UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP")
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

INTRODUCTION

OUE Hospitality Trust ("**OUE H-Trust**") is a stapled group (the "**Stapled Group**") comprising OUE Hospitality Real Estate Investment Trust ("**OUE H-REIT**"), a real estate investment trust, and its subsidiary (the "**OUE H-REIT Group**") and OUE Hospitality Business Trust ("**OUE H-BT**"), a business trust. OUE H-Trust was listed on Singapore Exchange Securities Trading Limited ("**SGX**") on 25 July 2013 (the "**Listing Date**").

The units in OUE H-REIT and OUE H-BT are stapled together as stapled securities in OUE H-Trust ("**Stapled Securities**") under the terms of a stapling deed dated 10 July 2013 (the "**Stapling Deed**") entered into between OUE Hospitality REIT Management Pte. Ltd. (in its capacity as the manager of OUE H-REIT) (the "**REIT Manager**"), RBC Investor Services Trust Singapore Limited (in its capacity as the trustee of OUE H-REIT) (the "**REIT Trustee**") and OUE Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of OUE H-BT) (the "**Trustee-Manager**"). Each Stapled Security in OUE H-Trust comprises one unit in OUE H-REIT and one unit in OUE H-BT and cannot be traded separately.

OUE H-REIT was constituted by a trust deed dated 10 July 2013 (the "**REIT Trust Deed**"). OUE H-REIT is a Singapore-based REIT 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.

As at 31 December 2018, OUE H-REIT's asset portfolio comprised the 1,077-room Mandarin Orchard Singapore ("**MOS**"); the adjoining Mandarin Gallery ("**MG**"); and the 563-room Crowne Plaza Changi Airport ("**CPCA**") which was named the World's Best Airport Hotel for four consecutive years since 2015.

OUE H-BT was constituted by a trust deed dated 10 July 2013. OUE H-BT is a Singapore-based business trust which is presently dormant. OUE H-BT will, however, become active if OUE H-REIT is unable to appoint a master lessee for its hospitality assets or for a newly acquired hospitality asset. In such circumstances, OUE H-BT will be appointed by OUE H-REIT as a master lessee for that hospitality asset, and OUE H-BT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hospitality asset. OUE H-BT exists primarily as "a master lessee of last resort".

Distribution Policy

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 ("**Taxable Income**"), to holders of Stapled Securities ("**Stapled Securityholders**"), 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.

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

OUE H-BT may make distributions in the future when it becomes active and profitable.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (a) STATEMENTS OF TOTAL RETURN

		OUE H-REIT Group					
	Note	4Q2018	4Q2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
		$'000	$'000	%	$'000	$'000	%
Gross revenue	(a)	33,075	33,808	(2.2)	129,734	131,063	(1.0)
Property tax		(1,413)	(1,752)	(19.3)	(6,929)	(8,671)	(20.1)
Insurance		(54)	(56)	(3.6)	(215)	(224)	(4.0)
Other property expenses	(b)	(2,683)	(2,775)	(3.3)	(9,832)	(9,423)	4.3
Net property income		28,925	29,225	(1.0)	112,758	112,745	0.0
Other income	(c)	-	-	-	-	4,818	n.m.
Amortisation of intangible asset	(d)	-	-	-	-	(4,908)	n.m.
REIT Manager's base management fees		(1,705)	(1,707)	(0.1)	(6,780)	(6,759)	0.3
REIT Manager's performance fees		(1,157)	(1,169)	(1.0)	(4,510)	(4,510)	-
REIT Trustee's fees		(106)	(104)	1.9	(417)	(415)	0.5
Other trust expenses		(281)	(250)	12.4	(1,520)	(1,236)	23.0
Finance income		17	828	(97.9)	67	1,718	(96.1)
Finance expenses		(6,222)	(14,456)	(57.0)	(23,837)	(33,619)	(29.1)
Net finance expenses	(e)	(6,205)	(13,628)	(54.5)	(23,770)	(31,901)	(25.5)
Net income		**19,471**	**12,367**	**57.4**	**75,761**	**67,834**	**11.7**
Net change in fair value of investment properties	(f)	(2,763)	8,110	n.m.	(2,763)	8,110	n.m.
Total return for the period	(g)	**16,708**	**20,477**	**(18.4)**	**72,998**	**75,944**	**(3.9)**

		Stapled Group					
	Note	4Q2018	4Q2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
		$'000	$'000	%	$'000	$'000	%
Gross revenue	(a)	33,075	33,808	(2.2)	129,734	131,063	(1.0)
Property tax		(1,413)	(1,752)	(19.3)	(6,929)	(8,671)	(20.1)
Insurance		(54)	(56)	(3.6)	(215)	(224)	(4.0)
Other property expenses	(b)	(2,683)	(2,775)	(3.3)	(9,832)	(9,423)	4.3
Net property income		28,925	29,225	(1.0)	112,758	112,745	0.0
Other income	(c)	-	-	-	-	4,818	n.m.
Amortisation of intangible asset	(d)	-	-	-	-	(4,908)	n.m.
REIT Manager's base management fees		(1,705)	(1,707)	(0.1)	(6,780)	(6,759)	0.3
REIT Manager's performance fees		(1,157)	(1,169)	(1.0)	(4,510)	(4,510)	-
REIT Trustee's fees		(106)	(104)	1.9	(417)	(415)	0.5
Other trust expenses		(281)	(251)	12.0	(1,523)	(1,238)	23.0
Finance income		17	828	(97.9)	67	1,718	(96.1)
Finance expenses		(6,222)	(14,456)	(57.0)	(23,837)	(33,619)	(29.1)
Net finance expenses	(e)	(6,205)	(13,628)	(54.5)	(23,770)	(31,901)	(25.5)
Net income		**19,471**	**12,366**	**57.5**	**75,758**	**67,832**	**11.7**
Net change in fair value of investment properties	(f)	(2,763)	8,110	n.m.	(2,763)	8,110	n.m.
Total return for the period	(g)	**16,708**	**20,476**	**(18.4)**	**72,995**	**75,942**	**(3.9)**

n.m.: not meaningful

NOTES TO THE STATEMENTS OF TOTAL RETURN

(a) Gross revenue comprises master lease income from MOS and CPCA, and rental income from MG. Please refer to section 8 for further details.

