

PRESS RELEASE
For Immediate Release

OUE H-Trust Achieves Higher Revenue and NPI for 3Q2016

- *For 3Q2016, OUE H-Trust's revenue and NPI were respectively 2.0% and 2.4% higher than 3Q2015*

Singapore – 31 Oct 2016 - 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), has achieved revenue and net property income (NPI) of S\$33.3 million and S\$29.4 million respectively for the period from 1 July 2016 to 30 September 2016 (3Q2016) which were 2.0% and 2.4% higher than 3Q2015. The higher revenue and NPI are attributable to the higher contribution from the enlarged Crowne Plaza Changi Airport (CPCA) as the 243-room extension to CPCA was acquired on 1 August 2016. The enlarged CPCA has a total of 563 rooms.

OUE H-Trust's distribution income (DI) and distribution per stapled security (DPS) for 3Q2016 were S\$22.3 million and 1.23 cents respectively.

Distribution Details

Distribution Period	1 July 2016 to 30 September 2016
Distribution Rate	1.23 cents per Stapled Security
Ex-Distribution Date	4 November 2016, 9.00 am
Book Closure Date	8 November 2016
Distribution Payment Date	30 November 2016

Mr. Christopher Williams, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: "The weak global economy presents a challenging operating environment. OUE H-Trust will remain focused on active asset management to optimise the performance of its assets. With a healthy balance sheet, OUE H-Trust has the financial flexibility to capture potential acquisition opportunities."

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: "The operating performance of both the hospitality and retail segments has improved in 3Q2016 compared to 2Q2016. In addition, the increase in master lease income from the 563-room enlarged CPCA has contributed positively to OUE H-Trust's income. Compared to 3Q2015, OUE H-Trust's 3Q2016 revenue and NPI were respectively 2.0% and 2.4% higher."

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Mr. Chong continued: “Though there has been some seasonal uplift in 3Q2016 compared to 2Q2016, the operating environment remains challenging with increasing hotel room supply through to 2017. For Mandarin Orchard Singapore (MOS), compared to 3Q2015 RevPAR of S\$243, RevPAR for 3Q2016 was S\$224. The decrease in room sales was partially mitigated by an increase in food and beverage sales due to higher patronage at MOS’ food and beverage outlets. As a result, master lease income from MOS was S\$0.6 million lower than 3Q2015. Master lease income from the enlarged CPCA was S\$2.1 million higher than 3Q2015 due to enlarged room inventory in CPCA with the addition of the extension’s 243 rooms acquired on 1 August 2016.”

In 3Q2016, the master lease income contribution from CPCA was for one month, and contribution from enlarged CPCA was for two months as the 243-room extension was acquired and commenced operation on 1 August 2016. As such, it is not meaningful to compare the RevPAR for the 563-room enlarged CPCA with the RevPAR for the 320-room CPCA for 3Q2015.

Mr. Chong added: “The average occupancy of Mandarin Gallery has increased from 79.1% in 2Q2016 to 89% in 3Q2016 but is lower than the 95.7% recorded in 3Q2015. Hence, retail revenue for 3Q2016 was S\$0.8 million lower than 3Q2015 mainly due to lower average occupancy rate in light of the challenging retail environment.”

Outlook

Singapore Tourism Board (“STB”) reported a 10.3%¹ year-on-year increase in international visitor arrivals in the first eight months of 2016. Despite the higher visitor arrivals, year-to-date August RevPAR for Singapore hotels was 2.7% lower than the same period last year.²

Against the backdrop of a subdued global and local economy, the tourism industry continues to face headwinds in the near term as consumers and corporates are likely to be conservative in their travel expenditures. The increased rooms supply in Singapore had created a highly competitive market environment and this would likely persist. To support the tourism industry and in an effort to boost tourism in the short term and long term, the Singapore government has set aside \$700 million³ in a Tourism Development Fund to be invested from 2016 to 2020.

The asset enhancement programme on 430 rooms of Mandarin Orchard Singapore will continue in 2016 and is expected to complete in 1Q2017. In addition, a programme to renovate and increase the meeting facilities in MOS is in progress. The enhancement of MOS’ meeting facilities will allow it to attract and cater to a wider range of banquet and conference demand.

