

## 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 (“OUE H-REIT Group”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014

| TABLE OF CONTENTS |   |      |
|-------------------|---|------|
| Item              | Description   | Page |
|                   | INTRODUCTION  | 2    |
| 1(a)              | STATEMENTS OF TOTAL RETURN  | 3    |
| 1(b)(i)           | STATEMENTS OF FINANCIAL POSITION                                    | 6    |
| 1(b)(ii)          | BORROWINGS  | 7    |
| 1(c)              | STATEMENTS OF CASH FLOWS  | 9    |
| 1(d)(i)           | STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS                        | 10   |
| 1(d)(ii)          | DETAILS OF ANY CHANGES IN THE STAPLED SECURITIES                    | 12   |
| 2                 | REVIEW OF RESULTS BY AUDITORS                                       | 12   |
| 3                 | AUDITORS' REPORT  | 12   |
| 4                 | ACCOUNTING POLICIES   | 12   |
| 5                 | CHANGES IN ACCOUNTING POLICIES                                      | 12   |
| 6                 | EARNINGS PER STAPLED SECURITY AND DISTRIBUTION PER STAPLED SECURITY | 13   |
| 7                 | NET ASSET VALUE   | 13   |
| 8                 | REVIEW OF PERFORMANCE   | 13   |
| 9                 | VARIANCE BETWEEN FORECAST AND ACTUAL RESULTS                        | 14   |
| 10                | OUTLOOK AND PROSPECTS   | 15   |
| 11                | DISTRIBUTIONS   | 15   |
| 12                | DISTRIBUTION STATEMENT  | 16   |
| 13                | GENERAL MANDATE RELATING TO INTERESTED PERSON TRANSACTIONS          | 16   |
| 14                | SEGMENT INFORMATION   | 16   |
| 15                | CONFIRMATION PURSUANT TO RULE 705(5) OF LISTING MANUAL              | 16   |

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 SECOND QUARTER ENDED 30 JUNE 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 30 June 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 SECOND QUARTER ENDED 30 JUNE 2014**

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

|                                     | Note | OUE H-REIT Group |               | Stapled Group |               |
|-------------------------------------|------|------------------|---------------|---------------|---------------|
|                                     |      | 2Q 2014          | 1H 2014       | 2Q 2014       | 1H 2014       |
|                                     |      | S\$'000          | S\$'000       | S\$'000       | S\$'000       |
| Gross revenue                       | (a)  | 28,293           | 57,022        | 28,293        | 57,022        |
| Property tax                        |      | (1,547)          | (3,257)       | (1,547)       | (3,257)       |
| Insurance                           |      | (39)             | (79)          | (39)          | (79)          |
| Other property expenses             | (b)  | (1,481)          | (2,831)       | (1,481)       | (2,831)       |
| <b>Net property income</b>          |      | 25,226           | 50,855        | 25,226        | 50,855        |
| REIT Manager's base management fees |      | (1,344)          | (2,691)       | (1,344)       | (2,691)       |
| REIT Manager's performance fees     |      | (1,009)          | (2,034)       | (1,009)       | (2,034)       |
| REIT Trustee's fees                 |      | (68)             | (136)         | (68)          | (136)         |
| Other trust expenses                |      | (369)            | (688)         | (369)         | (689)         |
| Finance income                      |      | 398              | 768           | 398           | 768           |
| Finance expenses                    |      | (3,671)          | (7,307)       | (3,671)       | (7,307)       |
| <b>Net finance expenses</b>         | (c)  | (3,273)          | (6,539)       | (3,273)       | (6,539)       |
| <b>Total return for the period</b>  | (d)  | <b>19,163</b>    | <b>38,767</b> | <b>19,163</b> | <b>38,766</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 SECOND QUARTER ENDED 30 JUNE 2014**

