



COMMERCIAL  
REIT



# Financial Results for 1H 2022

25 July 2022

# Important Notice

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



# Agenda

- 1H 2022 At A Glance
- Financial Summary & Capital Management
- Commercial Segment
- Hospitality Segment
- Looking Ahead
- Appendices

# 1H 2022 At A Glance



## Financial Performance

- 1H 2022 amount to be distributed was S\$59.5 million, translating to DPU of 1.08 cents
- Office segment remains the main revenue contributor at 56.0% in 2Q 2022
- Stable NAV per Unit of S\$0.57 as at 30 June 2022



## Asset Management

- Singapore office properties committed occupancy improved 2.1 ppt QoQ to 92.9% as at 30 June 2022 with average passing rents remaining stable
- Mandarin Gallery committed occupancy increased 1.6 ppt QoQ to 90.3% with shopper traffic and sales recovering to approximately 90% and 85% of pre-COVID levels, respectively, in 2Q 2022
- Hospitality segment RevPAR doubled to S\$226 QoQ in 2Q 2022 on the back of Hilton Singapore Orchard's RevPAR tripling QoQ to S\$302 and increased tourist demand



## Capital Management

- In May 2022, issued Singapore's first S\$150 million bond with a coupon step-down of 25 basis points upon OUE C-REIT obtaining an investment grade within 18 months of issuance date
- Stable aggregate leverage of 39.1% with average cost of debt of 3.1% p.a. as at 30 June 2022
- 76.3% of total debt is hedged into fixed rates, mitigating rising interest rate risk

# Financial Summary & Capital Management



# 1H 2022 Financial Performance

	1H 2022 (S\$m)	1H 2021 (S\$m)	YoY Change (%)
<b>Revenue</b>	<b>115.8</b>	133.5	(13.3)
<b>Net Property Income</b>	<b>93.6</b>	109.0	(14.2)
<b>Share of Joint Venture Results</b>	<b>8.3</b>	4.1	NM
<b>Amount to be Distributed<sup>(1)</sup></b>	<b>59.5</b>	67.2	(11.4)
<b>Distribution per Unit (cents)</b>	<b>1.08</b>	1.23	(12.2)

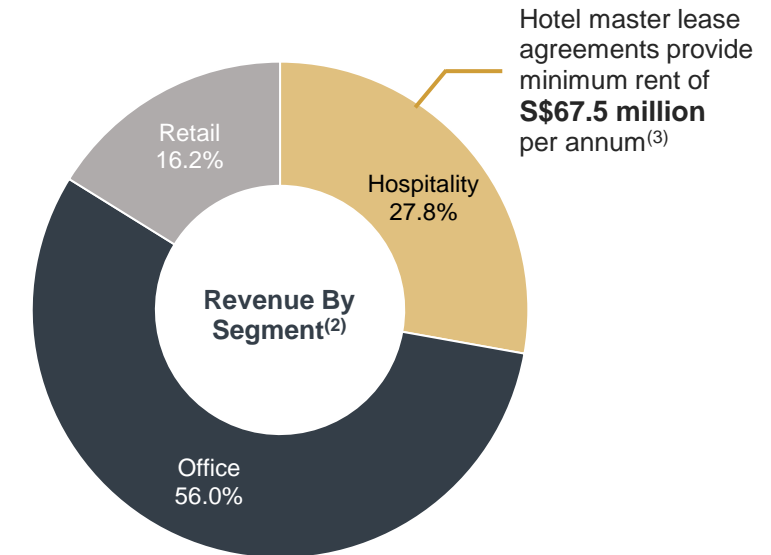
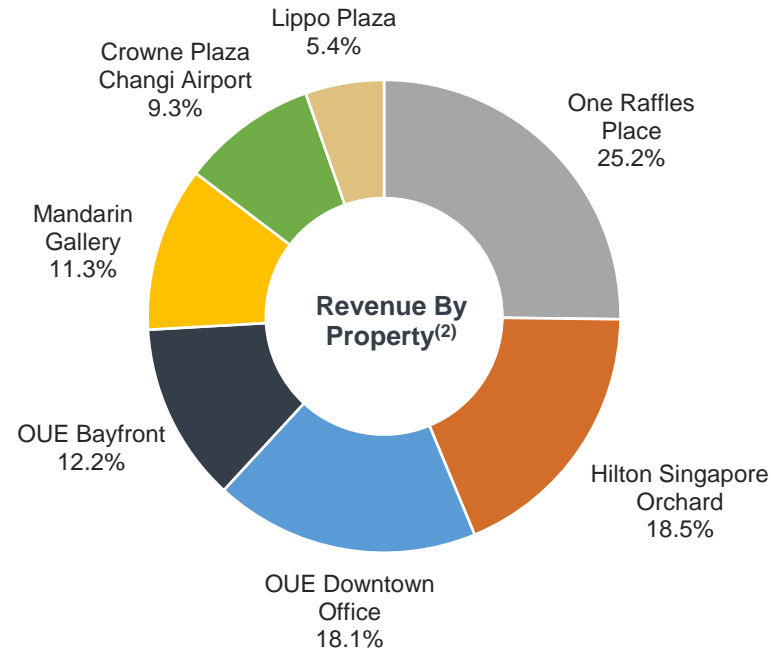
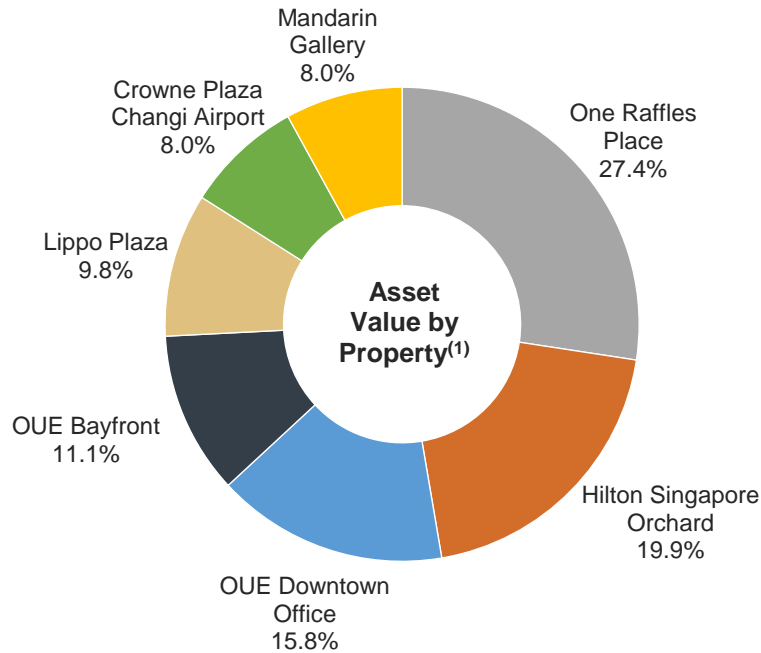
- Net property income of S\$93.6 million was 14.2% lower YoY mainly due to deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021, partially offset by lower property expenses and rental rebates
- Including the drawdown of OUE Downtown Office income support, share of joint venture results from OUE Bayfront and lower interest expense, amount to be distributed was S\$59.5 million, 11.4% lower YoY. This translates to a DPU of 1.08 cents

# Distribution Details

## Payment of distribution for the period from 1 January 2022 to 30 June 2022

<b>Distribution Period</b>	1 January 2022 to 30 June 2022
<b>Distribution Per Unit</b>	1.08 cents per Unit comprising: <ul style="list-style-type: none"><li>i. Taxable income distribution of 0.84 cents per Unit</li><li>ii. Tax exempt income distribution of 0.19 cents per Unit</li><li>iii. Capital distribution of 0.05 cents per Unit</li></ul>
<b>Notice of Book Closure Date</b>	25 July 2022
<b>Book Closure Date</b>	2 August 2022
<b>Distribution Payment Date</b>	6 September 2022

# Portfolio Composition



■ 90% of assets under management in Singapore

■ No single asset contributes more than 25.2% to the portfolio revenue

■ 56.0% of portfolio contribution is underpinned by the office segment

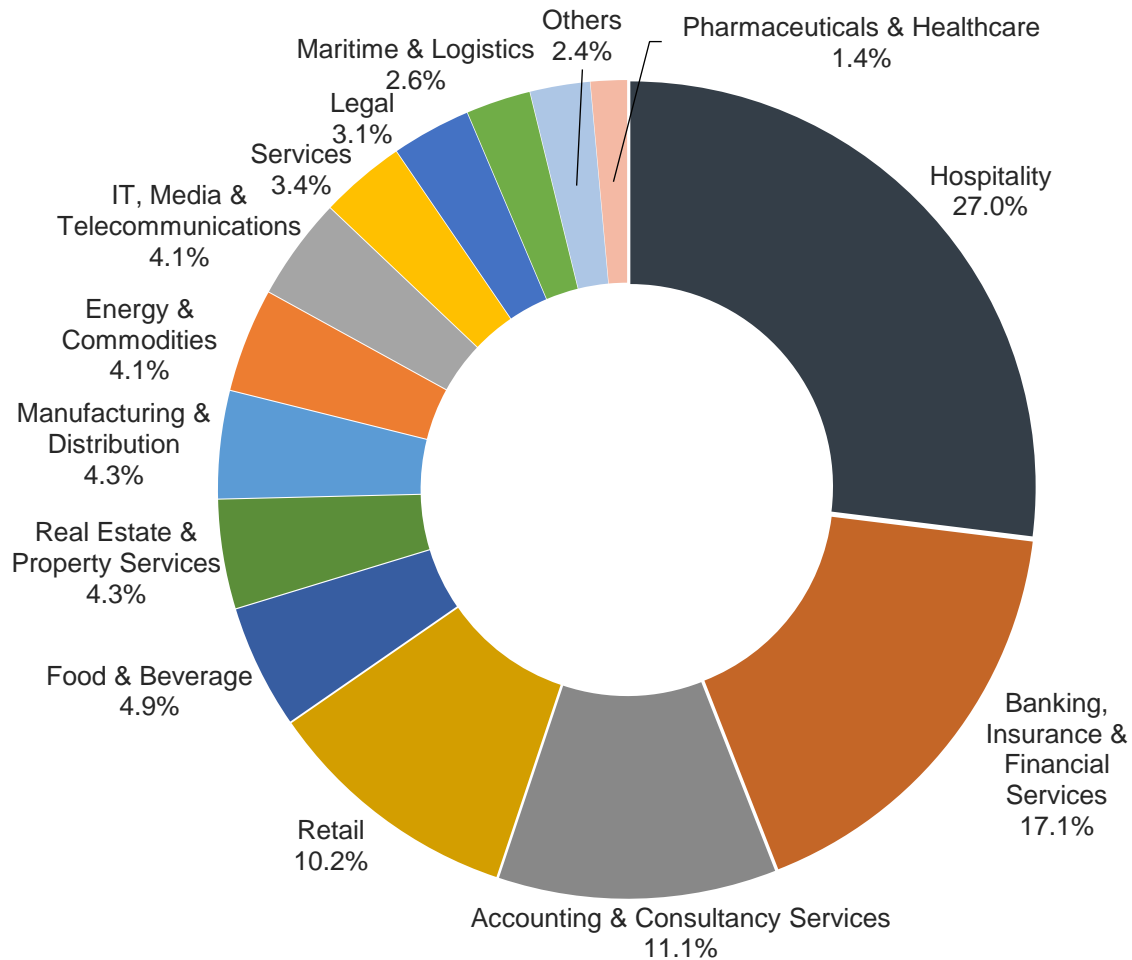
(1) Based on independent valuations as at 31 December 2021 and OUE C-REIT's proportionate interest in the respective properties as at 31 December 2021, assuming SGD:CNY exchange rate of 1:4.824 as at 30 June 2022

