



## 2Q 2014 Financial Results

31 July 2014

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## Financial Highlights & Capital Management

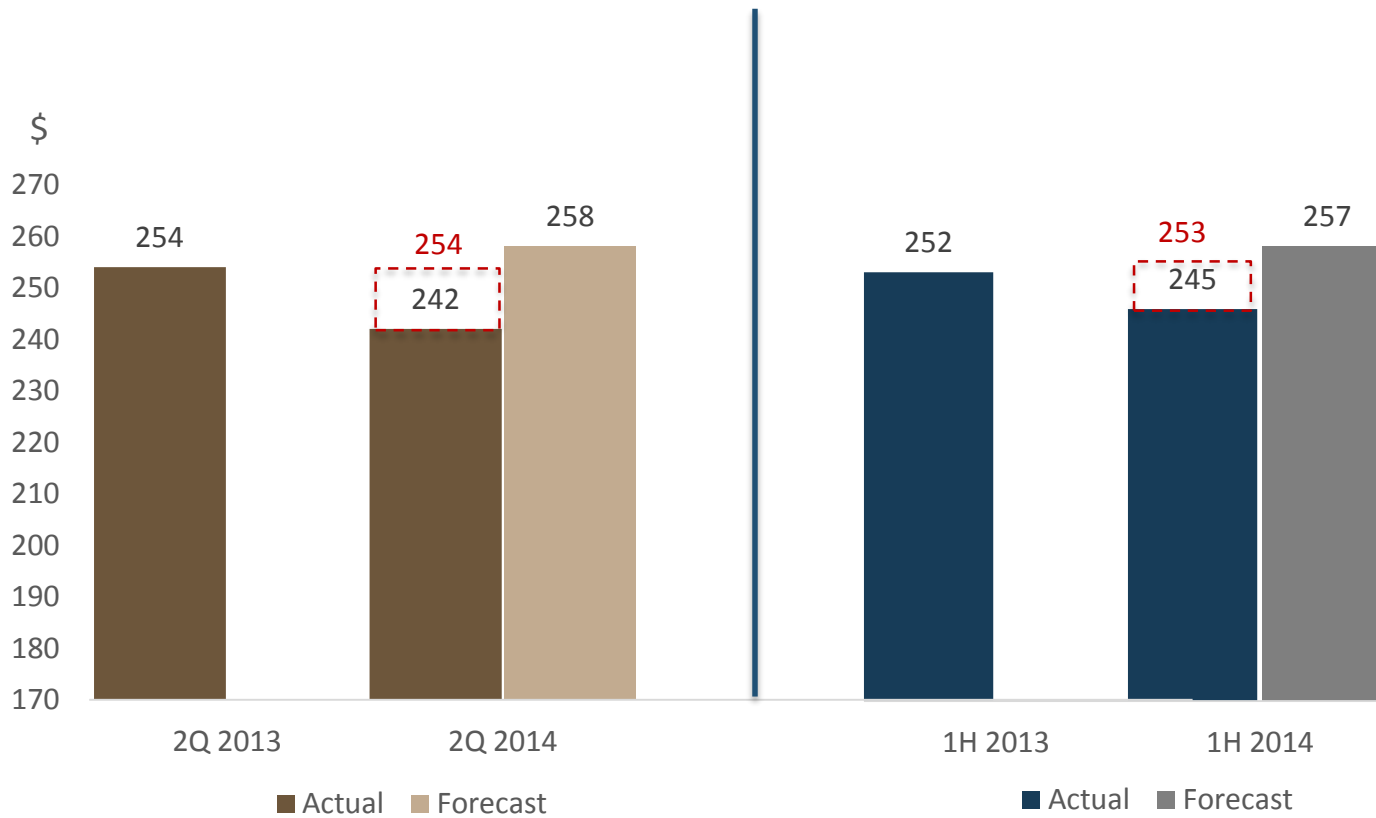
# Actual vs Forecast

## Gross Revenue (\$m)

2Q Actual	2Q <sup>1</sup> Forecast	Variance	1H Actual	1H <sup>1</sup> Forecast	Variance
28.3	28.3	↔	57.0	56.6	↑ 0.7%

- Gross revenue was at \$28.3 million for 2Q 2014, in line with the forecast. For 1H 2014, gross revenue of \$57.0 million was \$0.4 million or 0.7% higher than forecast.
- Under the master lease arrangement for Mandarin Orchard Singapore, rental income of OUE H-REIT is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel.
- The hospitality demand in Singapore is seasonally higher in the second half of the year. To optimise business in the second half of the year, the renovation schedule was accelerated in current quarter. Notwithstanding the impact of renovation on room rates, the hotel achieved RevPAR of \$242, though it was lower as compared to forecast RevPAR of \$258. Adjusting for the lower available room inventory due to renovation, RevPAR for 2Q 2014 would have been \$254. The hotel's Food & Beverage ("F&B") sales continued to perform better than forecast with higher patronage at the restaurants and higher banquet sales, mitigating the impact of lower room revenue in 2Q 2014.
- For 1H 2014, RevPAR achieved was \$245 due to higher RevPAR recorded in 1Q 2014 resulting from the Singapore Airshow 2014. Strong performance in F&B sales also contributed to better operating results of the hotel thereby translating into higher rental income for OUE H-REIT.
- For 2Q 2014 and 1H 2014, Mandarin Gallery's contribution to gross revenue was in line with the forecast, recording an effective rent per square foot per month of \$23.7.