(b) Other property expenses comprise mainly property maintenance expenses, utilities expenses, marketing expenses, land rent expenses and property management fees.

1 (a) STATEMENTS OF TOTAL RETURN (cont'd)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont'd)

(c) Other income relates to income support provided by OUE Airport Hotel Pte. Ltd. ("**OUEAH**") pursuant to a Deed of Income Support which OUE H-REIT entered into with OUEAH upon its completion of the acquisition of the extension of CPCA ("**CPEX**") on 1 August 2016 (the "**Deed of Income Support**"). The total income support of $7.5 million has been fully drawn down as at 3Q2017.

(d) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. In 3Q2017, OUE H-REIT has amortised in full the income support in line with the full claim made on the income support. The amortisation is non-cash in nature and has no impact on income available for distribution.

(e) Net finance expenses comprise the following:

		OUE H-REIT Group and Stapled Group					
	Note	4Q2018 $'000	4Q2017 $'000	Increase/ (Decrease) %	FY2018 $'000	FY2017 $'000	Increase/ (Decrease) %
Interest income from fixed deposits		17	16	6	67	66	2
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	-	-	-	-	840	n.m.
Change in fair value of financial derivatives	(e)(i)	-	812	n.m.	-	812	n.m.
Finance income		17	828	(97.9)	67	1,718	(96.1)
Amortisation of debt-related transaction costs		(724)	(560)	29.3	(2,916)	(2,174)	34.1
Write-off of unamortised debt-related transaction costs	(e)(ii)	-	(3,053)	n.m.	-	(3,053)	n.m.
Cost of unwinding derivative financial instruments	(e)(ii)	-	(5,068)	n.m.	-	(5,068)	n.m.
Interest expense paid/payable to banks	(e)(iii)	(5,498)	(5,775)	(4.8)	(20,921)	(23,324)	(10.3)
Finance expenses		(6,222)	(14,456)	(57.0)	(23,837)	(33,619)	(29.1)
Net finance expenses		(6,205)	(13,628)	(54.5)	(23,770)	(31,901)	(25.5)

(e)(i) This relates to the change in fair value of the interest rate swaps ("**IRS**") that were entered into to hedge interest rate risk. It is a non-cash item and the gain/(loss) is adjusted to arrive at the income available for distribution (see (h) below).

(e)(ii) This relates to the refinancing of $859 million term loans in December 2017. Both the write-off of unamortised debt-related transaction costs and the cost of unwinding IRS have no impact on income available for distribution (see (h) below) as the unamortised debt-related cost is non-cash in nature, and cost of unwinding IRS is capital in nature and is not deductible for tax purposes.

(e)(iii) The interest expense was lower in 4Q2018 due to lower cost of debt.

(f) The decrease in fair value of investment properties of $2.8 million in 4Q2018 was attributable to fair value adjustments in MOS by $1.7 million and MG by $1.1 million. The decrease in fair value of investment properties is non-cash in nature and has no impact on income available for distribution.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (a) STATEMENTS OF TOTAL RETURN (cont'd)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont'd)

(g) Total return for the period of the Stapled Group was contributed by:

	OUE H-REIT Group and Stapled Group					
	4Q2018	4Q2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%
OUE H-REIT	16,709	20,478	(18.4)	73,004	75,949	(3.9)
Other OUE H-REIT Group entity	(1)	(1)	-	(6)	(5)	20.0
OUE H-REIT Group	16,708	20,477	(18.4)	72,998	75,944	(3.9)
OUE H-BT	-	(1)	n.m.	(3)	(2)	50.0
Stapled Group	16,708	20,476	(18.4)	72,995	75,942	(3.9)

(h) Income available for distribution

		OUE H-REIT Group and Stapled Group					
	Note	4Q2018	4Q2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
		$'000	$'000	%	$'000	$'000	%
Total return for the period for OUE H-REIT		16,709	20,478	(18.4)	73,004	75,949	(3.9)
Add/(Less):							
Non-tax deductible/(chargeable) items:							
- REIT Manager's management fees paid/payable in Stapled Securities		2,862	2,876	(0.5)	11,290	11,269	0.2
- REIT Trustee's fees		106	104	1.9	417	415	0.5
- Amortisation of intangible asset		-	-	-	-	4,908	n.m.
- Amortisation of debt-related transaction costs		724	560	29.3	2,916	2,174	34.1
- Write-off of unamortised debt-related transaction costs		-	3,053	n.m.	-	3,053	n.m.
- Cost of unwinding derivative financial instruments		-	5,068	n.m.	-	5,068	n.m.
- Change in fair value of financial derivatives		-	(812)	n.m.	-	(812)	n.m.
- Ineffective portion of changes in fair value of cash flow hedge		-	-	-	-	(840)	n.m.
- Straight-lining of lease incentives	(h)(i)	88	(246)	n.m.	(27)	(333)	(91.9)
- Net change in fair value of invesment properties		2,763	(8,110)	n.m.	2,763	(8,110)	n.m.
- Other items		35	19	84.2	430	199	>100
		6,578	2,512	>100	17,789	16,991	4.7
Income available for distribution	(h)(ii)	23,287	22,990	1.3	90,793	92,940	(2.3)

n.m.: not meaningful

(h)(i) Straight-line lease incentive relates to the timing difference between the recognition of lease rental income in MG and the cash rental received. As straight-line lease incentives are non-cash in nature, it is adjusted to arrive at the income available for distribution.

