

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

| TABLE OF CONTENTS | | |
|-------------------|---|------|
| Item | Description | Page |
| | INTRODUCTION | 2 |
| 1(a) | STATEMENTS OF TOTAL RETURN | 3 |
| 1(b)(i) | STATEMENTS OF FINANCIAL POSITION | 6 |
| 1(b)(ii) | BORROWINGS | 7 |
| 1(c) | STATEMENTS OF CASH FLOWS | 9 |
| 1(d)(i) | STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS | 12 |
| 1(d)(ii) | DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES | 15 |
| 2 | REVIEW OF RESULTS BY AUDITORS | 15 |
| 3 | AUDITORS' REPORT | 15 |
| 4 | ACCOUNTING POLICIES | 15 |
| 5 | CHANGES IN ACCOUNTING POLICIES | 16 |
| 6 | EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY | 17 |
| 7 | NET ASSET VALUE / NET TANGIBLE ASSET | 17 |
| 8 | REVIEW OF PERFORMANCE | 18 |
| 9 | VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS | 20 |
| 10 | OUTLOOK AND PROSPECTS | 21 |
| 11 | DISTRIBUTIONS | 22 |
| 12 | DISTRIBUTION STATEMENT | 22 |
| 13 | GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS | 23 |
| 14 | CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL | 23 |
| 15 | CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL | 23 |

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 30 June 2019, 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 required but is unable to appoint a master lessee for its hospitality assets or for a newly acquired hospitality asset. In such circumstances, OUE H-BT will be appointed by OUE H-REIT as a master lessee for that hospitality asset, and OUE H-BT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hospitality asset. OUE H-BT exists primarily as “a master lessee of last resort”.

Distribution Policy

OUE H-REIT will distribute at least 90.0% of its property-related income chargeable to tax under the Income Tax Act, Chapter 134 of Singapore after the deduction of allowable expenses and capital allowances, if any (“**Taxable Income**”), to holders of Stapled Securities (“**Stapled Securityholders**”), with the actual level of distribution to be determined at the REIT Manager board’s discretion after having considered OUE H-Trust’s funding requirements, other capital management considerations and the overall stability of distributions.

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

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1 (a) STATEMENTS OF TOTAL RETURN

| OUE H-REIT Group | | | | | | |
|-------------------------------------|----------------|----------------|-------------------------|-----------------|-----------------|-------------------------|
| Note | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Gross revenue | 29,381 | 30,733 | (4.4) | 61,084 | 63,415 | (3.7) |
| Property tax | (1,815) | (1,878) | (3.4) | (3,718) | (3,757) | (1.0) |
| Insurance | (61) | (53) | 15.1 | (122) | (107) | 14.0 |
| Other property expenses | (2,194) | (2,312) | (5.1) | (4,273) | (4,773) | (10.5) |
| Net property income | 25,311 | 26,490 | (4.5) | 52,971 | 54,778 | (3.3) |
| REIT Manager's base management fees | (1,699) | (1,691) | 0.5 | (3,385) | (3,364) | 0.6 |
| REIT Manager's performance fees | (1,002) | (1,059) | (5.4) | (2,099) | (2,191) | (4.2) |
| REIT Trustee's fees | (105) | (104) | 1.0 | (208) | (207) | 0.5 |
| Other trust expenses | (1,538) | (570) | >100 | (2,627) | (895) | >100 |
| Finance income | 19 | 17 | 11.8 | 36 | 34 | 5.9 |
| Finance expenses | (6,537) | (5,815) | 12.4 | (13,013) | (11,557) | 12.6 |
| Net finance expenses | (6,518) | (5,798) | 12.4 | (12,977) | (11,523) | 12.6 |
| Total return for the period | 14,449 | 17,268 | (16.3) | 31,675 | 36,598 | (13.5) |

| Stapled Group | | | | | | |
|-------------------------------------|----------------|----------------|-------------------------|-----------------|-----------------|-------------------------|
| Note | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Gross revenue | 29,381 | 30,733 | (4.4) | 61,084 | 63,415 | (3.7) |
| Property tax | (1,815) | (1,878) | (3.4) | (3,718) | (3,757) | (1.0) |
| Insurance | (61) | (53) | 15.1 | (122) | (107) | 14.0 |
| Other property expenses | (2,194) | (2,312) | (5.1) | (4,273) | (4,773) | (10.5) |
| Net property income | 25,311 | 26,490 | (4.5) | 52,971 | 54,778 | (3.3) |
| REIT Manager's base management fees | (1,699) | (1,691) | 0.5 | (3,385) | (3,364) | 0.6 |
| REIT Manager's performance fees | (1,002) | (1,059) | (5.4) | (2,099) | (2,191) | (4.2) |
| REIT Trustee's fees | (105) | (104) | 1.0 | (208) | (207) | 0.5 |
| Other trust expenses | (1,538) | (571) | >100 | (2,628) | (897) | >100 |
| Finance income | 19 | 17 | 11.8 | 36 | 34 | 5.9 |
| Finance expenses | (6,537) | (5,815) | 12.4 | (13,013) | (11,557) | 12.6 |
| Net finance expenses | (6,518) | (5,798) | 12.4 | (12,977) | (11,523) | 12.6 |
| Total return for the period | 14,449 | 17,267 | (16.3) | 31,674 | 36,596 | (13.4) |

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.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

