director

Key information on the Directors' particulars and background can be found on pages 21 to 24 of the Annual Report.

The Board is chaired by Mr Lee Yi Shyan, who is a non-independent non-executive Director (the "**Chairman**"). The Chairman, in consultation with the Management, sets the agenda for Board meetings and ensures that they are held regularly and whenever necessary. He seeks to ensure that the Directors receive timely, clear and adequate information. As part of the Chairman's responsibilities, he also seeks to ensure that good standards of corporate governance are promoted and adhered to within the Managers and by all Directors.

The Code recommends that a company should appoint an independent director to be the lead independent director where, *inter alia*, the Chairman is not an independent director. In this regard, Mr Sanjiv Misra, an Independent Director, was appointed as the Lead Independent Director. As the Lead Independent Director, Mr Sanjiv Misra has the discretion to hold meetings with the other independent Directors without the presence of the Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings.

Directors participate in setting and developing strategies and goals for the Management, and reviewing and assessing the Management's performance. This enables the Management to benefit from their external and objective perspective on issues that are brought before the Board.

There is a clear separation of responsibilities between the Chairman and the Chief Executive Officer ("**CEO**"), so as to maintain an appropriate balance of power and authority. The Chairman and the CEO are not related to each other.

Principle 4: Board Membership
Principle 5: Board Performance

The NRC comprises three non-executive Directors, namely Mr Ong Kian Min, Mr Christopher James Williams and Mr Sanjiv Misra. Mr Ong Kian Min is the chairman of the NRC. The NRC met three times in FY2018.

The principal responsibilities of the NRC in performing the functions of a nominating committee include reviewing and evaluating nominations of directors for appointment to the Board, evaluating the performance of the Directors and the Board as a whole and the Board committees, reviewing and being mindful of the independence of the Directors, reviewing and making recommendations on the training and professional development programs for the Board and reviewing the endorsement or re-endorsement of Directors for approval by Stapled Securityholders at the Annual General Meeting.

In its selection, appointment and re-appointment process, the NRC reviews the composition of the Board including the mix of expertise, skills and attributes of existing Directors, so as to identify the requisite and/or desired competencies to supplement the Board's existing attributes. In doing so, where necessary or appropriate, the NRC may tap on its networking contacts and/or engage external professional headhunters to assist with identifying and shortlisting such candidates. The Board continues to be open and vigilant in identifying the appropriate female candidate(s) who may possess the competency level and skill sets necessary to bring greater value to OUE H-Trust and its various stakeholder constituencies. While being mindful of building on gender diversity in the boardroom, the Board is of the view that it is of equal importance that the driver of this exercise (apart from the gender criterion) be focused on identifying the right level of experience, commercial acumen and professional integrity in a potential Director.

The NRC assesses the effectiveness of the Board as a whole and its Board committees and the contribution by the Chairman and each Director to the effectiveness of the Board. A formal appraisal process to assess the effectiveness of the Board and Board committees has been implemented. The Board performance evaluation process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of the Directors. There is a self-performance assessment to be undertaken by each Director. The Company Secretary compiles the Directors' responses to the questionnaire into a consolidated report, and the report will be discussed at a NRC meeting and then shared with the entire Board. In evaluating each Director's performance and that of the Board and its Board committees, the NRC considers, *inter alia*, the Directors' attendance, contribution and participation at Board and Board committee meetings, Directors' individual evaluations and the overall effectiveness of the Board in steering and overseeing the conduct of the Managers' business *vis-a-vis* OUE H-Trust. Based on the NRC's assessment and review, the Board and its Board committees operate effectively and each Director has contributed to the overall effectiveness of the Board.

The Directors must ensure that they are able to give sufficient time and attention to the affairs of the Managers, and as part of its review process, the NRC decides whether or not a Director is able to do so and whether he has been adequately carrying out his duties as a Director. The NRC believes that setting a maximum limit on the number of directorships a Director can hold is arbitrary, given that time requirements for each board may vary, and thus should not be prescriptive.

The NRC determines on an annual basis whether or not a Director is independent, taking into account the Code's guidance on what constitutes an "independent" Director, the SFLCB Regulations and the existence of relationships which would deem a Director not to be independent. A Director who has no relationship with the Managers, their related corporations, their 10% shareholders, their officers or the 10% Stapled Securityholders that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment with a view to the best interest of the Managers and OUE H-Trust, is considered to be independent under the Code.

The Directors have had opportunities for continuing education in a number of areas including directors' duties, corporate governance, financial reporting, insider trading, the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), the Business Trusts Act, the Code on Collective Investment Schemes and the Listing Manual of the SGX-ST (the "**Listing Manual**"), real estate and hospitality industry-related matters and other areas to enhance their performance as Board and Board Committee members.

Principle 6: Access to Information

In order to enable the Directors to make informed decisions to discharge their duties and responsibilities, the Management endeavours to provide the Board with complete and adequate information in a timely manner prior to Board meetings. Such information includes on-going reports relating to the operational and financial performance of OUE H-Trust, as well as matters requiring the Board's decision. The Management is also required to furnish any additional information, when so requested by the Board, as and when the need arises. The Directors also have separate and independent access to the Management and the Company Secretary. The role of the Company Secretary and the Management is to ensure that all Board procedures are followed and that applicable regulations and rules prescribed by the Companies Act, the Business Trusts Act, the Listing Manual and all other applicable laws and regulations are complied with. Under the direction of the Chairman, the responsibilities of the Company Secretary include ensuring timely information flows within the Board and its Board committees and between the Management and non-executive Directors.

The Directors may seek independent professional advice, at the Managers' expense, as and when required.

B. REMUNERATION MATTERS

Principle 7 : Procedures for Developing Remuneration Policies
Principle 8 : Level and Mix of Remuneration
Principle 9 : Disclosure on Remuneration

The principal responsibilities of the NRC in relation to the remuneration matters include (i) reviewing the general framework of remuneration for Directors and key management personnel of the Managers, namely the CEO of the Managers, (ii) reviewing policies for fixing of the remuneration packages of individual Directors and the key management personnel of the Managers, and (iii) reviewing the remuneration policies of the Managers to ensure that these meet its stated objectives having regard to the performance of OUE H-Trust and other considerations.

The NRC reviews the compensation policy to ensure that the compensation offered by the Managers are (i) competitive and will attract, retain and motivate Directors and key management personnel and (ii) for Directors to be good stewards of the Managers and OUE H-Trust and for key management personnel with the required experience and expertise to run the Managers successfully. In reviewing the policy for the remuneration packages for Directors and the key management personnel of the Managers, the NRC takes into consideration the remuneration policy and practices of the OUE group, which applies to all business divisions within the OUE group as well as the conditions within the REIT management industry and in comparable REIT managers. The remuneration policies are structured to attract and retain highly qualified persons, with the overall goal of ensuring the long-term sustainability and success of the Managers and OUE H-Trust. After the NRC carries out its review process, the NRC will make the appropriate recommendations to the Board of Directors.

The remuneration of the Directors and the Management is paid by the REIT Manager, and not by OUE H-Trust. The remuneration of the Directors in the form of directors' fees is paid wholly in cash and the remuneration of the Management in the form of salaries, annual bonuses and allowances is also paid wholly in cash. There is no non-monetary compensation in the form of stock options or Stapled Securities paid to the Directors or the Management.

For the financial year under review, the Managers did not engage any remuneration consultant with regard to the remuneration of its Directors and the Management.

The structure of the Directors' fees for non-executive Directors comprises a base fee for serving as a Director, and additional fees for (i) serving as Chairman of the Board, or chairman of Board committees, (ii) serving as Lead Independent Director and/or (iii) serving on Board committees as members, as the case may be. The Directors' fees take into account:

(i) the Directors' level of contribution and respective responsibilities at Board meetings and Board committee meetings; and

(ii) the industry practices and norms on remuneration including guidelines set out in the Statement of Good Practice issued by the Singapore Institute of Directors.

The remuneration framework for the key executive officers of the Managers comprises monthly salaries, annual bonuses and allowances. Executive remuneration is linked to corporate and individual performance, based on the performance appraisal of the key executive officers that take into account the following criteria namely (i) leadership, (ii) self-management and effectiveness, (iii) communication and interpersonal skills, (iv) quality management, (v) administration and managerial skills, (vi) human resource management and development, (vii) technical and functional skills, and (viii) customer focus. The Managers currently do not have in place long-term or short-term incentive schemes for their executive Directors and key executive officers.

As disclosed in the Prospectus, no compensation is payable to Directors in respect of their appointment as directors of the Trustee-Manager as OUE H-BT is dormant.

The Code and the Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (issued pursuant to Section 101 of the Securities and Futures Act) require (i) the disclosure of the remuneration of each individual Director and the CEO on a named basis, and (ii) the disclosure of the remuneration of at least the top five key management personnel / top five executive officers (who are neither Directors nor the CEO), on a named basis, in bands of S$250,000, and (iii) in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO), and in the event of non-disclosure, the REIT Manager is required to provide reasons for such non-disclosure. After much deliberation, the Board is of the view that disclosure of the remuneration of each individual Director, the CEO and the top five executive officers on a named basis, whether in exact quantum or in bands of S$250,000, and the total remuneration paid to the top five key management personnel (who are not directors or the CEO) will not be in the best interests of the Managers, OUE H-Trust or its Stapled Securityholders. In arriving at its decision, the Board had taken into consideration, *inter alia*, the commercial sensitivity and confidential nature of remuneration matters, the competitive nature of the REIT management and hospitality industry, the competitive business environment which OUE H-Trust operates in, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the REIT Manager in attracting and retaining talent for the REIT Manager (at the Board and Management levels) on a long-term basis. Accordingly, the Board is of the view that the non-disclosure of the remuneration, whether in exact quantum or in bands of S$250,000, of each individual Director, the CEO and top five executive officers and the total remuneration paid to the top five key management personnel will not be prejudicial to the interest of the Stapled Securityholders.

There are no employees of the Managers who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during FY2018. The Managers do not have any employee share scheme.

No termination, retirement or post-employment benefits were granted to Directors, the CEO or key executive officers of the Managers during FY2018.

C. ACCOUNTABILITY & AUDIT

Principle 10: Accountability

The Board is responsible for presenting a balanced and understandable assessment of OUE H-Trust's performance, position and prospects to its Stapled Securityholders, the public and the regulators. The Management is accountable to the Board and provides the Board with quarterly and full-year results, which are then reviewed and approved by the Board for release to the SGX-ST.

Principle 12: Audit and Risk Committee

The ARC consists of four non-executive Directors, namely Mr Sanjiv Misra, Mr Ong Kian Min, Mr Liu Chee Ming and Professor Neo Boon Siong, who are all independent Directors. Mr Sanjiv Misra is the chairman of the ARC. All members of the ARC have many years of experience in senior management positions. The Board is of the view that the ARC members are appropriately qualified to discharge their responsibilities. A total of six ARC meetings were held in FY2018.

The ARC's responsibilities, under its terms of reference, include the following:

1. Monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to Interested Person Transactions (as defined in the Listing Manual) and the provisions of Appendix 6 to the Code on Collective Investment Schemes (the "**Property Funds Appendix**") relating to Interested Party Transactions (as defined in the Property Funds Appendix) (both types of transactions constituting "**Related Party Transactions**").

2. Monitoring the procedures implemented to ensure compliance with the applicable legislation, the Listing Manual and the Property Funds Appendix.

3. Reviewing the annual audit plans of the external and internal auditors. The ARC may suggest matters to be included for review by the external and internal auditors during their audit of OUE H-REIT and the REIT Manager.

4. Reviewing with the external and internal auditors their findings on their evaluation of the system of the internal accounting controls of OUE H-REIT and the REIT Manager.

5. Reviewing the external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the management of the REIT Manager.

6. Reviewing the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. Such review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ARC. If an ARC member has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

7. Reviewing the scope and results of the internal audit procedures, and, at least annually, reviewing the adequacy and effectiveness of the REIT Manager's internal audit function.

8. Reviewing the external auditors' management letter and the response from the Management.

9. Reviewing the adequacy, scope and performance/results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors.

10. Reviewing the nature and extent of non-audit services performed by the external auditors.

11. Reviewing the independence and objectivity of the external auditors annually and stating (a) the aggregate amount of fees paid to the external auditors for that financial year, and (b) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in OUE H-Trust's Annual Report. Where the external auditors also supply a substantial volume of non-audit services to OUE H-REIT and/or the REIT Manager, the ARC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

12. Reviewing the financial statements of OUE H-REIT and the REIT Manager and reviewing the quality and reliability of information prepared for inclusion in financial reports.

13. Reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of OUE H-REIT and the REIT Manager and any formal announcements relating to the financial performance of OUE H-REIT and the REIT Manager, including the quarterly and full-year balance sheets and profit and loss accounts of OUE H-REIT and the REIT Manager.

14. Reviewing the assistance given by Management to the ARC, external auditors and internal auditors, where applicable.

15. Making recommendations to the Board on the proposals to the unitholders of OUE H-REIT (or the shareholders of the REIT Manager, as the case may be) on the appointment, re-appointment and removal of OUE H-REIT's (or the REIT Manager's) external auditors, and approving the remuneration and terms of engagement of the external auditors.

16. Monitoring and evaluating the effectiveness of the REIT Manager's internal controls. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the REIT Manager's risk management and internal control policies and systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.

17. Ensuring that the internal audit function is independent from the management of the REIT Manager, that the internal audit function will report to the chairman of the ARC and that the internal audit function is adequately qualified to perform an effective role.

18. Ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within the REIT Manager.

19. Ensuring that the internal auditors carry out their function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

In the review of the financial statements, the ARC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The ARC reviewed, amongst other matters, the key audit matter (Table 1) as reported by the external auditors for the financial year ended 31 December 2018.

Table 1: Key Audit Matter

Key audit matter	How the issue was addressed by the ARC
Valuation of investment properties	The ARC reviewed the outputs of the year-end valuation process of OUE H-Trust's investment properties and discussed the details of the valuation with the Management, focusing on significant changes in fair value measurements and key drivers of the changes. The ARC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 31 December 2018.

The results of the ARC's review are reported to the Board.

The ARC has reviewed the non-audit fees paid to the external auditors and it is satisfied that the independence and objectivity of the external auditors have not been compromised by the provision of non-audit services. The amount of non-audit fees paid to the external auditors for FY2018 was $62,000. The ARC is satisfied that OUE H-REIT has complied with the requirements of Rule 712 and 715 of the Listing Manual in relation to the appointment of its auditing firm. Accordingly, the ARC has recommended to the Board the nomination of the external auditors, Messrs KPMG LLP, for re-appointment at the forthcoming Annual General Meeting to be held on 30 April 2019. The ARC has met with the external auditors as well as the internal auditors, without the presence of the Management.

The details of the remuneration of the auditors of OUE H-Trust during FY2018 are as follows:

Breakdown of Audit and Non-Audit Services	Amount (S$'000)
Audit Services	176
Non-Audit Services	62

The Managers have in place a whistle-blowing procedure whereby employees of the Managers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters as well as any breach of the Managers' Code of Business Conduct and Ethics, without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy which is administered with the assistance of the head of OUE's Internal Audit Department ("**OUE IA**"). Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow-up action to be taken. The ARC is empowered to conduct or authorise investigations into any activity within its terms of reference, and obtain independent professional advice as it deems necessary. The ARC has full access to and co-operation from the Management and full discretion to invite any Director or executive officer to attend its meetings, and has adequate resources to enable it to discharge its functions properly.

In carrying out its duties, the ARC is guided by the Guidebook for Audit Committees in Singapore. The external auditors, Messrs KPMG LLP, updates the ARC members on a regular basis on recent changes to financial reporting standards and regulatory developments.

Principle 11: Risk Management and Internal Controls
Principle 13: Internal Audit

The REIT Manager has an established risk assessment and management framework (the "**Framework**") for OUE H-Trust, which has been approved by the Board. The Framework is used by the REIT Manager to determine the nature and the extent of the significant financial, operational, compliance and information technology risks in order to achieve strategic objectives. The Framework also provides internal controls as to how to address these risks.

The ownership of these risks lies with the CEO and the function heads of the REIT Manager, with stewardship residing with the Board.

The ARC, together with the REIT Manager, assists the Board to oversee, review and update the Framework to ensure its adequacy and effectiveness on the business, with internal controls in place to manage risks including but not limited to finance, operations, compliance and information technology. The REIT Manager identifies these risks through a risk register with specific internal controls in place to manage or mitigate those risks. The risk register is reviewed by the ARC, the REIT Manager and the Board quarterly (and updated as and when necessary). Internal auditors and external auditors conduct audits that involve testing the effectiveness of the material internal control systems of OUE H-Trust.

Any material non-compliance or lapses in internal controls together with corrective measures recommended by internal auditors and external auditors are reported to the ARC. The effectiveness of the measures taken by the Management in response to the recommendations made by the internal auditors and external auditors is also reviewed by the ARC. The system of risk management and internal controls is continually being refined by the REIT Manager, the ARC and the Board.

The Board has received assurance from the CEO and the Chief Financial Officer (the "**CFO**") of the REIT Manager that:

(a) the financial records of OUE H-Trust have been properly maintained and the financial statements for the year ended 31 December 2018 give a true and fair view of OUE H-Trust's operations and finances; and

(b) the Framework implemented within OUE H-Trust is adequate and effective in identifying and addressing the material risks in OUE H-Trust in its current business environment including material financial, operational, compliance and information technology risks.

Based on the Framework established and reviews conducted by OUE H-Trust's internal auditors and external auditors as well as the assurance from the CEO and the CFO, the Board opines, pursuant to Rule 1207(10) of the Listing Manual, with the concurrence of the ARC, that OUE H-Trust's system of risk management and internal controls were adequate and effective as at 31 December 2018 to address the material financial, operational, compliance and information technology risks faced by OUE H-Trust.

The Board notes that the Framework established by the REIT Manager provides reasonable, but not absolute, assurance that OUE H-Trust will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, fraud, other irregularities and losses.

OUE IA has been appointed to undertake the internal audit function in respect of OUE H-Trust, under the direct supervision of the Board. OUE IA's primary line of reporting is to the chairman of the ARC. OUE IA is responsible for assisting the ARC in reviewing and evaluating the adequacy and effectiveness of the REIT Manager's system of internal controls to address financial, operational, compliance and information technology risks for OUE H-Trust. It also audits the operations, regulatory compliance and risk management processes of the REIT Manager. The scope of the internal audit reviews is carried out in accordance with the yearly plans prepared by OUE IA and approved by the ARC. All audit findings are communicated to the ARC as well as the Management.

In the course of carrying out their duties, OUE H-Trust's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their normal audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the ARC.

In carrying out its functions, OUE IA has adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The ARC is satisfied with the independence, adequacy and effectiveness of the internal audit function and its resources.

D. COMMUNICATION WITH STAPLED SECURITYHOLDERS

Principle 14 : Regular, Effective and Fair Communication with Stapled Securityholders
Principle 15 : Encouraging Greater Stapled Securityholder Participation
Principle 16 : Conduct of Stapled Securityholders' Meetings

Stapled Securityholders are informed of OUE H-Trust's performance and developments through accurate and timely disclosures via announcements, press releases and the publication of its quarterly and full-year results and the annual report on SGXNET, and subsequently on OUE H-Trust's website at http://www.oueht.com. Stapled Securityholders can subcribe to email alerts of all announcements and press releases issued by OUE H-Trust through its website, where an online enquiry form is made available for Stapled Securityholders to submit questions at their convenience. The Managers also conduct analysts' briefings and investor meetings and non-deal roadshows to maintain regular dialogue with investors and Stapled Securityholders as well as to solicit and understand the views of Stapled Securityholders. In addition, the contact details of the Managers' investor relations representative are set out in the press releases issued by the Managers. More details of the Managers' investor relations activities and efforts are found on pages 27 to 29 of this Annual Report.

In addition, Stapled Securityholders are given the opportunity to communicate their views and to raise pertinent questions to the Directors and Management and to vote at Stapled Securityholders' meetings. The respective chairpersons of the ARC and NRC, as well as the external auditors, shall also be present at Stapled Securityholders' meetings to address relevant questions raised by the Stapled Securityholders.

