



2Q2019 Financial Results

6 August 2019

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Financial Highlights & Capital Management

2Q2019 and 1H2019 Financial Highlights

	2Q2019	2Q2018	Increase/ (Decrease)	1H2019	1H2018	Increase/ (Decrease)
	S\$ mil	S\$ mil	%	S\$ mil	S\$ mil	%
Gross Revenue	29.4	30.7	(4.4)	61.1	63.4	(3.7)
Net Property Income	25.3	26.5	(4.5)	53.0	54.8	(3.3)
Distributable Income	19.4	21.3	(8.6)	41.1	44.2	(7.0)
DPS (S cents)	1.06	1.17	(9.4)	2.24	2.43	(7.8)

2Q2019:

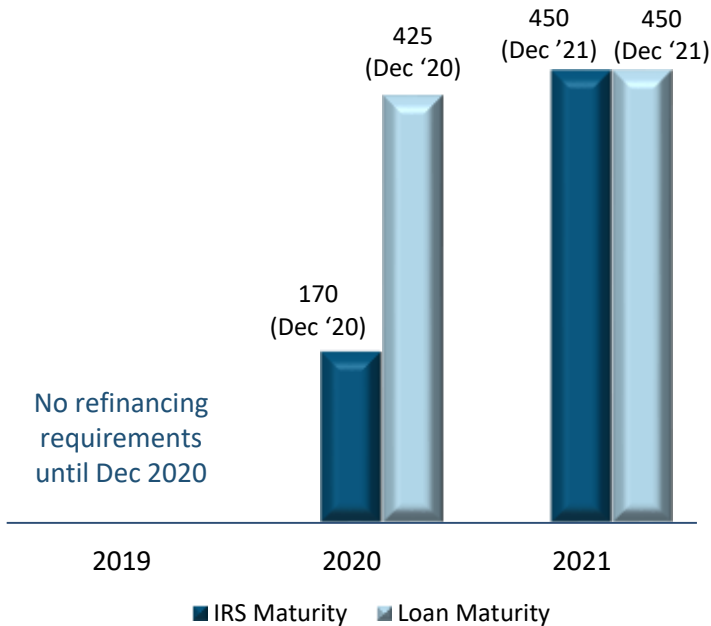
- NPI was lower by S\$1.2 million mainly due to lower gross revenue from both the hospitality and retail segments.
- DPS was 1.06 cents, 9.4% lower y-o-y, mainly due to lower income and higher interest expense.

1H2019:

- NPI was lower by S\$1.8 million due to lower gross revenue from the hospitality segment, partially mitigated by higher gross revenue from the retail segment and lower property expenses.
- DPS was 2.24 cents, 7.8% lower y-o-y, mainly due to lower income from the hospitality segment and higher interest expense.

Debt and Interest Maturity Profile (S\$ mil)

As at 30 Jun 2019



Key Financial Indicators

As at 30 Jun 2019

Gearing	38.5%
Average Cost of Debt	2.6% p.a.
Weighted Average Debt Maturity	2.0 years
Interest Cover Ratio	3.8 times
Available Revolving Credit Facility	S\$105 million ¹ (undrawn)

Interest Rate Exposure



- Limited exposure to interest rate fluctuation with 71% of debt fixed via interest rate swaps.

Note:

1. This comprises a four-year uncommitted revolving credit facility of S\$50 million and a one-year committed revolving credit facility of S\$55 million. On 24 January 2019, OUEHT announced the extension of the one-year revolving credit facility for a further one-year period.

Balance Sheet Highlights

As at 30 Jun 2019

	S\$ mil
Investment Properties	2,243.9
Total Assets	2,271.8
Borrowings (secured)	875.0
Total Liabilities	909.7
Net Assets	1,362.1
Units in Issue ('000)	1,832,099
NAV per Stapled Security (S\$)	0.74

Distribution Details

Distribution Period	1 April to 30 June 2019
Distribution Rate	1.06 cents
Ex-Distribution Date	16 August 2019
Books Closure Date	19 August 2019
Distribution Payment Date	12 September 2019



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Portfolio Highlights

Financial Highlights – Hospitality

2Q2019 vs 2Q2018

	<u>Revenue</u>			<u>Net Property Income</u>			<u>RevPAR</u>		
	2Q2019	2Q2018	Increase/ (Decrease)	2Q2019	2Q2018	Increase/ (Decrease)	2Q2019	2Q2018	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$	S\$	%
Mandarin Orchard Singapore (MOS)	15,325	16,652	(8.0)	14,529	15,854	(8.4)	196	209	(6.4)
Crowne Plaza Changi Airport (CPCA)	5,625	5,625	-	4,475	4,281	4.5	188	168	12.3
Hospitality segment	20,950	22,277	(6.0)	19,004	20,135	(5.6)	193	195	(0.9)

- The hospitality segment recorded lower revenue by S\$1.3 million in 2Q2019 as compared with 2Q2018.
- MOS achieved a lower RevPAR of S\$196 due to lower average room rates and lower demand from transient and corporate segments, as well as lower F&B sales.
- CPCA continued to show improvement in its operating performance. In 2Q2019, CPCA recorded a 12.3% y-o-y increase in RevPAR to S\$188. Minimum rent was received for the period for CPCA as the master lease income was below the minimum rent.
- Hospitality portfolio RevPAR declined marginally to S\$193 (2Q2018: S\$195).

