

## OUE HOSPITALITY TRUST

A stapled group comprising:

**OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST** (a real estate investment trust constituted on 10 July 2013 under the laws of the Republic of Singapore) and its subsidiary; and

**OUE HOSPITALITY BUSINESS TRUST** (a business trust constituted on 10 July 2013 under the laws of the Republic of Singapore)

### UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE HOSPITALITY TRUST AND OUE HOSPITALITY REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARY FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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Credit Suisse (Singapore) Limited, Goldman Sachs (Singapore) Pte. and Standard Chartered Securities (Singapore) Pte. Limited were the joint global coordinators and issue managers for the initial public offering of OUE Hospitality Trust.

## UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014

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### 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 of 31 March 2014, OUE H-REIT’s portfolio comprises the 1,077-room Mandarin Orchard Singapore and the 196,336 sq ft Mandarin Gallery.

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 Mandarin Orchard Singapore at the expiry or termination of the master lease agreement 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 100.0% 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**”) for the financial year 2014. Thereafter, OUE H-REIT will distribute at least 90.0% of its Taxable Income, 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 FIRST QUARTER ENDED 31 MARCH 2014**

**1 (a) STATEMENTS OF TOTAL RETURN**

		<b>OUE H-REIT Group</b>	<b>Stapled Group</b>
	<b>Note</b>	<b>Quarter ended 31/3/2014</b>	<b>Quarter ended 31/3/2014</b>
		<b>S\$'000</b>	<b>S\$'000</b>
Gross revenue	(a)	28,729	28,729
Property tax		(1,710)	(1,710)
Insurance		(39)	(39)
Other property expenses	(b)	(1,351)	(1,351)
<b>Net property income</b>		<b>25,629</b>	<b>25,629</b>
REIT Manager's base management fees		(1,347)	(1,347)
REIT Manager's performance fees		(1,025)	(1,025)
REIT Trustee's fees		(68)	(68)
Other trust expenses		(319)	(320)
Finance income		370	370
Finance expenses		(3,636)	(3,636)
<b>Net finance expenses</b>	(c)	<b>(3,266)</b>	<b>(3,266)</b>
<b>Total return for the period</b>	(d)	<b>19,604</b>	<b>19,603</b>

No comparative statement of total return has been prepared as the Stapled Group was listed on 25 July 2013. The first financial period for the Stapled Group and OUE H-REIT was from 10 July 2013 (date of constitution) to 31 December 2013.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**NOTES TO THE STATEMENTS OF TOTAL RETURN**

- (a) Gross revenue comprises the following:

		<b>Stapled Group and OUE H-REIT Group</b>
		<b>Quarter ended 31/3/2014</b>
		<b>S\$'000</b>
Hospitality		19,529
Retail	(a)(i)	9,200
<b>Gross revenue</b>		<b>28,729</b>

- (a)(i) Lease incentives granted and step up rent are recognised as an integral part of the total rental income, on a straight line basis over the term of the lease.

- (b) Other property expenses comprise mainly property maintenance expenses, utilities expenses, marketing expenses and property management fees.

- (c) Net finance expenses comprise the following:

		<b>Stapled Group and OUE H-REIT Group</b>
		<b>Quarter ended 31/3/2014</b>
		<b>S\$'000</b>
Interest income from fixed deposits		9
Ineffective portion of changes in fair value of cash flow hedge	(c)(i)	361
<b>Finance income</b>		<b>370</b>
Amortisation of debt-related transaction costs		(420)
Interest expense paid/payable to banks		(3,216)
<b>Finance expenses</b>		<b>(3,636)</b>
<b>Net finance expenses</b>		<b>(3,266)</b>

- (c)(i) This relates to the change in fair value of the interest rate swaps that were entered into to hedge OUE H-REIT's interest rate risk. It is a non-cash item and is deducted for the purpose of arriving at the income available for distribution (see (e) below).

