

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

INTRODUCTION

OUE Hospitality Trust (“**OUE H-Trust**”) is a stapled group (the “**Stapled Group**”) comprising OUE Hospitality Real Estate Investment Trust (“**OUE H-REIT**”), a real estate investment trust, and its subsidiary (the “**OUE H-REIT Group**”) and OUE Hospitality Business Trust (“**OUE H-BT**”), a business trust. OUE H-Trust was listed on Singapore Exchange Securities Trading Limited (“**SGX**”) on 25 July 2013 (the “**Listing Date**”).

The units in OUE H-REIT and OUE H-BT are stapled together as stapled securities in OUE H-Trust (“**Stapled Securities**”) under the terms of a stapling deed dated 10 July 2013 (the “**Stapling Deed**”) entered into between OUE Hospitality REIT Management Pte. Ltd. (in its capacity as the manager of OUE H-REIT) (the “**REIT Manager**”), RBC Investor Services Trust Singapore Limited (in its capacity as the trustee of OUE H-REIT) (the “**REIT Trustee**”) and OUE Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of OUE H-BT) (the “**Trustee-Manager**”). Each Stapled Security in OUE H-Trust comprises one unit in OUE H-REIT and one unit in OUE H-BT and cannot be traded separately.

OUE H-REIT was constituted by a trust deed dated 10 July 2013 (the “**REIT Trust Deed**”). OUE H-REIT is a Singapore-based REIT established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

As at 31 December 2017, 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 three consecutive years since 2015.

OUE H-BT was constituted by a trust deed dated 10 July 2013. OUE H-BT is a Singapore-based business trust which is presently dormant. OUE H-BT will, however, become active if OUE H-REIT is unable to appoint a master lessee for its hospitality assets or for a newly acquired hospitality asset. In such circumstances, OUE H-BT will be appointed by OUE H-REIT as a master lessee for that hospitality asset, and OUE H-BT will in turn appoint a professional hotel manager to manage the day-to-day operations and marketing of the hospitality asset. OUE H-BT exists primarily as “a master lessee of last resort”.

Distribution Policy

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

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

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

1 (a) STATEMENTS OF TOTAL RETURN

OUE H-REIT Group							
Note	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
	Gross revenue	33,808	33,224	1.8	131,063	122,494	7.0
	Property tax	(1,752)	(976)	79.5	(8,671)	(6,919)	25.3
	Insurance	(56)	(60)	(6.7)	(224)	(222)	0.9
	Other property expenses	(2,775)	(2,633)	5.4	(9,423)	(7,958)	18.4
	Net property income	29,225	29,555	(1.1)	112,745	107,395	5.0
	Other income	-	1,625	n.m.	4,818	2,682	79.6
	Amortisation of intangible asset	-	(948)	n.m.	(4,908)	(1,292)	>100
	REIT Manager's base management fees	(1,707)	(1,702)	0.3	(6,759)	(6,562)	3.0
	REIT Manager's performance fees	(1,169)	(1,140)	2.5	(4,510)	(4,296)	5.0
	REIT Trustee's fees	(104)	(106)	(1.9)	(415)	(410)	1.2
	Other trust expenses	(250)	(362)	(30.9)	(1,236)	(1,251)	(1.2)
	Finance income	828	20	>100	1,718	255	>100
	Finance expenses	(14,456)	(5,659)	>100	(33,619)	(25,190)	33.5
	Net finance expenses	(13,628)	(5,639)	>100	(31,901)	(24,935)	27.9
	Net Income	12,367	21,283	(41.9)	67,834	71,331	(4.9)
	Net change in fair value of investment properties	8,110	(52,907)	n.m.	8,110	(53,915)	n.m.
	Total return for the period	20,477	(31,624)	n.m.	75,944	17,416	>100

Stapled Group							
Note	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
	Gross revenue	33,808	33,224	1.8	131,063	122,494	7.0
	Property tax	(1,752)	(976)	79.5	(8,671)	(6,919)	25.3
	Insurance	(56)	(60)	(6.7)	(224)	(222)	0.9
	Other property expenses	(2,775)	(2,633)	5.4	(9,423)	(7,958)	18.4
	Net property income	29,225	29,555	(1.1)	112,745	107,395	5.0
	Other income	-	1,625	n.m.	4,818	2,682	79.6
	Amortisation of intangible asset	-	(948)	n.m.	(4,908)	(1,292)	>100
	REIT Manager's base management fees	(1,707)	(1,702)	0.3	(6,759)	(6,562)	3.0
	REIT Manager's performance fees	(1,169)	(1,140)	2.5	(4,510)	(4,296)	5.0
	REIT Trustee's fees	(104)	(106)	(1.9)	(415)	(410)	1.2
	Other trust expenses	(251)	(363)	(30.9)	(1,238)	(1,254)	(1.3)
	Finance income	828	20	>100	1,718	255	>100
	Finance expenses	(14,456)	(5,659)	>100	(33,619)	(25,190)	33.5
	Net finance expenses	(13,628)	(5,639)	>100	(31,901)	(24,935)	27.9
	Net Income	12,366	21,282	(41.9)	67,832	71,328	(4.9)
	Net change in fair value of investment properties	8,110	(52,907)	n.m.	8,110	(53,915)	n.m.
	Total return for the period	20,476	(31,625)	n.m.	75,942	17,413	>100

n.m.: not meaningful

NOTES TO THE STATEMENTS OF TOTAL RETURN

- (a) Gross revenue comprises master lease income from MOS and CPCA, and rental income from MG. Please refer to section 8 for further details.
- (b) Other property expenses comprise mainly property maintenance expenses, utilities expenses, marketing expenses, land rent expenses and property management fees.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

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

- (c) Other income relates to income support provided by OUE Airport Hotel Pte. Ltd. (“**OUEAH**”) pursuant to a Deed of Income Support which OUE H-REIT entered into with OUEAH upon its completion of the acquisition of the extension of CPCA (“**CPEX**”) on 1 August 2016 (the “**Deed of Income Support**”). The total income support of \$7.5 million has been fully drawn down as at 3Q2017.
- (d) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. In 3Q2017, OUE H-REIT has amortised in full the income support in line with the full claim made on the income support. The amortisation is non-cash in nature and has no impact on income available for distribution.
- (e) Net finance expenses comprise the following:

