OUE COMMERCIAL REIT



# OUE Commercial REIT

Presentation for Credit Suisse ASEAN Virtual Corporate Day

11 March 2020

# Important Notice

This presentation should be read in conjunction with the announcements released by OUE Commercial REIT ("OUE C-REIT") on 30 January 2020 (in relation to its Financial Results for 4th Quarter 2019).

This presentation is for information purposes only and does not constitute an invitation, offer or solicitation of any offer to acquire, purchase or subscribe for units in OUE C-REIT ("Units"). The value of Units and the income derived from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, OUE Commercial REIT Management Pte. Ltd. (the "Manager"), DBS Trustee Limited (as trustee of OUE C-REIT) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. The past performance of OUE C-REIT is not necessarily indicative of the future performance of OUE C-REIT.

This presentation 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. These forward-looking statements speak only as at the date of this presentation. Past performance is not necessarily indicative of future performance. No assurance can be given that future events will occur, that projections will be achieved, or that assumptions are correct. 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 Manager's current view of future events.

Investors should note that they will have no right to request the Manager to redeem their Units while the Units are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The information and opinions contained in this presentation are subject to change without notice.

# Agenda

- Overview
- Realised Benefits of Merger
- Financial Performance and Capital Management
- Commercial Segment
- Hospitality Segment
- Appendices

# Overview



# Overview of OUE C-REIT

**S$3.0billion**(1)

**Market Capitalisation**

**Total assets**

**S$6.8billion**

**7 High quality prime assets**

**6 properties in Singapore and 1 property in Shanghai**



OUE Bayfront


One Raffles Place


OUE Downtown Office


Lippo Plaza


Mandarin Orchard Singapore



Crowne Plaza Changi Airport



Mandarin Gallery

Strong Sponsor **OUE Limited**

**S$10.7billion**

**Total Assets** (as at 31 December 2019)

**Income Stability**

**S$67.5million p.a.**

**minimum rent under hotel master lease arrangements**

**Expanded Investment Mandate**

✓ **Commercial**

✓ **Hospitality / Hospitality-related**

(1) Based on unit closing price of S$0.565 as at 31 December 2019

# Milestones Since Listing

- Strategic growth track with two acquisitions and asset enhancement initiatives ("AEI") at two properties
- Transformative merger with OUE Hospitality Trust creates one of the largest diversified S-REITs

## FY2014

**S$1.6b AUM**




Listed on SGX-ST with two assets – OUE Bayfront and Lippo Plaza

## FY2015

**S$3.4b AUM**



Maiden acquisition of One Raffles Place (67.95% effective interest)

Established S$1.5 billion Multi-Currency Debt Issuance Programme

## FY2016

**S$3.4b AUM**

Completed AEI to upgrade common areas and restrooms at Lippo Plaza office tower



Commenced AEI at One Raffles Place Tower 1 to upgrade mechanical and engineering equipment

## FY2017

**S$3.5b AUM**

Debut issuance of S$150 million 3.03% fixed rate notes due 2020

## FY2018

**S$4.5b AUM**



Completed acquisition of OUE Downtown Office

Commenced AEI at One Raffles Place Shopping Mall with co-working operator Spaces anchoring the AEI

## FY2019

**S$6.8b AUM**

OUE COMMERCIAL REIT + OUE HOSPITALITY TRUST

Merger by way of a trust scheme of arrangement (effective from 4 Sep 2019)



# Premium Portfolio of Assets










| | OUE Bayfront | One Raffles Place | OUE Downtown Office | Lippo Plaza | Mandarin Gallery | Mandarin Orchard Singapore | Crowne Plaza Changi Airport | Total |
|---|---|---|---|---|---|---|---|---|
| **Description** | Premium Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place | Comprises two Grade A office towers and a retail mall located in Singapore's CBD at Raffles Place | Grade A office space, a mixed-used development with offices, retail and serviced residences at Shenton Way | Grade A commercial building located in Huangpu, one of Shanghai's established core CBD locations | Prime retail landmark on Orchard Road – preferred location for flagship stores of international brands | A world class hospitality icon in Singapore since 1971, MOS is the largest hotel along Orchard Road | Located at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport | **NLA:**<br>**Office: 1,869,003**<br>**Retail: 307,561**<br>**Overall: 2,176,564**<br><br>**1,640 hotel rooms** |
| **Attributable NLA (sq ft)** | Office: 378,692<br>Retail: 21,132 | Office: 598,814<br>Retail: 99,370 | Office: 530,487 | Office: 361,010<br>Retail: 60,776 | Retail : 126,283 | 1,077 hotel rooms | 563 hotel rooms | |
| **Occupancy[1]** | Office: 99.3%<br>Retail: 100.0%<br>Overall: 99.4% | Office: 95.1%<br>Retail: 98.1%<br>Overall: 95.6% | Office: 93.8% | Office: 89.9%<br>Retail: 99.3%<br>Overall: 91.3% | Retail: 98.3% | - | - | **Office: 94.6%**<br>**Retail: 98.5%**<br>**Overall: 95.2%** |
| **Leasehold Tenure** | OUE Bayfront & OUE Tower:<br>99 yrs from 12 Nov 2007<br>OUE Link:<br>15 yrs from 26 Mar 2010<br>Underpass:<br>99 yrs from 7 Jan 2002 | Office Tower 1:<br>841 yrs from 1 Nov 1985<br>Office Tower 2:<br>99 yrs from 26 May 1983<br>75% of Retail mall:<br>99 yrs from 1 Nov 1985 | 99 yrs from 19 July 1967 | 50 yrs from 2 July 1994 | 99 yrs from 1 July 1957 | 99 yrs from 1 July 1957 | 74 yrs from 1 July 2009 | **-** |
| **Valuation[2]** | S$1,181.0m<br>(S$2,954 psf) | S$1,862.0m[3]<br>(S$2,667 psf) | S$912.0m<br>(S$1,719 psf) | RMB2,950.0m /<br>RMB50,409 psm<br>S$570.5m[4]<br>(S$1,353 psf) | S$493.0m<br>(S$3,904 psf) | S$1,228.0m<br>(S$1.1m / key) | S$497.0m<br>(S$0.9m / key) | **S$6,743.5m** |

(1) Committed occupancy as at 31 December 2019
(2) As at 31 December 2019
(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries
(4) Based on SGD:CNY exchange rate of 1:5.171 as at 31 December 2019

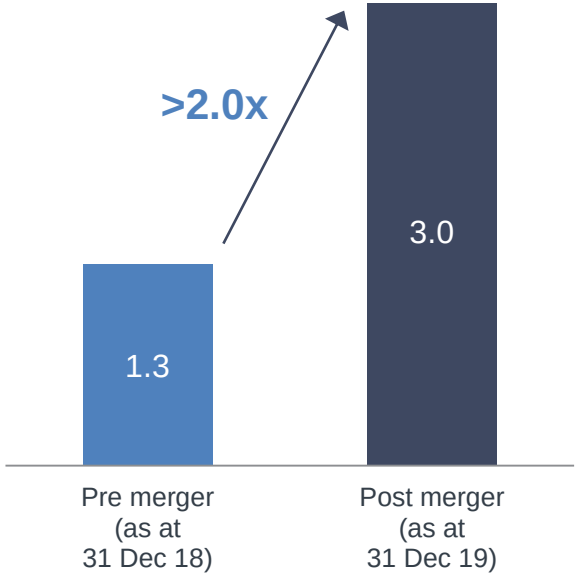
# Realised Benefits of Merger with OUE H-Trust



# 1 Increase In Market Capitalisation

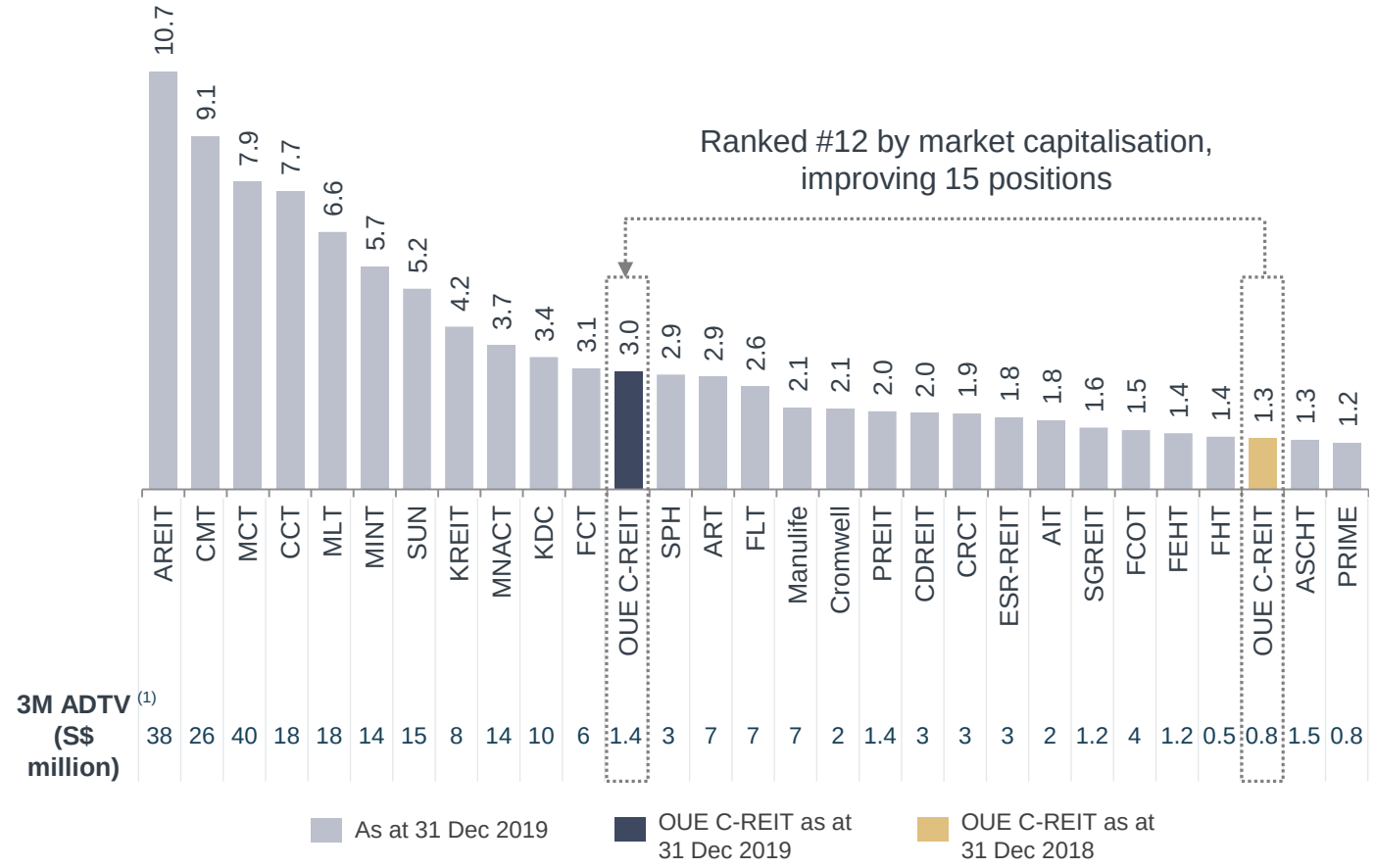
## Increase in Market Capitalisation

(S$ billion)




## Market Capitalisation (as at 31 December)

(S$ billion)



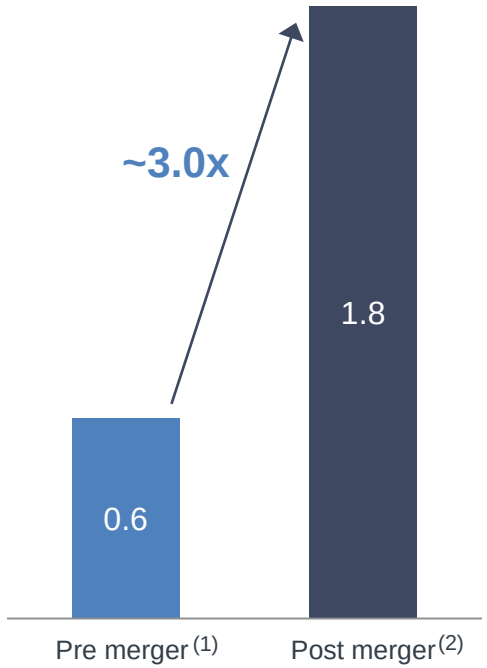

Source: Bloomberg. Chart on right only includes REITs and business trusts with primary listing on the SGX-ST which have a market capitalisation of at least S$1.2 billion as at 31 December 2019

(1) ADTV refers to average daily trading value

# 2 Increased Liquidity And Improved Trading Performance

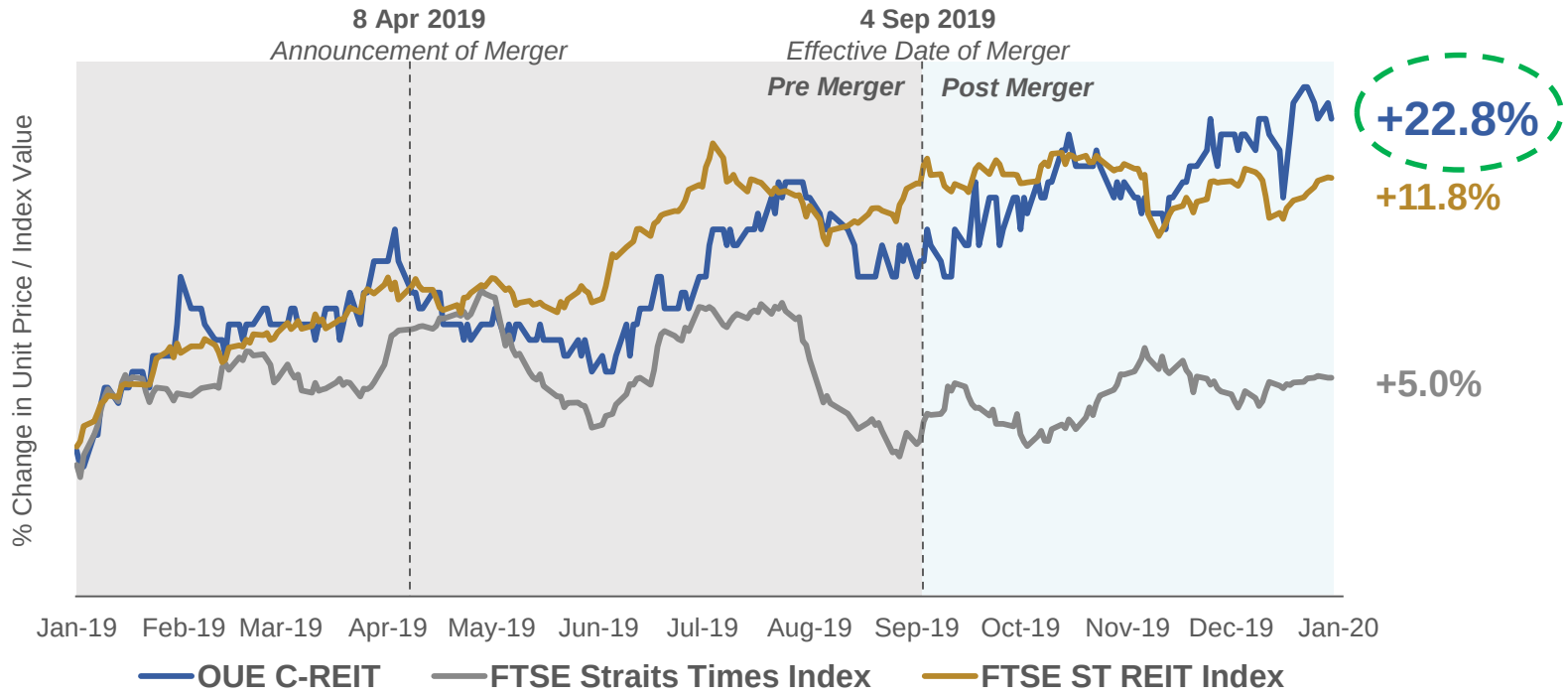
## Increase in Trading Liquidity (ADTV)

(S$ million)




## OUE C-REIT Trading Performance Against FTSE ST Index and FTSE ST REIT Index

(1 Jan 2019 – 31 Dec 2019)




**Outperformed Benchmark Indices in 2019**
**+22.8%**

**2019 Total Return for Unitholders(3)**
**+31.5%**

Source: Bloomberg.

