



## 4Q 2014 Financial Results

27 January 2015

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## Financial Highlights & Capital Management

# Actual 4Q 2014 vs Actual 4Q 2013

	Actual 4Q 2014	Actual 4Q 2013	Change
<b>Gross Revenue (\$m)</b>	<b>30.4</b>	<b>29.0</b>	<b>↑ 4.8%</b>
<b>Net Property Income (\$m)</b>	<b>27.0</b>	<b>25.5</b>	<b>↑ 5.5%</b>
<b>Distributable Income (\$m)</b>	<b>23.6</b>	<b>21.9</b>	<b>↑ 7.5%</b>
<b>DPS (S cents)</b>	<b>1.78</b>	<b>1.67</b>	<b>↑ 6.6%</b>

- Both hospitality and retail segments posted higher revenue in 4Q 2014. Gross revenue for 4Q 2014 was \$30.4 million, an increase of \$1.4 million or 4.8% over 4Q 2013.
- Hospitality segment pertains to the master lease income earned from the Mandarin Orchard Singapore hotel which is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel. Hospitality revenue was \$0.9 million or 4.5% higher due to higher master lease income as the hotel recorded higher revenue per available room ("RevPAR") of \$255 in 4Q 2014 as compared to RevPAR of \$249 in 4Q 2013. The higher RevPAR was attributed to both higher occupancy and room rates. The hotel also recorded better food & beverage (F&B) sales from higher patronage.
- Retail segment pertains to rental and other income earned from the Mandarin Gallery shopping mall. Retail revenue for 4Q 2014 was \$0.5 million or 5.4% higher than 4Q 2013 mainly due to higher rental rates and income earned from leasing of advertising and outdoor space. The mall recorded an effective rent per square foot per month of \$23.60 for 4Q 2014 and \$23.10 for 4Q 2013.
- Net property income for 4Q 2014 was \$27.0 million, an increase of \$1.4 million or 5.5% over 4Q 2013 which was mainly contributed by higher revenue recorded by both segments.
- Income available for distribution was higher by \$1.6 million or 7.5% as a result of higher net property income coupled with lower trust expenses. The DPS achieved was 1.78 cents as compared to 4Q 2013 DPS of 1.67 cents.

# Actual vs Forecast 2014

## Gross Revenue (\$m)

4Q Actual	4Q <sup>1</sup> Forecast	Variance	FY Actual	FY <sup>1</sup> Forecast	Variance
30.4	30.5	- 0.3%	115.9	115.4	↑ 0.4%

### 4Q 2014

- Gross revenue was largely in line with forecast at \$30.4 million for 4Q 2014. Hospitality segment recorded \$0.3 million lower revenue which was offset by higher retail segment revenue of \$0.2 million.
- Hospitality segment pertains to the master lease income earned from the Mandarin Orchard Singapore hotel which is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel. Revenue from hospitality segment was lower due to lower master lease income as the hotel recorded RevPAR of \$255 as compared to the forecast RevPAR of \$263 due to weaker than forecast market demand. The hotel's F&B sales continued to perform better than forecast due to more banquet events and functions held which mitigated the impact of lower room sales in 4Q 2014.
- For the retail segment, Mandarin Gallery recorded higher revenue than forecast mainly due to higher income earned from leasing of advertising and outdoor space.

### FY 2014

- Both hospitality and retail segments posted higher than forecast revenue for FY 2014. Gross revenue was \$115.9 million, \$0.5 million higher than forecast revenue of \$115.4 million.
- Revenue from hospitality segment was \$0.1 million higher due to higher master lease income earned from the Mandarin Orchard Singapore hotel. The hotel recorded lower room sales as the RevPAR recorded was \$249 as compared to forecast RevPAR of \$257 mainly due to the impact of the renovation on room rates in 1H 2014 and the lower RevPAR achieved in 4Q 2014. F&B sales performed better than forecast due to higher banquet sales thereby translating into higher rental income for QUE H-REIT.
- For retail segment, Mandarin Gallery had contributed to the higher than forecast revenue mainly due to higher income earned from leasing of advertising and outdoor space. The mall recorded an effective rent per square foot per month of \$23.7 for FY 2014.

