



Presentation at Annual General Meeting

20 April 2017

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Completion of Acquisition of Crowne Plaza Changi Airport Extension (CPEX)

- Acquisition of 243-room CPEX completed on 1 August 2016
- Total room count of combined Crowne Plaza Changi Airport (CPCA) and CPEX at 563 guestrooms

Mandarin Orchard Singapore (MOS)

- 430 guest rooms to be renovated expected to be completed by March 2017
- New floor of meeting and convention space created
- Shisen Hanten by Chen Kentaro, has been awarded two stars in the inaugural Michelin Guide Singapore 2016 launched on 21 July 2016

Mandarin Gallery

- Michael Kors and Victoria's Secret, together occupying about 15% of the mall's net lettable area (NLA) opened in 3Q 2016 and 4Q 2016 respectively
- Enhance the mall's positioning with the two international retailers' iconic concept stores

Capital Management

- Raised rights issue proceeds of S\$238.6 million in April 2016, mainly to fund the acquisition of CPEX
- Completed 2016 refinancing
- No debt due until 2018
- Gearing lowered to 38.1% as at 31 December 2016 compared to 42.0% as at 31 December 2015



Financial Highlights

FY2016 Financial Highlights

	FY2016 S\$'000	FY2015 S\$'000	Increase/ (Decrease) %
Gross revenue:			
- Hospitality	89,919	87,874	2.3
- Retail	32,575	36,714	(11.3)
	122,494	124,588	(1.7)
Net property income:			
- Hospitality	82,875	81,747	1.4
- Retail	24,520	27,359	(10.4)
	107,395	109,106	(1.6)
Other income¹:	2,682	-	n.m.
Distribution income	82,504	87,357	(5.6)
DPS (cents)	4.61	6.55	(29.6)

- Gross revenue for FY2016 was \$2.1 million lower than FY2015. Retail segment posted lower revenue, mitigated by higher revenue from the hospitality segment.
- Income available for distribution was \$4.9 million or 5.6% lower than FY2015 mainly due to lower net property income from retail segment partially mitigated by higher net property income from hospitality segment.
- The DPS for FY2016 was 4.61 cents. The lower DPS was primarily due to enlarged number of Stapled Securities arising from the Rights Issue completed in April 2016.

¹With the addition of the newly acquired CPEX which forms an integral part of CPCA (collectively, the “enlarged CPCA”), the Deed of Income Support comes into effect. Subject to the enlarged CPCA not achieving agreed Target Quarterly Rent over the first twelve (12) quarters from the date of acquisition of CPEX, QUE H-REIT could draw down the income support over (i) three years from the date of QUE H-REIT’s acquisition of CPEX; or (ii) until the income support of S\$7.5 million had been fully drawn down by QUE H-REIT, whichever is earlier.

FY2016 vs FY2015 – Hospitality Highlights

	Revenue			Net property income		
	FY2016 S\$'m	FY2015 S\$'m	Increase/ (Decrease) %	FY2016 S\$'m	FY2015 S\$'m	Increase/ (Decrease) %
MOS	71.7	73.5	(2.4)	68.3	69.7	(2.0)
CPCA	18.2 ¹	14.4 ²	26.4	14.6 ¹	12.0 ²	21.7
Hospitality segment	89.9	87.9	2.3	82.9	81.7	1.5

- Hospitality revenue was \$2.0 million higher than FY2015. This was attributable to higher master lease income from enlarged CPCA.
- Master lease income from MOS was \$1.8 million lower than FY2015, primarily attributable to lower room sales. In FY2016, room sales in MOS was lower as RevPAR was at \$217 (FY2015: \$230). The lower room sales was partially offset by higher food and beverage sales in FY2016 due to higher patronage at the food and beverage outlets.
- CPCA contributed \$18.2 million master lease income in FY2016. Master lease income was \$3.8 million higher due to (i) contribution of master lease income for 12 months in FY2016 as compared to 11 months in FY2015 as CPCA was acquired on 30 January 2015; and (ii) enlarged room inventory in CPCA with addition of CPEX's 243 rooms which opened for business on 1 August 2016. In addition to master lease income, OUE H-REIT also received income support provided by OUEAH in relation to acquisition of CPEX.³

RevPAR: revenue per available room

¹Inclusive of CPEX (243 rooms) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms. Master lease income excludes income support.