**NOTES TO THE STATEMENTS OF TOTAL RETURN**

- (a) Gross revenue comprises the following:

|                      |             | <b>OUE H-REIT Group and Stapled Group</b> |                |
|----------------------|-------------|---|----------------|
|                      | <b>Note</b> | <b>2Q 2014</b>                            | <b>1H 2014</b> |
|                      |             | <b>S\$'000</b>                            | <b>S\$'000</b> |
| Hospitality          |             | 19,082                                    | 38,611         |
| Retail               | (a)(i)      | 9,211                                     | 18,411         |
| <b>Gross revenue</b> |             | <b>28,293</b>                             | <b>57,022</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>OUE H-REIT Group and Stapled Group</b> |                |
|---|-------------|---|----------------|
|   | <b>Note</b> | <b>2Q 2014</b>                            | <b>1H 2014</b> |
|   |             | <b>S\$'000</b>                            | <b>S\$'000</b> |
| Interest income from fixed deposits                             |             | 7   | 16             |
| Ineffective portion of changes in fair value of cash flow hedge | (c)(i)      | 391                                       | 752            |
| <b>Finance income</b>   |             | <b>398</b>                                | <b>768</b>     |
| Amortisation of debt-related transaction costs                  |             | (420)                                     | (840)          |
| Interest expense paid/payable to banks                          |             | (3,251)                                   | (6,467)        |
| <b>Finance expenses</b>   |             | <b>(3,671)</b>                            | <b>(7,307)</b> |
| <b>Net finance expenses</b>                                     |             | <b>(3,273)</b>                            | <b>(6,539)</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 the gain 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 SECOND QUARTER ENDED 30 JUNE 2014**

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

|            | <b>Stapled Group</b> |                |
|------------|----------------------|----------------|
|            | <b>2Q 2014</b>       | <b>1H 2014</b> |
|            | <b>S\$'000</b>       | <b>S\$'000</b> |
| OUE H-REIT | 19,163               | 38,767         |
| OUE H-BT   | -                    | (1)            |
|            | 19,163               | 38,766         |

(e) Income available for distribution

|   | <b>OUE H-REIT Group and Stapled Group</b> |                |
|---|---|----------------|
|   | <b>2Q 2014</b>                            | <b>1H 2014</b> |
|   | <b>S\$'000</b>                            | <b>S\$'000</b> |
| Total return for the period of OUE H-REIT                           | 19,163                                    | 38,767         |
| Add/(Less): Non-tax deductible/(chargeable) items:                  |   |                |
| - REIT Manager's management fees paid/payable in Stapled Securities | 2,353                                     | 4,725          |
| - REIT Trustee's fees   | 68  | 136            |
| - Amortisation of debt-related transaction costs                    | 420                                       | 840            |
| - Ineffective portion of changes in fair value of cash flow hedge   | (391)                                     | (752)          |
| - Other items   | 7   | (15)           |
|   | 2,457                                     | 4,934          |
| Income available for distribution                                   | 21,620                                    | 43,701         |

(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 SECOND QUARTER ENDED 30 JUNE 2014**

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

|  | Note | OUE H-REIT Group |                  | OUE H-BT  |            | Stapled Group    |                  |
|--|------|------------------|------------------|-----------|------------|------------------|------------------|
|  |      | 30/6/2014        | 31/12/2013       | 30/6/2014 | 31/12/2013 | 30/6/2014        | 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)  | 8,944            | 17,382           | –         | –          | 8,944            | 17,382           |
| Other asset                            |      | 2                | –                | –         | –          | 2                | –                |
| Cash and cash equivalents              |      | 32,192           | 60,809           | 20        | 20         | 32,212           | 60,829           |
|  |      | 41,138           | 78,191           | 20        | 20         | 41,158           | 78,211           |
| <b>Total assets</b>                    |      | <b>1,797,138</b> | <b>1,834,191</b> | <b>20</b> | <b>20</b>  | <b>1,797,158</b> | <b>1,834,211</b> |
| <b>LIABILITIES</b>                     |      |                  |                  |           |            |                  |                  |
| <b>Non-current liabilities</b>         |      |                  |                  |           |            |                  |                  |
| Borrowings                             |      | 582,271          | 581,431          | –         | –          | 582,271          | 581,431          |
| Financial derivative liabilities       | (b)  | 6,501            | 5,728            | –         | –          | 6,501            | 5,728            |
| Rental deposits                        | (c)  | 4,308            | 26,238           | –         | –          | 4,308            | 26,238           |
|  |      | 593,080          | 613,397          | –         | –          | 593,080          | 613,397          |
| <b>Current liabilities</b>             |      |                  |                  |           |            |                  |                  |
| Rental deposits                        | (c)  | 830              | 1,082            | –         | –          | 830              | 1,082            |
| Trade and other payables               | (d)  | 9,853            | 8,104            | 3         | 2          | 9,856            | 8,106            |
|  |      | 10,683           | 9,186            | 3         | 2          | 10,686           | 9,188            |
| <b>Total liabilities</b>               |      | <b>603,763</b>   | <b>622,583</b>   | <b>3</b>  | <b>2</b>   | <b>603,766</b>   | <b>622,585</b>   |
| <b>Net assets</b>                      |      | <b>1,193,375</b> | <b>1,211,608</b> | <b>17</b> | <b>18</b>  | <b>1,193,392</b> | <b>1,211,626</b> |
| Represented by:                        |      |                  |                  |           |            |                  |                  |
| <b>Unitholders' funds</b>              |      |                  |                  |           |            |                  |                  |
| Unitholders' funds of OUE H-REIT Group |      | 1,193,375        | 1,211,608        | –         | –          | 1,193,375        | 1,211,608        |
| Unitholders' funds of OUE H-BT         |      | –                | –                | 17        | 18         | 17               | 18               |
|  |      | <b>1,193,375</b> | <b>1,211,608</b> | <b>17</b> | <b>18</b>  | <b>1,193,392</b> | <b>1,211,626</b> |