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

(d) Total return for the period of the Stapled Group is contributed by:

	<b>Stapled Group</b>
	<b>Quarter ended 31/3/2014 S\$'000</b>
OUE H-REIT	19,604
Other OUE H-REIT Group entity	–
OUE H-BT	(1)
	<b>19,603</b>

(e) Income available for distribution

		<b>Stapled Group and OUE H-REIT Group</b>
	<b>Note</b>	<b>Quarter ended 31/3/2014 S\$'000</b>
Total return for the period of OUE H-REIT	(e)(i)	19,604
Add/(Less): Non-tax deductible/(chargeable) items:		
- REIT Manager’s management fees paid/payable in Stapled Securities		2,372
- REIT Trustee’s fee		68
- Amortisation of debt-related transaction costs		420
- Ineffective portion of changes in fair value of cashflow hedge		(361)
- Other items		(22)
		<b>2,477</b>
Income available for distribution		<b>22,081</b>

(e)(i) 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 FIRST QUARTER ENDED 31 MARCH 2014**

**1 (b)(i) STATEMENTS OF FINANCIAL POSITION**

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		31/3/2014	31/12/2013	31/3/2014	31/12/2013	31/3/2014	31/12/2013
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
Investment properties		1,756,000	1,756,000	–	–	1,756,000	1,756,000
<b>Current assets</b>							
Trade and other receivables	(a)	7,950	17,382	–	–	7,950	17,382
Other asset		515	–	–	–	515	–
Cash and cash equivalents		56,274	60,809	20	20	56,294	60,829
		64,739	78,191	20	20	64,759	78,211
<b>Total assets</b>		<b>1,820,739</b>	<b>1,834,191</b>	<b>20</b>	<b>20</b>	<b>1,820,759</b>	<b>1,834,211</b>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings	(b)	581,851	581,431	–	–	581,851	581,431
Financial derivative liabilities	(c)	5,031	5,728	–	–	5,031	5,728
Rental deposits		26,417	26,238	–	–	26,417	26,238
		613,299	613,397	–	–	613,299	613,397
<b>Current liabilities</b>							
Rental deposits		898	1,082	–	–	898	1,082
Trade and other payables	(d)	10,710	8,104	3	2	10,713	8,106
		11,608	9,186	3	2	11,611	9,188
<b>Total liabilities</b>		<b>624,907</b>	<b>622,583</b>	<b>3</b>	<b>2</b>	<b>624,910</b>	<b>622,585</b>
<b>Net assets</b>		<b>1,195,832</b>	<b>1,211,608</b>	<b>17</b>	<b>18</b>	<b>1,195,849</b>	<b>1,211,626</b>
Represented by:							
<b>Unitholders' funds</b>							
Unitholders' funds of OUE H-REIT Group		1,195,832	1,211,608	–	–	1,195,832	1,211,608
Unitholders' funds of OUE H-BT		–	–	17	18	17	18
		1,195,832	1,211,608	17	18	1,195,849	1,211,626

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**NOTES TO STATEMENTS OF FINANCIAL POSITION**

- (a) Decrease in trade and other receivables of \$9.4 million was mainly due to the receipt of the November master lease income.
- (b) Borrowings are measured at amortised cost and comprise S\$587.0 million term loan facilities, as explained under section 1(b)(ii).
- (c) Financial derivative liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group’s interest rate risk.
- (d) Increase in trade and other payables of \$2.6 million was mainly due to accrual of legal and professional fees for the establishment of the Euro Medium Term Note programme, operational and trust expenses and increase in net GST payables.

**1 (b)(ii) BORROWINGS**

**Repayable after one year**

Secured borrowings  
Less: Unamortised transaction costs

<b>Stapled Group and OUE H-REIT Group</b>	
<b>31/3/2014</b>	<b>31/12/2013</b>
<b>S\$’000</b>	<b>S\$’000</b>
587,000	587,000
(5,149)	(5,569)
<b>581,851</b>	<b>581,431</b>

**Details of borrowings and collateral**

OUE H-REIT Group has in place S\$630.0 million bank facilities comprising term loan facilities of S\$587.0 million and revolving credit facilities of S\$43.0 million. As at 31 March 2014, OUE H-REIT Group’s gearing was 32.2 percent. The average cost of debt was 2.2 percent per annum, with an interest service cover of 7.1 times. 100 percent of the OUE H-REIT Group’s borrowings are on fixed interest rates via interest rate swaps with a weighted average remaining tenor of 2.3 years. OUE H-REIT Group has no refinancing requirements until July 2016.