(1) For the year-to-date period ended 8 September 2019, the day immediately before the new Units issued pursuant to the merger were listed

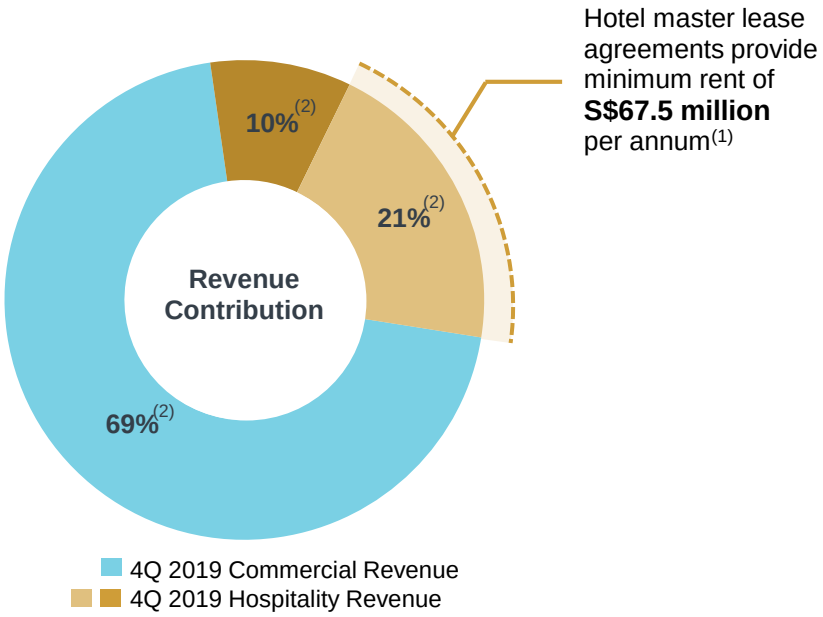
(2) For the period from 9 September 2019, the first day of listing of the new Units issued pursuant to the merger, to 31 December 2019

(3) Assumes reinvestment of dividends

# 3 Enhanced Portfolio Diversification and Stronger Balance Sheet

## Increased income resilience from portfolio diversification

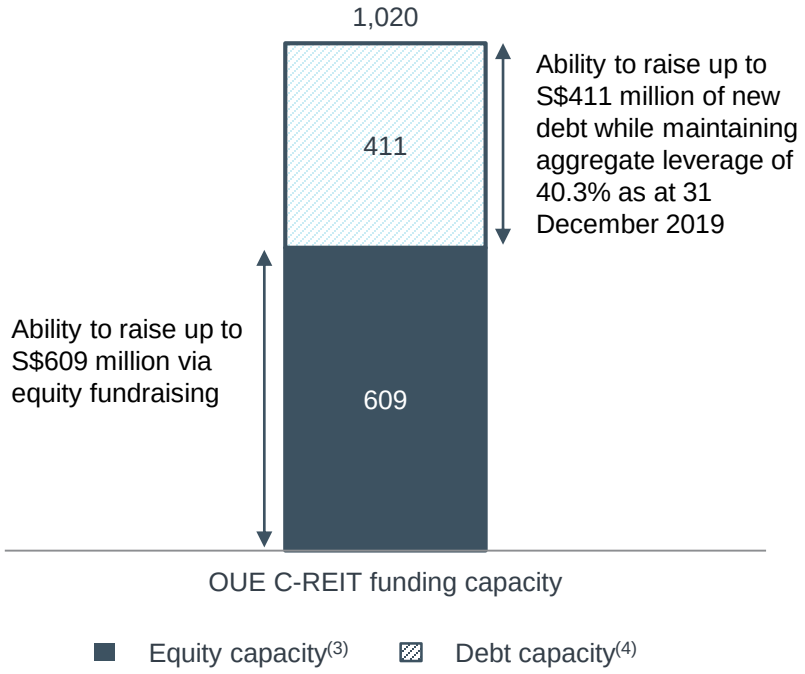
☑ The rental payment under the hotel master lease agreements comprises:
- Minimum rent component – provides downside protection
- Variable rent component – upside potential




## Enlarged balance sheet

(S$ million)

☑ Larger capital base
☑ Ability to undertake larger transactions and asset enhancement initiatives
☑ Provides more flexibility for OUE C-REIT to react with greater speed

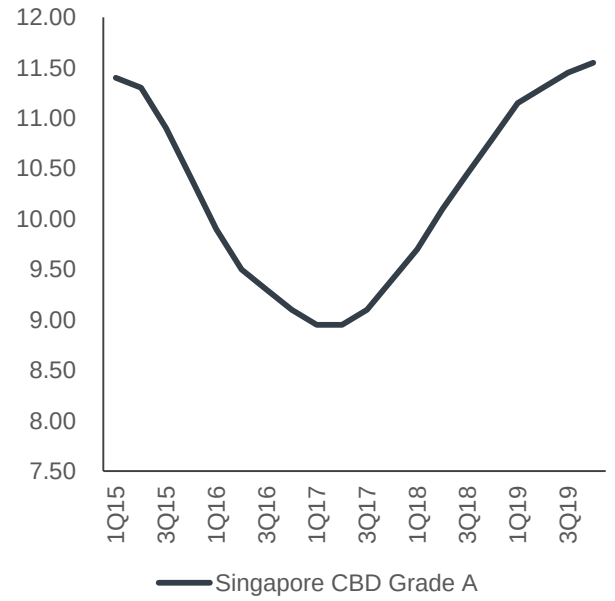



(1) Mandarin Orchard Singapore and Crowne Plaza Changi Airport's master lease agreements are subject to a minimum rent of S$45.0 million and S$22.5 million per annum respectively, totalling S$67.5 million per annum
(2) Based on OUE C-REIT"s commercial and hospitality revenue for 4Q 2019
(3) Assuming that the general issue mandate is approved by unitholders of OUE C-REIT at an annual general meeting of OUE C-REIT, based on approximately 5,392 million Units in issue and to be issued, and unit closing price of S$0.565 per Unit as at 31 December 2019
(4) Assuming OUE C-REIT raises S$411 million of new debt while maintaining an aggregate leverage of approximately 40.3% as at 31 December 2019, following the S$609 million equity fundraising as described in note (3) above

# 4 Attractive Singapore Commercial and Hospitality Sector Fundamentals

## Office: Positive rental reversions

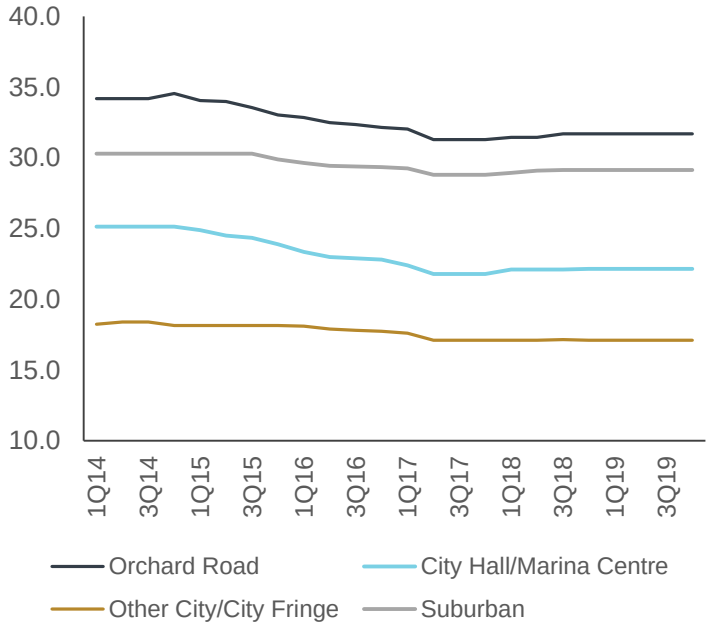
(Rents | S$ psf per month)




- While office rental growth has stabilised, near-term supply in the core CBD market is benign. Market rents are higher than expiring rents due for renewal, which supports positive rental reversions

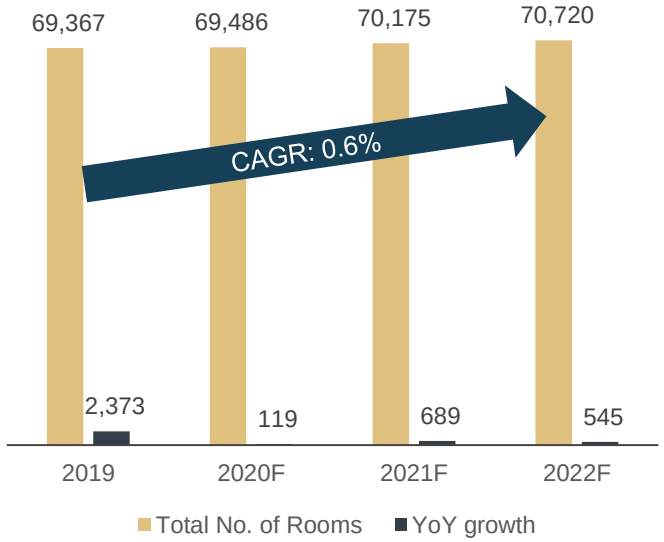
## Retail: Resilient prime Orchard Road rents

(Rents | S$ psf per month)




- Prime retail rents in Orchard are expected to stay resilient given limited prime retail space

## Hospitality: Support for gradual recovery




- Support for gradual recovery driven by limited hotel room supply coupled with upcoming Singapore tourism developments and initiatives

Sources: CBRE 4Q 2019, JLL Hotels, Singapore Tourism Board

# Financial Performance & Capital Management



# 4Q 2019 Key Highlights

First full quarter results after merger with OUE Hospitality Trust ("OUE H-Trust") which completed on 4 September 2019

**Financial Highlights**

| Net Property Income | Amount to be Distributed (after retention) | Distribution per Unit |
|---|---|---|
| **S$70.6** million | **S$45.1** million | **0.84** cents |
| ▲ **92.6%** YoY | ▲ **109.9%** YoY | ▲ **12.0%** YoY |

**Portfolio & Financial Management**

| Commercial Portfolio Committed Occupancy | Hospitality Portfolio RevPAR | Aggregate Leverage |
|---|---|---|
| **95.2%** | **S$216** | **40.3%** |
| 4Q 2018: 94.7% | ▲ **1.9%** YoY | 4Q 2018: 39.3% |

- Continued leasing momentum led to improved committed occupancy and positive rental reversions in the range of 9.4% to 26.5% for OUE C-REIT's Singapore office portfolio in 4Q 2019
- Higher average passing rents achieved for Singapore office in 4Q 2019
- Crowne Plaza Changi Airport surpassed its minimum rent for FY2019

Commercial portfolio comprises OUE Bayfront, One Raffles Place (67.95% effective interest), the office components of OUE Downtown, Lippo Plaza (91.2% strata interest) and Mandarin Gallery
RevPAR: Revenue per available room

# 4Q 2019 vs 4Q 2018

| | 4Q 2019 (S$m) | 4Q 2018 (S$m) | Change (%) |
|---|---|---|---|
| **Revenue** | **86.8** | 48.0 | 80.7 |
| **Net Property Income** | **70.6** | 36.6 | 92.6 |
| **Amount Available for Distribution** | **46.6** | 21.5 | 116.9 |
| **Amount to be Distributed (after retention)** | **45.1** | 21.5 | 109.9 |
| **DPU (cents)** | **0.84**[1] | 0.75[2] | 12.0 |

- Net property income in 4Q 2019 was S$70.6 million, 92.6% higher YoY due primarily to a full quarter's contribution of the merger with OUE H-Trust which was effective from 4 September 2019, augmented by contribution from OUE Downtown Office which was acquired in November 2018.
- Higher net property income and the drawdown of OUE Downtown Office's income support, partially offset by higher interest expenses in 4Q 2019 from higher borrowings, resulted in amount available for distribution of S$46.6 million.
- Amount to be distributed after retention for working capital purposes for 4Q 2019 is S$45.1 million, translating to DPU of 0.84 cents.

(1) Based on 5,392 million Units in issue and to be issued as at 31 December 2019
(2) Based on 2,862 million Units in issue and to be issued as at 31 December 2018

# FY2019 vs FY2018

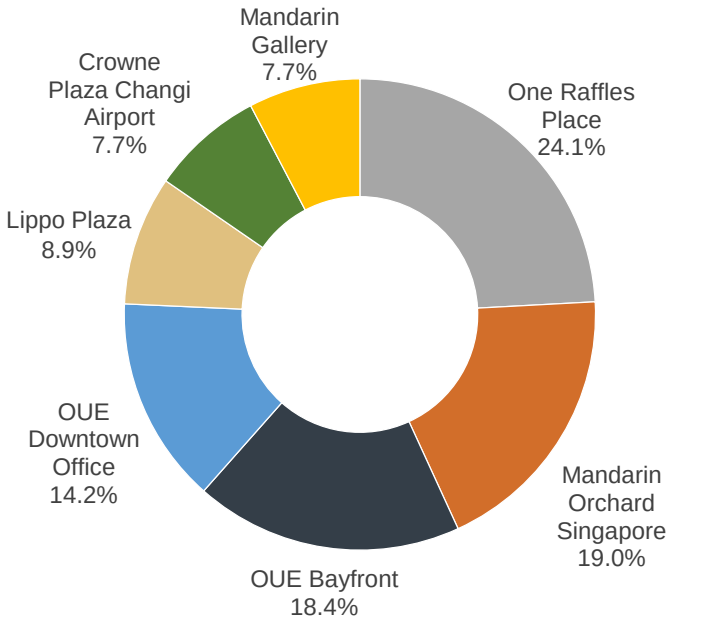
| | FY2019 (S$m) | FY2018 (S$m) | Change (%) |
|---|---|---|---|
| **Revenue** | **257.3** | 176.4 | 45.9 |
| **Net Property Income** | **205.0** | 138.2 | 48.3 |
| **Amount Available for Distribution** | **124.7** | 71.3 | 74.9 |
| **Amount to be Distributed (after retention)** | **123.2** | 71.3 | 72.8 |
| **DPU (cents)** | **3.31**[1] | 3.48[2] | (4.9) |

- Net property income of S$205.0 million in FY2019 was 48.3% higher YoY due primarily to contribution from the merger with OUE H-Trust which was effective from 4 September 2019, augmented by a full year's contribution from OUE Downtown Office which was acquired in November 2018.
- Higher net property income and the drawdown of OUE Downtown Office's income support, partially offset by higher interest expenses in FY2019 from higher borrowings, resulted in amount available for distribution of S$124.7 million, 74.9% higher YoY.
- Amount declared for distributed after retention for working capital purposes in FY2019 is S$123.2 million, translating to DPU of 3.31 cents.

