

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

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UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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.

Post-listing, OUE H-REIT completed the acquisition of the 320-room Crowne Plaza Changi Airport (“**CPCA**”) for a purchase consideration of S\$290 million on 30 January 2015 and the acquisition of the 243-room extension of CPCA (“**CPEX**”) for a purchase consideration of S\$205 million on 1 August 2016. As at 30 September 2016, OUE H-REIT’s asset portfolio comprised the 1,077-room Mandarin Orchard Singapore (“**MOS**”); the adjoining Mandarin Gallery (“**MG**”); and the 563-room Crowne Plaza Changi Airport which was recently named the World’s Best Airport Hotel 2016.

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 its hospitality assets 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 at least 90.0% 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**”), 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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (a) STATEMENTS OF TOTAL RETURN

OUE H-REIT Group						
Note	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue (a)	33,309	32,669	2.0	90,327	91,607	(1.4)
Property tax	(1,955)	(1,990)	(1.8)	(5,943)	(5,898)	0.8
Insurance	(54)	(57)	(5.3)	(162)	(166)	(2.4)
Other property expenses (b)	(1,854)	(1,853)	0.1	(5,325)	(5,279)	0.9
Net property income	29,446	28,769	2.4	78,897	80,264	(1.7)
REIT Manager's base management fees	(1,737)	(1,584)	9.7	(4,860)	(4,702)	3.4
REIT Manager's performance fees	(1,178)	(1,151)	2.3	(3,156)	(3,210)	(1.7)
REIT Trustee's fees	(104)	(99)	5.1	(304)	(293)	3.8
Amortisation of intangible asset	(344)	-	n.m.	(344)	-	n.m.
Other trust expenses	(277)	(294)	(5.8)	(889)	(915)	(2.8)
Finance income	29	377	(92.3)	235	1,121	(79.0)
Finance expenses	(5,793)	(6,082)	(4.8)	(19,531)	(16,770)	16.5
Net finance expenses (c)	(5,764)	(5,705)	1.0	(19,296)	(15,649)	23.3
Net Income (d)	20,042	19,936	0.5	50,048	55,495	(9.8)
Net change in fair value of investment properties (e)	(1,008)	-	n.m.	(1,008)	-	n.m.
Total return for the period	19,034	19,936	(4.5)	49,040	55,495	(11.6)

Stapled Group						
Note	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue (a)	33,309	32,669	2.0	90,327	91,607	(1.4)
Property tax	(1,955)	(1,990)	(1.8)	(5,943)	(5,898)	0.8
Insurance	(54)	(57)	(5.3)	(162)	(166)	(2.4)
Other property expenses (b)	(1,854)	(1,853)	0.1	(5,325)	(5,279)	0.9
Net property income	29,446	28,769	2.4	78,897	80,264	(1.7)
REIT Manager's base management fees	(1,737)	(1,584)	9.7	(4,860)	(4,702)	3.4
REIT Manager's performance fees	(1,178)	(1,151)	2.3	(3,156)	(3,210)	(1.7)
REIT Trustee's fees	(104)	(99)	5.1	(304)	(293)	3.8
Amortisation of intangible asset	(344)	-	n.m.	(344)	-	n.m.
Other trust expenses	(277)	(295)	(6.1)	(891)	(917)	(2.8)
Finance income	29	377	(92.3)	235	1,121	(79.0)
Finance expenses	(5,793)	(6,082)	(4.8)	(19,531)	(16,770)	16.5
Net finance expenses (c)	(5,764)	(5,705)	1.0	(19,296)	(15,649)	23.3
Net Income (d)	20,042	19,935	0.5	50,046	55,493	(9.8)
Net change in fair value of investment properties (e)	(1,008)	-	n.m.	(1,008)	-	n.m.
Total return for the period	19,034	19,935	(4.5)	49,038	55,493	(11.6)

n.m.: not meaningful

NOTES TO THE STATEMENTS OF TOTAL RETURN

- (a) Gross revenue comprises master lease income from MOS and CPCA, and rental income from MG. Please refer to section 8 for further details.
- (b) Other property expenses comprise mainly property maintenance expenses, utilities expenses, marketing expenses, land rent expenses and property management fees.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (a) STATEMENTS OF TOTAL RETURN (cont’d)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont’d)

(c) Net finance expenses comprise the following:

OUE H-REIT Group and Stapled Group						
Note	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
Interest income from fixed deposits (c)(i)	29	13	>100	235	44	>100
Ineffective portion of changes in fair value of cash flow hedge (c)(ii)	-	364	n.m.	-	1,077	n.m.
Finance income	29	377	>100	235	1,121	(79.0)
Amortisation of debt-related transaction costs	(521)	(577)	(9.7)	(1,727)	(1,681)	2.7
Interest expense paid/payable to banks (c)(iii)	(5,188)	(5,505)	(5.8)	(16,950)	(15,089)	12.3
Change in fair value of financial derivatives (c)(ii)	(84)	-	n.m.	(720)	-	n.m.
Ineffective portion of changes in fair value of cash flow hedge (c)(ii)	-	-	-	(134)	-	n.m.
Finance expenses	(5,793)	(6,082)	(4.8)	(19,531)	(16,770)	16.5
Net finance expenses	(5,764)	(5,705)	1.0	(19,296)	(15,649)	23.3

n.m.: not meaningful

- (c)(i) The higher interest income from fixed deposits arose from the placement of rights issue proceeds as fixed deposits while awaiting deployment of the funds.
- (c)(ii) 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 the gain/(loss) is adjusted for the purpose of arriving at the income available for distribution (see (f) below).
- (c)(iii) In 3Q2016, the interest expense was lower as total outstanding term loan had decreased.