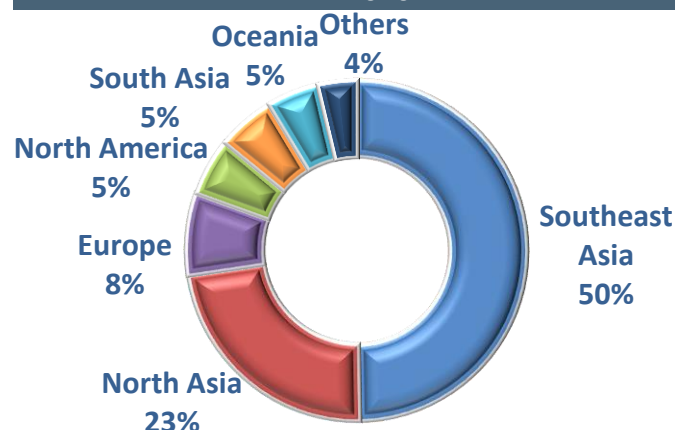
²CPCA was acquired on 30 January 2015. FY2015 reflects the period from 30 January 2015 (date of acquisition) to 31 December 2015.

³With the addition of the newly acquired CPEX which forms an integral part of CPCA (collectively, the "enlarged CPCA"), the Deed of Income Support comes into effect. Subject to the enlarged CPCA not achieving agreed Target Quarterly Rent over the first twelve (12) quarters from the date of acquisition of CPEX, OUE H-REIT could draw down the income support over (i) three years from the date of OUE H-REIT's acquisition of CPEX; or (ii) until the income support of S\$7.5 million had been fully drawn down by OUE H-REIT, whichever is earlier.

Portfolio Customer Profile (By Geography)

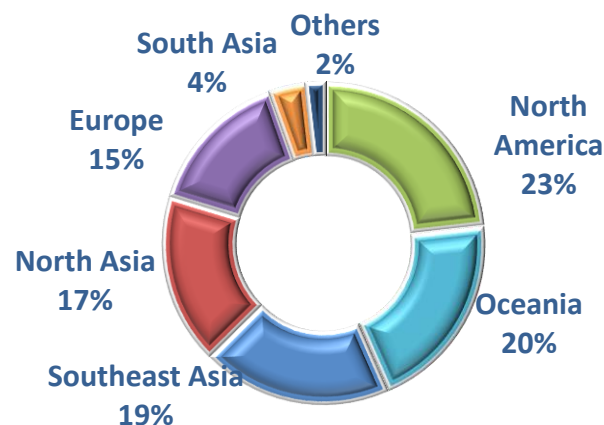
**Customer Profile for Mandarin Orchard Singapore
(By Geography Based on Room Nights Occupied)**

FY 2016



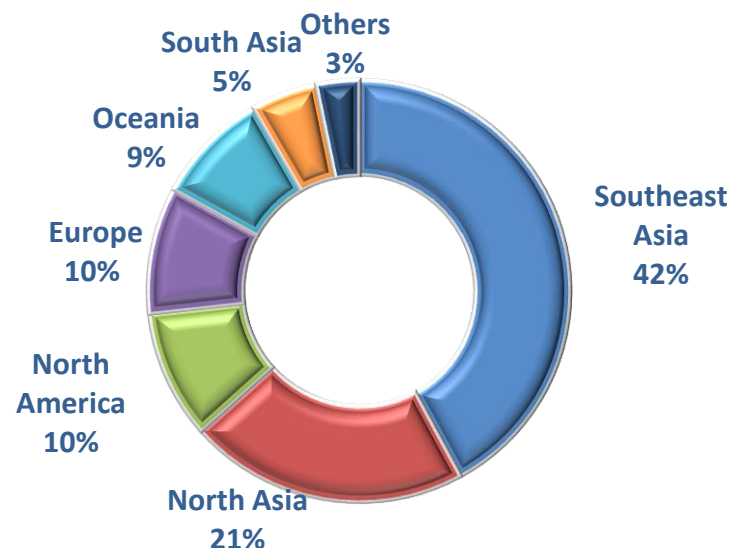
**Customer Profile for Crowne Plaza Changi Airport
(By Geography Based on Room Nights Occupied)**