(2) Based on 2Q 2022 revenue and OUE C-REIT's proportionate interest in the respective properties

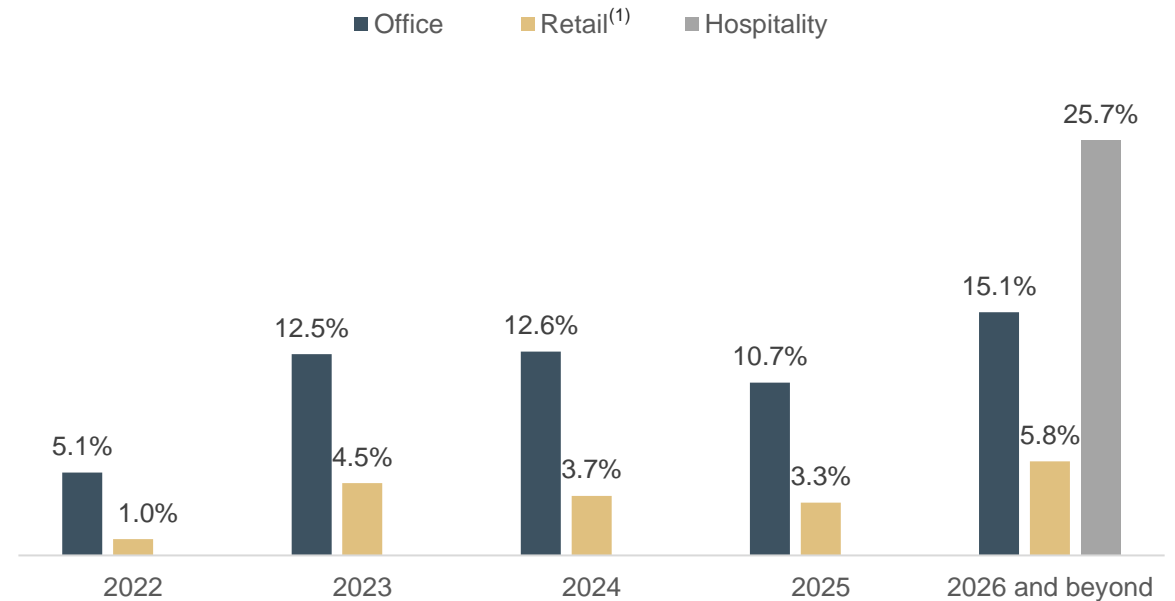
(3) Hilton Singapore Orchard and Crowne Plaza Changi Airport's master lease agreements are subject to a minimum rent of S\$45.0 million and S\$22.5 million per annum respectively, totaling S\$67.5 million per annum



# Tenant Base and Portfolio Lease Expiry Profile



As of Jun 2022



**WALE<sup>(2)</sup> of 3.4 years by Gross Rental Income**

As at 30 Jun 2022

Note: Tenant by trade sector and lease expiry profile is based on gross rental income (excluding provision of rental rebates and turnover rent), and OUE C-REIT's proportionate interest in the respective properties

(1) Refers to contribution from Mandarin Gallery and all other retail components within OUE C-REIT's portfolio

(2) "WALE" refers to the weighted average lease term to expiry.

# Balance Sheet

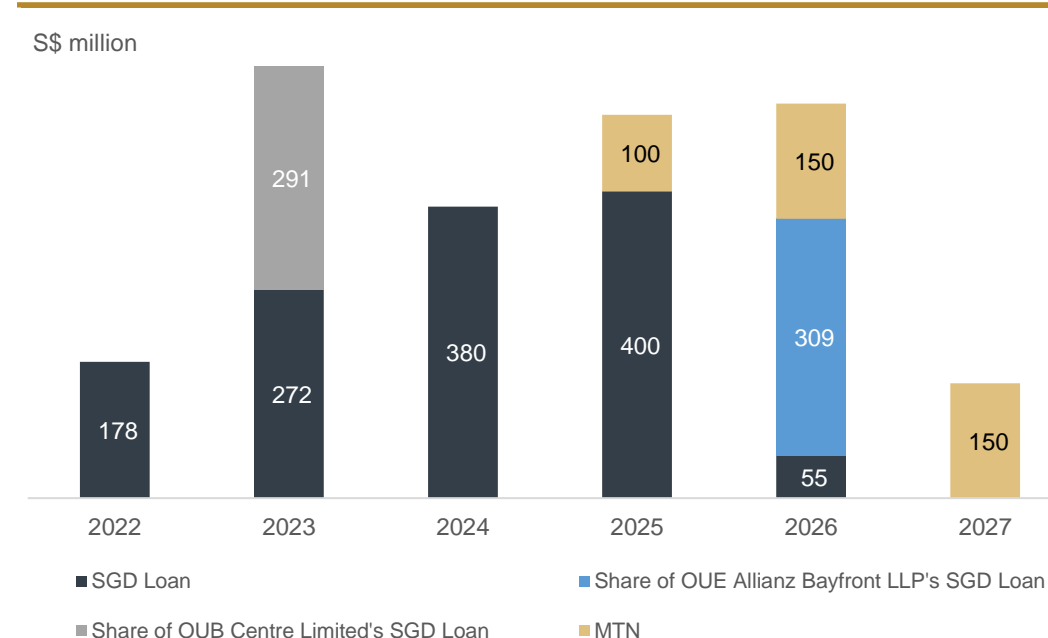
<b>S\$ million</b>	<b>As at 30 Jun 2022</b>	<b>As at 31 Dec 2021</b>
<b>Investment Properties</b>	5,413.1	5,409.7
<b>Total Assets</b>	5,844.7	5,832.5
<b>Borrowings</b>	2,016.4	1,985.4
<b>Total Liabilities</b>	2,259.2	2,244.0
<b>Net Assets Attributable to Unitholders</b>	3,127.4	3,128.0
<b>Units in Issue and to be Issued ('000)</b>	5,459,367	5,449,685
<b>NAV per Unit (S\$)</b>	0.57	0.57

# Capital Management

- As at 30 June 2022, aggregate leverage remained stable at 39.1% with weighted average cost of debt of 3.1% p.a.
- Debt maturity profile is well-spread out with average term of debt at 2.7 years. S\$178 million of debt due in 2022 will be refinanced ahead of maturity with the average cost of debt expected to remain stable
- Distribution is mitigated against interest rate fluctuations with 76.3% of total debt on fixed rate basis

	As at 30 Jun 2022	As at 31 Mar 2022
Aggregate leverage	39.1%	39.4%
Total debt	S\$2,285m <sup>(1)</sup>	S\$2,308m <sup>(2)</sup>
Weighted average cost of debt	3.1% p.a.	3.0% p.a.
Average term of debt	2.7 years	2.8 years
% fixed rate debt	76.3%	70.0%
Interest coverage ratio (“ICR”) <sup>(3)</sup>	3.0x	3.0x
Adjusted ICR <sup>(4)</sup>	2.9x	2.9x

## Debt Maturity Profile (as at 30 June 2022)

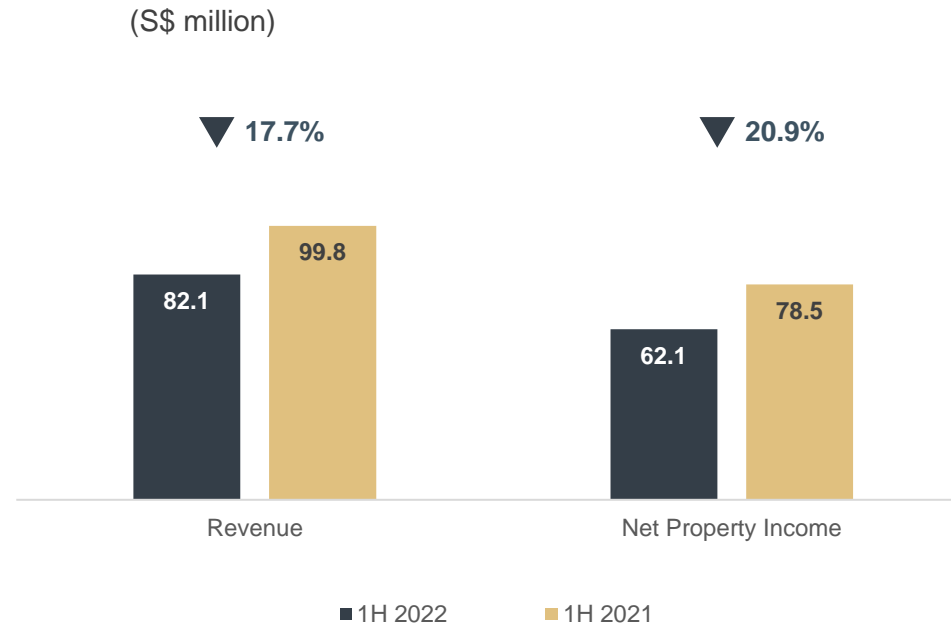


- (1) Based on SGD:CNY exchange rate of 1:4.824 as at 30 June 2022 and includes OUE C-REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan
- (2) Based on SGD:CNY exchange rate of 1:4.690 as at 31 March 2022 and includes OUE C-REIT's share of OUB Centre Limited's loan and OUE Allianz Bayfront LLP's loan
- (3) As prescribed under Appendix 6 of the Monetary Authority of Singapore's Code on Collective Investment Schemes (last revised on 3 March 2022). Based on earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation) over interest expense and borrowing-related fees, on a trailing 12-month basis.
- (4) As above in (3) and including distributions on hybrid securities in the denominator