OUE H-REIT Group and Stapled Group							
Note	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Interest income from fixed deposits	16	20	(20.0)	66	255	(74.1)	
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	-	n.m.	840	-	n.m.	
Change in fair value of financial derivatives	812	-	n.m.	812	-	n.m.	
Finance income	828	20	>100	1,718	255	>100	
Amortisation of debt-related transaction costs	(560)	(522)	7.3	(2,174)	(2,249)	(3.3)	
Write-off of unamortised debt-related transaction costs	(e)(ii)	(3,053)	-	(3,053)	-	n.m.	
Cost of unwinding derivative financial instruments	(e)(ii)	(5,068)	-	(5,068)	-	n.m.	
Interest expense paid/payable to banks	(e)(iii)	(5,775)	(5,339)	8.2	(23,324)	(22,289)	4.6
Change in fair value of financial derivatives	-	-	n.m.	-	(374)	n.m.	
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	-	202	n.m.	-	(278)	n.m.
Finance expenses	(14,456)	(5,659)	>100	(33,619)	(25,190)	33.5	
Net finance expenses	(13,628)	(5,639)	>100	(31,901)	(24,935)	27.9	

- (e)(i) This relates to the change in fair value of the interest rate swaps (“**IRS**”) that were entered into to hedge interest rate risk. It is a non-cash item and the gain/(loss) is adjusted to arrive at the income available for distribution (see (h) below).

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

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

- (e)(ii) On 19 December 2017, considering the environment of rising interest rates, OUE H-Trust completed the refinancing of its total outstanding debts amounting to \$859 million ahead of their maturity. Following the refinancing, OUE H-Trust’s weighted average loan maturity has increased by about 2 years to 3.5 years as at 31 December 2017, and OUE H-Trust has no loan due until December 2020. In addition, OUE H-Trust has also secured revolving credit facilities (“RCF”) of \$105 million which increases OUE H-Trust’s financial flexibility. Consequently, the unamortised debt-related transaction costs in relation to \$859 million term loans were written off.

Concurrently, OUE H-Trust recorded a cost for the unwinding of the interest rate swaps entered earlier for the \$859 million term loans as it entered into new IRS for about 71% of the \$875 million term loan with longer tenor for approximately 3.5 years and at lower fixed interest rates. Based on the prevailing interest rates as at 19 December 2017, the average cost of debt as a result of refinancing and IRS was about 2.4% as compared to the average cost of debt of 2.8% in 3Q2017.

Both the write-off of unamortised debt-related transaction costs and the cost of unwinding IRS have no impact on income available for distribution (see (h) below) as the unamortised debt-related cost is non-cash in nature, and cost of unwinding IRS is capital in nature and is not deductible for tax purposes.

- (e)(iii) The interest expense was higher in 4Q2017 due to higher term loan amounts with interest fixed on longer tenor.
- (f) The increase in fair value of \$8.1 million in 4Q2017 was attributable to an increase in fair value of MOS by \$15.4 million and CPCA by \$0.4 million, partially offset by a decline in fair value of MG by \$7.7 million. The increase in fair value of investment properties is non-cash in nature and has no impact on income available for distribution.
- (g) Total return for the period of the Stapled Group was contributed by:

OUE H-REIT Group and Stapled Group						
	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
OUE H-REIT	20,478	(31,622)	n.m.	75,949	17,422	>100
Other OUE H-REIT Group entity	(1)	(2)	(50)	(5)	(6)	(17)
OUE H-REIT Group	20,477	(31,624)	n.m.	75,944	17,416	>100
OUE H-BT	(1)	(1)	-	(2)	(3)	(33)
Stapled Group	20,476	(31,625)	n.m.	75,942	17,413	>100

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

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

(h) Income available for distribution

		OUE H-REIT Group and Stapled Group					
Note	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Total return for the period for OUE H-REIT	20,478	(31,622)	n.m.	75,949	17,422	>100	
Add/(Less):							
Non-tax deductible/(chargeable) items:							
- REIT Manager's management fees paid/payable in Stapled Securities	2,876	2,842	1.2	11,269	10,858	3.8	
- REIT Trustee's fees	104	106	(1.9)	415	410	1.2	
- Amortisation of intangible asset	-	948	n.m.	4,908	1,292	>100	
- Amortisation of debt-related transaction costs	560	522	7.3	2,174	2,249	(3.3)	
- Write-off of unamortised debt-related transaction costs	3,053	-	n.m.	3,053	-	n.m.	
- Cost of unwinding derivative financial instruments	5,068	-	n.m.	5,068	-	n.m.	
- Change in fair value of financial derivatives	(812)	-	n.m.	(812)	374	n.m.	
- Ineffective portion of changes in fair value of cash flow hedge	-	(202)	n.m.	(840)	278	n.m.	
- Straight-lining of lease incentives (h)(i)	(246)	(1,591)	(84.5)	(333)	(4,530)	(92.6)	
- Net change in fair value of investment properties	(8,110)	52,907	n.m.	(8,110)	53,915	n.m.	
- Other items	19	87	(78.2)	199	235	(15.3)	
	2,512	55,619	(95.5)	16,991	65,081	(73.9)	
Income available for distribution (h)(ii)	22,990	23,997	(4.2)	92,940	82,503	12.7	

n.m.: not meaningful

(h)(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.

