



FAR EAST
HOSPITALITY
TRUST

Business Updates

1Q 2022

28 April 2022

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- Financial Highlights
- Portfolio Performance
- Major Initiatives
- Outlook



Financial Highlights



Executive Summary for 1Q 2022 – Performance vs LY

| | 1Q 2022 | 1Q 2021 | Variance |
|--|---------------|---------------|---------------|
| | S\$'000 | S\$'000 | % |
| Gross Revenue | 20,971 | 21,303 | (1.6%) |
| Hotels | 14,250 | 14,250 | - |
| Serviced Residences | 2,952 | 2,884 | 2.4 |
| Commercial Premises | 3,769 | 4,169 | (9.6) |
| Net Property Income | 19,015 | 18,199 | 4.5 |
| Finance Expenses | (4,274) | (5,553) | 23.0 |
| REIT Manager's fees | (2,235) | (2,282) | 2.1 |
| Income Available for Distribution | 14,693 | 12,539 | 17.2 |

- Revenue of the Serviced Residence segment grew 2.4% to S\$3.0 million, while the Hotel segment remained at S\$14.3 million and the Commercial Premises segment declined 9.6% to S\$3.8 million, resulting in Gross Revenue decreasing marginally to S\$21.0 million.
- Revenue from the Commercial Premises was lower due to the divestment of Central Square in March 2022 which resulted in early termination and non-renewal of leases.
- Net Property Income was 4.5% higher year-on-year mainly due to lower property tax and lower expenses for the Commercial Premises.
- Lower finance expenses further increased Income Available for Distribution by 17.2% to S\$14.7 million.



Balance Sheet Summary

| | As at 31 Mar 2022 | As at 31 Dec 2021 | Variance |
|--|-------------------|-------------------|---------------|
| | S\$' million | S\$' million | % |
| Total Assets | 2,441.7 | 2,664.8 | (8.4) |
| <u>Comprising:</u> | | | |
| Investment Properties ¹ | 2,336.6 | 2,336.5 | - |
| Derivative Financial Assets | 8.4 | 2.5 | >100.0 |
| Cash and Cash Equivalents | 52.7 | 11.7 | >100.0 |
| Trade and Other Receivables ² | 44.0 | 42.7 | 3.1 |
| Investment Property Held for Sale ³ | - | 271.4 | (100.0) |
| Total Liabilities | 762.5 | 1,016.4 | (25.0) |
| Net Assets | 1,679.2 | 1,648.4 | 1.9 |
| NAV per Stapled Security (Cents) | 84.6 | 83.2 | 1.7 |

¹ Investment properties based on valuation as at 31 December 2021 appraised by Savills Valuation And Professional Services (S) Pte Ltd or CBRE Pte. Ltd., and adjustment to capital expenditure capitalised previously.

² This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd of S\$35.7 million (S\$34.0 million as at 31 December 2021).

³ This pertains to Village Residences Clarke Quay. The divestment was completed on 24 March 2022.

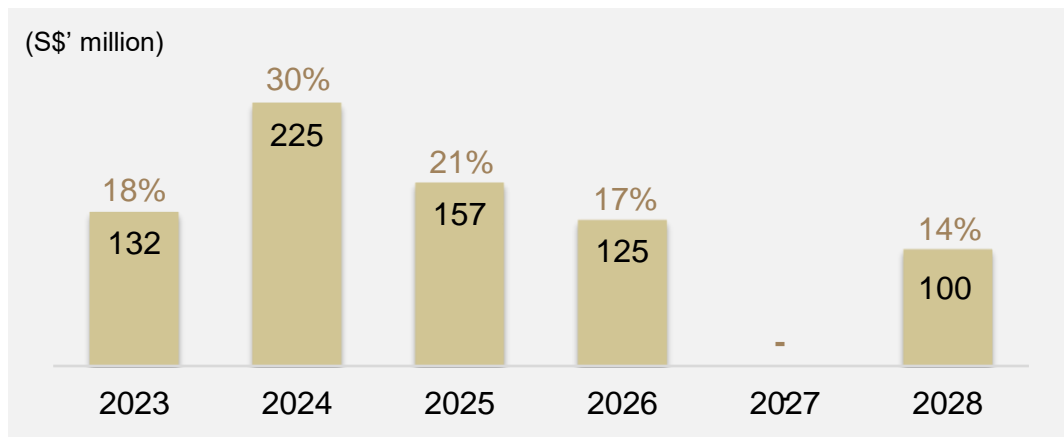
Capital Management

S\$238.6 million of term loans were repaid using proceeds from the divestment of Central Square which was completed in March 2022.

