

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 FIRST QUARTER ENDED 31 MARCH 2015

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

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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.

On 30 January 2015, OUE H-REIT completed the acquisition of the 320-room Crowne Plaza Changi Airport for a purchase consideration of S\$290 million. As at 31 March 2015, OUE H-REIT’s asset portfolio comprised the 1,077-room Mandarin Orchard Singapore; the adjoining Mandarin Gallery; and the newly acquired Crowne Plaza Changi Airport which was recently named the World’s Best Airport Hotel 2015.

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 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 FIRST QUARTER ENDED 31 MARCH 2015

1 (a) STATEMENTS OF TOTAL RETURN

	Note	OUE H-REIT Group			Stapled Group		
		1Q2015	1Q2014	Increase/ (Decrease)	1Q2015	1Q2014	Increase/ (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	29,337	28,729	2.1	29,337	28,729	2.1
Property tax		(1,917)	(1,710)	12.1	(1,917)	(1,710)	12.1
Insurance		(53)	(39)	35.9	(53)	(39)	35.9
Other property expenses	(b)	(1,652)	(1,351)	22.3	(1,652)	(1,351)	22.3
Net property income		25,715	25,629	0.3	25,715	25,629	0.3
REIT Manager's base management fees	(c)	(1,550)	(1,347)	15.1	(1,550)	(1,347)	15.1
REIT Manager's performance fees		(1,029)	(1,025)	0.4	(1,029)	(1,025)	0.4
REIT Trustee's fees	(d)	(96)	(68)	41.2	(96)	(68)	41.2
Other trust expenses		(325)	(319)	1.9	(326)	(320)	1.9
Finance income		396	370	7.0	396	370	7.0
Finance expenses		(4,642)	(3,636)	27.7	(4,642)	(3,636)	27.7
Net finance expenses	(e)	(4,246)	(3,266)	30.0	(4,246)	(3,266)	30.0
Total return for the period	(f)	18,469	19,604	-5.8	18,468	19,603	-5.8

n.m.: not meaningful

NOTES TO THE STATEMENTS OF TOTAL RETURN

- (a) Gross revenue comprises master lease income from Mandarin Orchard Singapore hotel and Crowne Plaza Changi Airport hotel (“CPCA”); and income from Mandarin Gallery. 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. The expenses were higher mainly due to CPCA which was acquired on 30 January 2015.
- (c) The increase in REIT Manager's base management fees was mainly due to the addition of CPCA to the asset portfolio as the fee is pegged to the gross assets of OUE H-REIT in accordance to the REIT Trust Deed.
- (d) REIT Trustee's fees were also higher due to the addition of CPCA to the asset portfolio.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

(e) Net finance expenses comprise the following:

OUE H-REIT Group and Stapled Group				
	Note	1Q2015	1Q2014	Increase/ (Decrease)
		S\$'000	S\$'000	%
Interest income from fixed deposits		12	9	33.3
Ineffective portion of changes in fair value of cash flow hedge	(e)(i)	384	361	6.4
Finance income		396	370	7.0
Amortisation of debt-related transaction costs	(e)(ii)	(528)	(420)	25.7
Interest expense paid/payable to banks	(e)(iii)	(4,114)	(3,216)	27.9
Finance expenses		(4,642)	(3,636)	27.7
Net finance expenses		(4,246)	(3,266)	30.0

n.m.: not meaningful

- (e)(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 (g) below).
- (e)(ii) The higher amortisation of debt-related transaction costs was in relation to the additional \$295 million loan that was drawn down on 30 January 2015 to fund the acquisition of CPCA.
- (e)(iii) The higher interest expenses were due to the additional \$295 million loan that was drawn down on 30 January 2015 to fund the acquisition of CPCA.

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

	1Q2015	1Q2014	Increase/ (Decrease)
	S\$'000	S\$'000	%
OUE H-REIT	18,470	19,604	-5.8
Other OUE H-REIT Group entity	(1)	–	n.m.
OUE H-REIT Group	18,469	19,604	-5.8
OUE H-BT	(1)	(1)	0.0
Stapled Group	18,468	19,603	-5.8

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 FIRST QUARTER ENDED 31 MARCH 2015