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**NOTES TO STATEMENTS OF FINANCIAL POSITION**

- (a) Decrease in trade and other receivables of \$8.4 million was mainly due to the receipt of the November master lease income in 1Q 2014.
- (b) Financial derivative liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group’s interest rate risk.
- (c) Decrease in total rental deposits was mainly due to the return of the security deposit of the master lessee which was replaced by way of a bank guarantee.
- (d) Increase in trade and other payables of \$1.7 million was mainly due to accrual of operational and trust expenses and increase in net GST payables.

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

|                                     | <b>OUE H-REIT Group<br/>and<br/>Stapled Group</b> |                   |
|-------------------------------------|---|-------------------|
|                                     | <b>30/6/2014</b>                                  | <b>31/12/2013</b> |
|                                     | <b>S\$’000</b>                                    | <b>S\$’000</b>    |
| <b>Repayable after one year</b>     |   |                   |
| Secured borrowings                  | 587,000   | 587,000           |
| Less: Unamortised transaction costs | (4,729)   | (5,569)           |
|                                     | <b>582,271</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 30 June 2014, OUE H-REIT Group’s gearing was 32.7 percent. The average cost of debt was 2.2 percent per annum, with an interest service cover of 7.0 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 2.0 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 (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.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND  
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)  
FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

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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 30 June 2014, these facilities are undrawn.

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 June 2014, 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 SECOND QUARTER ENDED 30 JUNE 2014**

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

|  | Note | OUE H-REIT Group |                 | Stapled Group   |                 |
|--|------|------------------|-----------------|-----------------|-----------------|
|  |      | 2Q 2014          | 1H 2014         | 2Q 2014         | 1H 2014         |
|  |      | S\$'000          | S\$'000         | S\$'000         | S\$'000         |
| <b>Operating activities</b>                            |      |                  |                 |                 |                 |
| Total return for the period                            |      | 19,163           | 38,767          | 19,163          | 38,766          |
| Adjustments for:                                       |      |                  |                 |                 |                 |
| REIT Manager's fee paid/payable in Stapled Securities  | (a)  | 2,353            | 4,725           | 2,353           | 4,725           |
| Finance income   |      | (398)            | (768)           | (398)           | (768)           |
| Finance expenses                                       |      | 3,671            | 7,307           | 3,671           | 7,307           |
| <b>Operating income before working capital changes</b> |      | <b>24,789</b>    | <b>50,031</b>   | <b>24,789</b>   | <b>50,030</b>   |
| Changes in working capital:                            |      |                  |                 |                 |                 |
| Trade and other receivables                            |      | (481)            | 8,436           | (481)           | 8,436           |
| Trade and other payables                               |      | (892)            | 2,502           | (892)           | 2,503           |
| Rental deposits  |      | (22,177)         | (22,182)        | (22,177)        | (22,182)        |
| <b>Cash generated from operating activities</b>        |      | <b>1,239</b>     | <b>38,787</b>   | <b>1,239</b>    | <b>38,787</b>   |
| <b>Investing activities</b>                            |      |                  |                 |                 |                 |
| Interest received                                      |      | 7                | 16              | 7               | 16              |
| <b>Cash generated from investing activities</b>        |      | <b>7</b>         | <b>16</b>       | <b>7</b>        | <b>16</b>       |
| <b>Financing activities</b>                            |      |                  |                 |                 |                 |
| Finance expenses paid                                  |      | (3,216)          | (6,503)         | (3,216)         | (6,503)         |
| Distribution to Stapled Securityholders                |      | (22,112)         | (60,200)        | (22,112)        | (60,200)        |
| Issue costs paid                                       |      | –                | (717)           | –               | (717)           |
| <b>Cash used in financing activities</b>               |      | <b>(25,328)</b>  | <b>(67,420)</b> | <b>(25,328)</b> | <b>(67,420)</b> |
| <b>Net decrease in cash and cash equivalents</b>       |      | <b>(24,082)</b>  | <b>(28,617)</b> | <b>(24,082)</b> | <b>(28,617)</b> |
| Cash and cash equivalents at beginning of the period   |      | 56,274           | 60,809          | 56,294          | 60,829          |
| <b>Cash and cash equivalents at end of the period</b>  |      | <b>32,192</b>    | <b>32,192</b>   | <b>32,212</b>   | <b>32,212</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.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