(1) Based on 5,392 million Units in issue and to be issued as at 31 December 2019
(2) Based on 2,862 million Units in issue and to be issued as at 31 December 2018

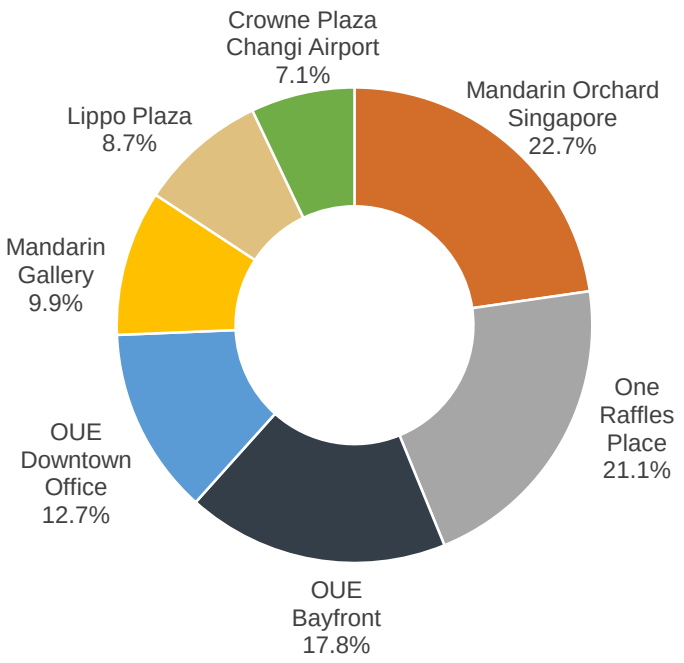
# Portfolio Composition

## By Asset Value(1)



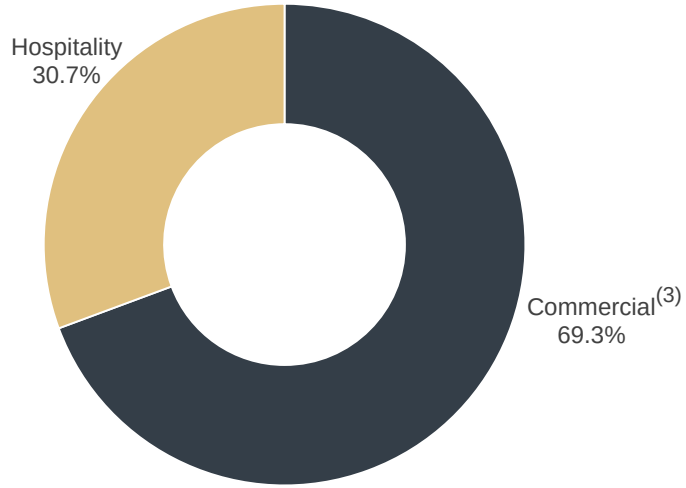

- 91.1% of portfolio located in Singapore

## By Revenue Contribution(2)




- No single asset contributes more than 22.7% to total revenue

## By Segment Revenue(2)




- For 4Q 2019, approximately 68.1% of hospitality segment revenue supported by the minimum rent under the respective master lease agreements

(1) Based on independent valuations as at 31 December 2019 and OUE C-REIT's proportionate interest in One Raffles Place
(2) For 4Q 2019 based on OUE C-REIT's proportionate interest in One Raffles Place
(3) Commercial portfolio comprises OUE Bayfront, One Raffles Place (67.95% effective interest), OUE Downtown Office, Lippo Plaza (91.2% strata interest) and Mandarin Gallery. Revenue contribution from the retail segment is about 17.6%

# Balance Sheet as at 31 Dec 2019

| S$ million | As at 31 Dec 2019 |
|---|---|
| Investment Properties | 6,770.2 |
| Total Assets | 6,888.2 |
| Borrowings | 2,687.1 |
| Total Liabilities | 2,960.0 |
| Net Assets Attributable to Unitholders | 3,318.4 |

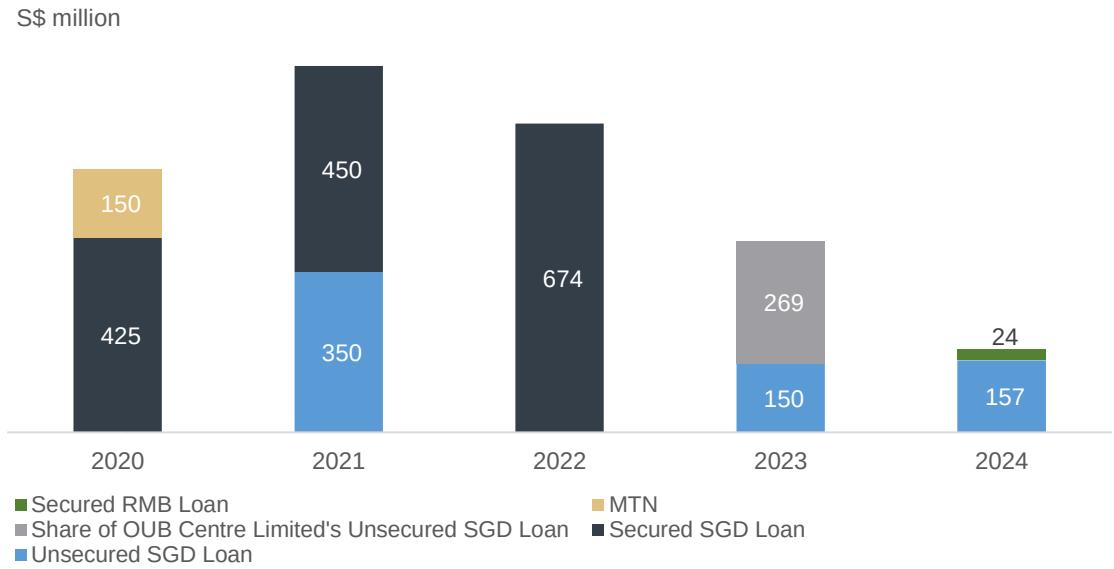
| | |
|---|---|
| Units in issue and to be issued (’000) | 5,392,459 |
| NAV per Unit (S$) | 0.62 |

# Capital Management

- Aggregate leverage as at 31 December 2019 was 40.3%, with weighted average cost of debt of 3.4% per annum
- With 75.0% of debt on fixed rate basis, earnings are mitigated against interest rate fluctuations
- Every 25bps increase in floating interest rates is expected to reduce distribution by S$1.7 million per annum, or 0.03 cents in DPU

| | As at 31 Dec 2019 | As at 30 Sep 2019 |
|---|---|---|
| Aggregate Leverage | 40.3% | 40.5% |
| Total debt | S$2,648m(1) | S$2,651m(2) |
| Weighted average cost of debt | 3.4% p.a. | 3.5% p.a. |
| Average term of debt | 2.2 years | 2.4 years |
| % fixed rate debt | 75.0% | 73.4% |
| % unsecured debt | 40.6% | 40.6% |
| Average term of fixed rate debt | 1.9 years | 2.0 years |
| Interest cover ratio | 3.3x | 3.1x |

## Debt Maturity Profile as at 31 December 2019

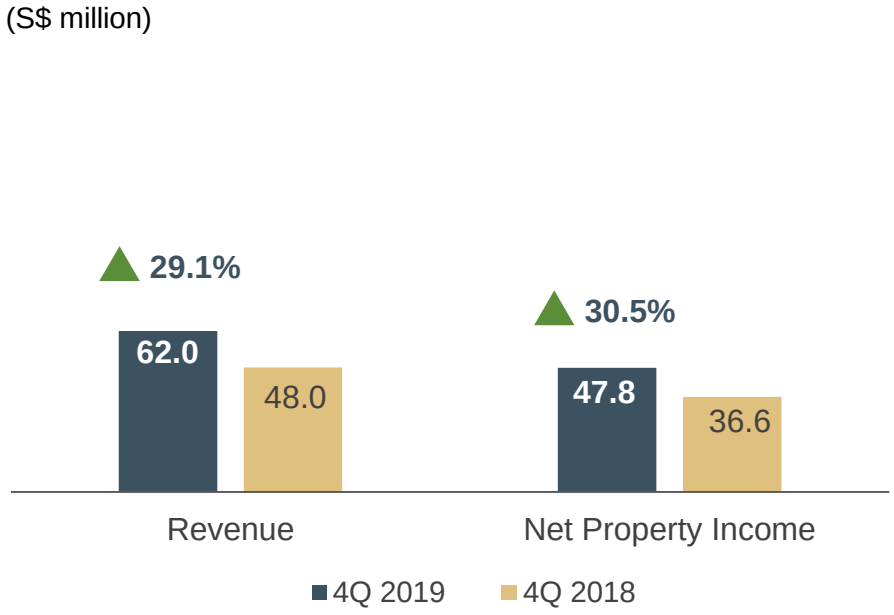


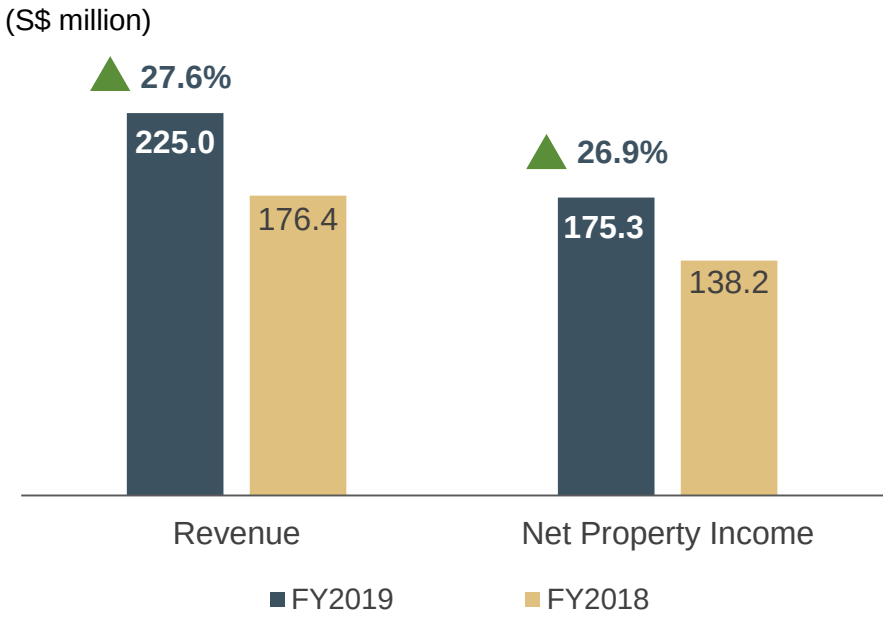

(1) Based on SGD:CNY exchange rate of 1:5.171 as at 31 December 2019 and includes OUE C-REIT's share of OUB Centre Limited's loan
(2) Based on SGD:CNY exchange rate of 1:5.157 as at 30 September 2019 and includes OUE C-REIT's share of OUB Centre Limited's loan



# Commercial Segment

# Commercial Segment Performance
# 4Q 2019 & FY2019

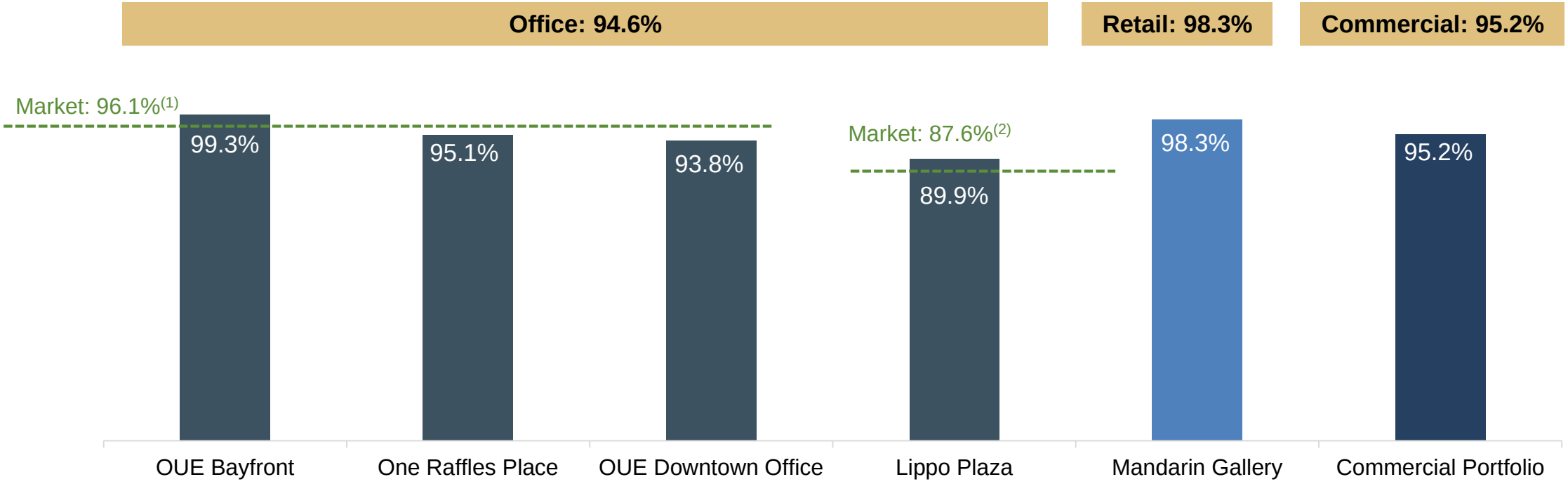



- The increases in revenue and net property income for 4Q 2019 and FY2019, are mainly due to contribution from OUE Downtown Office (acquired in November 2018), and Mandarin Gallery (acquired in September 2019)
- Overall commercial portfolio committed occupancy was 95.2% as at 31 December 2019, 0.5 percentage points ("ppt") higher YoY

# Healthy Commercial Segment Occupancy

- Commercial segment committed occupancy remains strong at 95.2% as at 31 December 2019
- Mandarin Gallery's committed occupancy is stable at 98.3%
- Lippo Plaza's committed office occupancy was 89.9% as at 31 December 2019, ahead of the overall Shanghai CBD Grade A office occupancy of 87.6% for the same period