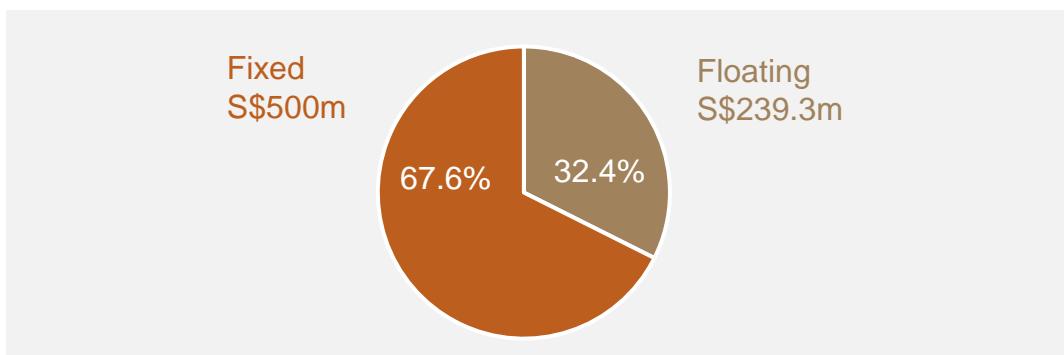
As at 31 March 2022

| | |
|---|-----------|
| Total Debt | S\$739.3m |
| Available Revolving Facility | S\$300.0m |
| Aggregate Leverage | 33.4% |
| Unencumbered Asset as % of Total Asset | 100% |
| Proportion of Fixed Rate | 67.6% |
| Weighted Average Debt Maturity | 3.1 years |
| Average Cost of Debt | 1.7% |
| Interest Coverage Ratio¹ | 3.7x |

Debt Maturity Profile



Interest Rate Profile



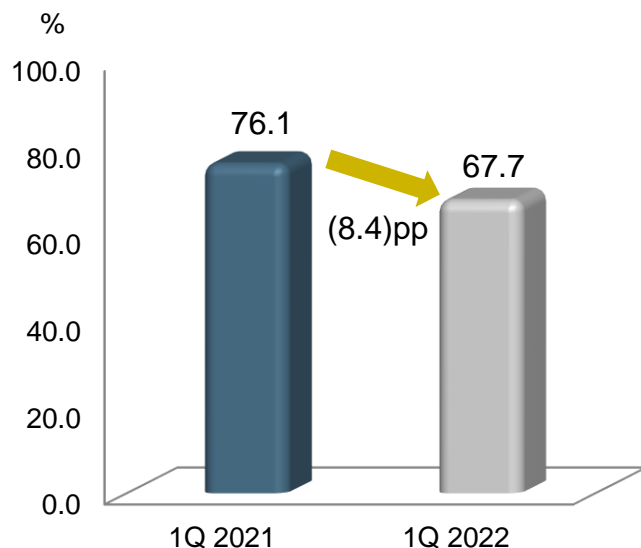
¹ Interest Coverage Ratio ("ICR") is computed based on EBITDA over interest expense as per the definition in the loan covenants. ICR would be 3.4x (FY2021: 3.1x) based on the definition prescribed by the Property Fund Appendix.

