

PRESS RELEASE
For Immediate Release

OUE H-Trust Completes Acquisition of Crowne Plaza Changi Airport Extension

- ***OUE H-Trust has also announced today that it achieved distribution income of S\$16.6 million for 2Q2016***

Singapore – 1 August 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 today completed the acquisition of the extension to Crowne Plaza Changi Airport (CPCA, and the extension to CPCA, CPEX) from OUE Airport Hotel Pte. Ltd. (OUEAH, the “Vendor”). The construction of CPEX was completed in June 2016 and CPEX has since obtained its temporary occupation permit and commenced operations on 1 August 2016.

The 320-room CPCA was acquired on 30 January 2015. The enlarged CPCA with 563 guest rooms will continue to be under a master lease to OUEAH. In addition, the Vendor will provide an income support arrangement in relation to the enlarged CPCA from the date of completion of the acquisition of CPEX (the “Completion Date”) to (i) the day immediately preceding the third anniversary date of the Completion Date or (ii) the date when the aggregate of all rental top-up payments payable by the Vendor to OUE H-REIT under the Deed of Income Support exceeds S\$7.5 million, whichever is earlier.

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: “The addition of CPEX to OUE H-Trust’s portfolio will contribute positively to the trust’s revenue and distribution income going forward.”

Capital Management

OUE H-Trust has successfully completed its refinancing for 2016 and has no debt due until 2018.

As at 1 August 2016, OUE H-Trust has a lower gearing of 37.3%, compared to a gearing of 42.2% at the end of 1Q2016. Average debt maturity has also improved from 2.2 years as at 31 March 2016 to 2.8 years as at 1 August 2016.

Mr. Christopher Williams, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the “REIT Manager”), said: “Following the acquisition of CPEX, OUE H-Trust’s balance sheet has strengthened as its quality asset base is enlarged. OUE H-Trust also enjoys an improved debt profile which demonstrates prudence and allows it greater financial flexibility to capture potential acquisition opportunities.”

2Q2016 Financial Results

OUÉ H-Trust has also announced today that it has achieved revenue and net property income (NPI) of \$26.9 million and \$23.2 million respectively for the period from 1 April 2016 to 30 June 2016 (2Q2016).

OUÉ H-Trust's distribution income (DI) and distribution per stapled security (DPS) for 2Q2016 was \$16.6 million and 0.92 cents respectively. Excluding the effects from the rights issue in April 2016, the DPS would have been 1.23 cents.

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: "Global economic uncertainty has dampened corporate travel and a continued increase in the supply of new hotel rooms in Singapore has created a highly competitive market environment for business from all segments resulting in lower revenue per available room (RevPAR) for both Mandarin Orchard Singapore (MOS) and CPCA. At MOS, better food and beverage sales due to higher patronage at the food and beverage outlets partially mitigated the lower room sales. CPCA recorded lower RevPAR due to lower rates whilst occupancy which continued to be close to 90%, saw a slight increase."

Mr. Chong continued: "Retail revenue for 2Q2016 was S\$1.4 million lower than 2Q2015 mainly due to lower average occupancy rate at 79.1% and landlord fit out periods for incoming tenants, including Michael Kors and Victoria's Secret. The mall recorded an effective rent per square foot per month of S\$24.60 for 2Q2016 as compared to S\$24.20 for 2Q2015."

As at 30 June 2016, Mandarin Gallery was 87% committed. Michael Kors is expected to open at Mandarin Gallery in the third quarter and Victoria's Secret is expected open in the fourth quarter. 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.

Outlook

Singapore Tourism Board ("STB") reported a 13.3%¹ year-on-year increase in international visitor arrivals in the first five months of 2016. Despite the higher visitor arrivals, Singapore hotel year-to-date May RevPAR was 0.8% 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 for Mandarin Orchard Singapore will continue in 2016. More than 350 out of the 430 guest rooms to be renovated have been completed. This refurbishment is funded by the Sponsor, OUÉ Limited.