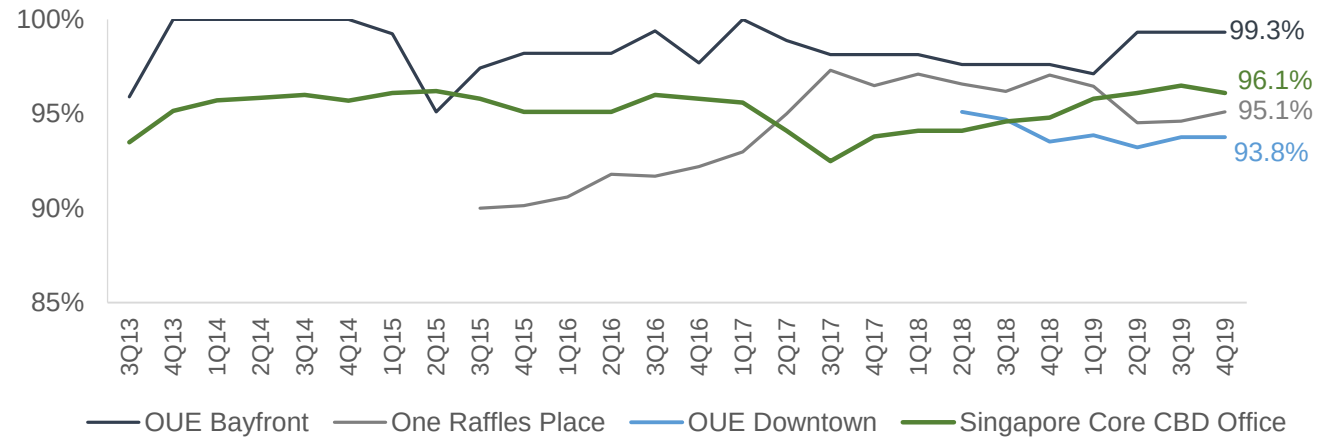

*As at 31 Dec 2019*

(1) Source: CBRE Singapore MarketView 4Q 2019 for Singapore Grade A office occupancy of 96.1%
(2) Source: Colliers Shanghai Office Property Market Overview 4Q 2019 for Shanghai CBD Grade A office occupancy of 87.6%

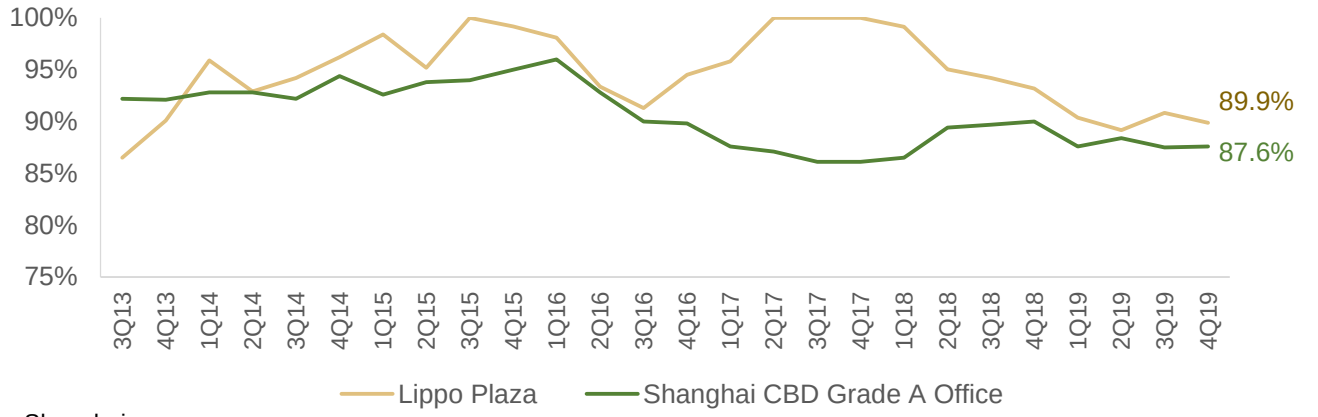
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# Resilient and Steady Office Occupancy

## Singapore




## Shanghai




Source: CBRE, Colliers Shanghai

# Committed Office Rents In Line Or Above Market

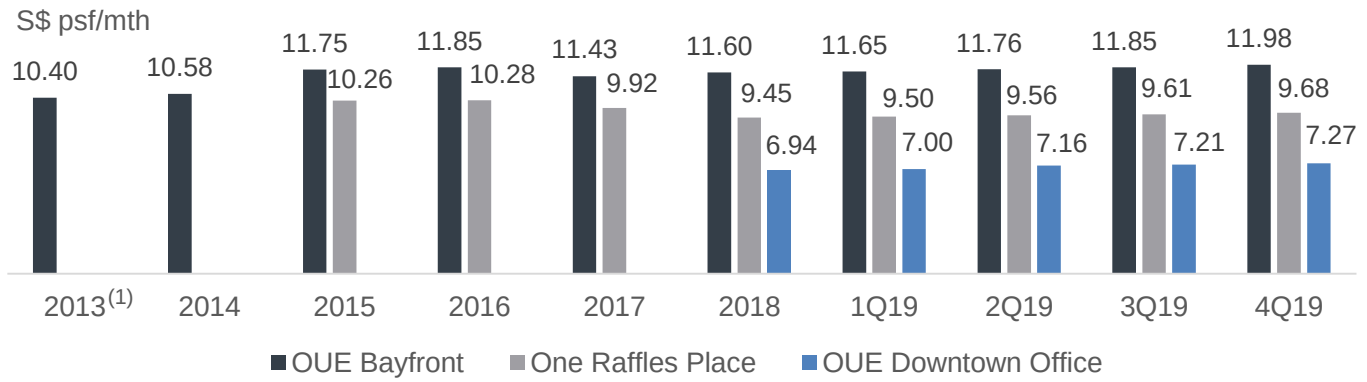
- OUE C-REIT's office properties continued to achieve committed rents which were in line with or above their respective market rents
- Positive rental reversions recorded across Singapore office properties in 4Q 2019

| 4Q 2019 | Average Expired Rents | Committed Rents[1] | Sub-market | Comparable Sub-market Rents | |
|---|---|---|---|---|---|
| | | | | Colliers[2] | Savills[3] |
| **Singapore** | | | | | |
| OUE Bayfront | S$11.88 | S$13.00 – S$14.40 | New Downtown/ Marina Bay | S$12.27 | S$13.12 |
| One Raffles Place | S$9.69 | S$9.90 – S$12.30 | Raffles Place | S$10.49 | S$10.28 |
| OUE Downtown Office | S$6.71 | S$7.10 – S$8.80 | Shenton Way/ Tanjong Pagar | S$10.31 | S$9.04 – S$9.32 |
| **Shanghai** | | | | | |
| Lippo Plaza | RMB10.00 | RMB7.50 – RMB11.50 | Puxi | RMB9.46 | RMB10.26 |

(1) Committed rents for renewals and new leases
(2) Source: Colliers Singapore Office Quarterly 4Q 2019 for Singapore comparable sub-market rents; Colliers Shanghai Office Property Market Overview 4Q 2019 for Shanghai comparable sub-market rents
(3) Source: Savills Singapore Office Briefing 3Q 2019 for Singapore comparable sub-market rents; Savills Shanghai Grade A Office Market Update 2Q 2019 for Shanghai comparable sub-market rents
Note: For reference, CBRE Research's 4Q 2019 Grade A Singapore office rent is S$11.55 psf/mth. Sub-market rents are not published

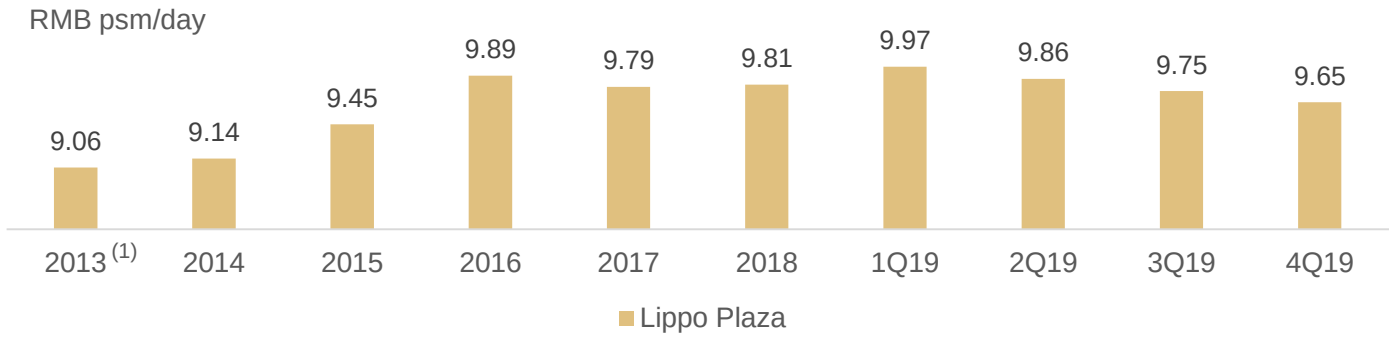
# Average Passing Rents

**Singapore (Office)**



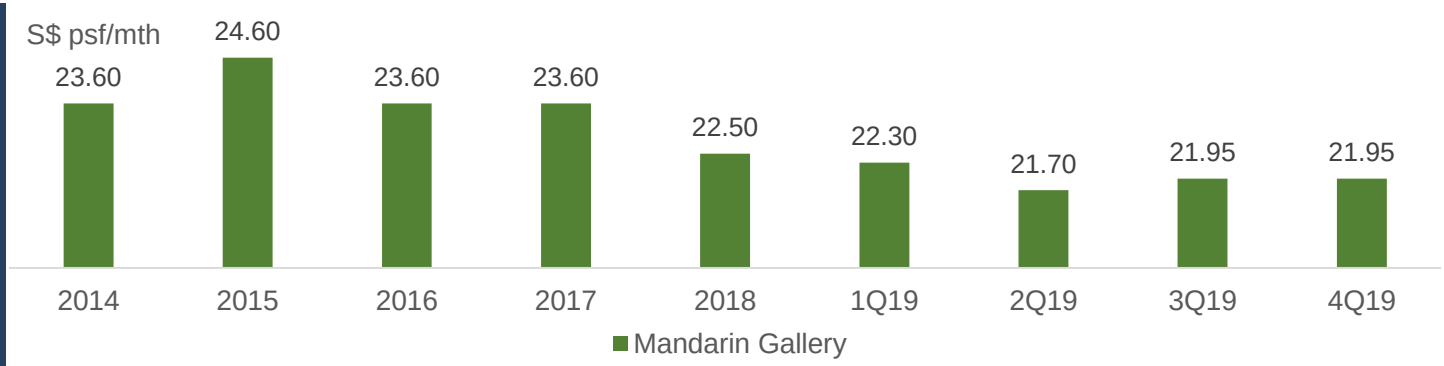

- Average passing office rent for all three Singapore office properties improved as at 4Q 2019 due to consecutive quarters of positive rental reversions

**Shanghai (Office)**




- Lippo Plaza's average passing office rent was RMB9.65 psm/day as of December 2019

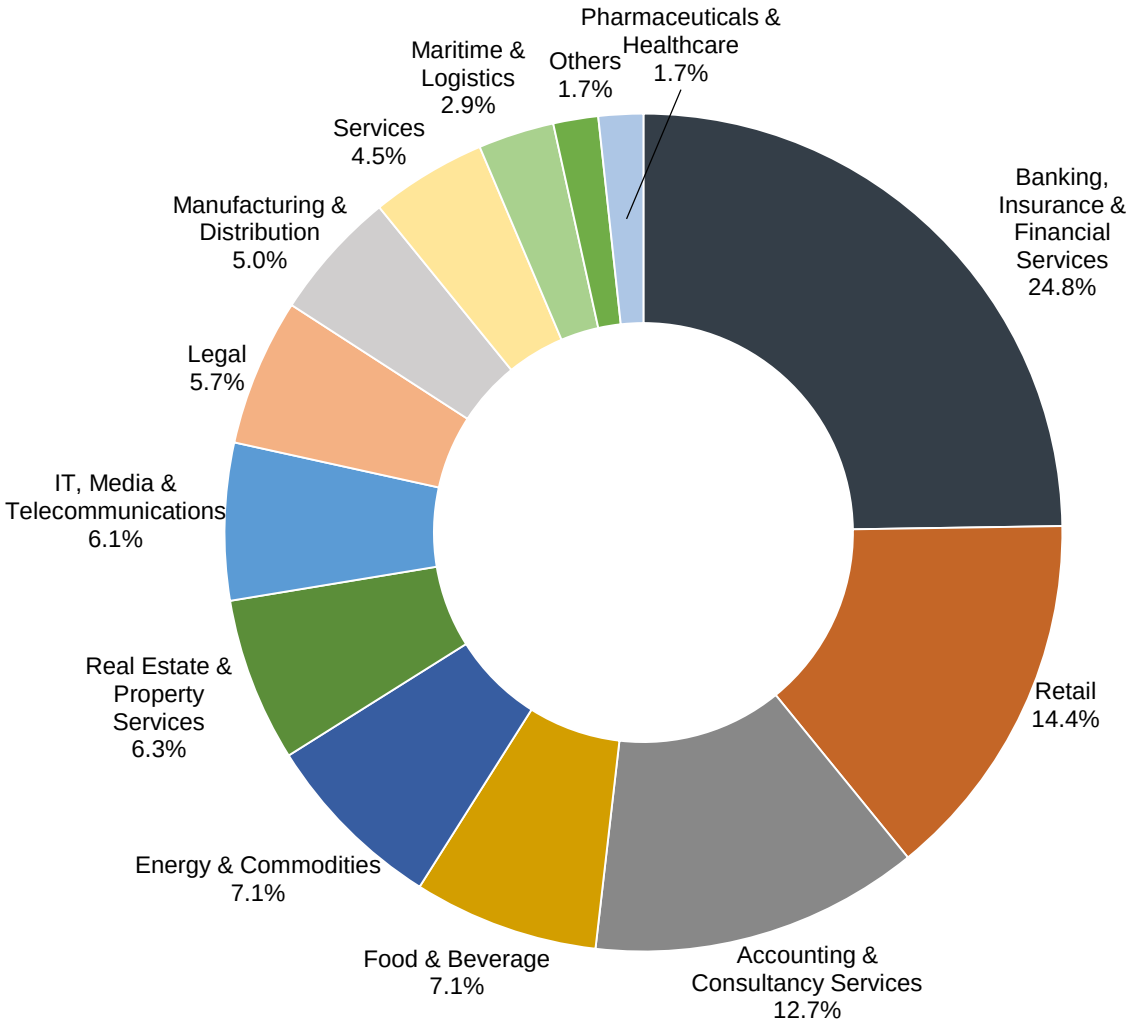
**Mandarin Gallery**




- Average retail rent at Mandarin Gallery remained stable in 4Q 2019

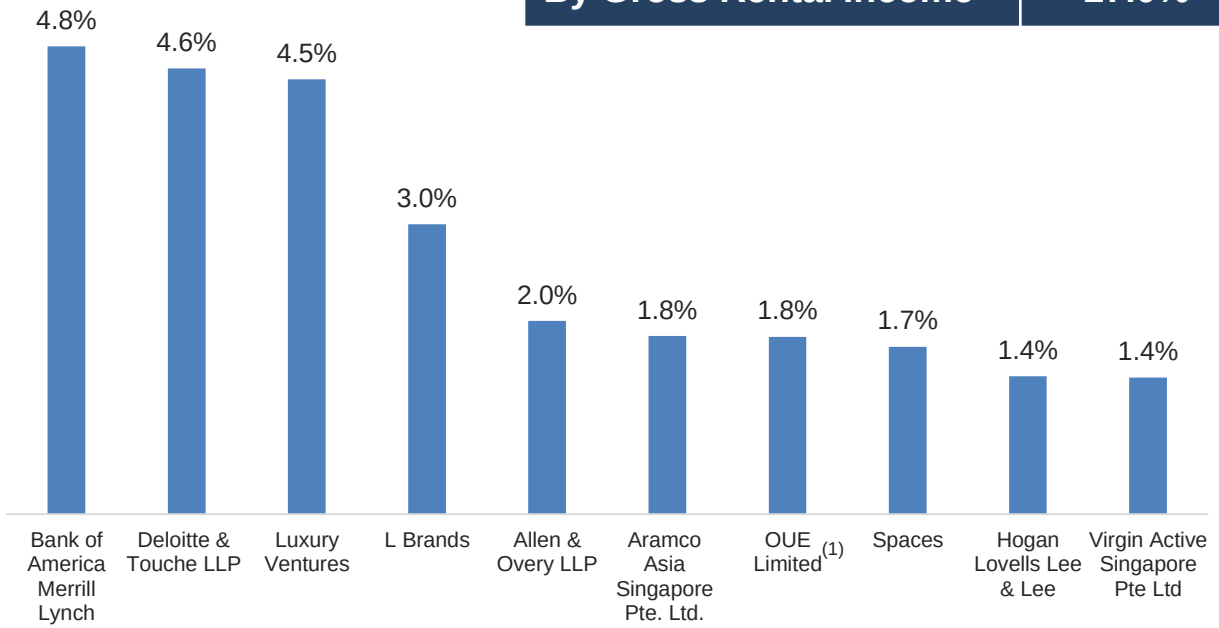
(1) Proforma average passing rents as at 30 September 2013 as disclosed in OUE C-REIT's Prospectus dated 17 January 2014