## RevPAR Performance



242 Adjusting for lower available room inventory due to renovation

	2Q 2014 Actual S\$'000	1H 2014 Actual S\$'000
Gross revenue	<b>9,211</b>	<b>18,411</b>
Property expenses	(2,151)	(4,336)
Net property income	<b>7,060</b>	<b>14,075</b>
NPI margin	<b>76.6%</b>	<b>76.4%</b>
Effective rent psf/mth	<b>\$23.7</b>	<b>\$23.7</b>

# Actual vs Forecast

	2Q Actual	2Q <sup>1</sup> Forecast	Variance	1H Actual	1H <sup>1</sup> Forecast	Variance
<b>Net Property Income (S\$m)</b>	25.2	24.9	↑ 1.2%	50.9	49.9	↑ 2.0%
<b>Distributable Income (S\$m)</b>	21.6	21.1	↑ 2.3%	43.7	42.3	↑ 3.3%
<b>DPS (S cents)</b>	1.64	1.60	↑ 2.5%	3.32	3.21	↑ 3.4%

- As a result of lower property expenses, higher net property income was recognised in 2Q 2014 and 1H 2014.
- In line with higher net property income and lower trust expenses, income available for distribution for 2Q 2014 and 1H 2014 was \$0.5 million and \$1.4 million higher than forecast respectively. This translated into higher DPS of 1.64 cents and 3.32 cents in the respective periods.

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<b>Distribution Period</b>	1 April 2014 to 30 June 2014
<b>Distribution Rate</b>	1.64 cents per Stapled Security
<b>Ex-Distribution Date</b>	6 August 2014, 9 am
<b>Book Closure Date</b>	8 August 2014
<b>Distribution Payment Date</b>	2 September 2014

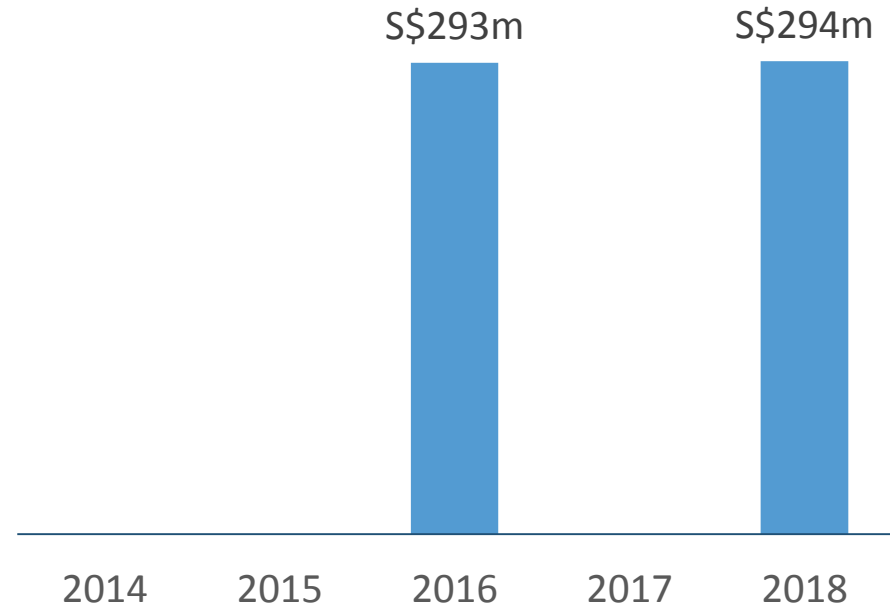
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# Capital Management (As at 30 Jun 2014)

<b>Gearing</b>	■ 32.7%
<b>Average Cost of Debt</b>	■ 2.2% ■ 100% fixed via interest rate swaps with weighted average remaining tenor of 2.0 years
<b>Interest Service Ratio</b>	■ 7.0 times
<b>Term</b>	■ Bullet repayment at maturity ■ Option to make prepayments without any penalty
<b>Additional Facilities</b>	■ S\$43 million Revolving Credit Facility (undrawn)

## Debt Maturity Profile



- There are no refinancing requirements until July 2016
- Interest 100% fixed with weighted average remaining tenor of 2.0 years

## Balance Sheet Highlights (As at 30 Jun 2014)

	S\$
Investment Properties	1,756.0
<b>Total assets</b>	<b>1,797.2</b>
Borrowings (secured) <sup>1</sup>	582.3
<b>Total liabilities</b>	<b>603.8</b>
<b>Net assets</b>	<b>1,193.4</b>
<b>NAV per Stapled Security (S\$)</b>	<b>0.90</b>
<b>Closing price on 30 Jun 2014</b>	<b>0.89</b>
<i>(Discount) to NAV (%)</i>	<i>(1.1)%</i>