Financial Highlights – Hospitality

1H2019 vs 1H2018

	<u>Revenue</u>			<u>Net Property Income</u>			<u>RevPAR</u>		
	1H2019 S\$'000	1H2018 S\$'000	Increase/ (Decrease) %	1H2019 S\$'000	1H2018 S\$'000	Increase/ (Decrease) %	1H2019 S\$	1H2018 S\$	Increase/ (Decrease) %
Mandarin Orchard Singapore (MOS)	32,893	35,286	(6.8)	31,301	33,690	(7.1)	203	220	(7.7)
Crowne Plaza Changi Airport (CPCA)	11,250	11,250	-	8,970	8,498	5.6	187	176	6.2
Hospitality segment	44,143	46,536	(5.1)	40,271	42,188	(4.5)	198	205	(3.6)

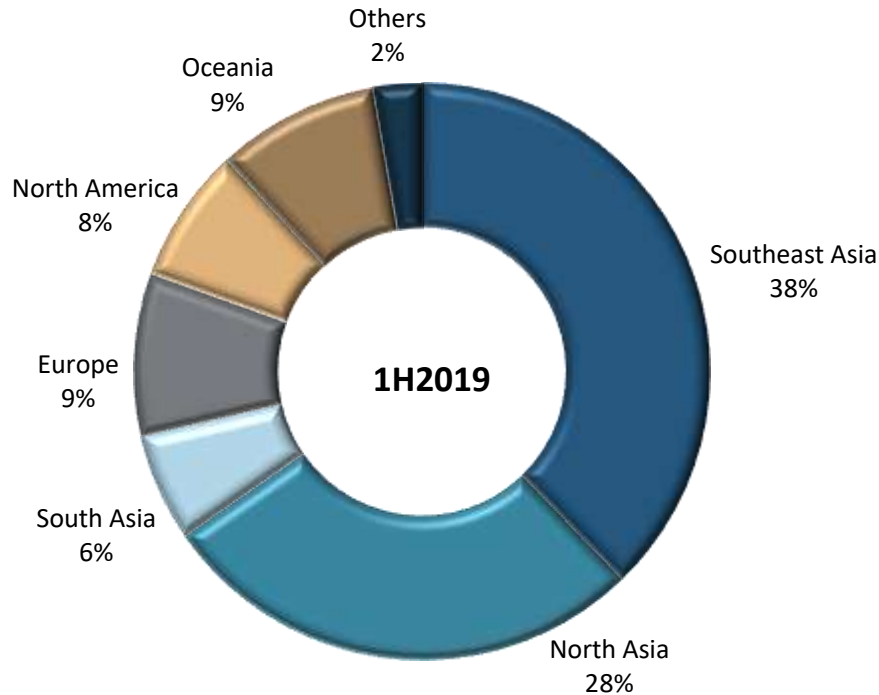
- The hospitality segment recorded lower revenue by S\$2.4 million in 1H2019 as compared to 1H2018.
- MOS achieved a lower RevPAR of S\$203, due to lower average room rates and lower demand from transient and corporate segments. MOS also recorded lower F&B sales, partially mitigated by the compensation received with regards to the suspension of the Grand Mandarin Ballroom in 1Q2019.
- CPCA recorded a 6.2% y-o-y increase in RevPAR to S\$187. Minimum rent was received for the period for CPCA as the master lease income was below the minimum rent.
- Hospitality portfolio RevPAR declined 3.6% y-o-y to S\$198.

