

PRESS RELEASE

Better Hospitality Segment Performance Drives OUE H-Trust's Revenue and Net Property Income Higher in 1Q2018

- *Portfolio hotel RevPAR increased 8.6%*
- *Revenue and net property income (NPI) for 1Q2018 of \$32.7 million and \$28.3 million were respectively 1.9% and 3.1% higher than 1Q2017*

Singapore – 2 May 2018 - OUE Hospitality Trust (OUE H-Trust), a stapled group comprising OUE Hospitality Real Estate Investment Trust (OUE H-REIT) and OUE Hospitality Business Trust (OUE H-BT), recorded higher gross revenue and NPI for the period 1 January 2018 to 31 March 2018 (1Q2018) compared to 1Q2017. Revenue and net property income (NPI) for 1Q2018 of \$32.7 million and \$28.3 million were respectively 1.9% and 3.1% higher than 1Q2017. This was attributable to higher gross revenue from the hospitality segment which more than offset the lower revenue from the retail segment.

Mr. Chong Kee Hiong, CEO of the REIT Manager, said: "OUE H-Trust's hotel portfolio revenue per available room (RevPAR) rose 8.6% to \$215 in 1Q2018 compared to 1Q2017. Mandarin Orchard Singapore (MOS) has done well to achieve its fourth consecutive quarter of RevPAR increase as compared to previous corresponding quarters. The RevPAR of \$232 for 1Q2018 is 6.9% higher than 1Q2017 as the average daily rate achieved was higher across all segments, with increased demand from the corporate and wholesale segments. MOS' food and beverage outlets also enjoyed higher sales in the same period. Crowne Plaza Changi Airport's (CPCA's) operating performance has progressively improved with RevPAR increasing 13.6% to \$184 in 1Q2018 from \$162 in 1Q2017. For 1Q2018, OUE H-Trust received minimum rent for CPCA as it continued with the ramping up of its operations. Overall 1Q2018 revenue and NPI from hospitality segment were respectively 3.8% and 5.0% higher than 1Q2017."

Mr. Chong added: "Mandarin Gallery recorded a healthy occupancy of 96.0% for 1Q2018, higher than the occupancy of 94.7% achieved in 1Q2017. However, revenue and NPI from the retail segment were slightly lower due to a lower effective rent of \$22.6 psf/mth in 1Q2018 compared to \$23.7 psf/mth in 1Q2017 as a result of negative rental reversion in the preceding quarters."

Mr. Chong said: "On capital management, OUE H-Trust's timely refinancing of its loans in December 2017 has resulted in savings in interest expense."

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Mr. Lee Yi Shyan, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: “OUE H-Trust continues to deliver stable distribution to stapled securityholders with higher contribution from MOS and lower interest expense which partially mitigated lower income from CPCA and Mandarin Gallery. We will continue to focus on active management of OUE H-Trust’s properties to optimise performance and seek yield accretive acquisitions from our Sponsor and third parties.”

For 1Q2018, OUE H-Trust achieved a distributable income (DI) of \$22.9 million compared to \$23.5 million for 1Q2017. DPS for 1Q2018 was 1.26 cents compared to 1.30 cents for 1Q2017. For 1Q2018, OUE H-Trust enjoyed higher income from the hospitality segment and recorded lower interest expense which partially mitigated the negative impact on DI and DPS as OUE H-Trust no longer receives income support¹ for CPCA, and income from the retail segment was lower.

Distribution Details

Distribution Period	1 January 2018 to 31 March 2018
Distribution Rate	1.26 cents per Stapled Security
Ex-Distribution Date	8 May 2018, 9.00 am
Book Closure Date	10 May 2018
Distribution Payment Date	4 June 2018

Outlook

Based on advance estimates, the Singapore economy grew by 4.3% on a year-on-year basis in the first quarter of 2018, higher than the 3.6% growth in the fourth quarter of 2017.² Against a backdrop of an improving global economy, the pace of growth in the Singapore economy is expected to moderate in 2018 as compared to the 3.6% growth in 2017, but remain firm. According to the MTI, the GDP growth forecast for 2018 is 1.5% to 3.5%.³

In the tourism sector, Singapore Tourism Board (“**STB**”) reported a 7.3%⁴ year-on-year increase in international visitor arrivals in the first two months of 2018. The number of visitor days had also increased by 4.0%.³ For full year 2018, STB has forecast 17.6 million to 18.1 million international visitor arrivals, a growth of 1% to 4% compared to 2017.⁵

In 2018, the return of large biennial events are expected to increase demand for hotel accommodation. Furthermore, Singapore being the ASEAN chairman for the 32nd and 33rd ASEAN Summit, will host meetings and events involving foreign delegates throughout the year. As part of initiatives to continue to raise the profile of Singapore as a quality destination, STB, Changi Airport Group (“**CAG**”) and Qantas announced a \$5 million partnership to promote Singapore as a destination and a connecting gateway to Asia, Europe and Australia.⁶ On the supply front, new room supply in 2018 is expected to slow down. However, as the market has to absorb the additional rooms that came on stream in the second half of 2017, the market environment remains competitive.