(h)(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 FOURTH QUARTER ENDED 31 DECEMBER 2017

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		31/12/2017 \$'000	31/12/2016 \$'000	31/12/2017 \$'000	31/12/2016 \$'000	31/12/2017 \$'000	31/12/2016 \$'000
ASSETS							
Non-current assets							
Investment properties		2,218,000	2,208,100	-	-	2,218,000	2,208,100
Intangible asset	(a)	-	4,908	-	-	-	4,908
Deposit	(b)	2,295	2,295	-	-	2,295	2,295
		2,220,295	2,215,303	-	-	2,220,295	2,215,303
Current assets							
Trade and other receivables		11,017	12,508	-	-	11,017	12,508
Cash and cash equivalents		25,548	28,547	11	12	25,559	28,559
		36,565	41,055	11	12	36,576	41,067
Total assets		2,256,860	2,256,358	11	12	2,256,871	2,256,370
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	865,312	853,995	-	-	865,312	853,995
Financial derivative liabilities	(c)	1,046	3,176	-	-	1,046	3,176
Rental deposits		3,076	2,913	-	-	3,076	2,913
		869,434	860,084	-	-	869,434	860,084
Current liabilities							
Rental deposits		1,432	1,479	-	-	1,432	1,479
Financial derivative liabilities	(c)	-	704	-	-	-	704
Trade and other payables		9,933	12,123	3	2	9,936	12,125
		11,365	14,306	3	2	11,368	14,308
Total liabilities		880,799	874,390	3	2	880,802	874,392
Net assets		1,376,061	1,381,968	8	10	1,376,069	1,381,978
Represented by:							
Unitholders' funds							
Unitholders' funds of OUE H-REIT Group		1,376,061	1,381,968	-	-	1,376,061	1,381,968
Unitholders' funds of OUE H-BT		-	-	8	10	8	10
		1,376,061	1,381,968	8	10	1,376,069	1,381,978

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) Intangible asset arose from the recognition of income support pursuant to a Deed of Income Support. The intangible asset has been fully amortised in 3Q2017.
- (b) Deposit pertains to the security deposit placed with Changi Airport Group, the lessor of CPCA.
- (c) Financial derivative liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group's interest rate risk.

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

1 (b)(ii) BORROWINGS

		OUE H-REIT Group and Stapled Group	
		31/12/2017	31/12/2016
		\$'000	\$'000
Repayable within one year			
	Secured borrowings	-	-
	Less: Unamortised transaction costs	-	-
		-	-
Repayable after one year			
	Secured borrowings	875,000	859,000
	Less: Unamortised transaction costs	(9,688)	(5,005)
		865,312	853,995
Total			
	Secured borrowings	875,000	859,000
	Less: Unamortised transaction costs	(9,688)	(5,005)
		865,312	853,995

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT Group and Stapled Group			
		As at 31/12/2017			
		Facility amount	Drawn down	Repaid	Repayable
		\$'000	\$'000	\$'000	
2013 Facility	5-year term loan	294,000	294,000	(294,000)	-
2015 Facility	5-year term loan	295,000	295,000	(295,000)	-
2016 Facility	3-year term loan	270,000	270,000	(270,000)	-
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 (committed)	55,000	-	-	Undrawn
	4-year revolving credit facility (uncommitted)	50,000	-	-	Undrawn

On 19 December 2017, considering the environment of rising interest rates, OUE H-Trust completed the refinancing of its total outstanding debts amounting to \$859 million ahead of their maturity. Following the refinancing, OUE H-Trust’s weighted average loan maturity has increased by about 2 years to 3.5 years as at 31 December 2017 and OUE H-Trust has no loan due until December 2020. In addition, OUE H-Trust has also secured RCF of \$105 million which increases OUE H-Trust’s financial flexibility.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
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FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

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

1 (b)(ii) BORROWINGS (cont’d)

As at 31 December 2017, the gearing was at 38.8% and the average cost of debt for 4Q2017 was 2.5% per annum, with an interest cover of 4.5 times.

The above bank loan facilities are secured by:

- A registered first legal mortgage over MOS and MG (collectively, the “Properties”);
- A legal assignment of all insurance taken in respect of the Properties except public liability insurance;
- An assignment of all rights, titles, benefits and interests in connection with any lease, tenancy or property management agreements, and lease or tenancy deposits/proceeds in respect of MG;
- An assignment of all rights, titles, benefits and interests in connection with any master lease, entered into by OUE H-REIT and lease or tenancy deposits/proceeds in connection with such master lease in respect of MOS; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Properties.

Unsecured medium term notes

In April 2014, OUE H-REIT Group, through its subsidiary, established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“**Programme**”). Under the Programme, OUE H-REIT, through its subsidiary, may from time to time issue the notes (the “**Notes**”) in series or tranches. Each series or tranche of Notes may be issued in United States dollars or any other currency, in various amounts and tenors, and may bear interest at fixed or floating rates. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

The Notes issued will constitute direct, unconditional, unsubordinated and unsecured obligations and shall at all times rank *pari passu* and without preference among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the subsidiary.

As at 31 December 2017, 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 FOURTH QUARTER ENDED 31 DECEMBER 2017

1 (c) STATEMENTS OF CASH FLOWS

OUE H-REIT Group				
Note	4Q2017	4Q2016	FY2017	FY2016
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Total return for the period	20,477	(31,624)	75,944	17,416
Adjustments for:				
Amortisation of intangible assets	-	948	4,908	1,292
REIT Manager's fees paid/payable in Stapled Securities	2,876	2,842	11,269	10,858
Finance income	(828)	(20)	(1,718)	(255)
Finance expenses	14,456	5,659	33,619	25,190
Net change in fair value of investment properties	(8,110)	52,907	(8,110)	53,915
Straight-lining of lease incentives	(246)	(1,591)	(333)	(4,530)
Operating income before working capital changes	28,625	29,121	115,579	103,886
Changes in working capital:				
Deposit	-	-	-	(794)
Trade and other receivables	753	(480)	1,303	(3,620)
Trade and other payables	910	1,577	449	287
Rental deposits	52	(312)	116	(866)
Cash generated from operating activities	30,340	29,906	117,447	98,893
Investing activities				
Interest received	16	5	87	249
Capital expenditure on investment properties	-	(1,195)	(950)	(1,535)
Acquisition of investment property	-	-	-	(205,070)
Cash generated from/(used in) investing activities	16	(1,190)	(863)	(206,356)
Financing activities				
Finance expenses paid	(10,093)	(5,362)	(26,422)	(23,391)
Proceeds from Rights Issue	-	-	-	238,627
Issue costs paid in relation to Rights Issue	-	-	-	(4,274)
Repayment of loan	(859,000)	-	(859,000)	(293,000)
Proceeds from borrowings	875,000	-	875,000	270,000
Payment of transaction costs on borrowings	(9,790)	-	(9,790)	(2,482)
Cost of unwinding derivative financial instruments	(5,068)	-	(5,068)	-
Distribution to Stapled Securityholders	(24,569)	(22,022)	(94,303)	(80,831)
Cash (used in)/generated from financing activities	(33,520)	(27,384)	(119,583)	104,649
Net (decrease)/increase in cash and cash equivalents	(3,164)	1,332	(2,999)	(2,814)
Cash and cash equivalents at beginning of the period	28,712	27,215	28,547	31,361
Cash and cash equivalents at end of the period	25,548	28,547	25,548	28,547