# Well-Diversified Commercial Segment Tenant Base




## Top 10 Tenants

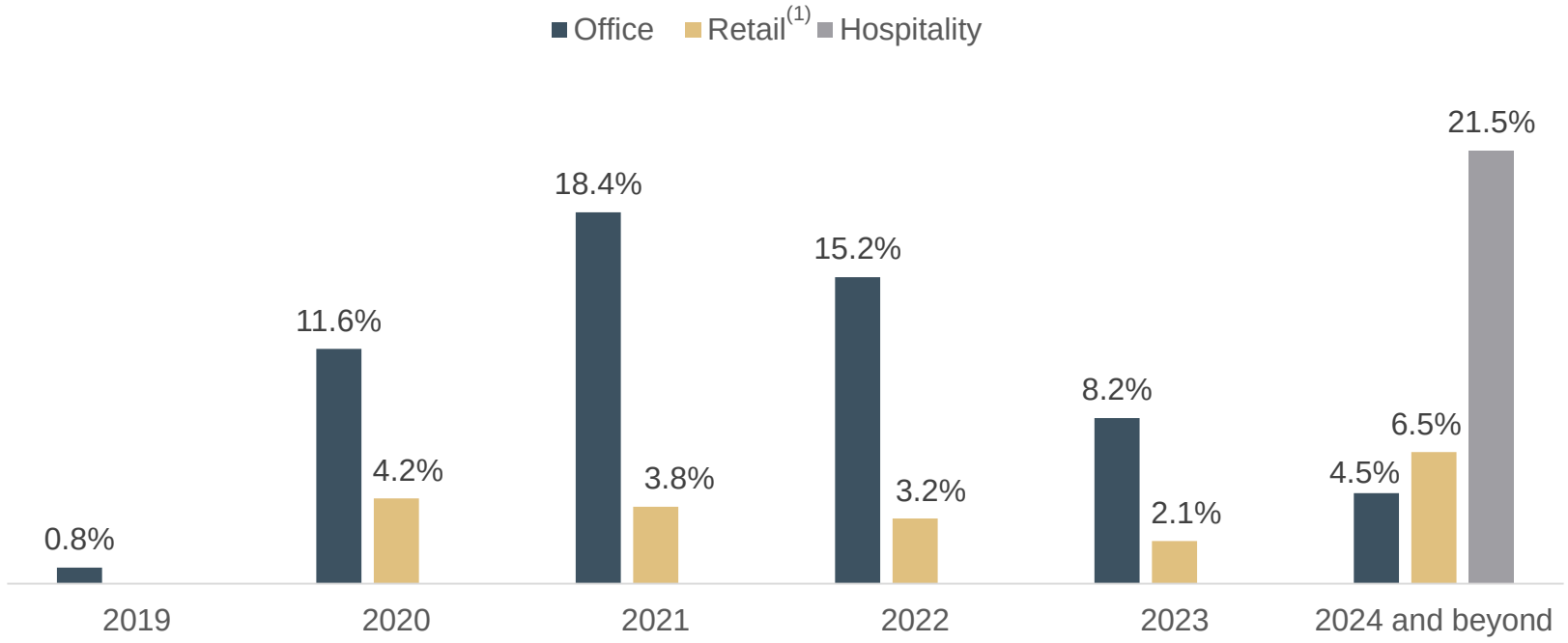
| By Gross Rental Income | 27.0% |
|---|---|




(1) Including the hotel master lease arrangements for Mandarin Orchard Singapore and Crowne Plaza Changi Airport, where OUE Limited is the master lessee, OUE Limited's contribution to the portfolio by gross rental income is 31.2%

*As at Dec 2019*

# Lease Expiry Profile - All Segments



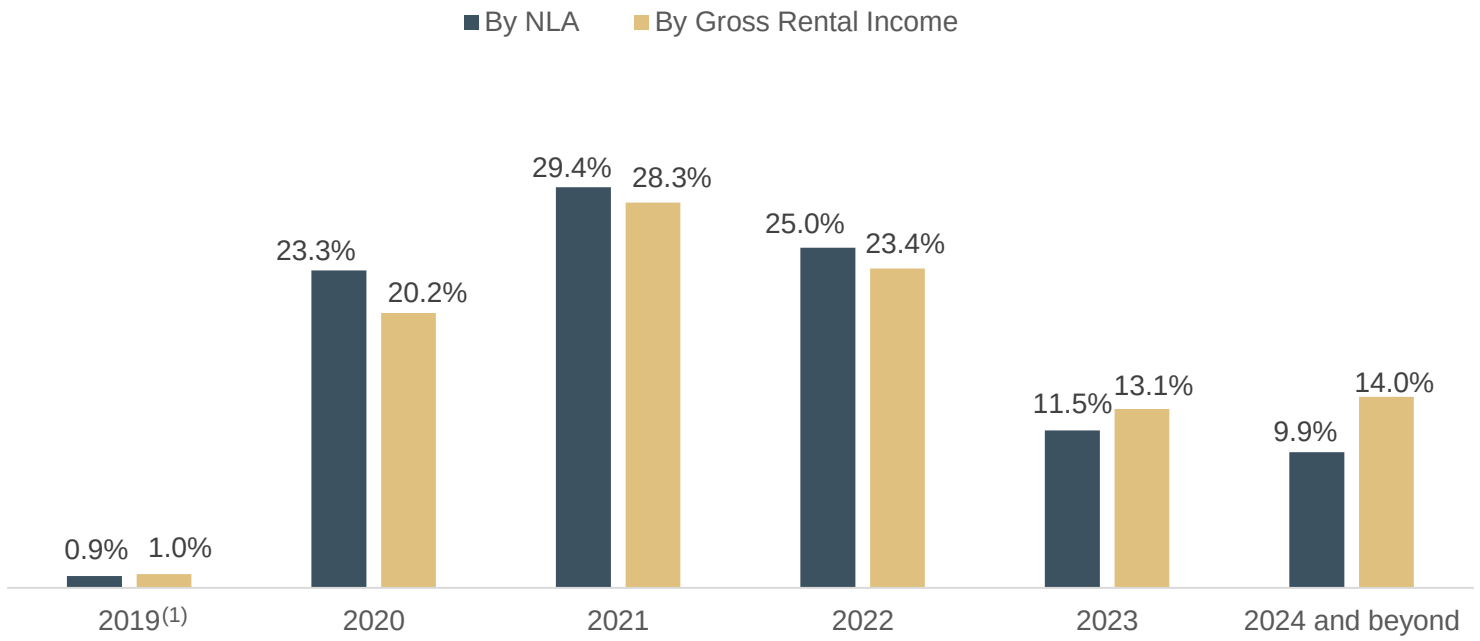

**WALE(2) of 3.6 years by Gross Rental Income**

*As at 31 Dec 2019*

Based on committed tenancies and excludes turnover rent
(1) Retail refers to Mandarin Gallery and all other retail components within the portfolio
(2) "WALE" refers to the weighted average lease term to expiry

# Lease Expiry Profile - Commercial Segment

20.2% of OUE C-REIT's commercial portfolio gross rental income is due for renewal in 2020, with a further 28.3% due in 2021




**WALE of 2.1 years by NLA(2) and 2.3 years by Gross Rental Income**

*As at 31 Dec 2019*

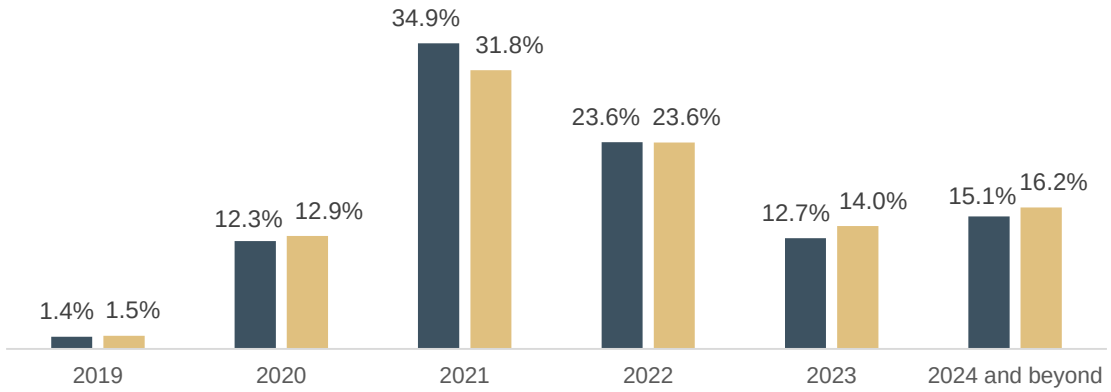
Based on committed tenancies and excludes turnover rent

(1) As at 31 December 2019, leases expiring on 31 December 2019 contributing 0.9% of commercial portfolio lettable area and 1.0% of commercial portfolio gross rental income had not been renewed

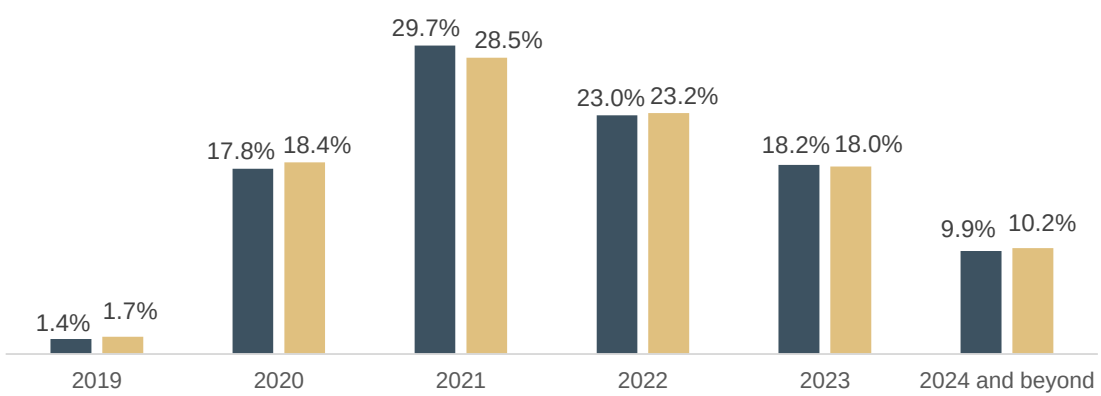
(2) "NLA" refers to net lettable area

# Lease Expiry Profile by Commercial Property

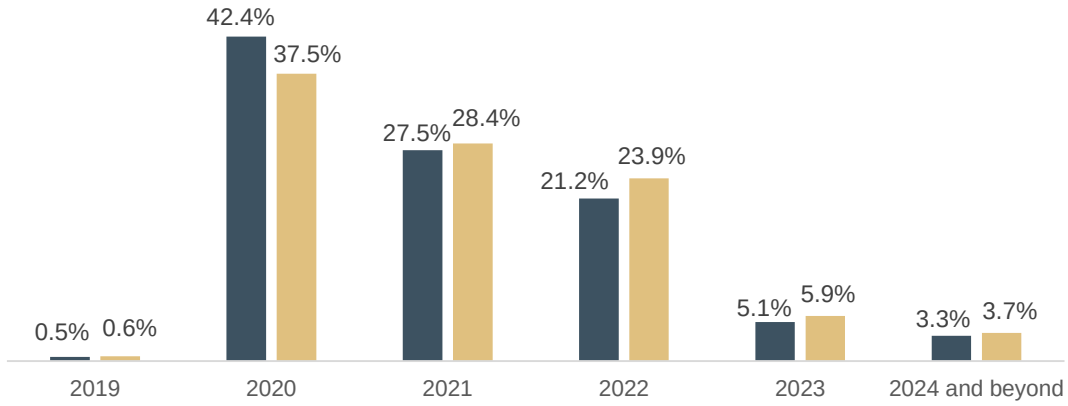
## OUE Bayfront
**WALE: 2.4 years (NLA); 2.5 Years (GRI)**