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

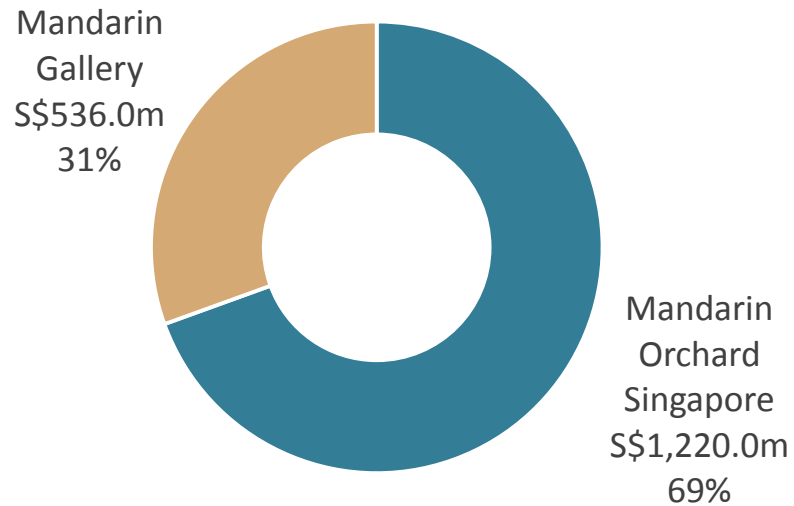


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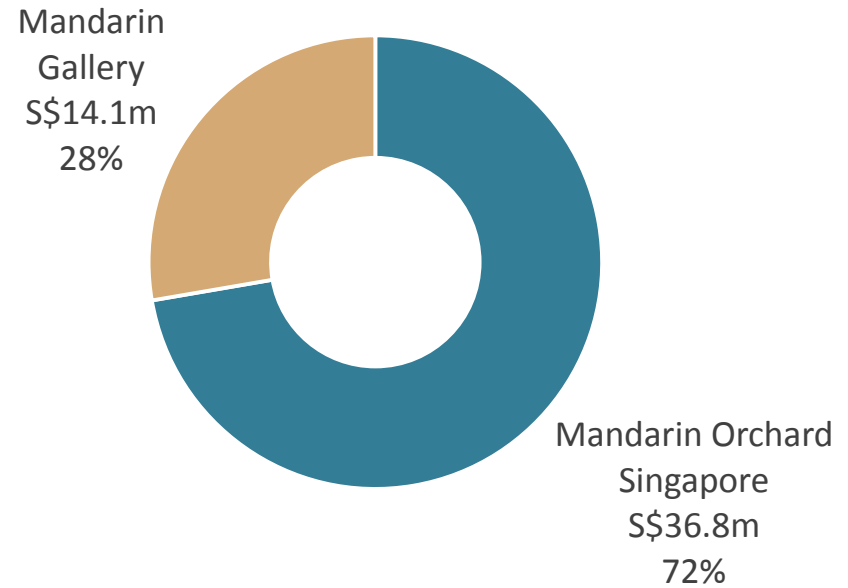
## Portfolio Highlights

# Asset Value and NPI Contribution

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



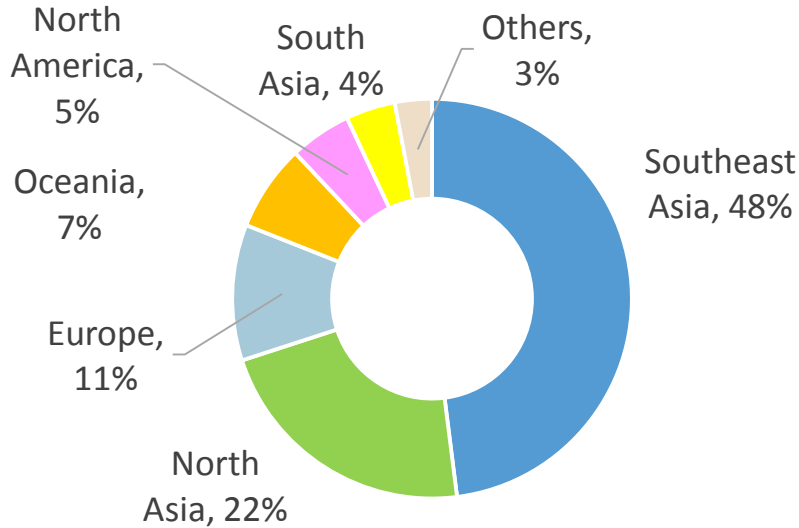
**1H 2014 Contribution by NPI**



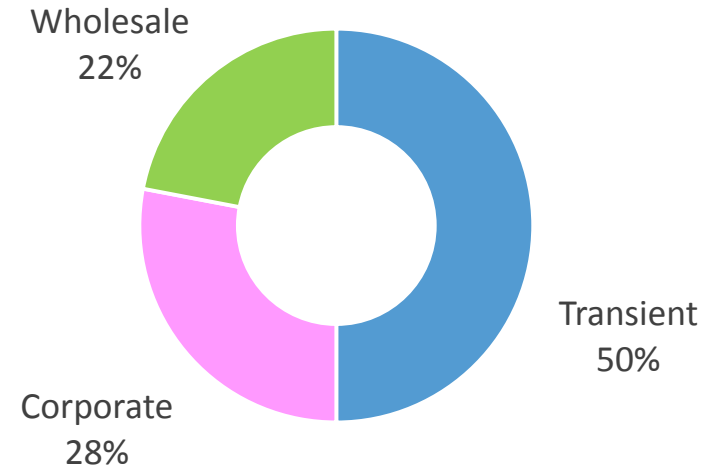
<sup>1</sup> Based on independent valuations as at 31 Dec 2013