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

		Stapled Group			
Note	4Q2017 \$'000	4Q2016 \$'000	FY2017 \$'000	FY2016 \$'000	
Operating activities					
	20,476	(31,625)	75,942	17,413	
	Adjustments for:				
	-	948	4,908	1,292	
	2,876	2,842	11,269	10,858	
(a)	(828)	(20)	(1,718)	(255)	
	14,456	5,659	33,619	25,190	
	(8,110)	52,907	(8,110)	53,915	
	(246)	(1,591)	(333)	(4,530)	
	28,624	29,120	115,577	103,883	
	Changes in working capital:				
	-	-	-	(794)	
	753	(480)	1,303	(3,620)	
	911	1,578	450	287	
	52	(312)	116	(866)	
	30,340	29,906	117,446	98,890	
Investing activities					
	16	5	87	249	
	-	(1,195)	(950)	(1,535)	
	-	-	-	(205,070)	
	16	(1,190)	(863)	(206,356)	
Financing activities					
	(10,093)	(5,362)	(26,422)	(23,391)	
	-	-	-	238,627	
	-	-	-	(4,274)	
	(859,000)	-	(859,000)	(293,000)	
	875,000	-	875,000	270,000	
	(9,790)	-	(9,790)	(2,482)	
	(5,068)	-	(5,068)	-	
	(24,569)	(22,022)	(94,303)	(80,831)	
(b)	(33,520)	(27,384)	(119,583)	104,649	
	(3,164)	1,332	(3,000)	(2,817)	
	28,723	27,227	28,559	31,376	
	25,559	28,559	25,559	28,559	

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

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

NOTES TO STATEMENTS OF CASH FLOWS

(a) **4Q2017**

In 4Q2017, 2,022,242 Stapled Securities amounting to \$1,706,571 will be issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore's new regulations, the REIT Manager's performance management fee will only be paid once a year, after the end of the financial year. 1,385,193 Stapled Securities amounting to \$1,168,965 will be issued on 30 January 2018 as satisfaction of the REIT Manager's performance management fees payable in Stapled Securities.

In 4Q2016, 2,604,108 Stapled Securities amounting to \$1,701,524 have been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of \$1,139,930 has been settled through the issuance of 1,744,613 Stapled Securities on 25 January 2017.

FY2017

In FY2017, 8,933,088 Stapled Securities amounting to \$6,758,977 have been/will be issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. 5,343,959 Stapled Securities amounting to \$4,509,768 will be issued on 30 January 2018 as satisfaction of the REIT Manager's performance management fees payable in Stapled Securities.

In FY2016, 9,868,980 Stapled Securities amounting to \$6,562,015 have been issued to the REIT Manager as satisfaction of REIT Manager's base management fees payable in Stapled Securities. The performance fee of \$4,295,799 has been settled through the issuance of 6,574,532 Stapled Securities on 25 January 2017.

(b) **4Q2017**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 3Q2017. In the previous corresponding period, the distribution paid was in respect of 3Q2016.

FY2017

Distribution to Stapled Securityholders relates to the distribution paid in respect of the financial period from 1 October 2016 to 30 September 2017. In the previous corresponding period, the distribution paid was in respect of the financial period from 1 October 2015 to 30 September 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

OUE H-REIT Group					OUE H-BT	Stapled Group	
Note	Units in issue and to be issued \$'000	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits/(losses) \$'000	Total \$'000	Total \$'000	Total \$'000
At 1/10/2017	1,437,526	(26,577)	(5,590)	(32,626)	1,372,733	9	1,372,742
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	20,477	20,477	(1)	20,476
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	4,544	-	4,544	-	4,544
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(i)	-	-	-	(24,569)	(24,569)	-	(24,569)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(i)	2,876	-	-	-	2,876	-	2,876
Increase/(Decrease) in net assets resulting from unitholders’ transactions	2,876	-	-	(24,569)	(21,693)	-	(21,693)
At 31/12/2017	1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	8	1,376,069

OUE H-REIT Group					OUE H-BT	Stapled Group	
Note	Units in issue and to be issued \$'000	Issue costs \$'000	Hedging reserve \$'000	Accumulated profits/(losses) \$'000	Total \$'000	Total \$'000	Total \$'000
At 1/1/2017	1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	10	1,381,978
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	75,944	75,944	(2)	75,942
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	1,183	-	1,183	-	1,183
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(ii)	-	-	-	(94,303)	(94,303)	-	(94,303)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(ii)	11,269	-	-	-	11,269	-	11,269
Increase/(Decrease) in net assets resulting from unitholders’ transactions	11,269	-	-	(94,303)	(83,034)	-	(83,034)
At 31/12/2017	1,440,402	(26,577)	(1,046)	(36,718)	1,376,061	8	1,376,069

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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 1/10/2016	1,426,291	(26,577)	(6,977)	35,287	1,428,024	11	1,428,035
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	(31,624)	(31,624)	(1)	(31,625)
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	4,748	-	4,748	-	4,748
Unitholders’ transactions							
Distribution to Stapled Securityholders	(a)(iii)	-	-	(22,022)	(22,022)	-	(22,022)
Stapled Securities to be issued as payment of REIT Manager’s management fees	(b)(iii)	2,842	-	-	2,842	-	2,842
Increase/(Decrease) in net assets resulting from unitholders’ transactions							
		2,842	-	(22,022)	(19,181)	-	(19,181)
At 31/12/2016	1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	10	1,381,978

