

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE FIRST QUARTER ENDED 31 MARCH 2018**

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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 March 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.

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1 (a) STATEMENTS OF TOTAL RETURN

Note	OUE H-REIT Group			Stapled Group		
	1Q2018	1Q2017	Increase/ (Decrease)	1Q2018	1Q2017	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue	(a) 32,682	32,086	1.9	32,682	32,086	1.9
Property tax	(1,879)	(2,319)	(19.0)	(1,879)	(2,319)	(19.0)
Insurance	(54)	(56)	(3.6)	(54)	(56)	(3.6)
Other property expenses	(b) (2,461)	(2,278)	8.0	(2,461)	(2,278)	8.0
Net property income	28,288	27,433	3.1	28,288	27,433	3.1
Other income	(c) -	1,625	n.m.	-	1,625	n.m.
Amortisation of intangible asset	(d) -	(1,636)	n.m.	-	(1,636)	n.m.
REIT Manager's base management fees	(1,673)	(1,667)	0.4	(1,673)	(1,667)	0.4
REIT Manager's performance fees	(1,132)	(1,097)	3.2	(1,132)	(1,097)	3.2
REIT Trustee's fees	(103)	(102)	1.0	(103)	(102)	1.0
Other trust expenses	(325)	(256)	27.0	(326)	(257)	26.8
Finance income	17	290	(94.1)	17	290	(94.1)
Finance expenses	(5,742)	(5,875)	(2.3)	(5,742)	(5,875)	(2.3)
Net finance expenses	(e) (5,725)	(5,585)	2.5	(5,725)	(5,585)	2.5
Total return for the period	19,330	18,715	3.3	19,329	18,714	3.3

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.
- (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 in 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	1Q2018 \$'000	1Q2017 \$'000
Interest income from fixed deposits	17	17
Change in fair value of financial derivatives	(e)(i) -	273
Finance income	17	290
Amortisation of debt-related transaction costs	(731)	(522)
Interest expense paid/payable to banks	(e)(ii) (5,011)	(5,353)
Finance expenses	(5,742)	(5,875)
Net finance expenses	(5,725)	(5,585)

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

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

(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 (g) below).

(e)(ii) The interest expense was lower in 1Q2018 due to lower average cost of debt.

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

	1Q2018	1Q2017	Increase/ (Decrease)
	\$'000	\$'000	%
OUE H-REIT	19,331	18,716	3.3
Other OUE H-REIT Group entity	(1)	(1)	-
OUE H-REIT Group	19,330	18,715	3.3
OUE H-BT	(1)	(1)	-
Stapled Group	19,329	18,714	3.3

(g) Income available for distribution

OUE H-REIT Group and Stapled Group			
Note	1Q2018	1Q2017	Increase/ (Decrease)
	\$'000	\$'000	%
Total return for the period for OUE H-REIT	19,331	18,716	3.3
Add/(Less):			
Non-tax deductible/(chargeable) items:			
- REIT Manager's management fees paid/payable in Stapled Securities	2,805	2,764	1.5
- REIT Trustee's fees	103	102	1.0
- Amortisation of intangible asset	-	1,636	n.m.
- Amortisation of debt-related transaction costs	731	522	40.0
- Ineffective portion of changes in fair value of cash flow hedge	-	(273)	n.m.
- Straight-lining of lease incentives	(105)	(28)	>100
- Other items	45	19	n.m.
	3,579	4,742	(24.5)
Income available for distribution	22,910	23,458	(2.3)

n.m.: not meaningful

(g)(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.

(g)(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.