E. INTERESTED PERSON TRANSACTIONS POLICY

The Managers have established procedures to monitor and review Interested Person Transactions ("**IPTs**"), including ensuring compliance with the provisions of the Listing Manual and the Property Funds Appendix related to IPTs. The ARC and the Board review the IPTs on a quarterly basis. Any IPTs requiring disclosure are set out in the Annual Report.

F. DEALINGS IN THE STAPLED SECURITIES

The Managers have issued guidelines on dealing in the Stapled Securities. These pertain to the existence of insider trading laws and the rules and regulations with regard to dealings in the Stapled Securities by the Directors and the employees of the Managers. The Managers send out memoranda and e-mails to the Directors and the employees to remind them that the Directors, the employees of the Managers and their connected persons are prohibited from dealing in the Stapled Securities during the following periods:

(a) two weeks before the announcement of OUE H-Trust's financial statements for each of the first three quarters of its financial year;

(b) one month before the announcement of OUE H-Trust's full year results and (where applicable) property valuations; or

(c) any time while in possession of price sensitive information.

The Directors and the employees of the Managers are prohibited from communicating price sensitive information to any person. In addition, the Managers also discourage the Directors and employees of the Managers from dealing in the Stapled Securities on short-term considerations.

STATEMENT ON POLICIES AND PRACTICES IN RELATION TO THE MANAGEMENT AND GOVERNANCE OF OUE HOSPITALITY BUSINESS TRUST

OUE Hospitality Business Trust ("**OUE H-BT**") has been dormant since the listing of OUE Hospitality Trust ("**OUE H-Trust**") on the Main Board of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 25 July 2013.

Although OUE H-BT is dormant, the board of directors of the Trustee-Manager (the "**Trustee-Manager Board**") is committed to complying with the requirements under the Listing Manual, the Business Trusts Act, Chapter 31A of Singapore (the "**BTA**") and the Business Trusts Regulations 2005 (the "**BTR**") (except where waivers had been obtained from the Monetary Authority of Singapore (the "**MAS**") and disclosed in the IPO prospectus of OUE H-Trust), the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") as well as the trust deed dated 10 July 2013 constituting OUE H-BT (as amended) (the "**OUE H-BT Trust Deed**") and the stapling deed dated 10 July 2013 (as amended) (the "**Stapling Deed**").

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of OUE H-BT units (the "**OUE H-BT Unitholders**"), and managing the business conducted by OUE H-BT. The Trustee-Manager has general powers of management over the business and assets of OUE H-BT and its main responsibility is to manage OUE H-BT's assets and liabilities for the benefit of the OUE H-BT Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as OUE H-BT's trustee-manager, is required to:

- treat the OUE H-BT Unitholders in the same class fairly and equally and OUE H-BT Unitholders who hold OUE H-BT units in different classes (if any) fairly;

- ensure that all payments out of the trust property of OUE H-BT (the "**Trust Property**") are made in accordance with the BTA, the OUE H-BT Trust Deed and the Stapling Deed;

- report to the MAS any contravention of the BTA or the BTR by any other person that:

  – relates to OUE H-BT; and
  – has had, has or is likely to have, a material adverse effect on the interests of all the OUE H-BT Unitholders, or any class of OUE H-BT Unitholders, as a whole,

  as soon as practicable after the Trustee-Manager becomes aware of the contravention;

- ensure that the Trust Property is properly accounted for; and

- ensure that the Trust Property is kept distinct from the property held in its own capacity.

The Trustee-Manager also has the following statutory duties under the BTA:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as OUE H-BT's trustee-manager in accordance with the BTA and the OUE H-BT Trust Deed;
- act in the best interests of all OUE H-BT Unitholders as a whole, and give priority to the interests of all OUE H-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all OUE H-BT Unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as OUE H-BT's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the OUE H-BT Unitholders;
- hold the Trust Property on trust for all OUE H-BT Unitholders as a whole in accordance with the terms of the OUE H-BT Trust Deed;
- adhere to the business scope of OUE H-BT as set out in the OUE H-BT Trust Deed;
- review interested person transactions in relation to OUE H-BT; and
- review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of OUE H-BT out of the Trust Property, and ensure that fees and expenses charged to OUE H-BT are appropriate and in accordance with the OUE H-BT Trust Deed.

The MAS has granted the Trustee-Manager an exemption from compliance with sections 10(2)(a) and 11(1)(a) of the BTA to the extent that sections 10(2)(a) and 11(1)(a) of the BTA require the Trustee-Manager and the directors of the Trustee Manager (the "**Trustee-Manager Directors**") to act in the best interests of the OUE H-BT Unitholders as a whole only, subject to the conditions that:

(a) the Trustee-Manager shall ensure that the units of OUE H-BT remain stapled to the units of OUE H-REIT; and

(b) the Trustee-Manager and the Trustee-Manager Directors shall act in the best interests of all Stapled Securityholders as a whole.

TRUST PROPERTY IS PROPERLY ACCOUNTED FOR

In the event that OUE H-BT becomes active, the Trust Property shall be properly accounted for and kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts shall be maintained for the Trustee-Manager in its personal capacity and its capacity as trustee-manager of OUE H-BT.

ADHERENCE TO THE BUSINESS SCOPE OF OUE H-BT

In the event that OUE H-BT becomes active, the Trustee-Manager Board shall review and approve all authorised businesses undertaken by OUE H-BT so as to ensure its adherence to the business scope as set out in the OUE H-BT Trust Deed.

Such authorised businesses refer to:

(i) the acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto;

(ii) ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto; and

(iii) any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii), including (without limitation) the management and leasing of the authorised investments.

FEES PAYABLE TO THE TRUSTEE-MANAGER

Management Fee

The Trustee-Manager shall be entitled under the OUE H-BT Trust Deed to a management fee calculated at a rate of 10.0% per annum of the profit of OUE H-BT before interest and tax in the relevant financial year (calculated before accounting for this management fee in that financial year), payable in the event that OUE H-BT becomes active.

Trustee Fee

Under the OUE H-BT Trust Deed, a trustee fee not exceeding the rate of 0.1% per annum of the value of the Trust Property, if any, shall be paid to the Trustee-Manager, provided that the value of the Trust Property is at least S$50.0 million and OUE H-BT is active.

For the financial year under review, no management fee and trustee fee were paid to the Trustee-Manager as OUE H-BT remains dormant.

Expenses Charged to OUE H-BT

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the Trust Property are appropriate and in accordance with the OUE H-BT Trust Deed, in the event OUE H-BT becomes active.

For the financial year under review, no expenses were paid to the Trustee-Manager from the Trust Property as OUE H-BT remains dormant.

Compliance with the BTA and the Listing Manual

The Trustee-Manager will engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual in the event that OUE H-BT becomes active.

Composition of the Trustee-Manager Board

Under regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single substantial shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of six directors, four of whom are independent directors for the purposes of the BTA.

They are:

Name	**Position**
Lee Yi Shyan	Chairman and Non-Independent Non-Executive Director
Sanjiv Misra	Lead Independent Director
Ong Kian Min	Independent Director
Liu Chee Ming	Independent Director
Neo Boon Siong	Independent Director
Christopher James Williams	Non-Independent Non-Executive Director

Mr Lee Yi Shyan is considered a non-independent director as he is an Executive Adviser to the Chairman of OUE Limited (the "**Sponsor**"). The Trustee-Manager is a wholly-owned subsidiary of the Sponsor. Mr Christopher James Williams is also considered a non-independent director as he is the Deputy Chairman and Non-Executive Director of the Sponsor.

As the Trustee-Manager's directors are also the directors of the REIT Manager, none of the Trustee-Manager's directors would, by definition under the BTR, be independent from a substantial shareholder of the Trustee-Manager as both the Trustee-Manager and the REIT Manager are 100.0% owned by the Sponsor.

The MAS has granted the Trustee-Manager an exemption from compliance with regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that regulations 12(1)(a) and 12(1)(b) of the BTR require the Trustee-Manager Directors to be independent, subject to certain conditions.

The stapling together of OUE H-BT units and OUE H-REIT units means that the OUE H-BT Unitholders are at the same time the investors of the Stapled Securities, who stand to benefit as a whole regardless of whether the appointed Trustee-Manager Directors are independent of the Sponsor.

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- the Chairman of the Trustee-Manager Board should be a non-executive director; and
- the Trustee-Manager Board should consist of directors with a broad range of commercial experience.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

Chairman and Chief Executive Officer[1]

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer of the Trustee-Manager are held by two different individuals in order to ensure an appropriate balance of power, increased accountability and to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Mr Lee Yi Shyan, while the Acting Chief Executive Officer of the Trustee-Manager is Mr Chen Yi Chung. The Chairman is responsible for the overall management of the Trustee-Manager Board, while the Acting Chief Executive Officer has full executive responsibilities over the business directions of the Trustee-Manager.

Access to Information

The Trustee-Manager Board has separate and independent access to the management of the Trustee-Manager (the "**Management**") and the company secretary of the Trustee-Manager (the "**Company Secretary**") at all times and they are entitled to request from the Management additional information as needed to make informed decisions. The Trustee-Manager Directors also have access to independent professional advice where appropriate and whenever requested.

The Company Secretary for the REIT Manager, Ms Jackie Thia, is also the Company Secretary for the Trustee-Manager.

1 All references to Chief Executive Officer in this statement shall include the Acting Chief Executive Officer, pending confirmation of appointment of the Chief Executive Officer.

The Company Secretary reports to the Chief Executive Officer of the Trustee-Manager and his duties include:

- assisting the Trustee-Manager in putting in place processes to ensure that the Trustee-Manager fulfils the compliance requirements under the Listing Manual, the BTA and the BTR (except where waivers have been obtained), the SFA as well as the OUE H-BT Trust Deed and the Stapling Deed;
- preparing returns to the MAS as required under the BTA and BTR; and
- assisting in any other matters concerning compliance with the Listing Manual, the BTA and the BTR (except where waivers have been obtained), the SFA as well as the OUE H-BT Trust Deed and the Stapling Deed.

His roles also include the following:

- ensuring that board procedures of the Trustee-Manager Board are followed;
- assisting the Trustee-Manager with corporate secretarial administration matters for the Trustee-Manager, both in its personal capacity and in its capacity as trustee-manager of OUE H-BT, including attending all board meetings; and
- assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

Remuneration Matters

As OUE H-BT remains dormant, no compensation is payable by the Trustee-Manager to the Trustee-Manager Directors.

Audit Committee

The MAS has granted the Trustee-Manager an exemption from compliance with section 15(1) of the BTA to the extent that section 15(1) of the BTA requires an audit committee to be constituted when OUE H-BT is active, subject to certain conditions.

External Auditor

The Trustee-Manager, on behalf of OUE H-BT, confirms that OUE H-BT has complied with Rules 712 and 715 of the Listing Manual in relation to its auditing firm.

Risk Management and Internal Controls

The Trustee-Manager Board will put in place appropriate internal control systems, including the following procedures to manage business risk in the event that OUE H-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of OUE H-BT against a previously approved budget. The Trustee-Manager Board will also review the business risks of OUE H-BT, examine liability management and will act upon any comments from both the internal and external auditors of OUE H-BT.

In assessing business risks, the Trustee-Manager Board will consider the economic environment and risks relevant to the real estate industry. It will review management reports prior to approving major transactions.

The Management will meet regularly to review the operations of the Trustee-Manager and OUE H-BT and discuss any disclosure issues.

Interested Person Transactions and Potential Conflicts of Interest

In general, transactions between:

- an entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee-manager of OUE H-BT) or any of the subsidiaries or associated companies of OUE H-BT); and

- any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of OUE H-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of OUE H-BT) , a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Stapled Securityholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Stapled Securityholder),

would constitute an Interested Person Transaction.

Since the OUE H-REIT units and OUE H-BT units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested person transactions will be absent in transactions between OUE H-REIT and OUE H-BT.

Internal Control System

In the event OUE H-BT becomes active, the Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- will be undertaken on normal commercial terms; and

- will not be prejudicial to the interests of OUE H-BT and the Stapled Securityholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by OUE H-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by OUE H-BT.

Where matters concerning OUE H-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of OUE H-BT with an Interested Person (as defined in the BTA) of the Trustee-Manager (which would include relevant associates thereof) or OUE H-BT, the Trustee-Manager will consider the terms of such transactions to satisfy itself that such transactions are conducted:

- on normal commercial terms;

- are not prejudicial to the interests of OUE H-BT and the Stapled Securityholders; and

- in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or OUE H-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in OUE H-Trust's annual report for the relevant financial year.

Save for the Interested Person Transactions in connection with the setting up of OUE H-BT and the Exempted Agreements (as disclosed in the IPO prospectus of OUE H-Trust), OUE H-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of OUE H-BT's latest audited net tangible assets.

Potential Conflicts of Interest

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- all resolutions in writing of the Trustee-Manager Directors in relation to matters concerning OUE H-Trust must be approved by a majority of the Trustee-Manager Directors, including at least one independent Trustee-Manager Director;

- all executive officers will be employed by the Trustee-Manager;

- in respect of matters in which the Sponsor has an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and

- where matters concerning OUE H-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of OUE H-BT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or OUE H-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of OUE H-BT and the Stapled Securityholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or OUE H-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and the SGX-ST that apply to business trusts.

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

OUE Limited had on 28 March 2014 provided an undertaking (the "**Undertaking**") to the REIT Trustee and the Trustee-Manager:

- to procure the Managers to seek Stapled Securityholders' re-endorsement for the appointment of each Director no later than every third annual general meeting of OUE H-Trust after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be; and

- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Stapled Securityholders at the relevant general meeting of OUE H-Trust where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Managers either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Managers determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Stapled Securityholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict OUE Limited or the Managers from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Constitutions of the Managers.

The Undertaking shall remain in force for so long as:

- OUE Limited remains as the holding company (as defined in the Companies Act, Chapter 50 of Singapore) of the Managers;

- OUE Hospitality REIT Management Pte. Ltd. remains as the manager of OUE H-REIT; and

- OUE Hospitality Trust Management Pte. Ltd. remains as the trustee-manager of OUE H-BT.

The Managers intend to seek Stapled Securityholders' re-endorsement for the appointment of Mr Lee Yi Shyan, Mr Ong Kian Min and Professor Neo Boon Siong at the upcoming AGM. Mr Lee Yi Shyan will, upon re-endorsement, continue to serve as Chairman of the Board and a Non-Independent Non-Executive Director; (b) Mr Ong Kian Min will, upon re-endorsement, continue to serve as an Independent Director, Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee; and (c) Professor Neo Boon Siong will, upon re-endorsement, continue to serve as an Independent Director and a member of the Audit and Risk Committee.

Pursuant to Rule 720(6) of the Listing Manual, information relating to Mr Lee Yi Shyan, Mr Ong Kian Min and Professor Neo Boon Siong (in the form set out in Appendix 7.4.1 of the Listing Manual) is provided below. The following additional information on Mr Lee Yi Shyan, Mr Ong Kian Min and Professor Neo Boon Siong, all of whom are seeking re-endorsement as Directors at the Annual General Meeting, is to be read in conjunction with their respective biographies in the "Board of Directors" section on pages 21 to 24 OUE H-Trust's Annual Report 2018.

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
Date of appointment	12 January 2016	11 June 2013	11 June 2013
Date of last endorsement or re-endorsement of appointment (as the case may be)	20 April 2016	20 April 2016	20 April 2016
Age	57	58	61
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating and Remuneration Committee, having considered the principles for determination of board size and composition, recommends the re-endorsement of Mr Lee after assessing his contribution and performance as a Director. The Board of Directors of the Managers have endorsed the Nominating and Remuneration Committee's recommendation.	The Nominating and Remuneration Committee, having considered the principles for determination of board size and composition, recommends the re-endorsement of Mr Ong after assessing his contribution and performance as a Director. The Board of Directors of the Managers have endorsed the Nominating and Remuneration Committee's recommendation.	The Nominating and Remuneration Committee, having considered the principles for determination of board size and composition, recommends the re-endorsement of Professor Neo after assessing his contribution and performance as a Director. The Board of Directors of the Managers have endorsed the Nominating and Remuneration Committee's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Professional qualifications	• Bachelor of Science (Chemical Engineering), National University of Singapore • Executive Management Programme, Harvard Business School, USA • Management Programme, Tsinghua University, PRC	• Bachelor of Laws (Honours), University of London, UK • Bachelor of Science (Honours), Imperial College of Science & Technology, UK	• Bachelor of Accountancy (Honours), National University of Singapore • Master of Business Administration, University of Pittsburgh, USA • Doctor of Philosophy (PhD), University of Pittsburgh, USA • Chartered Accountant (Singapore) / Fellow, Institute of Singapore Chartered Accountants

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
Working experience and occupation(s) during the past 10 years	(1) From 1 January 2016 to current: Executive Adviser, Chairman's office, OUE Limited (2) From September 2015 to current: Member of Parliament, East Coast GRC (3) From August 2012 to September 2015: Senior Minister of State, Ministry of National Development (4) From August 2012 to September 2015: Senior Minister of State, Ministry of Trade and Industry (5) From May 2011 to August 2015: Member of Parliament, East Coast GRC (6) From May 2011 to July 2012: Minister of State, Ministry of National Development (7) From April 2009 to May 2011: Minister of State, Ministry of Manpower (8) From May 2006 to July 2012: Minister of State, Ministry of Trade and Industry (9) From May 2006 to April 2011: Member of Parliament, East Coast GRC	(1) From October 2000 to present: Consultant, Drew & Napier LLC (2) From January 2010 to present: Chief Executive Officer, Kanesaka Sushi Private Limited (3) From January 2010 to present: Senior Adviser, Alpha Advisory Pte. Ltd.	(1) From January 2018 to present: Canon Endowed Chair Professor of Business, Nanyang Business School, Nanyang Technological University (2) From June 2016 to December 2017: Professor and Dean, Nanyang Business School, Nanyang Technological University (3) From January 2011 to June 2016: Professor, Nanyang Business School, Nanyang Technological University (4) From August 2005 to December 2010: Professor, Lee Kuan Yew School of Public Policy, National University of Singapore

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
Shareholding interest in the listed issuer and its subsidiaries	Yes	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	Nil	• Non-Executive Chairman and Director of Hupsteel Limited • Non-Executive Director of LANKom Electronics Limited • Non-Executive Director of GMG Global Ltd • Non-Executive Director of Jaya Holdings Limited • Non-Executive Director of China Energy Limited • Non-Executive Director of SB China Holdings Pte Ltd • Non-Executive Director of Sinor Invest Pte Ltd. • Executive Director of Katana Asset Management Pte. Ltd.	• Non-Executive Director of J. Lauritzen Singapore Pte. Ltd. • Chairman and Non-Executive Director of K1 Ventures Limited

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
Present	• Chairman and Non-Independent Non-Executive Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. • Chairman and Non-Independent Non-Executive Director of OUE Lippo Healthcare Limited • Executive Adviser to Chairman of OUE Limited • Director of Vysion Star Pte. Ltd. • Chairman and Director of OUE USA Services Corp. • Chairman and Director of Business China • Chairman and Director of ICE Singapore Holdings Pte. Ltd., ICE Futures Singapore Pte. Ltd., and ICE Clear Singapore Pte. Ltd. • Advisor of Keppel Corporation Limited • Director of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd., Singapore Tianjin Eco-City Investments Holdings Pte. Ltd., and Keppel Group Eco-City Investments Pte. Ltd. • Director of Substantial Enterprises Limited • Member of Parliament, East Coast GRC	• Independent Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. • Independent Non-Executive Director of BreadTalk Group Limited • Independent Non-Executive Director of Food Empire Holdings Limited • Independent Non-Executive Director of Penguin International Ltd • Independent Non-Executive Director of SilverLake Axis Ltd • Executive Director of Kanesaka Sushi Private Limited • Executive Director of JEKKA-MOLLE Pte. Ltd. • Executive Director of QEnergy Pte Ltd • Senior Adviser of Alpha Advisory Pte. Ltd. • Consultant of Drew & Napier LLC	• Independent Director of OUE Hospitality REIT Management Pte. Ltd. and OUE Hospitality Trust Management Pte. Ltd. • Non-Executive Director of Keppel Telecommunications & Transportation Limited • Canon Endowed Chair Professor of Business, Nanyang Business School, Nanyang Technological University
Information required pursuant to Appendix 7.4.1 of the Listing Manual			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON RE-ENDORSEMENT OF DIRECTORS

(Information required pursuant to Appendix 7.4.1 of the Listing Manual)

	Mr Lee Yi Shyan ***Chairman and Non-Independent Non-Executive Director***	**Mr Ong Kian Min** ***Independent Director***	**Professor Neo Boon Siong** ***Independent Director***
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—			
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

OUE HOSPITABILITY TRUST FINANCIAL STATEMENTS

113 Report of the Trustee-Manager of OUE Hospitality Business Trust
116 Statement by the Chief Executive Officer of the Trustee-Manager
117 Report of the Trustee of OUE Hospitality Real Estate Investment Trust
118 Report of the Manager of OUE Hospitality Real Estate Investment Trust
119 Independent Auditors' Report
125 Statements of Financial Position
127 Statement of Comprehensive Income of OUE H-BT
Statements of Total Return of OUE H-REIT Group and the Stapled Group
128 Distribution Statements
130 Statements of Movements in Unitholders' Funds
132 Portfolio Statements
135 Statements of Cash Flows
137 Notes to the Financial Statements

The directors of OUE Hospitality Trust Management Pte. Ltd., the trustee-manager of OUE Hospitality Business Trust ("OUE H-BT", and the trustee-manager of OUE H-BT, the "Trustee-Manager"), are pleased to present this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2018.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Lee Yi Shyan (Chairman)
Sanjiv Misra
Ong Kian Min
Liu Chee Ming
Neo Boon Siong
Christopher James Williams

DIRECTORS' INTERESTS IN UNITS OR DEBENTURES

According to the register kept by the Trustee-Manager for the purpose of Section 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in units in OUE H-BT are as follows:

	Direct Interest		Deemed Interest	
	Holdings at beginning of the year	Holdings at end of the year	Holdings at beginning of the year	Holdings at end of the year
Lee Yi Shyan	10,700	10,700	–	–
Sanjiv Misra	532,000	532,000	–	–
Liu Chee Ming	532,000	532,000	–	–
Christopher James Williams	–	–	478,800	478,000

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in units of OUE H-BT either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the abovementioned interests in OUE H-BT between the end of the financial year and 21 January 2019.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE UNITS AND DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of OUE H-BT.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by OUE H-BT or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in the financial statements.