¹ Singapore Tourism Board, International Visitor Arrivals Statistics, 13 July 2016

² Singapore Tourism Board, Hotel Statistics, 13 July 2016

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

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MOS' Shisen Hanten by Chen Kentaro, has been awarded two stars in the inaugural Michelin Guide Singapore 2016 – Singapore's first-ever list of Michelin hotels and restaurants. The accolade makes Shisen Hanten by Chen Kentaro the highest Michelin-rated Chinese restaurant island-wide. This is expected to increase interest in the restaurant and boost patronage.

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 in between lease periods, 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, 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.

For 2H2016, the enlarged CPCA and the opening of Michael Kors and Victoria's Secret are expected to contribute positively to OUE H-Trust's revenue and distribution income.

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

Distribution Details

| | |
|----------------------------------|---------------------------------|
| Distribution Period | 1 April 2016 to 30 June 2016 |
| Distribution Rate | 0.92 cents per Stapled Security |
| Ex-Distribution Date | 5 August 2016, 9.00 am |
| Book Closure Date | 10 August 2016 |
| Distribution Payment Date | 1 September 2016 |

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Summary of Results

2Q2016 vs 2Q2015

| (S\$'000) | 2Q | | | Notes |
|---|--------|--------|------------|-------|
| | 2016 | 2015 | Variance % | |
| Gross Revenue | 26,870 | 29,601 | -9.2 | 1 |
| Net Property Income | 23,158 | 25,780 | -10.2 | 2 |
| Distribution Income | 16,555 | 20,188 | -18.0 | 3 |
| DPS (S cents) | 0.92 | 1.52 | -39.5 | 4 |
| DPS (S cents) <i>(adjusted for Rights Issue for comparison purposes only)</i> | 1.23 | 1.52 | -19.1 | 4 |

Note 1:

- Gross revenue for 2Q2016 was S\$2.7 million lower than 2Q2015 as a result of lower revenue from both hospitality and retail segments.
- Hospitality revenue was S\$1.3 million lower than 2Q2015 due to lower master lease income from both MOS and CPCA.
- Master lease income from MOS was S\$1.2 million lower than 2Q2015 as MOS recorded a lower RevPAR of S\$200 as compared to RevPAR of S\$218 in 2Q2015. The lower RevPAR was attributed to global economic uncertainties resulting in dampened corporate travel. The increase in rooms supply in Singapore has also created a highly competitive market environment for business from 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 CPCA was marginally lower than 2Q2015, as CPCA recorded RevPAR of S\$225 in 2Q2016 as compared to RevPAR of S\$231 in 2Q2015 due to lower rates. Occupancy which continued to be close to 90%, saw a slight increase.
- Retail revenue for 2Q2016 was S\$1.4 million lower than 2Q2015 mainly due to lower average occupancy rate at 79.1% and landlord fit out periods for incoming tenants. The mall recorded an effective rent per square foot per month of S\$24.6 for 2Q2016 as compared to S\$24.2 for 2Q2015.

Note 2:

- Net property income ("NPI") for 2Q2016 was S\$2.6 million lower than 2Q2015 due to lower contribution from both hospitality and retail segment.

Note 3:

- Income available for distribution was S\$3.6 million lower than 2Q2015 mainly due to lower NPI from both hospitality and retail segments and higher finance expenses. The DPS for 2Q2016 is 0.92 cents.

Note 4:

- On 13 April 2016, OUE H-REIT raised a gross proceeds of S\$238.6 million through the issuance of 441,901,257 Stapled Securities at a rights issue price of S\$0.54 per Stapled Security. The new Stapled Securities rank *pari passu* with the existing Stapled Securities issued and issuable, including the rights to distribution.
- Excluding the Rights Issue, the Distribution per Stapled Security ("DPS") for 2Q2016 would have been 1.23 cents.

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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 563-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S\$2.26 billion following the completion of acquisition of the Crowne Plaza Changi Airport extension on 1 August 2016.

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

About the Sponsor

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

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

For further information, please contact:

Goh Lilian
Senior Vice President, Investor Relations
Tel: +65 6831 6345
Email: lilian.goh@oueht.com

IMPORTANT NOTICE

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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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