(g) Income available for distribution

		OUE H-REIT Group and Stapled Group		
	Note	1Q2015	1Q2014	Increase/ (Decrease)
		S\$'000	S\$'000	%
Total return for the period of OUE H-REIT	(g)(i)	18,470	19,604	-5.8
Add/(Less): Non-tax deductible/(chargeable) items:				
- REIT Manager's management fees paid/payable in Stapled Securities		2,579	2,372	8.7
- REIT Trustee's fees		96	68	41.2
- Amortisation of debt-related transaction costs		528	420	25.7
- Ineffective portion of changes in fair value of cash flow hedges		(384)	(361)	6.4
- Other items		97	(22)	n.m.
		2,916	2,477	17.7
Income available for distribution		21,386	22,081	-3.2

n.m.: not meaningful

(g)(i) The distribution for the Stapled Group represents the aggregate of distributions by OUE H-REIT and OUE H-BT. The distribution of the Stapled Group for the financial period is contributed solely by OUE H-REIT as OUE H-BT was dormant during the financial period. Accordingly, only the income available for distribution of OUE H-REIT has been presented.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

1 (b)(i) STATEMENTS OF FINANCIAL POSITION

Note	OUE H-REIT Group		OUE H-BT		Stapled Group		
	31/3/2015	31/12/2014	31/3/2015	31/12/2014	31/3/2015	31/12/2014	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
ASSETS							
Non-current assets							
	Investment properties	2,049,118	1,756,000	–	–	2,049,118	1,756,000
(a)	Deposit	1,501	–	–	–	1,501	–
(b)	Financial derivative asset	222	–	–	–	222	–
		2,050,841	1,756,000	–	–	2,050,841	1,756,000
Current assets							
(c)	Trade and other receivables	10,898	9,271	–	–	10,898	9,271
	Financial derivative asset	232	–	–	–	232	–
	Cash and cash equivalents	34,039	31,299	17	18	34,056	31,317
		45,169	40,570	17	18	45,186	40,588
	Total assets	2,096,010	1,796,570	17	18	2,096,027	1,796,588
LIABILITIES							
Non-current liabilities							
	Borrowings	875,498	581,111	–	–	875,498	581,111
(b)	Financial derivative liabilities	410	2,027	–	–	410	2,027
(d)	Rental deposits	8,997	3,331	–	–	8,997	3,331
		884,905	588,469	–	–	884,905	588,469
Current liabilities							
(d)	Rental deposits	2,975	2,323	–	–	2,975	2,323
(b)	Financial derivative liabilities	–	255	–	–	–	255
	Trade and other payables	8,198	7,186	2	2	8,200	7,188
		11,173	9,764	2	2	11,175	9,766
	Total liabilities	896,078	598,233	2	2	896,080	598,235
	Net assets	1,199,932	1,198,337	15	16	1,199,947	1,198,353
Represented by:							
Unitholders' funds							
	Unitholders' funds of OUE H-REIT Group	1,199,932	1,198,337	–	–	1,199,932	1,198,337
	Unitholders' funds of OUE H-BT	–	–	15	16	15	16
		1,199,932	1,198,337	15	16	1,199,947	1,198,353

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO STATEMENTS OF FINANCIAL POSITION

- (a) Deposit pertains to the security deposit placed to Changi Airport Group, the lessor of the Crowne Plaza Changi Airport site.
- (b) Financial derivative assets/liabilities relate to the fair value of interest rate swaps used to hedge OUE H-REIT Group’s interest rate risk.
- (c) Increase in trade and other receivables of \$1.6 million was mainly due to the master lease income receivable from the master lessee of Crowne Plaza Changi Airport which was not yet due as at 31 March 2015.
- (d) Increase in rental deposits was mainly due to the rental deposit from the master lessee of Crowne Plaza Changi Airport.

1 (b)(ii) BORROWINGS

Repayable after one year

Secured borrowings

Less: Unamortised transaction costs

OUE H-REIT Group and Stapled Group	
31/3/2015	31/12/2014
S\$’000	S\$’000
882,000	587,000
(6,502)	(3,889)
875,498	583,111

Details of borrowings and collateral

Secured bank loans

Facilities		OUE H-REIT 31/3/2015			
		Facility amount S\$’000	Drawn down S\$’000	Undrawn S\$’000	Repayable S\$’000
S\$630.0 million	3-year term loan	293,000	(293,000)	–	July 2016
	5-year term loan	294,000	(294,000)	–	July 2018
	Revolving credit facilities (committed)	31,000	–	31,000	–
	Revolving credit facilities (uncommitted)	12,000	–	12,000	–
S\$295.0 million	5-year term loan	295,000	(295,000)	–	January 2020
		925,000	(882,000)	43,000	

OUE H-REIT has no loan refinancing requirements until July 2016.

As at 31 March 2015, OUE H-REIT’s weighted average debt maturity was 3.2 years with a gearing of 42.1%.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

For 1Q2015, the average cost of debt of OUE H-REIT was 2.1% per annum, with an interest service cover of 5.5 times.