# Actual vs Forecast 2014

	4Q Actual	4Q <sup>1</sup> Forecast	Variance	FY Actual	FY <sup>1</sup> Forecast	Variance
<b>Net Property Income (\$m)</b>	<b>27.0</b>	<b>27.0</b>	<b>- 0.3%</b>	<b>103.2</b>	<b>101.9</b>	<b>↑ 1.3%</b>
<b>Distributable Income (\$m)</b>	<b>23.6</b>	<b>23.3</b>	<b>↑ 1.3%</b>	<b>89.0</b>	<b>86.7</b>	<b>↑ 2.6%</b>
<b>DPS (S cents)</b>	<b>1.78</b>	<b>1.76</b>	<b>↑ 1.1%</b>	<b>6.74</b>	<b>6.57</b>	<b>↑ 2.6%</b>

## 4Q 2014

- Net property income recognised for 4Q 2014 was largely in line with forecast at \$27.0 million.
- Income available for distribution was \$0.3 million higher mainly due to lower professional fees incurred by the trust. The DPS achieved was 1.78 cents as compared to forecast DPS of 1.76 cents.

## FY 2014

- Net property income recognised was \$1.3 million or 1.3% higher for FY 2014 as property expenses were \$0.8 million or 6.1% lower mainly due to lower than forecast utilities expenses on lower consumption and tariff rates of Mandarin Gallery.
- In line with higher net property income and lower trust expenses, income available for distribution for FY 2014 was \$2.3 million higher than forecast translating into DPS of 6.74 cents versus forecast DPS of 6.57 cents.

# Distribution Details

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<b>Distribution Period</b>	1 October 2014 to 31 December 2014
<b>Distribution Rate</b>	1.78 cents per Stapled Security
<b>Ex-Distribution Date</b>	2 February 2015, 9.00 am
<b>Book Closure Date</b>	4 February 2015
<b>Distribution Payment Date</b>	27 February 2015

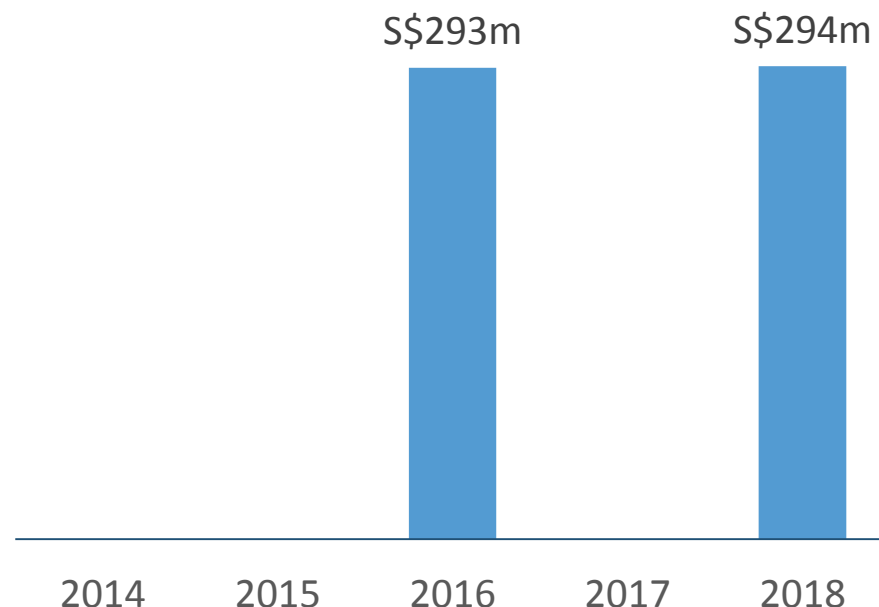
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# Capital Management (As at 31 Dec 2014)

<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 1.5 years
<b>Debt Maturity</b>	■ Weighted average remaining tenor of 2.6 years
<b>Interest Service Ratio</b>	■ 7.1 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



# Property Valuations

- As at 31 December 2014, independent full valuations for the properties were carried out by Cushman and Wakefield VHS Pte. Ltd. (C&W).
- Valuations were determined using the discounted cash flow analysis, comparison method and capitalisation approach, where applicable.