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 1/1/2016	1,178,110	(22,303)	6,126	45,056	1,206,989	13	1,207,002
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	17,416	17,416	(3)	17,413
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(8,355)	-	(8,355)	-	(8,355)
Unitholders’ transactions							
Distribution to Stapled Securityholders	(a)(iv)	-	-	(80,831)	(80,831)	-	(80,831)
Stapled Securities to be issued as payment of REIT Manager’s management fees	(b)(iv)	10,858	-	-	10,858	-	10,858
Stapled Securities issued as payment of REIT Manager’s acquisition fees	(c)(i)	1,538	-	-	1,538	-	1,538
Proceeds from rights issue		238,627	-	-	238,627	-	238,627
Issue costs paid		(4,274)	-	-	(4,274)	-	(4,274)
Increase/(Decrease) in net assets resulting from unitholders’ transactions							
		251,023	(4,274)	(80,831)	165,918	-	165,918
At 31/12/2016	1,429,133	(26,577)	(2,229)	(18,359)	1,381,968	10	1,381,978

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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 3Q2017.
- (a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2016, 1Q2017, 2Q2017 and 3Q2017.
- (a)(iii) Distribution to Stapled Securityholders relates to the distribution made in respect of 3Q2016.
- (a)(iv) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2015, 1Q2016, 2Q2016 and 3Q2016.
- (b)(i) This represents 3,407,435 Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 4Q2017. The Stapled Securities will be issued on 30 January 2018.
- (b)(ii) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of FY2017. 2,422,592 Stapled Securities, 2,309,090 Stapled Securities and 2,179,164 Stapled Securities relating to base management fee for 1Q2017, 2Q2017 and 3Q2017 have been issued on 4 May 2017, 1 August 2017 and 1 November 2017 respectively. 2,022,242 Stapled Securities relating to base management fee for 4Q2017 and 5,343,959 Stapled Securities relating to performance fee for FY2017 will be issued on 30 January 2018.
- (b)(iii) This represents 4,348,721 Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 4Q2016. This has been issued on 25 January 2017.
- (b)(iv) This represents Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of FY2016. 2,356,056 Stapled Securities, 2,319,279 Stapled Securities, 2,589,537 Stapled Securities and 2,604,108 Stapled Securities relating to base management fee for 1Q2016, 2Q2016, 3Q2016 and 4Q2016 have been issued on 6 May 2016, 1 August 2016, 31 October 2016 and 25 January 2017 respectively. 6,574,532 Stapled Securities relating to performance management fee for FY2016 have been issued on 25 January 2017.
- (c)(i) This represents 2,167,935 Stapled Securities issued as satisfaction of the REIT Manager’s acquisition fee in connection with OUE H-REIT’s acquisition of CPEX. This has been issued on 30 August 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

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

	Stapled Group			
	4Q2017 '000	4Q2016 '000	FY2017 '000	FY2016 '000
Issued Stapled Securities at beginning of the period	1,804,339	1,787,839	1,790,428	1,335,421
Issuance of new Stapled Securities:				
- rights issue	-	-	-	441,901
- as payment of REIT Manager's management fees	2,179	2,589	16,090	10,938
- as payment of REIT Manager's acquisition fees	-	-	-	2,168
Issued Stapled Securities at end of the period	1,806,518	1,790,428	1,806,518	1,790,428
Stapled Securities to be issued:				
- as payment of REIT Manager's management fees (a)	7,366	9,179	7,366	9,179
Total issued and issuable Stapled Securities at end of the period	1,813,884	1,799,607	1,813,884	1,799,607

NOTE

(a) This represents Stapled Securities issued/to be issued as satisfaction of the REIT Manager's management fee incurred for the respective quarters. This is calculated based on the volume weighted average traded price (“VWAP”) of a Stapled Security for the last 10 business days of the relevant period in which the management fee accrues, as provided for in the REIT Trust Deed, Supplemental Deeds and the Stapling Deed.

In respect of 4Q2017 and FY2017, it comprises both the base management fee for 4Q2017 and performance management fees for FY2017 payable in Stapled Securities of 7,366,201 and these will be issued on 30 January 2018.

In respect of 4Q2016 and FY2016, it comprises both the base management fee for 4Q2016 and performance management fees for FY2016 payable in Stapled Securities of 9,178,640 and these were issued on 25 January 2017.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied

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 2016.

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.

There has been no change in the accounting policies and methods of computation adopted by Stapled Group.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security (“EPS”)

	Stapled Group			
	4Q2017	4Q2016	FY2017	FY2016
Weighted average number of Stapled Securities ('000)	1,806,598	1,790,529	1,803,185	1,661,174
Basic EPS (cents)	1.13	(1.77)	4.21	1.05
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,813,884	1,799,607	1,813,884	1,673,986
Diluted EPS (cents)	1.13	(1.76)	4.19	1.04

⁽¹⁾ The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued as payment for the REIT Manager’s performance fee after the financial year end.

Distribution per Stapled Security (“DPS”)

	Stapled Group			
	4Q2017	4Q2016	FY2017	FY2016
Number of Stapled Securities entitled to distribution ('000)	1,813,884 ⁽¹⁾	1,799,607 ⁽²⁾	1,813,884 ⁽¹⁾	1,799,607 ⁽²⁾
DPS (cents)	1.27	1.36	5.14	4.61

⁽¹⁾ Included 7,336,201 Stapled Securities to be issued as satisfaction of REIT Manager’s base management fee for 4Q2017 and performance fee for FY2017.

⁽²⁾ Included 9,178,640 Stapled Securities issued as satisfaction of REIT Manager’s base management fee for 4Q2016 and performance fee for FY2016.