As at 31 March 2015, the interest on the \$295.0 million loan drawn down in January 2015 for the acquisition of CPCA has been fixed via interest rate swaps of \$145.0 million for 4 years and \$150.0 million for 5 years. The resultant weighted average cost of debt of OUE H-REIT is 2.5% per annum. The interest costs for \$582.0 million of borrowings have been fixed with a weighted average tenor of 3.3 years and the interest rate swap on the remaining \$300.0 million borrowings would mature in July 2015.

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 31 March 2015, 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 FIRST QUARTER ENDED 31 MARCH 2015

1 (c) STATEMENTS OF CASH FLOWS

	Note	OUE H-REIT Group		Stapled Group	
		1Q2015 S\$'000	1Q2014 S\$'000	1Q2015 S\$'000	1Q2014 S\$'000
Operating activities					
Total return for the period		18,469	19,604	18,468	19,603
Adjustments for:					
REIT Manager's fees paid/payable in Stapled Securities	(a)	2,579	2,372	2,579	2,372
Finance income		(396)	(370)	(396)	(370)
Finance expenses		4,642	3,636	4,642	3,636
Operating income before working capital changes		25,294	25,242	25,293	25,241
Changes in working capital:					
Deposit		(1,501)	–	(1,501)	–
Trade and other receivables		(1,618)	8,917	(1,618)	8,917
Trade and other payables		257	3,394	257	3,395
Rental deposits		6,317	(5)	6,317	(5)
Cash generated from operating activities		28,749	37,548	28,748	37,548
Investing activities					
Interest received		2	9	2	9
Capital expenditure on investment properties		(75)	–	(75)	–
Acquisition of investment property	(b)	(290,868)	–	(290,868)	–
Cash (used in)/generated from investing activities		(290,941)	9	(290,941)	9
Financing activities					
Finance expenses paid		(3,359)	(3,287)	(3,359)	(3,287)
Proceeds from borrowings	(b)	295,000	–	295,000	–
Payment of transaction costs on borrowings	(b)	(3,140)	–	(3,140)	–
Distribution to Stapled Securityholders		(23,569)	(38,088)	(23,569)	(38,088)
Issue costs paid		–	(717)	–	(717)
Cash generated from/(used in) financing activities		264,932	(42,092)	264,932	(42,092)
Net increase/(decrease) in cash and cash equivalents		2,740	(4,535)	2,739	(4,535)
Cash and cash equivalents at beginning of the period		31,299	60,809	31,317	60,829
Cash and cash equivalents at end of the period		34,039	56,274	34,056	56,294

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

NOTES TO STATEMENTS OF CASH FLOWS

- (a) 2,748,694 (1Q2014: 2,824,364) Stapled Securities amounting to \$2,579,000 (1Q2014: \$2,372,000) will be issued to the REIT Manager as satisfaction of management fees payable in units in respect of the quarter.
- (b) During the quarter, proceeds from borrowings were utilised to fund the purchase consideration of Crowne Plaza Changi Airport and its related acquisition cost.

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 1/1/2015	1,165,281	(22,303)	(173)	55,532	1,198,337	16	1,198,353
Operations							
Increase/(Decrease) in net assets resulting from operations	–	–	–	18,469	18,469	(1)	18,468
Movement in hedging reserve							
Effective portion of changes in fair value of cash flow hedge	–	–	1,941	–	1,941	–	1,941
Unitholders’ transactions							
Distribution to Stapled Securityholders (a)	–	–	–	(23,569)	(23,569)	–	(23,569)
Stapled Securities to be issued as payment of REIT Manager’s management fees (b)	2,579	–	–	–	2,579	–	2,579
Stapled Securities issued as payment of REIT Manager’s acquisition fees (c)	2,175	–	–	–	2,175	–	2,175
Increase/ (Decrease) in net assets resulting from unitholders’ transactions	4,754	–	–	(23,569)	(18,815)	–	(18,815)
At 31/3/2015	1,170,035	(22,303)	1,768	50,432	1,199,932	15	1,199,947

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 1/1/2014	1,155,746	(22,303)	(2,299)	80,464	1,211,608	18	1,211,626
Operations							
Increase/(Decrease) in net assets resulting from operations	–	–	–	19,604	19,604	(1)	19,603
Movement in hedging reserves							
Effective portion of changes in fair value of cash flow hedge	–	–	336	–	336	–	336
Unitholders' transactions							
Distribution to Stapled Securityholders (d)	–	–	–	(38,088)	(38,088)	–	(38,088)
Stapled Securities to be issued as payment of REIT Manager's management fees (b)	2,372	–	–	–	2,372	–	2,372
Increase/ (Decrease) in net assets resulting from unitholders' transactions	2,372	–	–	(38,088)	(35,716)	–	(35,716)
At 31/3/2014	1,158,118	(22,303)	(1,963)	61,980	1,195,832	17	1,195,849