Property	Valuation as at 31 Dec 2013 (\$\$'000)	Valuation as at 31 Dec 2014 (\$\$'000)
Mandarin Orchard Singapore	1,220,000	1,220,000
Mandarin Gallery	536,000	536,000
Total	1,756,000	1,756,000

## Balance Sheet Highlights (As at 31 Dec 2014)

	S\$ 'm
Investment Properties	1,756.0
<b>Total assets</b>	<b>1,796.6</b>
Borrowings (secured) <sup>1</sup>	583.1
<b>Total liabilities</b>	<b>598.2</b>
<b>Net assets</b>	<b>1,198.3</b>
<b>NAV per Stapled Security (S\$)</b>	<b>0.90</b>
<b>Closing price on 31 Dec 2014 (S\$)</b>	<b>0.905</b>
<i>Premium to NAV (%)</i>	<i>0.6%</i>

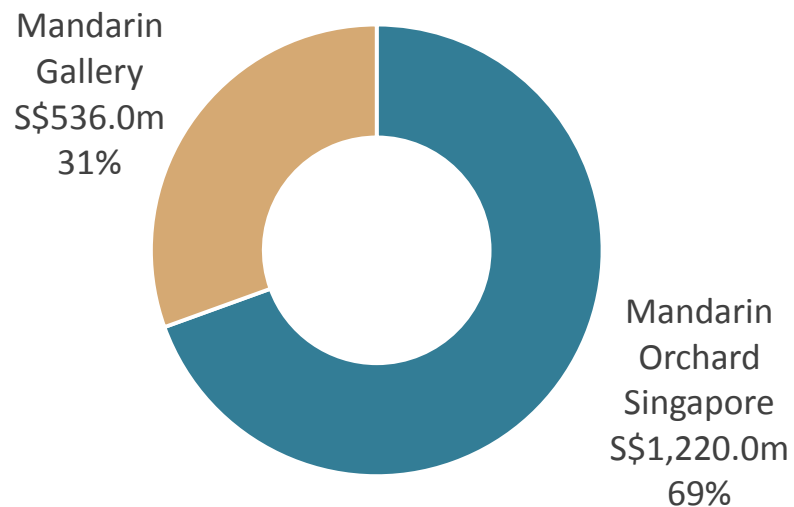
<sup>1</sup> Net of unamortised debt-related transaction costs