(h)(ii) The distribution for the Stapled Group represents the aggregate of distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the financial period is contributed solely by OUE H-REIT as OUE H-BT was dormant during the financial period. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		31/12/2018 $'000	31/12/2017 $'000	31/12/2018 $'000	31/12/2017 $'000	31/12/2018 $'000	31/12/2017 $'000
ASSETS							
Non-current assets							
Investment properties		2,218,000	2,218,000	-	-	2,218,000	2,218,000
Deposit	(a)	3,826	2,295	-	-	3,826	2,295
Financial derivative assets	(b)	1,215	-	-	-	1,215	-
		2,223,041	2,220,295	-	-	2,223,041	2,220,295
Current assets							
Trade and other receivables		10,109	11,017	-	-	10,109	11,017
Cash and cash equivalents		22,306	25,548	8	11	22,314	25,559
		32,415	36,565	8	11	32,423	36,576
Total assets		2,255,456	2,256,860	8	11	2,255,464	2,256,871
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	868,038	865,312	-	-	868,038	865,312
Financial derivative liabilities	(b)	-	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		10,514	9,933	3	3	10,517	9,936
		12,009	11,365	3	3	12,012	11,368
Total liabilities		883,335	880,799	3	3	883,338	880,802
Net assets		1,372,121	1,376,061	5	8	1,372,126	1,376,069
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	5	8
		1,372,121	1,376,061	5	8	1,372,126	1,376,069

NOTES TO STATEMENTS OF FINANCIAL POSITION

(a) Deposit pertains to the security deposit placed with Changi Airport Group ("**CAG**"), the lessor of CPCA.

(b) Financial derivative assets/liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group's interest rate risk.

1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont'd)

1 (b)(ii) BORROWINGS

	OUE H-REIT Group and Stapled Group	
	31/12/2018 $'000	31/12/2017 $'000
Repayable within one year		
Secured borrowings	-	-
Less: Unamortised transaction costs	-	-
	-	-
Repayable after one year		
Secured borrowings	875,000	875,000
Less: Unamortised transaction costs	(6,962)	(9,688)
	868,038	865,312
Total		
Secured borrowings	875,000	875,000
Less: Unamortised transaction costs	(6,962)	(9,688)
	868,038	865,312

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT Group and Stapled Group As at 31/12/2018			
		Facility amount $'000	Drawn down $'000	Repaid $'000	Repayable
2017 Facility	3-year term loan	425,000	425,000	-	December 2020
	4-year term loan	450,000	450,000	-	December 2021
	1-year revolving credit facility (committed)	55,000	-	-	Undrawn
	4-year revolving credit facility (uncommitted)	50,000	-	-	Undrawn

On 24 January 2019, the Stapled Group announced the extension of the 1-year revolving credit facility for a further 1-year period.

The Stapled Group has no loan refinancing requirements until December 2020.

As at 31 December 2018, the weighted average debt maturity was 2.5 years and gearing at 38.8%. The average cost of debt for 4Q2018 was 2.5% per annum, with an interest cover of 4.7 times.

1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont'd)

1 (b)(ii) BORROWINGS (cont'd)

The above bank loan facilities are secured by:

- A registered first legal mortgage over MOS and MG (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 MG;
- 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 MOS; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Properties.

Unsecured medium term notes

In April 2014, OUE H-REIT Group, through its subsidiary, established a US$1.0 billion Guaranteed Euro Medium Term Note Programme ("**Programme**"). Under the Programme, OUE H-REIT, through its subsidiary, may from time to time issue the notes (the "**Notes**") in series or tranches. Each series or tranche of 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. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

The Notes issued will constitute direct, unconditional, unsubordinated and unsecured obligations and shall at all times rank *pari passu* and without preference among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the subsidiary.

As at 31 December 2018, no Notes have been issued under this Programme.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (c) STATEMENTS OF CASH FLOWS

	Note	OUE H-REIT Group			
		4Q2018 $'000	4Q2017 $'000	FY2018 $'000	FY2017 $'000
Operating activities					
Total return for the period		16,708	20,477	72,998	75,944
Adjustments for:					
Amortisation of intangible assets		-	-	-	4,908
REIT Manager's fees paid/payable in Stapled Securities	(a)	2,862	2,876	11,290	11,269
Finance income		(17)	(828)	(67)	(1,718)
Finance expenses		6,222	14,456	23,837	33,619
Net change in fair value of investment properties		2,763	(8,110)	2,763	(8,110)
Straight-lining of lease incentives		88	(246)	(27)	(333)
Operating income before working capital changes		28,626	28,625	110,794	115,579
Changes in working capital:					
Deposit		-	-	(1,531)	-
Trade and other receivables		(73)	753	908	1,303
Trade and other payables		1,850	910	467	449
Rental deposits		83	52	275	116
Cash generated from operating activities		30,486	30,340	110,913	117,447
Investing activities					
Interest received		17	16	67	87
Capital expenditure on investment properties		(638)	-	(2,755)	(950)
Cash (used in)/generated from investing activities		(621)	16	(2,688)	(863)
Financing activities					
Finance expenses paid		(5,462)	(10,093)	(20,978)	(26,422)
Repayment of loan		-	(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)
Distribution to Stapled Securityholders	(b)	(23,302)	(24,569)	(90,489)	(94,303)
Cash used in financing activities		(28,764)	(33,520)	(111,467)	(119,583)
Net increase/(decrease) in cash and cash equivalents		1,101	(3,164)	(3,242)	(2,999)
Cash and cash equivalents at beginning of the period		21,205	28,712	25,548	28,547
Cash and cash equivalents at end of the period		22,306	25,548	22,306	25,548