FY 2016



**Portfolio Customer Profile
(By Geography Based on Room Nights Occupied)**

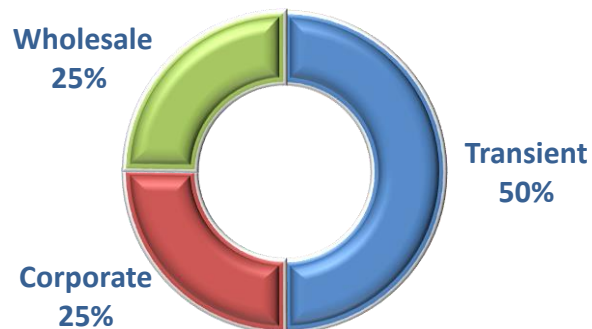
FY 2016



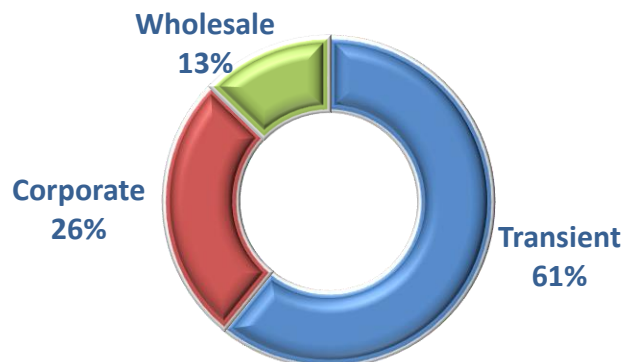
Note: Excludes aircrew.

Portfolio Customer Profile (By Segment Based on Room Revenue)

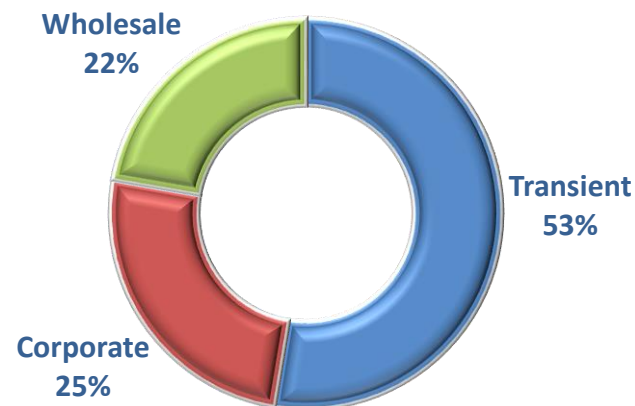
Customer Profile for Mandarin Orchard Singapore
(By Segment Based on Room Revenue)¹
FY 2016



Customer Profile for Crowne Plaza Changi Airport
(By Segment Based on Room Revenue)¹
FY 2016



Portfolio Customer Profile
(By Segment Based on Room Revenue)¹
FY 2016



¹**“Transient”** refers to revenue derived from rental of rooms and suites to individuals or groups, who do not have a contract with the Hotel

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

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

Note: Excludes aircrew.