**NOTES TO STATEMENTS OF CASH FLOWS**

(a) 2Q 2014

2,657,135 Stapled Securities amounting to \$2,353,000 will be issued to the REIT Manager as satisfaction of management fees payable in units in respect of 2Q 2014.

1H 2014

5,481,499 Stapled Securities amounting to \$4,725,000 were/will be issued to the REIT Manager as satisfaction of management fees payable in units in respect of 1H 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 1/4/2014</b>   | 1,158,118                       | (22,303)    | (1,963)         | 61,980              | 1,195,832 | 17       | 1,195,849     |
| <b>Operations</b>  |                                 |             |                 |                     |           |          |               |
| Increase in net assets resulting from operations                                 | –                               | –           | –               | 19,163              | 19,163    | –        | 19,163        |
| <b>Movement in hedging reserves</b>  |                                 |             |                 |                     |           |          |               |
| Effective portion of changes in fair value of cash flow hedge                    | –                               | –           | (1,861)         | –                   | (1,861)   | –        | (1,861)       |
| <b>Unitholders’ transactions</b>   |                                 |             |                 |                     |           |          |               |
| Distribution to Stapled Securityholders (a)                                      | –                               | –           | –               | (22,112)            | (22,112)  | –        | (22,112)      |
| Stapled Securities to be issued as payment of REIT Manager’s management fees (b) | 2,353                           | –           | –               | –                   | 2,353     | –        | 2,353         |
| <b>Decrease in net assets resulting from unitholders’ transactions</b>           |                                 |             |                 |                     |           |          |               |
|  | 2,353                           | –           | –               | (22,112)            | (19,759)  | –        | (19,759)      |
| <b>At 30/6/2014</b>  | 1,160,471                       | (22,303)    | (3,824)         | 59,031              | 1,193,375 | 17       | 1,193,392     |

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

| 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  | –                               | –           | –               | 38,767              | 38,767    | (1)      | 38,766        |
| <b>Movement in hedging reserves</b>   |                                 |             |                 |                     |           |          |               |
| Effective portion of changes in fair value of cash flow hedge                           | –                               | –           | (1,525)         | –                   | (1,525)   | –        | (1,525)       |
| <b>Unitholders' transactions</b>  |                                 |             |                 |                     |           |          |               |
| Distribution to Stapled Securityholders (c)   | –                               | –           | –               | (60,200)            | (60,200)  | –        | (60,200)      |
| Stapled Securities issued/to be issued as payment of REIT Manager's management fees (b) | 4,725                           | –           | –               | –                   | 4,725     | –        | 4,725         |
| <b>Decrease in net assets resulting from unitholders' transactions</b>                  | 4,725                           | –           | –               | (60,200)            | (55,475)  | –        | (55,475)      |
| <b>At 30/6/2014</b>   | 1,160,471                       | (22,303)    | (3,824)         | 59,031              | 1,193,375 | 17       | 1,193,392     |

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 1Q 2014.
- (b) This represents Stapled Securities issued/to be issued as satisfaction of the REIT Manager's management fee incurred in the respective periods.
- (c) Distribution to Stapled Securityholders relates to the distributions made in respect of the period from 25 July 2013 to 31 December 2013 and for 1Q 2014.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