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

	Note	Stapled Group			
		4Q2018 $'000	4Q2017 $'000	FY2018 $'000	FY2017 $'000
Operating activities					
Total return for the period		16,708	20,476	72,995	75,942
Adjustments for:					
Amortisation of intangible assets		-	-	-	4,908
REIT Manager's fees paid/payable in Stapled Securities	(a)	2,862	2,876	11,290	11,269
Finance income		(17)	(828)	(67)	(1,718)
Finance expenses		6,222	14,456	23,837	33,619
Net change in fair value of investment properties		2,763	(8,110)	2,763	(8,110)
Straight-lining of lease incentives		88	(246)	(27)	(333)
Operating income before working capital changes		28,626	28,624	110,791	115,577
Changes in working capital:					
Deposit		-	-	(1,531)	-
Trade and other receivables		(73)	753	908	1,303
Trade and other payables		1,850	911	467	450
Rental deposits		83	52	275	116
Cash generated from operating activities		30,486	30,340	110,910	117,446
Investing activities					
Interest received		17	16	67	87
Capital expenditure on investment properties		(638)	-	(2,755)	(950)
Cash (used in)/generated from investing activities		(621)	16	(2,688)	(863)
Financing activities					
Finance expenses paid		(5,462)	(10,093)	(20,978)	(26,422)
Repayment of loan		-	(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)
Distribution to Stapled Securityholders	(b)	(23,302)	(24,569)	(90,489)	(94,303)
Cash used in financing activities		(28,764)	(33,520)	(111,467)	(119,583)
Net increase/(decrease) in cash and cash equivalents		1,101	(3,164)	(3,245)	(3,000)
Cash and cash equivalents at beginning of the period		21,213	28,723	25,559	28,559
Cash and cash equivalents at end of the period		22,314	25,559	22,314	25,559

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

NOTES TO STATEMENTS OF CASH FLOWS

(a) **4Q2018**

In 4Q2018, 2,555,459 Stapled Securities amounting to $1,705,514 will be issued to the REIT Manager on 29 January 2019 as satisfaction of the REIT Manager's base management fees payable in Stapled Securities. 1,733,620 Stapled Securities amounting to $1,157,018 will be issued to the REIT Manager on 29 January 2019 as satisfaction of the REIT Manager's performance management fees payable in Stapled Securities.

In 4Q2017, 2,022,242 Stapled Securities amounting to $1,706,571 has been issued to the REIT Manager on 30 January 2018 as satisfaction of the REIT Manager's base management fees payable in Stapled Securities. The performance fee of $1,168,965 has been settled through the issuance of 1,385,193 Stapled Securities on 30 January 2018.

FY2018

In FY2018, 9,137,043 Stapled Securities amounting to $6,780,806 has been/will be issued to the REIT Manager as satisfaction of the REIT Manager's base management fees payable in Stapled Securities. 6,758,072 Stapled Securities amounting to $4,510,337 will be issued to the REIT Manager on 29 January 2019 as satisfaction of the REIT Manager's performance management fees payable in Stapled Securities.

In FY2017, 8,933,088 Stapled Securities amounting to $6,758,977 has been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of $4,509,768 has been settled through the issuance of 5,349,959 Stapled Securities on 30 January 2018.

(b) **4Q2018**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 3Q2018. In the previous corresponding period, the distribution paid was in respect of 3Q2017.

FY2018

Distribution to Stapled Securityholders relates to the distribution paid in respect of the financial period from 1 October 2017 to 30 September 2018. In the previous corresponding period, the distribution paid was in respect of the financial period from 1 October 2016 to 30 September 2017.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

		OUE H-REIT Group					OUE H-BT	Stapled Group
	Note	Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/ (losses)	Total	Total	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1/10/2018		1,448,830	(26,577)	7,844	(47,615)	1,382,482	5	1,382,487
Operations								
Increase in net assets resulting from operations		-	-	-	16,708	16,708	-	16,708
Movement in hedging reserve								
Effective portion of net changes in fair value of cash flow hedge		-	-	(6,629)	-	(6,629)	-	(6,629)
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(i)	-	-	-	(23,302)	(23,302)	-	(23,302)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(i)	2,862	-	-	-	2,862	-	2,862
Increase/(Decrease) in net assets resulting from unitholders' transactions		2,862	-	-	(23,302)	(20,440)	-	(20,440)
At 31/12/2018		**1,451,692**	**(26,577)**	**1,215**	**(54,209)**	**1,372,121**	**5**	**1,372,126**

		OUE H-REIT Group					OUE H-BT	Stapled Group
	Note	Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/ (losses)	Total	Total	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1/1/2018		1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	8	1,376,069
Operations								
Increase/(Decrease) in net assets resulting from operations		-	-	-	72,998	72,998	(3)	72,995
Movement in hedging reserve								
Effective portion of net changes in fair value of cash flow hedge		-	-	2,261	-	2,261	-	2,261
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(ii)	-	-	-	(90,489)	(90,489)	-	(90,489)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(ii)	11,290	-	-	-	11,290	-	11,290
Increase/(Decrease) in net assets resulting from unitholders' transactions		11,290	-	-	(90,489)	(79,199)	-	(79,199)
At 31/12/2018		**1,451,692**	**(26,577)**	**1,215**	**(54,209)**	**1,372,121**	**5**	**1,372,126**

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP")
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS (cont'd)

	Note	OUE H-REIT Group					OUE H-BT	Stapled Group
		Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/ (losses)	Total	Total	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1/10/2017		1,437,526	(26,577)	(5,590)	(32,626)	1,372,733	9	1,372,742
Operations								
Increase/(Decrease) in net assets resulting from operations		-	-	-	20,477	20,477	(1)	20,476
Movement in hedging reserve								
Effective portion of net changes in fair value of cash flow hedge		-	-	4,544	-	4,544	-	4,544
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(iii)	-	-	-	(24,569)	(24,569)	-	(24,569)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(iii)	2,876	-	-	-	2,876	-	2,876
Increase/(Decrease) in net assets resulting from unitholders' transactions		2,876	-	-	(24,569)	(21,693)	-	(21,693)
At 31/12/2017		**1,440,402**	**(26,577)**	**(1,046)**	**(36,718)**	**1,376,061**	**8**	**1,376,069**

	Note	OUE H-REIT Group					OUE H-BT	Stapled Group
		Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits/ (losses)	Total	Total	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1/1/2017		1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	10	1,381,978
Operations								
Increase/(Decrease) in net assets resulting from operations		-	-	-	75,944	75,944	(2)	75,942
Movement in hedging reserve								
Effective portion of net changes in fair value of cash flow hedge		-	-	1,183	-	1,183	-	1,183
Unitholders' transactions								
Distribution to Stapled Securityholders	(a)(iv)	-	-	-	(94,303)	(94,303)	-	(94,303)
Stapled Securities to be issued as payment of REIT Manager's management fees	(b)(iv)	11,269	-	-	-	11,269	-	11,269
Increase/(Decrease) in net assets resulting from unitholders' transactions		11,269	-	-	(94,303)	(83,034)	-	(83,034)
At 31/12/2017		**1,440,402**	**(26,577)**	**(1,046)**	**(36,718)**	**1,376,061**	**8**	**1,376,069**

1 (d)(i) STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS (cont'd)

NOTES TO STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

(a)(i) Distribution to Stapled Securityholders relates to the distribution made in respect of 3Q2018.