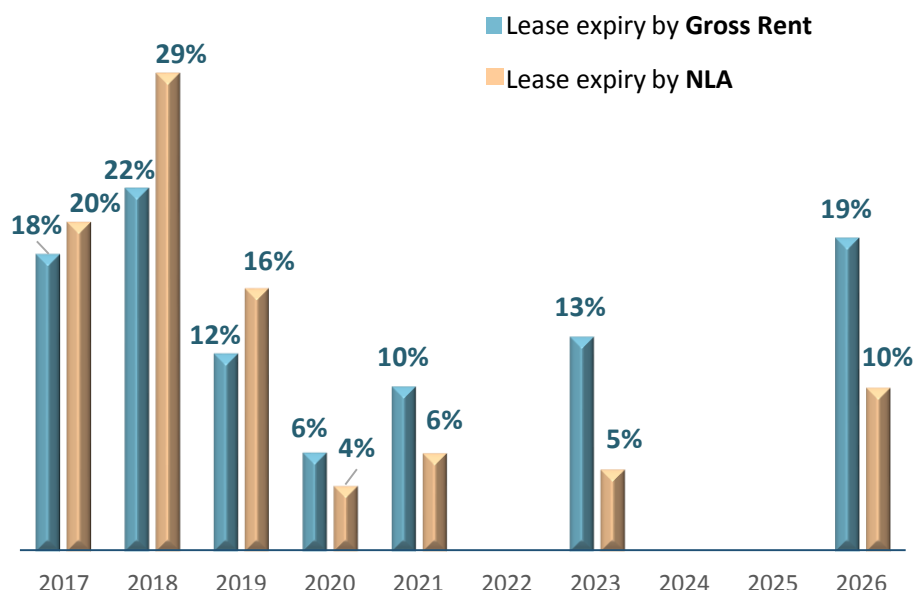
FY2016 vs FY2015 – Retail Highlights

	FY2016 S\$'000	FY2015 S\$'000	Increase/ (Decrease) %
Gross revenue:			
- Hospitality	89,919	87,874	2.3
- Retail	32,575	36,714	(11.3)
	122,494	124,588	(1.7)
Net property income (NPI):			
- Hospitality	82,875	81,747	1.4
- Retail	24,520	27,359	(10.4)
	107,395	109,106	(1.6)
Distribution income	82,504	87,357	(5.6)

- Retail segment pertains to rental and other income from the Mandarin Gallery shopping mall.
- Retail revenue for FY2016 was \$4.1 million lower than FY2015 mainly due to lower average occupancy rate at 86.3% (FY2015: 95.3%) and lower rental rates achieved in light of challenging retail environment and landlord fit-out periods for incoming tenants.
- The mall recorded an effective rent per square foot per month of \$24.2 (FY2015: \$24.7).

Mandarin Gallery – Lease Profile

Mandarin Gallery Lease Expiry Profile as at 31 December 2016¹



WALE² (by Gross Rent^{1,3}) : 4.0 yrs

WALE (by NLA^{1,4}) : 2.7 yrs

¹Based on committed tenancies

²Weighted average lease expiry

³Excludes turnover rent

⁴Net lettable area

⁵Excludes pop-up stores

⁶Includes pop-up stores

As at 31 Dec 2016:

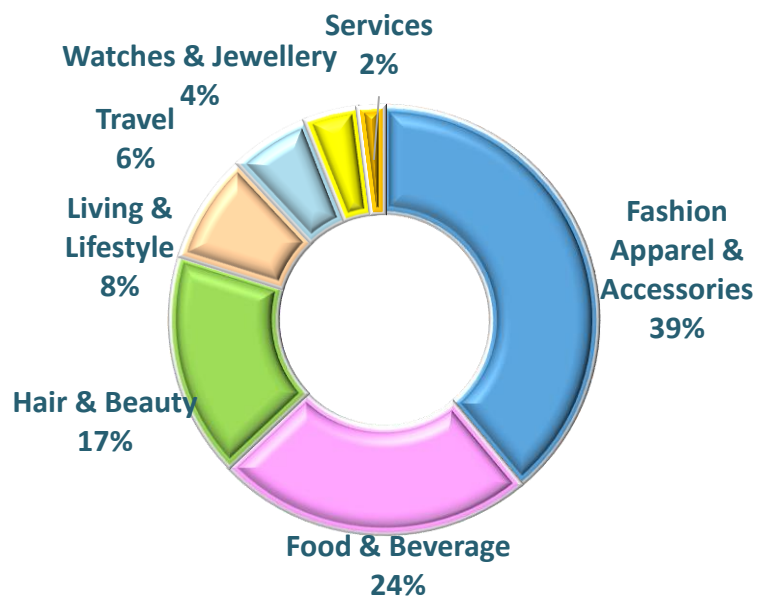
- Mandarin Gallery was approx. 90% committed⁵.
- Average occupancy of about 94.1%⁶ for 4Q2016.
- Victoria's Secret opened in 4Q 2016.