OPTIONS

During the financial year, there were:

(i) no options granted by the Trustee-Manager to any person to take up unissued units in OUE H-BT; and

(ii) no units issued by virtue of any exercise of option to take up unissued units of OUE H-BT.

As at the end of the financial year, there were no unissued units of OUE H-BT under options.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion:

(a) the financial statements of OUE H-BT set out on pages 125 to 196 are drawn up so as to give a true and fair view of the financial position of OUE H-BT as at 31 December 2018 and the financial performance, changes in unitholders' funds and cash flows of OUE H-BT for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that OUE H-BT will be able to fulfil, out of the trust property of OUE H-BT (the "Trust Property"), the liabilities of OUE H-BT as and when they fall due.

With respect to the statement of comprehensive income of OUE H-BT for the year ended 31 December 2018, we further certify that:

– fees or charges paid or payable out of the Trust Property to the Trustee-Manager are in accordance with OUE H-BT's trust deed dated 10 July 2013;

– interested person transactions are not detrimental to the interests of all the unitholders of OUE H-BT as a whole based on the circumstances at the time of the transactions; and

– the Board is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of OUE H-BT or on the interests of all the unitholders OUE H-BT as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager, OUE Hospitality Trust Management Pte. Ltd.

Lee Yi Shyan
Director

Christopher James Williams
Director

Singapore
28 February 2019

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of OUE H-BT or on the interests of all the unitholders of OUE H-BT as a whole.

Chen Yi Chung
Acting Chief Executive Officer

Singapore
28 February 2019

REPORT OF THE TRUSTEE OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

RBC Investor Services Trust Singapore Limited (the "REIT Trustee") is under a duty to take into custody and hold the assets of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") held by it or through its subsidiary (collectively, the "OUE H-REIT Group") in trust for the holders of units ("Unitholders") in OUE H-REIT. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the REIT Trustee shall monitor the activities of OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed OUE H-REIT during the period covered by these financial statements, set out on pages 125 to 196, in accordance with the limitations imposed on the investment and borrowing powers set out in the OUE H-REIT Trust Deed.

For and on behalf of the REIT Trustee,
RBC Investor Services Trust Singapore Limited

Hoi Sau Kheng
Director

Farrah Begum Binte Abdul Salam
Senior Manager, Trustee Services

Singapore
28 February 2019

REPORT OF THE MANAGER OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

In the opinion of the directors of OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager"), the manager of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT"), the accompanying financial statements of OUE H-REIT and its subsidiary (collectively, the "OUE H-REIT Group"), and OUE Hospitality Trust (the "Stapled Group", comprising the OUE H-REIT Group and OUE Hospitality Business Trust ("OUE H-BT")) set out on pages 125 to 196 comprising their statements of financial position, statements of total return, distribution statements, statements of movements in unitholders' funds, statements of cash flows, portfolio statements and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial positions of the OUE H-REIT Group and the Stapled Group as at 31 December 2018, the total return, distributable income, movements in unitholders' funds and cash flows of the OUE H-REIT Group and the Stapled Group for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between RBC Investor Services Trust Singapore Limited (the "REIT Trustee") and the REIT Manager, and the stapling deed of OUE Hospitality Trust between the REIT Trustee, the REIT Manager and OUE Hospitality Trust Management Pte. Ltd. (the trustee-manager of OUE H-BT) dated 10 July 2013. At the date of this statement, there are reasonable grounds to believe that the OUE H-REIT Group and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the REIT Manager,
OUE Hospitality REIT Management Pte. Ltd.

Lee Yi Shyan
Director

Singapore
28 February 2019

Unitholders
OUE Hospitality Business Trust
(Constituted under a Trust Deed in the Republic of Singapore)
OUE Hospitality Real Estate Investment Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited:

(i) the financial statements of OUE Hospitality Business Trust ("OUE H-BT"), which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of movements in unitholders' funds and statement of cash flows of OUE H-BT for the year then ended, and notes to the financial statements, including a summary of significant accounting policies; and

(ii) the consolidated financial statements of OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and its subsidiary (the "OUE H-REIT Group") and OUE Hospitality Trust, which comprise the statements of financial position and portfolio statements as at 31 December 2018, the statements of total return, distribution statements, statements of movements in unitholders' funds and statements of cash flows of the OUE H-REIT Group and OUE Hospitality Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies;

as set out on pages 125 to 196. OUE Hospitality Trust, which comprises OUE H-BT and the OUE H-REIT Group, is hereinafter referred to as the "Stapled Group".

In our opinion:

(a) the accompanying financial statements of OUE H-BT are properly drawn up in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the state of affairs of OUE H-BT as at 31 December 2018 and the financial performance, movements in unitholders' funds and cash flows of OUE H-BT for the year ended on that date; and

(b) the accompanying consolidated financial statements of the OUE H-REIT Group and the Stapled Group present fairly, in all material respects, the financial positions and portfolio holdings of the OUE H-REIT Group and the Stapled Group as at 31 December 2018 and the financial performance, distributable income, movements in unitholders' funds and cash flows of the OUE H-REIT Group and the Stapled Group for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants (the "ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of OUE H-BT, the OUE H-REIT Group and the Stapled Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk

The OUE H-REIT Group and the Stapled Group have investment properties in Singapore with a carrying value of $2.2 billion as at 31 December 2018. Investment properties represent the most significant asset item on the statements of financial position.

The accounting policy of the OUE H-REIT Group and the Stapled Group is to state investment properties at fair value which are based on independent external valuations. The valuation process involves significant judgement in determining the valuation method to be used and estimating the underlying assumptions to be applied. The valuations are sensitive to the key assumptions applied and a change in assumptions could have a significant impact to the valuation.

Our response

We evaluated the competence and objectivity of the external valuers and held discussions with the valuers to understand their valuation approach and basis of valuation.

We considered the valuation methods used in the valuations against those applied for similar property types. We assessed the reasonableness of the key assumptions used in the valuations which included a comparison of the discount rates, terminal yield rates, capitalisation rates, price per square metre and price per room against historical trends and available market data, taking into consideration comparability and market factors.

Our findings

The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methods used by the valuers are in line with generally accepted market practices and the key assumptions used are within range of market data.

Other information

OUE Hospitality Trust Management Pte. Ltd., the Trustee-Manager of OUE H-BT (the "Trustee-Manager") and OUE Hospitality REIT Management Pte. Ltd., the REIT Manager of OUE H-REIT (the "REIT Manager") are responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Stapled Securityholdings (the "Report"), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Trustee-Manager and the REIT Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Trustee-Manager for the financial statements

The Trustee-Manager is responsible for the preparation of financial statements of OUE H-BT that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing OUE H-BT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager either intends to terminate OUE H-BT or to cease operations of OUE H-BT, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing OUE H-BT's financial reporting process.

Responsibilities of the REIT Manager for the financial statements

The REIT Manager is responsible for the preparation and fair presentation of the consolidated financial statements of the OUE H-REIT Group and the Stapled Group in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements of the OUE H-REIT Group and the Stapled Group, the REIT Manager is responsible for assessing the ability of the OUE H-REIT Group and the Stapled Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager either intends to terminate the OUE H-REIT Group and the Stapled Group or to cease operations of the OUE H-REIT Group and the Stapled Group, or has no realistic alternative but to do so.

The REIT Manager's responsibilities include overseeing the financial reporting process of the OUE H-REIT Group and the Stapled Group.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of OUE H-BT, the OUE H-REIT Group and the Stapled Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager and the REIT Manager.

- Conclude on the appropriateness of the Trustee-Manager's and the REIT Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of OUE H-BT, the OUE H-REIT Group and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause OUE H-BT, the OUE H-REIT Group and the Stapled Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the OUE H-REIT Group and the Stapled Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee-Manager and the REIT Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Trustee-Manager and the REIT Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustee-Manager and the REIT Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of OUE H-BT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	OUE H-BT			OUE H-REIT Group		Stapled Group	
		31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000
Non-current assets								
Investment properties	4	–	–	–	2,218,000	2,218,000	2,218,000	2,218,000
Intangible asset	5	–	–	–	–	–	–	–
Deposit		–	–	–	3,826	2,295	3,826	2,295
Financial derivatives	6	–	–	–	1,215	–	1,215	–
		–	–	–	2,223,041	2,220,295	2,223,041	2,220,295
Current assets								
Trade and other receivables	7	–	–	–	10,109	11,017	10,109	11,017
Cash and cash equivalents	8	8	11	12	22,306	25,548	22,314	25,559
		8	11	12	32,415	36,565	32,423	36,576
Total assets		8	11	12	2,255,456	2,256,860	2,255,464	2,256,871
Non-current liabilities								
Borrowings	9	–	–	–	868,038	865,312	868,038	865,312
Financial derivatives	6	–	–	–	–	1,046	–	1,046
Rental deposits		–	–	–	3,288	3,076	3,288	3,076
		–	–	–	871,326	869,434	871,326	869,434
Current liabilities								
Rental deposits		–	–	–	1,495	1,432	1,495	1,432
Trade and other payables	10	3	3	2	10,514	9,933	10,517	9,936
		3	3	2	12,009	11,365	12,012	11,368
Total liabilities		3	3	2	883,335	880,799	883,338	880,802
Net assets		5	8	10	1,372,121	1,376,061	1,372,126	1,376,069

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	OUE H-BT			OUE H-REIT Group		Stapled Group	
		31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000
Represented by:								
Unitholders' funds								
Unitholders' funds of OUE H-REIT Group		–	–	–	1,372,121	1,376,061	1,372,121	1,376,061
Unitholders' funds of OUE H-BT		5	8	10	–	–	5	8
		5	8	10	1,372,121	1,376,061	1,372,126	1,376,069
Units/Stapled Securities in issue ('000)	11	1,820,466	1,806,518	1,790,428	1,820,466	1,806,518	1,820,466	1,806,518
Net asset value per Unit/Stapled Security ($)	12	*	*	*	0.75	0.76	0.75	0.76

* less than $0.01

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME OF OUE H-BT
STATEMENTS OF TOTAL RETURN OF OUE H-REIT GROUP AND THE STAPLED GROUP

Year ended 31 December 2018

	Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross revenue	13	–	–	129,734	131,063	129,734	131,063
Property expenses	14	–	–	(16,976)	(18,318)	(16,976)	(18,318)
Net property income		–	–	112,758	112,745	112,758	112,745
Other income	15	–	–	–	4,818	–	4,818
Amortisation of intangible asset	5	–	–	–	(4,908)	–	(4,908)
REIT Manager's fees	16	–	–	(11,290)	(11,269)	(11,290)	(11,269)
REIT Trustee's fees		–	–	(417)	(415)	(417)	(415)
Other trust expenses	17	(3)	(2)	(1,520)	(1,236)	(1,523)	(1,238)
Finance income	18	–	–	67	1,718	67	1,718
Finance expenses	18	–	–	(23,837)	(33,619)	(23,837)	(33,619)
Net finance expenses		–	–	(23,770)	(31,901)	(23,770)	(31,901)
Net (loss)/income		(3)	(2)	75,761	67,834	75,758	67,832
Net change in fair value of investment properties		–	–	(2,763)	8,110	(2,763)	8,110
Total return for the year	19	(3)	(2)	72,998	75,944	72,995	75,942
Other comprehensive income for the year, net of tax		–	–				
Total comprehensive income for the year		(3)	(2)				
Earnings per Stapled Security (cents)							
– Basic	21					4.02	4.21
– Diluted	21					3.99	4.19

The accompanying notes form an integral part of these financial statements.

DISTRIBUTION STATEMENTS

Year ended 31 December 2018

	Note	OUE H-REIT Group and Stapled Group 2018 $'000	2017 $'000
Income available for distribution to Stapled Securityholders at beginning of the year		23,160	24,523
Total return of OUE H-REIT	19	73,004	75,949
Net tax adjustments (Note A)		17,789	16,991
Income available for distribution for the current year		90,793	92,940
Income available for distribution to Stapled Securityholders		113,953	117,463
Distributions to Stapled Securityholders:			
– Distribution of 1.36 cents per Stapled Security for the period from 1/10/2016 to 31/12/2016		–	(24,475)
– Distribution of 1.30 cents per Stapled Security for the period from 1/1/2017 to 31/3/2017		–	(23,427)
– Distribution of 1.21 cents per Stapled Security for the period from 1/4/2017 to 30/6/2017		–	(21,832)
– Distribution of 1.36 cents per Stapled Security for the period from 1/7/2017 to 30/9/2017		–	(24,569)
– Distribution of 1.27 cents per Stapled Security for the period from 1/10/2017 to 31/12/2017		(23,036)	–
– Distribution of 1.26 cents per Stapled Security for the period from 1/1/2018 to 31/3/2018		(22,880)	–
– Distribution of 1.17 cents per Stapled Security for the period from 1/4/2018 to 30/6/2018		(21,271)	–
– Distribution of 1.28 cents per Stapled Security for the period from 1/7/2018 to 30/9/2018		(23,302)	–
		(90,489)	(94,303)
Income available for distribution to Stapled Securityholders at end of the year		23,464	23,160
Distribution per Stapled Security* (cents)		4.99	5.14

* Distribution per Stapled Security relates to the distributions in respect of the relevant financial year. The distribution for the last quarter of the financial year will be made subsequent to the reporting date.

The accompanying notes form an integral part of these financial statements.

Year ended 31 December 2018

	OUE H-REIT Group and Stapled Group	
	2018	**2017**
	$'000	**$'000**
Note A – Net tax adjustments comprise:		
Non-tax deductible/(chargeable) items:		
– Amortisation of debt-related transaction costs	2,916	2,174
– Write-off of unamortised debt-related transaction costs	–	3,053
– Cost of unwinding derivative financial instrument	–	5,068
– Amortisation of intangible asset	–	4,908
– Change in fair value of financial derivatives	–	(812)
– Ineffective portion of changes in fair value of cash flow hedges	–	(840)
– REIT Manager's fees paid/payable in Stapled Securities	11,290	11,269
– REIT Trustee's fees	417	415
– Straight-lining of lease adjustments	(27)	(333)
– Net change in fair value of investment properties	2,763	(8,110)
– Other items	430	199
Net tax adjustments	17,789	16,991

Distributions of the Stapled Group represent the aggregate distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the year is contributed solely by OUE H-REIT as OUE H-BT was dormant during the year. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2018

	Unitholders' funds of OUE H-BT		
	Units in issue $'000	**Accumulated losses $'000**	**Total $'000**
At 1 January 2018	20	(12)	8
Operations			
(Decrease)/increase in net assets resulting from operations	–	(3)	(3)
Hedging reserve			
Effective portion of net changes in fair value of cash flow hedges	–	–	–
Unitholders' transactions			
Distributions to Stapled Securityholders	–	–	–
Units/Stapled Securities issued/to be issued as payment of REIT Manager's management fees	–	–	–
Net increase/(decrease) in net assets resulting from unitholders' transactions	–	–	–
At 31 December 2018	20	(15)	5
At 1 January 2017	20	(10)	10
Operations			
(Decrease)/increase in net assets resulting from operations	–	(2)	(2)
Hedging reserve			
Effective portion of net changes in fair value of cash flow hedges	–	–	–
Unitholders' transactions			
Distributions to Stapled Securityholders	–	–	–
Units/Stapled Securities issued/to be issued as payment of REIT Manager's management fees	–	–	–
Net increase/(decrease) in net assets resulting from unitholders' transactions	–	–	–
At 31 December 2017	20	(12)	8

The accompanying notes form an integral part of these financial statements.

Unitholders' funds of OUE H-REIT Group					Stapled Group
Units in issue and to be issued $'000	Issue costs $'000	Hedging reserve $'000	Accumulated profits/ (losses) $'000	Total $'000	Total $'000
1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	1,376,069
–	–	–	72,998	72,998	72,995
–	–	2,261	–	2,261	2,261
–	–	–	(90,489)	(90,489)	(90,489)
11,290	–	–	–	11,290	11,290
11,290	–	–	(90,489)	(79,199)	(79,199)
1,451,692	(26,577)	1,215	(54,209)	1,372,121	1,372,126
1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	1,381,978
–	–	–	75,944	75,944	75,942
–	–	1,183	–	1,183	1,183
–	–	–	(94,303)	(94,303)	(94,303)
11,269	–	–	–	11,269	11,269
11,269	–	–	(94,303)	(83,034)	(83,034)
1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	1,376,069

As at 31 December 2018

OUE H-REIT Group

Description of Property	Leasehold tenure	Location
Investment properties		
Singapore		
Crowne Plaza Changi Airport	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Mandarin Orchard Singapore	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Investment properties, at valuation		
Other assets and liabilities (net)		
Net assets		

Stapled Group

Description of Property	Leasehold tenure	Location
Investment properties		
Singapore		
Crowne Plaza Changi Airport	74-year lease from 1 July 2009	75 Airport Boulevard, Singapore 819664
Mandarin Orchard Singapore	99-year lease from 1 July 1957	333 Orchard Road, Singapore 238867
Mandarin Gallery	99-year lease from 1 July 1957	333A Orchard Road, Singapore 238897
Investment properties, at valuation		
Other assets and liabilities (net)		
Net assets		

The accompanying notes form an integral part of these financial statements.

