

PRESS RELEASE
For Immediate Release

OUE H-Trust Achieves Higher 1Q2016 Revenue and NPI of \$30.1 million and \$26.3 million Respectively

- ***Gross revenue and NPI are higher due to higher contribution from Mandarin Orchard Singapore (MOS) and Crowne Plaza Changi Airport (CPCA) which partially offset the weaker performance of the retail segment***

Singapore – 6 May 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 \$30.1 million and \$26.3 million respectively for the period from 1 January 2016 to 31 March 2016 (1Q2016) which were 2.8% and 2.2% higher than 1Q2015. The higher revenue and NPI are attributable to the higher contribution from Crowne Plaza Changi Airport (CPCA) which was acquired on 30 January 2015 and better operating performance of CPCA and Mandarin Orchard Singapore (MOS).

OUE H-Trust's distribution income (DI) and distribution per stapled security (DPS) for 1Q2016 was \$19.7 million and 1.10 cents respectively. Excluding the effects from the rights issue in April 2016, the DPS would be 1.47 cents.

Distribution Details

Distribution Period	1 January 2016 to 31 March 2016
Distribution Rate	1.10 cents per Stapled Security
Ex-Distribution Date	12 May 2016, 9.00 am
Book Closure Date	16 May 2016
Distribution Payment Date	7 June 2016

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 acquisition of CPCA in January 2015 has increased its portfolio diversification and enhanced its income stability amidst a challenging environment. In 1Q2016, the higher income from the hotel's master leases partially offset the weaker performance of the retail segment. Going forward, OUE H-Trust is expected to complete the acquisition the Crowne Plaza Chang Airport extension in the second half of 2016 which will further enhance OUE H-Trust's income diversification."

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Mr. Chong Kee Hiong, CEO of the REIT Manager, said: “OUE H-Trust’s hospitality revenue was \$2.3 million higher than 1Q2015. This was due to higher master lease income from MOS and CPCA due to better operating performance and the contribution of master lease income for three months in 1Q2016 from CPCA as compared to two months in 1Q2015 as CPCA was acquired on 30 January 2015.”

Mr. Chong continued: “Retail revenue for 1Q2016 was \$1.5 million lower than 1Q2015. This is mainly due to landlord fit out periods for incoming tenants and lower average occupancy rate. For 1Q2016, the Mandarin Gallery’s average occupancy was about 83% compared to the committed leases of 88% based on net lettable area (NLA) mainly due to the landlord amalgamation works being done for the space leased to Victoria’s Secret. As at 31 March 2016, approximately 13% of NLA was undergoing landlord fitout works.”

Mr. Chong added: “In 2016, Michael Kors is expected to open at Mandarin Gallery in the third quarter and Victoria’s Secret is expected open in the fourth quarter. The long leases signed by the two international brands of seven years and 10 years respectively will add to the income stability of Mandarin Gallery in the long run. When they open, Mandarin Gallery will be home to Michael Kor’s prototype flagship store concept, housing for the first time in Southeast Asia the men’s line and the runway collection, and Victoria’s Secret’s full assortment flagship store in Southeast Asia, bringing new retail experiences to shoppers.”

Recognising the challenges in the retail scene, Mandarin Gallery is actively supporting tenants by implementing marketing strategies that help to drive sales and continues to attract shoppers with innovative offerings. To achieve this, there has been a focus on updating the tenant mix to bring in more interesting and iconic retail concepts, and on the other hand, create spaces for shoppers to experiment with immersive experiences within the mall. For example, the mall has organised a Silent Night event that featured Singapore’s first-ever Silent Yoga experience, and two events titled *Knockout!* and *Featherlight* where a studio was created from space in Mandarin Gallery, for high-energy boxing and SURFSET sessions. These activities also serve to showcase Mandarin Gallery to potential tenants.

Outlook

Singapore Tourism Board (STB) reported a 12.3%¹ year-on-year increase in international visitor arrivals in the first two months of 2016. For the full year 2016, STB has forecasted a growth of 0% to 3% for visitor arrivals and 0% to 2% for tourism receipts.²

In 2016, Singapore will again host major biennial events which are expected to increase hospitality demand. However, the global economic environment remains uncertain. According to Singapore’s Ministry of Trade and Industry (MTI), the estimated growth for Singapore is expected to be in the range of 1% to 3% for 2016 after achieving a growth rate of 2.0% for 2015³. 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. In addition, the hospitality sector will remain competitive with the expected supply of new hotel rooms. To support the tourism industry and in an effort to boost tourism in the short term and

¹ Singapore Tourism Board, International Visitor Arrivals Statistics, 8 April 2016

² Singapore Tourism Board, Speech by Mr Lionel Yeo, Chief Executive, STB at the Tourism Industry Conference 2016

³ MTI Press Release: 24 February 2016 – MTI Maintains 2016 GDP Growth Forecast at 1.0 to 3.0 Per Cent

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long term, the Singapore government has set aside \$700 million⁴ in a Tourism Development Fund to be invested from 2016 to 2020.