(a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2017, 1Q2018, 2Q2018 and 3Q2018.

(a)(iii) Distribution to Stapled Securityholders relates to the distribution made in respect of 3Q2017.

(a)(iv) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2016, 1Q2017, 2Q2017 and 3Q2017.

(b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 4Q2018. 2,555,459 Stapled Securities relating to base management fee and 1,733,620 Stapled Securities relating to performance management fee will be issued on 29 January 2019.

(b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of FY2018. 2,010,762 Stapled Securities, 2,146,783 Stapled Securities and 2,424,039 Stapled Securities relating to base management fee for 1Q2018, 2Q2018 and 3Q2018 have been issued on 2 May 2018, 27 July 2018 and 7 November 2018 respectively. 2,555,459 Stapled Securities relating the base management fee for 4Q2018 and 6,758,072 Stapled Securities relating to performance fee for FY2018 will be issued on 29 January 2019.

(b)(iii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 4Q2017. 2,022,242 Stapled Securities relating to base management fee and 1,385,193 Stapled Securities relating to performance management fee have been issued on 30 January 2018.

(b)(iv) This represents Stapled Securities issued as satisfaction of the REIT Manager's base and performance management fee in respect of FY2017. 2,422,592 Stapled Securities, 2,309,090 Stapled Securities and 2,179,164 Stapled Securities relating to base management fee for 1Q2017, 2Q2017 and 3Q2017 have been issued on 4 May 2017, 1 August 2017 and 1 November 2017 respectively. 2,022,242 Stapled Securities relating to base management fee for 4Q2017 and 5,343,959 Stapled Securities relating to performance management fee for FY2017 have been issued on 30 January 2018.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

1(d)(ii) DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES

	Note	Stapled Group			
		4Q2018 '000	4Q2017 '000	FY2018 '000	FY2017 '000
Issued Stapled Securities at beginning of the period		1,818,042	1,804,339	1,806,518	1,790,428
Issuance of new Stapled Securities:					
- as payment of REIT Manager's management fees		2,424	2,179	13,948	16,090
Issued Stapled Securities at end of the period		1,820,466	1,806,518	1,820,466	1,806,518
Stapled Securities to be issued:					
- as payment of REIT Manager's management fees	(a)	9,314	7,366	9,314	7,366
Total issued and issuable Stapled Securities at end of the period		1,829,780	1,813,884	1,829,780	1,813,884

NOTE

(a) This represents Stapled Securities issued/to be issued as satisfaction of the REIT Manager's management fee incurred for the respective quarters. This is calculated based on the volume weighted average traded price ("**VWAP**") of a Stapled Security for the last 10 business days of the relevant period in which the management fee accrues, as provided for in the REIT Trust Deed, Supplemental Deeds and the Stapling Deed.

In respect of 4Q2018 and FY2018, 9,313,531 Stapled Securities relating to base management fee for 4Q2018 and performance management fee for FY2018 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 31 December 2018 and this will be issued on 29 January 2019.

In respect of 4Q2017 and FY2017, 7,366,201 Stapled Securities relating to base management fee for 4Q2017 and performance management fee for FY2017 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 31 December 2017 and these were issued on 30 January 2018.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied

Other than the disclosure in section 5, the accounting principles and methods of computation adopted are consistent with those applied in the audited financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The OUE H-BT has applied the *First-time Adoption of Singapore Financial Reporting Standards (International)* ("SFRS(I)") effective for the financial period beginning 1 January 2018. SFRS(I) 1 generally requires that the OUE H-BT applies SFRS(I) 1 on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening statement of financial position and comparative information to be prepared using the most current accounting policies.

In addition to the adoption of SFRS(I) framework by OUE H-BT as described above, the Stapled Group has adopted new Financial Reporting Standards in Singapore ("FRSs") or SFRS(I)s and interpretations effective for the financial period beginning 1 January 2018 as follows:

i. FRS 115 / SFRS(I) 15 *Revenue from Contracts with Customers*
ii. FRS 109 / SFRS(I) 9 *Financial Instruments*

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. FRS 109 / SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

There was no significant impact to the financial statements of the Stapled Group. Accordingly, comparative financial information presented in this set of announcement has not been restated.

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security ("EPS")

	Stapled Group			
	4Q2018	4Q2017	FY2018	FY2017
Weighted average number of Stapled Securities ('000)	1,820,567	1,806,598	1,817,136	1,803,185
Basic EPS (cents)	0.92	1.13	4.02	4.21
Weighted average number of Stapled Securities ('000) [(1)]	1,829,780	1,813,884	1,829,780	1,813,884
Diluted EPS (cents)	0.91	1.13	3.99	4.19

(1) The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued as payment for the REIT Manager's performance fee after the financial year end.

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY (cont'd)

Distribution per Stapled Security ("DPS")

	Stapled Group			
	4Q2018	4Q2017	FY2018	FY2017
Number of Stapled Securities entitled to distribution ('000)	1,829,780[1]	1,813,884[2]	1,829,780[1]	1,813,884[2]
DPS (cents)	1.28	1.27	4.99	5.14

[1] Included 9,313,531 Stapled Securities to be issued as satisfaction of REIT Manager's base management fee for 4Q2018 and performance fee for FY2018.