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

(c) Net finance expenses comprise the following:

| OUE H-REIT Group and Stapled Group | | | | | | |
|--|---------|---------|-------------------------|----------|----------|-------------------------|
| Note | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Interest income from fixed deposits | 19 | 17 | 11.8 | 36 | 34 | 5.9 |
| Finance income | 19 | 17 | 11.8 | 36 | 34 | 5.9 |
| Amortisation of debt-related transaction costs | (732) | (731) | 0.1 | (1,470) | (1,462) | 0.5 |
| Interest expense paid/payable to banks (c)(i) | (5,583) | (5,084) | 9.8 | (11,099) | (10,095) | 9.9 |
| Finance expense - lease liabilities (c)(ii) | (222) | - | n.m. | (444) | - | n.m. |
| Finance expenses | (6,537) | (5,815) | 12.4 | (13,013) | (11,557) | 12.6 |
| Net finance expenses | (6,518) | (5,798) | 12.4 | (12,977) | (11,523) | 12.6 |

n.m.: not meaningful

(c)(i) The interest expense was higher in 2Q2019 due to higher cost of debt.

(c)(ii) OUE H-REIT Group and the Stapled Group adopted FRS 116/SFRS(I) 16 on 1 January 2019 and the existing land lease was recognised as right-of-use (“ROU”) asset with corresponding lease liabilities. The lease liabilities was amortised using the effective interest rate and this was recognised as finance expense – lease liabilities. The finance expense – lease liabilities is non-cash in nature and has no impact on income available for distribution.

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

| OUE H-REIT Group and Stapled Group | | | | | | |
|------------------------------------|--------|--------|-------------------------|--------|--------|-------------------------|
| | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| OUE H-REIT | 14,450 | 17,270 | (16.3) | 31,677 | 36,601 | (13.5) |
| Other OUE H-REIT Group entity | (1) | (2) | (50.0) | (2) | (3) | (33.3) |
| OUE H-REIT Group | 14,449 | 17,268 | (16.3) | 31,675 | 36,598 | (13.5) |
| OUE H-BT | - | (1) | n.m. | (1) | (2) | (50.0) |
| Stapled Group | 14,449 | 17,267 | (16.3) | 31,674 | 36,596 | (13.4) |

n.m.: not meaningful

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

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

(e) Income available for distribution

| | | OUE H-REIT Group and Stapled Group | | | | | |
|---|--------|------------------------------------|-------------------------|--------|--------|-------------------------|--|
| Note | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | |
| Total return for the period for OUE H-REIT | 14,450 | 17,270 | (16.3) | 31,677 | 36,601 | (13.5) | |
| Add/(Less): | | | | | | | |
| Non-tax deductible/(chargeable) items: | | | | | | | |
| - REIT Manager’s management fees paid/payable in Stapled Securities | 2,701 | 2,750 | (1.8) | 5,484 | 5,555 | (1.3) | |
| - REIT Trustee’s fees | 105 | 104 | 1.0 | 208 | 207 | 0.5 | |
| - Amortisation of debt-related transaction costs | 732 | 731 | 0.1 | 1,470 | 1,462 | 0.5 | |
| - Straight-lining of lease incentives (e)(i) | 137 | 115 | 19.1 | 138 | 10 | >100 | |
| - Other items | 1,310 | 291 | >100 | 2,119 | 336 | >100 | |
| | 4,985 | 3,991 | 24.9 | 9,419 | 7,570 | 24.4 | |
| Income available for distribution (e)(ii) | 19,435 | 21,261 | (8.6) | 41,096 | 44,171 | (7.0) | |

(e)(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.

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

| | Note | OUE H-REIT Group | | OUE H-BT | | Stapled Group | |
|--|----------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| | | 30/6/2019 \$'000 | 31/12/2018 \$'000 | 30/6/2019 \$'000 | 31/12/2018 \$'000 | 30/6/2019 \$'000 | 31/12/2018 \$'000 |
| ASSETS | | | | | | | |
| Non-current assets | | | | | | | |
| Investment properties | (a) | 2,243,910 | 2,218,000 | - | - | 2,243,910 | 2,218,000 |
| Deposit | (b) | 3,826 | 3,826 | - | - | 3,826 | 3,826 |
| Financial derivative assets | (c) | 170 | 1,215 | - | - | 170 | 1,215 |
| | | 2,247,906 | 2,223,041 | - | - | 2,247,906 | 2,223,041 |
| Current assets | | | | | | | |
| Trade and other receivables | | 10,574 | 10,109 | - | - | 10,574 | 10,109 |
| Cash and cash equivalents | | 13,351 | 22,306 | 8 | 8 | 13,359 | 22,314 |
| | | 23,925 | 32,415 | 8 | 8 | 23,933 | 32,423 |
| Total assets | | 2,271,831 | 2,255,456 | 8 | 8 | 2,271,839 | 2,255,464 |
| LIABILITIES | | | | | | | |
| Non-current liabilities | | | | | | | |
| Borrowings | 1(b)(ii) | 869,506 | 868,038 | - | - | 869,506 | 868,038 |
| Financial derivative liabilities | (c) | 1,093 | - | - | - | 1,093 | - |
| Rental deposits | | 3,524 | 3,288 | - | - | 3,524 | 3,288 |
| Lease liabilities | (a) | 25,331 | - | - | - | 25,331 | - |
| | | 899,454 | 871,326 | - | - | 899,454 | 871,326 |
| Current liabilities | | | | | | | |
| Rental deposits | | 1,482 | 1,495 | - | - | 1,482 | 1,495 |
| Trade and other payables | | 8,793 | 10,514 | 4 | 3 | 8,797 | 10,517 |
| | | 10,275 | 12,009 | 4 | 3 | 10,279 | 12,012 |
| Total liabilities | | 909,729 | 883,335 | 4 | 3 | 909,733 | 883,338 |
| Net assets | | 1,362,102 | 1,372,121 | 4 | 5 | 1,362,106 | 1,372,126 |
| Represented by: | | | | | | | |
| Unitholders' funds | | | | | | | |
| Unitholders' funds of OUE H-REIT Group | | 1,362,102 | 1,372,121 | - | - | 1,362,102 | 1,372,121 |
| Unitholders' funds of OUE H-BT | | - | - | 4 | 5 | 4 | 5 |
| | | 1,362,102 | 1,372,121 | 4 | 5 | 1,362,106 | 1,372,126 |