# Mandarin Orchard Customer Profile

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



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



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

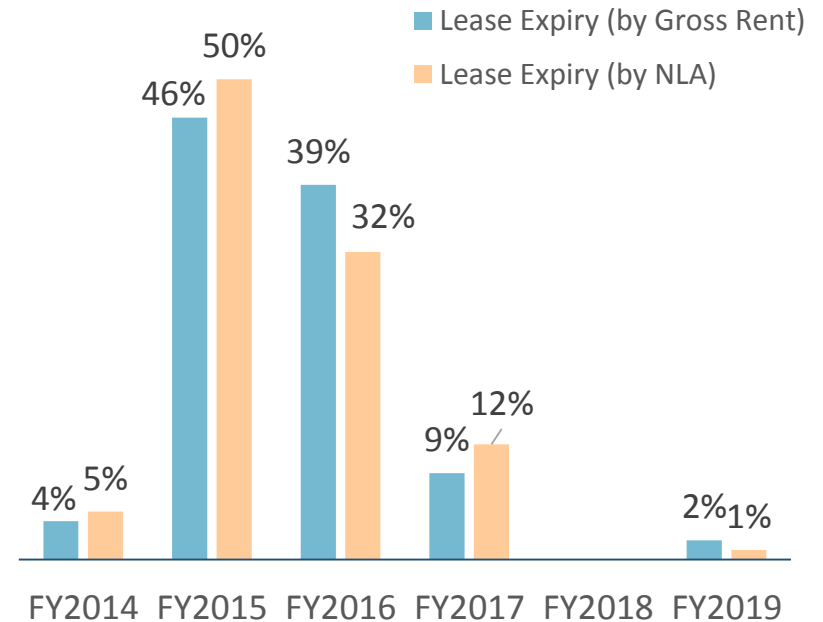
**“Corporate”** refers to revenue derived from the rental of rooms and suites booked via a corporate or government company that has contracted annual rates with the Hotel

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

## As at 30 June 2014:

- Mandarin Gallery is 99.7% committed
- Ten leases, accounting for approx. 10% of NLA, were renewed/ signed in 2Q 2014 with positive weighted average rental reversion of about 33.0%.

## Mandarin Gallery Lease Expiry Profile as at 30 Jun 2014



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

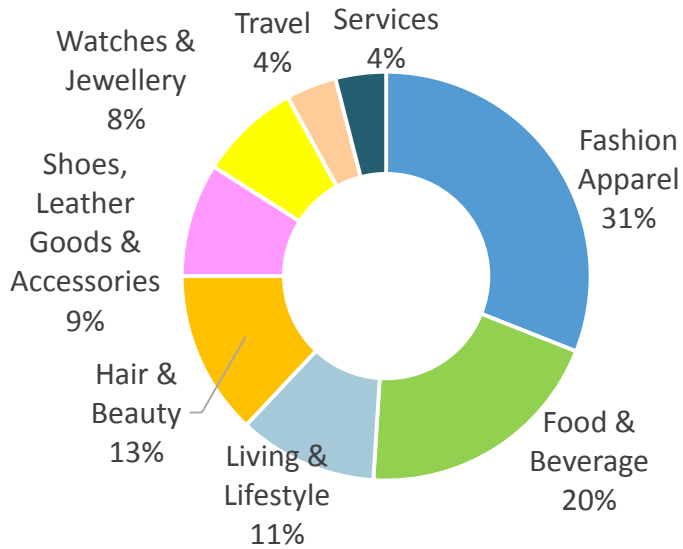
**WALE (by NLA) : 1.66 yrs**

<sup>1</sup>Excludes turnover rent

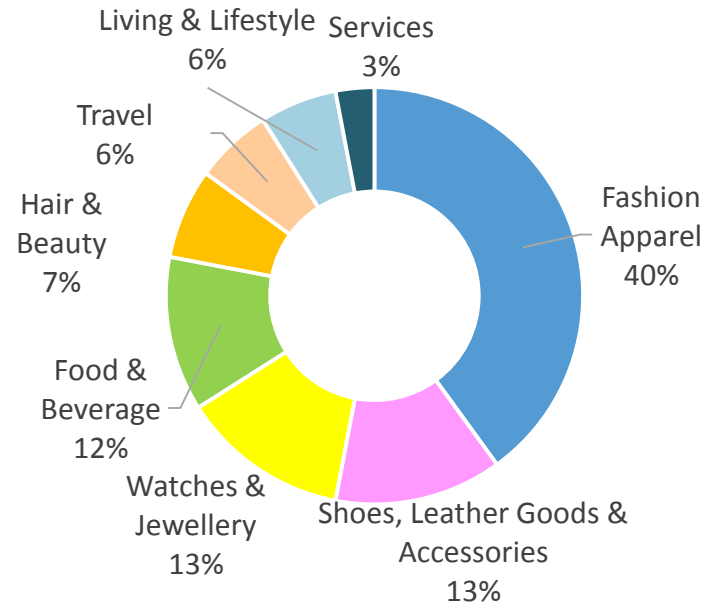
<sup>2</sup>Weighted average lease expiry