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1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		31/3/2018 \$'000	31/12/2017 \$'000	31/3/2018 \$'000	31/12/2017 \$'000	31/3/2018 \$'000	31/12/2017 \$'000
ASSETS							
Non-current assets							
Investment properties		2,218,445	2,218,000	-	-	2,218,445	2,218,000
Deposit	(a)	2,295	2,295	-	-	2,295	2,295
Financial derivative assets	(b)	5,033	-	-	-	5,033	-
		2,225,773	2,220,295	-	-	2,225,773	2,220,295
Current assets							
Trade and other receivables		10,303	11,017	-	-	10,303	11,017
Cash and cash equivalents		26,036	25,548	10	11	26,046	25,559
		36,339	36,565	10	11	36,349	36,576
Total assets		2,262,112	2,256,860	10	11	2,262,122	2,256,871
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	866,043	865,312	-	-	866,043	865,312
Financial derivative liabilities	(b)	-	1,046	-	-	-	1,046
Rental deposits		3,124	3,076	-	-	3,124	3,076
		869,167	869,434	-	-	869,167	869,434
Current liabilities							
Rental deposits		1,486	1,432	-	-	1,486	1,432
Trade and other payables		10,220	9,933	3	3	10,223	9,936
		11,706	11,365	3	3	11,709	11,368
Total liabilities		880,873	880,799	3	3	880,876	880,802
Net assets		1,381,239	1,376,061	7	8	1,381,246	1,376,069
Represented by:							
Unitholders' funds							
Unitholders' funds of OUE H-REIT Group		1,381,239	1,376,061	-	-	1,381,239	1,376,061
Unitholders' funds of OUE H-BT		-	-	7	8	7	8
		1,381,239	1,376,061	7	8	1,381,246	1,376,069

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) Deposit pertains to the security deposit placed with Changi Airport Group, 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.

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

1 (b)(ii) BORROWINGS

Repayable within one year
Secured borrowings
Less: Unamortised transaction costs

Repayable after one year
Secured borrowings
Less: Unamortised transaction costs

Total
Secured borrowings
Less: Unamortised transaction costs

OUE H-REIT Group and Stapled Group	
31/3/2018 \$'000	31/12/2017 \$'000
-	-
-	-
-	-
875,000	875,000
(8,957)	(9,688)
866,043	865,312
875,000	875,000
(8,957)	(9,688)
866,043	865,312

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT Group and Stapled Group As at 31/3/2018			
		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

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

As at 31 March 2018, the weighted average debt maturity was 3.3 years and gearing at 38.7%. The average cost of debt for 1Q2018 was 2.3% per annum, with an interest cover of 5.0 times.

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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 March 2018, no Notes have been issued under this Programme.

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1 (c) STATEMENTS OF CASH FLOWS

	Note	OUE H-REIT Group		Stapled Group	
		1Q2018 \$'000	1Q2017 \$'000	1Q2018 \$'000	1Q2017 \$'000
Operating activities					
Total return for the period		19,330	18,715	19,329	18,714
Adjustments for:					
Amortisation of intangible assets		-	1,636	-	1,636
REIT Manager's fees paid/payable in Stapled Securities	(a)	2,805	2,764	2,805	2,764
Finance income		(17)	(290)	(17)	(290)
Finance expenses		5,742	5,875	5,742	5,875
Straight-lining of lease incentives		(105)	(28)	(105)	(28)
Operating income before working capital changes		27,755	28,672	27,754	28,671
Changes in working capital:					
Trade and other receivables		714	(1,309)	714	(1,309)
Trade and other payables		527	(201)	527	(201)
Rental deposits		102	221	102	221
Cash generated from operating activities		29,098	27,383	29,097	27,382
Investing activities					
Interest received		17	32	17	32
Capital expenditure on investment properties		(580)	(117)	(580)	(117)
Cash (used in)/generated from investing activities		(563)	(85)	(563)	(85)
Financing activities					
Finance expenses paid		(5,011)	(5,479)	(5,011)	(5,479)
Distribution to Stapled Securityholders	(b)	(23,036)	(24,475)	(23,036)	(24,475)
Cash (used in)/generated from financing activities		(28,047)	(29,954)	(28,047)	(29,954)
Net increase/(decrease) in cash and cash equivalents		488	(2,656)	487	(2,657)
Cash and cash equivalents at beginning of the period		25,548	28,547	25,559	28,559
Cash and cash equivalents at end of the period		26,036	25,891	26,046	25,902