# Commercial Segment



# Commercial Segment Performance – 1H 2022

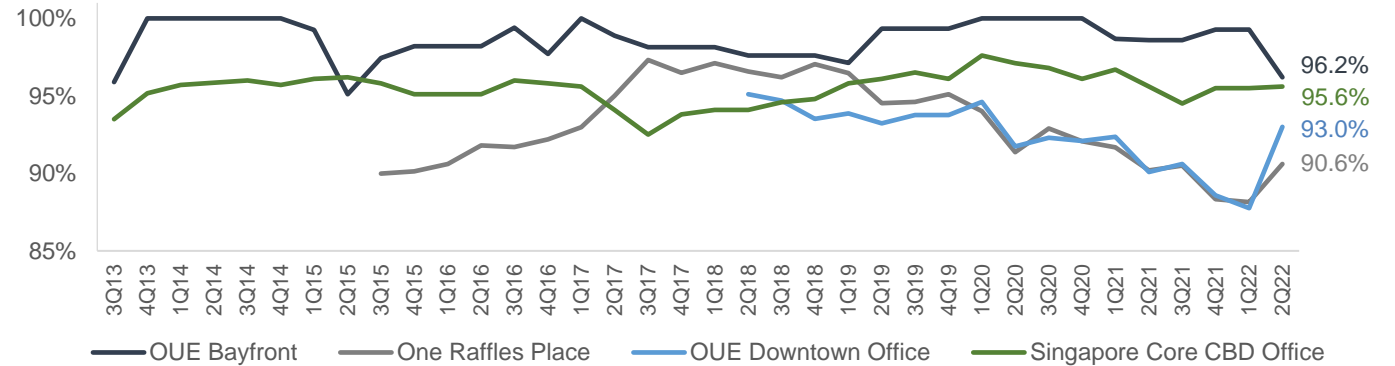


- Net property income of S\$62.1 million was 20.9% lower YoY mainly due to deconsolidation of OUE Bayfront's performance post the divestment of a 50% interest in the property on 31 March 2021
- Approximately S\$5.0 million of rental rebates were extended, mainly in support of Lippo Plaza tenants in Shanghai due to the COVID-19 lockdown during 2Q 2022

# Office Segment Occupancy

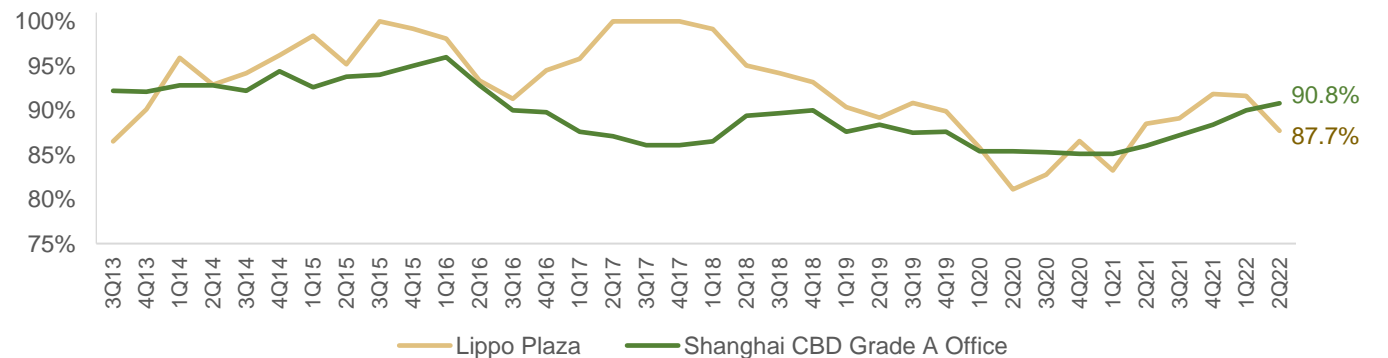
- Singapore office properties committed occupancy improved 2.1 ppt QoQ to 92.9% as at 30 June 2022 due to improvements in office leasing momentum and supported by the Manager's focus on prioritising occupancy

## Singapore



- Leasing activity in Shanghai was interrupted by the lockdown. Consequently, Lippo Plaza's committed office occupancy declined to 87.7%

## Shanghai



# Office Segment Rental Performance

- Due to higher-than-market expiring rents, rental reversion at OUE Bayfront was -3.7%
- Negative rental reversion at OUE Downtown Office narrowed QoQ to -0.9% amidst improving market conditions

2Q 2022	Average Expired Rents	Rental Reversions	Sub-market	Comparable Sub-market Rents	
				Colliers <sup>(1)</sup>	Savills <sup>(2)</sup>
<b>Singapore</b>					
OUE Bayfront	S\$14.32	-3.7%	New Downtown/ Marina Bay	S\$12.09	S\$12.13
One Raffles Place	S\$9.86	4.0%	Raffles Place	S\$10.24	S\$9.64
OUE Downtown Office	S\$8.24	-0.9%	Shenton Way/ Tanjong Pagar	S\$9.33	S\$8.50 – S\$8.73
<b>Shanghai</b>					
Lippo Plaza	RMB8.62	-1.7%	Puxi	RMB9.02	RMB9.80 <sup>(3)</sup>

(1) Source: Colliers Singapore Office Quarterly 2Q 2022 for Singapore comparable sub-market rents; Colliers Shanghai Grade A Office Market Overview and Forecast 2Q 2022 for Shanghai comparable sub-market rents

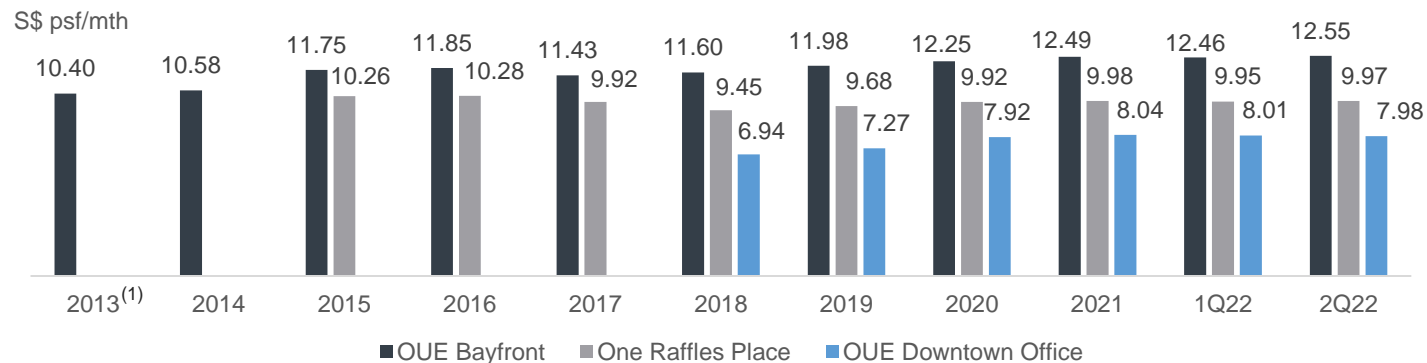
(2) Source: Savills Singapore Office Briefing 1Q 2022 for Singapore comparable sub-market rents; Savills Shanghai Grade A Office Market 2Q 2022 for Shanghai comparable sub-market rents

(3) Shanghai Grade A office rent for prime districts of Nanjing Road West, Huaihai Middle Road and Lujiazui as defined by Savills

Note: For reference, CBRE Research's 2Q 2022 Core CBD Grade A Singapore office rent is S\$11.30 psf/mth. Sub-market rents are not published

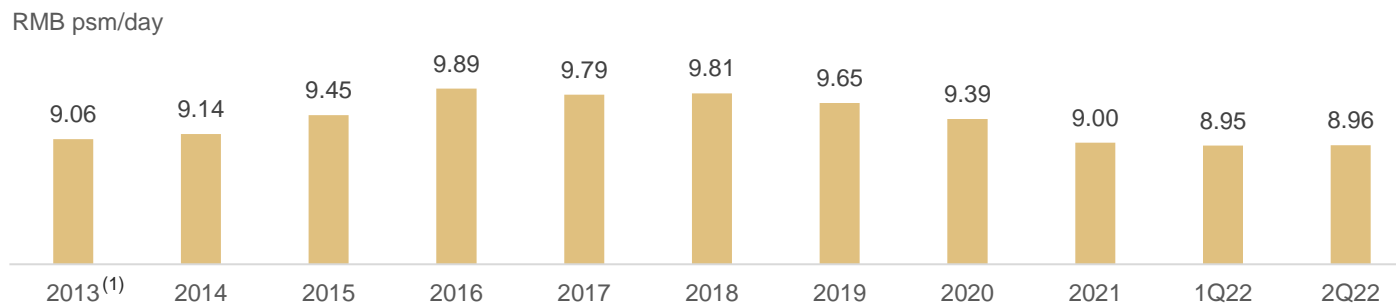
# Average Passing Rents

## Singapore (Office)



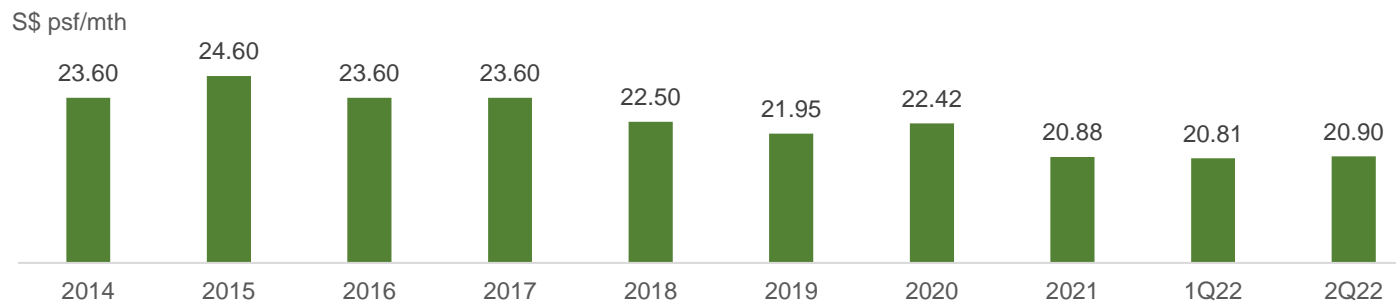
- Average passing rents for all Singapore office properties remained stable as at June 2022, with OUE Bayfront reaching a high of S\$12.55 psf per month due to positive rental reversions in past consecutive quarters