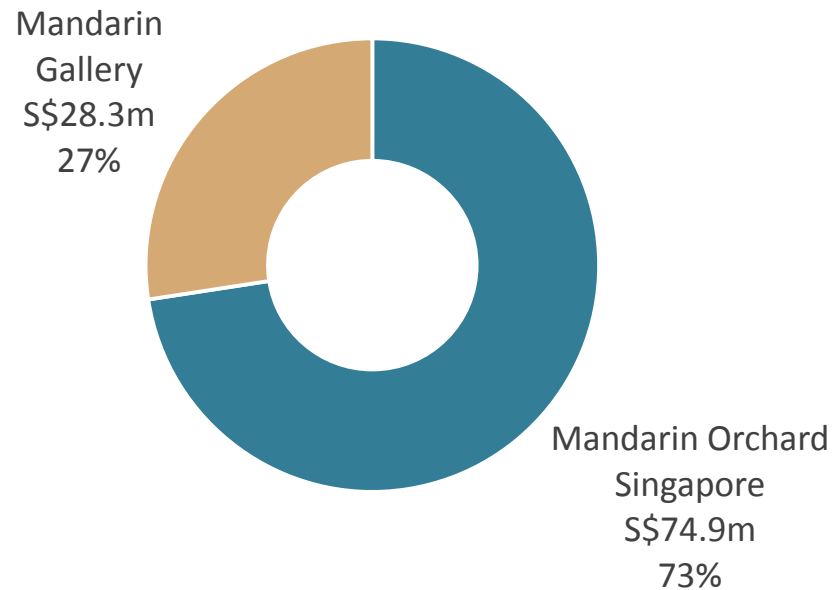
## Portfolio Highlights

# Asset Value and NPI Contribution

**Breakdown by Asset Value as at 31 Dec 2014<sup>1</sup>**



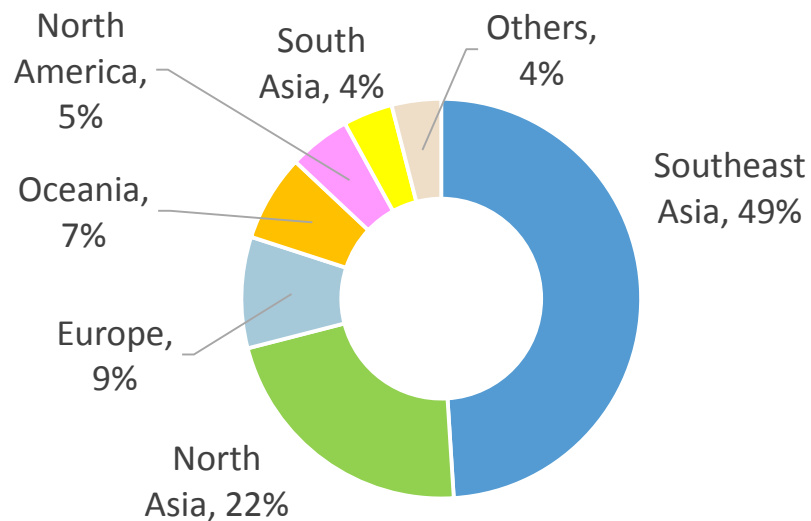
**FY 2014 Breakdown by NPI Contribution**



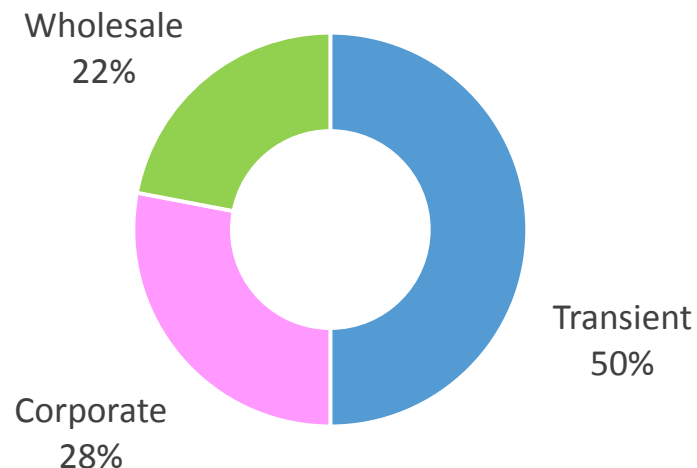
<sup>1</sup> Based on independent valuations as at 31 Dec 2014

# Mandarin Orchard Customer Profile

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



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

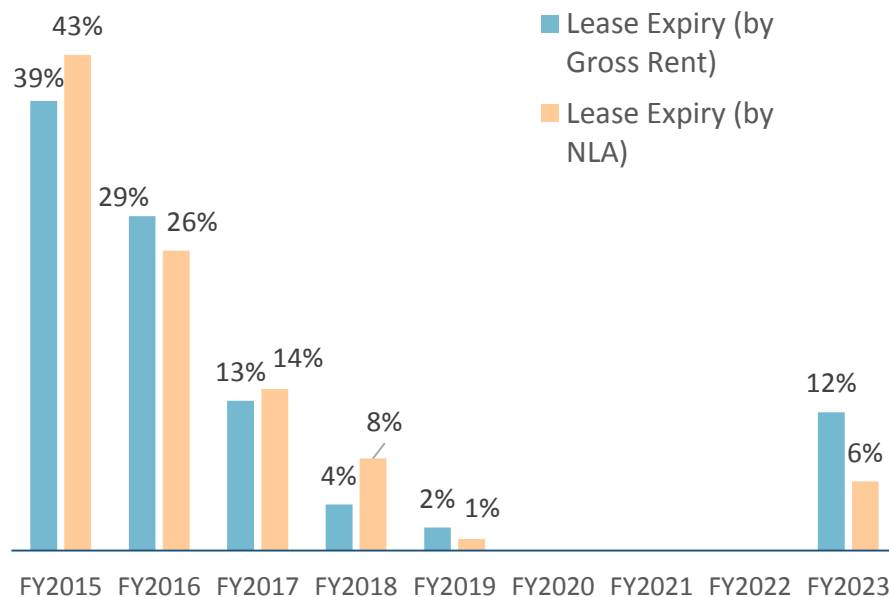
**“Wholesale”** refers to revenue derived from the rental of rooms and suites booked via a third party travel agent on a wholesale contracted rate basis