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) OUE H-REIT Group and the Stapled Group adopted FRS 116/SFRS(I) 16 on 1 January 2019 and the existing land lease was recognised as ROU asset with corresponding lease liabilities. Increase in investment properties was mainly due to the recognition of ROU asset of \$25.9 million.
- (b) Deposit pertains to the security deposit placed with Changi Airport Group (“CAG”), the lessor of CPCA.
- (c) Financial derivative assets/liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group’s interest rate risk.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1 (b)(ii) BORROWINGS

| | | OUE H-REIT Group and Stapled Group | |
|----------------------------------|-------------------------------------|---|-------------------|
| | | 30/6/2019 | 31/12/2018 |
| | | \$'000 | \$'000 |
| Repayable within one year | | | |
| | Secured borrowings | - | - |
| | Less: Unamortised transaction costs | - | - |
| | | - | - |
| Repayable after one year | | | |
| | Secured borrowings | 875,000 | 875,000 |
| | Less: Unamortised transaction costs | (5,494) | (6,962) |
| | | 869,506 | 868,038 |
| Total | | | |
| | Secured borrowings | 875,000 | 875,000 |
| | Less: Unamortised transaction costs | (5,494) | (6,962) |
| | | 869,506 | 868,038 |

Details of borrowings and collateral

Secured bank loans

| | | OUE H-REIT Group and Stapled Group | | | |
|----------------------|---|---|-------------------|---------------|------------------|
| | | As at 30/06/2019 | | | |
| | | Facility amount | Drawn down | Repaid | Repayable |
| | | \$'000 | \$'000 | \$'000 | |
| 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 ⁽¹⁾ (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 30 June 2019, the weighted average debt maturity was 2.0 years and gearing at 38.5%. The average cost of debt for 2Q2019 was 2.6% per annum, with an interest cover of 3.8 times.

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 30 June 2019, no Notes have been issued under this Programme.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

1 (c) STATEMENTS OF CASH FLOWS

| | | OUE H-REIT Group | | | |
|-----------------------------|--|-------------------------|-----------------|-----------------|-----------------|
| Note | | 2Q2019 | 2Q2018 | 1H2019 | 1H2018 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating activities | | | | | |
| | Total return for the period | 14,449 | 17,268 | 31,675 | 36,598 |
| | Adjustments for: | | | | |
| | REIT Manager's fees paid/payable in Stapled Securities (a) | 2,701 | 2,750 | 5,484 | 5,555 |
| | Finance income | (19) | (17) | (36) | (34) |
| | Finance expenses | 6,537 | 5,815 | 13,013 | 11,557 |
| | Straight-lining of lease incentives | 137 | 115 | 138 | 10 |
| | Operating income before working capital changes | 23,805 | 25,931 | 50,274 | 53,686 |
| | Changes in working capital: | | | | |
| | Deposit | - | (1,531) | - | (1,531) |
| | Trade and other receivables | (104) | 588 | (1,464) | 1,302 |
| | Trade and other payables | (2,301) | (3,517) | (1,627) | (2,990) |
| | Rental deposits | 280 | 14 | 223 | 116 |
| | Cash generated from operating activities | 21,680 | 21,485 | 47,406 | 50,583 |
| Investing activities | | | | | |
| | Interest received | 18 | 17 | 35 | 34 |
| | Capital expenditure on investment properties | (73) | (155) | (156) | (735) |
| | Cash used in investing activities | (55) | (138) | (121) | (701) |
| Financing activities | | | | | |
| | Finance expenses paid | (5,645) | (5,149) | (11,200) | (10,160) |
| | Distribution to Stapled Securityholders (b) | (21,619) | (22,880) | (45,040) | (45,916) |
| | Cash used in financing activities | (27,264) | (28,029) | (56,240) | (56,076) |
| | Net decrease in cash and cash equivalents | (5,639) | (6,682) | (8,955) | (6,194) |
| | Cash and cash equivalents at beginning of the period | 18,990 | 26,036 | 22,306 | 25,548 |
| | Cash and cash equivalents at end of the period | 13,351 | 19,354 | 13,351 | 19,354 |