In YTD2016, the higher interest expenses were mainly due to (i) S\$295 million term loan that was drawdown on 30 January 2015 to fund the acquisition of CPCA, hence a full 9 months of interest in YTD2016 as compared to 8 months of interest in YTD2015; and (ii) higher contracted interest rates on re-fixing of floating interest rates to fixed interest rate.

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

OUE H-REIT Group and Stapled Group						
	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$’000	S\$’000	%	S\$’000	S\$’000	%
OUE H-REIT	19,036	19,937	(4.5)	49,044	55,497	(11.6)
Other OUE H-REIT Group entity	(2)	(1)	100.0	(4)	(2)	100.0
OUE H-REIT Group	19,034	19,936	(4.5)	49,040	55,495	(11.6)
OUE H-BT	-	(1)	n.m.	(2)	(2)	-
Stapled Group	19,034	19,935	(4.5)	49,038	55,493	(11.6)

n.m.: not meaningful

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (a) STATEMENTS OF TOTAL RETURN (cont’d)

NOTES TO THE STATEMENTS OF TOTAL RETURN (cont’d)

(e) Net change in fair value of investment properties

The decline in fair value of investment properties of S\$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of S\$206.6 million was S\$1.0 million higher than the valuation of S\$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at S\$205.0 million. The decline in fair value has no impact on income available for distribution.

(f) Income available for distribution

OUE H-REIT Group and Stapled Group						
Note	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period for OUE H-REIT	19,036	19,937	(4.5)	49,044	55,497	(11.6)
Add/(Less):						
Non-tax deductible/						
- REIT Manager's management fees paid/payable in Stapled Securities	2,915	2,735	6.6	8,016	7,912	1.3
- REIT Trustee's fees	104	99	5.1	304	293	3.8
- Amortisation of intangible asset	344	-	n.m.	344	-	n.m.
- Amortisation of debt-related transaction costs	521	576	(9.5)	1,727	1,681	2.7
- Change in fair value of financial derivatives	84	-	n.m.	720	-	n.m.
- Ineffective portion of changes in fair value of cash flow hedge	-	(364)	n.m.	134	(1,077)	n.m.
- Recognition of lease incentives on straight line basis	(1,780)	(20)	>100	(2,940)	139	n.m.
- Net change in fair value of investment properties	1,008	-	n.m.	1,008	-	n.m.
- Other items	20	39	(48.7)	150	131	14.5
	3,216	3,065	4.9	9,463	9,079	4.2
Income available for distribution	22,252	23,002	(3.3)	58,507	64,576	(9.4)

(f)(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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

	Note	OUE H-REIT Group		OUE H-BT		Stapled Group	
		30/9/2016 S\$'000	31/12/2015 S\$'000	30/9/2016 S\$'000	31/12/2015 S\$'000	30/9/2016 S\$'000	31/12/2015 S\$'000
ASSETS							
Non-current assets							
Investment properties		2,253,851	2,054,000	-	-	2,253,851	2,054,000
Intangible asset	(a)	5,856	-	-	-	5,856	-
Deposit	(b)	2,295	1,501	-	-	2,295	1,501
Financial derivative assets	(c)	-	4,752	-	-	-	4,752
		2,262,002	2,060,253	-	-	2,262,002	2,060,253
Current assets							
Trade and other receivables	(d)	14,954	8,882	-	-	14,954	8,882
Financial derivative assets	(c)	-	374	-	-	-	374
Cash and cash equivalents		27,215	31,361	12	15	27,227	31,376
		42,169	40,617	12	15	42,181	40,632
Total assets		2,304,171	2,100,870	12	15	2,304,183	2,100,885
LIABILITIES							
Non-current liabilities							
Borrowings	1(b)(ii)	853,474	584,821	-	-	853,474	584,821
Financial derivative liabilities	(c)	8,831	-	-	-	8,831	-
Rental deposits		3,216	3,249	-	-	3,216	3,249
		865,521	588,070	-	-	865,521	588,070
Current liabilities							
Borrowings	1(b)(ii)	-	292,408	-	-	-	292,408
Rental deposits		1,488	2,009	-	-	1,488	2,009
Trade and other payables	(e)	9,138	11,394	1	2	9,139	11,396
		10,626	305,811	1	2	10,627	305,813
Total liabilities		876,147	893,881	1	2	876,148	893,883
Net assets		1,428,024	1,206,989	11	13	1,428,035	1,207,002
Represented by:							
Unitholders' funds							
Unitholders' funds of OUE H-REIT Group		1,428,024	1,206,989	-	-	1,428,024	1,206,989
Unitholders' funds of OUE H-BT		-	-	11	13	11	13
		1,428,024	1,206,989	11	13	1,428,035	1,207,002