Note: Excludes aircrew.

# Mandarin Gallery – Lease Profile

## Mandarin Gallery Lease Expiry Profile

as at 31 Dec 2014<sup>1</sup>



### As at 31 December 2014:

- Mandarin Gallery is 98.2% committed
- Eight leases, accounting for approx. 13.9% of NLA, were renewed/ signed in 4Q 2014 with weighted average rental reversion of about 16.9%.
- Effective rental per square foot per month of \$23.60 for 4Q 2014

### As at 27 January 2015:

- Mandarin Gallery is 100% committed

**WALE<sup>2</sup> (by Gross Rent<sup>3</sup>) : 2.24 yrs**

**WALE (by NLA) : 1.85 yrs**

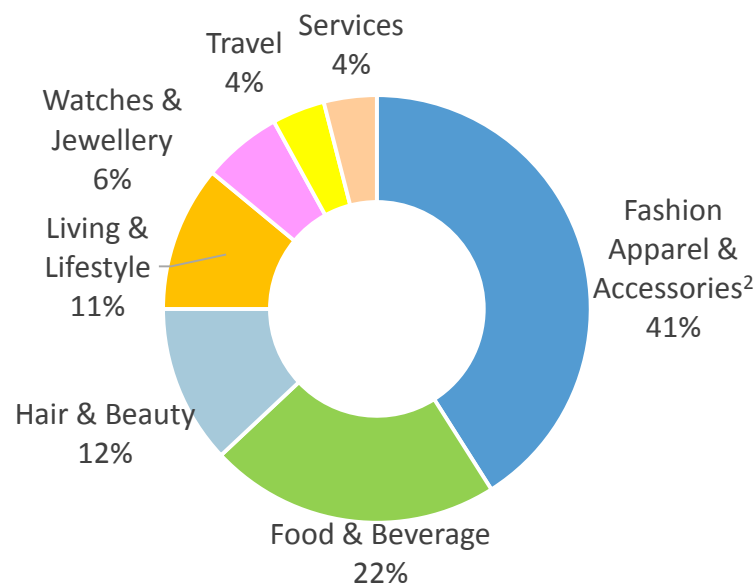
<sup>1</sup>Based on committed tenancies