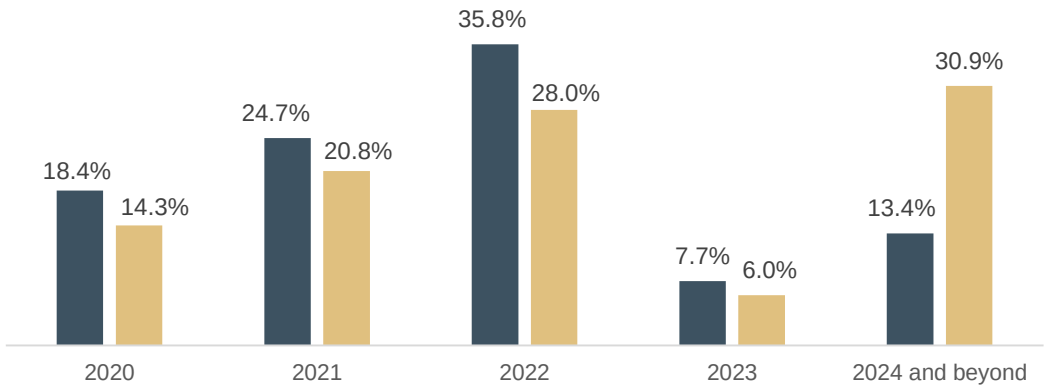

## One Raffles Place
**WALE: 2.2 years (NLA); 2.2 Years (GRI)**




## OUE Downtown Office
**WALE: 1.6 years (NLA); 1.7 years (GRI)**




## Lippo Plaza
**WALE: 2.5 years (NLA); 3.2 years (GRI)**

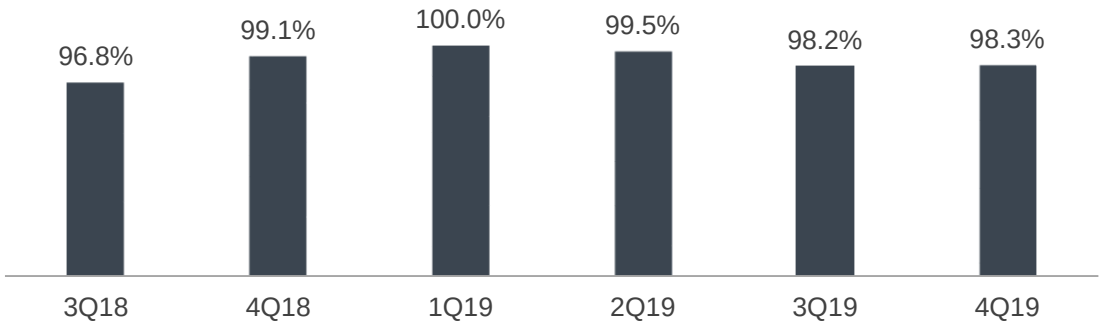



By NLA  By Gross Rental Income

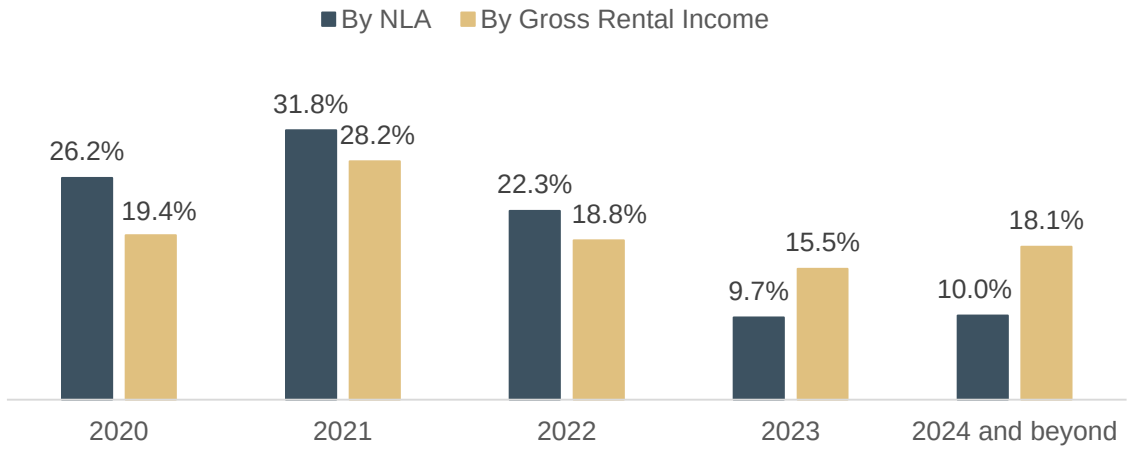
*As at 31 Dec 2019*

# Mandarin Gallery – Stable Performance

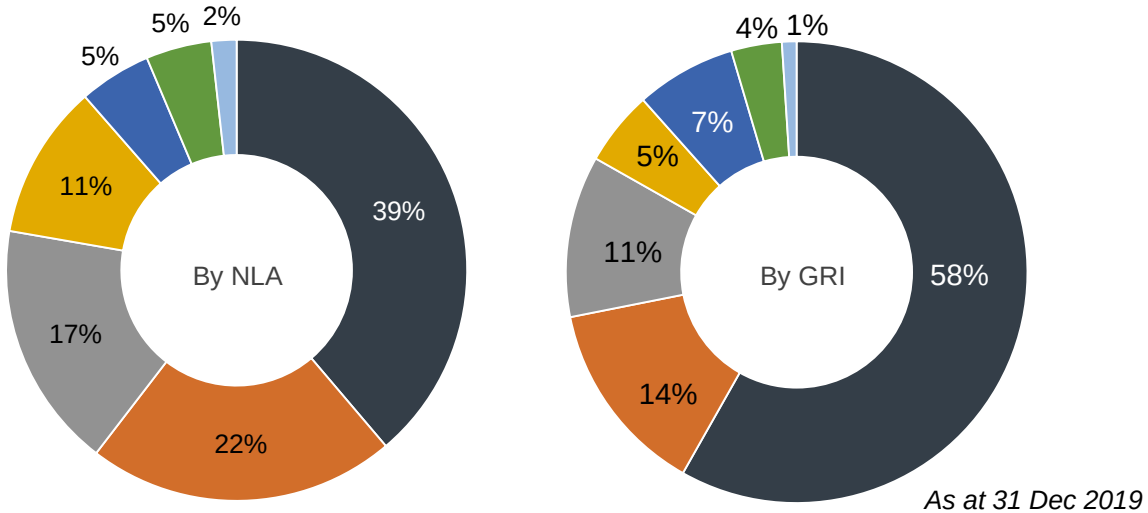
## Committed Occupancy[1]




## WALE: 2.2 years (NLA); 2.8 Years (GRI[2])




## Differentiated Tenant Mix




VICTORIA'S SECRET · BOSS HUGO BOSS · BIMBA Y LOLA · béni · Y-3 · MaxMara · MICHAEL KORS · RIMOWA · THE PROVIDORE · WILD HONEY · LAWRY'S THE PRIME RIB Singapore

(1) Excludes pop-up stores
(2) Based on committed tenancies and excludes turnover rent

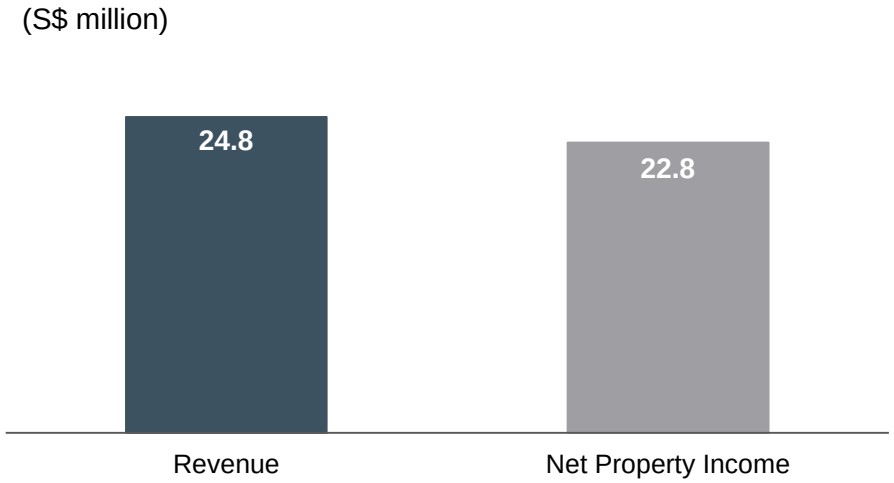
*As at 31 Dec 2019*

# Hospitality Segment

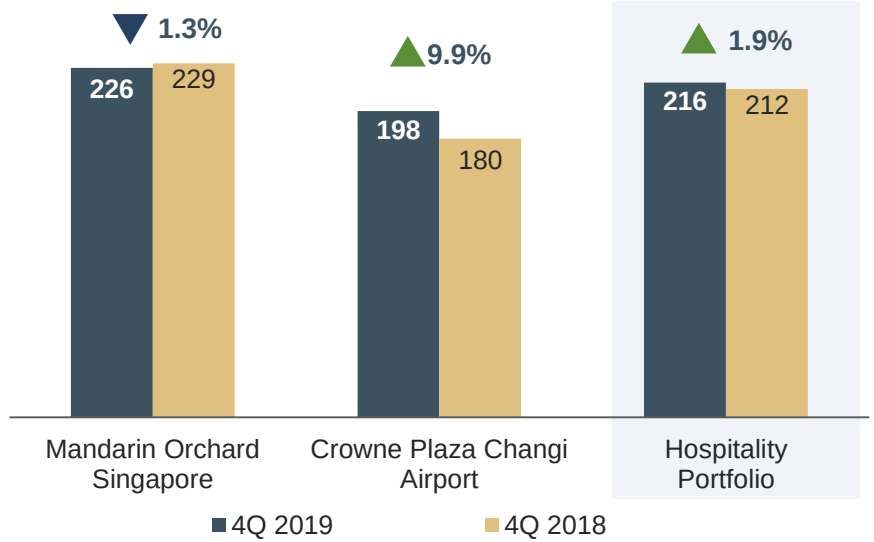


# Hospitality Segment Performance
# 4Q 2019

## 4Q 2019



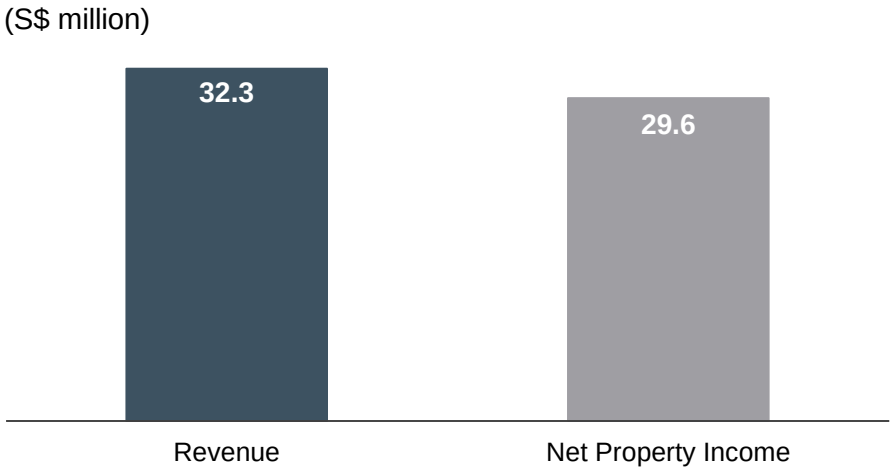

## 4Q 2019 RevPAR (S$)



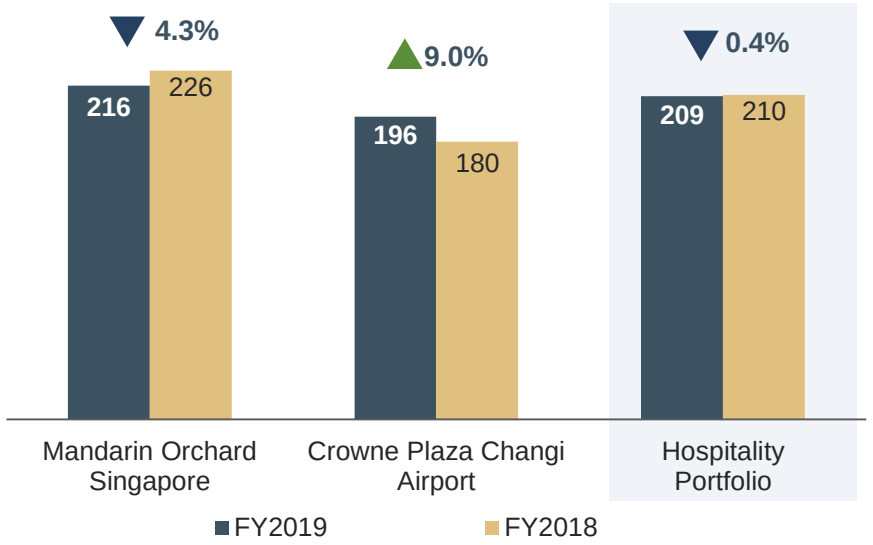

- Hospitality Portfolio RevPAR improved by 1.9% to S$216 on the back of higher room rates and stronger demand at Crowne Plaza Changi Airport. This was supported by increased tourist arrivals and strong line-up of major events during the quarter on the back of a benign supply environment
- Crowne Plaza Changi Airport continued to improve its operating performance and achieved a 9.9% increase in RevPAR of S$198 for 4Q 2019, on the back of higher room rates and increased demand from the corporate and wholesale segments
- Mandarin Orchard Singapore maintained a relatively stable operating performance on the stronger demand amidst a competitive trading environment and achieved a RevPAR of S$226 for 4Q 2019

# Hospitality Segment Performance FY2019

## For the period 4 Sep – 31 Dec 2019




## FY2019 RevPAR (S$)

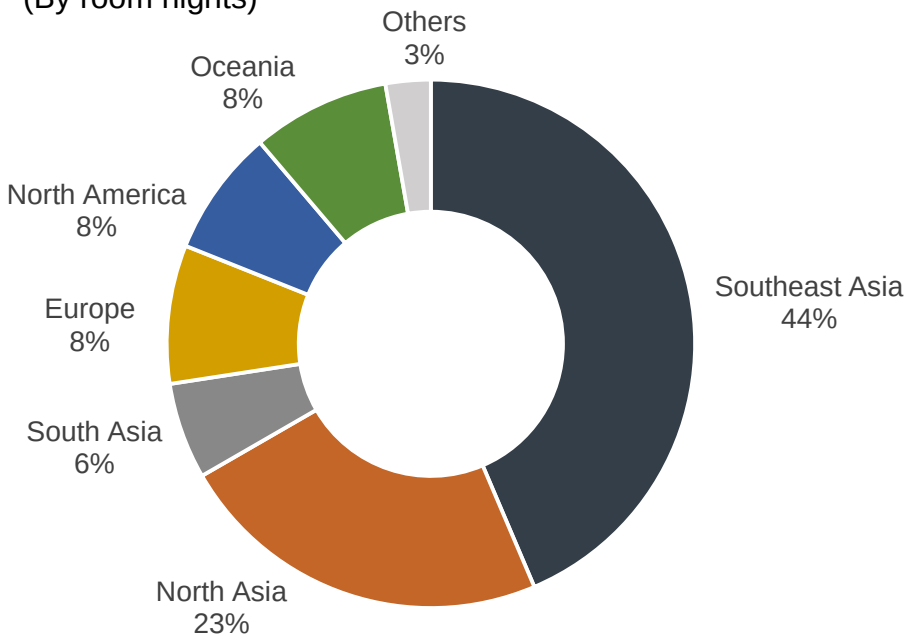



- Contribution from the hospitality portfolio for FY2019 is from the merger effective date of 4 September 2019 to 31 December 2019
- Hospitality Portfolio RevPAR maintained a relatively stable performance with a slight decline of 0.4% in RevPAR to S$209 despite the absence of certain large-scale biennial events in the first half of the year
- Crowne Plaza Changi Airport achieved a 9.0% YoY increase in RevPAR of S$196 for FY2019, with improved operating performance driven by increased demand from corporate and wholesale segments. For FY2019, Crowne Plaza Changi Airport surpassed its minimum rent of S$22.5 million per annum
- Mandarin Orchard Singapore registered a 4.3% decline in RevPAR to S$216 on lower room rates due to continued downward pressure in the trading environment despite higher demand in the wholesale segment

# Hospitality Segment Customer Profile

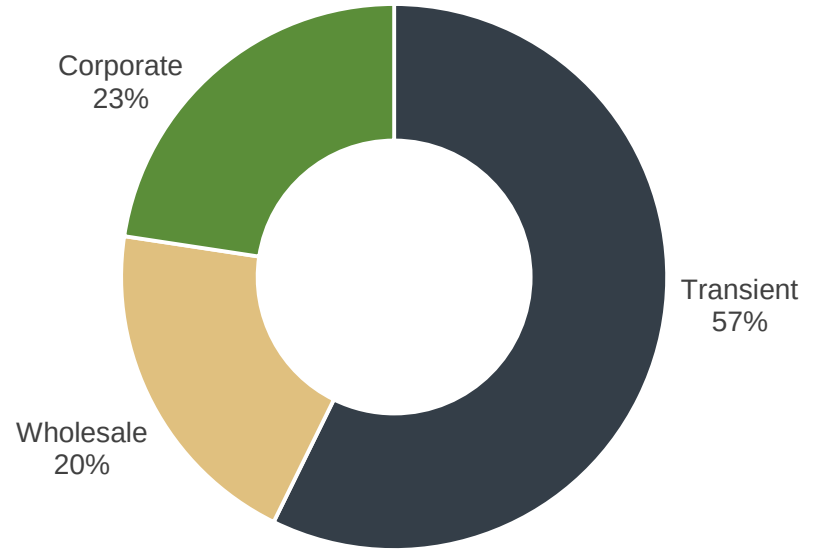
## Customer Profile – By Geography

4Q 2019
(By room nights)