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

	OUE H-REIT Group and Stapled Group	
	31/12/2017	31/12/2016
Number of Stapled Securities ('000):		
- in issue	1,806,518	1,790,429
- issuable	7,366	9,178
	1,813,884	1,799,607
NAV per OUE H-REIT unit / Stapled Security	\$0.76	\$0.77
NTA per OUE H-REIT unit / Stapled Security	\$0.76	\$0.77

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**
8. REVIEW OF PERFORMANCE

		Stapled Group					
Note	4Q2017	4Q2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)	
	\$'000	\$'000	%	\$'000	\$'000	%	
Gross revenue:							
- Hospitality	25,212	24,482	3.0	96,341	89,919	7.1	
- Retail	8,596	8,742	(1.7)	34,722	32,575	6.6	
(a)	33,808	33,224	1.8	131,063	122,494	7.0	
Property expenses:							
- Hospitality	(1,945)	(1,997)	(2.6)	(8,924)	(7,044)	26.7	
- Retail	(2,638)	(1,672)	57.8	(9,394)	(8,055)	16.6	
(b)	(4,583)	(3,669)	24.9	(18,318)	(15,099)	21.3	
Net property income:							
- Hospitality	23,267	22,485	3.5	87,417	82,875	5.5	
- Retail	5,958	7,070	(15.7)	25,328	24,520	3.3	
(c)	29,225	29,555	(1.1)	112,745	107,395	5.0	
Other income	-	1,625	n.m.	4,818	2,682	79.6	
Amortisation of intangible asset	-	(948)	n.m.	(4,908)	(1,292)	>100	
REIT Manager's fees	(2,876)	(2,842)	1.2	(11,269)	(10,858)	3.8	
REIT Trustee's fees	(104)	(106)	(1.9)	(415)	(410)	1.2	
Other trust expenses	(251)	(363)	(30.9)	(1,238)	(1,254)	(1.3)	
Net finance expenses	(13,628)	(5,639)	>100	(31,901)	(24,935)	27.9	
(f)	(13,628)	(5,639)	>100	(31,901)	(24,935)	27.9	
Net Income	12,366	21,282	(41.9)	67,832	71,328	(4.9)	
Net change in fair value of investment properties:							
- Hospitality	15,844	(10,822)	n.m.	15,844	(11,830)	n.m.	
- Retail	(7,734)	(42,085)	(81.6)	(7,734)	(42,085)	(81.6)	
(g)	8,110	(52,907)	n.m.	8,110	(53,915)	n.m.	
Total return for the period	20,476	(31,625)	n.m.	75,942	17,413	>100	
(h)	20,476	(31,625)	n.m.	75,942	17,413	>100	
Income available for distribution	22,990	23,997	(4.2)	92,940	82,503	12.7	
(i)	22,990	23,997	(4.2)	92,940	82,503	12.7	
DPS (cents)	1.27	1.36	(6.6)	5.14	4.61	11.5	
(i)	1.27	1.36	(6.6)	5.14	4.61	11.5	

n.m.: not meaningful

4Q2017 vs 4Q2016

- (a) Gross revenue for 4Q2017 was \$0.6 million higher than 4Q2016. Hospitality segment posted higher revenue which was partially offset by the lower revenue from retail segment.

Hospitality segment pertains to the master lease income from the Mandarin Orchard Singapore hotel (“**MOS**”) and the Crowne Plaza Changi Airport hotel (“**CPCA**”) which is pegged to a percentage of the operating revenue and profit of the respective hotels, subject to minimum rent.

Retail segment pertains to rental and other income from the Mandarin Gallery (“**MG**”) shopping mall.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

8. REVIEW OF PERFORMANCE (cont’d)

4Q2017 vs 4Q2016 (cont’d)

	Revenue			Net property income		
	4Q2017	4Q2016	Increase/ (Decrease)	4Q2017	4Q2016	Increase/ (Decrease)
	\$’m	\$’m	%	\$’m	\$’m	%
MOS	19.6	18.9	3.9	18.8	18.3	2.7
CPCA	5.6	5.6	-	4.5	4.2	9.1
Hospitality portfolio	25.2	24.5	3.0	23.3	22.5	3.5

Hospitality revenue was \$0.7 million higher than 4Q2016 due to higher master lease income from MOS.

Master lease income from MOS was higher as MOS recorded a higher RevPAR of \$225 (4Q2016: \$220) due to higher average room rates. Higher master lease income was also attributable to higher banquet sales and in food and beverage outlets.

Master lease income from CPCA (including CPCA extension (“CPEX”)) was the same as 4Q2016 at minimum rent. The RevPAR for CPCA has improved to \$176 (4Q2016: \$133).

Retail revenue for 4Q2017 was \$0.1 million lower than 4Q2016. The lower retail revenue in 4Q2017 was due to lower effective rent per square foot per month of \$22.8 (4Q2016: \$23.6) as a result of negative rental reversion in the preceding quarters. Occupancy rate was higher in 4Q2017 at 96.9% (4Q2016: 94.1%).

- (b) Higher property expenses by \$0.9 million were mainly due to higher land rent payable to Changi Airport Group in line with improved operating performance in CPCA and higher property tax for MG, partially offset by lower property tax for CPCA. MG recorded a higher property tax in 4Q2017 as there was a property tax refund in 4Q2016. CPCA recorded a lower property tax as a result of lower annual value assessed.
- (c) Net property income (“NPI”) for 4Q2017 was \$0.3 million lower than 4Q2016 due to higher property expenses by the retail segment, partially offset by higher NPI from hospitality segment.
- (d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. In 4Q2017, no income support was claimed as OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.
- (e) Amortisation of intangible asset relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. The intangible asset has been fully amortised in 3Q2017 in line with full drawn down of the income support.
- (f) Net finance expenses for 4Q2017 were higher than 4Q2016 by \$8.0 million mainly due to a one-time write-off of unamortised debt-related transaction cost and cost of unwinding the interest rate swaps as a result of the refinancing of the term loans and the entering into new interest rate swaps (see 1(a)(e)(ii)).
- (g) The increase in fair value of \$8.1 million in 4Q2017 was attributable to net increase in fair value of the properties (see 1(a)(f)). The net change in fair value gain was \$61 million as 4Q2016 recorded a fair value loss of \$52.9 million.
- (h) Total return in 4Q2017 of \$20.5 million (4Q2016: loss of \$31.6 million) was \$52.1 million higher mainly due to net change in fair value gain on investment properties.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017

8. REVIEW OF PERFORMANCE (cont'd)

4Q2017 vs 4Q2016 (cont'd)

- (i) Income available for distribution was \$1.0 million lower than 4Q2016 mainly due to the absence of income support and higher interest expense, partially mitigated by higher income received from hospitality and retail segments. While retail segment recorded a lower revenue in 4Q2017, it contributed to higher income available for distribution after adjustment for non-cash straight-line lease incentives (see 1(a)(h)(i)). The DPS for 4Q2017 was 1.27 cents, 6.6% lower as compared to 1.36 cents for 4Q2016.