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) Intangible asset arose from the recognition of income support in relation to the acquisition of CPEX from OUE Airport Hotel Pte. Ltd. (“**OUEAH**”). The income support is provided by OUEAH pursuant to a deed of income support which OUE H-REIT had entered into with OUEAH upon its completion of the acquisition of CPEX on 1 August 2016 (the “**Deed of Income Support**”).
- (b) Deposit pertains to the security deposit placed to Changi Airport Group, the lessor of CPCA.
- (c) Financial derivative assets and 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 receivables was mainly due to higher master lease income receivables from the master lessees of MOS and CPCA which was not yet due as at 30 September 2016 and higher straight-line income accrued for retail mall.
- (e) Decrease in trade and other payables was mainly due to lower interest accrual as the total outstanding term loan as at 30 September 2016 had decreased.

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1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont’d)

1 (b)(ii) BORROWINGS

		OUE H-REIT Group and Stapled Group	
		30/9/2016	31/12/2015
		S\$’000	S\$’000
Repayable within one year			
	Secured borrowings	-	293,000
	Less: Unamortised transaction costs	-	(592)
		-	292,408
Repayable after one year			
	Secured borrowings	859,000	589,000
	Less: Unamortised transaction costs	(5,526)	(4,179)
		853,474	584,821
Total			
	Secured borrowings	859,000	882,000
	Less: Unamortised transaction costs	(5,526)	(4,771)
		853,474	877,229

Details of borrowings and collateral

Secured bank loans

		OUE H-REIT As at 30/9/2016		
		Facility amount	Drawn down	Repayable
		S\$’000	S\$’000	
2013 Facility	5-year term loan	294,000	294,000	July 2018
2015 Facility	5-year term loan	295,000	295,000	January 2020
2016 Facility	3-year term loan	270,000	270,000	July 2019
		859,000	859,000	

OUE H-REIT has no loan refinancing requirements until July 2018.

As at 30 September 2016, the weighted average debt maturity was 2.7 years and gearing at 37.3%. The average cost of debt for 3Q2016 was 2.5% per annum, with an interest service cover of 5.0 times.

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1 (b)(i) STATEMENTS OF FINANCIAL POSITION (cont’d)

1 (b)(ii) BORROWINGS (cont’d)

The above bank loan facilities are secured by:

- A registered first legal mortgage over Mandarin Orchard Singapore and Mandarin Gallery (collectively, 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.

Unsecured medium term notes

In April 2014, OUE H-REIT Group, through its subsidiary, established a US\$1.0 billion Guaranteed Euro Medium Term Note Programme (“**Programme**”). Under the Programme, OUE H-REIT, through its subsidiary, may from time to time issue the notes (the “**Notes**”) in series or tranches. Each series or tranche of Notes may be issued in United States dollars or any other currency, in various amounts and tenors, and may bear interest at fixed or floating rates. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by the REIT Trustee.

The Notes issued will constitute direct, unconditional, unsubordinated and unsecured obligations and shall at all times rank *pari passu* and without preference among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the subsidiary.

As at 30 September 2016, no Notes have been issued under this Programme.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (c) STATEMENTS OF CASH FLOWS

		OUE H-REIT Group			
Note	3Q2016	3Q2015	YTD2016	YTD2015	
	S\$'000	S\$'000	S\$'000	S\$'000	
Operating activities					
	19,034	19,936	49,040	55,495	
	Total return for the period				
	Adjustments for:				
	344	-	344	-	
	Amortisation of intangible assets				
	1,008	-	1,008	-	
	Fair value loss on investment properties				
(a)	2,915	2,735	8,016	7,912	
	REIT Manager's fees paid/payable in Stapled Securities				
	(29)	(377)	(235)	(1,121)	
	Finance income				
	5,793	6,082	19,531	16,770	
	Finance expenses				
	29,065	28,376	77,704	79,056	
	Operating income before working capital changes				
	Changes in working capital:				
	(750)	-	(794)	(1,501)	
	Deposit				
	(6,113)	(1,009)	(6,080)	90	
	Trade and other receivables				
	1,487	649	(1,288)	930	
	Trade and other payables				
	(208)	(6,641)	(555)	331	
	Rental deposits				
	23,481	21,375	68,987	78,906	
	Cash generated from operating activities				
Investing activities					
	45	20	244	36	
	Interest received				
	(93)	(419)	(340)	(837)	
	Capital expenditure on investment properties				
(b)	(205,070)	-	(205,070)	(290,868)	
	Acquisition of investment property				
	(205,118)	(399)	(205,166)	(291,669)	
	Cash (used in)/generated from investing activities				
Financing activities					
	(4,950)	(5,495)	(18,029)	(13,586)	
	Finance expenses paid				
(c)	-	-	238,627	-	
	Proceeds from Rights Issue				
(c)	(69)	-	(4,274)	-	
	Issue costs paid in relation to Rights Issue				
(d)	(65,000)	-	(293,000)	-	
	Repayment of loan				
(b)	270,000	-	270,000	295,000	
	Proceeds from borrowings				
	(2,482)	-	(2,482)	(3,140)	
	Payment of transaction costs on borrowings				
(e)	(16,428)	(20,247)	(58,809)	(65,217)	
	Distribution to Stapled Securityholders				
	181,071	(25,742)	132,033	213,057	
	Cash (used in)/generated from financing activities				
	(566)	(4,766)	(4,146)	294	
	Net increase/(decrease) in cash and cash equivalents				
	27,781	36,359	31,361	31,299	
	Cash and cash equivalents at beginning of the period				
	27,215	31,593	27,215	31,593	
	Cash and cash equivalents at end of the period				