Existing use	Carrying value at 31/12/2018 $'000	Percentage of total net assets at 31/12/2018 %	Carrying value at 31/12/2017 $'000	Percentage of total net assets at 31/12/2017 %
Hotel	497,000	36.2	497,000	36.1
Hotel	1,227,000	89.4	1,227,000	89.2
Retail	494,000	36.0	494,000	35.9
	2,218,000	161.6	2,218,000	161.2
	(845,879)	(61.6)	(841,939)	(61.2)
	1,372,121	100.0	1,376,061	100.0

Existing use	Carrying value at 31/12/2018 $'000	Percentage of total net assets at 31/12/2018 %	Carrying value at 31/12/2017 $'000	Percentage of total net assets at 31/12/2017 %
Hotel	497,000	36.2	497,000	36.1
Hotel	1,227,000	89.4	1,227,000	89.2
Retail	494,000	36.0	494,000	35.9
	2,218,000	161.6	2,218,000	161.2
	(845,874)	(61.6)	(841,931)	(61.2)
	1,372,126	100.0	1,376,069	100.0

As at 31 December 2018

As at 31 December 2018, Crowne Plaza Changi Airport was leased to a related party of the REIT Manager under a master lease arrangement. The initial term of the lease was from 30 January 2015 to 27 May 2028, with an option to renew for two consecutive terms of five years each. On 1 August 2016, OUE H-REIT acquired the extension to Crowne Plaza Changi Airport Hotel for a purchase consideration of $205,000,000. A supplemental lease agreement was entered into to vary the master lease agreement whereby Crowne Plaza Changi Airport and its extension are leased to a related party of the REIT Manager till 27 May 2028, with an option to renew for two consecutive terms of five years each.

Mandarin Orchard Singapore is leased to a related party of the REIT Manager under a master lease arrangement. The lease contains an initial term of 15 years from 25 July 2013 with an option to renew for a further 15 years.

The leases for Mandarin Gallery contain an initial non-cancellable term of one to ten years. Subsequent renewals are renegotiated with the lessees.

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2018

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash flows from operating activities						
Total return for the year	(3)	(2)	72,998	75,944	72,995	75,942
Adjustments for:						
Amortisation of intangible asset	–	–	–	4,908	–	4,908
Finance income	–	–	(67)	(1,718)	(67)	(1,718)
Finance expenses	–	–	23,837	33,619	23,837	33,619
REIT Manager's fees paid/ payable in Stapled Securities	–	–	11,290	11,269	11,290	11,269
Net change in fair value of investment properties	–	–	2,763	(8,110)	2,763	(8,110)
Straight-lining of lease adjustments	–	–	(27)	(333)	(27)	(333)
Operating (loss)/income before working capital changes	(3)	(2)	110,794	115,579	110,791	115,577
Changes in working capital:						
Deposit	–	–	(1,531)	–	(1,531)	–
Trade and other receivables	–	–	908	1,303	908	1,303
Trade and other payables	–	1	467	449	467	450
Rental deposits	–	–	275	116	275	116
Cash (used in)/generated from operating activities	(3)	(1)	110,913	117,447	110,910	117,446
Cash flows from investing activities						
Capital expenditure on investment properties	–	–	(2,755)	(950)	(2,755)	(950)
Interest received	–	–	67	87	67	87
Net cash used in investing activities	–	–	(2,688)	(863)	(2,688)	(863)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2018

	Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
		2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Cash flows from financing activities							
Distributions to Stapled Securityholders		–	–	(90,489)	(94,303)	(90,489)	(94,303)
Repayment of borrowings		–	–	–	(859,000)	–	(859,000)
Proceeds from borrowings		–	–	–	875,000	–	875,000
Payment of transaction costs on borrowings		–	–	–	(9,790)	–	(9,790)
Cost of unwinding derivative financial instruments		–	–	–	(5,068)	–	(5,068)
Finance expenses paid		–	–	(20,978)	(26,422)	(20,978)	(26,422)
Net cash used in financing activities		–	–	(111,467)	(119,583)	(111,467)	(119,583)
Net decrease in cash and cash equivalents		(3)	(1)	(3,242)	(2,999)	(3,245)	(3,000)
Cash and cash equivalents at beginning of the year		11	12	25,548	28,547	25,559	28,559
Cash and cash equivalents at end of the year	8	8	11	22,306	25,548	22,314	25,559

Significant non-cash transactions

OUE H-REIT Group and Stapled Group

In 2018, a total of 15,895,115 (2017: 14,277,047) Stapled Securities amounting to $11,291,143 (2017: $11,268,745) were or would be issued to the REIT Manager as satisfaction of the REIT Manager's management fees for the financial year.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Trustee-Manager, the REIT Manager and the REIT Trustee on 28 February 2019.

1 GENERAL

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust ("OUE H-REIT") and its subsidiary (the "OUE H-REIT Group") and OUE Hospitality Business Trust ("OUE H-BT") (collectively, the "Stapled Group").

OUE H-REIT is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 10 July 2013 (as amended) (the "OUE H-REIT Trust Deed") between OUE Hospitality REIT Management Pte. Ltd. (the "REIT Manager") and RBC Investor Services Trust Singapore Limited (the "REIT Trustee"). The OUE H-REIT Trust Deed is governed by the laws of the Republic of Singapore. The REIT Trustee is under a duty to take into custody and hold the assets of OUE H-REIT held by it or through its subsidiary in trust for the holders of units in OUE H-REIT. OUE H-BT is a business trust constituted by a trust deed dated 10 July 2013 (as amended) (the "OUE H-BT Trust Deed") and is managed by OUE Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager"). The securities in each of OUE H-REIT and OUE H-BT are stapled together under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the "Stapling Deed") and cannot be traded separately. Each stapled security in OUE Hospitality Trust (the "Stapled Security") comprises a unit in OUE H-REIT (the "OUE H-REIT Unit") and a unit in OUE H-BT (the "OUE H-BT Unit").

OUE Hospitality Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST") on 25 July 2013 (the "Listing Date").

The principal activity of OUE H-REIT is to invest in income producing real estate and real estate related assets, which are used or substantially used for hospitality and hospitality related purposes, with the primary objective to deliver regular and stable distributions to the Stapled Securityholders and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure.

As at the reporting date, OUE H-BT is dormant.

The consolidated financial statements of the OUE H-REIT Group relate to OUE H-REIT and its subsidiary. The consolidated financial statements of the Stapled Group relate to OUE H-BT and the OUE H-REIT Group.

1 GENERAL (CONT'D)

Several service agreements were entered into in relation to management of OUE H-BT and OUE H-REIT and its property operations. The fee structures of these services are as follows:

(i) Trustee-Manager's fees

Pursuant to the OUE H-BT Trust Deed, the Trustee-Manager is entitled to the following:

- a trustee fee of not exceeding 0.1% per annum of the value of OUE H-BT's Trust Property (as defined in the OUE H-BT Trust Deed), subject to a minimum fee of $10,000 per month, provided that the value of OUE H-BT's Trust Property is at least $50.0 million and OUE H-BT has become active. The trustee fee is payable in arrears on a quarterly basis in the form of cash.

- a management fee of 10.0% per annum of OUE H-BT's profit before interest and tax in the relevant financial year (calculated before accounting for the management fee in that financial year).

  The management fee is payable in the form of cash or Stapled Securities as Trustee-Manager may elect.

  Any portion of the management fee payable in the form of Stapled Securities is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

- an acquisition fee at a rate of 0.75% for acquisitions from related parties and at a rate of 1.0% for all other cases (or such lower percentage as may be determined by the Trustee-Manager's absolute discretion). The acquisition fee is payable in the form of cash and/or Stapled Securities as the Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

(ii) REIT Manager's fees

Pursuant to the OUE H-REIT Trust Deed, the REIT Manager's management fees comprise a base fee of not exceeding 0.3% per annum of the value of OUE H-REIT's Deposited Property (as defined in the OUE H-REIT Trust Deed) and a performance fee of 4.0% per annum of OUE H-REIT's net property income (as defined in the OUE H-REIT Trust Deed).

The management fees shall be payable in the form of cash or Units (or Stapled Securities, where the Trust is part of the Stapled Group), or a combination of both, as the REIT Manager may elect. Any portion of the base fee payable in the form of Units is payable quarterly in arrears and any portion of the base fee payable in cash is payable monthly in arrears. The performance fee is paid annually in arrears, regardless of whether it is paid in the form of cash and/or Stapled Securities. For the financial years ended 31 December 2018 and 2017, 100.0% of the management fees payable to the REIT Manager were in the form of Stapled Securities.

The REIT Manager is also entitled to receive an acquisition fee of 0.75% of the acquisition price for acquisitions from related parties and 1.0% for all other cases. A divestment fee of 0.5% of the sale price will also be entitled on all future disposals of properties. The acquisition or divestment fee is payable in the form of Stapled Securities and/or cash as the REIT Manager may elect, and such proportion as may be determined by the REIT Manager.

1 GENERAL (CONT'D)

(iii) Property Manager's fee

Under the property management agreement between OUE H-REIT and OUE Property Management Pte. Ltd. (the "Property Manager") in respect of Mandarin Gallery and the certain commercial areas of Mandarin Orchard Singapore, the property management fees are payable as follows:

- 2.0% per annum of the gross revenue of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore;
- 2.0% per annum of the net property income of Mandarin Gallery and certain commercial areas of Mandarin Orchard Singapore (calculated before accounting for the property management fee in that financial year); and
- 0.5% per annum of the net property income of Mandarin Gallery (calculated before accounting for the property management fee in that financial year), in lieu of leasing commissions otherwise payable to the property manager and/or third party agents.

The property management fees are payable monthly in arrears.

(iv) REIT Trustee's fee

Pursuant to the OUE H-REIT Trust Deed, the REIT Trustee's fee shall not exceed 0.1% per annum of the value of OUE H-REIT's Deposited Property. The REIT Trustee's fee is payable out of OUE H-REIT's Deposited Property on a monthly basis, in arrears. The REIT Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of the OUE H-REIT Deposited Property (subject to a minimum of $20,000 per month). The REIT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the OUE H-REIT Trust Deed.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of OUE H-BT have been prepared in accordance with the provisions of the Business Trusts Act, Chapter 31A of Singapore (the "Act") and the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are OUE H-BT's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements of OUE H-BT were prepared in accordance with Financial Reporting Standards in Singapore (FRS). The transition to SFRS(I) and application of SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* do not have any significant impact to the financial statements of OUE H-BT.

The financial statements of the OUE H-REIT Group and the Stapled Group are prepared in accordance with the Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the OUE H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of FRS.

2 BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of OUE H-BT and OUE H-REIT. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements is described in Note 4 – valuation of investment properties.

Measurement of fair values

A number of the accounting policies and disclosures of the OUE H-REIT Group and the Stapled Group require the measurement of fair values, for both financial and non-financial assets and liabilities.

The OUE H-REIT Group and the Stapled Group have an established process with respect to the measurement of fair values.

The REIT Manager reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, then the REIT Manager assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit and Risk Committee.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgments (cont'd)

Measurement of fair values (cont'd)

When measuring the fair value of an asset or a liability, the REIT Manager uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The OUE H-REIT Group and the Stapled Group recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 4 – valuation of investment properties.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied by OUE H-BT, the OUE H-REIT Group and the Stapled Group ("the Entities") consistently to all periods presented in these financial statements, and in preparing the opening SFRS(I) statement of financial position at 1 January 2017 for the OUE H-BT for the purposes of transition to SFRS(I), unless otherwise indicated.

3.1 Consolidation

(i) Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the purchase method.

(ii) Subsidiary

A subsidiary is an entity controlled by the OUE H-REIT Group and the Stapled Group. The OUE H-REIT Group and the Stapled Group control an entity when they are exposed to, or have rights to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of the subsidiary have been changed when necessary to align them with the policies of the OUE H-REIT Group and the Stapled Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the OUE H-REIT Group and the Stapled Group.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the OUE H-REIT Group and the Stapled Group entities at the exchange rate at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of total return.

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure including transaction costs. Fair value is determined in accordance with the OUE H-REIT Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the CIS Code issued by MAS.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of total return.

The investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, OUE H-REIT may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Investment properties (cont'd)

When a property is acquired, the OUE H-REIT Group and the Stapled Group consider whether each acquisition represents an acquisition of business or an acquisition of an asset. An acquisition is accounted for as a business combination where an integrated set of activities is acquired, in addition to the property. In determining whether an integrated set of activities is acquired, the OUE H-REIT Group and the Stapled Group consider whether significant processes, such as strategic management and operational processes, are acquired. Where significant processes are acquired, the acquisition is considered an acquisition of business. Where an acquisition does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of acquisition is allocated to the assets and liabilities acquired and no goodwill or deferred tax is recognised.

3.4 Intangible asset

The intangible asset represents the income support receivable by the OUE H-REIT Group and the Stapled Group under the Deed of Income Support in relation to Crowne Plaza Changi Airport.

The intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses.

The intangible asset is amortised in the statement of total return on a straight-line basis over its estimated useful life of 14 months to 24 months. The intangible asset is tested for impairment as described in Note 3.6.

The intangible asset has been fully amortised as at 31 December 2017.

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the OUE H-REIT Group and the Stapled Group become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through the statement of total return, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the OUE H-REIT Group and the Stapled Group change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through the statement of total return:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The OUE H-REIT Group and the Stapled Group make an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the OUE H-REIT Group's and the Stapled Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the OUE H-REIT Group's and the Stapled Group's continuing recognition of the assets.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the OUE H-REIT Group and the Stapled Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the OUE H-REIT Group and the Stapled Group consider:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the OUE H-REIT Group's and the Stapled Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Non-derivative financial assets – Policy applicable before 1 January 2018

The OUE H-REIT Group and the Stapled Group classify non-derivative financial assets into loans and receivables category.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding prepayments).

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the statement of total return.

These financial liabilities comprised borrowings, trade and other payables and rental deposits.

(iii) Derecognition

Financial assets

The OUE H-REIT Group and the Stapled Group derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the OUE H-REIT Group and the Stapled Group neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The OUE H-REIT Group and the Stapled Group enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The OUE H-REIT Group and the Stapled Group derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The OUE H-REIT Group and the Stapled Group also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the OUE H-REIT Group and the Stapled Group currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposit.

(vi) Derivative financial instruments and hedge accounting

The OUE H-REIT Group and the Stapled Group hold derivative financial instruments to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The OUE H-REIT Group and the Stapled Group designate certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the OUE H-REIT Group and the Stapled Group document the risk management objective and strategy for undertaking the hedge. The OUE H-REIT Group and the Stapled Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109/SFRS(I) 9.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of FRS 109/SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under FRS 109/SFRS(I) 9. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affected the statement of total return. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in the statement of total return.

Cash flow hedges

The OUE H-REIT Group and the Stapled Group designate certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in unitholders' funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The OUE H-REIT Group and the Stapled Group recognise loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the OUE H-REIT Group and the Stapled Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The OUE H-REIT Group and the Stapled Group apply the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The OUE H-REIT Group and the Stapled Group apply the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the OUE H-REIT Group and the Stapled Group assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the OUE H-REIT Group and the Stapled Group consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the OUE H-REIT Group's and the Stapled Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The OUE H-REIT Group and the Stapled Group consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the OUE H-REIT Group and the Stapled Group in full, without recourse by the OUE H-REIT Group and the Stapled Group to action such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the OUE H-REIT Group and the Stapled Group are exposed to credit risk.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Policy applicable from 1 January 2018 (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the OUE H-REIT Group and the Stapled Group expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the OUE H-REIT Group and the Stapled Group assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the OUE H-REIT Group and the Stapled Group on terms that the OUE H-REIT Group and the Stapled Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the OUE H-REIT Group and the Stapled Group determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the OUE H-REIT Group's and the Stapled Group's procedures for recovery of amounts due.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Policy applicable before 1 January 2018 (cont'd)

A financial asset not carried at fair value through the statement of total return, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the OUE H-REIT Group and the Stapled Group on terms that the OUE H-REIT Group and the Stapled Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The OUE H-REIT Group and the Stapled Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the OUE H-REIT Group and the Stapled Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in the statement of total return and reflected in an allowance account. When the OUE H-REIT Group and the Stapled Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through the statement of total return.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the OUE H-REIT Group's and the Stapled Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGUs exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of total return.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Unitholders' funds

Unitholders' funds of the Stapled Group comprise unitholders' funds of OUE H-BT and the OUE H-REIT Group. Unitholders' funds are classified as equity.

Issue costs relate to expenses incurred in connection with the issuance of Stapled Securities. The expenses are deducted directly against the unitholders' funds.

3.8 Levies

A provision for levies is recognised when the condition that triggers the payment of the levy as specified in the relevant legislation is met. If a levy obligation is subject to a minimum activity threshold so that the obligating event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

3.9 Revenue recognition

Rental income from operating leases

Rental income from operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Variable rentals are recognised as income in the accounting period in which they are earned and the amount can be measured reliably.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Lease payments

Payments made under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.11 Finance income and finance expenses

The OUE H-REIT Group's and the Stapled Group's finance income and finance costs include:

- interest income;
- interest expense;
- change in fair value of financial derivatives;
- cost of unwinding derivative financial instruments;
- amortisation of debt-related transaction costs;
- hedge ineffectiveness recognised in statement of total return; and
- the reclassification of net gains and losses previously recognised in unitholders' funds on cash flow hedges of interest rate risk for borrowings.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in unitholders' funds.

The OUE H-REIT Group and the Stapled Group have determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investment in subsidiary to the extent that the OUE H-REIT Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the OUE H-REIT Group and the Stapled Group expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the OUE H-REIT Group and the Stapled Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the OUE H-REIT Group and the Stapled Group take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The OUE H-REIT Group and the Stapled Group believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the OUE H-REIT Group and the Stapled Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Tax (cont'd)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of OUE H-REIT for income earned and expenditure incurred after its listing on SGX-ST. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of OUE H-REIT, OUE H-REIT will not be taxed on the portion of taxable income of OUE H-REIT that is distributed to holders of OUE H-REIT units ("Unitholders"). Any portion of the taxable income that is not distributed to Unitholders will be taxed at OUE H-REIT's level. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of OUE H-REIT is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Although OUE H-REIT is not taxed on its taxable income distributed, the REIT Trustee and the REIT Manager are required to deduct income tax at the applicable corporate tax rate from distributions of such taxable income of OUE H-REIT (i.e. which has not been taxed in the hands of the REIT Trustee) to certain Unitholders.

Qualifying Unitholders are entitled to gross distributions from OUE H-REIT. For distributions made to qualifying non-resident non-individual Unitholders during the period to 31 December 2025 the REIT Trustee is required to withhold tax at the reduced rate of 10% on distributions made. For other types of Unitholders, the REIT Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by OUE H-REIT. Such other types of Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the REIT Trustee.

A Qualifying Unitholder refers to a unit holder who is:

- an individual;
- a company incorporated and tax resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore;
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Cap. 37) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Cap. 62) or a trade union registered under the Trade Unions Act (Cap. 333); and
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145).

A qualifying non-resident non-individual Unitholder refers to a unit holder who:

- does not have any permanent establishment in Singapore; or
- carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in OUE H-REIT are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from the disposal of any properties such as immovable properties and shares that are determined by the IRAS to be revenue gains chargeable to tax and income derived by OUE H-REIT but not distributed to the Unitholders in the same year in which the income is derived. Tax on such gains or profits will be subject to tax in accordance to Section 10(1)(a) of the Income Tax Act (Cap. 134) and collected from the REIT Trustee. Distribution made out of the after-tax amount will not be subject to any further tax. Where the disposal gains are regarded as capital in nature, they will not be subject to tax and the REIT Trustee and the REIT Manager may distribute the capital gains without tax being deducted at source.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Earnings per Stapled Security

The Stapled Group presents basic and diluted earnings per Stapled Security. Basic earnings per Stapled Security is calculated by dividing the total return attributable to Stapled Securityholders by the weighted average number of Stapled Securities outstanding during the year. Diluted earnings per Stapled Security is determined by adjusting the total return attributable to Stapled Securityholders and the weighted average number of Stapled Securities outstanding, for the effects of all dilutive potential Stapled Securities.

3.14 Segment reporting

An operating segment is a component of the OUE H-REIT Group and the Stapled Group that engages in business activities from which they may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the OUE H-REIT Group and the Stapled Group. All operating segments' operating results are reviewed regularly by the Board of Directors of the REIT Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors of the REIT Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly finance income, finance expenses and trust expenses.

4 INVESTMENT PROPERTIES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
At 1 January	2,218,000	2,208,100
Capital expenditure incurred	2,736	1,457
Straight-lining of lease adjustments	27	333
Changes in fair value recognised in the statement of total return (unrealised)	(2,763)	8,110
At 31 December	2,218,000	2,218,000

As at 31 December 2018, investment properties with a carrying amount of $1,721,000,000 (2017: $1,721,000,000) are pledged as security to secure bank loans (see Note 9).