RevPAR: revenue per available room

Hospitality – Customer Profile By Geography

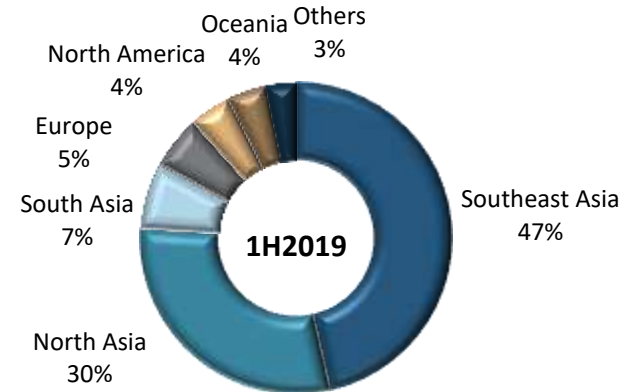
Portfolio Customer Profile

By Room Nights Occupied



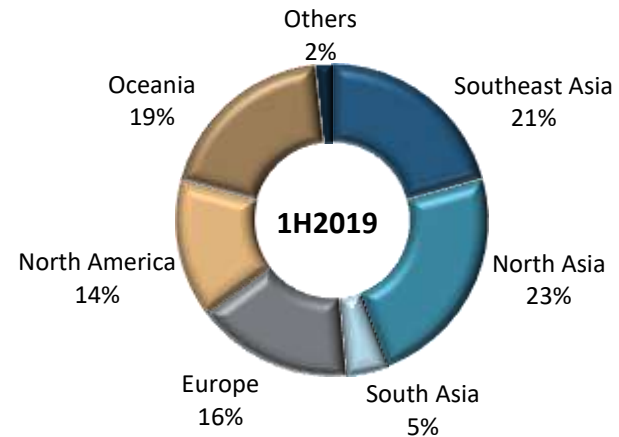
MOS Customer Profile

By Room Nights Occupied



CPCA Customer Profile

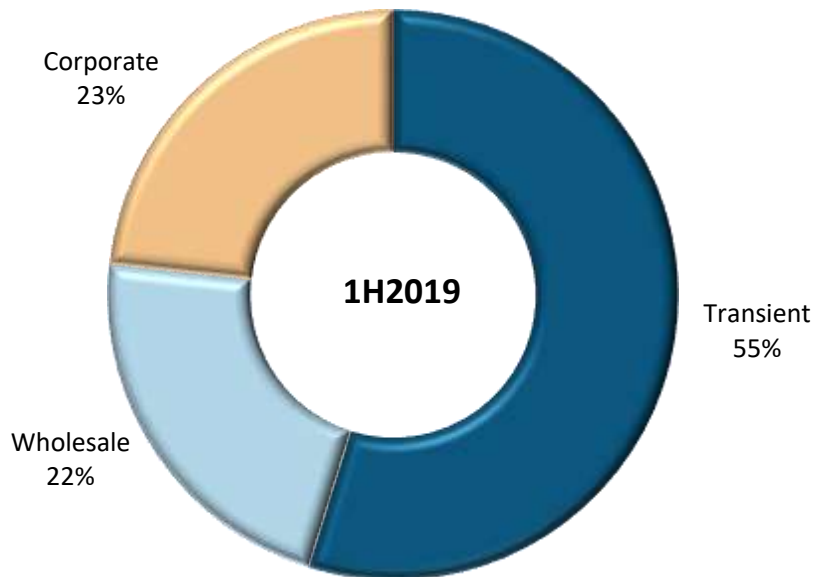
By Room Nights Occupied



Hospitality – Customer Profile By Segment

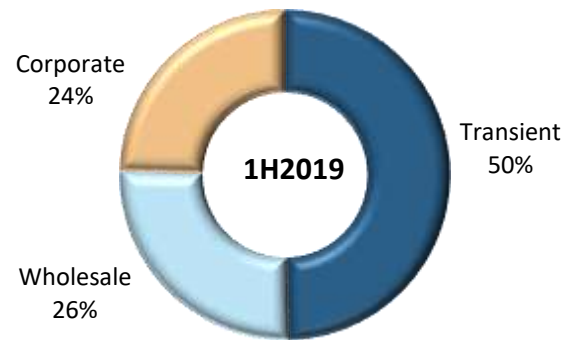
Portfolio Customer Profile

By Room Revenue



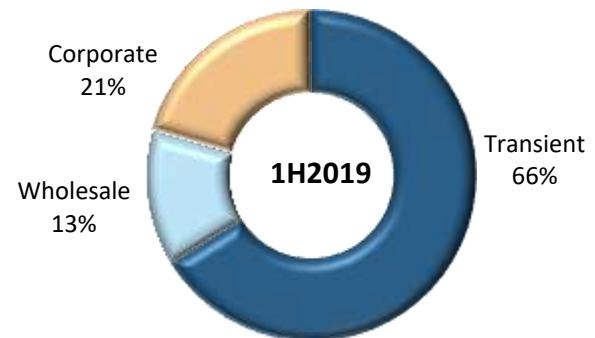
MOS Customer Profile

By Room Revenue



CPCA Customer Profile

By Room Revenue



“Transient” refers to revenue derived from rental of rooms and suites to individuals or groups, who do not have a contract with the Hotel

“Corporate” refers to revenue derived from the rental of rooms and suites booked via a corporate or government company that has contracted annual rates with the Hotel

“Wholesale” refers to revenue derived from the rental of rooms and suites booked via a third party travel agent on a wholesale contracted rate basis

Financial Highlights – Retail (Mandarin Gallery)

	2Q2019	2Q2018	Increase/ (Decrease)	1H2019	1H2018	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue	8,431	8,456	(0.3)	16,941	16,879	0.4
Property Expenses	(2,124)	(2,101)	1.1	(4,241)	(4,289)	(1.1)
Net Property Income	6,307	6,355	(0.8)	12,700	12,590	0.9

2Q2019:

- Retail revenue was lower due to lower effective rent of S\$21.7 per square foot per month (psfpm) (2Q2018: S\$22.3), while the mall recorded higher average occupancy for the period.
- NPI was marginally lower by 0.8% y-o-y due to lower revenue and higher property expenses.

1H2019:

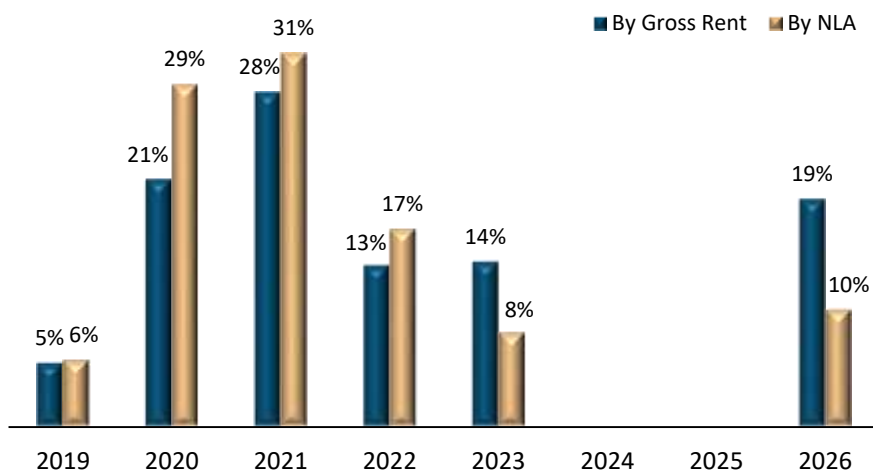
- Retail revenue was higher by S\$0.1 million due to higher average occupancy during the period, partially offset by lower effective rent of S\$22.0 psfpm (1H2018: S\$22.5).
- NPI was higher by 0.9% y-o-y due to higher revenue and lower property expenses.

Retail segment pertains to rental and other income from the Mandarin Gallery shopping mall.

Mandarin Gallery Leasing Updates

Mandarin Gallery Lease Expiry Profile

As at 30 June 2019¹



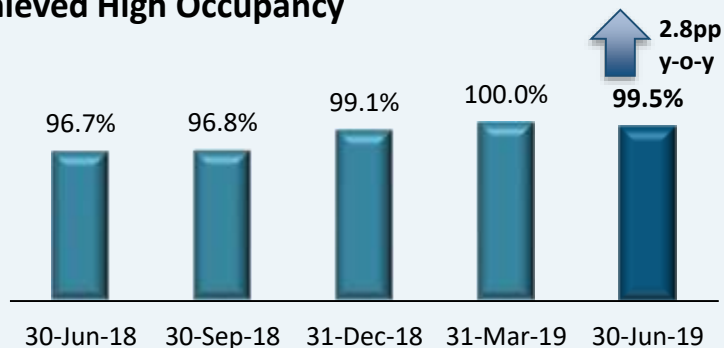
WALE² (by Gross Rent^{1,3}) : 3.2 yrs

WALE (by NLA^{1,4}) : 2.5 yrs

Notes:

1. Based on committed tenancies.
2. Weighted average lease expiry.
3. Excludes turnover rent.
4. Net lettable area.
5. Committed occupancy. Excludes pop-up stores.
6. Rental reversion is based on the variance between the average rental rates between the new leases and the preceding leases. Excludes units not leased for more than 12 months.

Achieved High Occupancy



■ Achieved high occupancy⁵ of 99.5% as at 30 Jun 2019.

Leasing Update

- Leases accounting for 11% of NLA were committed in 1H2019 with positive rental reversions of 1%⁶.
- Continue to focus on curating a differentiated mall offering.