# Mandarin Gallery Tenant Mix

**By NLA**  
As at 30 June 2014



**By Gross Rent (excludes turnover rent)**  
As at 30 June 2014



<sup>1</sup>Excludes turnover rent

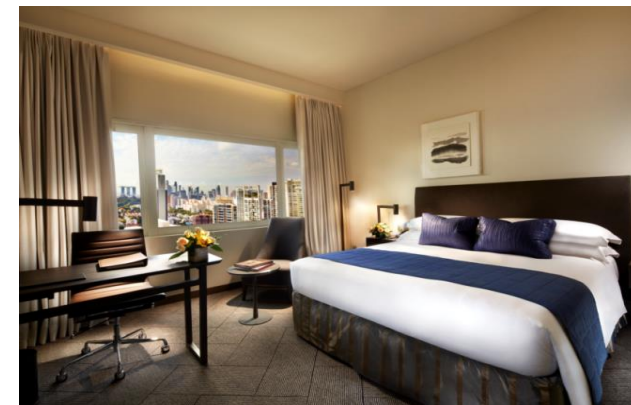
## Mandarin Orchard Singapore

- As at July 2014, completed refurbishment of an additional 96 guest rooms
  - Bringing total guestrooms renovated to 160 of the 430 guestrooms to be renovated
  - Renovation was accelerated in 2Q in view of higher seasonal demand expected in the second half of the year
- On average, about 5% of guestrooms out-of-order in 2Q 2014
  - Excluding the impact of lower inventory, RevPAR would have been \$254 for 2Q 2014

Before Refurbishment



After Refurbishment





## Mandarin Gallery

**SPRING INTO LIFE**  
AT MANDARIN GALLERY  
Fri, 4 Apr - Sun, 4 May 2014

Blossom the fashion colours of Spring which comes to life at Mandarin Gallery.

**Exclusive Citibank Privilege**  
First 300 shoppers to charge to any Citibank Credit or Debit Card receive a \$40 shopping voucher. Rewards Cardmembers need only spend \$100 to redeem.

**Exclusive Spring Deals**  
Shop fashionably with your Citibank Card exclusive shopping privilege from participating brands.

**A Gift of Glamour**  
First 100 shoppers with a minimum \$300\* purchase will receive a \$200\* shopping voucher.

**Fashion Steps Out @Orchard Road 2014**  
Charge a minimum of \$2000\* to any MasterCard\* and receive a \$30\* shopping voucher.

\* Sales & Conditions apply. Check with Campaign, Stand 2 for more details.

**Mandarin Gallery**  
323A Orchard Road Singapore 238877 • Tel: 65 633 1827 • 323A Orchard Road Singapore 238877

**FASHION STEPS OUT 2014 @Orchard**

Fashion Steps Out is back! Orchard Road heralds the Spring/Summer fashion season from Fri 4 April - Sun 18 May 2014 with exciting events and promotions designed to spice up everyday fashion and thrill shoppers.

**A BRIGHT SALE**  
Mandarin Gallery

**A BRIGHT SALE**  
AT MANDARIN GALLERY  
Fri, 30 May - Sun, 29 Jun 2014

Be in the spotlight for Great Singapore Sale. Radiant summer offers and attractive promotions at Mandarin Gallery will surely brighten your day.

**Shop & Shine Diner**  
Spend \$300\* and stand to win \$500 shopping voucher. Double winning chance for Citibank cardmembers.

**Exclusive Citibank Privilege**  
Charge \$500\* to your Citibank Credit/Debit Card and receive a \$20 shopping voucher. Citibank Rewards cardmembers need only charge \$200\* to redeem.

**Dazzling Deals**  
Get rewarded with a \$10 shopping voucher when your purchase hits \$1,000.

**Sparkling Shopping Privilege**  
Mark shopping goals for the Star 50+ shoppers daily from Monday to Thursday. Grab a Bright \$50\* and prepare to reach for stardom.

\* Sales & Conditions apply. Check with Campaign, Stand 2 for more details.

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## Outlook & Prospects

Singapore Tourism Board<sup>1</sup> reported that in 1Q 2014, tourism receipts grew 5% year-on year to \$6 billion while international visitor arrivals held steady at 3.9 million. The growth in tourism receipts in 1Q 2014 was driven by sightseeing, entertainment, gaming and accommodation, but was offset to some extent by declines in shopping and F&B.

Mandarin Orchard Singapore is well-positioned to leverage on its newly renovated rooms to attract customers seeking premium accommodation in a prime location.

While the retail segment is experiencing some headwinds, Mandarin Gallery is expected to continue to enjoy stable income as more than 98% of the mall's rental income comprises of fixed rent.

We will continue to seek growth opportunities through active asset management and yield accretive acquisitions from our Sponsor and third parties.