NOTES TO STATEMENTS OF MOVEMENT IN UNITHOLDERS' FUNDS

- (a) Distribution to Stapled Securityholders relates to the distribution made in respect of 4Q 2014.
- (b) This represents Stapled Securities to be issued as satisfaction of the REIT Manager's management fee incurred in the respective quarters.
- (c) This represents Stapled Securities issued as satisfaction of the REIT Manager's acquisition fee in connection with OUE H-REIT's acquisition of Crowne Plaza Changi Airport.
- (d) Distribution to Stapled Securityholders relates to the distribution made in respect of the period from 25 July 2013 to 31 December 2013.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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

	Note	Stapled Group	
		1Q2015 '000	1Q2014 '000
Issued Stapled Securities at beginning of the period		1,321,441	1,310,627
Issue of new Stapled Securities:			
- as payment of REIT Manager’s management fees		2,706	2,736
- as payment of REIT Manager’s acquisition fees		2,345	–
Issued Stapled Securities at the end of the period		1,326,492	1,313,363
Stapled Securities to be issued:			
- as payment of REIT Manager’s management fees	(a)	2,749	2,824
Total issued and issuable Stapled Securities at end of the period		1,329,241	1,316,187

NOTES

(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 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 year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There has been no change in the accounting policies and methods of computation adopted by Stapled Group.

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”) FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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

	Stapled Group	
	1Q2015	1Q2014
Weighted average number of Stapled Securities ('000):		
- in issue	1,325,736	1,311,691
- issuable	31	31
	1,325,767	1,311,722
Basic and diluted EPS ⁽¹⁾ (cents)	1.39	1.49
Number of Stapled Securities entitled to distribution ('000):		
- in issue	1,326,492	1,313,363
- issuable	2,749	2,824
	1,329,241	1,316,187
DPS (cents)	1.61	1.68

⁽¹⁾ 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 and Stapled Group	
	31/3/2015	31/12/2014
Number of Stapled Securities ('000):		
- in issue	1,326,492	1,321,441
- issuable	2,749	2,706
	1,329,241	1,324,147
NAV per OUE H-REIT unit/Stapled Security	\$0.90	\$0.90

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8. REVIEW OF PERFORMANCE

		Stapled Group		
	Note	1Q2015	1Q2014	Increase/ (Decrease)
		S\$'000	S\$'000	%
Gross revenue:				
- Hospitality		20,077	19,529	2.8
- Retail		9,260	9,200	0.7
	(a)	29,337	28,729	2.1
Property expenses:				
- Hospitality		(1,389)	(916)	51.6
- Retail		(2,233)	(2,184)	2.2
	(b)	(3,622)	(3,100)	16.8
Net property income:				
- Hospitality		18,688	18,613	0.4
- Retail		7,027	7,016	0.2
	(c)	25,715	25,629	0.3
REIT Manager's fees		(2,579)	(2,372)	8.7
REIT Trustee's fees		(96)	(68)	41.2
Other trust expenses		(326)	(320)	1.9
Net finance expenses	(d)	(4,246)	(3,266)	30.0
Total return for the period		18,468	19,603	-5.8
Income available for distribution	(e)	21,386	22,081	-3.1
DPS (cents)	(e)	1.61	1.68	-4.2

1Q2015 vs 1Q2014

- (a) Both hospitality and retail segments posted higher revenue in 1Q2015. Gross revenue for 1Q2015 was \$0.6 million or 2.1% higher than 1Q2014.

Hospitality segment pertains to the master lease income from the Mandarin Orchard Singapore hotel (“**MOS**”) and 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.

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	Revenue			Net property income			RevPAR		
	1Q2015	1Q2014	Increase/ (Decrease)	1Q2015	1Q2014	Increase/ (Decrease)	1Q2015	1Q2014	Increase/ (Decrease)
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$	S\$	%
MOS	17.4	19.5	(2.1)	16.4	18.6	(2.2)	223	239 ¹	-6.7
CPCA ²	2.7	–	n.m.	2.3	–	n.m.	246	–	n.m.
Hospitality portfolio	20.1	19.5	0.6	18.7	18.6	0.1	227	239	-5.0

¹ RevPAR was restated to be on the same basis as 1Q2015. The restatement of RevPAR has no impact to the computation of the master lease income received by OUE H-REIT.

² The figures relating to CPCA were for the period from 30 January 2015 (date of acquisition) to 31 March 2015.