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

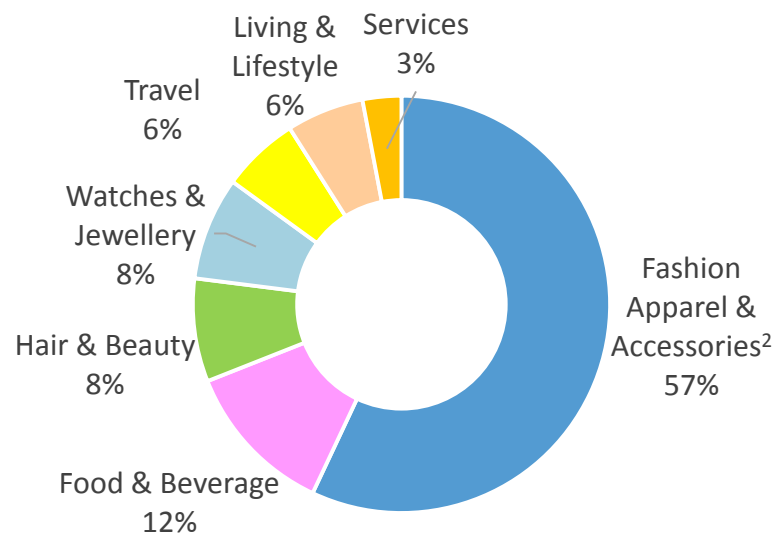
<sup>3</sup>Excludes turnover rent

# Mandarin Gallery Tenant Mix

**NLA**  
As at 31 Dec 2014<sup>1</sup>



**Gross Rent (excludes turnover rent)**  
As at 31 Dec 2014<sup>1</sup>



<sup>1</sup>Based on committed tenancies

<sup>2</sup>The categories "Fashion Apparel" and "Shoes, Leather Goods & Accessories" will be combined as one "Fashion Apparel & Accessories" category from this quarter on.



## Mandarin Gallery (4Q 2014)



Advertisement



Social Media Campaign



## Outlook & Prospects

Singapore recorded lower than expected economic growth of 2.8 per cent<sup>1</sup> for 2014. While global recovery faces strong headwind, economists are optimistic about Singapore's growth in 2015 and forecast the economy to grow in the range of 3 per cent<sup>2</sup>.

With the continued uncertain global economic outlook and the recent unfortunate aviation incidents in the region that have affected tourism sentiments, coupled with the lack of major convention events such as the Singapore Airshow, visitor arrivals in 2015 could remain soft. In 2015, Singapore is celebrating its golden jubilee, SG50, with a slew of activities throughout the year. The SG50 celebration programme has garnered international attention and Singapore has been named the top destination in Asia for 2015 by the New York Times<sup>3</sup> and the top country to visit in 2015 by Lonely Planet<sup>4</sup>. Singapore is also hosting the 2015 Southeast Asian Games and the World Rugby Sevens. These factors would impact the performance of the hospitality industry.

The prime Orchard Road location of Mandarin Orchard Singapore allows it to enjoy resilient demand as Orchard Road is a preferred accommodation location for international visitors.

While the retail scene in Singapore is expected to remain challenging, Mandarin Gallery enjoys a high degree of prominence, boasting a wide frontage along Orchard Road and is a choice location for flagship stores of international brands. Mandarin Gallery is expected to continue to enjoy stable income as the mall's rental income comprises mainly fixed rent.

<sup>1</sup> The Straits Times, 31 December 2014, "Singapore's economy grew 2.8% in 2014, incomes rose: PM"

<sup>2</sup> channelnewsasia.com, 31 December 2014, "Experts optimistic about Singapore's growth in 2015"

<sup>3</sup> The Straits Times, 12 January 2015, "The New York Times lists Singapore as top destination in Asia for 2015"

<sup>4</sup> Lonely Planet - <http://www.lonelyplanet.com/best-in-travel/countries/01-singapore>

## Outlook & Prospects (Cont'd)

In line with OUE H-Trust's strategy to acquire value-enhancing assets, OUE H-Trust had obtained Stapled Securityholders' approval at the extraordinary general meeting held on 13 January 2015 to acquire Crowne Plaza Changi Airport (CPCA) and its future extension (CPEX). The acquisition of CPCA is expected to be completed no later than end February 2015 and will be accretive to the income of OUE H-Trust following completion. The addition of CPCA will also expand OUE H-Trust's coverage of the Singapore hospitality market and enlarge and diversify its hotel clientele. CPCA will be able to leverage on the expansion plans of Changi Airport, which has commenced the development of Terminal 4 and Jewel Changi Airport, and the corporate demand from companies located at the nearby Changi Business Park.

The construction of CPEX is expected to be completed by end of 2015 (but no later than June 2016) and OUE H-Trust will complete the acquisition when CPEX has obtained its temporary occupation permit.