<sup>1</sup> *Singapore Tourism Board, Tourism Sector Performance Q1 2014 Report*



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**Thank You**



## Appendices

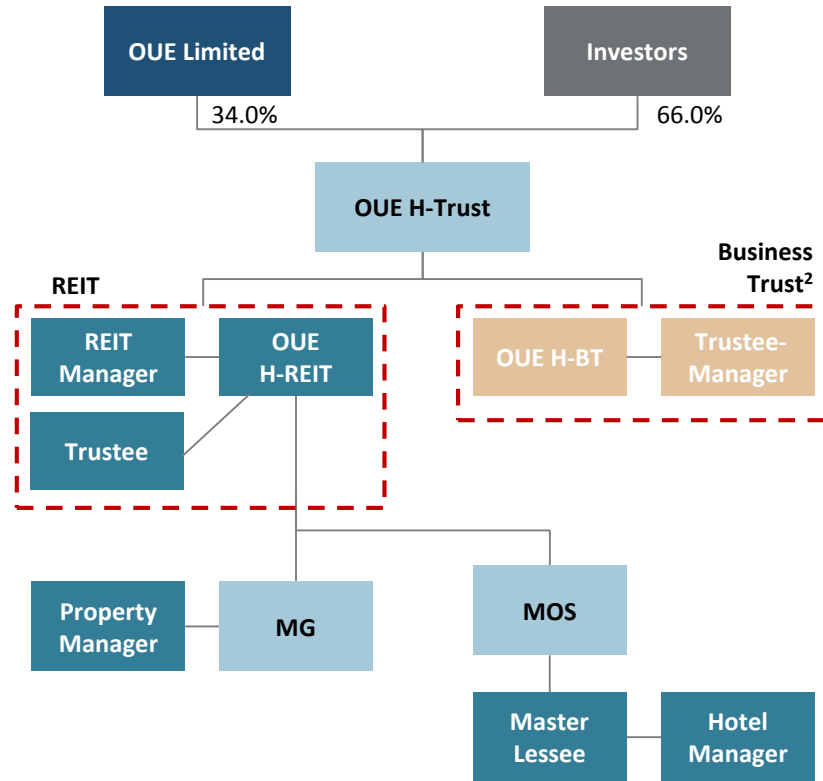
- **Overview of OUE H-Trust**
- **OUE H-Trust's Portfolio**
- **About the Sponsor – OUE Limited**



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## Overview of OUE H-Trust

# Overview of OUE H-Trust



<b>Investment Mandate</b>	<ul style="list-style-type: none"> <li>Investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for hospitality<sup>1</sup> and / or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets</li> </ul>
<b>Quality Portfolio</b>	<ul style="list-style-type: none"> <li>Mandarin Orchard Singapore and Mandarin Gallery</li> <li>Located in the heart of Orchard Road, Singapore's premium shopping belt</li> </ul>
<b>Income Stability</b>	<ul style="list-style-type: none"> <li>Stable distributions with downside protection via Master Lease Agreement for Mandarin Orchard Singapore</li> <li>WALE of about 1.7 years for Mandarin Gallery</li> </ul>
<b>Strong Sponsor</b>	<ul style="list-style-type: none"> <li>Committed Sponsor in OUE Limited which has retained a stake of 34.0% in OUE H-Trust</li> <li>Sponsor has proven track record in real estate ownership and operations</li> <li>Leverage on Sponsor's asset enhancement and redevelopment expertise</li> </ul>
<b>Market Capitalisation</b>	<ul style="list-style-type: none"> <li>S\$1.18 billion as at 30 July 2014 based on closing price of S\$0.895</li> </ul>