## Lippo Plaza (Office)



- Average passing office rent for Lippo Plaza was stable at RMB8.96 psm per day

## Mandarin Gallery

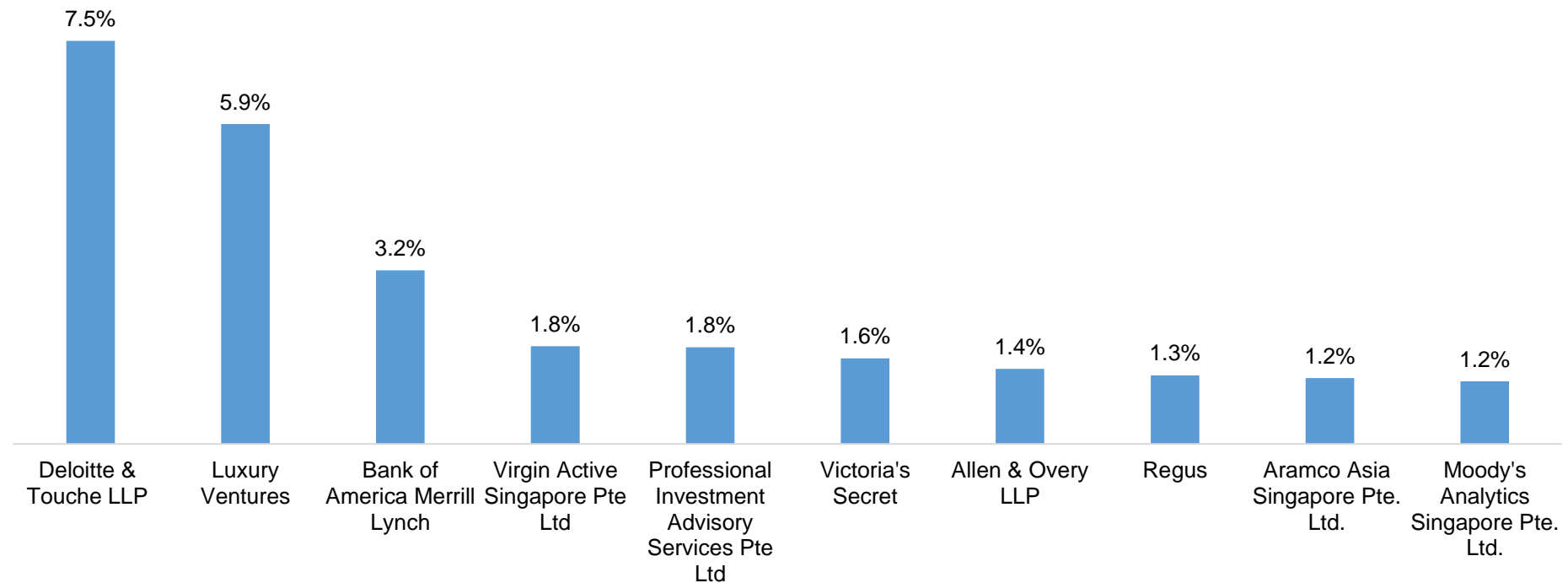


- Average passing retail rent at Mandarin Gallery held steady at S\$20.90 psf per month



# Top 10 Tenants – Commercial Segment

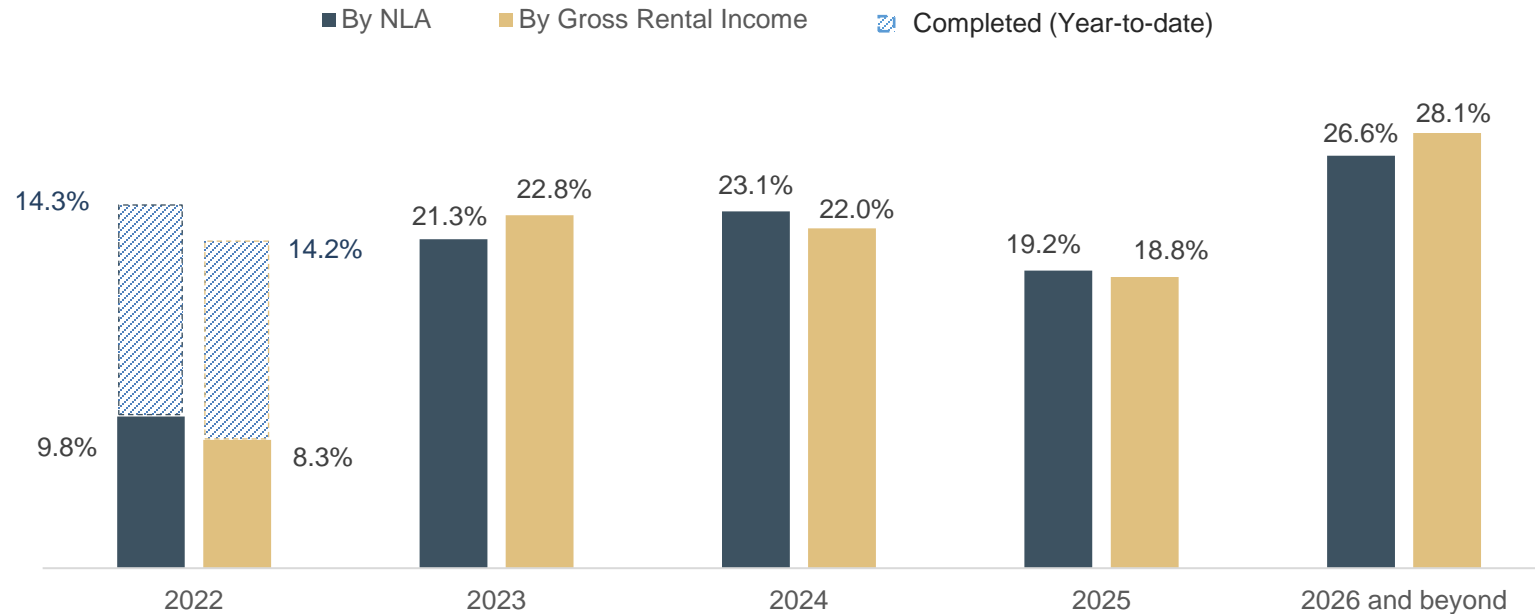
**Top 10 Tenants contribute 26.9% of Commercial Segment Gross Rental Income<sup>(1)</sup>**



*As of Jun 2022*

# Lease Expiry Profile – Commercial Segment

8.3% of OUE C-REIT’s commercial segment gross rental income remains due for renewal for balance of 2022



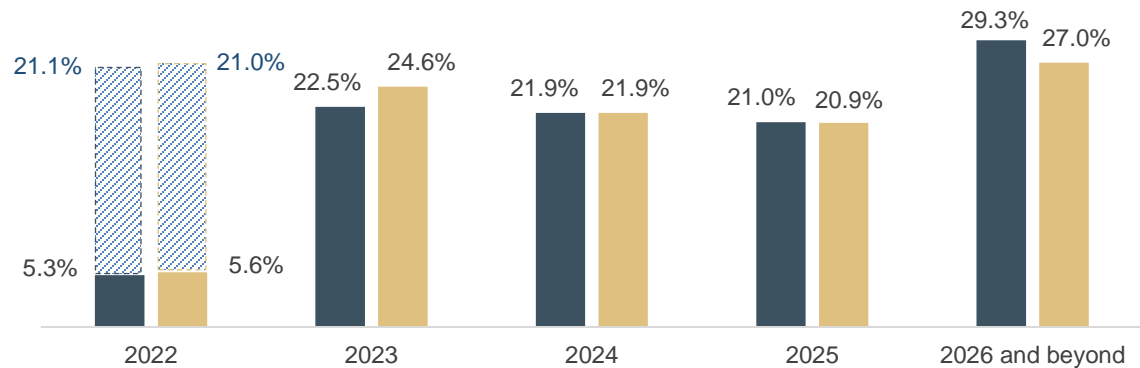
**WALE<sup>(1)</sup> of 2.5 years by NLA and 2.6 years by GRI<sup>(2)</sup>**

*As at 30 Jun 2022*

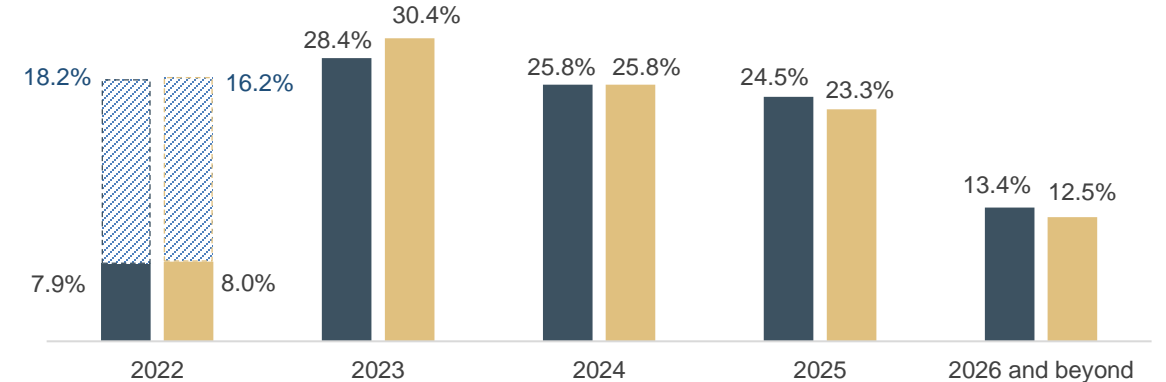
(1) Based on gross rental income (excluding turnover rent), and OUE C-REIT’s proportionate interest in the respective properties  
 (2) “NLA” refers to net lettable area and “GRI” refers to gross rental income

# Lease Expiry Profile by Commercial Property

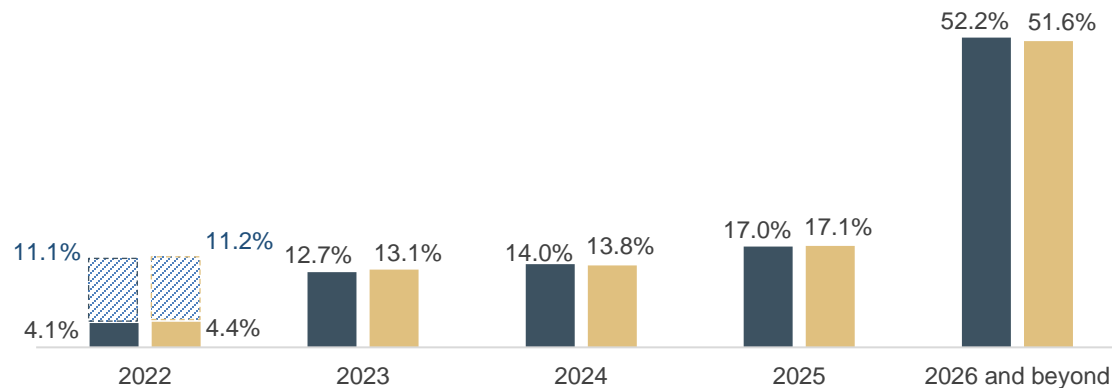
**OUE Bayfront**  
WALE: 2.7 years (NLA); 2.6 Years (GRI)



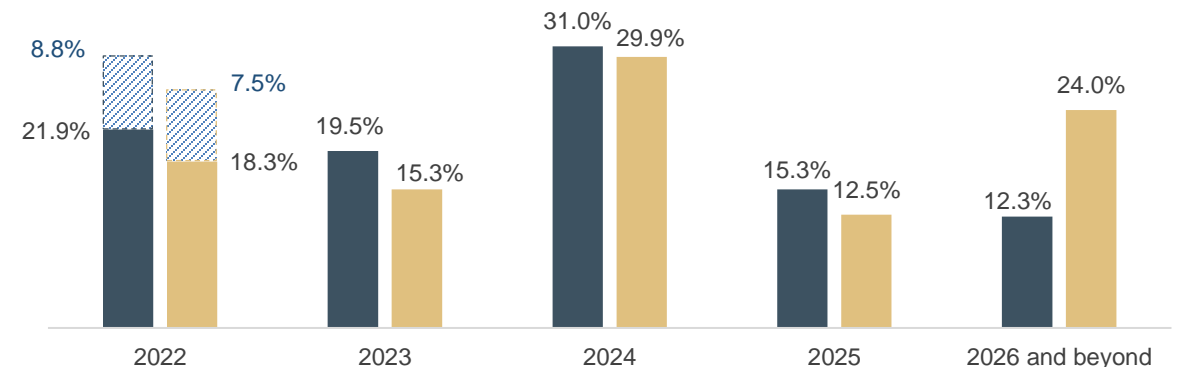
**One Raffles Place**  
WALE: 2.2 years (NLA); 2.1 Years (GRI)