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**
1 (c) STATEMENTS OF CASH FLOWS (CONT'D)

| | | Stapled Group | | | |
|--|------|----------------------|------------------|------------------|------------------|
| | Note | 2Q2019 \$'000 | 2Q2018 \$'000 | 1H2019 \$'000 | 1H2018 \$'000 |
| Operating activities | | | | | |
| Total return for the period | | 14,449 | 17,267 | 31,674 | 36,596 |
| Adjustments for: | | | | | |
| REIT Manager's fees paid/payable in Stapled Securities | (a) | 2,701 | 2,750 | 5,484 | 5,555 |
| Finance income | | (19) | (17) | (36) | (34) |
| Finance expenses | | 6,537 | 5,815 | 13,013 | 11,557 |
| Straight-lining of lease incentives | | 137 | 115 | 138 | 10 |
| Operating income before working capital changes | | 23,805 | 25,930 | 50,273 | 53,684 |
| Changes in working capital: | | | | | |
| Deposit | | - | (1,531) | - | (1,531) |
| Trade and other receivables | | (104) | 588 | (1,464) | 1,302 |
| Trade and other payables | | (2,301) | (3,517) | (1,626) | (2,990) |
| Rental deposits | | 280 | 14 | 223 | 116 |
| Cash generated from operating activities | | 21,680 | 21,484 | 47,406 | 50,581 |
| Investing activities | | | | | |
| Interest received | | 18 | 17 | 35 | 34 |
| Capital expenditure on investment properties | | (73) | (155) | (156) | (735) |
| Cash used in investing activities | | (55) | (138) | (121) | (701) |
| Financing activities | | | | | |
| Finance expenses paid | | (5,645) | (5,149) | (11,200) | (10,160) |
| Distribution to Stapled Securityholders | (b) | (21,619) | (22,880) | (45,040) | (45,916) |
| Cash used in financing activities | | (27,264) | (28,029) | (56,240) | (56,076) |
| Net decrease in cash and cash equivalents | | (5,639) | (6,683) | (8,955) | (6,196) |
| Cash and cash equivalents at beginning of the period | | 18,998 | 26,046 | 22,314 | 25,559 |
| Cash and cash equivalents at end of the period | | 13,359 | 19,363 | 13,359 | 19,363 |

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

NOTES TO STATEMENTS OF CASH FLOWS

(a) **2Q2019**

In 2Q2019, 2,389,573 Stapled Securities amounting to \$1,699,226 will be issued to the REIT Manager on 6 August 2019 as satisfaction of the REIT Manager’s base management fees payable in Stapled Securities. A performance fee of \$1,002,437 has been accrued in the current quarter, which will be settled through the issuance of Stapled Securities after the year ending 31 December 2019.

In 2Q2018, 2,146,783 Stapled Securities amounting to \$1,690,807 has been issued to the REIT Manager as satisfaction of REIT Manager’s base management fees payable in Stapled Securities. The performance fee of \$1,059,578 has been settled through the issuance of 1,587,620 Stapled Securities on 29 January 2019.

1H2019

In 1H2019, 4,709,367 Stapled Securities amounting to \$3,385,485 has been/will be issued to the REIT Manager as satisfaction of REIT Manager’s base management fees payable in Stapled Securities. A performance fee of \$2,098,830 has been accrued for the current period, which will be settled through the issuance of Stapled Securities after the year ending 31 December 2019.

In 1H2018, 4,157,545 Stapled Securities amounting to \$3,364,163 has been issued to the REIT Manager as satisfaction of REIT Manager’s base management fees payable in Stapled Securities. The performance fee of \$2,191,103 has been settled through the issuance of 3,283,042 Stapled Securities on 29 January 2019.

(b) **2Q2019**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 1Q2019. In the previous corresponding period, the distribution paid was in respect of 1Q2018.

1H2019

Distribution to Stapled Securityholders relates to the distribution paid in respect of 4Q2018 and 1Q2019. In the previous corresponding period, the distribution paid was in respect of 4Q2017 and 1Q2018.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 1/1/2019 | 1,451,692 | (26,577) | 1,215 | (54,209) | 1,372,121 | 5 | 1,372,126 |
| Operations | | | | | | | |
| Increase/(Decrease) in net assets resulting from operations | - | - | - | 17,226 | 17,226 | (1) | 17,225 |
| Movement in hedging reserve | | | | | | | |
| Effective portion of net changes in fair value of cash flow hedge | - | - | 1,096 | - | 1,096 | - | 1,096 |
| Unitholders’ transactions | | | | | | | |
| Distribution to Stapled Securityholders (a)(i) | - | - | - | (23,421) | (23,421) | - | (23,421) |
| Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(i) | 2,783 | - | - | - | 2,783 | - | 2,783 |
| Increase/(Decrease) in net assets resulting from unitholders’ transactions | 2,783 | - | - | (23,421) | (20,638) | - | (20,638) |
| At 31/3/2019 | 1,454,475 | (26,577) | 2,311 | (60,404) | 1,369,805 | 4 | 1,369,809 |
| Operations | | | | | | | |
| Increase in net assets resulting from operations | - | - | - | 14,449 | 14,449 | - | 14,449 |
| Movement in hedging reserve | | | | | | | |
| Effective portion of net changes in fair value of cash flow hedge | - | - | (3,234) | - | (3,234) | - | (3,234) |
| Unitholders’ transactions | | | | | | | |
| Distribution to Stapled Securityholders (a)(ii) | - | - | - | (21,619) | (21,619) | - | (21,619) |
| Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(ii) | 2,701 | - | - | - | 2,701 | - | 2,701 |
| Increase/(Decrease) in net assets resulting from unitholders’ transactions | 2,701 | - | - | (21,619) | (18,918) | - | (18,918) |
| At 30/6/2019 | 1,457,176 | (26,577) | (923) | (67,574) | 1,362,102 | 4 | 1,362,106 |