*RevPAR: revenue per available room
n.m.: not meaningful*

Hospitality revenue was \$0.6 million or 2.8% higher than 1Q2014. This was a result of the additional \$2.7 million of master lease income contribution from the newly acquired CPCA which more than offset the decrease of \$2.1 million income from MOS.

Master lease income from MOS was \$2.1 million lower than 1Q2014 as MOS recorded lower RevPAR of \$223 in 1Q2015 as compared to RevPAR of \$239 in 1Q2014. The lower RevPAR was attributed to the absence of the biennial Singapore Airshow in February this year and the weaker tourism sentiments which impact the hospitality demand in 1Q2015. The Singapore Tourism Board reported a 5.5% year-on-year decline in international visitor arrivals in the first two months of 2015. Food and Beverage sales were also lower as a result of lower patronage.

CPCA contributed \$2.7 million master lease income in 1Q2015 and the RevPAR achieved was \$246.

Retail segment pertains to rental and other income from the Mandarin Gallery shopping mall. Retail revenue for 1Q2015 was \$0.1 million or 0.7% higher than 1Q2014 mainly due to higher rental rates. The mall recorded an effective rent per square foot per month of \$24.6 for 1Q2015 as compared to \$23.6 for 1Q2014.

- (b) Property expenses were \$0.5 million or 16.8% higher than 1Q2014 mainly due to the newly acquired CPCA, including the land rent payable to Changi Airport Group.
- (c) Net property income (“NPI”) for 1Q2015 was \$0.1 million or 0.3% higher than 1Q2014 mainly due to \$2.3 million contribution from CPCA. Based on CPCA’s NPI contribution for the period from 30 January 2015 to 31 March 2015, CPCA’s NPI yield, on an annualised basis, was in line with the pro forma NPI yield of 4.5% as disclosed in OUE H-Trust’s circular dated 26 December 2014.
- (d) Net finance expenses were \$1.0 million or 30.0% higher than 1Q2014 mainly due to the interest expense on the borrowings drawn down to fund the acquisition of CPCA.
- (e) Income available for distribution was \$0.7 million or 3.1% lower than 1Q2014 mainly due to weaker operating performance of MOS. As a result, DPS for 1Q2015 was 1.61 cents as compared to 1Q2014 DPS of 1.68 cents.

9. VARIANCE BETWEEN ACTUAL AND FORECAST RESULTS

No forecast has been disclosed.

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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

Singapore Tourism Board (“STB”) reported a 5.5%¹ year-on-year decline in international visitor arrivals in the first two months of 2015. For the full year, STB has forecast tourism numbers to grow modestly, between 0% and 3%² for visitor arrivals, and between 0% and 2%² for tourism receipts.

With an uncertain global economic environment and a relatively strong Singapore dollar, tourism industry may continue to face headwinds in 2015. Notwithstanding, the hospitality industry may benefit from upcoming events such as the 2015 Southeast Asian Games, the Grand Prix, the second WTA Finals to be held in Singapore and the slew of SG50 celebration activities towards the second half of the year.

The acquisition of Crowne Plaza Changi Airport has increased the income and enhanced the diversification of OUE H-Trust as it reduces the reliance of OUE H-Trust’s income stream on any single property.

The asset enhancement programme for Mandarin Orchard Singapore, which commenced in end-2013 will continue in 2015. The remaining 270 guest rooms out of the 430 guest rooms to be renovated will be refurbished in phases. This refurbishment is funded by the Sponsor, OUE Limited.

While the retail scene in Singapore is expected to remain challenging, Mandarin Gallery enjoys a high degree of prominence, boasting a wide frontage along Orchard Road and is a choice location for flagship stores of international brands. Mandarin Gallery is expected to continue to enjoy stable income as the mall’s rental income comprises mainly fixed rent.

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, 7 April 2015

² Singapore Business Review, 7 April 2015, “Tourism headwinds to persist in 2015, warns STB”

11. Distributions

(a) Current financial period

Any distribution declared for the current financial period?	Yes
Name of distribution	Distribution for the period from 1 January 2015 to 31 March 2015
Distribution type	Taxable income
Distribution rate per stapled security	1.61 cents
Book closure date	15 May 2015
Date payable	9 June 2015

(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 January 2014 to 31 March 2014
Distribution type	Taxable income
Distribution rate per stapled security	1.68 cents

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(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.

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, 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 31 March 2015 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

7 May 2015

**UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT OF OUE H-TRUST AND
OUE H-REIT AND ITS SUBSIDIARY (“OUE H-REIT GROUP”)
FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

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

7 May 2015