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

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

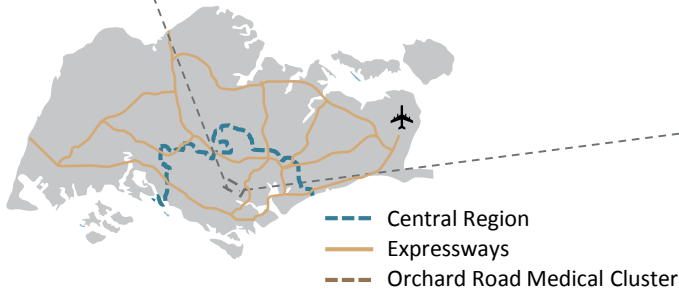


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## OUE H-Trust's Portfolio



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



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

# Premier Portfolio of High Quality Landmark Assets

## Mandarin Orchard Singapore



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



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

### Popular F&B

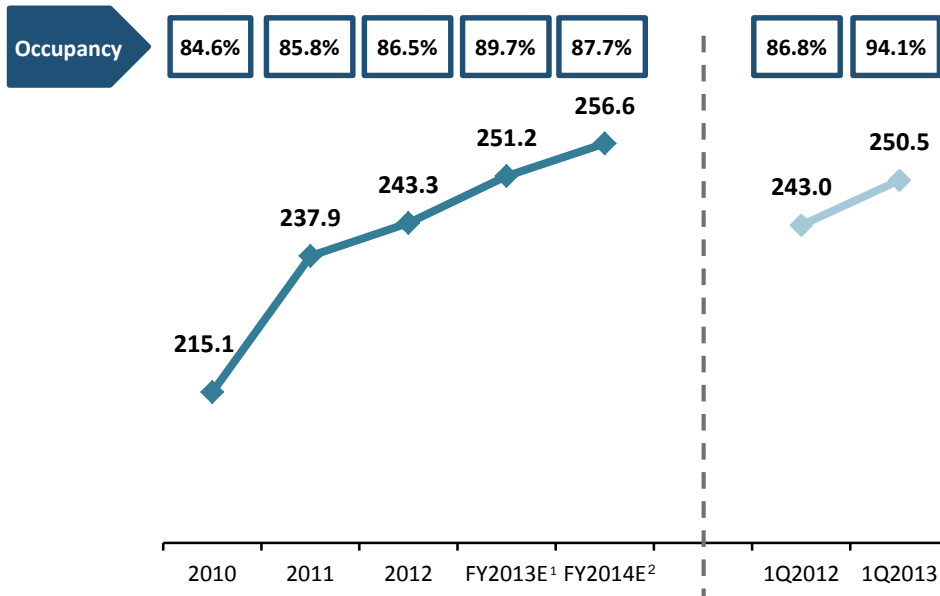


### Awards & Accolades

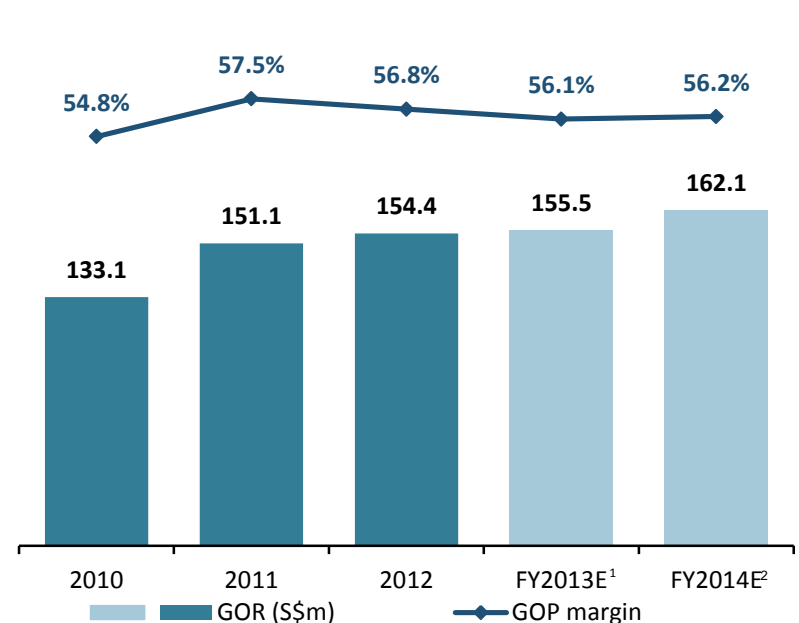


# Sound Asset Fundamentals Driving Strong Operational Performance – Mandarin Orchard Singapore (MOS)

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



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



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

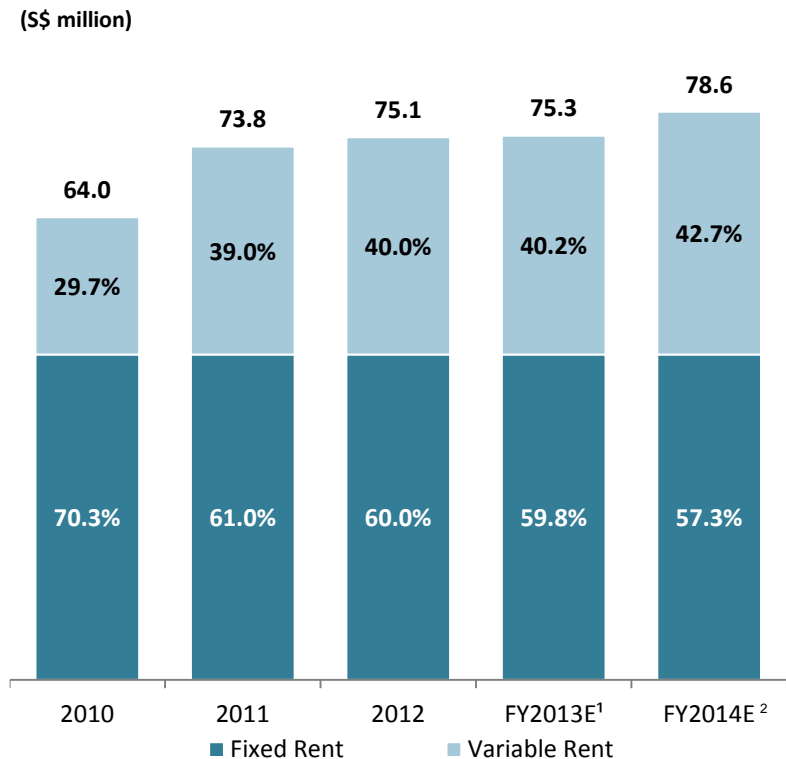
<sup>1</sup>“FY2013E” refers to the estimated results for FY2013. FY2013E figures are computed based on (i) unaudited pro forma financials from 1 January 2013 to 31 March 2013, and (ii) forecast figures for the 9-month period from 1 April 2013 to 31 December 2013 (“Forecast Period 2013”) as disclosed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