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

		Stapled Group			
Note	3Q2016 S\$'000	3Q2015 S\$'000	YTD2016 S\$'000	YTD2015 S\$'000	
Operating activities					
	19,034	19,935	49,038	55,493	
Total return for the period					
Adjustments for:					
	344	-	344	-	
Amortisation of intangible assets					
	1,008	-	1,008	-	
Fair value loss on investment properties					
(a)	2,915	2,735	8,016	7,912	
REIT Manager's fees paid/payable in Stapled Securities					
	(29)	(377)	(235)	(1,121)	
Finance income					
	5,793	6,082	19,531	16,770	
Finance expenses					
	29,065	28,375	77,702	79,054	
Operating income before working capital changes					
Changes in working capital:					
	(750)	-	(794)	(1,501)	
Deposit					
	(6,113)	(1,009)	(6,080)	90	
Trade and other receivables					
	1,485	649	(1,289)	929	
Trade and other payables					
	(208)	(6,641)	(555)	331	
Rental deposits					
	23,479	21,374	68,984	78,903	
Cash generated from operating activities					
Investing activities					
	45	20	244	36	
Interest received					
	(93)	(419)	(340)	(837)	
Capital expenditure on investment properties					
(b)	(205,070)	-	(205,070)	(290,868)	
Acquisition of investment property					
	(205,118)	(399)	(205,166)	(291,669)	
Cash (used in)/generated from investing activities					
Financing activities					
	(4,950)	(5,495)	(18,029)	(13,586)	
Finance expenses paid					
(c)	-	-	238,627	-	
Proceeds from Rights Issue					
(c)	(69)	-	(4,274)	-	
Issue costs paid in relation to Rights Issue					
(d)	(65,000)	-	(293,000)	-	
Repayment of loan					
(b)	270,000	-	270,000	295,000	
Proceeds from borrowings					
	(2,482)	-	(2,482)	(3,140)	
Payment of transaction costs on borrowings					
(e)	(16,428)	(20,247)	(58,809)	(65,217)	
Distribution to Stapled Securityholders					
	181,071	(25,742)	132,033	213,057	
Cash (used in)/generated from financing activities					
	(568)	(4,767)	(4,149)	291	
Net increase/(decrease) in cash and cash equivalents					
	27,795	36,375	31,376	31,317	
Cash and cash equivalents at beginning of the period					
	27,227	31,608	27,227	31,608	
Cash and cash equivalents at end of the period					

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

1 (c) STATEMENTS OF CASH FLOWS (cont'd)

NOTES TO STATEMENTS OF CASH FLOWS

(a) **3Q2016**

In 3Q2016, 2,589,537 Stapled Securities amounting to S\$1,737,000 will be issued to the REIT Manager as satisfaction of REIT Manager’s base management fees payable in Stapled Securities. With effect from 1 January 2016, to be compliant with Monetary Authority of Singapore’s new regulations, the REIT Manager’s performance management fee will only be paid once a year, after the end of the financial year. A performance fee of S\$1,178,000 has been accrued in the current quarter, which will be settled through the issuance of Stapled Securities after year ending 31 December 2016.

In 3Q2015, 3,411,409 Stapled Securities amounting to S\$2,735,000 has been issued to the REIT Manager as satisfaction of both base management fees and performance management fees payable in Stapled Securities.

YTD2016

In YTD2016, 7,264,872 Stapled Securities amounting to S\$4,860,000 has been/will be issued to the REIT Manager as satisfaction of REIT Manager’s base management fees payable in Stapled Securities. A performance fee of S\$3,156,000 has been accrued, which will be settled through the issuance of Stapled Securities after year ending 31 December 2016.

In YTD2015, 8,929,216 Stapled Securities amounting to S\$7,912,000 has been issued to the REIT Manager as satisfaction of both base management fees and performance management fees payable in Stapled Securities.

- (b) In 3Q2016, proceeds from borrowings were utilised to fund the purchase consideration of the extension of Crowne Plaza Changi Airport and its related acquisition cost.

In YTD2015, proceeds from borrowings were utilised to fund the purchase consideration of Crowne Plaza Changi Airport and its related acquisition cost.

- (c) On 13 April 2016, new Stapled Securities of 441,901,257 were issued pursuant to the Rights Issue, raising a net rights issue proceeds of S\$234.4 million.
- (d) On 30 June 2016, OUE H-REIT had utilised S\$228 million proceeds from the Rights Issue to partially prepay S\$293 million loan that matured in July 2016. On 8 July 2016, OUE H-REIT had drawdown S\$65 million from the S\$270 million loan facility to repay the remaining S\$65 million loan.