These facilities are secured by:

- A registered first legal mortgage over Mandarin Orchard Singapore and Mandarin Gallery (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 Mandarin Gallery;
- 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 Mandarin Orchard Singapore; and
- A debenture incorporating a fixed and floating charge over generally all its present and future assets in connection with the Properties.

The revolving credit facilities of S\$43.0 million consist of S\$31.0 million of committed revolving credit facilities and S\$12.0 million of uncommitted revolving credit facilities. As at 31 March 2014, these facilities are undrawn.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**1 (c) STATEMENTS OF CASH FLOWS**

	Note	OUE H-REIT Group	Stapled Group
		Quarter ended 31/3/2014 S\$'000	Quarter ended 31/3/2014 S\$'000
<b>Operating activities</b>			
Total return for the period		19,604	19,603
Adjustments for:			
REIT Manager's fee paid/payable in Stapled Securities	(a)	2,372	2,372
Finance income		(370)	(370)
Finance expenses		3,636	3,636
<b>Operating income before working capital changes</b>		<b>25,242</b>	<b>25,241</b>
Changes in working capital:			
Trade and other receivables		8,917	8,917
Trade and other payables		3,394	3,395
Rental deposits		(5)	(5)
<b>Cash generated from operating activities</b>		<b>37,548</b>	<b>37,548</b>
<b>Investing activities</b>			
Interest received		9	9
<b>Cash generated from investing activities</b>		<b>9</b>	<b>9</b>
<b>Financing activities</b>			
Finance expenses paid		(3,287)	(3,287)
Distribution to Stapled Securityholders		(38,088)	(38,088)
Issue costs paid		(717)	(717)
<b>Cash used in financing activities</b>		<b>(42,092)</b>	<b>(42,092)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(4,535)</b>	<b>(4,535)</b>
Cash and cash equivalents at beginning of the period		60,809	60,829
<b>Cash and cash equivalents at end of the period</b>		<b>56,274</b>	<b>56,294</b>

No comparative statement of cash flows has been prepared as the Stapled Group was listed on 25 July 2013. The first financial period for the Stapled Group and OUE H-REIT was from 10 July 2013 (date of constitution) to 31 December 2013.

**NOTES TO STATEMENTS OF CASH FLOWS**

- (a) 2,824,364 Stapled Securities amounting to \$2,372,000 will be issued to the REIT Manager as satisfaction of management fees payable in units in respect of the quarter ended 31 March 2014.



**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

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

Note	OUE H-REIT Group					OUE H-BT	Stapled Group
	Units in issue and to be issued	Issue costs	Hedging reserve	Accumulated profits	Total	Total	Total
	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000	S\$’000
<b>At 1/1/2014</b>	1,155,746	(22,303)	(2,299)	80,464	1,211,608	18	1,211,626
<b>Operations</b>							
Increase in net assets resulting from operations	–	–	–	19,604	19,604	(1)	19,603
<b>Movement in hedging reserves</b>							
Effective portion of changes in fair value of cash flow hedge	–	–	336	–	336	–	336
<b>Unitholders’ transactions</b>							
Distribution to Stapled Securityholders (a)	–	–	–	(38,088)	(38,088)	–	(38,088)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)	2,372	–	–	–	2,372	–	2,372
<b>Decrease in net assets resulting from unitholders’ transactions</b>	2,372	–	–	(38,088)	(35,716)	–	(35,716)
<b>At 31/3/2014</b>	1,158,118	(22,303)	(1,963)	61,980	1,195,832	17	1,195,849

No comparative statement of movement in unitholders’ funds has been prepared as the Stapled Group was listed on 25 July 2013. The first financial period for the Stapled Group and OUE H-REIT was from 10 July 2013 (date of constitution) to 31 December 2013.