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



Thank You





## Appendices

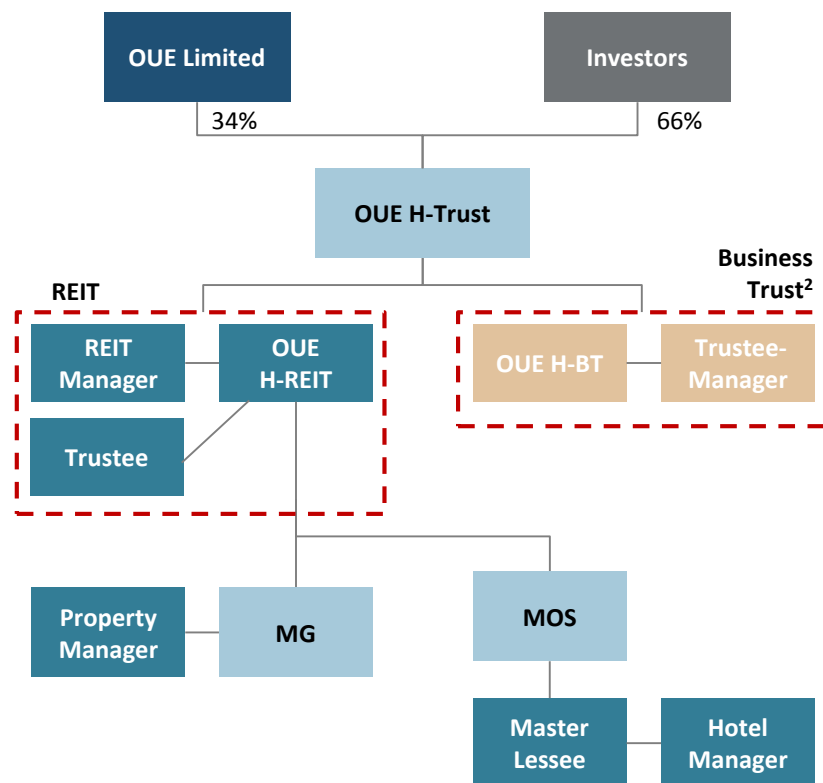
- Overview of OUE H-Trust
- OUE H-Trust's Portfolio
- About the Sponsor – OUE Limited



## Overview of OUE H-Trust



# Overview of QUE H-Trust



## Investment Mandate

- 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

## Quality Portfolio

- Mandarin Orchard Singapore and Mandarin Gallery
- Located in the heart of Orchard Road, Singapore's premium shopping belt

## Income Stability

- Stable distributions with downside protection via Master Lease Agreement for Mandarin Orchard Singapore
- WALE of more than 2 years (by gross rent) for Mandarin Gallery

## Strong Sponsor

- Committed Sponsor in QUE Limited which has retained a stake of 34% in QUE H-Trust
- Sponsor has proven track record in real estate ownership and operations
- Leverage on Sponsor's asset enhancement and redevelopment expertise