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

NOTES TO STATEMENTS OF CASH FLOWS

(a) 1Q2018

In 1Q2018, 2,010,762 Stapled Securities amounting to \$1,673,356 will be issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore's new regulations, the REIT Manager's performance management fee will only be paid once a year, after the end of the financial year. A performance fee of \$1,131,525 has been accrued in the current quarter and will be settled through the issuance of Stapled Securities after the year ending 31 December 2018.

In 1Q2017, 2,422,592 Stapled Securities amounting to \$1,666,986 have been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of \$1,097,309 has been settled through the issuance of 1,300,283 Stapled Securities on 30 January 2018.

(b) 1Q2018

Distribution to Stapled Securityholders relates to the distribution paid in respect of 4Q2017. In the previous corresponding period, the distribution paid was in respect of 4Q2016.

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

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 1/1/2018	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	-	-	-	19,330	19,330	(1)	19,329
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	6,079	-	6,079	-	6,079
Unitholders' transactions							
Distribution to Stapled Securityholders (a)(i)	-	-	-	(23,036)	(23,036)	-	(23,036)
Stapled Securities to be issued as payment of REIT Manager's management fees (b)(i)	2,805	-	-	-	2,805	-	2,805
Increase/(Decrease) in net assets resulting from unitholders' transactions	2,805	-	-	(23,036)	(20,231)	-	(20,231)
At 31/3/2018	1,443,207	(26,577)	5,033	(40,424)	1,381,239	7	1,381,246

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	-	-	-	18,715	18,715	(1)	18,714
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(2,548)	-	(2,548)	-	(2,548)
Unitholders' transactions							
Distribution to Stapled Securityholders (a)(ii)	-	-	-	(24,475)	(24,475)	-	(24,475)
Stapled Securities to be issued as payment of REIT Manager's management fees (b)(ii)	2,764	-	-	-	2,764	-	2,764
Increase/(Decrease) in net assets resulting from unitholders' transactions	2,764	-	-	(24,475)	(21,711)	-	(21,711)
At 31/3/2017	1,431,897	(26,577)	(4,777)	(24,119)	1,376,424	9	1,376,433

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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 4Q2017.
- (a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2016.
- (b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 1Q2018. 2,010,762 Stapled Securities relating to base management fee will be issued on 2 May 2018. Stapled Securities relating to performance management fees will be issued after year ending 31 December 2018.
- (b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's base and performance management fee in respect of 1Q2017. 2,422,592 Stapled Securities relating to base management fee have been issued on 4 May 2017. 1,300,283 Stapled Securities relating to performance management fees have been issued on 30 January 2018.

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

Note	Stapled Group	
	1Q2018 '000	1Q2017 '000
Issued Stapled Securities at beginning of the period		
Issuance of new Stapled Securities:		
- as payment of REIT Manager's management fees	7,366	9,179
Issued Stapled Securities at end of the period	1,813,884	1,799,607
Stapled Securities to be issued:		
- as payment of REIT Manager's management fees	3,370	4,017
Total issued and issuable Stapled Securities at end of the period	1,817,254	1,803,624

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 1Q2018, it comprises base management fee and performance management fee payable in Stapled Securities. 2,010,762 Stapled Securities will be issued on 2 May 2018 as payment of base management fees. Stapled Securities relating to performance fee for 2018 will be issued after year ending 31 December 2018 based on VWAP of a Stapled Security for the last 10 business days before 31 December 2018.