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

| Note | OUE H-REIT Group | | | | | OUE H-BT | Stapled Group |
|---|---------------------------------|-----------------|-----------------|-------------------------------|------------------|----------|------------------|
| | Units in issue and to be issued | Issue costs | Hedging reserve | Accumulated profits/ (losses) | Total | Total | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1/1/2018 | 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 net changes in fair value of cash flow hedge | - | - | 6,079 | - | 6,079 | - | 6,079 |
| Unitholders’ transactions | | | | | | | |
| Distribution to Stapled Securityholders (a)(iii) | - | - | - | (23,036) | (23,036) | - | (23,036) |
| Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(iii) | 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 |
| Operations | | | | | | | |
| Increase/(Decrease) in net assets resulting from operations | - | - | - | 17,268 | 17,268 | (1) | 17,267 |
| Movement in hedging reserve | | | | | | | |
| Effective portion of net changes in fair value of cash flow hedge | - | - | 2,963 | - | 2,963 | - | 2,963 |
| Unitholders’ transactions | | | | | | | |
| Distribution to Stapled Securityholders (a)(iv) | - | - | - | (22,880) | (22,880) | - | (22,880) |
| Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(iv) | 2,750 | - | - | - | 2,750 | - | 2,750 |
| Increase/(Decrease) in net assets resulting from unitholders’ transactions | 2,750 | - | - | (22,880) | (20,130) | - | (20,130) |
| At 30/6/2018 | 1,445,957 | (26,577) | 7,996 | (46,036) | 1,381,340 | 6 | 1,381,346 |

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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 4Q2018.
- (a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 1Q2019.
- (a)(iii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2017.
- (a)(iv) Distribution to Stapled Securityholders relates to the distribution made in respect of 1Q2018.
- (b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2019. 2,319,794 Stapled Securities relating to base management fee have been issued on 2 May 2019. Stapled Securities relating to performance management fee will be issued after the year ending 31 December 2019.
- (b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 2Q2019. 2,389,573 Stapled Securities relating to base management fee will be issued on 6 August 2019. Stapled Securities relating to performance management fee will be issued after the year ending 31 December 2019.
- (b)(iii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2018. 2,010,762 Stapled Securities relating to base management fee have been issued on 2 May 2018. 1,695,422 Stapled Securities relating to performance management fees have been issued on 29 January 2019.
- (b)(iv) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 2Q2018. 2,146,783 Stapled Securities relating to base management fee have been issued on 2 May 2018. 1,587,620 Stapled Securities relating to performance management fee have been issued on 29 January 2019.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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

| | Stapled Group | | | |
|--|----------------|----------------|----------------|----------------|
| | 2Q2019 '000 | 2Q2018 '000 | 1H2019 '000 | 1H2018 '000 |
| Issued Stapled Securities at beginning of the period | 1,829,780 | 1,813,884 | 1,820,466 | 1,806,518 |
| Issuance of new Stapled Securities: | | | | |
| - as payment of REIT Manager’s management fees | 2,319 | 2,011 | 11,633 | 9,377 |
| Issued Stapled Securities at end of the period | 1,832,099 | 1,815,895 | 1,832,099 | 1,815,895 |
| Stapled Securities to be issued: | | | | |
| - as payment of REIT Manager’s management fees | (a) 5,341 | 4,929 | 5,341 | 4,929 |
| Total issued and issuable Stapled Securities at end of the period | 1,837,440 | 1,820,824 | 1,837,440 | 1,820,824 |

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.

5,341,099 Stapled Securities relates to base management fee payable for 2Q2019 and performance management fee payable for 1H2019. 2,389,573 Stapled Securities relating to the base management fee for 2Q2019 will be issued on 6 August 2019. 2,951,526 Stapled Securities relating to performance management fee for 1H2019 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 30 June 2019. The actual number of Stapled Securities relating to performance fee for 1H2019 will be issued after year ending 31 December 2019 based on VWAP of the Stapled Security for the last 10 business days before 31 December 2019 in accordance with MAS requirements.

4,928,782 Stapled Securities relates to base management fee payable for 2Q2018 and performance management payable for 1H2018. 2,146,783 Stapled Securities relating to the base management fee for 2Q2018 has been issued on 27 July 2018. 2,781,999 Stapled Securities relating to the performance management fee for 1H2018 was calculated based on the VWAP of the Stapled Security for the last 10 business days before 30 June 2018. On 29 January 2019, the performance management fee for 1H2018 was settled through the issuance of 3,283,042 Stapled Securities based on VWAP of the Stapled Security for the last 10 business days before 31 December 2018 in accordance with MAS requirements.

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 the 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 2018.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

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 Stapled Group has adopted FRS 116/SFRS(I) 16 Leases effective for the financial period beginning 1 January 2019. FRS 116/SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees whereby a lessee recognises a ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Stapled Group has applied the modified retrospective approach by recognising the ROU assets (as part of investment properties) with corresponding lease liabilities, with no adjustment to the opening balance of retained earnings at 1 January 2019 and no restatement of comparative information. The Stapled Group also applied the practical expedient whereby FRS 116/SFRS(I) 16 will be applied to all contracts entered into before 1 January 2019 and identified as leases in accordance with FRS 17/SFRS(I) 1-17.