**OUE Downtown Office**  
WALE: 3.4 years (NLA); 3.4 years (GRI)

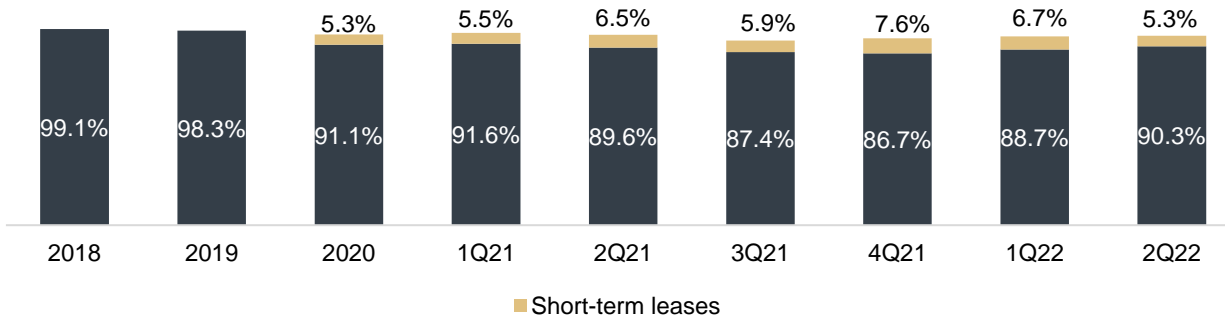


**Lippo Plaza**  
WALE: 1.9 years (NLA); 2.2 years (GRI)



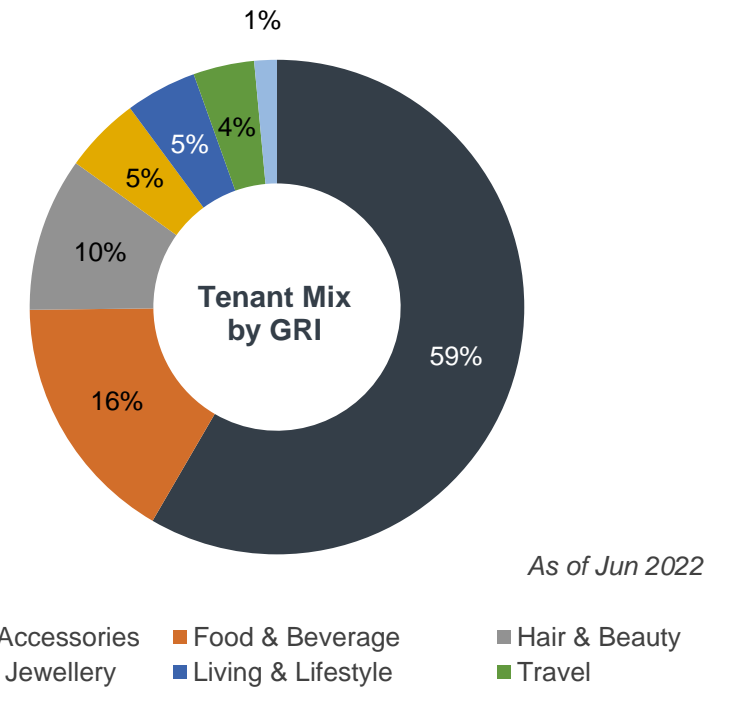
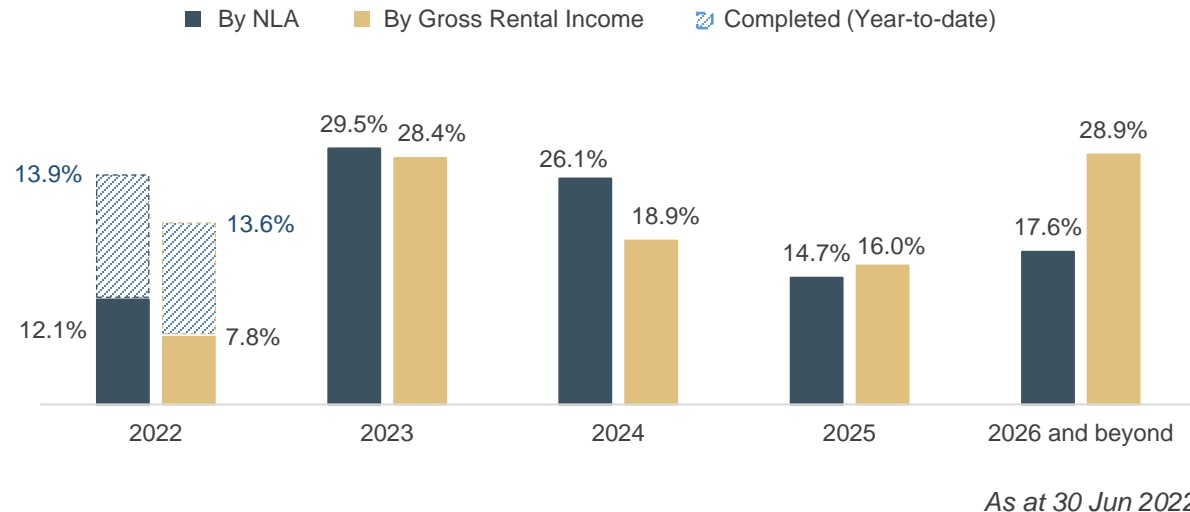
# Mandarin Gallery

## Committed Occupancy



- Committed occupancy increased 1.6 ppt to 90.3% as at 30 June 2022. Including short-term leases, committed occupancy was 95.6%
- Shopper traffic and sales in 2Q 2022 improved to ~90% and ~85% of pre-COVID-levels, respectively

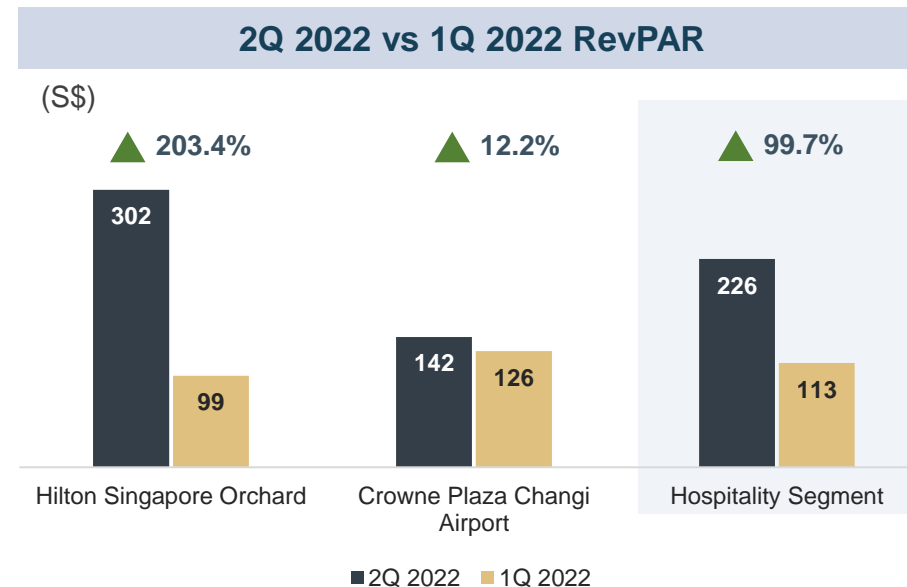
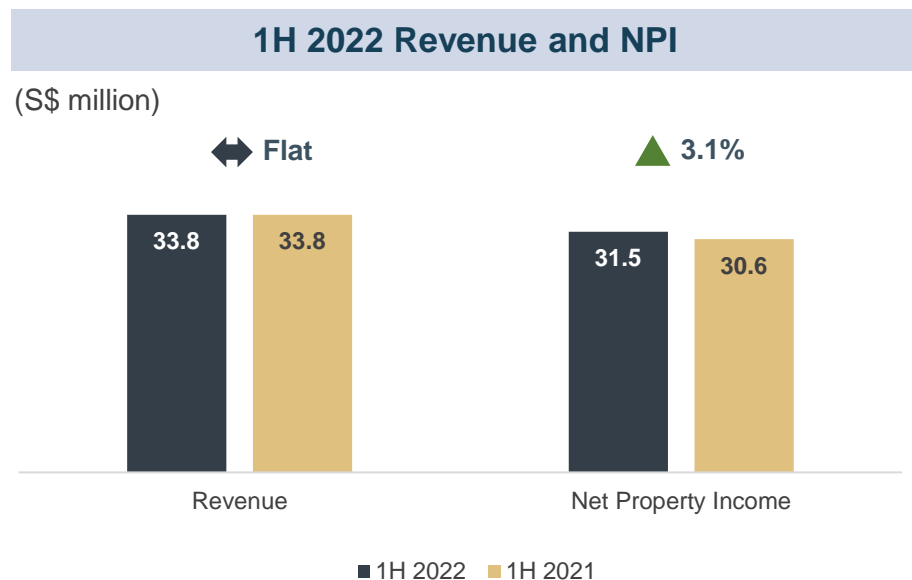
## WALE: 2.2 years (NLA); 2.6 Years (GRI<sup>(1)</sup>)



# Hospitality Segment



# Hospitality Segment Performance

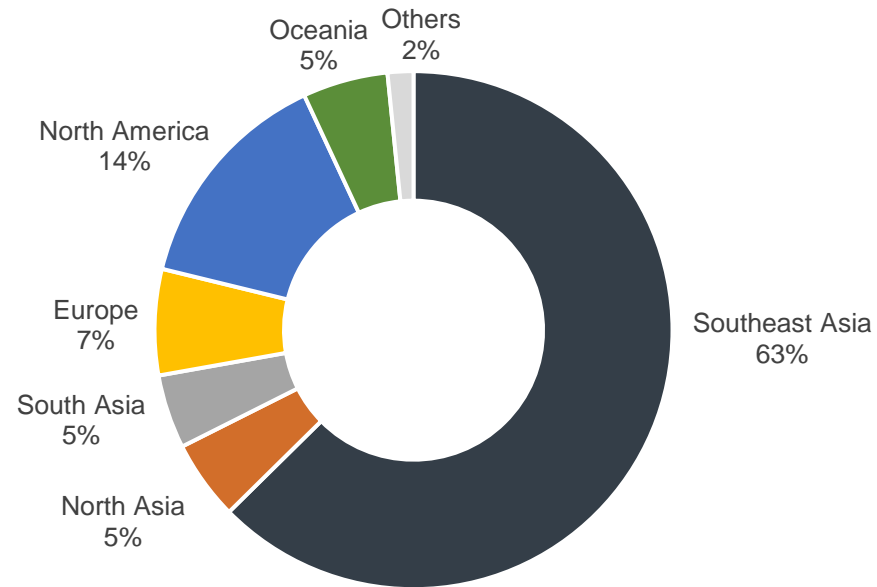


- Hospitality segment revenue for 1H 2022 of S\$33.8 million was the minimum rent under the master lease arrangements of the hotel properties. Net property income for 1H 2022 was 3.1% higher YoY at S\$31.5 million
- Hospitality segment RevPAR doubled QoQ to S\$226 in 2Q 2022, largely driven by higher room rates at the newly re-branded Hilton Singapore Orchard as well as strong demand at both hotels due to the increase in tourist arrivals
- Hilton Singapore Orchard's RevPAR tripled QoQ to S\$302, an increase of 33.6% from S\$226 in 4Q 2019 before the property's re-branding. Crowne Plaza Changi Airport registered a 12.2% QoQ increase in RevPAR to S\$142