(e) **3Q2016**

Distribution to Stapled Securityholders relates to the distribution paid in respect of 2Q2016. In the previous corresponding period, the distribution paid was in respect of 2Q2015.

YTD2016

Distribution to Stapled Securityholders relates to the distribution paid in respect of the financial period from 1 October 2015 to 30 June 2016. In the previous corresponding period, the distribution paid was in respect of the financial period from 1 October 2014 to 30 June 2015.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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
At 1/7/2016	1,421,838	(26,508)	(6,500)	32,681	1,421,511	11	1,421,522
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	19,034	19,034	-	19,034
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(477)	-	(477)	-	(477)
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(i)	-	-	-	(16,428)	(16,428)	-	(16,428)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)(i)	2,915	-	-	-	2,915	-	2,915
Stapled Securities issued as payment of REIT Manager’s acquisition fees (c)(i)	1,538	-	-	-	1,538	-	1,538
Issue costs paid	-	(69)	-	-	(69)	-	(69)
Increase/(Decrease) in net assets resulting from unitholders’ transactions	4,453	(69)	-	(16,428)	(12,045)	-	(12,045)
At 30/9/2016	1,426,291	(26,577)	(6,977)	35,287	1,428,024	11	1,428,035

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
At 1/1/2016	1,178,110	(22,303)	6,126	45,056	1,206,989	13	1,207,002
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	49,040	49,040	(2)	49,038
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	(13,103)	-	(13,103)	-	(13,103)
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(ii)	-	-	-	(58,809)	(58,809)	-	(58,809)
Stapled Securities issued/to be issued as payment of REIT Manager’s management fees (b)(ii)	8,016	-	-	-	8,016	-	8,016
Stapled Securities issued as payment of REIT Manager’s acquisition fees (c)(i)	1,538	-	-	-	1,538	-	1,538
Proceeds from rights issue	238,627	-	-	-	238,627	-	238,627
Issue costs paid	-	(4,274)	-	-	(4,274)	-	(4,274)
Increase/(Decrease) in net assets resulting from unitholders’ transactions	248,181	(4,274)	-	(58,809)	185,098	-	185,098
At 30/9/2016	1,426,291	(26,577)	(6,977)	35,287	1,428,024	11	1,428,035

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

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
At 1/7/2015	1,172,633	(22,303)	(690)	46,121	1,195,761	14	1,195,775
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	19,936	19,936	(1)	19,935
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	4,098	-	4,098	-	4,098
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(iii)	-	-	-	(20,247)	(20,247)	-	(20,247)
Stapled Securities issued as payment of REIT Manager’s management fees (b)(iii)	2,735	-	-	-	2,735	-	2,735
Increase/(Decrease) in net assets resulting from unitholders’ transactions	2,735	-	-	(20,247)	(17,512)	-	(17,512)
At 30/9/2015	1,175,368	(22,303)	3,408	45,810	1,202,283	13	1,202,296

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
At 1/1/2015	1,165,281	(22,303)	(173)	55,532	1,198,337	16	1,198,353
Operations							
Increase/(Decrease) in net assets resulting from operations	-	-	-	55,495	55,495	(3)	55,492
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	-	-	3,581	-	3,581	-	3,581
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)(iv)	-	-	-	(65,217)	(65,217)	-	(65,217)
Stapled Securities issued as payment of REIT Manager’s management fees (b)(iv)	7,912	-	-	-	7,912	-	7,912
Stapled Securities issued as payment of REIT Manager’s acquisition fees (c)(ii)	2,175	-	-	-	2,175	-	2,175
Increase/(Decrease) in net assets resulting from unitholders’ transactions	10,087	-	-	(65,217)	(55,130)	-	(55,130)
At 30/9/2015	1,175,368	(22,303)	3,408	45,810	1,202,283	13	1,202,296

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

NOTES TO STATEMENTS OF MOVEMENT IN UNITHOLDERS’ FUNDS

- (a)(i) Distribution to Stapled Securityholders relates to the distribution made in respect of 2Q2016.
- (a)(ii) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2015, 1Q2016 and 2Q2016.
- (a)(iii) Distribution to Stapled Securityholders relates to the distribution made in respect of 2Q2015.
- (a)(iv) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q2014, 1Q2015 and 2Q2015.
- (b)(i) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 3Q2016. 2,589,537 Stapled Securities relating to base management fee will be issued on 31 October 2016. Stapled Securities relating to performance management fees will be issued after year ending 31 December 2016.
- (b)(ii) This represents Stapled Securities issued/to be issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2016, 2Q2016 and 3Q2016. 2,356,056 Stapled Securities and 2,319,279 Stapled Securities relating to base management fee for 1Q2016 and 2Q2016 has been issued on 7 June 2016 and 1 August 2016 respectively. 2,589,537 Stapled Securities relating to base management fee for 3Q2016 will be issued on 31 October 2016. Stapled Securities relating to performance management fees will be issued after year ending 31 December 2016.
- (b)(iii) This represents 3,411,409 Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 3Q2015. This has been issued on 12 November 2015.
- (b)(iv) This represents Stapled Securities issued as satisfaction of the REIT Manager’s base and performance management fee in respect of 1Q2015, 2Q2015 and 3Q2015. 2,748,694 Stapled Securities, 2,769,113 Stapled Securities and 3,411,409 Stapled Securities relating to base and performance management fee for 1Q2015, 2Q2015 and 3Q2015 has been issued on 7 May 2015, 13 August 2015 and 12 November 2015 respectively.
- (c)(i) This represents 2,167,935 Stapled Securities issued as satisfaction of the REIT Manager’s acquisition fee in connection with OUE H-REIT’s acquisition of CPEX. This has been issued on 30 August 2016.
- (c)(ii) This represents 2,344,507 Stapled Securities issued as satisfaction of the REIT Manager’s acquisition fee in connection with OUE H-REIT’s acquisition of CPCA. This has been issued on 13 February 2015.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