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

|  |             | <b>Stapled Group</b> |                |
|--|-------------|----------------------|----------------|
|  | <b>Note</b> | <b>2Q 2014</b>       | <b>1H 2014</b> |
|  |             | <b>'000</b>          | <b>'000</b>    |
| <b>Issued Stapled Securities at beginning of the period</b>              |             | 1,313,363            | 1,310,627      |
| Issue of new Stapled Securities:   |             |                      |                |
| - as payment of REIT Manager’s management fees                           | (a)         | 2,824                | 5,560          |
| <b>Issued Stapled Securities at the end of the period</b>                |             | 1,316,187            | 1,316,187      |
| Stapled Securities to be issued:   |             |                      |                |
| - as payment of REIT Manager’s management fees                           | (b)         | 2,657                | 2,657          |
| <b>Total issued and issuable Stapled Securities at end of the period</b> |             | 1,318,844            | 1,318,844      |

**NOTES**

- (a) This represents Stapled Securities issued as satisfaction of the REIT Manager’s management fee incurred for 1Q 2014.
- (b) This represents Stapled Securities to be issued as satisfaction of the REIT Manager’s management fee incurred for 2Q 2014. This is calculated based on the volume weighted average traded price 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 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 SECOND QUARTER ENDED 30 JUNE 2014**

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

|   | Stapled Group |           |
|---|---------------|-----------|
|   | 2Q 2014       | 1H 2014   |
| Weighted average number of Stapled Securities ('000):         |               |           |
| - in issue  | 1,316,187     | 1,314,799 |
| - issuable  | 30            | 15        |
|   | 1,316,217     | 1,314,814 |
| Basic and diluted EPS <sup>(a)</sup> (cents)                  | 1.46          | 2.95      |
| Number of Stapled Securities entitled to distribution ('000): |               |           |
| - in issue  | 1,316,187     | 1,316,187 |
| - issuable  | 2,657         | 2,657     |
|   | 1,318,844     | 1,318,844 |
| DPS (cents)   | 1.64          | 3.32      |

(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”)**

|  | OUE H-REIT Group |            | Stapled Group |            |
|--|------------------|------------|---------------|------------|
|  | 30/6/2014        | 31/12/2013 | 30/6/2014     | 31/12/2013 |
| Number of Stapled Securities ('000):     |                  |            |               |            |
| - in issue                               | 1,316,187        | 1,310,627  | 1,316,187     | 1,310,627  |
| - issuable                               | 2,657            | 2,736      | 2,657         | 2,736      |
|  | 1,318,844        | 1,313,363  | 1,318,844     | 1,313,363  |
| NAV per OUE H-REIT unit/Stapled Security | \$0.90           | \$0.92     | \$0.90        | \$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 SECOND QUARTER ENDED 30 JUNE 2014**

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

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

|      |                                   | Stapled Group |                         |                    |         |                         |                    |
|------|-----------------------------------|---------------|-------------------------|--------------------|---------|-------------------------|--------------------|
|      |                                   | 2Q 2014       |                         |                    | 1H 2014 |                         |                    |
| Note |                                   | Actual        | Forecast <sup>(i)</sup> | Better/<br>(Worse) | Actual  | Forecast <sup>(i)</sup> | Better/<br>(Worse) |
|      |                                   | S\$'000       | S\$'000                 | %                  | S\$'000 | S\$'000                 | %                  |
|      | Gross revenue                     | (a) 28,293    | 28,309                  | -0.1%              | 57,022  | 56,646                  | 0.7%               |
|      | Property expenses                 | (b) (3,067)   | (3,389)                 | 9.5%               | (6,167) | (6,770)                 | 8.9%               |
|      | Net property income               | (c) 25,226    | 24,920                  | 1.2%               | 50,855  | 49,876                  | 2.0%               |
|      | Income available for distribution | (d) 21,620    | 21,129                  | 2.3%               | 43,701  | 42,296                  | 3.3%               |
|      | DPS (cents)                       | 1.64          | 1.60                    | 2.5%               | 3.32    | 3.21                    | 3.4%               |

- (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 was at \$28.3 million for 2Q 2014, in line with the forecast. For 1H 2014, gross revenue of \$57.0 million was \$0.4 million or 0.7% higher than forecast.

Under the master lease arrangement for Mandarin Orchard Singapore, rental income of OUE H-REIT is pegged to a percentage of Gross Operating Revenue and Gross Operating Profit of the hotel.

The hospitality demand in Singapore is seasonally higher in the second half of the year. To optimise business in the second half of the year, the renovation schedule was accelerated in current quarter. Notwithstanding the impact of the renovation on room rates, the hotel achieved RevPAR of \$242, though it was lower as compared to forecast RevPAR of \$258. Adjusting for the lower available room inventory due to renovation, RevPAR for 2Q 2014 would have been \$254. The hotel's Food & Beverage (“F&B”) sales continued to perform better than forecast with higher patronage at the restaurants and higher banquet sales, mitigating the impact of lower room revenue in 2Q 2014.