4 INVESTMENT PROPERTIES (CONT'D)

Measurement of fair value

(i) Fair value hierarchy

The investment properties are stated at fair value as at 31 December 2018 and 31 December 2017 based on independent valuations undertaken by Savills Valuation and Professional Services (S) Pte Ltd. The independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The fair values as at 31 December 2018 and 31 December 2017 were derived based on direct comparison, income capitalisation and discounted cash flow methods. The valuation methods involve certain estimates including those relating to discount rate, terminal yield rate, capitalisation rate, price per room and price per square metre.

The specific risks inherent in each of the properties are taken into consideration in arriving at the valuations. In relying on the valuation reports, the REIT Manager has exercised its judgment and is satisfied that the valuation methods and estimates used are reflective of the current market conditions.

The fair value measurement for investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

(ii) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation techniques	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method: The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value	Discount rate: 7.00% (2017: 7.00%) Terminal yield: 5.25% - 5.75% (2017: 5.25% - 5.50%)	The estimated fair value would increase/(decrease) if the discount rates and terminal yield were lower/(higher).
Income capitalisation method: The income capitalisation method capitalises an income stream into a present value using single-year capitalisation rates	Capitalisation rate: 5.00% - 5.25% (2017: 5.00%)	The estimated fair value would increase/(decrease) if the capitalisation rate was lower/(higher).
Direct comparison method: The direct comparison method involves the analysis of comparable sales of similar properties, with adjustments made to differentiate the comparables in terms of location, area, quality and other relevant factors	Price per square metre: $44,600 (2017: $41,900) Price per room: $1.02 million - $1.20 million (2017: $1.04 million - $1.26 million)	The estimated fair value would increase/(decrease) if the price per square metre or per room was higher/(lower).

5 INTANGIBLE ASSET

	OUE H-REIT Group and Stapled Group $'000
Cost	
At 1 January 2017 and 31 December 2017	6,200
Acquisition	–
At 31 December 2018	6,200
Amortisation and impairment loss	
At 1 January 2017	(1,292)
Amortisation for the year	(4,908)
At 31 December 2017	(6,200)
Amortisation for the year	–
At 31 December 2018	(6,200)
Carrying amounts	
At 1 January 2017	4,908
At 31 December 2017	–
At 31 December 2018	–

Intangible asset represents the unamortised income support receivable by the OUE H-REIT Group and the Stapled Group under the deed of income support entered into with OUE Airport Hotel Pte. Ltd., a related party of the REIT Manager, in relation to Crowne Plaza Changi Airport and its extension (the "Deed of Income Support").

Under the terms of the Deed of Income Support, should Crowne Plaza Changi Airport and its extension not achieve an agreed target quarterly rent from 1 August 2016 to 31 July 2019, the OUE H-REIT Group and the Stapled Group will be able to draw down the income support over (i) three years from 1 August 2016; or (ii) until the income support of $7.5 million has been fully drawn down, whichever is earlier.

The OUE H-REIT Group and the Stapled Group had fully drawn down $4.8 million under the Deed of Income Support in 2017 (see Note 15).

In 2017, the OUE H-REIT Group and the Stapled Group reviewed the rate that the income support was being drawn down. The income support which management had previously expected to fully draw down within 24 months, has been fully drawn down in 14 months from the date of entitlement. As a result, the expected useful life of the intangible asset was reduced and the amortisation charge was accelerated. The effect of this change resulted in an increase in amortisation charge of $1,808,000.

6 FINANCIAL DERIVATIVES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Derivative assets/(liabilities)		
Interest rate swaps used for hedging		
– Non-current	1,215	(1,046)
– Current	–	–
	1,215	(1,046)
Financial derivatives as a percentage of net assets	0.09%	(0.08%)

The OUE H-REIT Group and the Stapled Group use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing bank loans by swapping the interest expense on certain of these bank loans from floating rates to fixed rates.

As at 31 December 2018, the OUE H-REIT Group and the Stapled Group have interest rate swap contracts with a total notional amount of $620 million (2017: $620 million). Under the contracts, the OUE H-REIT Group and the Stapled Group pay fixed interest rates of 1.61% to 1.72% (2017: 1.61% to 1.72%) and receive interest at the three-month Singapore Dollar swap offer rate ("SOR").

7 TRADE AND OTHER RECEIVABLES

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Trade receivables from:		
– related parties of the REIT Manager	7,875	8,738
– third parties	676	419
	8,551	9,157
Other receivables	3	275
	8,554	9,432
Prepayments	1,555	1,585
	10,109	11,017

Trade receivables from related parties of the REIT Manager relate to receivables from the master lessees of Mandarin Orchard Singapore and Crowne Plaza Changi Airport. The balances are unsecured. There is no impairment loss arising from these outstanding balances as the ECL is not material. The receivables are considered to be held with a held-to-collect business model.

Concentration of credit risk relating to trade receivables of Mandarin Gallery is limited due to the many varied tenants.

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The ageing of trade receivables at the reporting date is:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Gross		
Not past due	7,877	8,738
Past due 1 – 60 days	293	215
Past due over 60 days	381	204
	8,551	9,157

The OUE H-REIT Group and the Stapled Group believe that the unimpaired amounts that are past due are still collectible based on historic payment behaviour and the deposits held.

8 CASH AND CASH EQUIVALENTS

	OUE H-BT			OUE H-REIT Group		Stapled Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash at bank	8	11	12	19,306	21,048	19,314	21,059
Fixed deposit with financial institutions	–	–	–	3,000	4,500	3,000	4,500
	8	11	12	22,306	25,548	22,314	25,559

9 BORROWINGS

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Non-current		
Secured bank loans	875,000	875,000
Less: Unamortised transaction costs	(6,962)	(9,688)
	868,038	865,312

The OUE H-REIT Group and the Stapled Group have in place secured term loan facilities of $875 million and $105 million secured revolving credit facility (2017: $875 million and $105 million secured revolving credit facility).

These facilities are secured by:

- A registered first legal mortgage over Mandarin Orchard Singapore and Mandarin Gallery (collectively, the "Properties");
- A legal assignment of all insurance taken in respect of the Properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements and lease or tenancy deposits/proceeds in respect of Mandarin Gallery;
- An assignment of all rights, titles, benefits and interests in connection with any master lease entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of Mandarin Orchard Singapore; and
- A debenture incorporating a fixed and floating charge over generally all of OUE H-REIT's present and future assets in connection with the Properties.

9 BORROWINGS (CONT'D)

As at the reporting date, OUE H-REIT Group and Stapled Group had drawn down $875 million (2017: $875 million) term loan facilities and the revolving credit facilities were undrawn. The OUE H-REIT Group and Stapled Group have partially hedged the floating interest rates on these loans using interest rate swaps (see Note 6).

In addition, OUE H-REIT's wholly-owned subsidiary, OUE H-T Treasury Pte. Ltd. ("OUE HTT"), has established a US$1 billion guaranteed Euro Medium Term Note Programme (the "EMTN Programme"). Under the EMTN Programme, OUE HTT may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches ("EMTN Notes"). Each series or tranche of EMTN Notes may be issued in United States dollars or any other currency, in various amounts and tenors, and may bear interest at fixed or floating rates.

The EMTN Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of OUE HTT and shall at all times rank pari passu, without any preference or priority among themselves and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of OUE HTT. All sums payable in respect of the EMTN Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

As at 31 December 2018 and 2017, no EMTN Notes have been issued under the EMTN Programme.

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

	Currency	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
OUE H-REIT Group and Stapled Group					
31 December 2018					
Term loans	SGD	2.72% - 2.78%	2020 - 2021	875,000	868,038
31 December 2017					
Term loans	SGD	1.88% - 1.93%	2020 - 2021	875,000	865,312

9 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings	
	Borrowings $'000	Accrued interest payable $'000	Interest rate swap used for hedging $'000	Total $'000
Balance at 1 January 2018	865,312	723	1,046	867,081
Changes from financing cash flows				
Finance expenses paid	–	(19,410)	(1,568)	(20,978)
Total changes from financing cash flows	–	(19,410)	(1,568)	(20,978)
Change in fair value	–	–	(2,261)	(2,261)
Other changes				
Liability-related				
Re-classification from derivatives to accrued interest payable	–	(188)	188	–
Finance expense	–	19,541	1,380	20,921
Amortisation of debt-related transaction costs	2,916	–	–	2,916
Change in borrowings	(190)	–	–	(190)
Total liability-related other changes	2,726	19,353	1,568	23,647
Balance at 31 December 2018	868,038	666	(1,215)	867,489

9 BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities		Derivative (assets)/ liabilities held to hedge long-term borrowings	
	Borrowings $'000	Accrued interest payable $'000	Interest rate swap used for hedging $'000	Total $'000
Balance at 1 January 2017	853,995	3,821	3,880	861,696
Changes from financing cash flows				
Repayment of bank loans	(859,000)	–	–	(859,000)
Proceeds from bank loans	875,000	–	–	875,000
Payment of transaction costs on borrowings	(9,790)	–	–	(9,790)
Cost of unwinding derivative financial instruments	–	–	(5,068)	(5,068)
Finance expenses paid	–	(17,841)	(8,581)	(26,422)
Total changes from financing cash flows	6,210	(17,841)	(13,649)	(25,280)
Change in fair value	–	–	(2,834)	(2,834)
Other changes				
Liability-related				
Re-classification from derivatives to accrued interest payable	–	(1,366)	1,366	–
Finance expense	–	16,109	7,215	23,324
Amortisation of debt-related transaction costs	5,227	–	–	5,227
Cost of unwinding derivative financial instruments	–	–	5,068	5,068
Change in borrowings	(120)	–	–	(120)
Total liability-related other changes	5,107	14,743	13,649	33,499
Balance at 31 December 2017	865,312	723	1,046	867,081

10 TRADE AND OTHER PAYABLES

	OUE H-BT			OUE H-REIT Group		Stapled Group	
	31 Dec 2018 $'000	31 Dec 2017 $'000	1 Jan 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000	31 Dec 2018 $'000	31 Dec 2017 $'000
Trade payables to:							
– a related party of the REIT Manager	–	–	–	–	489	–	489
– third parties	–	–	–	2,120	1,633	2,120	1,633
Other payables	–	–	–	248	279	248	279
Accrued expenses	3	3	2	7,480	6,809	7,483	6,812
Interest payable	–	–	–	666	723	666	723
	3	3	2	10,514	9,933	10,517	9,936

Outstanding balances with the related party of the REIT Manager are unsecured, interest-free and repayable on demand.

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 '000	2017 '000	2018 '000	2017 '000	2018 '000	2017 '000
Units/Stapled Securities in issue:						
At 1 January	1,806,518	1,790,428	1,806,518	1,790,428	1,806,518	1,790,428
Creation of Units/Stapled Securities:						
– REIT Manager's management fee paid in Stapled Securities	13,948	16,090	13,948	16,090	13,948	16,090
At 31 December	1,820,466	1,806,518	1,820,466	1,806,518	1,820,466	1,806,518
Units/Stapled Securities to be issued:						
– REIT Manager's management fee payable in Stapled Securities	9,314	7,366	9,314	7,366	9,314	7,366
Issued and issuable Units/ Stapled Securities	1,829,780	1,813,884	1,829,780	1,813,884	1,829,780	1,813,884

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Financial year ended 31 December 2018

(i) During the financial year, 13,947,785 Stapled Securities at unit prices ranging from $0.7059 to $0.8439 per Stapled Security, amounting to $11,291,630, were issued as satisfaction of the REIT Manager's management fees payable in units.

(ii) 9,313,531 Stapled Securities at unit price $0.6674 per Stapled Security, amounting to $6,215,851, were issued subsequent to year end as satisfaction of the REIT Manager's base management fees for the period from 1 October 2018 to 31 December 2018 and performance management fees for the financial year ended 31 December 2018.

Financial year ended 31 December 2017

(i) During the financial year, 16,089,486 Stapled Securities at unit prices ranging from $0.6534 to $0.7815 per Stapled Security, amounting to $11,049,731, were issued as satisfaction of the REIT Manager's management fees payable in units.

(ii) 7,366,201 Stapled Securities at unit price $0.8439 per Stapled Security, amounting to $6,216,338, were issued subsequent to year end as satisfaction of the REIT Manager's base management fees for the period from 1 October 2017 to 31 December 2017 and performance management fees for the financial year ended 31 December 2017.

Each OUE H-REIT unit is stapled together with an OUE H-BT unit under the terms of a stapling deed dated 10 July 2013 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager and cannot be traded separately. Each Stapled Security represents an undivided interest in OUE H-REIT and OUE H-BT.

A holder of the Stapled Security has no equitable or proprietary interest in the underlying assets of the Stapled Group and is not entitled to the transfer to it of any asset (or any part thereof) or of any real estate, any interest in any asset and real estate-related assets (or any part thereof) of the Stapled Group.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each OUE H-BT unit and OUE H-REIT unit carry the same voting rights.

Capital management

The REIT Manager's principal objectives are to deliver regular and stable distributions to Stapled Securityholders and to achieve long-term growth in distributions and in the net asset value per Stapled Security, while maintaining an appropriate capital structure. Capital consists of unitholders' funds of the Stapled Group.

OUE H-REIT's capital funding objectives are to maintain a strong financial position, manage the cost of debt financing, and potential refinancing or repayment risks, secure diversified funding sources and potentially implement hedging strategies to manage the exposure arising from adverse market movements in interest rates, after taking into account the prevailing market conditions.

OUE H-REIT is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS Code issued by the MAS. The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45% of its Deposited Property.

The Aggregate Leverage of OUE H-REIT as at 31 December 2018 was 38.8% (2017: 38.8%) of its Deposited Property. This complied with the Aggregate Leverage limit as described above.

11 UNITS/STAPLED SECURITIES IN ISSUE AND TO BE ISSUED (CONT'D)

Capital management (cont'd)

There were no substantial changes in the OUE H-REIT Group's and the Stapled Group's approach to capital management during the year.

Neither OUE H-BT, OUE H-REIT nor its subsidiary are subject to externally imposed capital requirement.

12 NET ASSET VALUE PER UNIT/STAPLED SECURITY

	Note	OUE H-BT		OUE H-REIT Group		Stapled Group	
		2018	2017	2018	2017	2018	2017
		$'000	$'000	$'000	$'000	$'000	$'000
Net asset value per Unit/ Stapled Security is based on:							
– Net assets		5	8	1,372,121	1,376,061	1,372,126	1,376,069
		'000	'000	'000	'000	'000	'000
– Total issued and issuable Units/ Stapled Securities at 31 December	11	1,829,780	1,813,884	1,829,780	1,813,884	1,829,780	1,813,884

13 GROSS REVENUE

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Fixed rent	99,562	100,189
Variable rent	29,145	29,849
Others	1,027	1,025
	129,734	131,063

Under the terms of lease agreements for the properties, the OUE H-REIT Group and the Stapled Group are generally entitled to a fixed rent component and/or a variable rent component computed based on a certain percentage of the revenue and/or gross operating profit of its tenants.

Included in the gross revenue of the OUE H-REIT Group and the Stapled Group is rental income from related parties of the REIT Manager of $95,831,000 (2017: $96,341,000), which represents 73.9% (2017: 73.5%) of the revenue of the OUE H-REIT Group and the Stapled Group and relates to the hospitality segment.

14 PROPERTY EXPENSES

	OUE H-REIT Group and Stapled Group	
	2018	**2017**
	$'000	**$'000**
Energy cost	980	894
Insurance	215	224
Operating lease expense:		
– Fixed component	1,000	1,000
– Variable component	3,459	3,248
Property management fees	1,349	1,361
Property tax	6,929	8,671
Other property expenses	3,044	2,920
	16,976	18,318

15 OTHER INCOME

Other income relates to the amount received/receivable by the OUE H-REIT Group and the Stapled Group under the Deed of Income Support in relation to Crowne Plaza Changi Airport and its extension (Note 5).

16 REIT MANAGER'S FEES

	OUE H-REIT Group and Stapled Group	
	2018	**2017**
	$'000	**$'000**
Base fee	6,780	6,759
Performance fee	4,510	4,510
	11,290	11,269

Included in the REIT Manager's fees is an aggregate of 15,895,115 (2017: 14,277,047) Stapled Securities, amounting to $11,291,143 (2017: $11,268,745), that have been or will be issued to the REIT Manager as satisfaction of the REIT Manager's management fees payable in Stapled Securities at unit prices ranging from $0.6674 to $0.8322 (2017: $0.6881 to $0.8439) per Stapled Security.

17 OTHER TRUST EXPENSES

Included in other trust expenses are the following:

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Auditors' remuneration:						
– Audit fees	–	–	176	181	176	181
– Non-audit fees	2	2	60	56	62	58
Valuation fees	–	–	39	49	39	49

18 FINANCE INCOME AND FINANCE EXPENSES

	OUE H-REIT Group and Stapled Group	
	2018 $'000	2017 $'000
Interest income under the effective interest method on cash and cash equivalents	67	66
Total interest income arising from financial assets measured at amortised cost	67	66
Ineffective portion of change in fair value of cash flow hedges	–	840
Net change in fair value of financial derivatives	–	812
Finance income	67	1,718
Amortisation of debt-related transaction costs	(2,916)	(2,174)
Write-off of unamortised debt-related transaction costs	–	(3,053)
Interest paid/payable to banks	(20,921)	(23,324)
Cost of unwinding derivative financial instruments	–	(5,068)
Finance expenses	(23,837)	(33,619)

19 TOTAL RETURN FOR THE YEAR

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Comprises total return of:						
– OUE H-REIT	–	–	73,004	75,949	73,004	75,949
– Other OUE H-REIT Group entity	–	–	(6)	(5)	(6)	(5)
– OUE H-BT	(3)	(2)	–	–	(3)	(2)
	(3)	(2)	72,998	75,944	72,995	75,942

20 TAX EXPENSE

	OUE H-BT		OUE H-REIT Group		Stapled Group	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Reconciliation of effective tax rate						
Total return for the year	(3)	(2)	72,998	75,944	72,995	75,942
Tax calculated using Singapore tax rate of 17% (2017: 17%)	*	*	12,410	12,910	12,409	12,910
Non-tax deductible items	*	*	3,030	2,946	3,030	2,946
Non-taxable items	–	–	(5)	(56)	(5)	(56)
Tax transparency (Note 3.12)	–	–	(15,435)	(15,800)	(15,434)	(15,800)
	–	–	–	–	–	–

* less than $1,000

21 EARNINGS PER STAPLED SECURITY

(a) Basic earnings per Stapled Security is based on:

	Stapled Group	
	2018 $'000	2017 $'000
Total return for the year	72,995	75,942
	Number of Stapled Securities 2018 '000	**Number of Stapled Securities 2017 '000**
Weighted average number of Stapled Securities:		
– outstanding during the year	1,817,111	1,803,165
– to be issued as payment of the REIT Manager's management fees payable in Stapled Securities	25	20
	1,817,136	1,803,185

21 EARNINGS PER STAPLED SECURITY (CONT'D)

(b) Diluted earnings per Stapled Security

In calculating diluted earnings per Stapled Security, the total return for the year and weighted average number of Stapled Securities outstanding are adjusted for the effect of all dilutive potential Stapled Securities, as set out below:

	Stapled Group	
	2018	**2017**
	$'000	**$'000**
Total return for the year	72,995	75,942

	Number of Stapled Securities 2018 '000	**Number of Stapled Securities 2017 '000**
Weighted average number of Stapled Securities used in calculation of basic earnings per Stapled Security	1,817,136	1,803,185
Effect of payment of the REIT Manager's management fees payable in Stapled Securities	12,644	10,699
Weighted average number of Stapled Securities in issue (diluted)	1,829,780	1,813,884

22 ISSUE COSTS

Issue costs comprise professional, advisory and underwriting fees and other costs related to the issue of Stapled Securities.

23 OPERATING SEGMENTS

Information regarding the results of each reportable segment is included below. Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the Board of Directors of the REIT Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

Segment information by geographical area is not presented as all of the OUE H-REIT Group's assets are located in Singapore.

No segment information is presented for OUE H-BT as it is dormant.