## Customer Profile – By Segment

4Q 2019
(By room revenue)




Notes:
Excludes aircrew and delays
"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

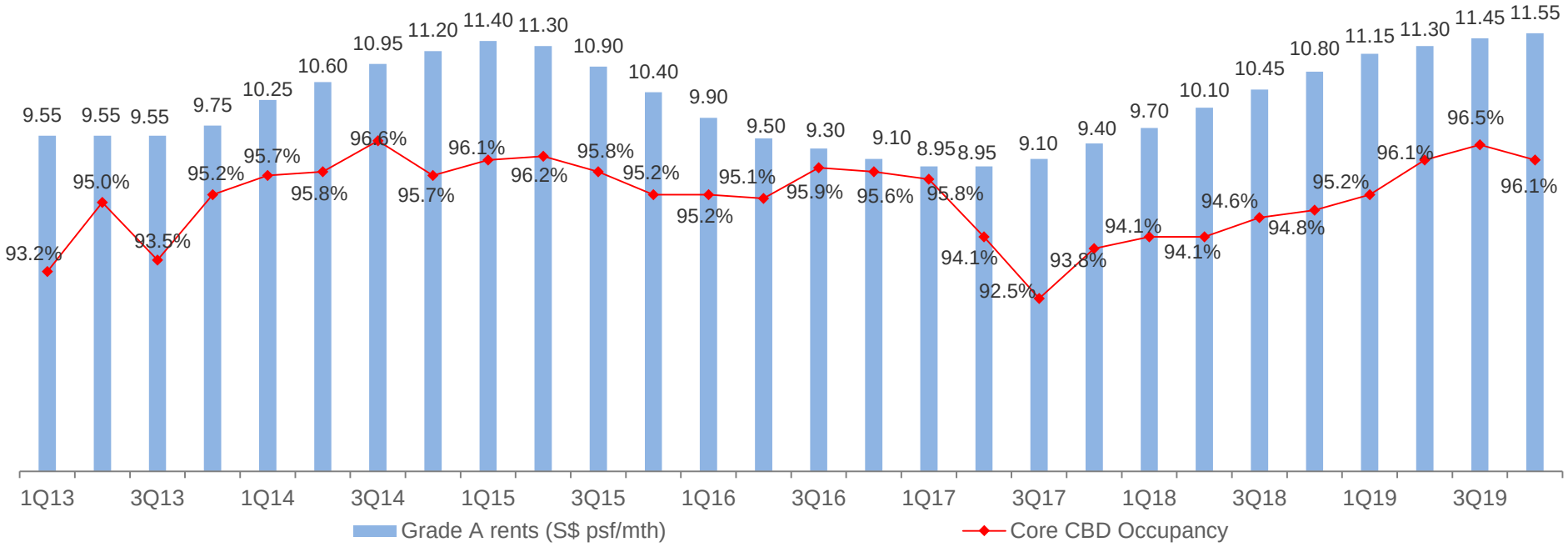



# Appendices

- Singapore Office Market
- Shanghai Office Market
- Singapore Hospitality Market
- Singapore Hotel Master Lease Arrangements

# Singapore Office Market

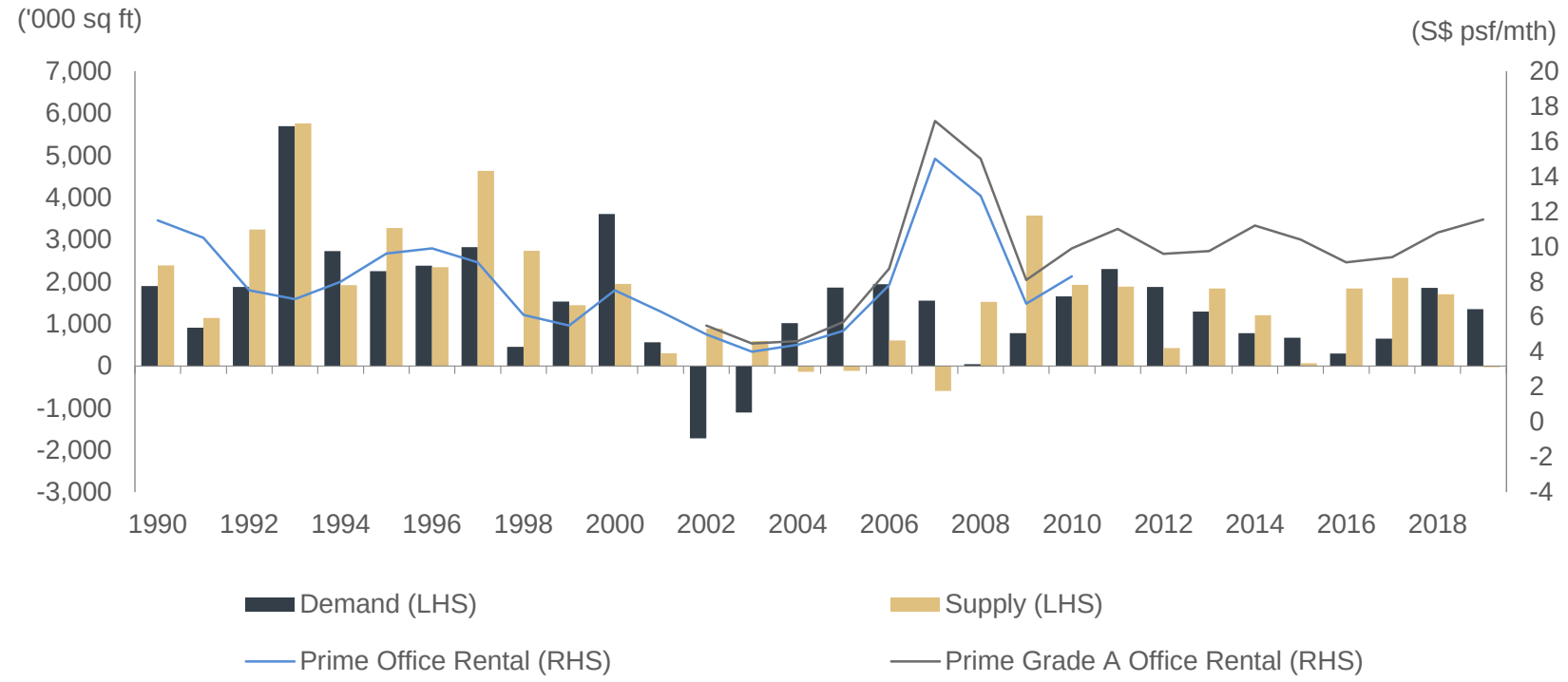
- Core CBD Grade A occupancy edged down 0.4 percentage points ("ppt") QoQ to 96.1% in 4Q 2019, while core CBD Grade A office rents edged up 0.9% QoQ to S$11.55 psf/mth, marking the tenth consecutive quarter of growth since the trough in 2Q 2017 and a cumulative increase of 29.1%
- Demand was driven mainly by flexible workspace operators and the technology sector, with growth expected to continue to ease. With limited new Grade A office supply in the medium-term, CBD Grade A office rents are expected to remain stable




Source: CBRE

# Singapore Office
# Demand and Supply vs Office Rental

## Island-wide Office Demand, Supply and Office Rents

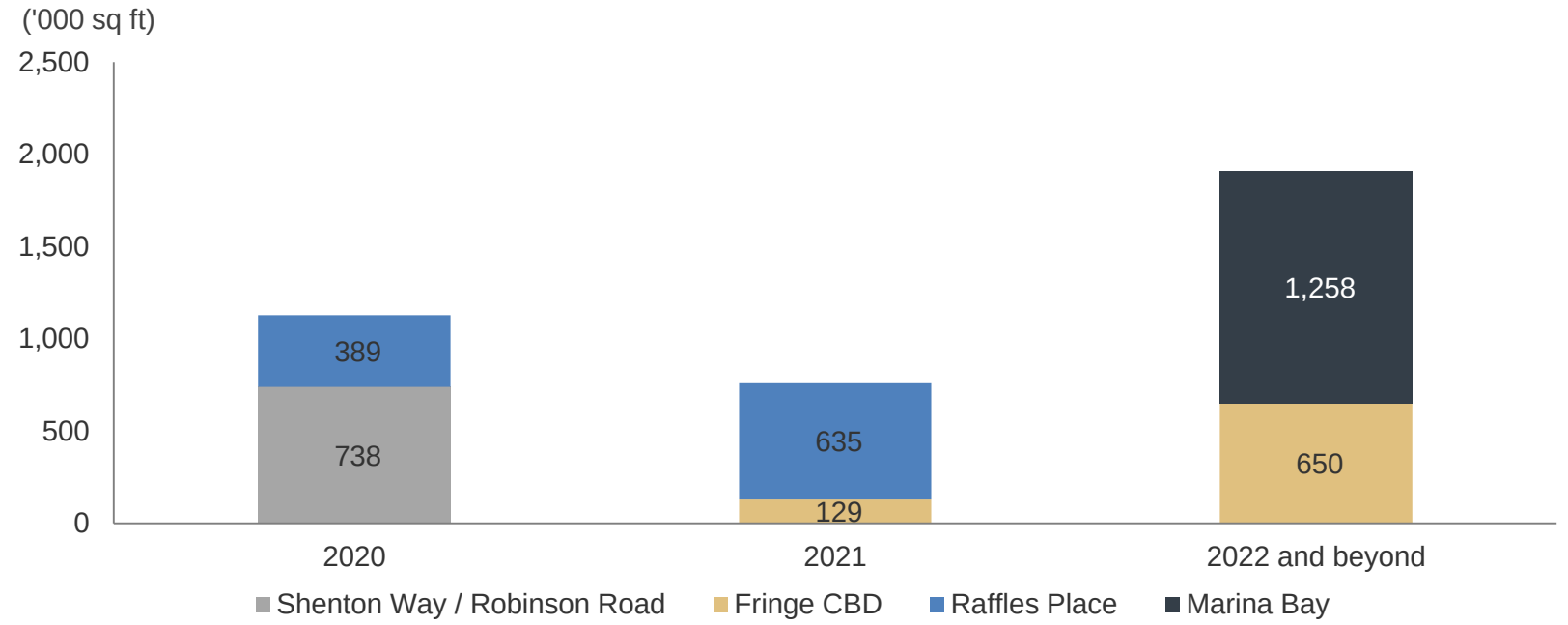



Source: URA statistics, CBRE Research
2Q 2011 was the last period where CBRE provided Prime Office Rental data. Prime Grade A office rental data not available prior to 1Q 2002

# Singapore Office
# Known Supply Pipeline

Benign office supply outlook for the Singapore core CBD over next 2 years

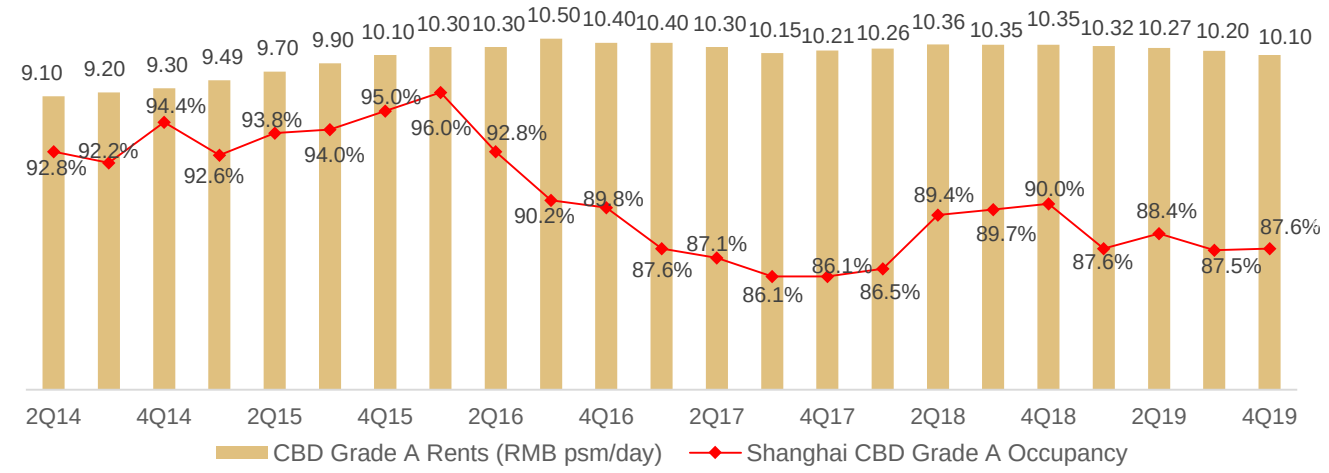
## Office Supply Pipeline in Singapore (CBD and Fringe of CBD)



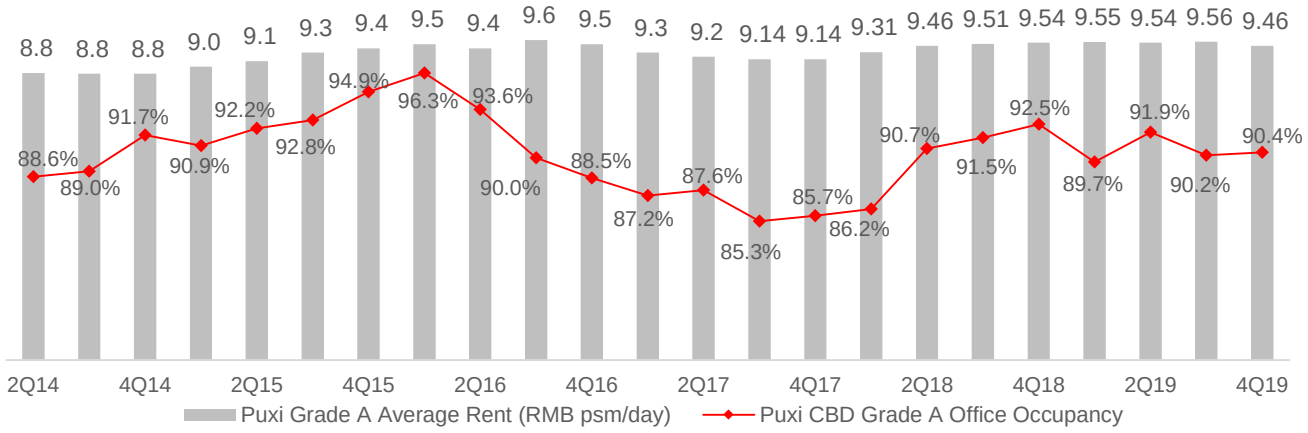

Note: Excluding strata-titled office
Source: CBRE Research

# Shanghai Office Market

## Shanghai




## Puxi

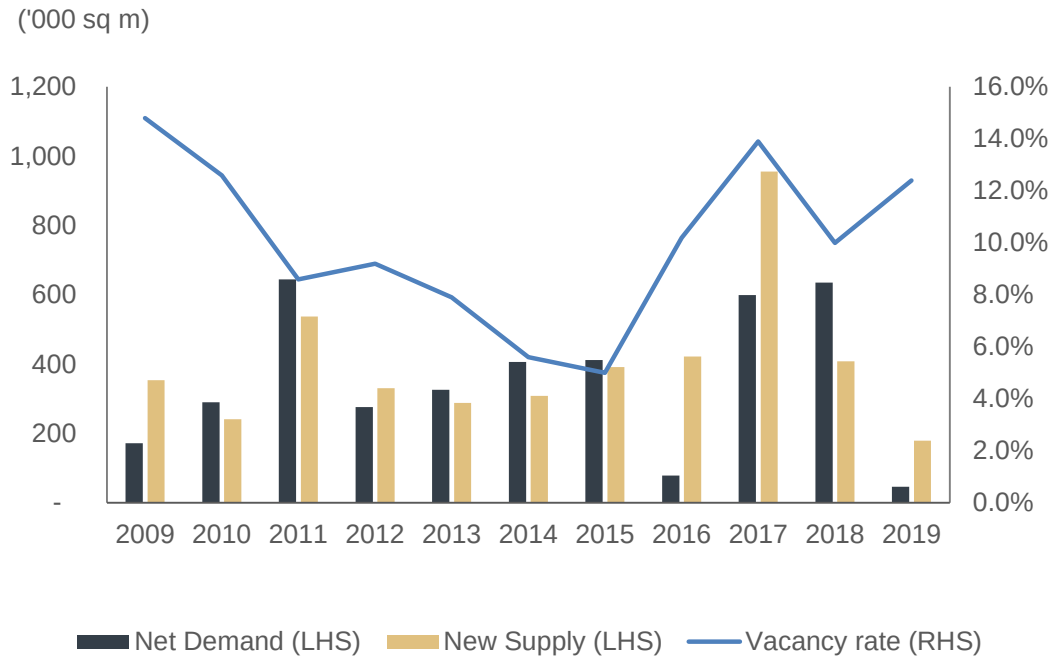



- Shanghai CBD Grade A office occupancy was 87.6% as at 4Q 2019, similar to the 87.5% recorded in the previous quarter, while rents moderated 1.2% QoQ to RMB10.10 psm/day. Puxi Grade A office occupancy rose 0.2 ppt QoQ to 90.4% as at 4Q 2019, while rents softened 1.0% QoQ to RMB9.46 psm/day
- Leasing demand is expected to continue to intensify with the peaking of office supply in 2020. Compounded by competition from decentralised markets, rental outlook is expected to be subdued in the near-term. As supply eases after 2021, stable demand is expected to underpin steady rental growth