Based on advance estimates, the Singapore economy grew by 0.1% on a year-on-year basis in the second quarter of 2019, slower than the 1.1% growth in the previous quarter¹. Amidst current economic uncertainties, the 1.5% to 2.5% growth forecast for 2019 is under review, as simmering trade tensions has affected investments, trade and manufacturing².

For the first half of 2019, international visitor arrivals to Singapore registered a slower growth of 1.4% compared to a year ago, while the number of visitor days increased by 2.5% for the same period³. Increased partnerships to drive visitor arrivals and spending, transformation of the tourism sector and reduced supply of new hotel rooms up to 2021⁴ remain positive drivers for the hospitality industry. However, the current trading environment continues to be impacted by uncertainty in the global economy and absence of large-scale biennial events in certain periods of 2019.

CPCA is well-positioned to benefit from Changi Airport’s strategy of continued upgrades to manage increased capacity in the longer term. Enhancement and expansion works at Terminal 2 will commence in the last quarter of 2019 and complete by 2024–2025, while Terminal 5 is expected to open around 2030⁵.

For the first quarter of 2019, retail sales declined 1.5% year-on-year⁶. Retail sentiments remain muted as retail sales excluding motor vehicles registered year-on-year declines of 2.0%⁷ and 1.0%⁸ for the months of April and May 2019, while the retail leasing market showed signs of slowing in tandem with less sanguine demand indicators⁹. At prime retail malls, rents remained resilient and leasing interest continued to be relatively healthy, although greater signs of weakness can be seen in the secondary floors as high vacancies continue to weigh in⁹.

Notes:

1. Ministry of Trade and Industry Singapore, Singapore’s GDP Grew by 0.1 Per Cent in the Second Quarter of 2019, 12 July 2019.
2. Monetary Authority of Singapore, Remarks by Mr Ravi Menon, Managing Director, MAS, at the MAS Annual Report Press Conference 2018/2019, 27 June 2019.
3. Singapore Tourism Board, International Visitor Arrivals Statistics, 2 August 2019.
4. CBRE, Hotel MarketView H1 2019.
5. The Straits Times, Renovations to Expand Terminal 2 Start Later This Year, 1 July 2019.
6. Ministry of Trade and Industry Singapore, MTI Expects Growth to be “1.5 to 2.5 Per Cent in 2019”, 21 May 2019.
7. Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, April 2019, 12 June 2019.
8. Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, May 2019, 12 July 2019.
9. CBRE, Singapore MarketView Q2 2019.

On 10 July 2019, the Managers announced:

EGM

14 August 2019, 3.00 p.m.

Mandarin Orchard Singapore
Mandarin Ballroom I, II and III
6th Floor, Main Tower, 333 Orchard Road
Singapore 238867



Trust Scheme Meeting

14 August 2019, 4.00 p.m.⁽²⁾

Mandarin Orchard Singapore
Mandarin Ballroom I, II and III
6th Floor, Main Tower, 333 Orchard Road
Singapore 238867



To seek the approval of the Stapled Securityholders for the resolution to amend the OUE H-Trust Trust Deeds (“Trust Deeds Amendments Resolution”)⁽¹⁾

Approval Threshold

75% or more of the total number of votes cast for and against such resolution



To seek the approval of the Stapled Securityholders for the Proposed Merger of OUE C-REIT and OUE H-Trust by way of a Trust Scheme of Arrangement (“Trust Scheme Resolution”)

Approval Threshold

More than 50% in number of the Stapled Securityholders, representing at least 75% in value of the Stapled Securities held by the Stapled Securityholders present and voting either in person or by proxy

The OUE C-REIT Trustee (acting in the capacity as trustee of OUE C-REIT), the OUE C-REIT Manager and its concert parties, as well as common substantial Unitholders / Stapled Securityholders will abstain from voting on the Trust Scheme