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Hospitality $'000	Retail $'000	Total $'000
OUE H-REIT Group			
Year ended 31 December 2018			
Gross revenue	95,831	33,903	129,734
Property expenses	(8,574)	(8,402)	(16,976)
Reportable segment net property income	87,257	25,501	112,758
Unallocated items:			
– REIT Manager's fees			(11,290)
– REIT Trustee's fees			(417)
– Other trust expenses			(1,520)
– Finance income			67
– Finance expenses			(23,837)
Net income			75,761
Net change in fair value of investment properties	(1,703)	(1,060)	(2,763)
Total return for the year			72,998
Year ended 31 December 2017			
Gross revenue	96,341	34,722	131,063
Property expenses	(8,924)	(9,394)	(18,318)
Reportable segment net property income	87,417	25,328	112,745
Other income	4,818	–	4,818
Amortisation of intangible asset	(4,908)	–	(4,908)
Unallocated items:			
– REIT Manager's fees			(11,269)
– REIT Trustee's fees			(415)
– Other trust expenses			(1,236)
– Finance income			1,718
– Finance expenses			(33,619)
Net income			67,834
Net change in fair value of investment properties	15,844	(7,734)	8,110
Total return for the year			75,944

23 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	Hospitality $'000	Retail $'000	Total $'000
Stapled Group			
Year ended 31 December 2018			
Gross revenue	95,831	33,903	129,734
Property expenses	(8,574)	(8,402)	(16,976)
Reportable segment net property income	87,257	25,501	112,758
Unallocated items:			
– REIT Manager's fees			(11,290)
– REIT Trustee's fees			(417)
– Other trust expenses			(1,523)
– Finance income			67
– Finance expenses			(23,837)
Net income			75,758
Net change in fair value of investment properties	(1,703)	(1,060)	(2,763)
Total return for the year			72,995
Year ended 31 December 2017			
Gross revenue	96,341	34,722	131,063
Property expenses	(8,924)	(9,394)	(18,318)
Reportable segment net property income	87,417	25,328	112,745
Other income	4,818	–	4,818
Amortisation of intangible asset	(4,908)	–	(4,908)
Unallocated items:			
– REIT Manager's fees			(11,269)
– REIT Trustee's fees			(415)
– Other trust expenses			(1,238)
– Finance income			1,718
– Finance expenses			(33,619)
Net income			67,832
Net change in fair value of investment properties	15,844	(7,734)	8,110
Total return for the year			75,942

24 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The OUE H-REIT Group and the Stapled Group have exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the exposure of the OUE H-REIT Group and the Stapled Group to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

Risk management framework

Risk management is integral to the whole business of the OUE H-REIT Group and the Stapled Group. The OUE H-REIT Group and the Stapled Group have a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Trustee-Manager and the REIT Manager continually monitor the OUE H-REIT Group's and the Stapled Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the OUE H-REIT Group's and the Stapled Group's activities.

The Board of Directors of the REIT Manager have overall responsibility for the establishment and oversight of the risk management framework of the OUE H-REIT Group. The Audit and Risk Committee of the REIT Manager assists the Board of Directors and oversees how the REIT Manager monitors compliance with the risk management policies and procedures of the OUE H-REIT Group, and reviews the adequacy of the risk management framework in relation to the risks faced by the OUE H-REIT Group. The Audit and Risk Committee reports regularly to the Board of Directors on its activities.

Credit risk

Credit risk is the risk of financial loss to the OUE H-REIT Group and the Stapled Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the receivables from customers and investment securities.

The carrying amount of financial assets in the statements of financial position represents maximum exposure of the OUE H-REIT Group and the Stapled Group to credit risk, before taking into account any collateral held.

24 FINANCIAL INSTRUMENTS (CONT'D)

Trade and other receivables

Credit evaluations are performed before lease agreements are entered into with tenants. Rental deposits are received, where appropriate, to reduce credit risk. In addition, the REIT Manager monitors the balances due from its lessees and tenants on an ongoing basis.

The Stapled Group establishes allowances for impairment that represents its estimate of the expected credit loss and specific loss component in respect of trade and other receivables.

The allowance account in respect of trade and other receivables is used to record impairment losses. If the OUE H-REIT Group and the Stapled Group are satisfied that no recovery of the amount owing is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At 31 December 2018, 92.1% (2017: 95.4%) of the trade receivables of the OUE H-REIT Group and the Stapled Group are due from related parties of the REIT Manager. Except as disclosed above, there was no significant concentration of credit risk.

Expected credit loss assessment for individual tenants as at 1 January and 31 December 2018

The OUE H-REIT Group and the Stapled Group use an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very small number of small balances.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off and are based on actual credit loss experience over the past three years.

The OUE H-REIT Group and the Stapled Group believe that no allowance for impairment is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the OUE H-REIT Group and the stapled Group or have sufficient security deposits as collateral, hence ECL is not material.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated A1/P-1 to Aa1/P-1, based on Moody's ratings.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated and rated Aa3/P-1, based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The OUE H-REIT Group and the Stapled Group consider that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

24 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the OUE H-REIT Group and the Stapled Group will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The REIT Manager monitors the liquidity risk of the OUE H-REIT Group and the Stapled Group and maintains a level of cash and cash equivalents deemed adequate to finance their operations and to mitigate the effects of fluctuations in cash flows. The REIT Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The OUE H-REIT Group and the Stapled Group have a total of $980 million secured facilities comprising (i) $875 million secured term loan facilities; (ii) $55 million committed revolving credit facility and (iii) $50 million uncommitted revolving credit facility (2017: $980 million secured facilities comprising (i) $875 million secured term loan facilities; (ii) $55 million committed revolving credit facility and (iii) $50 million uncommitted revolving credit facility). As at 31 December 2018, OUE H-REIT Group and Stapled Group had drawn down $875 million (2017: $875 million) term loan facilities and the revolving credit facilities were unutilised.

In addition, the OUE H-REIT Group and the Stapled Group have a US$1 billion (2017: US$1 billion) EMTN Programme (see Note 9). As at 31 December 2018, no EMTN Notes have been issued (2017: nil) under the EMTN Programme.

The OUE H-REIT Group and the Stapled Group have contractual commitments to incur capital expenditure (see Note 25).

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	After 1 year but within 5 years $'000	More than 5 years $'000
OUE H-REIT Group					
2018					
Non-derivative financial liabilities					
Borrowings	868,038	(932,701)	(22,430)	(910,271)	–
Trade and other payables	10,514	(10,514)	(10,514)	–	–
Rental deposits	4,783	(4,783)	(1,495)	(3,272)	(16)
	883,335	(947,998)	(34,439)	(913,543)	(16)
Derivative financial instruments					
Interest rate swaps	(1,215)	1,246	742	504	–
	882,120	(946,752)	(33,697)	(913,039)	(16)

24 FINANCIAL INSTRUMENTS (CONT'D)

Exposure to Liquidity risk (cont'd)

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	1 year or less $'000	After 1 year but within 5 years $'000	More than 5 years $'000
OUE H-REIT Group					
2017					
Non-derivative financial liabilities					
Borrowings	865,312	(949,650)	(18,241)	(931,409)	–
Trade and other payables	9,933	(9,933)	(9,933)	–	–
Rental deposits	4,508	(4,508)	(1,432)	(3,076)	–
	879,753	(964,091)	(29,606)	(934,485)	–
Derivative financial instruments					
Interest rate swaps	1,046	(730)	(2,539)	1,809	–
	880,799	(964,821)	(32,145)	(932,676)	–
Stapled Group					
2018					
Non-derivative financial liabilities					
Borrowings	868,038	(932,701)	(22,430)	(910,271)	–
Trade and other payables	10,517	(10,517)	(10,517)	–	–
Rental deposits	4,783	(4,783)	(1,495)	(3,272)	(16)
	883,338	(948,001)	(34,442)	(913,543)	(16)
Derivative financial instruments					
Interest rate swaps	(1,215)	1,246	742	504	–
	882,123	(946,755)	(33,700)	(913,039)	(16)
2017					
Non-derivative financial liabilities					
Borrowings	865,312	(949,650)	(18,241)	(931,409)	–
Trade and other payables	9,936	(9,936)	(9,936)	–	–
Rental deposits	4,508	(4,508)	(1,432)	(3,076)	–
	879,756	(964,094)	(29,609)	(934,485)	–
Derivative financial instruments					
Interest rate swaps	1,046	(730)	(2,539)	1,809	–
	880,802	(964,824)	(32,148)	(932,676)	–

24 FINANCIAL INSTRUMENTS (CONT'D)

The maturity analyses show the contractual undiscounted cash flows of the OUE H-REIT Group's and the Stapled Group's financial liabilities on the basis of their earliest possible contractual maturity. Derivative financial instruments held are normally not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled.

The interest payments on floating rate borrowings in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. The future cash flows on derivative instruments may be different from the amounts in the above table as interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

All the derivative financial instruments are designated as cash flow hedges. The table above reflects the periods in which the cash flows associated with cash flow hedges are expected to occur and to impact the total return.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect OUE H-REIT Group's and the Stapled Group's total return or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The OUE H-REIT Group and the Stapled Group enter into derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Audit and Risk Committee of the REIT Manager. Generally, the OUE H-REIT Group and the Stapled Group seek to apply hedge accounting in order to manage volatility in the statement of total return.

Interest rate risk

The REIT Manager's strategy to manage the risk of potential interest rate volatility may be through the use of interest rate hedging instruments and/or fixed rate borrowings. The REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

The OUE H-REIT Group and the Stapled Group determine the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The OUE H-REIT Group and the Stapled Group assess whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

Derivative financial instruments are used to manage exposure to interest rate risk arising from financing activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

24 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the OUE H-REIT Group and the Stapled Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Exposure to interest rate risk

The exposure of the OUE H-REIT Group and the Stapled Group to changes in interest rates relate primarily to interest-earning financial assets and interest-bearing financial liabilities. At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	OUE H-REIT Group and Stapled Group Nominal amount	
	2018	2017
	$'000	$'000
Fixed rate instruments		
Fixed deposit	3,000	4,500
Interest rate swaps	(620,000)	(620,000)
	(617,000)	(615,500)
Variable rate instruments		
Borrowings	(875,000)	(875,000)
Interest rate swaps	620,000	620,000
	(255,000)	(255,000)

Fair value sensitivity analysis for fixed rate instruments

OUE H-REIT Group and the Stapled Group do not account for any fixed rate financial assets and liabilities at fair value through profit and loss. OUE H-REIT Group and the Stapled Group do not designate interest rate swaps as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect total return.

Sensitivity analysis for variable instruments

For the variable rate instruments, a change of 50 (2017: 50) basis points ("bp") in interest rate at the reporting date would increase/(decrease) total return and unitholders' funds (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

24 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis for variable instruments (cont'd)

	OUE H-REIT Group and Stapled Group			
	Statement of Total Return		Unitholders' funds	
	50 bp increase $'000	50 bp decrease $'000	50 bp increase $'000	50 bp decrease $'000
Year ended 31 December 2018				
Variable rate instruments				
Borrowings	(4,375)	4,375	–	–
Interest rate swaps	3,100	(3,100)	669	(649)
	(1,275)	1,275	669	(649)
Year ended 31 December 2017				
Variable rate instruments				
Borrowings	(4,375)	4,375	–	–
Interest rate swaps	3,100	(3,100)	897	(458)
	(1,275)	1,275	897	(458)

Business risk

Mandarin Orchard Singapore and Crowne Plaza Changi Airport are each leased by OUE H-REIT to a single related party ("Master Lessee") of the REIT Manager. In return, OUE H-REIT is paid a rent by the Master Lessee comprising a fixed rent component and a variable rent component. The latter is pegged to the underlying performance of the property.

In addition, OUE H-REIT derives variable rent from the tenants of Mandarin Gallery, which is pegged to the underlying performance of the tenants. As a result, a variation in the underlying performance of these properties may have an impact on the revenue of OUE H-REIT and consequently, the distributable income of OUE H-REIT.

Sensitivity analysis

A change of 10% (2017: 10%) in gross revenue attributable to the variable rent component of gross revenue at the reporting date would increase/(decrease) total return (before any tax effects) by the amounts shown below. This analysis assumes that all other variables remain constant.

	OUE H-REIT Group and Stapled Group			
	2018		2017	
	10% increase $'000	10% decrease $'000	10% increase $'000	10% decrease $'000
Gross revenue	2,915	(2,915)	2,985	(2,985)

24 FINANCIAL INSTRUMENTS (CONT'D)

Hedge accounting

Cash flow hedge

At 31 December 2018, the OUE H-REIT Group and the Stapled Group held the following instruments to hedge exposures to changes in interest rates.

	OUE H-REIT Group and Stapled Group		
	Maturity		
	1 year or less	After 1 year but within 5 years	More than 5 years
Interest rate risk			
Interest rate swaps			
Net exposure (in thousands of SGD)	–	620,000	–
Average fixed interest rate	–	1.66%	–

The amounts at the reporting date relating to items designated as hedged items were as follows.

	31 December 2018		
	Change in value used for calculating hedge ineffectiveness $'000	Cash flow hedge reserve $'000	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied $'000
Interest rate risk			
Variable-rate instruments	–	1,215	–

24 FINANCIAL INSTRUMENTS (CONT'D)

The amounts relating to items designated as hedging instrument were as follows:

	2018			During the period – 2018
	Nominal amount $'000	Carrying amount – Assets $'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in unitholders' funds $'000
Interest rate risk				
Interest rate swaps	620,000	1,215	Financial derivatives	2,261

The following table provides a reconciliation by risk category of components of unitholders' funds and analysis of unitholders' funds items, net of tax, resulting from cash flow hedge accounting.

	2018 Hedging reserve $'000
Balance at 1 January 2018	(1,046)
Cash flow hedges	
Change in fair value:	
Interest rate risk	2,261
Balance at 31 December 2018	1,215

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values

The carrying values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are set out below. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
OUE H-REIT Group									
31 December 2018									
Financial assets not measured at fair value									
Deposit		3,826	–	–	3,826				
Trade and other receivables*	7	8,554	–	–	8,554				
Cash and cash equivalents	8	22,306	–	–	22,306				
		34,686	–	–	34,686				
Financial assets measured at fair value									
Financial derivatives	6	–	1,215	–	1,215	–	1,215	–	1,215
Financial liabilities not measured at fair value									
Borrowings	9	–	–	(868,038)	(868,038)				
Trade and other payables	10	–	–	(10,514)	(10,514)				
Rental deposits		–	–	(4,783)	(4,783)	–	–	(4,584)	(4,584)
		–	–	(883,335)	(883,335)				

* Excluding prepayments

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Fair value – hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
OUE H-REIT Group									
31 December 2017									
Financial assets not measured at fair value									
Deposit		2,295	–	–	2,295				
Trade and other receivables*	7	9,432	–	–	9,432				
Cash and cash equivalents	8	25,548	–	–	25,548				
		37,275	–	–	37,275				
Financial liabilities measured at fair value									
Financial derivatives	6	–	(1,046)	–	(1,046)	–	(1,046)	–	(1,046)
Financial liabilities not measured at fair value									
Borrowings	9	–	–	(865,312)	(865,312)				
Trade and other payables	10	–	–	(9,933)	(9,933)				
Rental deposits		–	–	(4,508)	(4,508)	–	–	(4,291)	(4,291)
		–	–	(879,753)	(879,753)				

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Amortised cost	Fair value – hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Stapled Group									
31 December 2018									
Financial assets not measured at fair value									
Deposit		3,826	–	–	3,826				
Trade and other receivables*	7	8,554	–	–	8,554				
Cash and cash equivalents	8	22,314	–	–	22,314				
		34,694	–	–	34,694				
Financial assets measured at fair value									
Financial derivatives	6	–	1,215	–	1,215	–	1,215	–	1,215
Financial liabilities not measured at fair value									
Borrowings	9	–	–	(868,038)	(868,038)				
Trade and other payables	10	–	–	(10,517)	(10,517)				
Rental deposits		–	–	(4,783)	(4,783)	–	–	(4,584)	(4,584)
		–	–	(883,338)	(883,338)				

* Excluding prepayments

24 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Fair value – hedging instruments $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
Stapled Group									
31 December 2017									
Financial assets not measured at fair value									
Deposit		2,295	–	–	2,295				
Trade and other receivables*	7	9,432	–	–	9,432				
Cash and cash equivalents	8	25,559	–	–	25,559				
		37,286	–	–	37,286				
Financial liabilities measured at fair value									
Financial derivatives	6	–	(1,046)	–	(1,046)	–	(1,046)	–	(1,046)
Financial liabilities not measured at fair value									
Borrowings	9	–	–	(865,312)	(865,312)				
Trade and other payables	10	–	–	(9,936)	(9,936)				
Rental deposits		–	–	(4,508)	(4,508)	–	–	(4,291)	(4,291)
		–	–	(879,756)	(879,756)				

* Excluding prepayments

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

OUE H-REIT Group and Stapled Group

Financial instruments measured at fair value

Type	Valuation technique
Interest rate swaps	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

24 FINANCIAL INSTRUMENTS (CONT'D)

OUE H-REIT Group and Stapled Group (cont'd)

Financial instruments not measured at fair value

Type	Valuation technique
Rental deposits	Discounted cash flow method

There were no transfers between Level 2 and Level 3 during the year.

25 COMMITMENTS

Operating leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
1 year or less	98,204	97,114
After 1 year but within 5 years	332,495	333,611
More than 5 years	323,123	397,356
	752,822	828,081

The above operating lease receivables are based on the fixed component of the rent receivable under the lease agreements, adjusted for increases in rent where such increases have been provided for under the lease agreements.

Operating lease as lessee

Non-cancellable operating lease rentals are payable as follows:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
1 year or less	1,000	1,000
After 1 year but within 5 years	4,000	4,000
More than 5 years	59,660	60,660
	64,660	65,660

25 COMMITMENTS (CONT'D)

Operating lease as lessee (cont'd)

The operating lease rental payable relates to the land rent payable to Changi Airport Group in relation to the Crowne Plaza Changi Airport site. Under the terms of the lease agreement, the land rent payable comprises a fixed component and a variable component computed based on certain percentage of the hotel revenue. The above operating lease payable is based on the fixed component of the rent payable under the lease agreement.

Capital commitments

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Capital expenditure on investment properties contracted but not provided for	1,846	1,329

26 RELATED PARTY TRANSACTIONS

The REIT Manager is a direct wholly-owned subsidiary of a substantial holder of the Stapled Securities in the Stapled Group.

In the normal course of the operations of OUE H-REIT, the REIT Manager's management fee and REIT Trustee's fees have been paid or are payable to the REIT Manager and the REIT Trustee respectively. Property management fees are payable to the Property Manager, a related party of the REIT Manager.

During the financial year, other than the transactions disclosed elsewhere in the financial statements, there were the following related party transactions:

	OUE H-REIT Group and Stapled Group	
	2018	2017
	$'000	$'000
Received/Receivable from related parties of the REIT Manager:		
– reimbursement of expenses	13	2
Paid/Payable to related parties of the REIT Manager:		
– property management fees	1,349	1,361
– shared electricity expenses	915	838
– shared service expenses	521	504
– utilities expenses	68	60
– hotel services	46	52
– carpark services	53	50
– reimbursement of expenses	154	131
– transfer of fixed assets	6	–

27 FINANCIAL RATIOS

	OUE H-REIT Group and Stapled Group	
	2018	2017
	%	%
Expenses to weighted average net assets [(1)]		
– including performance component of the REIT Manager's fees	0.96	1.30
– excluding performance component of the REIT Manager's fees	0.63	0.97
Portfolio turnover ratio [(2)]	–	–

(1) The ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of OUE H-REIT Group and the Stapled Group, excluding property expenses and finance expenses.

(2) The turnover ratio is computed based on the lesser of purchases or sales of underlying investment properties of OUE H-REIT Group and the Stapled Group expressed as a percentage of daily average net asset value.

28 SUBSIDIARY

Details of the subsidiary of OUE H-REIT are as follows:

Name of subsidiary	Place of incorporation	Effective equity interest held by OUE H-REIT Group and Stapled Group	
		2018	2017
		%	%
Subsidiary of OUE H-REIT			
OUE H-T Treasury Pte. Ltd. ("OUE HTT")[1]	Singapore	100	100

[1] Audited by KPMG LLP.