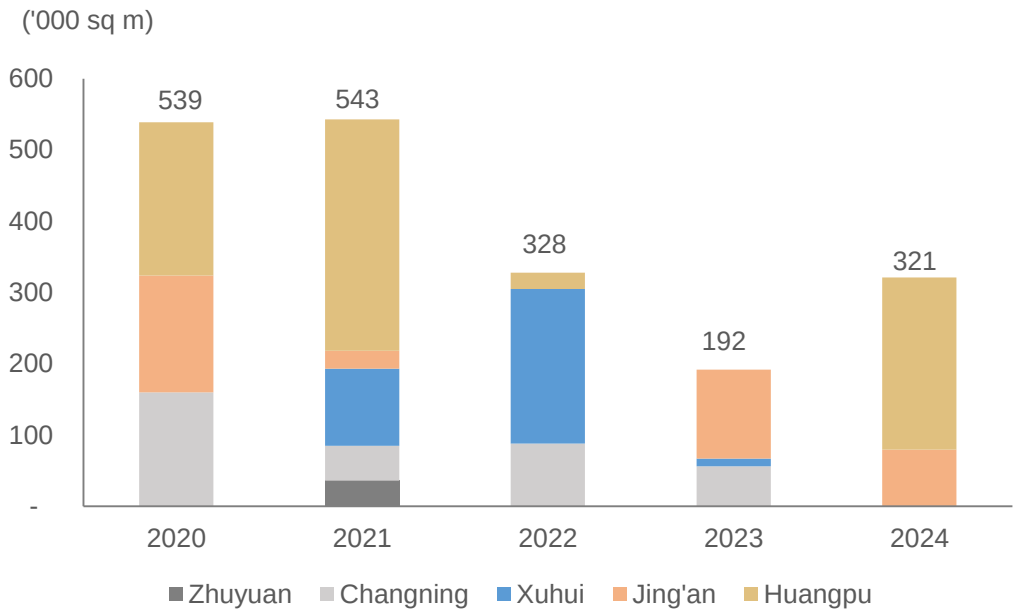
Source: Colliers International

# Shanghai CBD
# Demand, Supply and Vacancy

## Grade A Net Absorption, New Supply and Vacancy Rate




## Office Supply Pipeline in Shanghai CBD

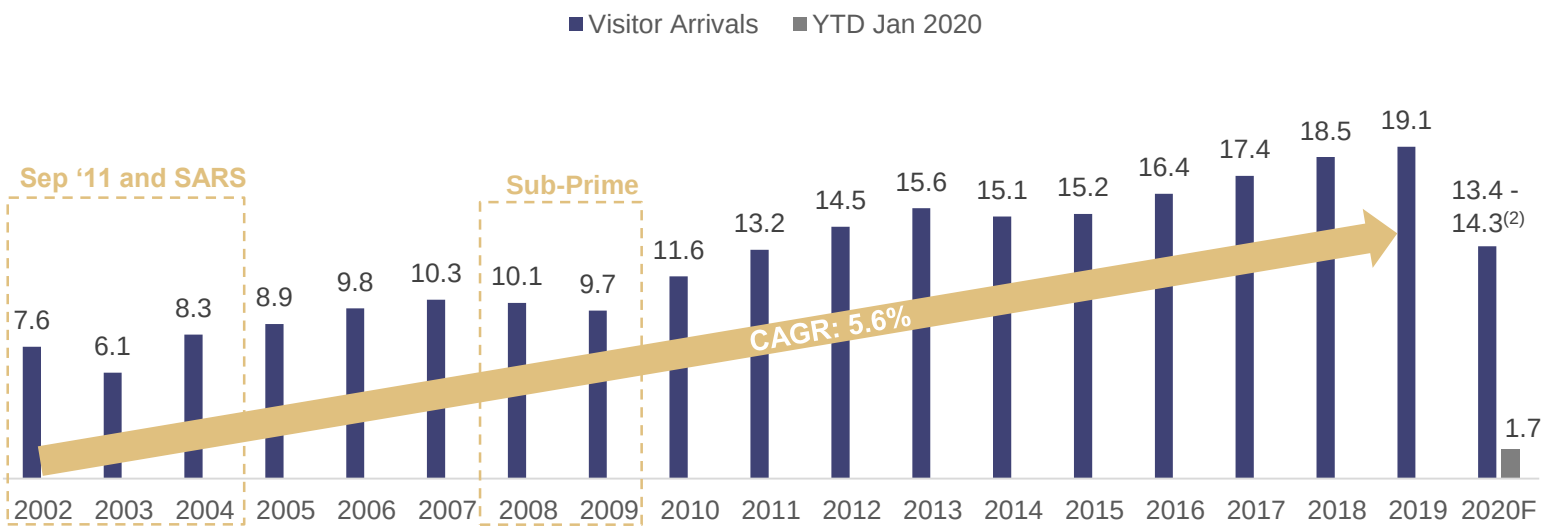



- Shanghai CBD Grade A office supply expected to abate after 2021

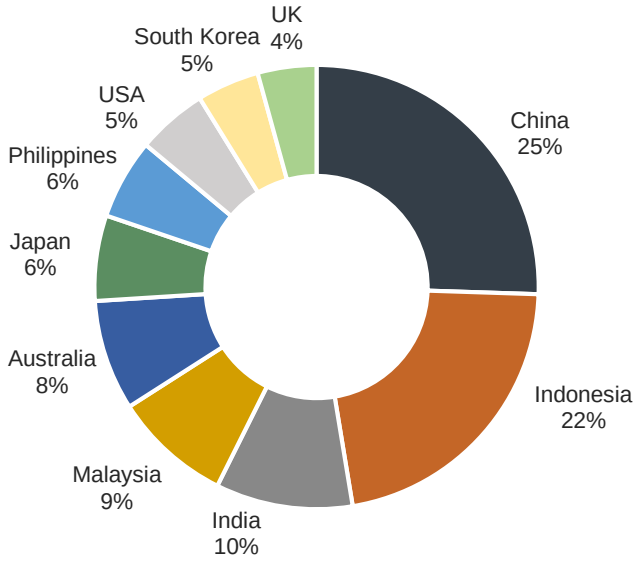
Source: Colliers International

# Visitor Arrivals Grew 3.3% To A Record 19.1 million in 2019

## Visitor Arrivals in Singapore (million)[1]

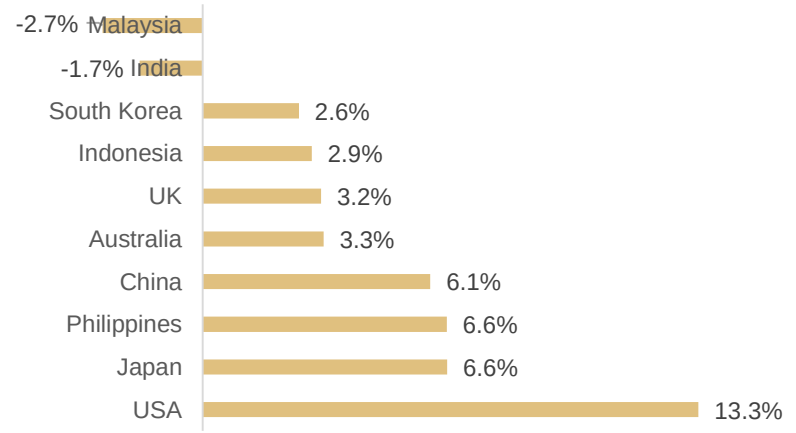



## Top 10 Visitor Arrivals By Country (2019)




- Visitor arrivals grew 3.3% YoY to 19.1 million in 2019[3], with growth in eight out of the top ten source markets
- For January 2020, visitor arrivals grew 3.9% YoY to 1.7 million with growth from top source markets of China, Indonesia, and Australia. Visitor days rose 6.1% YoY, translating to average length of stay of 3.5 days[1]
- For 2020, as a result of lower travel confidence globally due to the COVID-19 outbreak, visitor arrivals are expected to fall by 25% to 30%[2]

## Top 10 Inbound Markets YoY Change (2019)




Source: Singapore Tourism Board

(1) Singapore Tourism Board, International Visitor Arrivals Statistics, 2 March 2020
(2) Singapore Tourism Board, STB Rallies Tourism Sector To Face Biggest Challenge Since SARS, 11 February 2020
(3) Singapore Tourism Board, International Visitor Arrivals Statistics, 5 February 2020

# Singapore – Investment in Tourism

## Upcoming Attractions and Developments


Rejuvenation of Orchard Road


Rejuvenation and Expansion of Mandai Precinct (~2020)



Sentosa Redevelopment (~2030)
Merlion Gateway (2021 )


Greater Southern Waterfront (~2027): housing, commercial and entertainment uses



Expansion of Marina Bay Sands to include a 15,000-seat arena, a luxury hotel tower and additional MICE space


Resorts World Sentosa's expansion includes new attractions, hotels and lifestyle offerings


Jurong Lake District developmental project (~2026)

## Tourism Investment

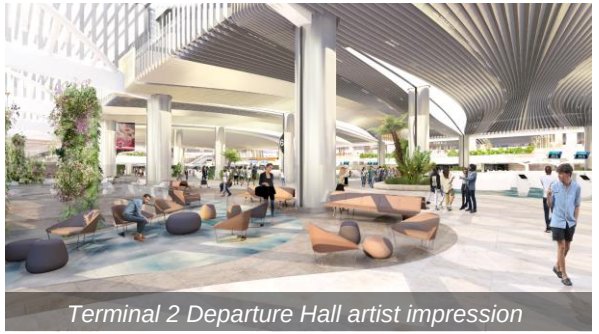
- ✓ **Greater Flight Connectivity**
  New and increased flights to key markets of China, India, Japan and USA
- ✓ **Partnerships to drive visitor arrivals**
  STB, CAG and Royal Caribbean collaborated on a new multimillion-dollar five-year tripartite marketing partnership to promote fly-cruises. The collaboration is expected to bring some 623,000 international fly-cruise visitors to Singapore and generate over S$430 million in tourism receipts between end-2019 and 2024
- ✓ **Singapore is Qantas' largest hub outside Australia,** with the opening of Qantas first ever First Lounge in Asia at Changi Airport Terminal 1 in November 2019

*Source: Singapore Tourism Board, Changi Airport Group and Singapore Airlines Media Releases*

## Strong Leisure and Events Calendar

## Enhanced Aviation Facilities at Changi Airport

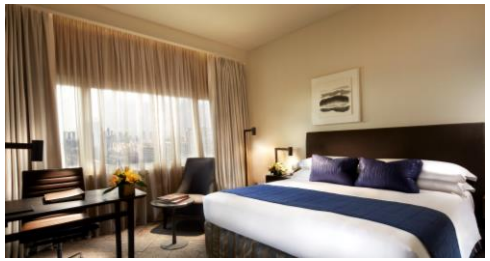
- ✓ **Terminal 2 commenced four-year expansion and upgrading of facilities in Jan 2020,** adding 15,500 sq m to the terminal building and increasing Changi Airport's capacity by 5 million passengers per annum when completed(1)
- ✓ **Passenger traffic** at Changi Airport **grew 4.0**% YoY to 68.3 million in 2018(2) and recorded **5.2% YoY increase** for Jan 2020 of 5.95 million passenger movements(3)
- ✓ **Opening of Terminal 5 by ~2030** will increase capacity to up to 150 million passengers per annum(4)


Terminal 2 Departure Hall artist impression

(1) Changi Airport Group, Changi Airport begins Terminal 2 expansion works to increase capacity and enhance passenger experience, 16 January 2020
(2) Changi Airport Group, Changi Airport handled 68.3 million passengers in 2019, 31 January 2020
(3) Changi Airport Group, Operating Indicators for January 2020, 25 February 2020
(4) Changi Airport Group Annual Report FY2017/18

*Information & Image Sources: Websites of Changi Airport Group, Mandai Project, Sentosa Development Corporation, Singapore Tourism Board, Women's Tennis Association, International Rugby Board, F1, International Champions Cup Singapore, Las Vegas Sands, Resorts World Sentosa, Singapore Art Week, Singapore Food Festival, Ultra Singapore and The World's 50 Best Restaurants.*

# 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:<br>*(i) 33.0% of MOS GOR(1) ; and*<br>*(ii) 27.5% of MOS GOP(2);*<br>subject to minimum rent of S$45.0 million(3) | Variable Rent Comprising Sum of:<br>*(i) 4% of Hotel F&B Revenues;*<br>*(ii) 33% of Hotel Rooms and Other Revenues not related to F&B;*<br>*(iii) 30% Hotel GOP; and*<br>*(iv) 80% of Gross Rental Income from leased space;*<br>subject to minimum rent of S$22.5 million(3) |
| Master Lessee | ▪ OUE Limited | ▪ OUE Airport Hotel Pte. Ltd. (OUEAH) |
| Tenure | ▪ First term of 15 years to expire in July 2028<br>▪ Option to renew for an additional 15 years on the same terms and conditions | ▪ First term of Master Lease to expire in May 2028<br>▪ Option to renew for an additional two consecutive 5-year terms |
| | **FF&E Reserve** | **Capital Replacement Contribution** |
| | ▪ 3% of GOR | ▪ Aligned with hotel management agreement between OUEAH and IHG<br>▪ Generally at 3% of GOR |

(1) GOR: Gross operating revenue
(2) GOP: 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

OUE COMMERCIAL REIT



# Thank You