The retail scene in Singapore remains challenging. As a result of the impact of slower lease renewals and more fit-out periods by the landlord, Mandarin Gallery is expected to record lower average occupancy in FY2016. To partner relevant tenants towards success, structure of leases for some tenants feature lower base rent and higher turnover rent compared to previous leases for the same units. Michael Kors has commenced operations in 3Q2016 and Victoria’s Secret is expected to open in 4Q2016. Although OUE H-Trust’s retail segment income is impacted in 2016 by the lower rental contributions due to longer fit-out periods by the landlord, the strategy to sign strong tenants for longer lease periods (seven years for Michael Kors and 10 years for

¹ Singapore Tourism Board, *International Visitor Arrivals Statistics*, 21 Oct 2016

² Singapore Tourism Board, *Hotel Statistics*, 21 Oct 2016

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

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Victoria's Secret) will benefit OUE H-Trust through enhanced income stability in the long run.

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

Summary of Results

3Q2016 vs 3Q2015

(S\$m)	3Q			Notes
	2016	2015	Variance %	
Gross Revenue	33.3	32.7	2.0	1
Net Property Income	29.4	28.8	2.4	2
Distribution Income	22.3	23.0	(3.3)	3
DPS (S cents)	1.23	1.72	(28.5)	4

Note 1:

- Gross revenue for 3Q2016 was S\$0.6 million higher than 3Q2015. Hospitality segment posted higher revenue which offset the lower revenue from retail segment.
- Hospitality revenue was S\$1.5 million higher than 3Q2015. This was a result of S\$2.1 million higher master lease income from CPCA which more than offset the S\$0.6 million decrease in master lease income from MOS. The master lease income from CPCA of S\$6.1 million for 3Q2016 was inclusive of an income support of approximately S\$1.0 million. OUEAH (OUE Airport Hotel Pte. Ltd., the Vendor) had provided an income support of approximately S\$1.0 million as the master lease income from the enlarged CPCA was less than the pro-rated Target Quarterly Rent of S\$4.8 million as CPEX has just begun operations.
- Master lease income from MOS was S\$0.6 million lower than 3Q2015 as MOS recorded a lower RevPAR of S\$224 as compared to RevPAR of S\$243 in 3Q2015. The lower RevPAR was attributed to global economic uncertainties that resulted in dampened corporate travel. The increase in rooms supply in Singapore has also created a highly competitive market environment for business in all segments. The decrease in room sales was partially mitigated by an increase in food and beverage sales due to higher patronage at the food and beverage outlets.
- Master lease income from the enlarged CPCA was S\$2.1 million higher than 3Q2015 due to enlarged room inventory in CPCA with the addition of CPEX's 243 rooms which opened for business on 1 August 2016, and an income support of approximately S\$1.0 million from OUEAH, as CPEX is expected to take time to ramp up its operations. In 3Q2016, the master lease income contribution from CPCA was for one month, and contribution from enlarged CPCA was for two months as CPEX was acquired and commenced operations on 1 August 2016. As such, it is not meaningful to compare the RevPAR for enlarged 563-room CPCA with the RevPAR for the 320-room CPCA for 3Q2015.
- Retail revenue for 3Q2016 was S\$0.8 million lower than 3Q2015 mainly due to lower average occupancy rate at 89.0% (3Q2015: 95.7%) in light of the challenging retail environment. The mall recorded an effective rent per square foot per month of S\$24.6 for 3Q2016 (3Q2015: S\$25.0).

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Note 2:

- NPI for 3Q2016 was S\$0.7 million or 2.4% higher than 3Q2015 due to higher master lease income from the hospitality segment, offset by lower contribution from the retail segment.

Note 3:

- Income available for distribution was S\$0.8 million or 3.3% lower than 3Q2015 mainly due to lower net property income from retail segment.

Note 4:

- The DPS for 3Q2016 was 1.23 cents due to lower income available for distribution and an enlarged number of stapled securities in issue following the rights issue completed in April 2016.

About OUE Hospitality Trust

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

OUH 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.

OUH 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\$2.25 billion as at 1 August 2016.

OUH H-BT is dormant.

OUH H-REIT is managed by OUH Hospitality REIT Management Pte. Ltd., which is wholly-owned by OUE Limited (OUE). OUH H-BT is managed by OUH 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 the 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 and residential sectors primarily in Singapore. 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 OUH Hospitality Trust and OUE Commercial Real Estate Investment Trust.

For more information, please visit www.oue.com.sg.

OUE HOSPITALITY REIT MANAGEMENT PTE. LTD.

For further information, please contact:

Goh Lilian

Senior Vice President, Investor Relations

Tel: +65 6831 6345

Email: lilian.goh@oueht.com

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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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