	Note	Stapled Group			
		3Q2016 '000	3Q2015 '000	YTD2016 '000	YTD2015 '000
Issued Stapled Securities at beginning of the period		1,783,352	1,329,241	1,335,421	1,321,441
Issuance of new Stapled Securities:					
- rights issue		-	-	441,901	-
- as payment of REIT Manager's management fees		2,319	2,769	8,349	8,224
- as payment of REIT Manager's acquisition fees		2,168	-	2,168	2,345
Issued Stapled Securities at the end of the period		1,787,839	1,332,010	1,787,839	1,332,010
Stapled Securities to be issued:					
- as payment of REIT Manager's management fees	(a)	7,293	3,411	7,293	3,411
Total issued and issuable Stapled Securities at end of the period		1,795,132	1,335,421	1,795,132	1,335,421

NOTE

- (a) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's management fee incurred for the respective quarters. This is calculated based on the volume weighted average traded price (“VWAP”) of a Stapled Security for the last 10 business days of the relevant period in which the management fee accrues, as provided for in the REIT Trust Deed, Supplemental Deeds and the Stapling Deed.

In respect of 3Q2016, it comprises base management fee and performance management fees payable in Stapled Securities. 2,589,537 Stapled Securities will be issued on 31 October 2016 as payment of base management fees. Stapled Securities relating to performance fee will be issued after year ending 31 December 2016 based on VWAP of a Stapled Security for the last 10 business days before 31 December 2016.

In respect of 3Q2015, it comprises both the base management fee and performance management fees payable in Stapled Securities of 3,411,409 and these were issued on 12 November 2015.

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 year ended 31 December 2015.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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.

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY

Earnings per Stapled Security (“EPS”)

	Stapled Group		
	3Q2016	3Q2015 As restated ⁽¹⁾	3Q2015 As previously reported
Weighted average number of Stapled Securities ('000)	1,787,137	1,332,047	1,332,047
Basic EPS (cents)	1.07	1.39	1.50
Weighted average number of Stapled Securities ('000)	1,795,128 ⁽²⁾	1,332,047	1,332,047
Diluted EPS (cents)	1.06	1.39	1.50

	Stapled Group		
	YTD2016	YTD2015 As restated ⁽¹⁾	YTD2015 As previously reported
Weighted average number of Stapled Securities ('000)	1,617,741	1,329,051	1,329,051
Basic EPS (cents)	3.03	3.87	4.18
Weighted average number of Stapled Securities ('000)	1,625,271 ⁽²⁾	1,329,051	1,329,051
Diluted EPS (cents)	3.02	3.87	4.18

⁽¹⁾ The weighted average number of Stapled Securities and EPS have been adjusted to reflect the bonus element in the new Stapled Securities issued pursuant to the Rights Issue on 13 April 2016, where 441,901,257 Stapled Securities at Rights Issue price of S\$0.54 per Stapled Security were issued.

⁽²⁾ The weighted average number of Stapled Securities is adjusted to take into account the estimated number of Stapled Securities to be issued as payment for the REIT Manager’s performance fee after the year ending 31 December 2016.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

6. EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY (cont’d)

Distribution per Stapled Security (“DPS”)

	Stapled Group		
	3Q2016	3Q2015 As restated ⁽²⁾	3Q2015 As previously reported
Number of Stapled Securities entitled to distribution ('000)	1,790,429 ⁽¹⁾	1,440,919	1,335,421
DPS (cents)	1.23	1.59	1.72

	Stapled Group		
	YTD2016	YTD2015 As restated ⁽²⁾	YTD2015 As previously reported
Number of Stapled Securities entitled to distribution ('000)	1,790,429 ⁽¹⁾	1,440,919	1,335,421
DPS (cents)	3.25	4.49	4.85

⁽¹⁾ Includes 2,859,537 Stapled Securities to be issued as satisfaction of REIT Manager’s base management fee payable for 3Q2016.

⁽²⁾ The number of Stapled Securities entitled for distribution and DPS have been restated to reflect the effect of bonus element in the Rights Issue.