In respect of 1Q2017, it comprises base management fee and performance management fee payable in Stapled Securities of 2,422,592 and 1,594,693 respectively. 2,422,592 Stapled Securities relating to the base management fee were issued on 4 May 2017. 1,594,693 Stapled Securities relating to the performance management fee was calculated based on the VWAP of a Stapled Security for the last 10 business days before 31 March 2017. In line with MAS requirements, Stapled Securities relating to performance fee for 2017 were to be issued after year ended 31 December 2017 based on VWAP of a Stapled Security for the last 10 business days before 31 December 2017. On 30 January 2018, the performance management fee for 1Q2017 was settled through the issuance of 1,300,283 Stapled Securities.

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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.

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6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security ("EPS")

Weighted average number of Stapled Securities ('000)

Basic EPS (cents)

Weighted average number of Stapled Securities ('000)

Diluted EPS (cents)

Stapled Group	
1Q2018	1Q2017
1,813,907	1,799,634
1.07	1.04
1,817,255 ⁽¹⁾	1,803,624 ⁽¹⁾
1.06	1.04

- ⁽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.

Distribution per Stapled Security ("DPS")

Number of Stapled Securities entitled to distribution ('000)

DPS (cents)

Stapled Group	
1Q2018	1Q2017
1,815,895 ⁽¹⁾	1,802,030 ⁽²⁾
1.26	1.30

- ⁽¹⁾ Included 2,010,762 Stapled Securities to be issued as satisfaction of REIT Manager's base management fee for 1Q2018.
- ⁽²⁾ Included 2,422,592 Stapled Securities issued as satisfaction of REIT Manager's base management fee for 1Q2017.

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

Number of Stapled Securities ('000):

- in issue

- issuable

NAV per OUE H-REIT unit / Stapled Security

NTA per OUE H-REIT unit / Stapled Security

OUE H-REIT Group and Stapled Group	
31/3/2018	31/12/2017
1,813,884	1,806,518
3,370	7,366
1,817,254	1,813,884
\$0.76	\$0.76
\$0.76	\$0.76

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8. REVIEW OF PERFORMANCE

		Stapled Group		
Note		1Q2018	1Q2017	Increase/ (Decrease)
		\$'000	\$'000	%
Gross revenue:				
	- Hospitality	24,259	23,380	3.8
	- Retail	8,423	8,706	(3.3)
(a)		32,682	32,086	1.9
Property expenses:				
	- Hospitality	(2,206)	(2,381)	(7.3)
	- Retail	(2,188)	(2,272)	(3.7)
(b)		(4,394)	(4,653)	(5.6)
Net property income:				
	- Hospitality	22,053	20,999	5.0
	- Retail	6,235	6,434	(3.1)
(c)		28,288	27,433	3.1
(d)	Other income	-	1,625	n.m.
(e)	Amortisation of intangible asset	-	(1,636)	n.m.
	REIT Manager's fees	(2,805)	(2,764)	1.5
	REIT Trustee's fees	(103)	(102)	1.0
	Other trust expenses	(326)	(257)	26.8
(f)	Net finance expenses	(5,725)	(5,585)	2.5
(g)	Total return for the period	19,329	18,714	3.3
(h)	Income available for distribution	22,910	23,458	(2.3)
(h)	DPS (cents)	1.26	1.30	(3.1)

n.m.: not meaningful

1Q2018 vs 1Q2017

- (a) Gross revenue for 1Q2018 was \$0.6 million higher than 1Q2017. Hospitality segment posted higher revenue which more than offset the lower revenue from retail segment.

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.

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8. REVIEW OF PERFORMANCE (cont'd)

1Q2018 vs 1Q2017 (cont'd)

	Revenue			Net property income			RevPAR		
	1Q2018	1Q2017	Increase/ (Decrease)	1Q2018	1Q2017	Increase/ (Decrease)	1Q2018	1Q2017	Increase/ (Decrease)
	\$'m	\$'m	%	\$'m	\$'m	%	\$	\$	%
MOS	18.7	17.8	5.1	17.9	16.9	5.9	232	217	6.9
CPCA	5.6	5.6	-	4.2	4.1	2.4	184	162	13.6
Hospitality portfolio	24.3	23.4	3.8	22.1	21.0	5.2	215	198	8.6

Hospitality revenue was \$0.9 million higher than 1Q2017 due to higher master lease income from MOS.

