PRESS RELEASE

OUE H-Trust Records Highest Annual Distributable Income in 2017 of $92.9 million Since Listing

- ***Distribution per Stapled Security (DPS) for 2017 of 5.14 cents was 11.5% higher than 2016***
- ***On 19 December 2017, OUE H-Trust had re-financed its outstanding term loans of $859 million ahead of their maturity with new term loan facilities. Following the refinancing, OUE H-Trust has no loan due until December 2020.***

Singapore – 30 January 2018 - OUE Hospitality Trust (OUE H-Trust), a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), achieved distributable income (DI) of $92.9 million for 2017, 12.7% higher than 2016. OUE H-Trust's DPS for 2017 was 5.14 cents, 11.5% higher than 2016.

Revenue and net property income (NPI) for 2017 of $131.1 million and $112.7 million were respectively 7.0% and 5.0% higher than 2016 due to higher contributions from both the hospitality and retail segments.

For the period 1 October 2017 to 31 December 2017 (4Q2017), OUE H-Trust achieved a DI of $23.0 million compared to $24.0 million for 4Q2016. DPS for 4Q2017 was 1.27 cents compared to 1.36 cents for 4Q2016. DI and DPS were lower mainly due to the absence of income support[1] for Crowne Plaza Changi Airport (CPCA) and higher interest expense, partially mitigated by higher income received from hospitality and retail segments.

Distribution Details

Distribution Period	1 October 2017 to 31 December 2017
Distribution Rate	1.27 cents per Stapled Security
Ex-Distribution Date	5 February 2018, 9.00 am
Book Closure Date	7 February 2018
Distribution Payment Date	28 February 2018

[1] Income support provided by OUE Airport Hotel Pte. Ltd. (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.

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Mr. Lee Yi Shyan, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: “OUE H-Trust has achieved an 11.5% increase in DPS for 2017 compared with 2016 on the back of higher income from both the hospitality and retail segments. The hospitality segment was boosted by higher contribution from the enlarged CPCA and improved operating performance by Mandarin Orchard Singapore (MOS). Mandarin Gallery has also contributed to the better performance as it had achieved higher average occupancy of 95.5% in 2017 as compared to 86.3% the previous year.”

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: “OUE H-Trust has done well for full year 2017 to record its highest annual DI since listing, against a backdrop of continued increase in supply of hotel rooms in Singapore and a challenging retail landscape.”

Mr. Chong added: “OUE H-Trust’s debt profile has improved following the refinancing in December 2017 of all of its existing loans. Following the refinancing, OUE H-Trust has no loan due until December 2020. The outstanding term loans of $859 million were refinanced well ahead of their maturity, considering the environment of rising interest rates, to strengthen OUE H-Trust’s debt profile. As a result, OUE H-Trust’s weighted average loan maturity has increased by about 2 years to 3.5 years as at 31 December 2017. Along with the refinancing, about 71% of OUE H-Trust’s interest has been fixed via IRS[2] on longer tenor for approximately 3.5 years. In addition, OUE H-Trust has secured revolving credit facilities of $105 million which adds to OUE H-Trust’s financial flexibility.”

Mr. Chong said: “In 4Q2017, MOS posted its third consecutive quarter of RevPAR increase as compared to the corresponding quarters last year. RevPAR recorded was $225 supported by higher average room rates compared to RevPAR of $220 in 4Q2016. The hotel’s banquet sales and food and beverage outlets have also performed better. As a result, master lease income for MOS was $0.8 million higher. This has partially mitigated the absence of $1.6 million of income support from CPCA in 4Q2017. CPCA’s operations continues to be ramped up amidst a challenging market.”

Mandarin Gallery’s average occupancy achieved was higher at 96.9% compared to 94.1% in 4Q2016. However, the mall’s revenue for 4Q2017 has dipped slightly by 1.7% due to a lower effective rent per square foot per month of $22.80 compared to $23.60 in 4Q2016. While Mandarin Gallery recorded a lower revenue in 4Q2017, it contributed to higher income available for distribution after adjustment for non-cash straight-line lease incentives.[3]

Outlook

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.[4]

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.[5] Against a backdrop of an improving

[2] Interest rate swap

[3] 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.

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

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

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[6].

In the tourism sector, Singapore Tourism Board ("**STB**") reported a 6.4%[7] 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%.[7] 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.[8]

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.

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6 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
7 Singapore Tourism Board, International Visitor Arrivals Statistics, 29 January 2018
8 Changi Airport Group Press Release. Flying higher, Changi Airport crosses 60-million milestone in 2017, 18 December 2017

Summary of Results (FY2017 vs FY2016)

	FY			*Notes*
(S$m)	**2017**	**2016**	**Variance %**	
Gross Revenue	131.1	122.5	7.0	*1*
Net Property Income	112.7	107.4	5.0	*2*
Other Income	4.8	2.7	79.6	*3*
Distributable Income	**92.9**	**82.5**	**12.7**	*4*
DPS (S cents)	**5.14**	**4.61**	**11.5**	*4*

Note 1:

- 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.
- 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 rates. Higher master lease income was also attributable to higher banquet sales 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 the Crowne Plaza Changi Airport Extension (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 for first three quarters in 2017 (FY2016: income support was received in the last two quarters). (refer to *Note 3* for more details).
- 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.

Note 2:

- NPI for FY2017 was $5.4 million higher than FY2016 due to better performance from both hospitality and retail segments.

Note 3:

- 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.

Note 4:

- 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), 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.

About OUE Hospitality Trust

OUE Hospitality Trust is a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), listed on the Mainboard of Singapore Exchange Securities Trading Limited.

OUE H-REIT was 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.

OUE H-REIT's asset portfolio comprising two hotels - the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S$2.2 billion as at 31 December 2017.

OUE H-BT is dormant.

OUE H-REIT is managed by OUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited (OUE). OUE H-BT is managed by OUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by OUE.

For more information, please visit www.oueht.com

About the Sponsor

OUE Limited (SGX-ST: OUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and United States. OUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail, residential and healthcare sectors. With its core strategy of investing in and enhancing a stable of distinctive properties, OUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. OUE is the sponsor of OUE Hospitality Trust and OUE Commercial Real Estate Investment Trust. In March 2017, OUE acquired OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited), a listed integrated healthcare services and facilities provider.

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This press 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.

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