YOUR VOTE COUNTS

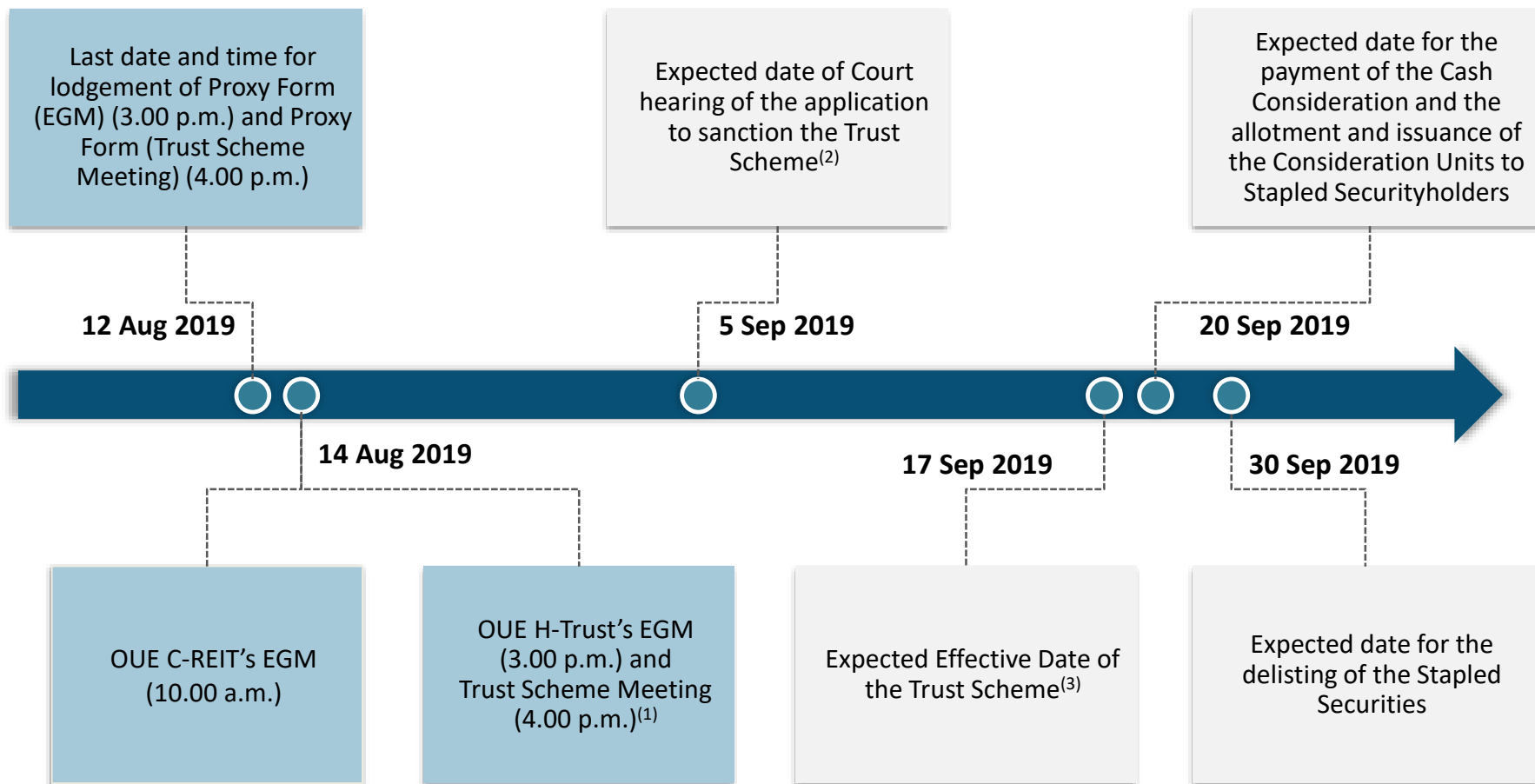
Please vote in person or by proxy



- (1) Please refer to Appendix D of the Scheme Document.
(2) Or as soon thereafter following the conclusion of OUE H-Trust’s EGM to be held.

Trust Deeds Amendments Resolution is not conditional on the Trust Scheme Resolution being passed but the Trust Scheme Resolution is contingent upon the approval of the Trust Deeds Amendments Resolution

Indicative Merger Timeline



Note: The timeline above is indicative only and subject to change. Please refer to future SGXNET announcement(s) by the OUE C-REIT Manager and/or the OUE H-Trust Managers for the exact dates of these events.

(1) Or as soon thereafter following the conclusion of OUE H-Trust's EGM to be held.

(2) The date of the Court hearing of the application to sanction the Trust Scheme will depend on the date that is allocated by the Court.

(3) The Trust Scheme will become effective upon the lodgement of the Trust Scheme Court Order with the MAS or the notification to the MAS of the grant of the Trust Scheme Court Order, as the case may be, which shall be effected by the OUE C-REIT Trustee within 10 Business Days from the date the last Scheme Condition as set out in paragraphs (a), (b), (c), (d), (e) and (f) of Appendix N to the Scheme Document is satisfied or waived, as the case may be, in accordance with the terms of the Implementation Agreement.