## Market Capitalisation

- S\$1.20 billion as at 31 Dec 2014 based on closing price of S\$0.905

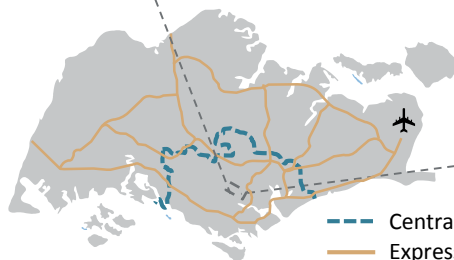
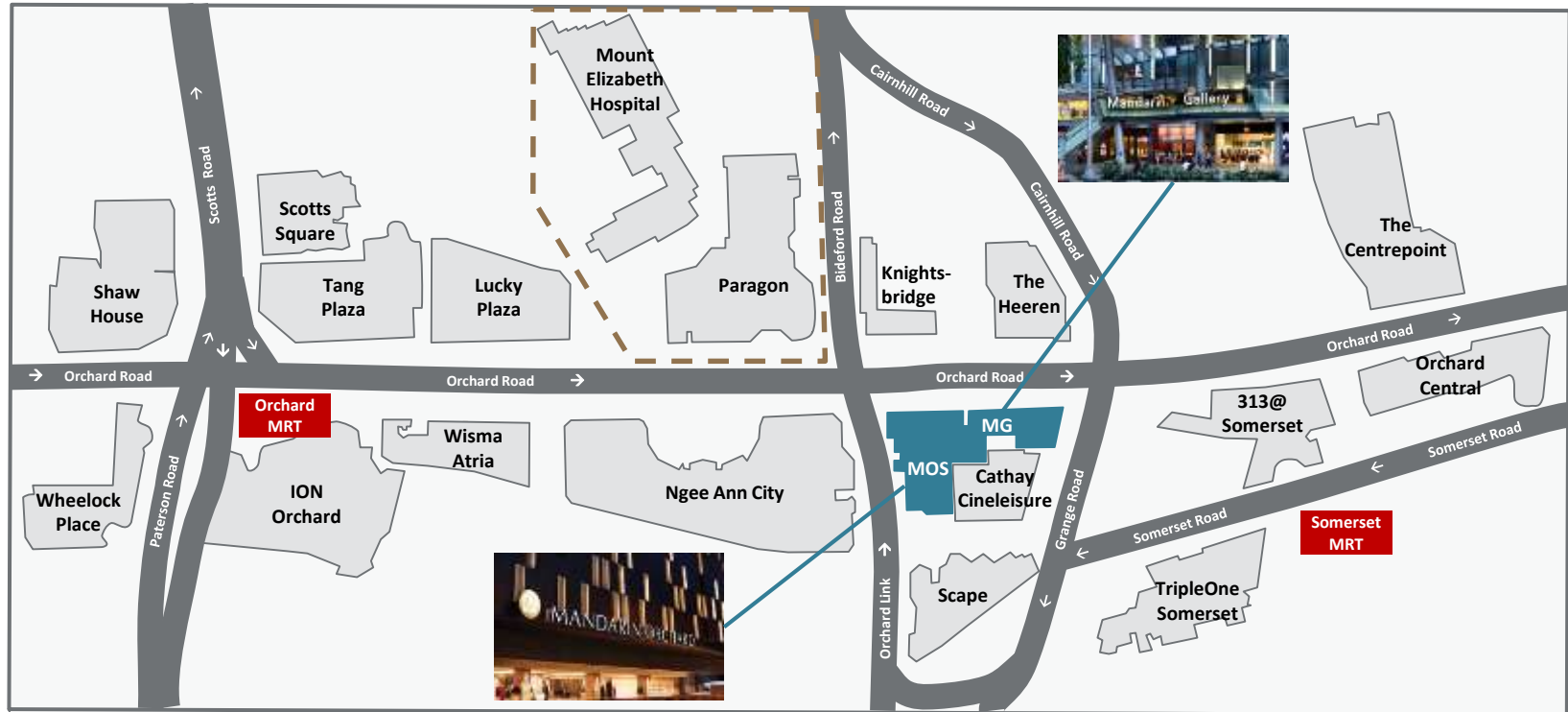
<sup>1</sup> Real estate which is used for hospitality purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, which may include commercial, entertainment, retail and leisure facilities,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

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



## OUE H-Trust's Portfolio

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



- Central Region
- Expressways
- Orchard Road Medical Cluster

- ☒ 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*

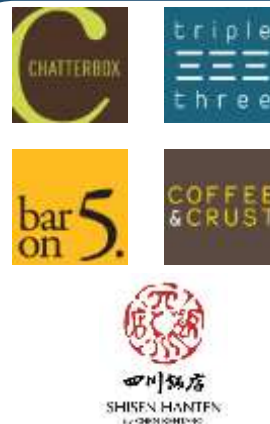


- ✓ Located in the heart of Orchard Road
- ✓ A world class hospitality icon in Singapore since 1971
- ✓ One of the top accommodation choices in Singapore for leisure and business travellers globally
- ✓ Largest hotel on Orchard Road with 1,077 rooms and approx. 25,511 sq ft of meeting and function space 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



Triple Three & Shisen Hanten

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

# Premier Portfolio of High Quality Landmark Assets

## *Mandarin Gallery*



GFA (sq ft '000)	196
Retail NLA (sq ft '000)	125
Purchase Consideration (\$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.





## 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)

# Proven Track Record in Asset Enhancement

## 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**



Thank you