

PRESS RELEASE
For Immediate Release

OUE H-Trust Achieves Higher Distribution Income for 4Q2016

- ***For 4Q2016, OUE H-Trust’s distribution income (DI) is 5.3% higher than 4Q2015***

Singapore – 25 January 2017 - 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 DI of \$24.0 million for the period from 1 October 2016 to 31 December 2016 (4Q2016), 5.3% higher than 4Q2015. OUE H-Trust’s distribution per stapled security (DPS) for 4Q2016 was 1.36 cents.

Revenue and net property income (NPI) of \$33.2 million and \$29.6 million respectively were 0.7% and 2.5% higher than 4Q2015. The higher revenue is attributable to the higher contribution from the enlarged 563-room Crowne Plaza Changi Airport (CPCA) as the 243-room extension to CPCA was acquired on 1 August 2016. The higher NPI achieved is due to higher master lease income from the hospitality segment and lower property expenses recorded for the retail segment.

Distribution Details

Distribution Period	1 October 2016 to 31 December 2016
Distribution Rate	1.36 cents per Stapled Security
Ex-Distribution Date	1 February 2017, 9.00 am
Book Closure Date	3 February 2017
Distribution Payment Date	27 February 2017

Mr. Christopher Williams, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: “OUE H-Trust’s enlarged portfolio, with the acquisition on 1 August 2016 of the extension to CPCA, has delivered higher DI for 4Q2016. OUE H-Trust will continue to focus on active asset management to optimise the performance of its assets amidst a challenging operating environment and seek accretive acquisitions.”

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: “OUE H-Trust achieved higher DI for 4Q2016 as a result of higher income from the hospitality segment, partially offset by lower contribution from the retail segment”

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Mr. Chong continued: “The higher income from the hospitality segment is attributable to additional income from the enlarged CPCA as OUE H-Trust completed the acquisition of its 243-room extension on 1 August 2016. Master lease income from Mandarin Orchard Singapore (MOS) was lower as corporate demand remained weak, resulting in lower RevPAR of \$220 in 4Q2016 compared to \$236 in 4Q2015. Though room sales was down, food & beverage (F&B) sales was a bright spot for MOS as the hotel’s F&B outlets enjoyed higher patronage during the period.”

The 243-room extension to CPCA was acquired and commenced operation on 1 August 2016. As such, it is not meaningful to compare the 4Q2016 RevPAR for the 563-room enlarged CPCA with the RevPAR for the 320-room CPCA for 4Q2015.

Mr. Chong added: “The average occupancy of Mandarin Gallery has continued to improve from 89% in 3Q2016 to 94.1% in 4Q2016, which is slightly lower than the 94.8% recorded in 4Q2015. NPI for the retail segment was \$0.5 million higher as a result of lower property expenses, though retail revenue for 4Q2016 was \$0.4 million lower than 4Q2015 mainly due to lower average occupancy rate and lower rental rates achieved in light of the challenging retail environment.”

Outlook

Singapore Tourism Board (“STB”) reported a 7.9%¹ year-on-year increase in international visitor arrivals in the first 11 months of 2016. Despite the higher visitor arrivals, year-to-date November RevPAR for Singapore hotels was 4.8% lower than the same period last year.²

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

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

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

¹ Singapore Tourism Board, *International Visitor Arrivals Statistics*, 11 January 2017

² Singapore Tourism Board, *Hotel Statistics*, 11 January 2017

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

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

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Mandarin Gallery is expected to enjoy higher average occupancy in 2017 compared to 2016.

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

Summary of Results

4Q2016 vs 4Q2015

(S\$m)	4Q			Notes
	2016	2015	Variance %	
Gross Revenue	33.2	33.0	0.7	1
Net Property Income	29.6	28.8	2.5	2
Other Income	1.6	-	n.m.	3
Distribution Income	24.0	22.8	5.3	4
DPS (S cents)	1.36	1.70	(20.0)	5

Note 1:

- Gross revenue for 4Q2016 was \$0.2 million higher than 4Q2015. Hospitality segment posted higher revenue which offset the lower revenue from retail segment.
- Hospitality revenue was \$0.7 million higher than 4Q2015. This was a result of \$1.6 million higher master lease income from CPCA which more than offset the \$0.9 million decrease in master lease income from MOS.
- Master lease income from MOS was \$0.9 million lower than 4Q2015 as MOS recorded a lower RevPAR of \$220 as compared to RevPAR of \$236 in 4Q2015. 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. Higher sales from all of the hotel's food and beverage outlets partially mitigated the decrease in room sales.
- Master lease income from the enlarged CPCA was \$1.6 million higher than 4Q2015 due to enlarged room inventory in CPCA with the addition of CPEX's 243 rooms which opened for business 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 4Q2015. In addition to master lease income, OUE H-REIT also receives income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) (refer to Note 3 for more details).
- Retail revenue for 4Q2016 was \$0.4 million lower than 4Q2015 mainly due to lower average occupancy rate at 94.1% (4Q2015: 94.8%) and lower rental rates achieved in light of the challenging retail environment. The mall recorded an effective rent per square foot per month of \$23.6 for 4Q2016 (4Q2015: \$24.6).

Note 2:

- Net property income ("NPI") for 4Q2016 was \$0.7 million or 2.5% higher than 4Q2015 due to higher master lease income from the hospitality segment and lower property expenses recorded for the retail segment.

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Note 3:

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

Note 4:

- Income available for distribution was \$1.2 million or 5.3% higher than 4Q2015 due to higher income from hospitality segment partially offset by lower contribution from retail segment, after straight-line adjustment.

Note 5:

- The DPS for 4Q2016 was 1.36 cents. The lower DPS in 4Q2016 was primarily due to enlarged number of Stapled Securities arising from the Rights Issue exercise on the basis of 33 Rights Stapled Securities for every 100 Existing Stapled Securities 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\$2.2 billion as at 31 December 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

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development profits, to enhance long-term shareholder value. OUE is the sponsor of OUE Hospitality Trust and OUE Commercial Real Estate Investment Trust.

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

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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.

Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

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