Leasing Update

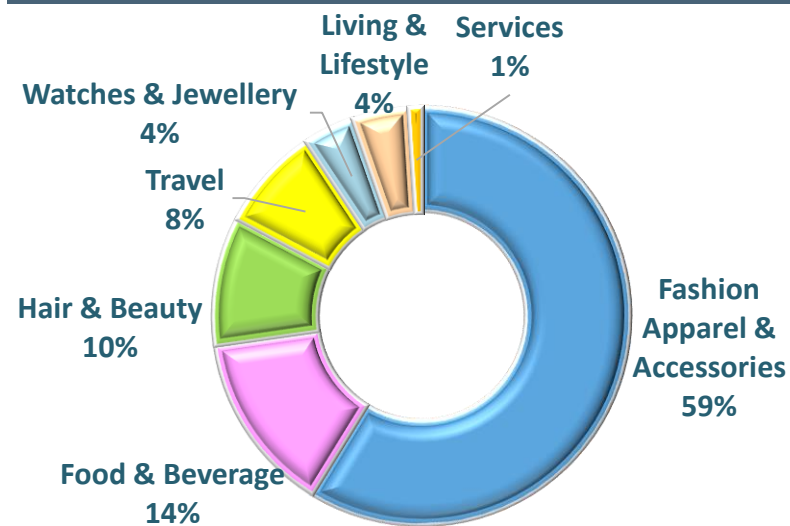
- Leases signed in 2016 consisted of positive and negative reversions.
- To partner relevant tenants towards success, structure of leases for some tenants feature lower base rent and higher turnover rent compared to previous leases for the same units.
- For FY2016, leases signed for approximately 20% of the mall's NLA recorded average base rent rental reversion of about -20%.
- In FY2015, leases signed for approx. 50% of the mall's NLA achieved average positive rental reversion of about 8.6%.

Mandarin Gallery - Tenant Mix

NLA
As at 31 Dec 2016¹



Gross Rent (excludes turnover rent)
As at 31 Dec 2016¹



¹Based on committed tenancies



Balance Sheet

Property Valuations

- As at 31 December 2016, independent full valuations for the properties were carried out by independent valuer HVS.
- Valuations were determined using the discounted cash flow analysis approach.

Property	Valuation as at 31 Dec 2016 (\$\$'000)		Valuation as at 31 Dec 2015 (\$\$'000)
Mandarin Orchard Singapore	1,210,500		1,221,000
Mandarin Gallery	501,000		538,000
Crowne Plaza Changi Airport	<u>With Income Support</u> 500,600 ¹	<u>Without Income Support</u> 496,600 ¹	295,000 ²
Total	2,208,100 ³		2,054,000

¹Inclusive of CPEX (243 rooms) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms.

²Valuation for the 320-room CPCA.