**NOTES TO STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS**

- (a) Distribution to Stapled Securityholders relates to the distribution made in respect of the period from 25 July 2013 to 31 December 2013.
- (b) This represents Stapled Securities issued and to be issued as satisfaction of the REIT Manager’s management fee incurred in the quarter ended 31 March 2014.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

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

	Note	Stapled Group and OUE H-REIT Group Quarter ended 31/3/2014 '000
<b>Issued Stapled Securities at beginning of the period</b>		1,310,627
Issue of new Stapled Securities:		
- as payment of REIT Manager’s management fees	(a)	2,736
<b>Issued Stapled Securities at the end of the period</b>		1,313,363
Stapled Securities to be issued:		
- as payment of REIT Manager’s management fees	(b)	2,824
<b>Total issued and issuable Stapled Securities at end of the period</b>		1,316,187

**NOTES**

- (a) This represents Stapled Securities issued as satisfaction of the REIT Manager’s management fee incurred for the quarter ended 31 December 2013.
- (b) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s management fee incurred for the quarter ended 31 March 2014. This is calculated based on the volume weighted average traded price for the last 10 business days of the relevant period in which the management fee accrues, as provided for in the REIT Trust Deed and the Stapling Deed.

**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 period ended 31 December 2013.

**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 FIRST QUARTER ENDED 31 MARCH 2014**

**6. EARNINGS PER STAPLED SECURITY (“EPS”) AND DISTRIBUTION PER STAPLED SECURITY (“DPS”)**

	<b>Stapled Group and OUE H-REIT Group</b>
	<b>Quarter ended 31/3/2014</b>
Weighted average number of Stapled Securities ('000):	
- in issue	1,311,691
- issuable	31
	1,311,722
Basic and diluted EPS <sup>(a)</sup> (cents)	1.49
Number of Stapled Securities entitled to distribution ('000):	
- in issue	1,313,363
- issuable	2,824
	1,316,187
DPS (cents)	1.68

(a) Diluted EPS is the same as basic EPS as there are no dilutive instruments in issue during the period.

**7. NET ASSET VALUE (“NAV”)**

	<b>OUE H-REIT Group</b>		<b>Stapled Group</b>	
	<b>31/3/2014</b>	<b>31/12/2013</b>	<b>31/3/2014</b>	<b>31/12/2013</b>
Number of Stapled Securities ('000):				
- in issue	1,313,363	1,310,627	1,313,363	1,310,627
- issuable	2,824	2,736	2,824	2,736
	1,316,187	1,313,363	1,316,187	1,313,363
NAV per OUE H-REIT unit/Stapled Security	\$0.91	\$0.92	\$0.91	\$0.92

**8. REVIEW OF PERFORMANCE**

Please refer to Section 9 on the review of actual performance against the forecast as set out in the prospectus dated 18 July 2013 (the “Prospectus”).

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS**

Set out below is the selected financial information of Stapled Group:

		Quarter ended		
		31/3/2014		
	Note	Actual	Forecast <sup>(i)</sup>	Better/(Worse)
		S\$'000	S\$'000	%
Gross revenue	(a)	28,729	28,338	1.4
Property expenses	(b)	(3,100)	(3,381)	8.3
Net property income	(c)	25,629	24,957	2.7
Income available for distribution	(d)	22,081	21,167	4.3
DPS (cents)		1.68	1.61	4.3

(i) The forecast figures are derived from the forecast as set out in the Prospectus and adjusted for seasonality of the Singapore hospitality sector.

**NOTES**

(a) Gross revenue for 1Q2014 of \$28.7 million was \$0.4 million or 1.4% higher than the forecast for the same period. The increase was mainly due to higher master lease revenue from Mandarin Orchard Singapore resulting from better hotel operating performance as the rental income of OUE H-REIT is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel.

The hotel's move to increase room revenue from the corporate guests segment has increased the number of corporate meetings held in the hotel contributing to higher Food & Beverage (“F&B”) sales. F&B revenue was also higher from increased banquet sales.

RevPAR achieved was \$248 as the hotel enjoyed strong occupancy and room rates in the month of February due to the Singapore Airshow 2014. 1Q2014 RevPAR was lower than the forecast of \$257 mainly due to lower revenue contribution from the transient guests segment as the hotel had a lower number of Indonesia guests close to the April Parliamentary election period. This was mitigated by higher demand from the corporate and wholesale segments but at lower average rates.