# Hospitality Segment Customer Profile

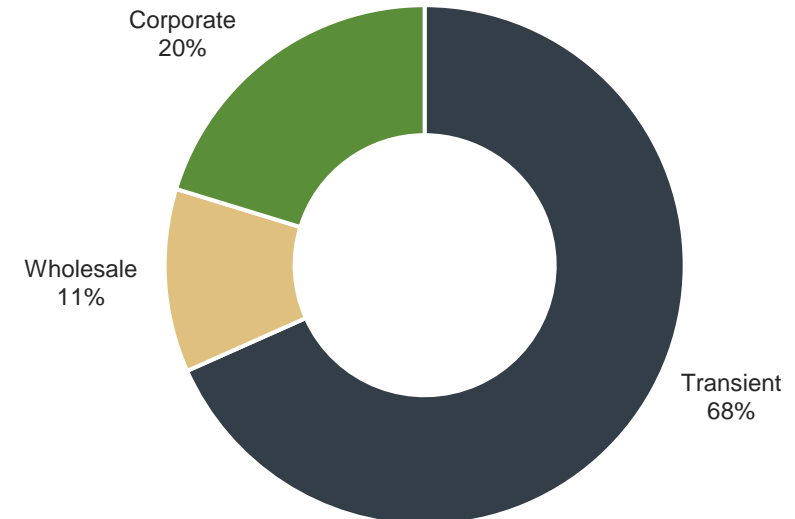
## By Geography

2Q 2022  
(By room nights)



## By Type

2Q 2022  
(By room revenue)



### Notes

Excludes aircrew and delays

“Transient” refers to revenue derived from the 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

# Looking Ahead





# Outlook

## Singapore Office

- Positive leasing momentum from end-2021 carried through to 2Q 2022, activity was mainly driven by renewals and new set-ups in the legal and non-bank financial sectors
- Technology sector's hiring slowdown has raised concerns over potential demand risk, but core CBD Grade A office rents are expected to remain healthy amidst a stable domestic economic outlook, limited supply pipeline and the back-to-office trend
- OUE C-REIT's portfolio of well-located Grade A offices and diversified tenant base is expected to underpin a stable performance as the Singapore office rental recovery continues

## Singapore Hospitality

- 1H 2022 Singapore's international visitor arrivals jumped almost 12 times YoY to reach 1.5 million
- The Singapore Tourism Board expects between 4 to 6 million visitor arrivals in 2022 and tourism flows recovering to pre-COVID levels by mid-2020s<sup>(1)</sup>
- While the outlook is positive, staffing challenges and inflationary pressures persist. Contribution from OUE C-REIT's hospitality segment will continue to be supported by the minimum rent component of S\$67.5 million embedded in the master lease arrangements

# Outlook

## Singapore Retail

- Prime Orchard Road retail rents remained at S\$34.20 psf per month in 2Q 2022 amidst stable leasing demand
- While retail sales have continued to improve alongside the easing of border and social restrictions, retailer confidence has been tempered by uncertainties in the economic outlook, rising business costs and labour shortage
- Retail rents are expected to remain stable for the most of 2022 with meaningful increases expected only in 2023

## Shanghai Office

- In 2Q 2022, demand weakened and leasing activity slowed significantly due to China's COVID-19 strict lockdowns
- As curbs are lifted and activity resumes, Colliers expects demand to return to normal levels in 2H 2022 although net absorption for the full year is likely to be below 2021 levels. Thus, occupancy and rental growth are expected to come under pressure in view of significant new supply
- At Lippo Plaza, the Manager's priority is to retain tenants and maintain strong occupancy

# Looking Ahead



## Strengthen portfolio fundamentals to drive organic growth

- ✓ **Proactive asset management** to sustain occupancy while optimising rents, and reposition/reconfigure spaces to enhance tenant mix
- ✓ **Prudent management of operating expenditure** through mitigation strategies such as usage of energy-efficient equipment and technology, deployment of technology to mitigate labour and material costs, as well as a continued focus on green building certifications



## Reinforce the capital structure

- ✓ **Optimise cost of debt** by strengthening credit profile to lower funding costs from capital markets and adopt appropriate hedging strategies to manage interest rate exposure
- ✓ **Manage refinancing requirements** to mitigate refinancing risks and further extend OUE C-REIT's debt maturity profile
- ✓ **Diversify funding sources** to maintain financial flexibility



## Capitalise on opportunities to enhance value

- ✓ **Overseas inorganic growth strategy**, seek further exposure to offices or mixed-use developments with a significant office component in key gateway cities such as Australia (Sydney, Melbourne) and United Kingdom (London)
- ✓ **Tap on asset enhancement initiatives** to create value and enhance portfolio returns
- ✓ **Leverage on portfolio reconstitution opportunities** when they arise



**Thank You**

# Appendices

- Premium Portfolio of Assets
- Singapore Office Market
- Shanghai Office Market
- Singapore Hospitality Market
- Hotel Master Lease Details



# Premium Portfolio of Assets

## Strategically located assets in the prime business districts of Singapore and Shanghai



	OUE Bayfront	One Raffles Place	OUE Downtown Office	Lippo Plaza	Mandarin Gallery	Hilton Singapore Orchard	Crowne Plaza Changi Airport
<b>Description</b>	A landmark Grade A office building located at Collyer Quay between the Marina Bay downtown and Raffles Place	Iconic integrated development with 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 along Huaihai Zhong Road within the established commercial district of Huangpu in Puxi, Shanghai	Prime retail landmark on Orchard Road – preferred location for flagship stores of international brands	Hilton's flagship hotel in Singapore and its largest in Asia Pacific, strategically located in the heart of Singapore's shopping and entertainment district	Award-winning hotel at Singapore Changi Airport and close to Changi Business Park with seamless connectivity to Jewel Changi Airport
<b>Ownership Interest</b>	50%	67.95%	100%	91.2% strata ownership	100%	100%	100%
<b>NLA (sq ft) /No. of Rooms</b>	Office: 378,801 Retail: 21,132	Office: 605,529 Retail: 99,370	Office: 529,297	Office: 361,007 Retail: 61,575	Retail: 126,283	1,080 hotel rooms	563 hotel rooms
<b>Occupancy<sup>(1)</sup></b>	Office: 96.2% Retail: 96.6% Overall: 96.2%	Office: 90.6% Retail: 94.1% Overall: 91.1%	Office: 93.0%	Office: 87.7% Retail: 96.8% Overall: 89.0%	Retail: 90.3%	-	-
<b>Valuation as at 31 Dec 2021</b>	S\$1,270.0m <sup>(2)</sup> (S\$3,176 psf)	S\$1,867.7m <sup>(3)</sup> (S\$2,650 psf)	S\$902.0m (S\$1,704 psf)	RMB2,681.0m / RMB45,812 psm GFA	S\$453.9m (S\$3,594 psf)	S\$1,130.0m (S\$1.0m / key)	S\$455.2m (S\$0.8m / key)

(1) Committed occupancy as at 30 June 2022

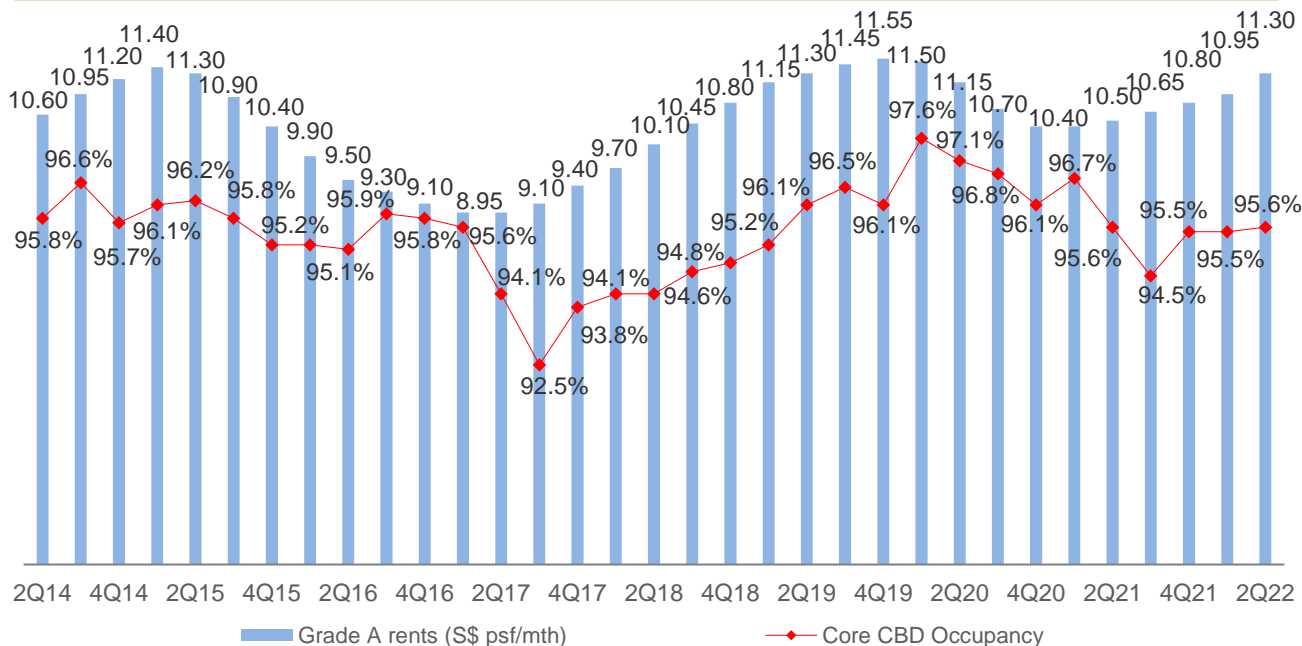
(2) Based on OUE Allianz Bayfront LLP's 100% interest in OUE Bayfront. OUE C-REIT has a direct 50.0% interest in OUE Allianz Bayfront LLP

(3) Based on OUB Centre Limited's 81.54% interest in One Raffles Place. OUE C-REIT has an indirect 83.33% interest in OUB Centre Limited held via its wholly-owned subsidiaries