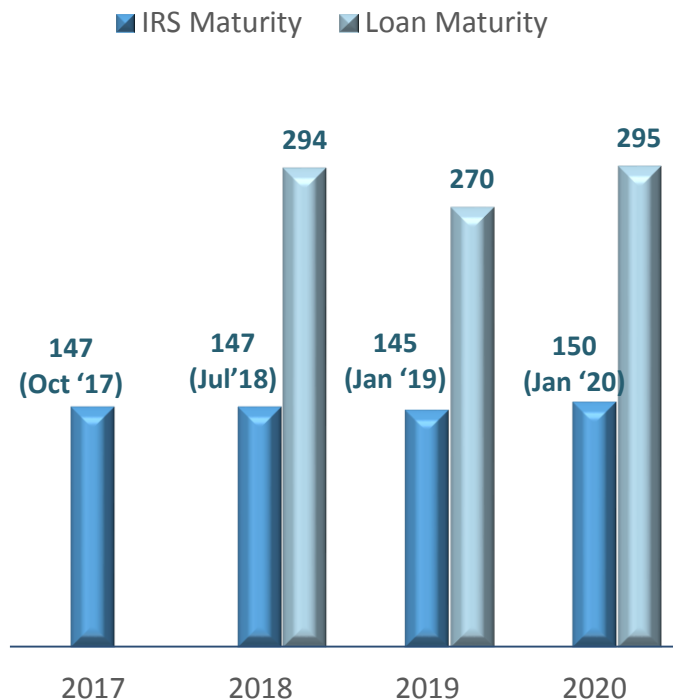
³Total value of Mandarin Orchard Singapore, Mandarin Gallery and Crowne Plaza Changi Airport (without income support)

Balance Sheet Highlights (As at 31 Dec 2016)

	S\$ 'm
Investment Properties	2,208.1
Total assets	2,256.4
Borrowings (secured)	859.0
Total liabilities	874.4
Net assets	1,382.0
NAV per Stapled Security (S\$)	0.77
Closing price on 30 Dec 2016 (S\$)	0.66
Discount to NAV (%)	14%

Capital Management (As at 31 Dec 2016)

Debt and Interest Maturity Profile (S\$ 'm) As at 31 Dec 2016



OUE H-REIT has no loan due until July 2018.

	FY2016	FY2015
Gearing	38.1%	42.0%
Wt. Average Cost of Debt	2.3%	2.5%
Debt Maturity (Wt. average remaining tenor)	2.4 years	2.4 years
Interest Cover Ratio	4.4 times	4.6 times

Interest Rate Profile As at 31 Dec 2016





Outlook

Singapore Tourism Board (“STB”) reported a 7.7%¹ year-on-year increase in international visitor arrivals in 2016. Despite the higher visitor arrivals, 2016 RevPAR for Singapore hotels was 4.6% lower than 2015.²

With a subdued global and local economy, the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased rooms supply in Singapore had created a highly competitive market environment and this would likely persist as more supply is expected in 2017 before tapering in 2018. To support the tourism industry and in an effort to boost tourism, the Singapore government has set aside \$700 million³ in a Tourism Development Fund to be invested from 2016 to 2020. Changi Airport’s Terminal 4 is expected to be operational in the second half of 2017⁴. Higher air passenger traffic through Changi Airport could potentially benefit Singapore’s hospitality sector.

The asset enhancement programme on 430 rooms of Mandarin Orchard Singapore (“MOS”) is expected to complete in 1Q2017. In addition, a programme to renovate and increase the meeting facilities in MOS has been completed. The enhancement of MOS’ meeting facilities will allow it to attract and cater to a wider range of banquet and conference demand.

The retail scene in Singapore remains challenging. To partner tenants towards success, structure of leases for some tenants feature lower base rent and higher turnover rent compared to previous leases for the same units. Although OUE H-Trust’s retail segment income is impacted in 2016 by the lower rental contributions due to longer fit-out periods by the landlord, the strategy to sign strong tenants for longer lease periods (seven years for Michael Kors and 10 years for Victoria’s Secret) will benefit OUE H-Trust through enhanced income stability in the long run. Michael Kors and Victoria’s Secret have commenced operations in 3Q2016 and 4Q2016 respectively, as such Mandarin Gallery is expected to enjoy higher average occupancy in 2017 compared to 2016.

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

¹Singapore Tourism Board, International Visitor Arrivals Statistics, 14 February 2017

²Singapore Tourism Board, Hotel Statistics, 14 February 2017

³MTI News Room, Speech by Minister S Iswaran at the Tourism Industry Conference 2016

⁴Changi Airport Group, Press Release ‘Construction of Changi Airport Terminal 4 Completed’, 16 December 2016



Thank You