¹ Income support provided by OUE Airport Hotel Pte. Ltd. (OUEAH) pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.

² MTI Press Release. Singapore’s GDP Grew by 4.3 Per Cent in the First Quarter of 2018. 13 April 2018

³ MTI Press Release. MTI Expects GDP Growth in 2018 to Moderate But Remain Firm. 14 February 2018

⁴ Singapore Tourism Board, International Visitor Arrivals Statistics. 30 April 2018

⁵ STB Press Release. Singapore tourism sector performance breaks record for the second year running in 2017. 12 February 2018

⁶ Changi Airport Group, Press Release ‘Qantas inks Strategic Marketing Partnership with Singapore Tourism Board and Changi Airport Group’. 13 March 2018

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Challenges in Singapore's retail scene remain, with tenants more cautious and taking a longer time to renew or commit to leases. Whilst we continue to explore leasing opportunities to optimise the occupancy of Mandarin Gallery, we remain committed to curating the right tenant mix to retain the mall's positioning as a destination mall.

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

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Summary of Results (1Q2018 vs 1Q2017)

(S\$m)	1Q			Notes
	2018	2017	Variance %	
Gross Revenue	32.7	32.1	1.9	1
Net Property Income	28.3	27.4	3.1	2
Other Income	-	1.6	n.m.	3
Distributable Income	22.9	23.5	(2.3)	4
DPS (S cents)	1.26	1.30	(3.1)	4

Note 1:

- Gross revenue for 1Q2018 was \$0.6 million higher than 1Q2017. Hospitality segment posted higher revenue which more than offset the lower revenue from retail segment.
- Hospitality revenue was \$0.9 million higher than 1Q2017 due to higher master lease income from MOS.
- Master lease income from MOS was higher as MOS recorded a higher RevPAR of \$232 (1Q2017: \$217) due to higher average room rates across all segments and higher demand from the corporate and wholesale segments. Higher master lease income was also attributable to higher sales in food and beverage outlets.
- Master lease income from CPCA had remained the same as 1Q2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of \$184 (1Q2017: \$162), the master lease income was below the minimum rent, hence minimum rent was received.
- Retail revenue for 1Q2018 was \$0.3 million lower than 1Q2017. The lower retail revenue in 1Q2018 was due to lower effective rent per square foot per month of \$22.6 (1Q2017: \$23.7) as a result of negative rental reversion in the preceding quarters. Occupancy rate was higher in 1Q2018 at 96.0% (1Q2017: 94.7%).

Note 2:

- NPI for 1Q2018 was \$0.9 million higher than 1Q2017 due to higher gross revenue from hospitality segment and lower property expenses, partially offset by lower gross revenue from retail segment.

Note 3:

- Other income relates to income support provided by OUEAH pursuant to the Deed of Income Support. OUE H-REIT had fully drawn down the entire income support of \$7.5 million as at 3Q2017.

Note 4:

- Income available for distribution was \$0.5 million lower than 1Q2017 as OUE H-REIT no longer receives income support for CPCA and income from the retail segment was lower, this was partially mitigated by higher income received from hospitality segment and lower interest expense.
- The DPS for 1Q2018 was 1.26 cents, 3.1% lower as compared to 1.30 cents for 1Q2017.

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About QUE Hospitality Trust

QUE Hospitality Trust is a stapled group comprising QUE Hospitality Real Estate Investment Trust (QUE H-REIT) and QUE Hospitality Business Trust (QUE H-BT), listed on the Mainboard of Singapore Exchange Securities Trading Limited.

QUE H-REIT was established with the principal investment strategy of investing, directly or indirectly, in a portfolio of income-producing real estate which is used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets.

QUE H-REIT's asset portfolio comprising two hotels - the 1,077-room Mandarin Orchard Singapore and the 563-room Crowne Plaza Changi Airport, and a high-end retail mall - Mandarin Gallery, has a portfolio value of approximately S\$2.2 billion as at 31 December 2017.

QUE H-BT is dormant.

QUE H-REIT is managed by QUE Hospitality REIT Management Pte. Ltd., which is wholly-owned by QUE Limited (QUE). QUE H-BT is managed by QUE Hospitality Trust Management Pte. Ltd., which is also wholly-owned by QUE.

For more information, please visit www.queht.com

About the Sponsor

QUE Limited (SGX-ST: QUE) is a diversified real estate owner, developer and operator with a real estate portfolio located in prime locations in Asia and United States. QUE consistently grows its business by leveraging its brands and proven expertise in developing and managing landmark assets across the commercial, hospitality, retail, residential and healthcare sectors. With its core strategy of investing in and enhancing a stable of distinctive properties, QUE is committed to developing a portfolio that has a strong recurrent income base, balanced with development profits, to enhance long-term shareholder value. QUE is the sponsor of QUE Hospitality Trust and QUE Commercial Real Estate Investment Trust. In March 2017, QUE acquired QUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited), a listed integrated healthcare services and facilities provider.

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

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amount invested. The past performance of OUE Hospitality Trust is not necessarily indicative of the future performance of OUE Hospitality Trust.

This press release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events.

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