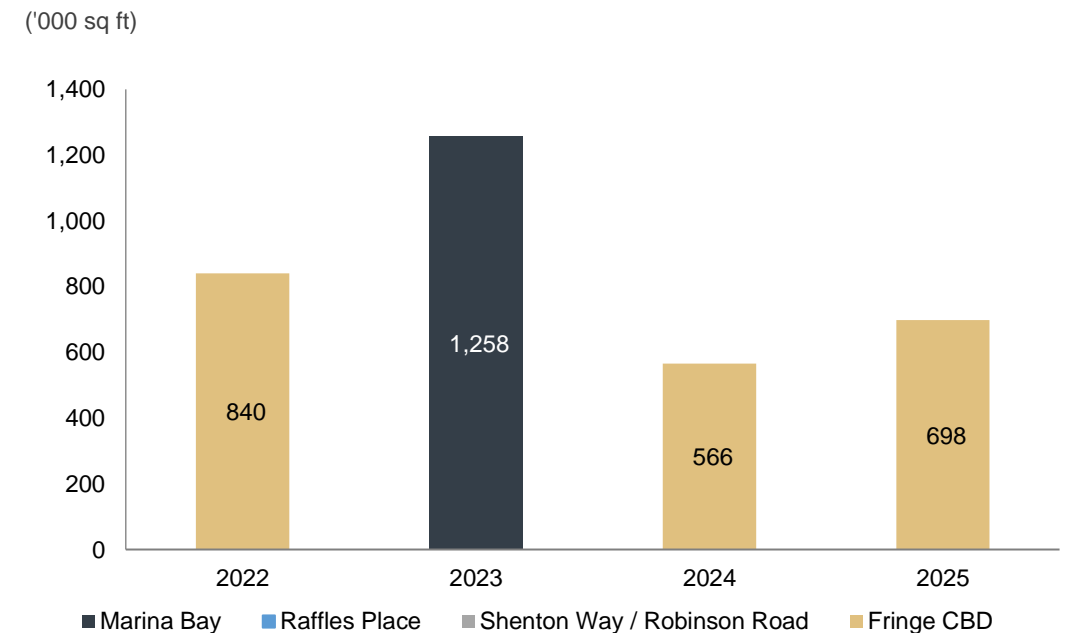
# Singapore Office Market

- Positive leasing momentum from end-2021 carried through to 2Q 2022 as Singapore eased workplace restrictions. Demand was largely driven by renewals and the legal and non-bank financial sectors. Consequently, core CBD Grade A occupancy increased 0.1 ppt to 95.6% in 2Q 2022, while CBD Grade A office rents increased 3.2% QoQ to S\$11.30 psf per month
- Despite potential demand risks from the technology sector, core CBD Grade A rents are expected to remain healthy in view of the stable domestic economic outlook, limited supply pipeline and back-to-office trend

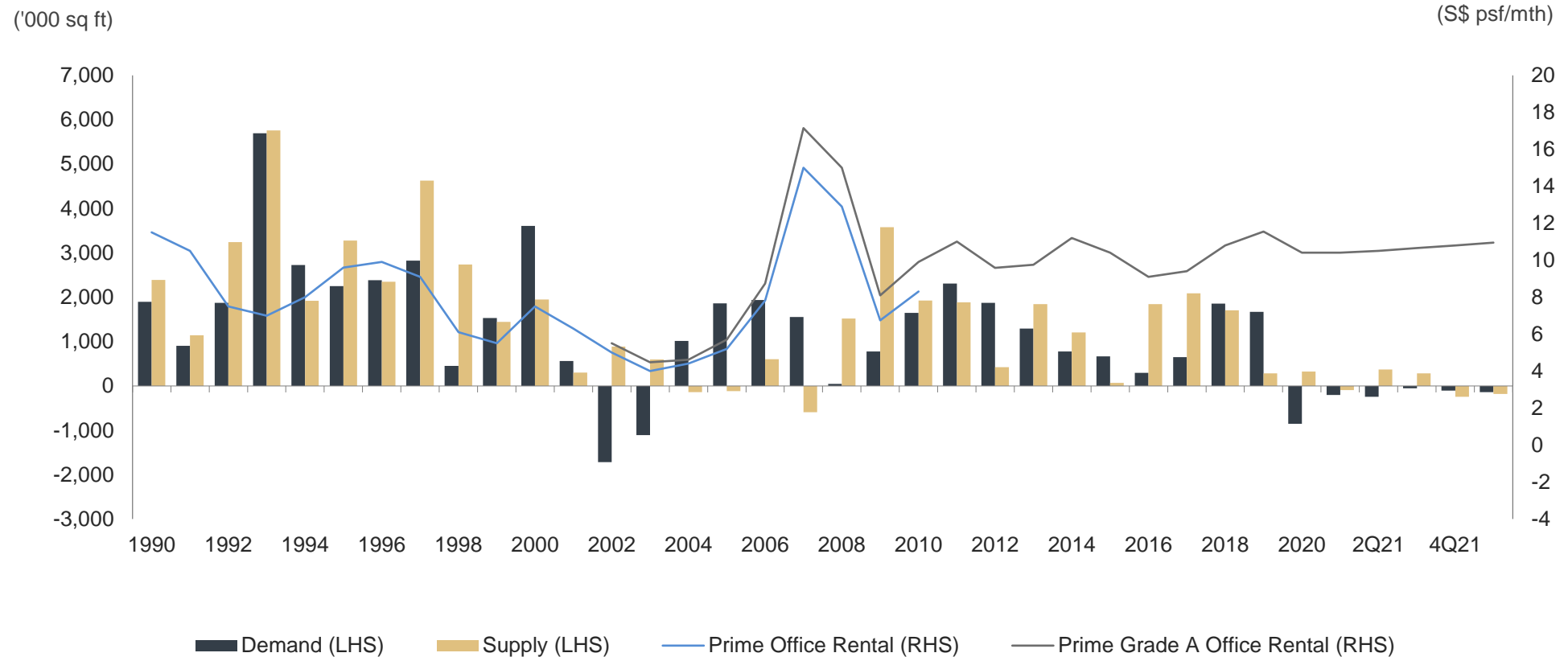
### Singapore CBD Grade A Rents and Occupancy



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



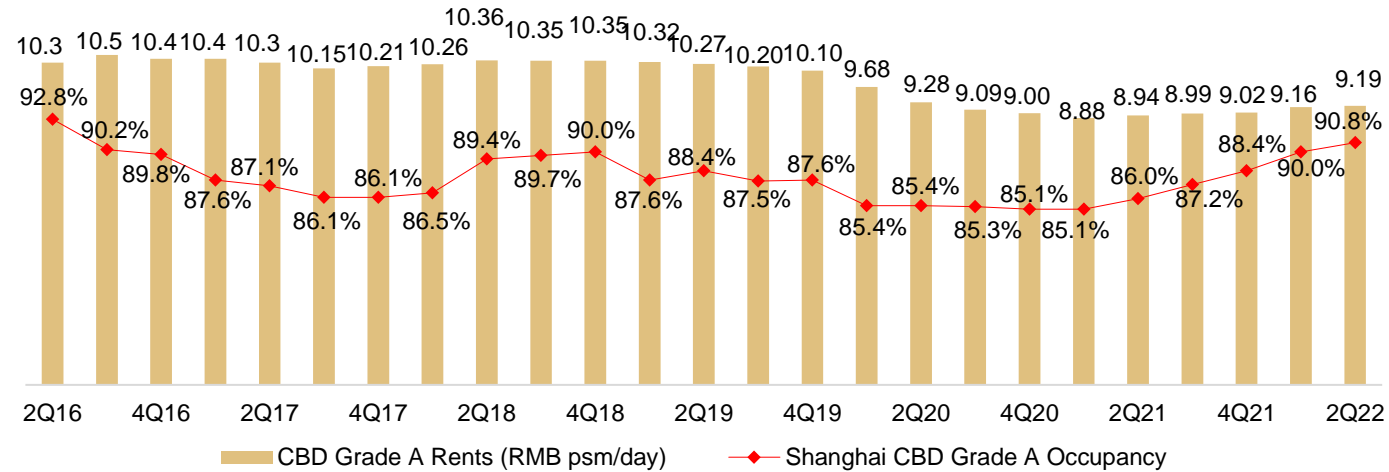
# Singapore Office Demand, Supply & Office Rents





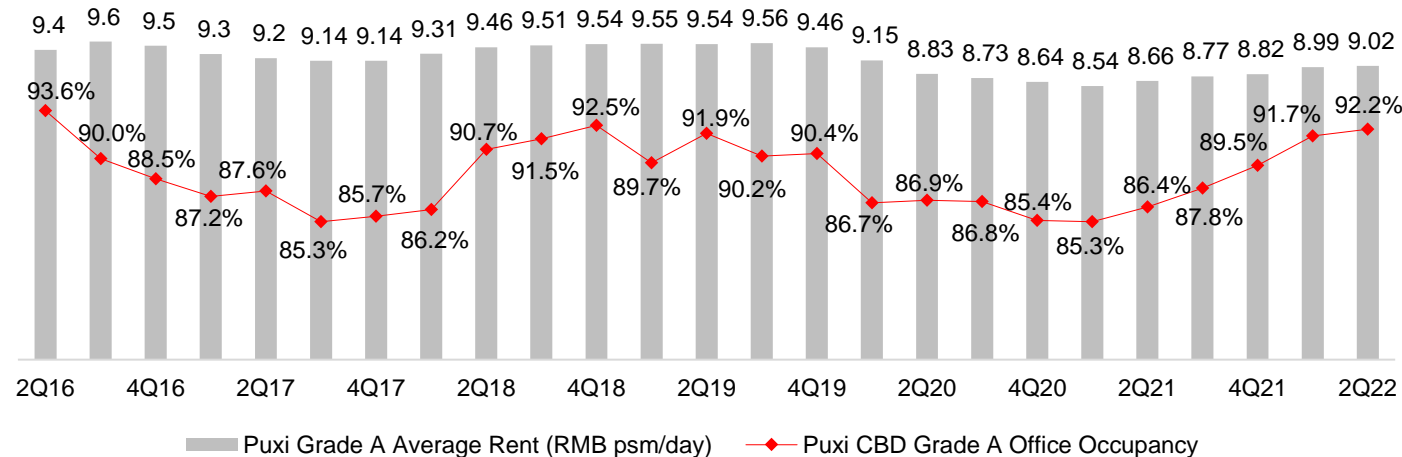
# Shanghai Office Market

## Shanghai



- Shanghai CBD Grade A office occupancy increased 0.5 ppt QoQ to 90.8%, while rents edged up 0.1% QoQ to RMB9.19 psm per day in 2Q 2022
- Puxi Grade A office occupancy remained stable QoQ at 92.2% as at 2Q 2022, and rents were unchanged QoQ at RMB9.02 psm/day