OUE HTT's principal activity is to provide treasury services, including on-lending proceeds from issuances of notes under the EMTN Programme (see Note 9) to OUE H-REIT.

29 SUBSEQUENT EVENTS

There were the following events subsequent to the reporting date:

- The Stapled Group issued 2,555,459 Stapled Securities at an issue price of $0.6674 per Stapled Security to the REIT Manager as payment of the REIT Manager's base fee for the period from 1 October 2018 to 31 December 2018.
- The Stapled Group issued 6,758,072 Stapled Securities at an issue price of $0.6674 per Stapled Security to the REIT Manager as payment of the REIT Manager's performance fee for the year ended 31 December 2018.
- The REIT Manager declared a distribution of 1.28 cents per Stapled Security, amounting to approximately $23.3 million, in respect of the period from 1 October 2018 to 31 December 2018.
- As announced on 24 January 2019, there was an extension of the one-year revolving credit facility of $55 million for a further one-year period.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies and business trusts listed on the SGX-ST will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of OUE H-BT prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the OUE H-BT's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In addition to the adoption of SFRS(I) framework by OUE H-BT as described above, a number of new FRSs or SFRS(I)s, amendments to and interpretations of FRS or SFRS(I) are effective from 1 January 2018. Those which are relevant to the OUE H-BT, the OUE H-REIT Group and the Stapled Group (collectively, the "Entities") are set out below:

- FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15;* and
- FRS 109/SFRS(I) 9 *Financial Instruments*

The application of the above standards and interpretations do not have a material effect on the financial statements.

An explanation of how the transition from previous FRS to SFRS(I) is set out below.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

In adopting SFRS(I) in 2018, the OUE H-BT has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the OUE H-BT applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

FRS 115/SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to FRS 115/SFRS(I) 15 *Clarifications to FRS 115/SFRS(I) 15*

FRS 115/SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Entities have also applied the practical expedient not to retrospectively restate contracts for contract modifications that occurred before the date of initial application. Instead, the Entities have reflected the aggregate effect of all modifications that occurred before the date of initial application when:

- identifying the satisfied and unsatisfied performance obligations (PO);
- determining the transaction price; and
- allocating the transaction price to the satisfied and unsatisfied PO.

The adoption of FRS 115/SFRS(I) 15 did not have a material effect on the financial statements.

FRS 109/SFRS(I) 9 *Financial Instruments*

FRS109/SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Entities adopted FRS 109/SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in FRS 109 and SFRS(I) 1, the Entities elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of FRS 109/SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Entities is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

FRS 109/SFRS(I) 9 *Financial Instruments (cont'd)*

Changes in accounting policies resulting from the adoption of FRS 109/SFRS(I) 9 have been generally applied by the Entities retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held; and
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest of the principal amount outstanding.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 *Financial Instruments: Recognition and Measurement* at 31 December 2017 that meet the criteria for hedge accounting under FRS 109/SFRS(I) 9 at 1 January 2018 will be regarded as continuing hedging relationships.

The impact upon adoption of FRS 109/SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under FRS 109/SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument; or FVTPL. The classification of financial assets under FRS 109/SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109/SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Entities classify and measure financial assets and related gains and losses under FRS 109/SFRS(I) 9, see Note 3.5.

The adoption of FRS 109/SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109/SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(i) Classification of financial assets and financial liabilities (cont'd)

	Note	Original classification under FRS 39	New classification under FRS 109/ SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	1 January 2018 New carrying amount under FRS 109/ SFRS(I) 9 $'000
OUE H-REIT Group					
Financial assets					
Deposit		Loans and receivables	Amortised cost	2,295	2,295
Trade and other receivables*	7	Loans and receivables	Amortised cost	9,432	9,432
Cash and cash equivalents	8	Loans and receivables	Amortised cost	25,548	25,548
Total financial assets				37,275	37,275
Stapled Group					
Financial assets					
Deposit		Loans and receivables	Amortised cost	2,295	2,295
Trade and other receivables*	7	Loans and receivables	Amortised cost	9,432	9,432
Cash and cash equivalents	8	Loans and receivables	Amortised cost	25,559	25,559
Total financial assets				37,286	37,286

* Excluding prepayments

Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. There was no material increase in the allowance for impairment to be recognised in opening retained earnings of the Entities at 1 January 2018 respectively on transition to FRS 109/SFRS(I) 9.

30 EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW STANDARDS (CONT'D)

(ii) Impairment of financial assets

FRS 109/SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

Under FRS 109/SFRS(I) 9, credit losses are recognised earlier than under FRS 39. For assets in the scope of the FRS 109/SFRS(I) 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Entities have determined that the application of FRS 109/SFRS(I) 9's impairment requirements at 1 January 2018 does not result in a material additional allowance for impairment.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Additional information about how the Entities measure the allowance for impairment is described in Note 3.6.

(iii) Hedging accounting

The Entities adopted the new general hedge accounting model in FRS 109/SFRS(I) 9. This requires the Entities to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Entities uses interest rate swap contracts to hedge the variability in cash flows arising from changes in interest rates relating to borrowings. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

For an explanation of how the Entities applies hedge accounting under FRS 109/SFRS(I) 9, see Note 3.5.

(iv) Transition impact on equity

The impact, net of tax, of transition to FRS 109/SFRS(I) 9 on reserves and retained earnings at 1 January 2018 is nil.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I) is effective for annual periods beginning after 1 January 2018. Those which are relevant to the Entities are set out below:

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

Applicable to 2019 financial statements

- FRS 116/SFRS(I) 16 *Leases*
- IFRIC 23/SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*

The Entities have assessed the estimated impact that initial application of FRS 116/SFRS(I) 16.

FRS 116/SFRS(I) 16

FRS 116/SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116/SFRS(I) 16 replaces existing lease accounting guidance, including FRS 17/SFRS(I) 1-17 *Leases*, INT FRS 15/SFRS(I) INT 1-15 *Operating Leases – Incentives* and INT FRS 27/SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Entities plan to apply FRS 116/SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting FRS 116/SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Entities plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply FRS 116/SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17/SFRS(I) 1-17.

The potential impact of adoption of FRS 116/SFRS(I) 16 is described below.

(i) The Entities as lessor

FRS 116/SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Entities continue to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

The Entities do not expect a significant effect on the financial statements.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 116/SFRS(I) 16 (cont'd)

(ii) The Entities as lessee

The Entities expect to measure lease liabilities by applying a single discount rate to their land leases. Furthermore, the Entities are likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Entities are expected to use hindsight in determining the lease term.

The Entities expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116/SFRS(I) 16.

As at 1 January 2019, the Entities expect an increase in ROU assets and lease liabilities of $33,485,791.

The nature of expenses related to those leases will change as FRS 116/SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

The Entities do not expect the adoption of FRS 116/SFRS(I) 16 to impact their ability to comply with the Aggregate Leverage limit described in Note 11.

OUE HOSPITALITY TRUST MANAGEMENT PTE. LTD. FINANCIAL STATEMENTS

198 Directors' Statement

200 Independent Auditors' Report

203 Statement of Comprehensive Income

204 Statement of Financial Position

205 Statement of Changes in Equity

206 Notes to the Financial Statements

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 203 to 211 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and the financial performance and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that with the continuing financial support from its immediate holding company, the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Lee Yi Shyan
Sanjiv Misra
Liu Chee Ming
Neo Boon Siong
Ong Kian Min
Christopher James Williams

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, none of the directors holding office at the end of the financial year (including those held by their spouses and children) had any interest in shares or debentures of the Company and in related corporations, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under options.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lee Yi Shyan
Director

Christopher James Williams
Director

28 February 2019

Member of the Company
OUE Hospitality Trust Management Pte. Ltd.

Report on the financial statements

Opinion

We have audited the financial statements of OUE Hospitality Trust Management Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 203 to 211.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2018 and of the financial performance and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 February 2019

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 $	2017 $
Administrative expenses		(4,444)	(4,293)
Loss before tax		(4,444)	(4,293)
Tax expense	4	–	–
Loss for the year		(4,444)	(4,293)
Other comprehensive income, net of tax		–	–
Total comprehensive income for the year		(4,444)	(4,293)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 $	2017 $
Liabilities			
Current liabilities			
Other payables	5	5,000	5,000
Amount due to immediate holding company	6	20,174	15,730
Total liabilities		25,174	20,730
Net liabilities		(25,174)	(20,730)
Equity			
Share capital	7	1	1
Accumulated losses		(25,175)	(20,731)
Total equity		(25,174)	(20,730)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Share capital $	Accumulated losses $	Total $
At 1 January 2017	1	(16,438)	(16,437)
Total comprehensive income for the year			
Loss for the year	–	(4,293)	(4,293)
Other comprehensive income, net of tax	–	–	–
Total comprehensive income for the year	–	(4,293)	(4,293)
At 31 December 2017	1	(20,731)	(20,730)
At 1 January 2018	1	(20,731)	(20,730)
Total comprehensive income for the year			
Loss for the year	–	(4,444)	(4,444)
Other comprehensive income, net of tax	–	–	–
Total comprehensive income for the year	–	(4,444)	(4,444)
At 31 December 2018	1	(25,175)	(25,174)

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 February 2019.

1 Domicile and activities

OUE Hospitality Trust Management Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 333 Orchard Road, #33-00, Singapore 238867.

The principal activity of the Company is to act as the trustee-manager for OUE Hospitality Business Trust ("OUE H-BT"), a business trust registered under the Business Trusts Act, Chapter 31A of Singapore. The Company is the trustee-manager for OUE H-BT which is part of OUE Hospitality Trust ("OUEHT"), a stapled group comprising OUE Hospitality Real Estate Investment Trust and OUE H-BT. OUEHT is listed on Singapore Exchange Securities Trading Limited. The Company is presently dormant.

The Company's immediate holding entity is OUE Limited, a company incorporated in Singapore and the Company's ultimate holding entity is Lippo ASM Asia Property Limited, a company incorporated in the Cayman Islands.

2 Basis of preparation

2.1 Going concern

The Company has a net capital deficiency of $25,174 (2017: $20,730) as at 31 December 2018. The financial statements have been prepared on the going concern basis as the immediate holding company, OUE Limited, has undertaken to provide the financial and other support as necessary to enable the Company to continue operating as a going concern for the next twelve months.

2.2 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.4 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency.

2 Basis of preparation (cont'd)

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with FRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.6 Changes in accounting policies

The Company has applied the following FRS and amendments to FRS for the first time for the annual period beginning on 1 January 2018:

- FRS 109 *Financial Instruments;* and
- *Deletion of short-term exemptions for first-time adopters* (Amendments to FRS 101).

The adoption of these FRS and amendments to FRS did not have any impact on the current or prior period and is not likely to affect future periods.

FRS 109 Financial Instruments

FRS 109 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Company adopted FRS 109 from 1 January 2018.

(i) Classification of financial assets and financial liabilities

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") – debt instrument, FVOCI – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of FRS 109 has not had a significant effect on the Company's accounting policies for financial liabilities.

2 Basis of preparation (cont'd)

2.6 Changes in accounting policies (cont'd)

(ii) Impairment of financial asset

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost but not to equity investments. The adoption of FRS 109 did not have any impact on the current or prior period for the Company and is not likely to affect future periods.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial liabilities

All other financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(ii) Classification and subsequent measurement

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised other payables and amount due to immediate holding company.

(iii) Derecognition

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3 Significant accounting policies (cont'd)

3.1 Financial instruments (cont'd)

(v) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.2 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.3 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. None of these changes are expected to have a significant effect on the financial statements of the Company. The Company does not plan to adopt these standards early.

4 Tax expense

Reconciliation of effective tax rate is as follows:

	2018 $	2017 $
Loss before tax	(4,444)	(4,293)
Tax calculated using Singapore tax rate of 17% (2017: 17%)	(755)	(730)
Tax losses not carried forward	755	730
	–	–

5 Other payables

	2018 $	2017 $
Accrued operating expenses	5,000	5,000

6 Amount due to immediate holding company

The amount due to immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand.

7 Share capital

	2018		2017	
	Number of shares	Amount $	Number of shares	Amount $
Beginning and end of financial year	1	1	1	1

All issued shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

8 Financial risk management

The Company was inactive during the financial year and has limited exposure to credit, liquidity and interest rate risks. The Company obtains advances from its immediate holding company to fund its operations, where required.

8 Financial risk management (cont'd)

The total contractual undiscounted cash flows of the Company's non-derivative financial liabilities are the same as their carrying amounts and are due within one year.

Accounting classifications and fair values

The carrying amounts and fair values of financial liabilities are as follows:

	Carrying amount	
	Other financial liabilities	
	2018	2017
	$	$
Financial liabilities not measured at fair value		
Amount due to immediate holding company	20,174	15,730
Other payables	5,000	5,000
	25,174	20,730

Fair value information of financial liabilities not measured at fair value has not been presented as the carrying amount is a reasonable approximation of the fair value.

9 Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. Capital consists of total equity.

The Company's capital structure is regularly reviewed to maintain or achieve an optimal capital structure. The Company may raise funds through issuance of new shares or to obtain new financing from financial institutions or its related companies.

The Company is not subject to any externally imposed capital requirements.

10 Related party transactions

Except as disclosed elsewhere in these financial statements, there were no other significant related party transactions during the financial year.

Transactions with key management personnel

The non-independent and non-executive directors of the Company are employees of a related corporation of the Company and no consideration is paid to the related corporation for the services rendered by the directors.

11 Statement of cash flows

The Company did not prepare a statement of cash flows as the Company does not maintain a bank account. All expenses are paid for by the immediate holding company on the Company's behalf.

INTERESTED PERSON AND INTERESTED PARTY TRANSACTIONS

Name of Interested Person/Interested Party	Aggregate Value of All Interested Person / Party Transactions during the Financial Year under Review (excluding transactions less than $100,000 and transactions conducted under Stapled Securityholders' Mandate pursuant to Rule 920) $'000	Aggregate Value of All Interested Person / Party Transactions conducted under Stapled Securityholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000)[1] $'000
OUE Limited and its subsidiaries		
Rental income	95,831	—
REIT Manager's management fees[2]	11,290	—
Property management fees	1,349	—
Shared electricity services	915	—
Shared services	521	—
Reimbursement of expenses	154	—
RBC Investor Services Trust Singapore Limited (as trustee of OUE H-REIT)		
REIT Trustee's fees	417	—
TOTAL	110,447	—

Save as disclosed above, during the financial year ended 31 December 2018, there were no additional interested person transactions (excluding transactions of less than $100,000 each) nor any material contracts entered into by OUE H-Trust involving the interests of the Chief Executive Officer, each director or controlling shareholder of the Managers, or controlling Stapled Securityholders.

1 OUE H-Trust has not obtained a general mandate from Stapled Securityholders for interested person / party transactions.

2 The REIT Manager's base and performance management fees for the financial year ended 31 December 2018 were paid in the form of Stapled Securities. In respect of the base management fees for the period from 1 January 2018 to 31 March 2018, 2,010,762 Stapled Securities were issued to the REIT Manager on 2 May 2018 at an issue price of $0.8322 per Stapled Security. In respect of the base management fees for the period from 1 April 2018 to 30 June 2018, 2,146,783 Stapled Securities were issued to the REIT Manager on 27 July 2018 at an issue price of $0.7876 per Stapled Security. In respect of the base management fees for the period from 1 July 2018 to 30 September 2018, 2,424,039 Stapled Securities were issued to the REIT Manager on 7 November 2018 at an issue price of $0.7059 per Stapled Security. In respect of the base management fees for the period from 1 October 2018 to 31 December 2018, 2,555,459 Stapled Securities were issued to the REIT Manager on 29 January 2019 at an issue price of $0.6674 per Stapled Security. In respect of the performance fees for the financial year ended 31 December 2018, 6,758,072 Stapled Securities were issued on 29 January 2019 at an issue price of $0.6674 per Stapled Security.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2019

There were 1,829,779,587 Stapled Securities (one vote per Stapled Security) in issue as at 1 March 2019.

Each Stapled Security comprises one unit in OUE H-REIT and one unit in OUE H-BT. There is only one class of units in each of OUE H-REIT and OUE H-BT.

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

SIZE OF HOLDINGS	NO. OF STAPLED SECURITYHOLDERS	%	NO. OF STAPLED SECURITIES	%
1 - 99	181	0.71	7,113	0.00
100 - 1,000	5,225	20.55	4,047,508	0.22
1,001 - 10,000	14,835	58.35	60,507,325	3.31
10,001 - 1,000,000	5,147	20.24	251,288,132	13.73
1,000,001 AND ABOVE	38	0.15	1,513,929,509	82.74
TOTAL	**25,426**	**100.00**	**1,829,779,587**	**100.00**

TWENTY LARGEST STAPLED SECURITYHOLDERS

NO.	NAME	NO. OF STAPLED SECURITIES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	733,568,778	40.09
2	CITIBANK NOMINEES SINGAPORE PTE LTD	213,229,030	11.65
3	DBS NOMINEES (PRIVATE) LIMITED	192,257,222	10.51
4	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	96,259,900	5.26
5	OUE HOSPITALITY REIT MANAGEMENT PTE. LTD.	89,341,587	4.88
6	DBSN SERVICES PTE. LTD.	47,182,645	2.58
7	UOB KAY HIAN PRIVATE LIMITED	25,923,608	1.42
8	HSBC (SINGAPORE) NOMINEES PTE LTD	25,786,859	1.41
9	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	18,524,061	1.01
10	OCBC SECURITIES PRIVATE LIMITED	11,720,945	0.64
11	DB NOMINEES (SINGAPORE) PTE LTD	6,907,016	0.38
12	LEE SEE CHUAN @LEE CHEE CHUAN	5,260,900	0.29
13	HENG SIEW ENG	4,669,700	0.26
14	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	3,760,259	0.21
15	PHILLIP SECURITIES PTE LTD	3,270,197	0.18
16	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,855,312	0.16
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,668,829	0.15
18	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	2,375,529	0.13
19	SOON LEE HENG TRADING & TRANSPORTATION PTE LTD	2,000,000	0.11
20	WATERWORTH PTE LTD	2,000,000	0.11
TOTAL		**1,489,562,377**	**81.43**

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2019

DIRECTORS' INTERESTS IN STAPLED SECURITIES AS AT 21 JANUARY 2019

Directors	Direct Interest	Deemed Interest
Lee Yi Shyan	10,700	—
Sanjiv Misra	532,000	—
Liu Chee Ming	532,000	—
Christopher James Williams	—	478,800

SUBSTANTIAL STAPLED SECURITYHOLDER'S INTERESTS

Name of Substantial Stapled Securityholder	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	%
	No. of Stapled Securities held	%	No. of Stapled Securities held	%		
OUE Limited	585,775,399	32.01[24]	89,341,587[1]	4.88[24]	675,116,986	36.90[24]
OUE Realty Pte. Ltd. ("**OUER**")	19,000,000	1.04[24]	675,116,986[2]	36.90[24]	694,116,986	37.93[24]
Golden Concord Asia Limited ("**GCAL**")	19,400,558	1.06[24]	694,116,986[3]	37.93[24]	713,517,544	38.99[24]
Fortune Code Limited ("**FCL**")	—	—	713,517,544[4]	38.99[24]	713,517,544	38.99[24]
Lippo ASM Asia Property Limited ("**LAAPL**")	—	—	713,517,544[5]	38.99[24]	713,517,544	38.99[24]
Pacific Landmark Holdings Limited ("**Pacific Landmark**")	—	—	713,517,544[6]	38.99[24]	713,517,544	38.99[24]
HKC Property Investment Holdings Limited ("**HKC Property**")	—	—	713,517,544[7]	38.99[24]	713,517,544	38.99[24]
Hongkong Chinese Limited ("**HCL**")	2,800,000	0.15[24]	713,517,544[8]	38.99[24]	716,317,544	39.15[24]
Hennessy Holdings Limited ("**HHL**")	—	—	716,317,544[9]	39.15[24]	716,317,544	39.15[24]
Prime Success Limited ("**PSL**")	—	—	716,317,544[10]	39.15[24]	716,317,544	39.15[24]
Lippo Limited ("**LL**")	—	—	716,317,544[11]	39.15[24]	716,317,544	39.15[24]
Lippo Capital Limited ("**LCL**")	—	—	716,317,544[12]	39.15[24]	716,317,544	39.15[24]
Lippo Capital Holdings Company Limited ("**LCH**")	—	—	716,317,544[13]	39.15[24]	716,317,544	39.15[24]
Lippo Capital Group Limited ("**LCG**")	—	—	716,317,544[14]	39.15[24]	716,317,544	39.15[24]
Dr. Stephen Riady	—	—	716,317,544[15]	39.15[24]	716,317,544	39.15[24]
PT Trijaya Utama Mandiri ("**PT Trijaya**")	—	—	716,317,544[16]	39.15[24]	716,317,544	39.15[24]
Mr. James Tjahaja Riady	—	—	716,317,544[17]	39.15[24]	716,317,544	39.15[24]
Admiralty Station Management Limited ("**Admiralty**")	—	—	713,517,544[18]	38.99[24]	713,517,544	38.99[24]

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2019

Name of Substantial Stapled Securityholder	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	%
	No. of Stapled Securities held	%	No. of Stapled Securities held	%		
Argyle Street Management Limited ("**ASML**")	—	—	713,517,544[19]	38.99[24]	713,517,544	38.99[24]
Argyle Street Management Holdings Limited ("**ASMHL**")	—	—	713,517,544[20]	38.99[24]	713,517,544	38.99[24]
Kin Chan ("**KC**")	—	—	713,517,544[21]	38.99[24]	713,517,544	38.99[24]
V-Nee Yeh ("**VY**")	—	—	713,517,544[22]	38.99[24]	713,517,544	38.99[24]
Tang Gordon @ Tang Yigang @ Tang Gordon ("**GT**")	86,370,120	4.72[24]	86,000,000[23]	4.70[24]	172,370,120	9.42[24]

Notes:

(1) OUE Limited is the holding company of the REIT Manager and has a deemed interest in the Stapled Securities held by the REIT Manager.