Portfolio Performance

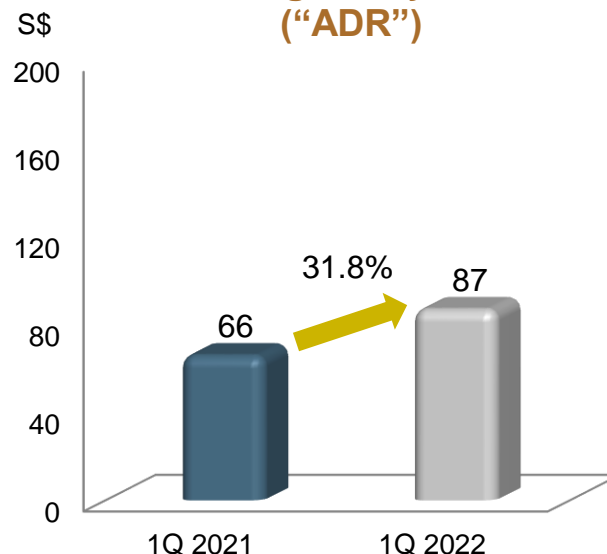


Portfolio Performance 1Q 2022 – Hotels

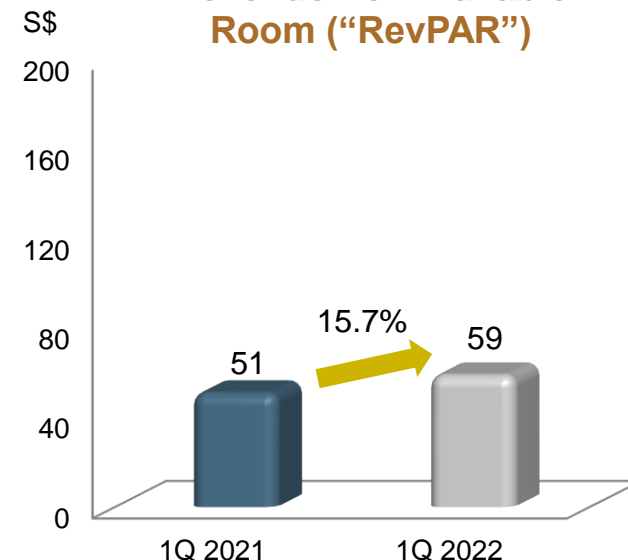
Average Occupancy



Average Daily Rate ("ADR")



Revenue Per Available Room ("RevPAR")

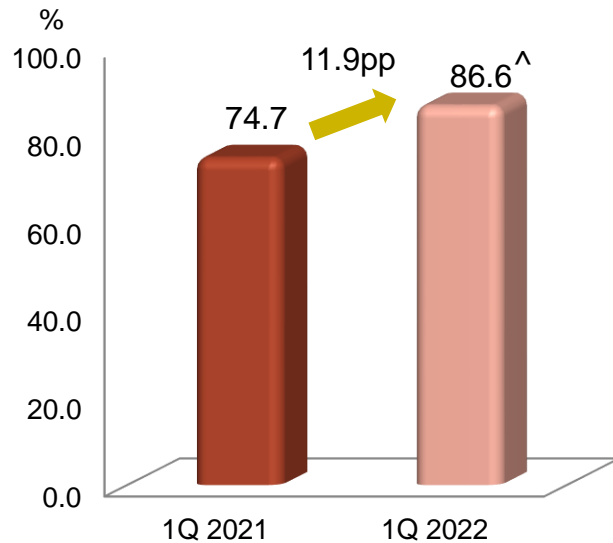


- Occupancy decreased 8.4pp year-on-year to 67.7%, due to the cessation of the Government contract for isolation purposes at 3 of the REIT's hotels, with rooms from these hotels being put back to the market from late December 2021.
- ADR increased 31.8% year-on-year to S\$87, resulting from a combination of higher corporate and leisure rates.
- Consequently, RevPAR increased 15.7% year-on-year to S\$59.

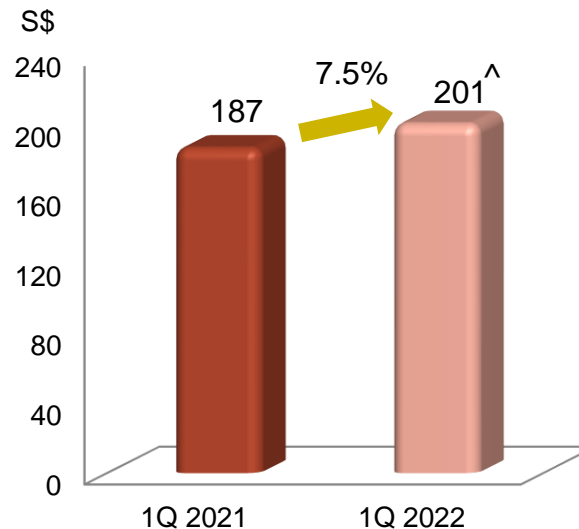
Note:
The Elizabeth Hotel has been closed for renovation since 7 Feb 2022