7. NET ASSET VALUE (“NAV”) / NET TANGIBLE ASSET (“NTA”)

	OUE H-REIT Group and Stapled Group	
	30/9/2016	31/12/2015
Number of Stapled Securities ('000):		
- in issue	1,787,839	1,335,421
- issuable	7,293	3,674
	1,795,132	1,339,095
NAV per OUE H-REIT unit / Stapled Security	\$0.80	\$0.90
NTA per OUE H-REIT unit / Stapled Security	\$0.79	\$0.90

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

8. REVIEW OF PERFORMANCE

		Stapled Group					
Note	3Q2016	3Q2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross revenue:							
- Hospitality	24,796	23,326	6.3	66,494	64,077	3.8	
- Retail	8,513	9,343	(8.9)	23,833	27,530	(13.4)	
(a)	33,309	32,669	2.0	90,327	91,607	(1.4)	
Property expenses:							
- Hospitality	(1,941)	(1,594)	21.8	(5,047)	(4,558)	10.7	
- Retail	(1,922)	(2,306)	(16.7)	(6,383)	(6,785)	(5.9)	
(b)	(3,863)	(3,900)	(0.9)	(11,430)	(11,343)	0.8	
Net property income:							
- Hospitality	22,855	21,732	5.2	61,447	59,519	3.2	
- Retail	6,591	7,037	(6.3)	17,450	20,745	(15.9)	
(c)	29,446	28,769	2.4	78,897	80,264	(1.7)	
REIT Manager's fees	(2,915)	(2,735)	6.6	(8,016)	(7,912)	1.3	
REIT Trustee's fees	(104)	(99)	5.1	(304)	(293)	3.8	
Amortisation of intangible asset	(344)	-	n.m.	(344)	-	n.m.	
Other trust expenses	(277)	(295)	(6.1)	(891)	(917)	(2.8)	
Net finance expenses	(5,764)	(5,705)	1.0	(19,296)	(15,649)	23.3	
Net income	20,042	19,935	0.5	50,046	55,493	(9.8)	
Net change in fair value of investment properties	(1,008)	-	n.m.	(1,008)	-	n.m.	
Total return for the period	19,034	19,935	(4.5)	49,038	55,493	(11.6)	
Income available for distribution	22,252	23,002	(3.3)	58,507	64,576	(9.4)	
DPS (cents)	1.23	1.72	(28.5)	3.25	4.85	(33.0)	

3Q2016 vs 3Q2015

- (a) 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 segment pertains to the master lease income from the Mandarin Orchard Singapore hotel (“**MOS**”) and the Crowne Plaza Changi Airport hotel (“**CPCA**”) which is pegged to a percentage of the operating revenue and profit of the respective hotels, subject to minimum rent. 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 S\$7.5 million had been fully drawdown by OUE H-REIT, whichever is earlier.

Retail segment pertains to rental and other income from the Mandarin Gallery (“**MG**”) shopping mall.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016
8. REVIEW OF PERFORMANCE (cont’d)
3Q2016 vs 3Q2015 (cont’d)

	Revenue			Net property income		
	3Q2016	3Q2015	Increase/ (Decrease)	3Q2016	3Q2015	Increase/ (Decrease)
	S\$m	S\$m	%	S\$m	S\$m	%
MOS	18.7	19.3	(3.1)	17.7	18.3	(3.2)
CPCA	6.1 ⁽¹⁾	4.0	52.3	5.1 ⁽¹⁾	3.4	51.1
Hospitality portfolio	24.8	23.3	6.4	22.8	21.7	5.3

⁽¹⁾ Inclusive of CPEX (243 rooms only) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms.

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 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).

- (b) Property expenses were S\$3.9 million in both 3Q2016 and 3Q2015. The higher property expenses in Hospitality segment was due to higher land rent payable to Changi Airport Group with the commencement of CPEX operations. The increase was offset by the decline in property expenses in MG due to lower marketing and energy costs.
- (c) Net property income (“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.
- (d) Amortisation of intangible asset of S\$0.3 million in 3Q2016 arose from the recognition of income support in relation to the acquisition of CPEX from OUEAH on 1 August 2016, is non-cash and has no impact on income available for distribution.
- (e) Net finance expenses for 3Q2016 were marginally higher than 3Q2015 by S\$0.1 million or 1%.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

8. REVIEW OF PERFORMANCE (cont’d)

3Q2016 vs 3Q2015 (cont’d)

- (f) The decline in fair value of investment properties of S\$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of S\$206.6 million was S\$1.0 million higher than the valuation of S\$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at S\$205.0 million. The decline in fair value is non-cash and has no impact on income available for distribution.
- (g) Total return was S\$0.9 million or 4.5% lower due to decline in fair value of investment properties.
- (h) 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. 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.

YTD2016 vs YTD2015

- (a) Gross revenue for YTD2016 was S\$1.3 million lower than YTD2015. Retail segment posted lower revenue, mitigated by higher revenue from the hospitality segment.