The Stapled Group has recognised the existing operating lease arrangements at 1 January 2019 as ROU assets with corresponding lease liabilities under FRS 116/SFRS (I) 16. The nature of expenses related to these operating leases has changed as FRS 116/SFRS (I) 16 replaced the straight-line operating lease expense (previously recognised in “other property expenses”) with change in fair value for ROU assets and interest expense on lease liabilities.

No significant impact is expected for other leases in which the Group is a lessor.

The impact on the Stapled Group’s financial statements arising from the adoption of FRS 116 is as follows:

| | Stapled Group |
|-----------------------------------|----------------------|
| | 1 Jan 2019 |
| | \$’000 |
| Increase in investment properties | 25,887 |
| Increase in lease liabilities | 25,887 |

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security (“EPS”)

| | Stapled Group | | | |
|---|---------------|-----------|-----------|-----------|
| | 2Q2019 | 2Q2018 | 1H2019 | 1H2018 |
| Weighted average number of Stapled Securities ('000) | 1,832,126 | 1,815,919 | 1,830,972 | 1,814,918 |
| Basic EPS (cents) | 0.79 | 0.95 | 1.73 | 2.02 |
| Weighted average number of Stapled Securities ('000) ⁽¹⁾ | 1,837,440 | 1,820,824 | 1,837,440 | 1,820,824 |
| Diluted EPS (cents) | 0.79 | 0.95 | 1.72 | 2.01 |

⁽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”)

| | Stapled Group | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2Q2019 | 2Q2018 | 1H2019 | 1H2018 |
| Number of Stapled Securities entitled to distribution ('000) | 1,834,489 ⁽¹⁾ | 1,818,042 ⁽²⁾ | 1,834,489 ⁽¹⁾ | 1,818,042 ⁽²⁾ |
| DPS (cents) | 1.06 | 1.17 | 2.24 | 2.43 |

⁽¹⁾ Included 2,389,573 Stapled Securities to be issued as satisfaction of REIT Manager's base management fee for 2Q2019.

⁽²⁾ Included 2,146,783 Stapled Securities issued as satisfaction of REIT Manager's base management fee for 2Q2018.

7. NET ASSET VALUE (“NAV”) / NET TANGIBLE ASSET (“NTA”)

| | OUE H-REIT Group and Stapled Group | |
|--|------------------------------------|------------|
| | 30/6/2019 | 31/12/2018 |
| Number of Stapled Securities ('000): | | |
| - in issue | 1,832,099 | 1,820,466 |
| - issuable | 5,341 | 9,314 |
| | 1,837,440 | 1,829,780 |
| NAV per OUE H-REIT unit / Stapled Security | \$0.74 | \$0.75 |
| NTA per OUE H-REIT unit / Stapled Security | \$0.74 | \$0.75 |

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

8. REVIEW OF PERFORMANCE

| | | Stapled Group | | | | | |
|--|---------------|---------------|-------------------------|---------------|---------------|-------------------------|--|
| Note | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) | |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | |
| Gross revenue: | | | | | | | |
| - Hospitality | 20,950 | 22,277 | (6.0) | 44,143 | 46,536 | (5.1) | |
| - Retail | 8,431 | 8,456 | (0.3) | 16,941 | 16,879 | 0.4 | |
| (a) | 29,381 | 30,733 | (4.4) | 61,084 | 63,415 | (3.7) | |
| Property expenses: | | | | | | | |
| - Hospitality | (1,946) | (2,142) | (9.2) | (3,872) | (4,348) | (10.9) | |
| - Retail | (2,124) | (2,101) | 1.1 | (4,241) | (4,289) | (1.1) | |
| (b) | (4,070) | (4,243) | (4.1) | (8,113) | (8,637) | (6.1) | |
| Net property income: | | | | | | | |
| - Hospitality | 19,004 | 20,135 | (5.6) | 40,271 | 42,188 | (4.5) | |
| - Retail | 6,307 | 6,355 | (0.8) | 12,700 | 12,590 | 0.9 | |
| (c) | 25,311 | 26,490 | (4.5) | 52,971 | 54,778 | (3.3) | |
| REIT Manager's fees | (2,701) | (2,750) | (1.8) | (5,484) | (5,555) | (1.3) | |
| REIT Trustee's fees | (105) | (104) | 1.0 | (208) | (207) | 0.5 | |
| Other trust expenses | (1,538) | (571) | >100 | (2,628) | (897) | >100 | |
| Net finance expenses | (6,518) | (5,798) | 12.4 | (12,977) | (11,523) | 12.6 | |
| (d) | (6,518) | (5,798) | 12.4 | (12,977) | (11,523) | 12.6 | |
| Total return for the period | 14,449 | 17,267 | (16.3) | 31,674 | 36,596 | (13.4) | |
| Income available for distribution | 19,435 | 21,261 | (8.6) | 41,096 | 44,171 | (7.0) | |
| DPS (cents) | 1.06 | 1.17 | (9.4) | 2.24 | 2.43 | (7.8) | |

2Q2019 vs 2Q2018

- (a) Gross revenue for 2Q2019 was \$1.4 million lower than 2Q2018. Both hospitality and retail segments recorded lower revenue.

Hospitality segment pertains to the master lease income from Mandarin Orchard Singapore (“**MOS**”) and Crowne Plaza Changi Airport (“**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 Mandarin Gallery (“**MG**”).