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

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

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

## Fixed and Variable Rent Composition



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

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

# Premier Portfolio of High Quality Landmark Assets

## Mandarin Gallery



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

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

### High Quality and Diverse Tenant Base

#### Retail



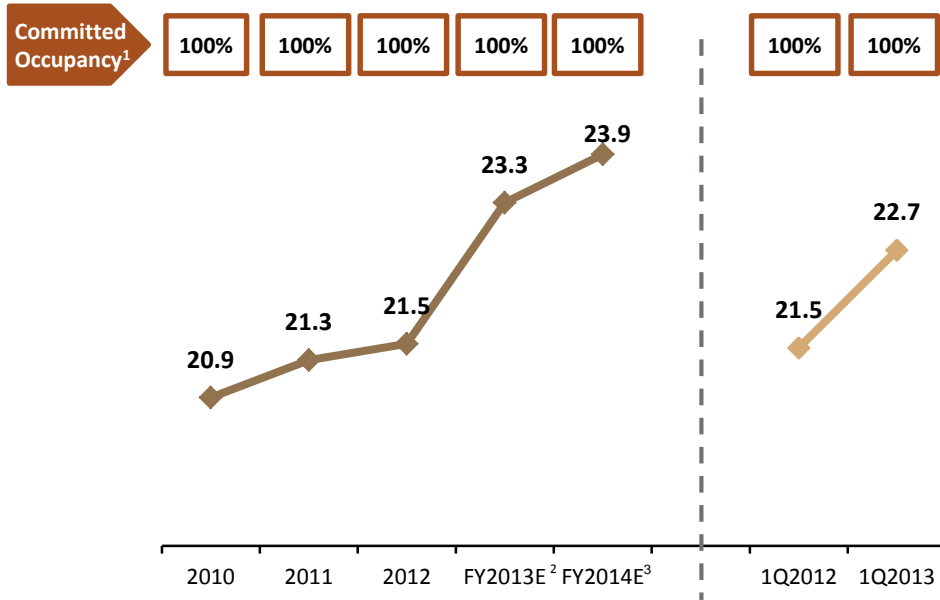
#### F&B



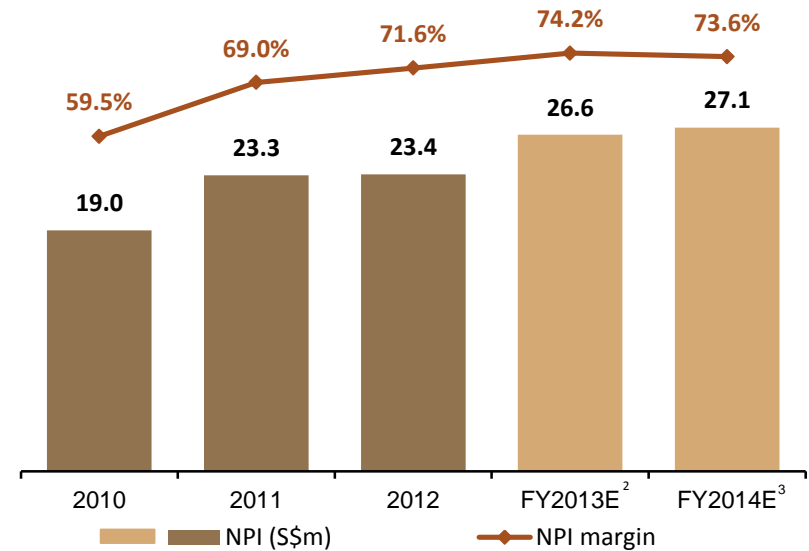
<sup>1</sup> Based on Mandarin Gallery's GFA.

# Sound Asset Fundamentals Driving Strong Operational Performance – Mandarin Gallery

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



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



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

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

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



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## About the Sponsor – OUE Limited

# OUE – Leading Property Developer in Singapore

## Track Record in Real Estate Ownership and Operations

Diversified real estate owner, developer and operator with a real estate portfolio located in Asia and the US, across hospitality, retail, commercial and residential property segments

### Hospitality



**Mandarin Orchard  
Singapore**  
OUE Hospitality Trust



**Crowne Plaza Changi  
Airport**  
(100% stake)



**Marina Mandarin**  
(30% stake)

### Commercial



**OUE Bayfront**  
OUE Commercial REIT



**Lippo Plaza, Shanghai**  
OUE Commercial REIT



**OUE Downtown  
Towers 1 and 2**  
(100% stake)



**U.S. Bank Tower,  
Los Angeles**  
(100% stake)



**One Raffles Place  
Towers 1 and 2**  
(41% stake)

### Retail



**Mandarin Gallery**  
OUE Hospitality Trust



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

### Residential



**Twin Peaks**  
(100% stake)



## Mandarin Gallery

Before redevelopment:



After redevelopment:



- S\$200 million conversion of the old hotel lobby of Mandarin Orchard Singapore
  - Addition of 67,447 sq ft of prime retail space
  - Repositioned as a high-end shopping and lifestyle destination
  - Completed in November 2009

## OUE Bayfront

Before redevelopment:



After redevelopment



- Redevelopment of the well located former site of Overseas Union House into a premium commercial development comprising a Grade A office building, complemented by retail facilities at its ancillary properties, OUE Tower and OUE Link
- Completed in 2011

## One Raffles Place Tower 2

Before redevelopment:



After redevelopment:



- Redevelopment of the low block podium into a 350,000 sq ft 38-storey Grade A office building with column free floor plates of approximately 11,000 sq ft
- TOP obtained in August 2012

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



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**Thank you**