	Revenue			Net property income		
	YTD2016	YTD2015	Increase/ (Decrease)	YTD2016	YTD2015	Increase/ (Decrease)
	S\$m	S\$m	%	S\$m	S\$m	%
MOS	52.8	53.7	(1.7)	50.0	50.8	(1.6)
CPCA	13.7 ⁽²⁾	10.4 ⁽¹⁾	31.7	11.4 ⁽²⁾	8.8 ⁽¹⁾	30.0
Hospitality portfolio	66.5	64.1	3.7	61.4	59.6	3.1

⁽¹⁾ CPCA was acquired on 30 January 2015. YTD2015 reflects the period from 30 January 2015 (date of acquisition) to 30 September 2015.

⁽²⁾ Inclusive of CPEX (243 rooms only) that was acquired and commenced operations on 1 August 2016. The enlarged CPCA has 563 rooms.

Hospitality revenue was S\$2.4 million higher than YTD2015. This was attributable to higher master lease income from enlarged CPCA.

Master lease income from MOS was S\$0.9 million lower than YTD2015, primarily attributable to lower room sales. In YTD2016, room sales in MOS was lower as RevPAR was at S\$216 (YTD2015: S\$228). The lower room sales was offset by higher food and beverage sales in YTD2016 due to higher patronage at the food and beverage outlets.

CPCA contributed S\$13.7 million master lease income in YTD2016. Master lease income was S\$3.3 million higher due to (i) contribution of master lease income for 9 months in YTD2016 as compared to 8 months in YTD2015 as CPCA was acquired on 30 January 2015; and (ii) enlarged room inventory in CPCA with addition of CPEX’s 243 rooms which opened for business from 1 August 2016, and an income support of approximately S\$1.0 million.

Retail revenue for YTD2016 was S\$3.7 million lower than YTD2015 mainly due to lower average occupancy rate at 83.7% (YTD2015: 95.5%). The mall recorded an effective rent per square foot per month of S\$24.4 (YTD2015: S\$24.7).

- (b) Property expenses were S\$0.1 million or 0.8% higher than YTD2015 mainly due to higher land rent payable to Changi Airport Group with the commencement of CPEX operations, offset by the decline in property expenses in MG due to lower marketing and energy costs.
- (c) Net property income (“NPI”) for YTD2016 was S\$1.4 million or 1.7% lower than YTD2015 mainly due to lower revenue from the retail segment despite higher contribution from the hospitality segment.

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8. REVIEW OF PERFORMANCE (cont’d)

YTD2016 vs YTD2015 (cont’d)

- (d) Amortisation of intangible asset of S\$0.3 million in YTD2016 arose from the recognition of income support in relation to the acquisition of CPEX from OUEAH on 1 August 2016, is non-cash and has no impact on income available for distribution.
- (e) Net finance expenses were S\$3.6 million or 23.3% higher than YTD2015 mainly due to: (i) interest expense on the S\$295 million borrowings drawdown to fund the acquisition of CPCA on 30 January 2015, hence a full 9 months of interest in YTD2016 as compared to 8 months of interest in YTD2015; and (ii) higher interest rates contracted on re-fixing of floating interest rates to fixed interest rates.
- (f) The decline in fair value of investment properties of S\$1.0 million arose as total acquisition cost (inclusive of transaction related costs) of CPEX of S\$206.6 million was S\$1.0 million higher than the valuation of S\$205.6 million as at 1 August 2016. OUE H-REIT acquired CPEX at S\$205.0 million. The decline in fair value is non-cash and has no impact on income available for distribution.
- (g) Total return for the period was S\$6.5 million or 11.6% lower mainly due to lower net property income, higher finance expenses and recognition of the decline in fair value of investment properties.
- (h) Income available for distribution was S\$6.1 million or 9.4% lower than YTD2015 mainly due to lower total return. The DPS for YTD2016 was 3.25 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.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

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 (“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 (“MOS”) 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 Victoria’s Secret) will benefit OUE H-Trust through enhanced income stability in the long run.

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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 (cont’d)

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

¹ Singapore Tourism Board, International Visitor Arrivals Statistics, 21 October 2016

² Singapore Tourism Board, Hotel Statistics, 21 October 2016

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

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 July 2016 to 30 September 2016
Distribution type	Taxable income
Distribution rate per stapled security	1.23 cents
Book closure date	8 November 2016
Date payable	30 November 2016

(b) Corresponding period of the immediately preceding financial year

Any distribution declared for the previous corresponding period?	Yes
Name of distribution	Distribution for the period from 1 July 2015 to 30 September 2015
Distribution type	Taxable income
Distribution rate per stapled security	1.72 cents

(c) Tax rate

Taxable income distribution

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%.

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

Not applicable.

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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. 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 (“**SGX-ST**”), we, on behalf of the directors of the REIT Manager and the Trustee-Manager confirm that, to the best of 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 30 September 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Christopher Williams
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

31 October 2016

15. CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

Pursuant to Rule 720(1) of the Listing Manual of SGX-ST, we, on behalf of the directors and executive officers of the REIT Manager and the Trustee-Manager confirm that we have submitted the undertakings to the Exchange.

On behalf of the Board of Directors and Executive Officers

Christopher Williams
Chairman

Chong Kee Hiong
Chief Executive Officer and
Executive Director

31 October 2016

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
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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. 201310245G)
As 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

31 October 2016