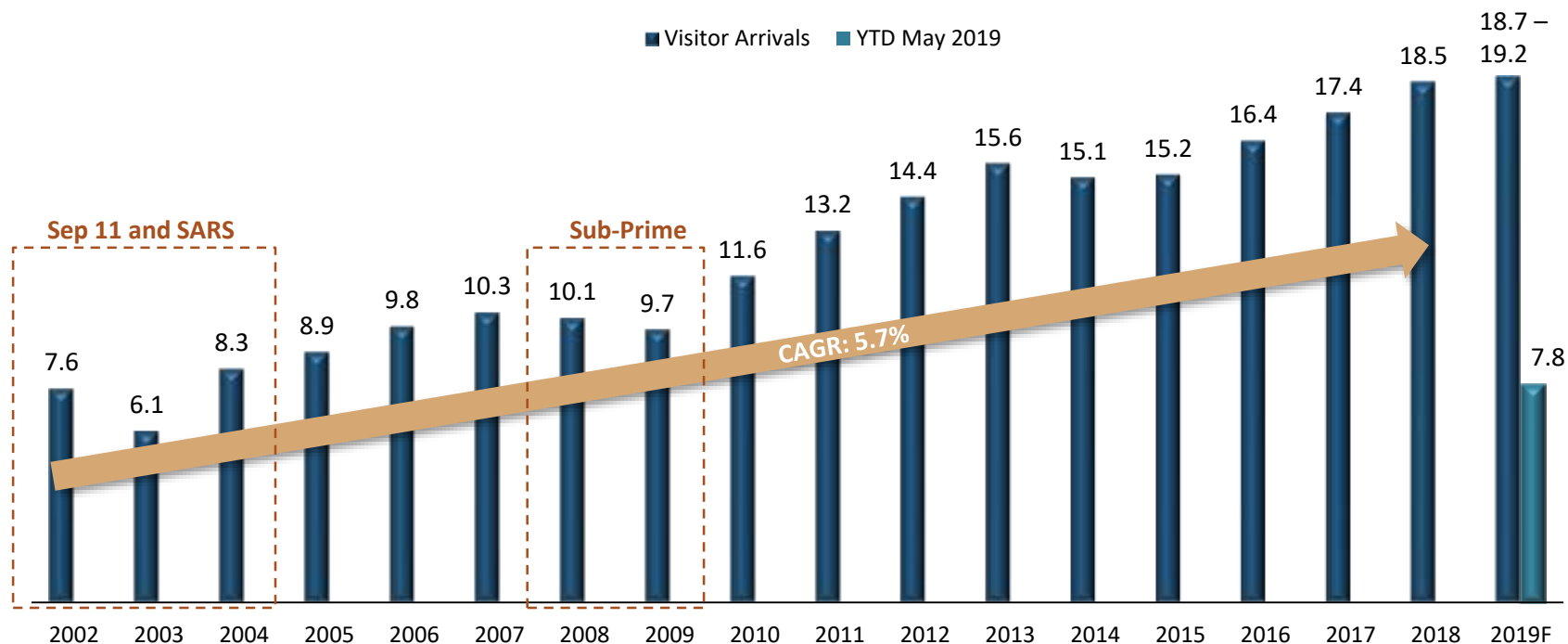


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Thank You

Singapore Tourism Board Forecasts Up to 4% Growth in Visitor Arrivals For 2019

Historical And Forecast Visitor Arrivals In Singapore (million)¹



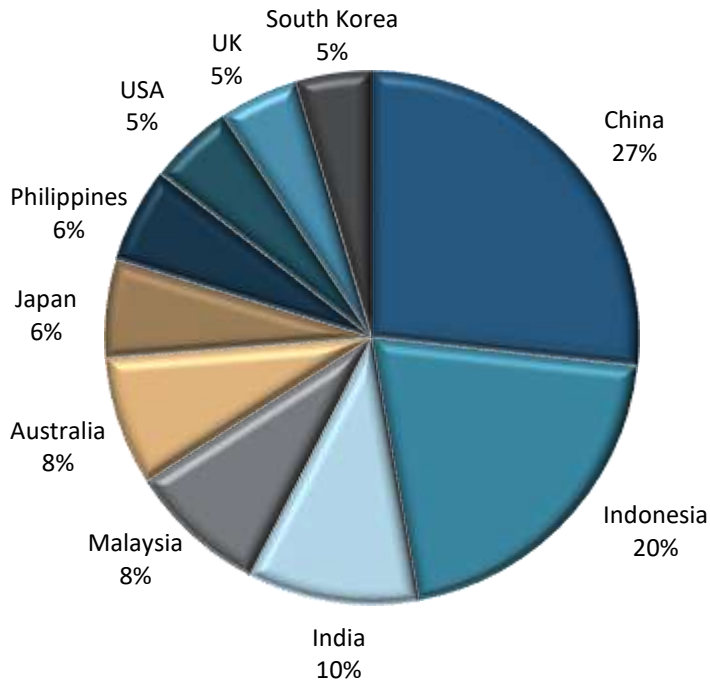
- Visitor arrivals grew 1.5% year-on-year to 7.8 million in Jan-May 2019².
- For 2019, visitor arrivals are forecast to grow by up to 4% to 19.2 million³.

Notes:

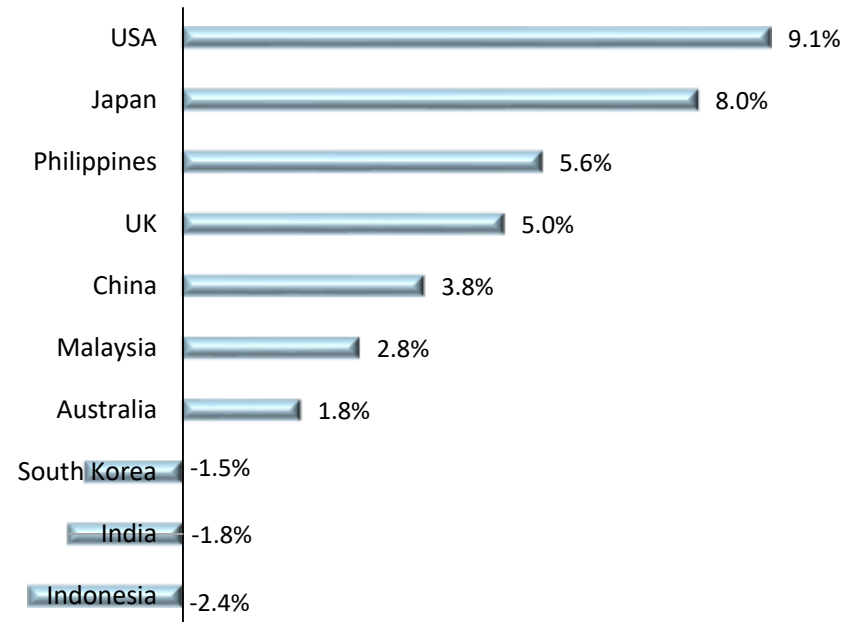
1. IPO Prospectus dated 18 July 2013 (2002 to 2012 visitor arrivals) and Singapore Tourism Board, International Visitor Arrivals.
 2. Singapore Tourism Board, International Visitor Arrivals Statistics, 5 July 2019.
 3. Singapore Tourism Board, Third Consecutive Year of Growth for Singapore Tourism Sector in 2018, 13 February 2019.

International Visitor Arrivals In Singapore (Top 10 Markets)

**Visitor Arrivals (By Country)
YTD May 2019**



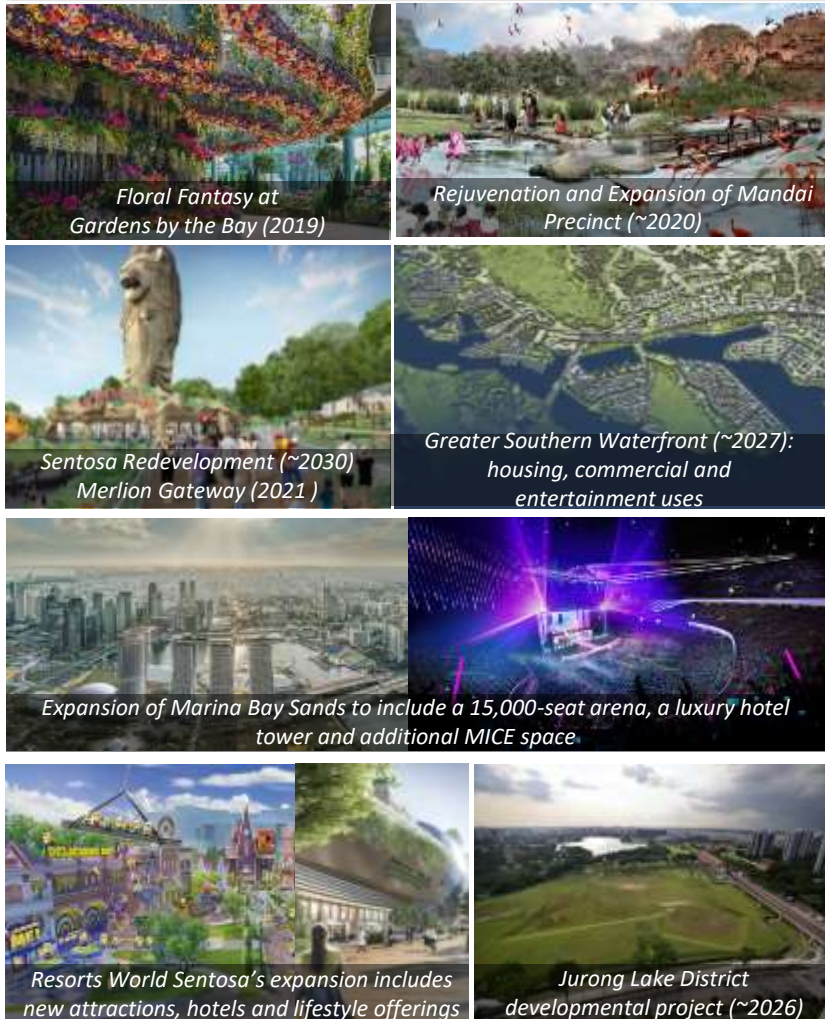
**Inbound Markets Growth Rate (Year-on-Year)
YTD May 2019**