For 1H 2014, RevPAR achieved was \$245 due to higher RevPAR recorded in 1Q 2014 resulting from the Singapore Airshow 2014. Strong performance in F&B sales also contributed to better operating results of the hotel thereby translating into higher rental income for OUE H-REIT.

For 2Q 2014 and 1H 2014, Mandarin Gallery's contribution to gross revenue was in line with the forecast, recording an effective rent per square foot per month of \$23.7.

- (b) Property expenses for 2Q 2014 and 1H 2014 were \$0.3 million or 9.5% and \$0.6 million or 8.9% lower than the forecast respectively. This was mainly due to lower utilities expenses on lower consumption and tariff rates and reduction in property tax expenses of Mandarin Gallery.
- (c) As a result of the above, higher net property income was recognised in 2Q 2014 and 1H 2014.
- (d) In line with higher net property income and lower trust expenses, income available for distribution for 2Q 2014 and 1H 2014 was \$0.5 million and \$1.4 million higher than forecast respectively. This translated into higher DPS of 1.64 cents and 3.32 cents in the respective periods.

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 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<sup>1</sup> reported that in 1Q 2014, tourism receipts grew 5% year-on year to \$6 billion while international visitor arrivals held steady at 3.9 million. The growth in tourism receipts in 1Q 2014 was driven by sightseeing, entertainment, gaming and accommodation, but was offset to some extent by declines in shopping and F&B.

Mandarin Orchard Singapore is well-positioned to leverage on its newly renovated rooms to attract customers seeking premium accommodation in a prime location.

While the retail segment is experiencing some headwinds, Mandarin Gallery is expected to continue to enjoy stable income as more than 98% of the mall’s rental income comprises of fixed rent.

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, Tourism Sector Performance Q1 2014 Report

**11. Distributions**

**(a) Current financial period**

|   |   |
|---|---|
| Any distribution declared for the current financial period? | Yes   |
| Name of distribution  | Distribution for the period from 1 April 2014 to 30 June 2014   |
| Distribution type   | Taxable income  |
| Distribution rate per stapled security                      | 1.64 cents  |
| Tax rate  | <u>Taxable income distribution</u><br>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.<br><br>Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.<br><br>All other investors will receive their distributions after deduction of tax at the rate of 17%. |
| Book closure date   | 8 August 2014   |
| Date payable  | 2 September 2014  |

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE SECOND QUARTER ENDED 30 JUNE 2014**

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

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

Not applicable. OUE H-REIT and OUE H-BT were constituted on 10 July 2013.

**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>2Q 2014</b>                 |                           |                          | <b>1H 2014</b>                 |                           |                          |
|                                     | <b>Hospitality<br/>S\$'000</b> | <b>Retail<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> | <b>Hospitality<br/>S\$'000</b> | <b>Retail<br/>S\$'000</b> | <b>Total<br/>S\$'000</b> |
| Gross revenue                       | 19,082                         | 9,211                     | 28,293                   | 38,611                         | 18,411                    | 57,022                   |
| Property expenses                   | (916)                          | (2,151)                   | (3,067)                  | (1,831)                        | (4,336)                   | (6,167)                  |
| Segment net property income         | 18,166                         | 7,060                     | 25,226                   | 36,780                         | 14,075                    | 50,855                   |
| REIT Manager's base management fees |                                |                           | (1,344)                  |                                |                           | (2,691)                  |
| REIT Manager's performance fees     |                                |                           | (1,009)                  |                                |                           | (2,034)                  |
| REIT Trustee's fees                 |                                |                           | (68)                     |                                |                           | (136)                    |
| Other trust expenses                |                                |                           | (369)                    |                                |                           | (689)                    |
| Finance income                      |                                |                           | 398                      |                                |                           | 768                      |
| Finance expenses                    |                                |                           | (3,671)                  |                                |                           | (7,307)                  |
| Total return for the period         |                                |                           | 19,163                   |                                |                           | 38,766                   |

**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 30 June 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 SECOND QUARTER ENDED 30 JUNE 2014**

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On behalf of the Board of Directors

Christopher Williams  
Chairman

Chong Kee Hiong  
Chief Executive Officer and  
Executive Director

31 July 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. 201310245G)  
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

31 July 2014