Overall, hotel revenue increased as higher F&B revenue more than compensated for the lower room revenue.

Mandarin Gallery's contribution to gross revenue was in line with the forecast, recording an effective rent psf of \$23.6.

(b) Property expenses for 1Q2014 were \$3.1 million which were \$0.3 million or 8.3% better than the forecast for the same period. Lower property expenses was mainly due to \$0.2 million lower utilities expenses on lower usage and lower rates and lower marketing expenses of Mandarin Gallery.

(c) As a result of the above, higher net property income was recognised from both the hotel and Mandarin Gallery. Net property income for 1Q2014 was \$25.6 million which was \$0.7 million or 2.7% higher than the forecast.

(d) In line with higher net property income and lower trust expenses, income available for distribution for 1Q2014 of \$22.1 million was \$0.9 million or 4.3% higher than forecast. This translated into 4.3% higher DPS of 1.68 cents as compared to forecast DPS of 1.61 cents.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**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**

Singapore Tourism Board reported 7.4%<sup>1</sup> year-on-year growth in international visitor arrival for 2013 and forecast visitor arrivals to grow in the range of 4% to 8% to between 16.3 million and 16.8 million in 2014. The global economy has broadly strengthened and is expected to improve further in 2014. In Singapore, Ministry of Trade and Industry Singapore reported a 5.1%<sup>2</sup> growth in 1Q2014 and has maintained its forecast of 2.0% to 4.0% growth for 2014.

Singapore will benefit from a bumper MICE schedule in 2014. New infrastructure such as the Singapore Sports Hub which is due to open in June 2014 will also add to Singapore’s ability to increase its sources of visitor origination. The Sports Hub will be the venue for the World Club 10s Rugby in June this year and the Women’s Tennis Association’s (WTA) annual end of season tour championship for the next five years, commencing from October 2014.

OUE H-Trust remains positive on the corporate travel, tourism and retail segments in Singapore for 2014.

On 2 April 2014, OUE H-Trust established a US\$1 billion Euro Medium Term Note programme which will provide OUE H-Trust with more options for refinancing and acquisition funding when the trust grows its portfolio. We will continue to seek growth opportunities through active asset management and yield accretive acquisitions from our Sponsor and third parties.

<sup>1</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 24 April 2014

<sup>2</sup> Ministry of Trade and Industry Singapore, Press Release, 14 April 2014

**11. Distributions**

**(a) Current financial period**

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 January 2014 to 31 March 2014
Distribution type	Taxable income
Distribution rate per stapled security	1.68 cents
Tax rate	<u>Taxable income distribution</u> 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%.
Book closure date	14 May 2014
Date payable	6 June 2014

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

**(b) Corresponding period of the immediately preceding financial year**

Any distribution declared for the corresponding period of the immediately preceding financial year?

No.

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

Not applicable.

**13. General mandate relating to Interested Person Transactions**

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

**14. Segment information**

	<b>Stapled Group</b>		
	<b>Quarter ended 31/3/2014</b>		
	<b>Hospitality S\$'000</b>	<b>Retail S\$'000</b>	<b>Total S\$'000</b>
Gross revenue	19,529	9,200	28,729
Property expenses	(916)	(2,184)	(3,100)
Segment net property income	18,613	7,016	25,629
REIT Manager's base management fees			(1,347)
REIT Manager's performance fees			(1,025)
REIT Trustee's fees			(68)
Other trust expenses			(320)
Finance income			370
Finance expenses			(3,636)
Total return for the period			19,603

**15. CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL**

Pursuant to Rule 705(5) of the Listing Manual of Singapore Exchange Securities Trading Limited, we, on behalf of the directors of the REIT Manager and the Trustee-Manager confirm that, to the best our knowledge, nothing has come to the attention of the board of directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of Stapled Group for the quarter ended 31 March 2014 to be false or misleading in any material aspect.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND  
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)  
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

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On behalf of the Board of Directors

Christopher Williams  
Chairman

Chong Kee Hiong  
Chief Executive Officer and  
Executive Director

5 May 2014

**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. 20130245G)  
As REIT 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

5 May 2014