- **Continued growth seen in most top visitor markets with highs from 3 out of top 10 markets: USA, Japan and Philippines.**

Source: Singapore Tourism Board, International Visitor Arrivals Statistics, 5 July 2019.

Upcoming Attractions & Developments



Tourism Investment

- ✓ **Greater Flight Connectivity**
New and increased flights to key markets of China, India, Japan and USA
- ✓ **Partnerships to drive visitor arrivals and spending**
STB signed three-year partnership with Alibaba to attract Chinese visitors and a memorandum of cooperation with Traveloka to promote Singapore as a preferred destination from five major Southeast Asian markets
- ✓ **Singapore is Qantas' largest hub outside Australia**, following a S\$5 million partnership between **Qantas, STB and Changi Airport**; and the opening of Qantas new First Lounge at Changi Airport end-2019

Source: Singapore Tourism Board and Singapore Airlines Media Releases

Strong Leisure & Entertainment Events Calendar



Enhanced Aviation Facilities At Changi Airport

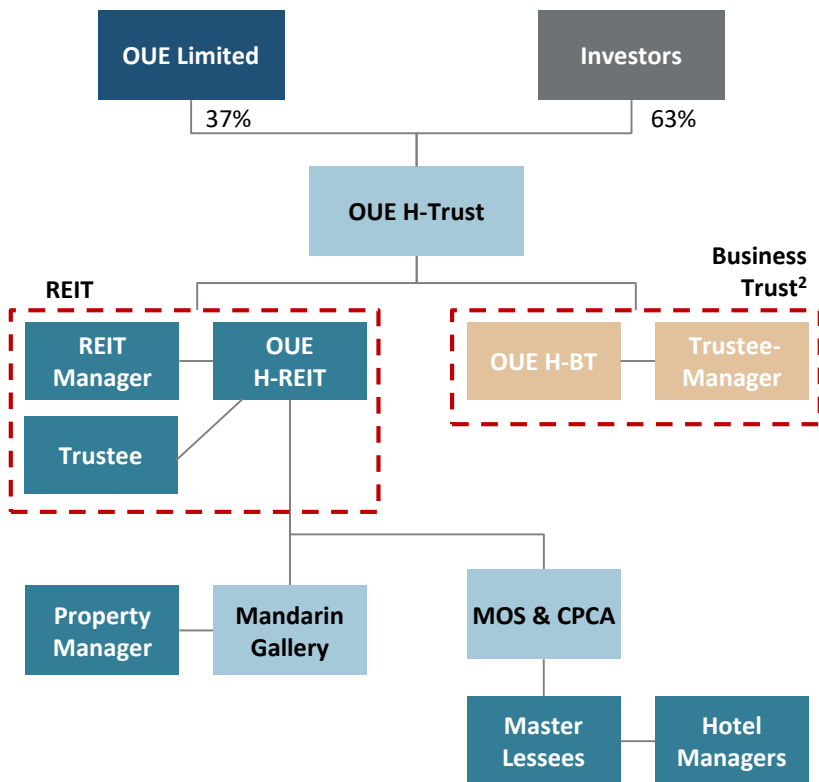
- ✓ **Integration of Terminal 1's expansion with Jewel** will see increased capacity at Changi Airport
- ✓ **Passenger traffic** at Changi Airport **grew 5.5% y-o-y to 65.6 million in 2018¹**
- ✓ **Terminal 2 to commence expansion and upgrading of facilities in end-2019²**
- ✓ **Opening of Terminal 5 by ~2030** will increase capacity to 150 million passengers per annum³



Notes:

1. Changi Airport Group, Changi Airport Crosses 65 Million Passenger Mark In 2018, 29 January 2019.
2. The Straits Times, Renovations to Expand Terminal 2 Start Later This Year, 1 July 2019.
3. Changi Airport Group, Annual Report 2017/18.

Overview of OUE H-Trust



Investment Mandate	<ul style="list-style-type: none"> Investing, directly or indirectly, in a portfolio of income-producing real estate used primarily for hospitality and / or hospitality-related purposes¹, whether wholly or partially, as well as real estate-related assets.
Quality Portfolio	<ul style="list-style-type: none"> Total asset value of S\$2.3 billion.
Income Stability	<ul style="list-style-type: none"> Downside protection via Master Lease Agreements for MOS and CPCA. WALE³ of approx. 3.2 years (by gross rent) for Mandarin Gallery.
Strong Sponsor	<ul style="list-style-type: none"> Committed Sponsor in OUE Limited which has proven track record in real estate ownership and operations. Leverage on Sponsor's expertise in asset enhancement and redevelopment.
Market Capitalisation	<ul style="list-style-type: none"> S\$1.3 billion as at 30 June 2019 based on closing price of S\$0.715 per stapled security.

Notes:

1. Real estate which is used for hospitality purposes includes hotels, serviced residences, resorts and other lodging facilities, whether in existence by themselves as a whole or as part of larger mixed-use developments, which may include commercial, entertainment, retail and leisure facilities, while properties which are used for hospitality-related purposes include retail and/or commercial assets which are either complementary to or adjoining hospitality assets which are owned by OUE H-REIT or which OUE H-REIT has committed to buy.
2. Dormant as at listing and is the master lessee of last resort.
3. Weighted average lease expiry as at 30 June 2019.