[2] Included 7,366,201 Stapled Securities issued as satisfaction of REIT Manager's base management fee for 4Q2017 and performance fee for FY2017.

7. NET ASSET VALUE ("NAV") / NET TANGIBLE ASSET ("NTA")

	OUE H-REIT Group and Stapled Group	
	31/12/2018	31/12/2017
Number of Stapled Securities ('000):		
- in issue	1,820,466	1,806,518
- issuable	9,314	7,366
	1,829,780	1,813,884
NAV per OUE H-REIT unit / Stapled Security	$0.75	$0.76
NTA per OUE H-REIT unit / Stapled Security	$0.75	$0.76

8. REVIEW OF PERFORMANCE

	Note	Stapled Group					
		4Q2018	4Q2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
		$'000	$'000	%	$'000	$'000	%
Gross revenue:							
- Hospitality		24,556	25,212	(2.6)	95,831	96,341	(0.5)
- Retail		8,519	8,596	(0.9)	33,903	34,722	(2.4)
	(a)	33,075	33,808	(2.2)	129,734	131,063	(1.0)
Property expenses:							
- Hospitality		(1,979)	(1,945)	1.7	(8,574)	(8,924)	(3.9)
- Retail		(2,171)	(2,638)	(17.7)	(8,402)	(9,394)	(10.6)
	(b)	(4,150)	(4,583)	(9.4)	(16,976)	(18,318)	(7.3)
Net property income:							
- Hospitality		22,577	23,267	(3.0)	87,257	87,417	(0.2)
- Retail		6,348	5,958	6.5	25,501	25,328	0.7
	(c)	28,925	29,225	(1.0)	112,758	112,745	0.0
Other income	(d)	-	-	-	-	4,818	n.m.
Amortisation of intangible asset	(e)	-	-	-	-	(4,908)	n.m.
REIT Manager's fees		(2,862)	(2,876)	(0.5)	(11,290)	(11,269)	0.2
REIT Trustee's fees		(106)	(104)	1.9	(417)	(415)	0.5
Other trust expenses		(281)	(251)	12.0	(1,523)	(1,238)	23.0
Net finance expenses	(f)	(6,205)	(13,628)	(54.5)	(23,770)	(31,901)	(25.5)
Net income		**19,471**	**12,366**	**57.5**	**75,758**	**67,832**	**11.7**
Net change in fair value of investment properties:							
- Hospitality		(1,703)	15,844	n.m.	(1,703)	15,844	n.m.
- Retail		(1,060)	(7,734)	(86.3)	(1,060)	(7,734)	(86.3)
	(g)	(2,763)	8,110	n.m.	(2,763)	8,110	n.m.
Total return for the period	(h)	**16,708**	**20,476**	**(18.4)**	**72,995**	**75,942**	**(3.9)**
Income available for distribution	(i)	**23,287**	**22,990**	**1.3**	**90,793**	**92,940**	**(2.3)**
DPS (cents)	(i)	**1.28**	**1.27**	**0.8**	**4.99**	**5.14**	**(2.9)**

n.m.: not meaningful

4Q2018 vs 4Q2017

(a) Gross revenue for 4Q2018 was $0.7 million lower than 4Q2017. Both hospitality and retail segments posted lower revenue for the current period.

Hospitality segment pertains to the master lease income from the Mandarin Orchard Singapore hotel ("**MOS**") and the Crowne Plaza Changi Airport hotel ("**CPCA**") which is pegged to a percentage of the operating revenue and profit of the respective hotels, subject to minimum rent.

Retail segment pertains to rental and other income from the Mandarin Gallery ("**MG**") shopping mall.

8. REVIEW OF PEFORMANCE (cont'd)

4Q2018 vs 4Q2017 (cont'd)

	Revenue			Net Property Income			RevPAR		
	4Q2018	4Q2017	Increase/ (Decrease)	4Q2018	4Q2017	Increase/ (Decrease)	4Q2018	4Q2017	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%	$	$	%
MOS	18,931	19,587	(3.3)	18,296	18,737	(2.4)	229	225	1.6
CPCA	5,625	5,625	-	4,281	4,530	(5.5)	180	177	2.1
Hospitality portfolio	24,556	25,212	(2.6)	22,577	23,267	(3.0)	212	209	1.8

Hospitality segment recorded lower revenue in 4Q2018 as compared to 4Q2017 due to lower master lease income from MOS.

Master lease income from MOS was lower than 4Q2017. MOS recorded a higher RevPAR of $229 (4Q2017: $225) due to higher occupancy and higher demand from transient and corporate segments. However, MOS recorded lower food and beverage sales, mainly attributable to lower banquet sales partially mitigated by higher sales in the food and beverage outlets.

Master lease income from CPCA had remained the same as 4Q2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of $180 (4Q2017: $176), the master lease income was below the minimum rent, hence minimum rent was received.

Retail revenue for 4Q2018 was slightly lower than 4Q2017. The lower retail revenue in 4Q2018 was due to lower effective rent per square foot per month of $22.2 (4Q2017: $22.8).

(b) Lower property expenses by $0.4 million were mainly due to lower property tax as a result of lower annual value assessed, partially offset by higher rental to CAG.

(c) Net property income ("**NPI**") for 4Q2018 was $0.3 million lower than 4Q2017 due to lower gross revenue from the properties, partially mitigated by lower property expenses.

(d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of $7.5 million as at 3Q2017.

(e) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. The intangible asset has been fully amortised in 3Q2017 in line with full draw down of the income support.

(f) Net finance expenses for 4Q2018 were lower than 4Q2017 by $7.4 million mainly due to lower interest expense, absence of a one-time write-off of unamortised debt-related transaction cost and cost of unwinding the IRS as a result of the refinancing of the term loans and the entering into new IRS in December 2017, partially offset by absence of change in fair value of IRS (4Q2017: gain of $0.8 million).