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

8. REVIEW OF PERFORMANCE (cont’d)

2Q2019 vs 2Q2018 (cont’d)

| | Revenue | | | Net Property Income | | | RevPAR | | |
|-----------------------|---------|--------|-------------------------|---------------------|--------|-------------------------|--------|--------|-------------------------|
| | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 2Q2019 | 2Q2018 | Increase/ (Decrease) | 2Q2019 | 2Q2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | \$ | \$ | % |
| MOS | 15,325 | 16,652 | (8.0) | 14,529 | 15,854 | (8.4) | 196 | 209 | (6.4) |
| CPCA | 5,625 | 5,625 | - | 4,475 | 4,281 | 4.5 | 188 | 168 | 12.3 |
| Hospitality portfolio | 20,950 | 22,277 | (6.0) | 19,004 | 20,135 | (5.6) | 193 | 195 | (0.9) |

Hospitality segment recorded lower revenue in 2Q2019 as compared to 2Q2018 due to lower master lease income from MOS.

Master lease income from MOS was lower than 2Q2018. MOS recorded a lower RevPAR of \$196 (2Q2018: \$209) due to lower average room rates and lower demand from the transient and corporate segments. MOS also recorded lower food and beverage sales.

Master lease income from CPCA remained the same as 2Q2018 at minimum rent. CPCA’s RevPAR increased to \$188 (2Q2018: \$168). As the master lease income was below the minimum rent, minimum rent was received for the period.

Retail revenue was marginally lower than 2Q2018 mainly due to lower effective rent per square foot per month of \$21.7 (2Q2018: \$22.3). MG recorded higher average occupancy in the current period.

- (b) Lower property expenses by \$0.2 million were mainly due to lower operating lease expense as the fixed component of the operating lease expense has been recognised as finance expense – lease liabilities instead of operating lease expense due to the adoption of FRS 116, see section 1(a)(cii).
- (c) Net property income (“NPI”) for 2Q2019 was \$1.2 million lower than 2Q2018 due to lower gross revenue recorded, partially mitigated by lower property expenses from the hospitality segment.
- (d) Net finance expenses for 2Q2019 were higher than 2Q2018 by \$0.7 million mainly due to higher interest expense and finance expense – lease liabilities recognised due to the adoption of FRS 116, see section 1(a)(cii).
- (e) Total return in 2Q2019 of \$14.4 million (2Q2018: \$17.3 million) was \$2.8 million lower mainly due to lower net property income, higher net finance expenses and higher trust expenses.
- (f) Income available for distribution was \$1.8 million lower than 2Q2018 due to lower income from both hospitality and retail segments, and higher interest expense. The DPS for 2Q2019 was 1.06 cents, 9.4% lower as compared to 1.17 cents for 2Q2018.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

8. REVIEW OF PERFORMANCE (cont’d)

1H2019 vs 1H2018

- (a) Gross revenue for 1H2019 was \$2.3 million lower than 1H2018. Lower revenue recorded by the hospitality segment was partially mitigated by higher revenue from the retail segment.

| | Revenue | | | Net Property Income | | | RevPAR | | |
|-----------------------|---------|--------|-------------------------|---------------------|--------|-------------------------|--------|--------|-------------------------|
| | 1H2019 | 1H2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) | 1H2019 | 1H2018 | Increase/ (Decrease) |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % | \$ | \$ | % |
| MOS | 32,893 | 35,286 | (6.8) | 31,301 | 33,690 | (7.1) | 203 | 220 | (7.7) |
| CPCA | 11,250 | 11,250 | - | 8,970 | 8,498 | 5.6 | 187 | 176 | 6.2 |
| Hospitality portfolio | 44,143 | 46,536 | (5.1) | 40,271 | 42,188 | (4.5) | 198 | 205 | (3.6) |

Revenue from the hospitality revenue was \$2.4 million lower than 1H2018 due to lower master lease income from MOS.

Master lease income from MOS was lower as MOS recorded a lower RevPAR of \$203 (1H2018: \$220) due to lower average room rates and lower demand from the transient and corporate segments. MOS also recorded lower food and beverage sales during the period, partially mitigated by the compensation received with regards to the suspension of the Grand Mandarin Ballroom in 1Q2019.

Master lease income from CPCA remained the same as 1H2018 at minimum rent. CPCA achieved higher RevPAR of \$187 (1H2018: \$176), however as the master lease income was below the minimum rent, minimum rent was received for the period.

Retail revenue for 1H2019 was slightly higher than 1H2018. The higher retail revenue in 1H2019 was due to higher average occupancy in 1H2019, partially offset by lower effective rent per square foot per month of \$22.0 (1H2018: \$22.5).

- (b) Lower property expenses by \$0.5 million were mainly due to lower operating lease expense as the fixed component of the operating lease expense has been recognised as finance expense – lease liabilities instead of operating lease expense due to the adoption of FRS 116, see section 1(a)(cii).
- (c) NPI for 1H2019 was \$1.8 million lower than 1H2018 due to lower gross revenue from the hospitality segment, partially mitigated by higher gross revenue from the retail segment and lower property expenses.
- (d) Net finance expenses for 1H2019 were higher than 1H2018 by \$1.5 million mainly due to higher interest expense and finance expense – lease liabilities recognised due to the adoption of FRS 116, see section 1(a)(cii).
- (e) Total return was \$4.9 million lower mainly due to lower net property income from the hospitality segment, higher net finance expense and higher trust expenses, partially mitigated by higher net property income from the retail segment.
- (f) Income available for distribution was \$3.1 million lower than 1H2018 due to lower income from the hospitality segment and higher interest expense, partially mitigated by higher income received from the retail segment. The DPS for 1H2019 was 2.24 cents, 7.8% lower as compared to 2.43 cents for 1H2018.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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 0.1% on a year-on-year basis in the second quarter of 2019, slower than the 1.1% growth in the previous quarter¹. Amidst current economic uncertainties, the 1.5% to 2.5% growth forecast for 2019 is under review, as simmering trade tensions has affected investments, trade and manufacturing².