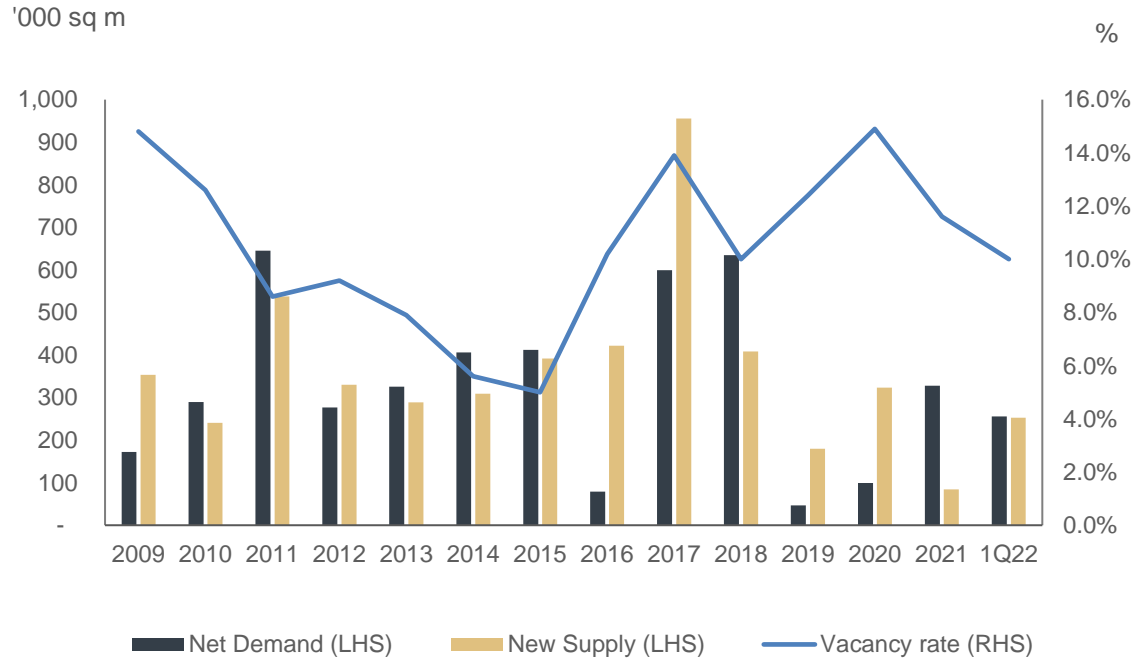
## Puxi



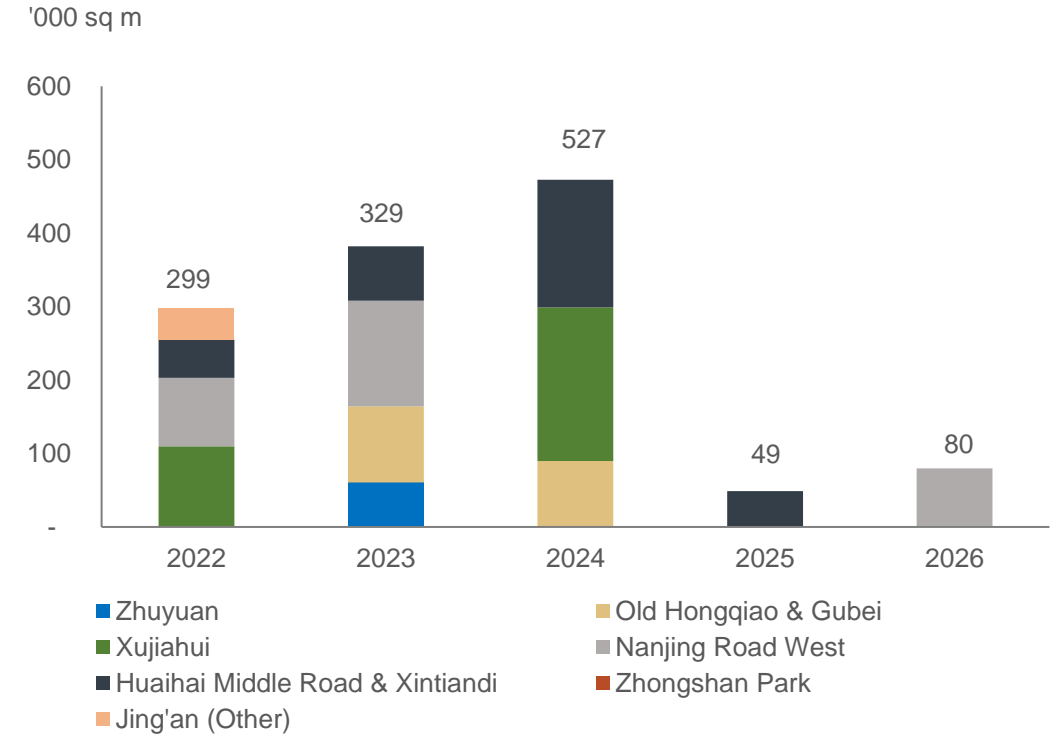
- Demand is expected to return to normal levels in 2H 2022 as curbs are lifted and activity resumes, although net absorption for the full year is likely to be below 2021 levels. Occupancy and rental growth are thus expected to come under pressure in view of the significant new supply

# Shanghai CBD Demand, Supply & Vacancy

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



## Office Supply Pipeline in Shanghai CBD



- Shanghai CBD Grade A office supply expected to abate after 2024

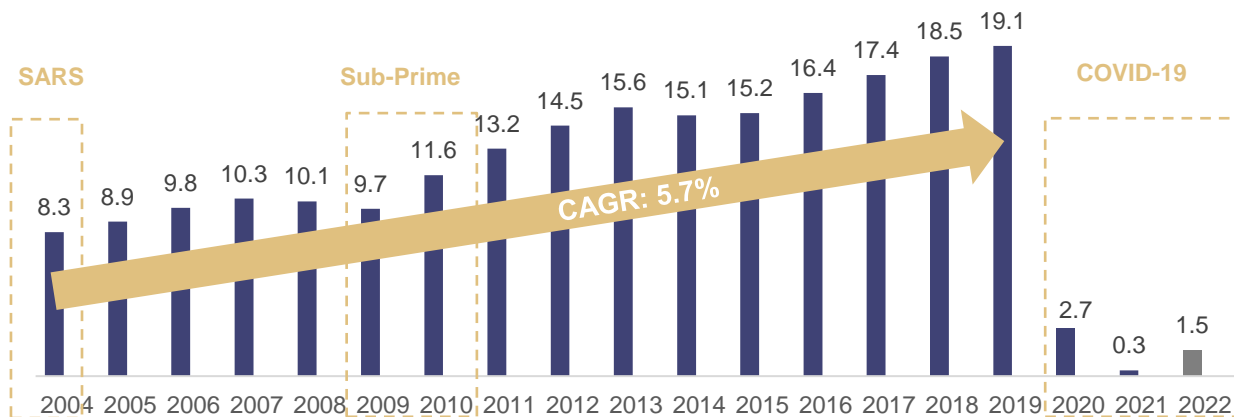
# Singapore Hospitality Market

- YTD June 2022 visitor arrivals were 1.5 million, nearly 12 times more compared to the same period in 2021, as Singapore significantly reopened its borders to all fully vaccinated travellers from 1 April 2022
- The Singapore Tourism Board expects Singapore to receive between 4 and 6 million visitors in 2022 with tourism flows recovering to pre-COVID levels by the mid-2020s<sup>(1)</sup>
- Hotel room inventory is expected to grow by 3.4% between 2022 and 2024

## Visitor Arrivals in Singapore

(million)

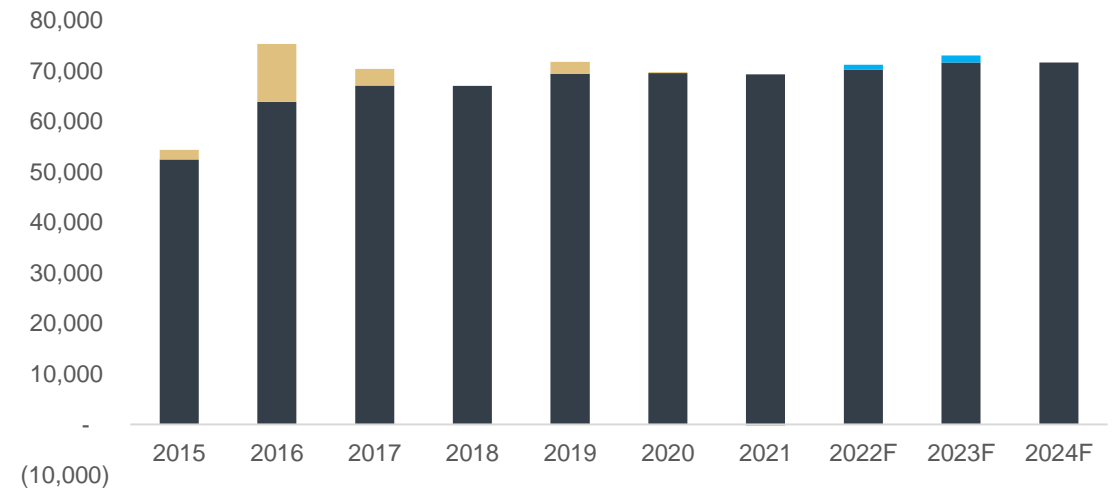
■ Visitor Arrivals ■ YTD 2022



## Singapore Hotel Supply

(No. of Hotel Rooms)

■ Number of Rooms ■ Net Increase/Decrease in Supply ■ New Supply



# Hotel Master Lease Details



Property	Hilton Singapore Orchard (“HSO”)	Crowne Plaza Changi Airport
No. of Guestrooms	1,080	563
Master Lease Rental	Variable Rent Comprising Sum of: <i>(i) 33.0% of HSO GOR<sup>(1)</sup> ; and</i> <i>(ii) 27.5% of HSO GOP<sup>(2)</sup> ;</i> subject to minimum rent of S\$45.0 million <sup>(3)</sup>	Variable Rent Comprising Sum of: <i>(i) 4% of Hotel F&amp;B Revenues;</i> <i>(ii) 33% of Hotel Rooms and Other Revenues not related to F&amp;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 <sup>(3)</sup>
Master Lessee	<ul style="list-style-type: none"> <li>OUE Limited</li> </ul>	<ul style="list-style-type: none"> <li>OUE Airport Hotel Pte. Ltd. (OUEAH)</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>First term of 15 years to expire in July 2028</li> <li>Option to renew for an additional 15 years on the same terms and conditions</li> </ul>	<ul style="list-style-type: none"> <li>First term of Master Lease to expire in May 2028</li> <li>Option to renew for an additional two consecutive 5-year terms</li> </ul>
	<b>FF&amp;E Reserve</b> <ul style="list-style-type: none"> <li>3% of GOR</li> </ul>	<b>Capital Replacement Contribution</b> <ul style="list-style-type: none"> <li>Aligned with hotel management agreement between OUEAH and IHG</li> <li>Generally at 3% of GOR</li> </ul>

(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