The write-off of unamortised debt-related transaction costs and change in fair value of IRS are non-cash in nature and have no impact on income available for distribution. The cost of unwinding IRS have no impact on income available for distribution as it is capital in nature and is not deductible for tax purposes.

(g) The decrease in fair value of investment properties of $2.8 million in 4Q2018 was attributable to fair value adjustments of the properties (see 1(a)(f)), compared with a fair value gain of $8.1 million in 4Q2017. The fair value adjustment of investment properties is non-cash in nature and has no impact on income available for distribution.

(h) Total return in 4Q2018 of $16.7 million (4Q2017: $20.5 million) was $3.8 million lower mainly due to net change in fair value adjustments on investment properties, partially offset by lower net finance expense.

8. REVIEW OF PEFORMANCE (cont'd)

4Q2018 vs 4Q2017 (cont'd)

(i) Income available for distribution was $0.3 million higher than 4Q2017 due to lower interest expense and higher income received from the retail segment, partially offset by lower income received from the hospitality segment. The DPS for 4Q2018 was 1.28 cents, 0.8% higher as compared to 1.27 cents for 4Q2017.

FY2018 vs FY2017

(a) Gross revenue for FY2018 was $1.3 million lower than FY2017. Both hospitality and retail segments recorded lower revenue as compared to FY2017.

	Revenue			Net Property Income			RevPAR		
	FY2018	FY2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)	FY2018	FY2017	Increase/ (Decrease)
	$'000	$'000	%	$'000	$'000	%	$	$	%
MOS	73,331	73,841	(0.7)	70,302	70,367	(0.1)	226	223	1.0
CPCA	22,500	22,500	-	16,955	17,050	(0.6)	180	167	7.7
Hospitality portfolio	95,831	96,341	(0.5)	87,257	87,417	(0.2)	210	204	2.9

Hospitality revenue was $0.5 million lower than FY2017 due to lower master lease income from MOS.

Master lease income from MOS was lower than FY2017. MOS recorded a higher RevPAR of $226 (FY2017: $223) due to higher occupancy and higher demand from transient and corporate segments. However, MOS recorded lower food and beverage sales, attributable to lower banquet sales partially mitigated by better performance from all the food and beverage outlets.

Master lease income from CPCA had remained the same as FY2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of $180 (FY2017: $167), the master lease income was below the minimum rent, hence minimum rent was received.

Retail revenue for FY2018 was $0.8 million lower than FY2017. The lower retail revenue in FY2018 was due to lower effective rent per square foot per month of $22.5 (FY2017: $23.3).

(b) Lower property expenses by $1.3 million were mainly due to lower property tax as a result of lower annual value assessed, partially offset by higher rental to CAG.

(c) NPI for FY2018 was slightly higher than FY2017 due to lower property expenses, partially offset by lower gross revenue.

(d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of $7.5 million as at 3Q2017.

(e) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. The intangible asset has been fully amortised in 3Q2017 in line with full draw down of the income support.

(f) Net finance expenses for FY2018 were lower than FY2017 by $8.1 million mainly due to lower interest expense, absence of a one-time write-off of unamortised debt-related transaction cost and cost of unwinding the IRS as a result of the refinancing of the term loans and the entering into new IRS in December 2017, partially offset by absence of change in fair value of IRS (FY2017: gain of $1.7 million).

The write-off of unamortised debt-related transaction costs and change in fair value of IRS are non-cash in nature and have no impact on income available for distribution. The cost of unwinding IRS have no impact on income available for distribution as it is capital in nature and is not deductible for tax purposes.

8. REVIEW OF PEFORMANCE (cont'd)

FY2018 vs FY2017 (cont'd)

(g) The decrease in fair value of investment properties of $2.8 million in FY2018 was attributable to fair value adjustments of the properties (see 1(a)(f)), compared with a fair value gain of $8.1 million recorded in FY2017. The decrease in fair value of investment properties is non-cash in nature and has no impact on income available for distribution.

(h) Total return in FY2018 of $73.0 million (FY2017: $75.9 million) was $2.9 million lower mainly due to net change in fair value adjustments on investment properties, partially offset by lower net finance expense.

(i) Income available for distribution was $2.1 million lower than FY2017 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 for FY2018 was 4.99 cents, 2.9% lower as compared to 5.14 cents for FY2017.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Global growth for 2019 and 2020 is estimated at 3.5% and 3.6% respectively[1]. The further downward revision on global expansion reflects softer trade momentum and effects of higher uncertainties from trade policies and weakening financial market sentiments[1]. Based on advance estimates, the Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2018, easing from the 2.3% growth in the previous quarter, while for the whole of 2018, the economy grew by 3.3%[2]. The pace of economic expansion is expected to moderate to 1.5% to 3.5% in 2019 against a backdrop of slightly weaker external demand[3].

Singapore continues to register continued growth in visitor arrivals. For the first eleven months of 2018, Singapore Tourism Board ("STB") reported a 6.6% year-on-year growth in international visitor arrivals, while the number of visitor days increased by 5.0% for the same period[4].

The hospitality sector is poised to benefit from healthy visitor arrivals and strengthened flight connectivity to key visitor markets, as a gradual recovery of the sector is expected on a reduced supply pipeline. Until 2021, there is an estimated increase of 3,089 rooms[5], or approximately 4% of Singapore's hotel room inventory. Supply in 2019, representing approximately 2.7% of the total room inventory[5], will be largely concentrated in the Core Central Region and Outside Central Region. Changi Airport will also see an increased passenger and visitor capacity following the expansion of Terminal 1 which is due for completion in mid-2019[6], while Jewel Changi Airport is set to open from early-2019. CPCA will be seamlessly connected to Jewel Changi Airport via a pedestrian bridge at Terminal 3.

Notwithstanding challenges in the retail market from manpower constraints, e-commerce and market uncertainty, strong occupancy rates were seen in prime Orchard Road and suburban malls and supply pipeline is expected to tighten sharply after 2019[7]. We continue to focus on curating a differentiated offering to strengthen Mandarin Gallery's position as a destination mall.