FY2017 vs FY2016

- (a) Gross revenue for FY2017 was \$8.5 million higher than FY2016. Both hospitality and retail segments posted higher revenue in FY2017 as compared to FY2016.

	Revenue			Net property income		
	FY2017	FY2016	Increase/ (Decrease)	FY2017	FY2016	Increase/ (Decrease)
	\$'m	\$'m	%	\$'m	\$'m	%
MOS	73.8	71.7	3.0	70.4	68.3	3.0
CPCA ⁽¹⁾	22.5	18.2	23.9	17.0	14.6	15.9
Hospitality portfolio	96.3	89.9	7.1	87.4	82.9	5.5

⁽¹⁾ Inclusive 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.

Hospitality revenue was \$6.4 million higher than FY2016 due to higher master lease income from both MOS and CPCA.

Master lease income from MOS was \$2.1 million higher than FY2016. MOS recorded a higher RevPAR of \$223 (FY2016: \$217) as a result of higher occupancy and average room rates. Higher master lease income was also attributable to higher sales in banquet and in food and beverage outlets. Banquet sales increased due to more meeting business with the opening of new meeting facilities, whereas food and beverage outlets had performed better due to higher patronage.

Master lease income from CPCA (including CPEX) was \$4.2 million higher than FY2016 with the addition of CPEX in August 2016. Since CPEX's opening, CPCA continues to ramp up its operations, with occupancy increasing from the 60% range to the 80% range in FY2017. In addition to the master lease income, OUE H-REIT received income support provided by OUEAH (refer to part (d) for more details) for first three quarters in 2017 (FY2016: income support was received in the last two quarters).

Retail revenue for FY2017 was \$2.1 million higher than FY2016. The higher retail revenue in FY2017 was due to higher average occupancy rate in FY2017 at 95.5% (FY2016: 86.3%). In FY2016, the lower occupancy was attributable to landlord works to amalgamate units in order to bring in new tenants who have signed longer leases. The mall recorded an effective rent per square foot per month of \$23.3 for FY2017 (FY2016: \$24.2) due to impact from negative rental reversion in the preceding quarters.

- (b) Higher property expenses by \$3.2 million were mainly attributable to higher land rent payable to Changi Airport Group as the higher land rent structure took effect with the commencement of CPEX operations and improved operating performance in CPCA (including CPEX), and higher property tax for MG due to additional property tax assessment in FY2017 in relation to FY2016.
- (c) Net property income (“NPI”) for FY2017 was \$5.4 million higher than FY2016 due to better performance from both hospitality and retail segments.

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8. REVIEW OF PERFORMANCE (cont’d)

FY2017 vs FY2016 (cont’d)

- (d) Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. Income support was for a period of nine months in FY 2017, whereas for FY2016 it was for five months. OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.
- (e) Amortisation of intangible asset of \$4.9 million in FY2017 relates to amortisation of income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT has amortised in full the income support in line with the full claim made on the income support.
- (f) Net finance expenses in FY2017 were higher than FY2016 by \$7.0 million mainly due to a one-time write-off of unamortised debt-related transaction cost and cost of unwinding the interest rate swaps as a result of the refinancing of the term loans and the entering into new interest rate swaps (see 1(a)(e)(ii)).
- (g) The increase in fair value of \$8.1 million in 4Q2017 was attributable to net increase in fair value of the properties (see 1(a)(f)). The net change in fair value gain was \$62 million as FY2016 recorded a fair value loss of \$53.9 million.
- (h) Total return in FY2017 of \$75.9 million (FY2016: \$17.4 million) was \$58.5 million higher mainly due to net change in fair value gain on investment properties, better operating performance from both hospitality and retail segments, partially offset by higher net finance expenses.
- (i) Income available for distribution was \$10.4 million higher than FY2016 mainly due to higher income received from hospitality and retail segments (after adjustment for non-cash straight-line lease incentives) (see 1(a)(h)(i)), and higher income support received for CPCA. The DPS for FY2017 was 5.14 cents, 11.5% higher as compared to 4.61 cents for FY2016.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

10. Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the International Monetary Fund (“IMF”), the global upswing in economic activity has gained momentum and it has projected global growth at a rate of 3.6% in 2017 and 3.7% in 2018. However, risks to a sustained recovery remain.¹

Singapore’s economic growth similarly picked up pace in 2017, recording a growth rate of 3.5% compared to the 2.0% registered for 2016.² Against a backdrop of an improving global economy, the pace of growth of the Singapore economy in 2018 is expected to remain firm though it is projected to moderate as compared to 2017.³

In the tourism sector, Singapore Tourism Board (“STB”) reported a 6.4%⁴ year-on-year increase in international visitor arrivals in the first eleven months of 2017. The number of visitor days had also increased by 4.6%.⁴ Changi Airport’s Terminal 4 commenced operations on 31 October 2017 and on 18 December, Changi Airport recorded its 60th million passenger within a calendar year for the first time.⁵

¹ International Monetary Fund. 2017. Seeking Sustainable Growth: Short-Term Recovery, Long-Term Challenges. Washington, DC, October.

