

PRESS RELEASE

OUE H-Trust reports DPS of 1.17 cents for 2Q2018

- ***Crowne Plaza Changi Airport's operating performance has progressively improved with RevPAR increasing 10.5%***
- ***Higher occupancy of 97.4% at Mandarin Gallery with positive rental reversions for the third consecutive quarter***

Singapore – 27 July 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), reported gross revenue and NPI of \$30.7 million and \$26.5 million respectively for the period 1 April 2018 to 30 June 2018 (2Q2018).

Mr. Chen Yi-Chung Isaac, Acting CEO of the REIT Manager, said: "OUE H-Trust's hotel portfolio revenue per available room (RevPAR) rose 2.6% to \$195 in 2Q2018 compared to 2Q2017. Crowne Plaza Changi Airport's (CPCA's) operating performance has progressively improved with RevPAR increasing 10.5% to \$168 in 2Q2018 from \$152 in 2Q2017. For 2Q2018, OUE H-Trust received minimum rent for CPCA as it continued with the ramping up of its operations. Mandarin Orchard Singapore (MOS) recorded marginally lower RevPAR compared to 2Q2017 due to weaker demand from the wholesale segment, partially mitigated by higher demand from the transient segment. Food and beverage sales in MOS recorded a decline in banquet sales, partially mitigated by higher revenue achieved in all MOS' food and beverage outlets. Overall, the total revenue and NPI from hospitality segment was 1.4% and 0.5% lower than 2Q2017."

Mr. Chen added: "The average occupancy of Mandarin Gallery has increased from 96.0% in 1Q2018 to 97.4% in 2Q2018, higher than 93.9% in 2Q2017. However, revenue and NPI from the retail segment were slightly lower due to a lower effective rent of \$22.3 psf/mth in 2Q2018 compared to \$23.8 psf/mth in 2Q2017 as a result of negative rental reversion in the preceding quarters. Since 4Q2017, Mandarin Gallery has achieved positive rental reversion for three consecutive quarters."

"Since the timely refinancing of its loans in December 2017, OUE H-Trust has achieved savings in interest expense, which helped mitigate the lower income from CPCA and Mandarin Gallery." Mr. Chen continued.

Mr. Lee Yi Shyan, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: "We continue to focus on active management of OUE H-Trust's properties to optimise performance through organic

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growth and inorganic growth through yield accretive acquisitions from our Sponsor and third parties.”

For 2Q2018, OUE H-Trust recorded distributable income (DI) of \$21.3 million compared to \$21.8 million for 2Q2017. DPS for 2Q2018 was 1.17 cents compared to 1.21 cents for 2Q2017. For 2Q2018, the DI was lower as OUE H-Trust no longer receives income support¹ for CPCA, partially mitigated by lower interest expense.

Distribution Details

Distribution Period	1 April 2018 to 30 June 2018
Distribution Rate	1.17 cents per Stapled Security
Ex-Distribution Date	2 August 2018, 9.00 am
Book Closure Date	6 August 2018
Distribution Payment Date	30 August 2018

Outlook

Based on advance estimates, the Singapore economy grew by 3.8% on a year-on-year basis in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.0% compared to the 1.5% growth in the preceding quarter.²

In the tourism sector, Singapore Tourism Board (“**STB**”) reported a 6.9% year-on-year increase in international visitor arrivals in the first five months of 2018. The number of visitor days had also increased by 5.0%.³ A strong pipeline of meetings and large biennial events in the second half of 2018 is anticipated to raise demand for hotel accommodation. Singapore is also hosting the 33rd ASEAN Summit as the ASEAN chairman in 2018, where meetings and events involving foreign delegates will be held throughout the year.

By end-2018, Seletar Airport will open a new and enlarged passenger terminal, in anticipation of growth in the private and business jet traffic in the coming years.⁴ Jewel Changi Airport (“**Jewel**”) is set to open in first half of 2019. Changi Airport Group estimates that Jewel will see about 40 million to 50 million domestic and international visitors a year, of which 40% will be overseas visitors.⁵ CPCA could potentially benefit from the increase in visitor arrivals as Terminal 3 will be linked to Jewel via pedestrian bridge.

On the supply front, future supply is expected to taper off with much of the planned hotel room inventory having entered the market in the past two years. Market occupancy is expected to strengthen in light of healthy tourist arrivals.⁶

Singapore’s retail scene remains challenging. Tenants in general are 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.

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 3.8 Per Cent in the Second Quarter of 2018. 13 July 2018

³ Singapore Tourism Board. International Visitor Arrivals Statistics. 13 July 2018

⁴ Changi Airport Group. New Seletar Airport Passenger Terminal To Be Operational By End-2018. 4 July 2018

⁵ Business Times. Outstanding Chief Executive of the Year – Keeping Changi Airport’s Flag Flying High. 26 April 2018

⁶ CBRE. Hotel MarketView. Singapore H1 2018. 23 July 2018

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

Summary of Results (2Q2018 vs 2Q2017)

(S\$m)	2Q			Notes
	2018	2017	Variance %	
Gross Revenue	30.7	31.2	(1.4)	1
Net Property Income	26.5	26.6	(0.5)	2
Other Income	-	1.6	n.m.	3
Distributable Income	21.3	21.8	(2.5)	4
DPS (S cents)	1.17	1.21	(3.3)	4

Note 1:

- Gross revenue for 2Q2018 was \$0.4 million lower than 2Q2017. Both hospitality and retail segments posted lower revenue for the current period.
- Hospitality segment recorded slightly lower revenue in 2Q2018 as compared to 2Q2017.
- Master lease income from MOS had remained relatively the same as 2Q2017 due to a relatively flat RevPAR at \$209 (2Q2017: \$210) with decline in wholesale segment, partially mitigated by higher transient segment. MOS also recorded lower food and beverage sales, attributable to lower banquet sales, partially mitigated by higher sales in all the food and beverage outlets.
- Master lease income from CPCA had remained the same as 2Q2017 at minimum rent. Notwithstanding CPCA's operating performance had progressively improved and achieved higher RevPAR of \$168 (2Q2017: \$152), the master lease income was below the minimum rent, hence minimum rent was received.
- Retail revenue for 2Q2018 was \$0.4 million lower than 2Q2017. The lower retail revenue in 2Q2018 was due to lower effective rent per square foot per month of \$22.3 (2Q2017: \$23.8) as a result of negative rental reversion in the last two financial years. Occupancy rate was higher in 2Q2018 at 97.4% (2Q2017: 93.9%).

Note 2:

- NPI for 2Q2018 was \$0.1 million lower than 2Q2017 due to lower gross revenue from the properties, partially mitigated by lower property expenses.

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 \$0.6 million lower than 2Q2017 as OUE H-REIT no longer receives income support for CPCA, partially mitigated by lower interest expense.
- The DPS for 2Q2018 was 1.17 cents, 3.3% lower as compared to 1.21 cents for 2Q2017.

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

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

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(collectively, the “Managers”) or any of their affiliates. An investment in 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.

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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