We will continue to drive the performance of our assets and seek suitable acquisition opportunities from our sponsor and third parties for the growth of OUE H-Trust.

[1] International Monetary Fund, World Economic Outlook Update, January 2019.
[2] Ministry of Trade and Industry Singapore, Singapore's GDP grew by 2.2 Per Cent in the Fourth Quarter of 2018, 2 January 2019.
[3] Ministry of Trade and Industry Singapore, MTI Forecasts GDP to Grow by "3.0 to 3.5 Per Cent" in 2018 and "1.5 to 3.5 Per Cents" in 2019, 22 November 2018.
[4] Singapore Tourism Board, International Visitor Arrivals Statistics, 31 December 2018.
[5] Singapore Tourism Board and Cushman & Wakefield Research.
[6] Straits Times, Terminal 1's New Look Takes Shape, With Makeover 85% Complete, 12 November 2018.
[7] CBRE Research, Singapore MarketView, Q4 2018.

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 October 2018 to 31 December 2018
Distribution type	Taxable income
Distribution rate per stapled security	1.28 cents
Book closure date	8 February 2019
Date payable	28 February 2019

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the previous corresponding period?	Yes
Name of distribution	Distribution for the period from 1 October 2017 to 31 December 2017
Distribution type	Taxable income
Distribution rate per stapled security	1.27 cents

(c) Tax rate

Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) will receive pre-tax distributions. These distributions are exempted from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The REIT Manager and the Trustee-Manager hereby certify that in relation to the distribution to the Stapled Securityholders of OUE H-TRUST for the quarter ended 31 December 2018:

1) OUE H-TRUST will declare a distribution ("Distribution") in excess of its profits (defined as the Total Return for the quarter ended 31 December 2018).

2) The REIT Manager and the Trustee-Manager are satisfied on reasonable grounds that, immediately after making the Distribution, OUE H-TRUST will be able to fulfill, from its deposited properties, its liabilities as and when they fall due.

The distribution is computed based on the accounts of OUE H-REIT for the quarter ended 31 December 2018 and is verified by the external tax consultant of OUE H-REIT.

OUE H-REIT's current distribution policy is to distribute at least 90.0% of its taxable income (after deduction of applicable expenses). OUE H-BT is currently dormant and does not own any properties, and it may make distributions in the future when it becomes active and profitable.

14. General mandate relating to Interested Person Transactions

OUE H-Trust has not obtained a general mandate from Stapled Securityholders for Interested Person Transactions.

15. Segment Information

	Stapled Group					
	FY2018			FY2017		
	Hospitality $'000	Retail $'000	Total $'000	Hospitality $'000	Retail $'000	Total $'000
Gross revenue	95,831	33,903	129,734	96,341	34,722	131,063
Property expenses	(8,574)	(8,402)	(16,976)	(8,924)	(9,394)	(18,318)
Reportable segment net property income	87,257	25,501	112,758	87,417	25,328	112,745
- Other income	-	-	-	4,818	-	4,818
- Amortisation of intangible assets	-	-	-	(4,908)	-	(4,908)
Unallocated items:						
- REIT Manager's fees			(11,290)			(11,269)
- REIT Trustee's fees			(417)			(415)
- Other trust expenses			(1,523)			(1,238)
- Finance income			67			1,718
- Finance expenses			(23,837)			(33,619)
Net income			75,758			67,832
Net change in fair value of investment properties	(1,703)	(1,060)	(2,763)	15,844	(7,734)	8,110
Total return for the year			72,995			75,942

16. Factors leading to any material changes in contributions to turnover and earnings

Please refer to Section 8 for the review of actual performance.

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17. Breakdown of sales

	Stapled Group		
	FY2018 $'000	FY2017 $'000	Increase/ (Decrease) %
Gross revenue reported for first half year	63,415	63,246	0.3
Total return for first half year	36,596	35,892	2.0
Gross revenue reported for second half year	66,319	67,817	(2.2)
Total return for second half year	36,399	40,050	(9.1)

18. Breakdown of annual distribution

	Stapled Group	
	2018 $'000	2017 $'000
For the financial period:		
1 January to 31 March – paid	22,880	23,427
1 April to 30 June – paid	21,271	21,832
1 July to 30 September – paid	23,302	24,569
1 October to 31 December – payable/paid	–[(1)]	23,036

[(1)] Please refer to section 11

19. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

Pursuant to Rule 720(1) of the Listing Manual of SGX-ST, we, on behalf of the directors and executive officers of the REIT Manager and the Trustee-Manager confirm that we have submitted the undertakings to the Exchange.

On behalf of the Board of Directors and Executive Officers

Lee Yi Shyan
Chairman

Chen Yi Chung
Acting Chief Executive Officer

29 January 2019

20. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the REIT Manager and the Trustee-Manager confirm that there is no person occupying a managerial position in the REIT Manager or the Trustee-Manager, who are related to a director or the chief executive officer or a substantial shareholder of the REIT Manager or of the Trustee-Manager respectively or a substantial stapled security holder of OUE H-Trust.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Christopher James Williams
Director

29 January 2019

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY ("OUE H-REIT GROUP") FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018

Disclaimer

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representatives examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

*The value of the Stapled Securities and the income derived from them may fall or rise. The Stapled Securities are not obligations, or deposits in, or guaranteed by the REIT Manager, the Trustee-Manager (together with the REIT Manager, the "**Managers**") or RBC Investor Services Trust Singapore Limited (as trustee of OUE H-REIT Group) or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE Hospitality Trust is not necessarily indicative of the future performance of OUE Hospitality Trust.*

Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

By Order of the Board

Ng Ngai
Company Secretary
OUE Hospitality REIT Management Pte. Ltd.
(Company Registration No. 201310245G)
As manager of OUE Hospitality Real Estate Investment Trust

By Order of the Board

Ng Ngai
Company Secretary
OUE Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201310246W)
As trustee-manager of OUE Hospitality Business Trust

29 January 2019