

PRESS RELEASE

## **OUE H-Trust reports DPS of 1.06 cents for 2Q2019**

**Singapore – 6 August 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\$29.4 million and S\$25.3 million respectively for the period of 1 April to 30 June 2019 (2Q2019). Distributable income was S\$19.4 million and distribution per Stapled Security (DPS) was 1.06 cents. The decline in distributable income was due to lower contributions from the hospitality and retail segments, and higher interest expense. Stapled Securityholders can expect to receive their DPS on 12 September 2019.

For the period 1 January to 30 June 2019 (1H2019), OUE H-Trust achieved gross revenue and NPI of S\$61.1 million and S\$53.0 million respectively. Distributable income was S\$41.1 million and DPS was 2.24 cents.

Mr. Lee Yi Shyan, Chairman of OUE Hospitality REIT Management Pte. Ltd., the manager of OUE H-REIT (the REIT Manager), said: “Investments in the broader transformation plan for Singapore’s tourism and aviation sectors are encouraging and bodes well for the hospitality industry, despite volatilities from the global trade uncertainties and moderating economic growth.”

Mr. Chen Yi-Chung Isaac, Acting CEO of the REIT Manager, said: “Crowne Plaza Changi Airport (CPCA) continues to focus in driving its operational performance, and achieved an improved revenue per available room (RevPAR) of S\$188 in 2Q2019, representing a 12.3% increase from 2Q2018. The hotel is well-positioned to benefit from the continual upgrades and enhancement works, as well as the planned expansion of Changi Airport.”

Mr Chen added: “During the quarter, the hospitality sector continued to experience downward pressure and increased competition. The lower DPS in 2Q2019 was mainly due to lower income from the hospitality segment resulting from lower average room rates and weaker demand as well as lower food and beverage sales at Mandarin Orchard Singapore, lower revenue from the retail segment as a result of negative rental reversions recorded in the previous quarters, and higher interest expense.”

OUE H-Trust maintains a healthy financial position with a stable gearing of 38.5% at an average cost of debt of 2.6% as at 30 June 2019, with no refinancing requirement due until December 2020.

## Summary of Results

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

## Distribution Details

<b>Distribution Period</b>	1 April to 30 June 2019
<b>Distribution Rate</b>	1.06 cents per Stapled Security
<b>Ex-Distribution Date</b>	16 August 2019
<b>Books Closure Date</b>	19 August 2019
<b>Distribution Payment Date</b>	12 September 2019

## Outlook

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 quarter<sup>1</sup>. 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 manufacturing<sup>2</sup>.

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 period<sup>3</sup>. Increased partnerships to drive visitor arrivals and spending, transformation of the tourism sector and reduced supply of new hotel rooms up to 2021<sup>4</sup> 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 2030<sup>5</sup>.

For the first quarter of 2019, retail sales declined 1.5% year-on-year<sup>6</sup>. Retail sentiments remain muted as retail sales excluding motor vehicles registered year-on-year declines of 2.0%<sup>7</sup> and 1.0%<sup>8</sup> for the months of April and May 2019, while the retail leasing market

<sup>1</sup> Ministry of Trade and Industry Singapore, Singapore's GDP Grew by 0.1 Per Cent in the Second Quarter of 2019, 12 July 2019.

<sup>2</sup> Monetary Authority of Singapore, Remarks by Mr Ravi Menon, Managing Director, MAS, at the MAS Annual Report Press Conference 2018/2019, 27 June 2019.

<sup>3</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 2 August 2019.

<sup>4</sup> CBRE, Hotel MarketView, Singapore H1 2019.

<sup>5</sup> The Straits Times, Renovations to Expand Terminal 2 Start Later This Year, 1 July 2019.

<sup>6</sup> Ministry of Trade and Industry Singapore, MTI Expects Growth to be "1.5 to 2.5 Per Cent in 2019", 21 May 2019.

<sup>7</sup> Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, April 2019, 12 June 2019.

<sup>8</sup> Department of Statistics Singapore, Retail Sales Index and Food & Beverage Services Index, May 2019, 12 July 2019.

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showed signs of slowing in tandem with less sanguine demand indicators<sup>9</sup>. 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 in<sup>9</sup>.

QUE H-Trust will hold its extraordinary general meeting (EGM) and trust scheme meeting on 14 August 2019 at 3.00 p.m. and 4.00 p.m.<sup>10</sup> respectively to seek approval from the Stapled Securityholders for the Trust Deeds Amendments and the Trust Scheme. Please refer to the scheme document dated 10 July 2019 for further information in relation to the Proposed Merger and the Trust Scheme, a copy of which is available on SGXNET.

### **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 2018.

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](http://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 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](http://www.que.com.sg).

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<sup>9</sup> CBRE, Singapore MarketView Q2 2019.

<sup>10</sup> or as soon thereafter following the conclusion of the QUE H-Trust EGM to be held.

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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.

This press release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Stapled Securities.