Hospitality



Retail



	Mandarin Orchard Singapore (MOS)	Crowne Plaza Changi Airport (CPCA)	Mandarin Gallery	Total
Description	A world class hospitality icon in Singapore since 1971, MOS is the largest hotel along Orchard Road with popular dining options including Chatterbox and the two-Michelin-starred Shisen Hanten by Chen Kentaro.	Located at Singapore Changi Airport and close to Changi Business Park, CPCA enjoys direct access to the airport's passenger terminals, with seamless connectivity (~5-minute walk) to Jewel via a pedestrian bridge at Terminal 3. CPCA is managed by InterContinental Hotels Group (IHG).	Prime retail landmark on Orchard Road with 152-metre wide frontage along Orchard Road – a preferred location for flagship stores of international brands. Tailored destination for its specific target audience.	
No. of Rooms	1,077	563	-	1,640
GFA (sq ft '000)	990	439	196 (NLA: 126)	1,625
Date of Purchase	25 July 2013	30 January 2015 (for the operating hotel) 1 August 2016 (for the extension)	25 July 2013	
Leasehold Tenure	99-yr lease commencing from 1 July 1957	74-yr lease commencing from 1 July 2009	99-yr lease commencing from 1 July 1957	
Valuation¹ (\$\$ mil)	1,227	497	494	2,218

Note:

1. As at 31 December 2018.

Downside Protection With Upside Potential Hotel Master Lease Arrangements



Property	Mandarin Orchard Singapore	Crowne Plaza Changi Airport
No. of Guestrooms	1,077	563
Master Lease Rental	Variable Rent Comprising Sum of: <i>(i) 33.0% of MOS GOR¹ ; and</i> <i>(ii) 27.5% of MOS GOP²;</i> subject to Minimum Rent of S\$45 million ³	Variable Rent Comprising Sum of: <i>(i) 4% of Hotel F&B Revenues;</i> <i>(ii) 33% of Hotel Rooms and Other Revenues not related to F&B;</i> <i>(iii) 30% Hotel GOP ; and</i> <i>(iv) 80% of Gross Rental Income from leased space;</i> subject to Minimum Rent of S\$22.5 million ³
Master Lessee	<ul style="list-style-type: none"> OUE Limited 	<ul style="list-style-type: none"> OUE Airport Hotel Pte. Ltd. (OUEAH)
Tenure	<ul style="list-style-type: none"> First term of 15 years to expire in July 2028 Option to renew for an additional 15 years on the same terms and conditions 	<ul style="list-style-type: none"> First term of Master Lease to expire in May 2028 Master Lessee has option to renew for an additional two consecutive 5-year terms
	FF&E Reserve	Capital Replacement Contribution
	<ul style="list-style-type: none"> 3% of GOR 	<ul style="list-style-type: none"> Aligned with hotel management agreement between OUEAH and IHG Generally at 3% of GOR

Notes:

1. Gross operating revenue.

2. Gross operating profit.

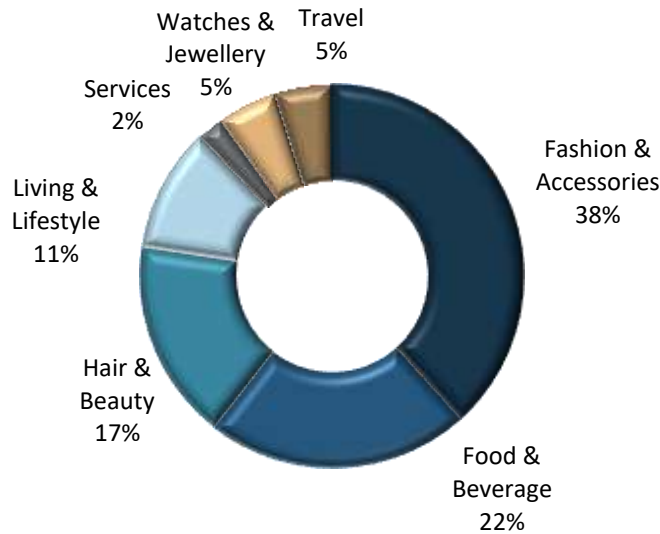
3. The rental under the Master Lease will be the minimum rent if the amount of variable rent for that operating year is less than the amount of minimum rent.

Mandarin Gallery - Tenant Mix

Quality and Differentiated Tenant Base

By NLA

As at 30 Jun 2019¹

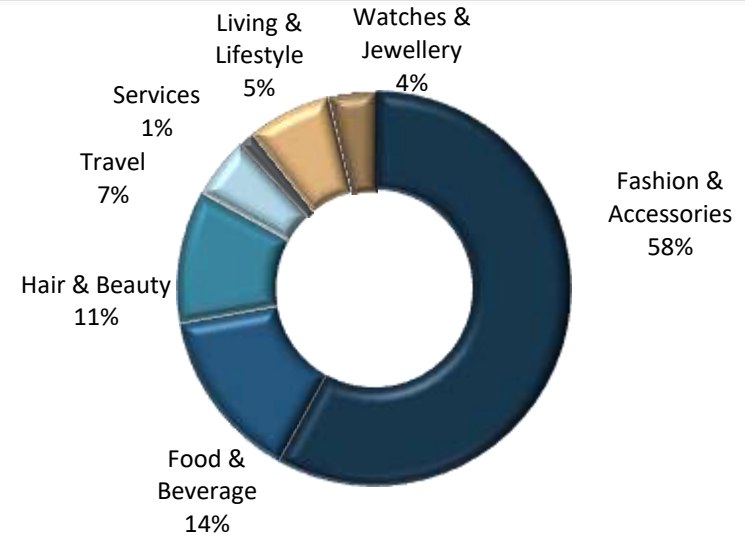


Retail



By Gross Rent²

As at 30 Jun 2019¹



F&B



Notes:

1. Based on committed tenancies.
2. Excludes turnover rent.