The asset enhancement programme for Mandarin Orchard Singapore will continue in 2016. More than 250 out of the 430 guest rooms to be renovated have been completed. This refurbishment is funded by the Sponsor, OUE Limited.

In April 2016, OUE H-Trust completed the Rights Issue that raised \$238.6 million mainly to fund the acquisition of Crowne Plaza Changi Airport extension (CPEX) and to reduce its gearing so as to increase its financial flexibility. OUE H-Trust expects to acquire the 243-room CPEX in 2H2016 following the completion of the construction of the extension and upon receipt of the temporary occupation permit.

The retail scene in Singapore remains challenging. As a result of the impact of slower lease renewals and more fit-out periods both by the landlord in between lease periods and by the tenants, Mandarin Gallery is expected to record lower average occupancy in FY2016. Michael Kors and Victoria's Secret are expected to open in 3Q2016 and 4Q2016 respectively, and both tenants account for approximately 15% of the mall's net lettable area. 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 and tenants, 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.

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

Summary of Results

1Q2016 vs 1Q2015

(S\$m)	1Q			Notes
	2016	2015	Variance %	
Gross Revenue	30,148	29,337	2.8	1
Net Property Income	26,293	25,715	2.2	2
Distribution Income	19,700	21,386	-7.9	3
DPS (S cents)	1.10	1.61	-31.7	4
DPS (S cents) <i>(adjusted for Rights Issue for comparison purposes only)</i>	1.47	1.61	-8.7	4

Note 1:

- Gross revenue for 1Q2016 was \$0.8 million higher than 1Q2015. Hospitality segment posted higher revenue which offset the lower revenue from retail segment.
- Hospitality revenue was \$2.3 million higher than 1Q2015. This was due to (i) higher master lease income from MOS; and (ii) higher master lease income from CPCA due to better operating performance and the contribution of master lease income for 3 months in 1Q2016 as compared to 2 months in 1Q2015 as CPCA was acquired on 30 January 2015.

⁴ MTI News Room, Speech by Minister S Iswaran at the Tourism Industry Conference 2016

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- Master lease income from MOS was \$1.0 million higher than 1Q2015, mainly due to higher food and beverage (F&B) revenue from better banquet sales and higher patronage at F&B outlets. While meetings, incentives, convention and exhibition (MICE) events such as the Singapore Airshow lifted MOS' room sales, hotel demand from corporate segment remained muted during the quarter, resulting in RevPar that was relatively flat at \$222.
- CPCA contributed \$4.0 million master lease income in 1Q2016. Master lease income was \$1.3 million higher due to contribution for full 3 months in 1Q2016 as compared to 2 months in 1Q2015 and higher room sales though F&B sales was lower. CPCA achieved a higher RevPar of \$252 (1Q2015: \$246), mainly due to increased demand from the transient segment which more than offset the lower demand from the corporate segment.

Note 2:

- NPI for 1Q2016 was \$0.6 million higher than 1Q2015 mainly due to higher contribution from the hospitality segment offset by the lower revenue from retail segment.

Note 3:

- Income available for distribution was \$1.7 million lower than 1Q2015 mainly due to lower retail revenue and higher finance expenses.

Note 4:

- On 7 March 2016, QUE H-REIT announced an underwritten renounceable Rights Issue (Rights Issue) of 441,901,257 stapled securities. On 13 April 2016, new Stapled Securities of 441,901,257 were issued pursuant to the Rights Issue. The new Stapled Securities rank *pari passu* with the existing Stapled Securities issued and issuable as at 31 March 2016, including the right to any distributions which may accrue for the financial period from 1 January 2016 to 31 March 2016.
- The DPS for 1Q2016 computed based on existing Stapled Securities as at 31 March 2016 is 1.47 cents. As the new Stapled Securities of 441,901,527 from the Rights Issue is also entitled to 1Q2016 distribution, the DPS for 1Q2016 based on the enlarged number of Stapled Securities is 1.10 cents.

About QUE Hospitality Trust

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

QUE 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.

QUE H-REIT's asset portfolio comprising two hotels - the 1,077-room Mandarin Orchard Singapore and the 320-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S\$2.05 billion as at 31 December 2015.

QUE H-BT is dormant.

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

For more information, please visit www.oueht.com

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About the Sponsor

OUÉ Limited (SGX-ST: "OUÉ") is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and the United States. OUÉ 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, OUÉ is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. OUÉ is the sponsor of OUÉ Hospitality Trust and OUÉ 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.

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Stapled Securities.