Master lease income from MOS was higher as MOS recorded a higher RevPAR of \$232 (1Q2017: \$217) due to higher average room rates across all segments and higher demand from the corporate and wholesale segments. Higher master lease income was also attributable to higher sales in food and beverage outlets.

Master lease income from CPCA had remained the same as 1Q2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of \$184 (1Q2017: \$162), the master lease income was below the minimum rent, hence minimum rent was received.

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

- (b) Lower property expenses by \$0.3 million were mainly due to lower property tax as a result of lower annual value assessed, partially offset by higher marketing expenses.
- (c) Net property income ("**NPI**") for 1Q2018 was \$0.9 million higher than 1Q2017 due to higher gross revenue from hospitality segment and lower property expenses, partially offset by lower gross revenue from retail segment.
- (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 drawn down of the income support.
- (f) Net finance expenses for 1Q2018 were higher than 1Q2017 by \$0.1 million mainly due to absence of fair value gains on interest rate swaps (1Q2017: gain of \$0.3 million) and higher amortisation of debt-related transaction cost, partially offset by lower interest expense. The change in fair value of interest rate swaps and amortisation of debt-related transaction cost are non-cash in nature and have no impact on income available for distribution.
- (g) Total return in 1Q2018 of \$19.3 million (1Q2017: \$18.7 million) was \$0.6 million higher mainly due to higher net property income, partially offset by higher net finance expenses.
- (h) Income available for distribution was \$0.5 million lower than 1Q2017 as OUE H-REIT no longer receives income support for CPCA and income from the retail segment was lower, this was partially mitigated by higher income received from hospitality segment and lower interest expense. The DPS for 1Q2018 was 1.26 cents, 3.1% lower as compared to 1.30 cents for 1Q2017.

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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

Based on advance estimates, the Singapore economy grew by 4.3% on a year-on-year basis in the first quarter of 2018, higher than the 3.6% growth in the fourth quarter of 2017.¹ Against a backdrop of an improving global economy, the pace of growth in the Singapore economy is expected to moderate in 2018 as compared to the 3.6% growth in 2017, but remain firm. According to the MTI, the GDP growth forecast for 2018 is 1.5% to 3.5%.²

In the tourism sector, Singapore Tourism Board ("**STB**") reported a 7.3%³ year-on-year increase in international visitor arrivals in the first two months of 2018. The number of visitor days had also increased by 4.0%.³ For full year 2018, STB has forecast 17.6 million to 18.1 million international visitor arrivals, a growth of 1% to 4% compared to 2017.⁴

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

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

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

¹ MTI Press Release. Singapore's GDP Grew by 4.3 Per Cent in the First Quarter of 2018. 13 April 2018

² MTI Press Release. MTI Expects GDP Growth in 2018 to Moderate But Remain Firm. 14 February 2018

³ Singapore Tourism Board, International Visitor Arrivals Statistics. 30 April 2018

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

⁵ Changi Airport Group, Press Release 'Qantas inks Strategic Marketing Partnership with Singapore Tourism Board and Changi Airport Group'. 13 March 2018

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11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 January 2018 to 31 March 2018
Distribution type	Taxable income
Distribution rate per stapled security	1.26 cents
Book closure date	10 May 2018
Date payable	4 June 2018

(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 January 2017 to 31 March 2017
Distribution type	Taxable income
Distribution rate per stapled security	1.30 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. General mandate relating to Interested Person Transactions

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

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14. CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

Pursuant to Rule 705(5) of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), we, on behalf of the directors of the REIT Manager and the Trustee-Manager confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of Stapled Group for the quarter ended 31 March 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

2 May 2018

15. 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

Chong Kee Hiong
Chief Executive Officer and
Executive Director

2 May 2018

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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. Representative 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

2 May 2018