² MTI Press Release. Singapore’s GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017, 2 January 2018

³ MTI Press Release. MTI Forecasts GDP to Grow by “3.0 to 3.5 Per Cent” in 2017 and “1.5 to 3.5 Per Cent” in 2018, 23 November 2017

⁴ Singapore Tourism Board, International Visitor Arrivals Statistics, 29 January 2018

⁵ Changi Airport Group Press Release. Flying higher, Changi Airport crosses 60-million milestone in 2017, 18 December 2017

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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 (cont’d)

In 2018, the return of large biennial events, such as the Singapore Airshow and Food & Hotel Asia, are expected to increase demand for hotel accommodation. New supply in 2018 is expected to be lower but the market has to absorb the additional rooms that came on stream in the second half of 2017. As such, the market environment remains competitive.

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

In December 2017, OUE H-Trust completed the refinancing of its total outstanding debts amounting to \$859 million ahead of their maturity, including the \$294 million term loan that was due in July 2018. This is in line with OUE H-Trust’s pro-active and prudent approach to capital management, strengthening its debt profile in an environment of rising interest rates. In addition, OUE H-Trust has also secured revolving credit facilities of \$105 million which increases OUE H-Trust’s financial flexibility. Following the refinancing, OUE H-Trust has no loan due until December 2020.

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

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 October 2017 to 31 December 2017
Distribution type	Taxable income
Distribution rate per stapled security	1.27 cents
Book closure date	7 February 2018
Date payable	28 February 2018

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the previous corresponding period?	Yes
Name of distribution	Distribution for the period from 1 October 2016 to 31 December 2016
Distribution type	Taxable income
Distribution rate per stapled security	1.36 cents

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11. Distributions (cont'd)

(c) Tax rate

Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) will receive pre-tax distributions. These distributions are exempted from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. Certificate pursuant to Paragraph 7.3 of the Property Funds Appendix

The REIT Manager and the Trustee-Manager hereby certify that in relation to the distribution to the Stapled Securityholders of OUE H-TRUST for the quarter ended 31 December 2017:

- 1) OUE H-TRUST will declare a distribution (“Distribution”) in excess of its profits (defined as the Total Return for the quarter ended 31 December 2017).
- 2) The REIT Manager and the Trustee-Manager are satisfied on reasonable grounds that, immediately after making the Distribution, OUE H-TRUST will be able to fulfill, from its deposited properties, its liabilities as and when they fall due.

The distribution is computed based on the accounts of OUE H-REIT for the quarter ended 31 December 2017 and is verified by the external tax consultant of OUE H-REIT.

OUE H-REIT’s current distribution policy is to distribute at least 90.0% of its tax-exempt income (after deduction of applicable expenses). OUE H-BT is currently dormant and does not own any properties, and it may make distributions in the future when it becomes active and profitable.

14. General mandate relating to Interested Person Transactions

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

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15. Segment Information

	Stapled Group					
	FY2017			FY2016		
	Hospitality \$'000	Retail \$'000	Total \$'000	Hospitality \$'000	Retail \$'000	Total \$'000
Gross revenue	96,341	34,722	131,063	89,919	32,575	122,494
Property expenses	(8,924)	(9,394)	(18,318)	(7,044)	(8,055)	(15,099)
Reportable segment net property income	87,417	25,328	112,745	82,875	24,520	107,395
- Other income	4,818	-	4,818	2,682	-	2,682
- Amortisation of intangible assets	(4,908)	-	(4,908)	(1,292)	-	(1,292)
Unallocated items:						
- REIT Manager's fees			(11,269)			(10,858)
- REIT Trustee's fees			(415)			(410)
- Other trust expenses			(1,238)			(1,254)
- Finance income			1,718			255
- Finance expenses			(33,619)			(25,190)
Net income			67,832			71,328
Net change in fair value of investment properties	15,844	(7,734)	8,110	(11,830)	(42,085)	(53,915)
Total return for the year			75,942			17,413

16. Factors leading to any material changes in contributions to turnover and earnings

Please refer to Section 8 for the review of actual performance.

17. Breakdown of sales

	Stapled Group		
	FY2017	FY2016	Increase/ (Decrease)
	\$'000	\$'000	%
Gross revenue reported for first half year	63,246	57,018	10.9
Total return for first half year	35,892	30,004	19.6
Gross revenue reported for second half year	67,817	65,476	3.6
Total return for second half year	40,050	(12,591)	n.m.

18. Breakdown of annual distribution

For the financial period:

1 January to 31 March – paid
 1 April to 30 June – paid
 1 July to 30 September – paid
 1 October to 31 December – payable/paid

Stapled Group	
2017	2016
\$'000	\$'000
23,427	19,617
21,832	16,428
24,569	22,022
_(1)	24,475

⁽¹⁾ Please refer to section 11

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19. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

Pursuant to Rule 720(1) of the Listing Manual of SGX-ST, we, on behalf of the directors and executive officers of the REIT Manager and the Trustee-Manager confirm that we have submitted the undertakings to the Exchange.

On behalf of the Board of Directors and Executive Officers

Lee Yi Shyan
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

30 January 2018

20. CONFIRMATION PURSUANT TO RULE 704(13) OF THE LISTING MANUAL

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the REIT Manager and the Trustee-Manager confirm that there is no person occupying a managerial position in the REIT Manager or the Trustee-Manager, who are related to a director or the chief executive officer or a substantial shareholder of the REIT Manager or of the Trustee-Manager respectively or a substantial stapled security holder of OUE H-Trust.

On behalf of the Board of Directors

Lee Yi Shyan
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

30 January 2018

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
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Disclaimer

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

The value of the Stapled Securities and the income derived from them may fall or rise. The Stapled Securities are not obligations, or deposits in, or guaranteed by the REIT Manager, the Trustee-Manager (together with the REIT Manager, the “Managers”) or RBC Investor Services Trust Singapore Limited (as trustee of OUE H-REIT Group) or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE Hospitality Trust is not necessarily indicative of the future performance of OUE Hospitality Trust.

Stapled Securityholders have no right to request that the Managers redeem or purchase their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

By Order of the Board

Ng Ngai
Company Secretary
OUE Hospitality REIT Management Pte. Ltd.
(Company Registration No. 201310245G)
As manager of OUE Hospitality Real Estate Investment Trust

By Order of the Board

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

30 January 2018