

PRESS RELEASE

OUE H-Trust reports DPS of 1.28 cents for 4Q2018

- ***4Q2018 DPS increased 0.8% year-on-year to 1.28 cents***
- ***Crowne Plaza Changi Airport achieved 7.7% y-o-y growth in RevPAR for FY2018 to S\$180 while Mandarin Orchard Singapore was resilient with 1.0% y-o-y RevPAR growth***
- ***Mandarin Gallery recorded highest occupancy for the year at 99.1%¹***

Singapore – 29 January 2019 - 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 net property income (NPI) of S\$33.1 million and S\$28.9 million respectively for the period of 1 October to 31 December 2018 (4Q2018). Distributable income was S\$23.3 million. Distribution per Stapled Security (DPS) increased 0.8% year-on-year to 1.28 cents due to lower interest expense and higher contribution from the retail segment, partially offset by lower income received from the hospitality segment. Stapled Securityholders can expect to receive their DPS on 28 February 2019. Book closure date is on 8 February 2019.

For the period 1 January to 31 December 2018 (FY2018), OUE H-Trust achieved gross revenue and NPI of S\$129.7 million and S\$112.8 million respectively. Distributable income was S\$90.8 million and DPS was 4.99 cents. The lower DPS was mainly attributable to the absence of income support² for CPCA and lower master lease income from the hospitality segment, partially mitigated by lower interest expense and higher contribution from the retail segment.

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 delivered a reasonable set of results on the back of improved operating performance from our properties against macroeconomic headwinds and evolving consumer preferences. As we enter the new financial year, we remain committed to conscientiously optimising our portfolio and pursuing operational excellence across our properties for sustainable growth."

Mr. Chen Yi-Chung Isaac, Acting CEO of the REIT Manager, said: "For FY2018, we are pleased to report a commendable set of operational results. Crowne Plaza Changi Airport has achieved a 7.7% growth over FY2017 in revenue per available room (RevPAR) to S\$180 while Mandarin Orchard Singapore showed resilience against a competitive trading environment with a 1.0% year-on-year growth in RevPAR."

¹ Committed occupancy as at 31 December 2018.

² 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 S\$7.5 million as at 3Q2017.

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Mr Chen added: “Mandarin Gallery has recorded its highest occupancy for the year at 99.1% as at 31 December 2018, compared to 94.6% a year ago. Cultivating customer-centric shopping experiences at the mall remains our key focus while we continue to explore opportunities to curate Mandarin Gallery and strengthen its position as a destination mall.”

As at 31 December 2018, OUE H-Trust’s investment portfolio has been assessed by an independent valuer and the portfolio valuation remained steady at S\$2,218.0 million (31 December 2017: S\$2,218.0 million).

OUE H-Trust maintains a healthy financial position with a stable gearing of 38.8% at an average cost of debt of 2.5% as at 31 December 2018. 71% of the total debt has been secured at fixed rates, and there is no refinancing requirement until December 2020.

Summary of Results

(S\$ mil)	4Q2018	4Q2017	Variance (%)	FY2018	FY2017	Variance (%)
Gross Revenue	33.1	33.8	(2.2)	129.7	131.1	(1.0)
Net Property Income	28.9	29.2	(1.0)	112.8	112.7	0.0
Other Income ²	-	-	-	-	4.8	n.m.
Distributable Income	23.3	23.0	1.3	90.8	92.9	(2.3)
DPS (cents)	1.28	1.27	0.8	4.99	5.14	(2.9)

Distribution Details

Distribution Period	1 October to 31 December 2018
Distribution Rate	1.28 cents per Stapled Security
Ex-Distribution Date	7 February 2019, 9.00 am
Book Closure Date	8 February 2019
Distribution Payment Date	28 February 2019

Outlook

Global growth for 2019 and 2020 is estimated at 3.5% and 3.6% respectively³. The further downward revision on global expansion reflects softer trade momentum and effects of higher uncertainties from trade policies and weakening financial market sentiments³. Based on advance estimates, the Singapore economy grew by 2.2% on a year-on-year basis in the fourth quarter of 2018, easing from the 2.3% growth in the previous quarter, while for the whole of 2018, the economy grew by 3.3%⁴. The pace of economic expansion is expected to moderate to 1.5% to 3.5% in 2019 against a backdrop of slightly weaker external demand⁵.

³ International Monetary Fund, World Economic Outlook Update, January 2019.

⁴ Ministry of Trade and Industry Singapore, Singapore’s GDP grew by 2.2 Per Cent in the Fourth Quarter of 2018, 2 January 2019.

⁵ Ministry of Trade and Industry Singapore, MTI Forecasts GDP to Grow by “3.0 to 3.5 Per Cent” in 2018 and “1.5 to 3.5 Per Cent” in 2019, 22 November 2018.

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Singapore continues to register continued growth in visitor arrivals. For the first eleven months of 2018, Singapore Tourism Board (“STB”) reported a 6.6% year-on-year growth in international visitor arrivals, while the number of visitor days increased by 5.0% for the same period⁶.

The hospitality sector is poised to benefit from healthy visitor arrivals and strengthened flight connectivity to key visitor markets, as a gradual recovery of the sector is expected on a reduced supply pipeline. Until 2021, there is an estimated increase of 3,089 rooms⁷, or approximately 4% of Singapore’s hotel room inventory. Supply in 2019, representing approximately 2.7% of the total room inventory⁷, will be largely concentrated in the Core Central Region and Outside Central Region. Changi Airport will also see an increased passenger and visitor capacity following the expansion of Terminal 1 which is due for completion in mid-2019⁸, while Jewel Changi Airport is set to open from early-2019. CPCA will be seamlessly connected to Jewel Changi Airport via a pedestrian bridge at Terminal 3.

Notwithstanding challenges in the retail market from manpower constraints, e-commerce and market uncertainty, strong occupancy rates were seen in prime Orchard Road and suburban malls and supply pipeline is expected to tighten sharply after 2019⁹. We continue to focus on curating a differentiated offering to strengthen Mandarin Gallery’s position as a destination mall.

We will continue to drive the performance of our assets and seek suitable acquisition opportunities from our sponsor and third parties for the growth of OUE H-Trust.

About OUE Hospitality Trust

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

OUE 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 2018.

OUE H-BT is dormant.

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

For more information, please visit www.oueht.com

⁶ Singapore Tourism Board, International Visitor Arrivals Statistics, 31 December 2018.

⁷ Singapore Tourism Board and Cushman & Wakefield Research.

⁸ Straits Times, Terminal 1’s New Look Takes Shape, With Makeover 85% Complete, 12 November 2018.

⁹ CBRE Research, Singapore MarketView, Q4 2018.

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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 and residential sectors. In March 2017, QUE expanded its portfolio into the healthcare sector with the acquisition of QUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Limited), a listed integrated healthcare services and facilities provider. This was followed by the acquisition of Bowsprit Capital Corporation Limited, the manager of First REIT, Singapore's first healthcare real estate investment trust in October 2018. 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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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.

Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that holders of Stapled Securities may only deal in their Stapled Securities through trading on the SGX-ST. The listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

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