(2) OUER is the immediate holding company of OUE Limited and has a deemed interest in the Stapled Securities in which OUE Limited has direct and deemed interest.

(3) GCAL has a deemed interest in the Stapled Securities through the direct and deemed interests of its wholly-owned subsidiary, OUER.

(4) FCL has a deemed interest in the Stapled Securities through the direct and deemed interests of its wholly-owned subsidiary, GCAL.

(5) LAAPL is deemed to have an interest in the Stapled Securities in which its subsidiary, FCL, has a deemed interest.

(6) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Pacific Landmark is deemed to have an interest in the Stapled Securities in which LAAPL has a deemed interest.

(7) HKC Property is the immediate holding company of Pacific Landmark. Accordingly, HKC Property is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest.

(8) HCL is an intermediate holding company of Pacific Landmark. Accordingly, HCL is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest.

(9) HHL is an intermediate holding company of Pacific Landmark. Accordingly, HHL is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the 2,800,000 Stapled Securities held by HCL, a subsidiary of HHL (the "**HCL Stapled Securities**").

(10) PSL is an intermediate holding company of Pacific Landmark and HCL. Accordingly, PSL is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(11) LL is an intermediate holding company of Pacific Landmark and HCL. Accordingly, LL is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(12) LCL is an intermediate holding company of Pacific Landmark and HCL. Accordingly, LCL is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(13) LCH is an intermediate holding company of Pacific Landmark and HCL. Accordingly, LCH is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(14) LCG is the holding company of LCH, which in turn is an intermediate holding company of Pacific Landmark and HCL. Accordingly, LCG is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(15) Dr. Stephen Riady holds 100% of the issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of Pacific Landmark and HCL. Accordingly, Dr. Stephen Riady is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(16) PT Trijaya holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of Pacific Landmark and HCL. Accordingly, PT Trijaya is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(17) Mr. James Tjahaja Riady effectively holds all the shares in PT Trijaya, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of Pacific Landmark and HCL. Accordingly, Mr. James Tjahaja Riady is deemed to have an interest in the Stapled Securities in which Pacific Landmark has a deemed interest, as well as a deemed interest in the HCL Stapled Securities.

(18) LAAPL is jointly held by Pacific Landmark and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Stapled Securities in which LAAPL has a deemed interest.

(19) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Stapled Securities in which Admiralty has a deemed interest.

(20) ASMHL is the immediate holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Stapled Securities in which ASML has a deemed interest.

(21) KC is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, KC is deemed to have an interest in the Stapled Securities in which ASMHL has a deemed interest.

(22) VY is the beneficial holder of more than 20% of the issued share capital of ASMHL. Accordingly, VY is deemed to have an interest in the Stapled Securities in which ASMHL has a deemed interest.

(23) GT's deemed interest in the 86,000,000 Stapled Securities held by Gold Pot Developments Limited arises from the powers granted to him under a power of attorney executed by Gold Pot Developments Limited dated 19 October 2016.

(24) The stapled securityholding percentage is calculated based on 1,829,779,587 issued Stapled Securities as at 1 March 2019.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 1 March 2019

PUBLIC FLOAT

Rule 723 of the Listing Manual of the SGX-ST requires that at least 10% of the total number of issued securities that is listed on the Exchange is at all times held by the public. OUE Hospitality Trust has complied with this requirement. Based on the information available to the REIT Manager and the Trustee-Manager as at 1 March 2019, approximately 51.35% of OUE Hospitality Trust's listed securities were held in the hands of the public.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the holders of stapled securities of OUE Hospitality Trust ("**OUE H-Trust**", and holders of stapled securities of **OUE H-Trust**, the "**Stapled Securityholders**") will be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 on Tuesday, 30 April 2019 at 10:00 a.m. to transact the following business:

(A) AS ORDINARY BUSINESS

(Ordinary Resolution 1)

1. To receive and adopt the following:

   – the Report of OUE Hospitality Trust Management Pte. Ltd., as trustee-manager of OUE Hospitality Business Trust ("**OUE H-BT**") (the "**Trustee-Manager**");

   – the Report of RBC Investor Services Trust Singapore Limited, as trustee for OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**") (the "**REIT Trustee**");

   – the Report of OUE Hospitality REIT Management Pte. Ltd., as manager of OUE H-REIT (the "**REIT Manager**"); and

   – the Audited Financial Statements of OUE H-BT, OUE H-REIT and OUE H-Trust for the financial year ended 31 December 2018 and the Independent Auditors' Report thereon.

(Ordinary Resolution 2)

2. To re-appoint Messrs KPMG LLP as Independent Auditors of OUE H-Trust (comprising OUE H-BT and OUE H-REIT) to hold office until the conclusion of the next AGM of OUE H-Trust, and to authorise the Trustee-Manager and the REIT Manager (collectively, the "**Managers**") to fix their remuneration.

(Ordinary Resolutions 3, 4 and 5)

3. To re-endorse the appointment of the following Directors, pursuant to the undertaking dated 28 March 2014 provided by OUE Limited to the REIT Trustee and the Trustee-Manager:

   (a) Mr Lee Yi Shyan (Ordinary Resolution 3)

   (b) Mr Ong Kian Min (Ordinary Resolution 4)

   (c) Professor Neo Boon Siong (Ordinary Resolution 5)

   (Please see Explanatory Notes.)

(B) AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolution:

(Ordinary Resolution 6)

4. That authority be and is hereby given to the Managers, to

(a) (i) issue new units in OUE H-REIT ("**OUE H-REIT Units**") and new units in OUE H-BT ("**OUE H-BT Units**", together with OUE H-REIT Units, the "**Stapled Securities**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the Managers may in their absolute discretion deem fit; and

(b) issue Stapled Securities in pursuance of any Instrument made or granted by the Managers while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Stapled Securities are issued).

Provided that:

(1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a *pro rata* basis to Stapled Securityholders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) shall be based on the number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;

(3) in exercising the authority conferred by this Resolution, the Managers shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), the Business Trusts Act, Chapter 31A of Singapore (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed dated 10 July 2013 constituting OUE H-REIT (as amended) (the "**OUE H-REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed dated 10 July 2013 constituting OUE H-BT (as amended) (the "**OUE H-BT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the stapling deed dated 10 July 2013 stapling OUE H-REIT and OUE H-BT (as amended) (the "**Stapling Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) (unless revoked or varied by the Stapled Securityholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM of OUE H-Trust or (ii) the date by which the next AGM of OUE H-Trust is required by applicable laws and regulations or the OUE H-REIT Trust Deed, the OUE H-BT Trust Deed or the Stapling Deed to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Managers are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Stapled Securities are issued; and

(6) the REIT Manager, the REIT Trustee and the Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager may consider expedient or necessary or in the interest of OUE H-REIT and OUE H-BT to give effect to the authority conferred by this Resolution.

(Please see Explanatory Notes.)

By Order of the Board
Jackie Thia

Company Secretary
OUE HOSPITALITY REIT MANAGEMENT PTE. LTD.
(as manager of OUE H-REIT)
(Company Registration No. 201310245G)

By Order of the Board
Jackie Thia

Company Secretary
OUE HOSPITALITY TRUST MANAGEMENT PTE. LTD.
(as trustee-manager of OUE H-BT)
(Company Registration No. 201310246W)

28 March 2019

Important Notice:

1. A Stapled Securityholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting.

2. A Stapled Securityholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting. Each proxy appointed herein must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder.

   A "relevant intermediary" is:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Stapled Securities in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. Where the instrument appointing a proxy or proxies (the "**Proxy Form**") appoints more than one proxy, the proportion of the holding of Stapled Securities concerned to be represented by each proxy shall be specified in the Proxy Form. Where a Stapled Securityholder appoints two proxies and does not specify the number of Stapled Securities to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.

4. A proxy need not be a Stapled Securityholder.

5. The Proxy Form must be lodged at the Stapled Security Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the AGM.

Explanatory Notes:

1. Ordinary Resolutions 3 to 5

OUE Limited had on 28 March 2014 provided an undertaking (the "**Undertaking**") to the REIT Trustee and the Trustee-Manager:

- to procure the Managers to seek Stapled Securityholders' re-endorsement for the appointment of each Director no later than every third annual general meeting of OUE H-Trust after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be; and

- to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Stapled Securityholders at the relevant general meeting of OUE H-Trust where the endorsement or re-endorsement (as the case may be) for his appointment was sought, to resign or otherwise be removed from the Board of Directors of the Managers either (i) within 21 days from the date of the relevant general meeting or (ii) in the event that the Board of Directors of the Managers determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Stapled Securityholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict OUE Limited or the Managers from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Constitutions of the Managers.

The Undertaking shall remain in force for so long as:

- OUE Limited remains as the holding company (as defined in the Companies Act, Chapter 50 of Singapore) of the Managers;

- OUE Hospitality REIT Management Pte. Ltd. remains as the manager of OUE H-REIT; and

- OUE Hospitality Trust Management Pte. Ltd. remains as the trustee-manager of OUE H-BT.

(a) Mr Lee Yi Shyan will, upon re-endorsement, continue to serve as Chairman of the Board and a Non-Independent Non-Executive Director; (b) Mr Ong Kian Min will, upon re-endorsement, continue to serve as an Independent Director, Chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Committee; and (c) Professor Neo Boon Siong will, upon re-endorsement, continue to serve as an Independent Director and a member of the Audit and Risk Committee. Detailed information on the Directors, including their current directorships in other listed companies and details of their other principal commitments, can be found in the "Board of Directors" section of OUE H-Trust's Annual Report 2018. Further information can be found in the "Additional Information on Re-endorsement of Directors" section of OUE H-Trust's Annual Report 2018.

2. Ordinary Resolution 6

Ordinary Resolution 6 above, if passed, will empower the Managers from the date of this AGM until the earliest of (i) the conclusion of the next AGM of OUE H-Trust or (ii) the date by which the next AGM of OUE H-Trust is required by applicable laws and regulations, the OUE H-REIT Trust Deed, the OUE H-BT Trust Deed or the Stapling Deed to be held, or (iii) the date on which such authority is revoked or varied by the Stapled Securityholders in a general meeting, to issue Stapled Securities and to make or grant Instruments (such as securities, warrants or debentures) convertible into Stapled Securities and issue Stapled Securities pursuant to such Instruments, up to a number not exceeding 50% of the total number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) of which up to 20% of the total number of issued Stapled Securities (excluding treasury OUE H-REIT Units and treasury OUE H-BT Units, if any) may be issued other than on a *pro rata* basis to Stapled Securityholders.

Ordinary Resolution 6 above, if passed, will also empower the Managers from the date of this AGM until the date of the next AGM of OUE H-Trust, to issue Stapled Securities as either full or partial payment of fees which the Managers are entitled to receive for their own accounts pursuant to the OUE H-REIT Trust Deed and the OUE H-BT Trust Deed respectively.

For the purpose of determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the total number of issued Stapled Securities at the time Ordinary Resolution 6 above is passed, after adjusting for new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time Ordinary Resolution 6 is passed and any subsequent bonus issue, consolidation or subdivision of Stapled Securities.

Fund-raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of the SGX-ST, the OUE H-REIT Trust Deed, the OUE H-BT Trust Deed and the Stapling Deed or any applicable laws and regulations in such instances, the Managers will then obtain the approval of Stapled Securityholders accordingly.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the Managers and the REIT Trustee (or their agents) for the purpose of the processing and administration by the Managers and the REIT Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Managers and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the Managers and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Managers and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Stapled Securityholder will indemnify the Managers and the REIT Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

OUE HOSPITALITY TRUST

OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST
(a real estate investment trust constituted on 10 July 2013 under the laws of the Republic of Singapore)

OUE HOSPITALITY BUSINESS TRUST
(a business trust constituted on 10 July 2013 under the laws of the Republic of Singapore)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend, speak and vote at the meeting. Please see note 3 for the definition of "relevant intermediary".
2. For CPF investors who hold Stapled Securities in OUE Hospitality Trust, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

Personal Data Privacy
By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 March 2019.

PROXY FORM

ANNUAL GENERAL MEETING OF OUE HOSPITALITY TRUST

I/We, _____ (Name(s) with NRIC No. / Passport No. /

Company Registration No.), _____ of _____

_____ (Address)

being a Stapled Securityholder/Stapled Securityholders of OUE Hospitality Trust ("**OUE H-Trust**"), hereby appoint:

Name:	Address:	NRIC/Passport No.:	Proportion of Stapled Securityholdings	
			No. of Units	%

and/or (delete as appropriate)

Name:	Address:	NRIC/Passport No.:	Proportion of Stapled Securityholdings	
			No. of Units	%

or, failing whom, the Chairman of the Annual General Meeting ("**AGM**") as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the AGM of OUE H-Trust to be held at Mandarin Orchard Singapore, Mandarin Ballroom I, II and III, 6th Floor, Main Tower, 333 Orchard Road, Singapore 238867 on Tuesday, 30 April 2019 at 10.00 a.m. or at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

Resolutions			
	ORDINARY BUSINESS	**Votes For***	**Votes Against***
1	To receive and adopt the Report of OUE Hospitality Trust Management Pte. Ltd., the Report of RBC Investor Services Trust Singapore Limited, the Report of OUE Hospitality REIT Management Pte. Ltd., and the Audited Financial Statements of OUE H-BT, OUE H-REIT and OUE H-Trust for the financial year ended 31 December 2018 and the Independent Auditors' Report thereon.		
2	To re-appoint Messrs KPMG LLP as Independent Auditors of OUE H-Trust (comprising OUE H-BT and OUE H-REIT) and to hold office until the conclusion of the next AGM of OUE H-Trust and to authorise the Trustee-Manager and the Manager to fix their remuneration.		
3	To re-endorse the appointment of Mr Lee Yi Shyan.		
4	To re-endorse the appointment of Mr Ong Kian Min.		
5	To re-endorse the appointment of Professor Neo Boon Siong.		
	SPECIAL BUSINESS		
6	To authorise the Trustee-Manager and the REIT Manager to issue Stapled Securities and to make or grant convertible instruments.		

* *If you wish to exercise all your votes "For" or "Against", please indicate with a "✔" within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _____ day of _____ 2019

Total number of Stapled Securities held in:	Number of Stapled Securities
(a) CDP Register	
(b) Register of Stapled Securityholders	

_____

Signature(s) of Stapled Securityholder(s)/
Common Seal of Corporate Stapled Securityholder

IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE

Notes:

1. A Stapled Securityholder entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his/her stead.
2. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies. A proxy need not be a Stapled Securityholder.
3. (i) A Stapled Securityholder who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting.

   (ii) A Stapled Securityholder who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting. Each proxy appointed herein must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder.

   (iii) Where the instrument appointing a proxy or proxies (the "**Proxy Form**") appoints more than one proxy, the proportion of the holding of Stapled Securities concerned to be represented by each proxy shall be specified in the Proxy Form. Where a Stapled Securityholder appoints two proxies and does not specify the number of Stapled Securities to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.

   A "**relevant intermediary**" means:
   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;

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   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Stapled Securities in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with the subsidiary legislation.
4. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities registered in his name in the Register of Stapled Securityholders, he should insert that number of Stapled Securities. If the Stapled Securityholder has Stapled Securities entered against his name in the Depository Register and registered in his name in the Register of Stapled Securityholders, he should insert the aggregate number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.
5. The Proxy Form must be deposited at the Stapled Security Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 48 hours before the time set for the AGM.
6. The Proxy Form must be signed by the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Completion and return of the Proxy Form shall not preclude a Stapled Securityholder from attending and voting at the AGM.
8. The Managers shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the Managers may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by CDP to the Managers.
9. All Stapled Securityholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

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Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09300

OUE HOSPITALITY REIT MANAGEMENT PTE. LTD.
(as manager of OUE Hospitality Real Estate Investment Trust)

OUE HOSPITALITY TRUST MANAGEMENT PTE. LTD.
(as trustee-manager of OUE Hospitality Business Trust)

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 RAFFLES PLACE #32-01
SINGAPORE LAND TOWER
SINGAPORE 048623

3RD FOLD HERE AND GLUE ALL SIDES FIRMLY OVERLEAF. DO NOT STAPLE.

3RD FOLD HERE AND GLUE ALL SIDES FIRMLY OVERLEAF. DO NOT STAPLE.

CORPORATE INFORMATION

OUE HOSPITALITY TRUST

Website: www.oueht.com
Email: enquiry@oueht.com
SGX Code: SK7
Bloomberg: OUEHT:SP

BOARD OF DIRECTORS

Mr Lee Yi Shyan
(Chairman and Non-Independent Non-Executive Director)

Mr Sanjiv Misra
(Lead Independent Director)

Mr Ong Kian Min
(Independent Director)

Mr Liu Chee Ming
(Independent Director)

Professor Neo Boon Siong
(Independent Director)

Mr Christopher James Williams
(Non-Independent Non-Executive Director)

AUDIT AND RISK COMMITTEE

Mr Sanjiv Misra
(Chairman)

Mr Ong Kian Min

Mr Liu Chee Ming

Professor Neo Boon Siong

NOMINATING AND REMUNERATION COMMITTEE

Mr Ong Kian Min
(Chairman)

Mr Sanjiv Misra

Mr Christopher James Williams

COMPANY SECRETARY

Ms Jackie Thia

INDEPENDENT AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388
Fax: (65) 6225 0984
Partner-in-charge:
Mr Koh Wei Peng
(Appointed since the financial year ended 31 December 2017)

TRUSTEE OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

RBC Investor Services Trust Singapore Limited
8 Marina View
#26-01 Asia Square Tower 1
Singapore 018960
Tel: (65) 6230 1988
Fax: (65) 6532 0215

MANAGER OF OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST

(Company Registration Number: 201310245G)

OUE Hospitality REIT Management Pte. Ltd.
333 Orchard Road #33-00
Singapore 238867
Tel: (65) 6831 6000
Fax: (65) 6880 2422

TRUSTEE-MANAGER OF OUE HOSPITALITY BUSINESS TRUST

(Company Registration Number: 201310246W)

OUE Hospitality Trust Management Pte. Ltd.
333 Orchard Road #33-00
Singapore 238867
Tel: (65) 6831 6000
Fax: (65) 6880 2422

STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6438 8710



333 ORCHARD ROAD #33-00
SINGAPORE 238867

WWW.OUEHT.COM



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