For the first half of 2019, international visitor arrivals to Singapore registered a slower growth of 1.4% compared to a year ago, while the number of visitor days increased by 2.5% for the same period³. Increased partnerships to drive visitor arrivals and spending, transformation of the tourism sector and reduced supply of new hotel rooms up to 2021⁴ remain positive drivers for the hospitality industry. However, the current trading environment continues to be impacted by uncertainty in the global economy and absence of large-scale biennial events in certain periods of 2019.

CPCA is well-positioned to benefit from Changi Airport’s strategy of continued upgrades to manage increased capacity in the longer term. Enhancement and expansion works at Terminal 2 will commence in the last quarter of 2019 and complete by 2024–2025, while Terminal 5 is expected to open around 2030⁵.

For the first quarter of 2019, retail sales declined 1.5% year-on-year⁶. Retail sentiments remain muted as retail sales excluding motor vehicles registered year-on-year declines of 2.0%⁷ and 1.0%⁸ for the months of April and May 2019, while the retail leasing market showed signs of slowing in tandem with less sanguine demand indicators⁹. At prime retail malls, rents remained resilient and leasing interest continued to be relatively healthy, although greater signs of weakness can be seen in the secondary floors as higher vacancies continue to weigh in⁹.

Proposed Merger with OUE Commercial REIT

Further to the joint announcement on 8 April 2019 made by the respective managers of OUE Commercial Real Estate Investment Trust (“C-REIT”) and OUE Hospitality Trust (“H-Trust”) in relation to the proposed merger of C-REIT and H-Trust (the “Merger”) which will be effected through the acquisition by the trustee of C-REIT of all the issued and paid-up Stapled Securities held by the holders of Stapled Securities (the “Stapled Securityholders”) in exchange for a combination of cash and units in C-REIT by way of a trust scheme of arrangement (the “Trust Scheme”) in compliance with the Singapore Code on Take-overs and Mergers, the managers of H-Trust had on 10 July 2019 given the following notices to the Stapled Securityholders:

- (a) an extraordinary general meeting of the Stapled Securityholders (“EGM”) will be held on Wednesday, 14 August 2019 at 3.00 p.m. for the purpose of seeking approval from the Stapled Securityholders for the Trust Deeds Amendments (as defined in the notice of EGM); and
- (b) a trust scheme meeting of the Stapled Securityholders will be held on Wednesday, 14 August 2019 at 4.00 p.m. (or as soon thereafter following the conclusion of the EGM to be held), for the purpose of seeking approval from the Stapled Securityholders for the Trust Scheme.

In addition to the approvals required from the Stapled Securityholders, the Trust Scheme will require, inter alia, the sanction of the Trust Scheme by the Singapore Court.

Please refer to the scheme document dated 10 July 2019 for further information in relation to the Merger and the Trust Scheme, a copy of which is available on SGXNET.

¹ Ministry of Trade and Industry Singapore, Singapore’s GDP Grew by 0.1 Per Cent in the Second Quarter of 2019, 12 July 2019.

² Monetary Authority of Singapore, Remarks by Mr Ravi Menon, Managing Director, MAS, at the MAS Annual Report Press Conference 2018/2019, 27 June 2019.

³ Singapore Tourism Board, International Visitor Arrivals Statistics, 2 August 2019.

⁴ CBRE, Hotel MarketView, Singapore H1 2019.

⁵ The Straits Times, Renovations to Expand Terminal 2 Start Later This Year, 1 July 2019.

⁶ Ministry of Trade and Industry Singapore, MTI Expects Growth to be “1.5 to 2.5 Per Cent in 2019”, 21 May 2019.

⁷ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, April 2019, 12 June 2019.

⁸ Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, May 2019, 12 July 2019.

⁹ CBRE, Singapore MarketView Q2 2019.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2019

11. Distributions

(a) Current financial period

| | |
|---|---|
| Any distribution declared for the current financial period? | Yes |
| Name of distribution | Distribution for the period from 1 April 2019 to 30 June 2019 |
| Distribution type | Taxable income |
| Distribution rate per stapled security | 1.06 cents |
| Book closure date | 19 August 2019 |
| Date payable | 12 September 2019 |

(b) Corresponding period of the immediately preceding financial year

| | |
|--|---|
| Any distribution declared for the previous corresponding period? | Yes |
| Name of distribution | Distribution for the period from 1 April 2018 to 30 June 2018 |
| Distribution type | Taxable income |
| Distribution rate per stapled security | 1.17 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.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF QUE H-TRUST AND
QUE H-REIT AND ITS SUBSIDIARY (“QUE H-REIT GROUP”)
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

13. General mandate relating to Interested Person Transactions

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

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 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Christopher James Williams
Director

6 August 2019

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

Chen Yi Chung
Acting Chief Executive Officer

6 August 2019

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE SECOND QUARTER ENDED 30 JUNE 2019**

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

Jackie Thia
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

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

6 August 2019