Portfolio Performance 1Q 2022 – Serviced Residences

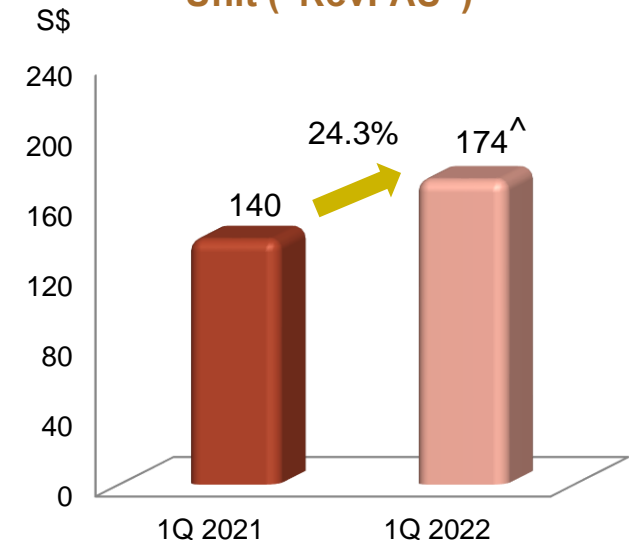
Average Occupancy



Average Daily Rate ("ADR")



Revenue Per Available Unit ("RevPAU")

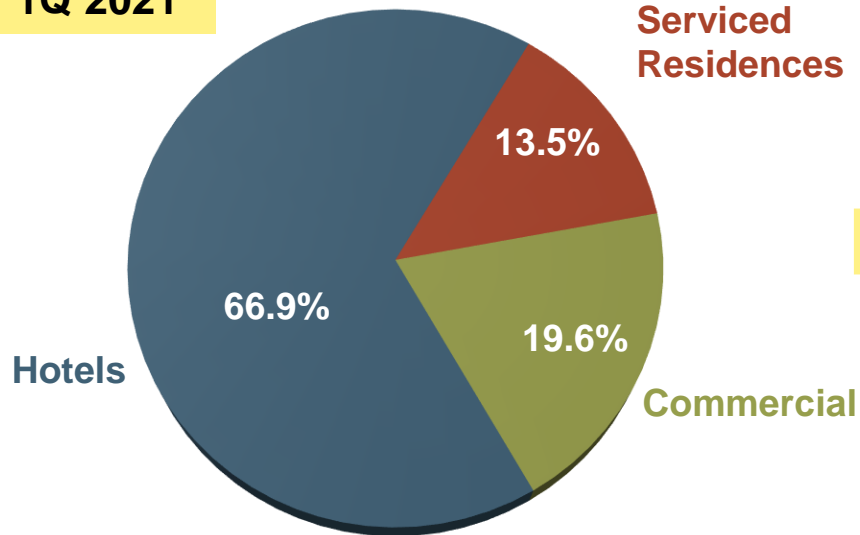


- The Serviced Residences continued to demonstrate strong performance. Support from long-stay corporate sources helped to keep the SRs performing above fixed rent.
- Average occupancy increased 11.9pp year-on-year to 86.6% and ADR grew 7.5% to S\$201 due to sustained demand from corporates and project groups. As a result, RevPAU increased 24.3% to S\$174.

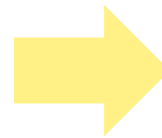
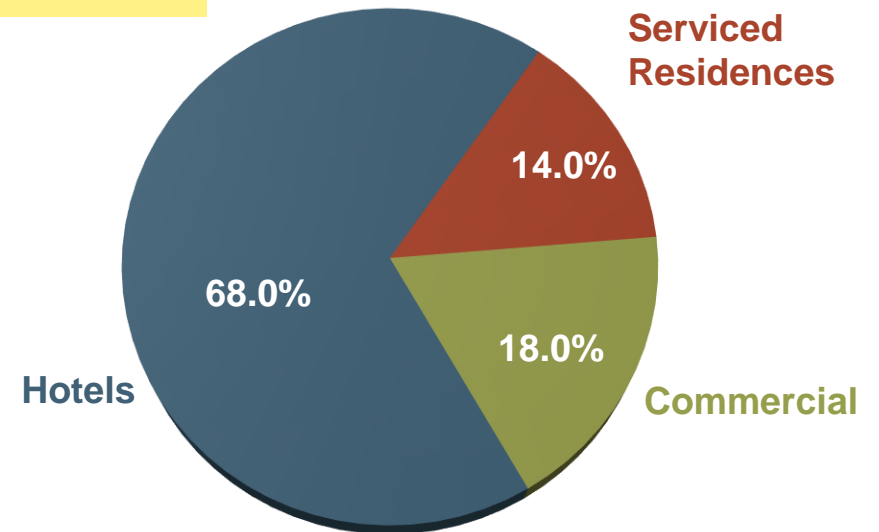
[^]1Q 2022 metrics exclude Village Residence Clarke Quay for March 2022 due to the divestment of the Central Square which includes this serviced residence

Breakdown of Gross Revenue – Total Portfolio

1Q 2021

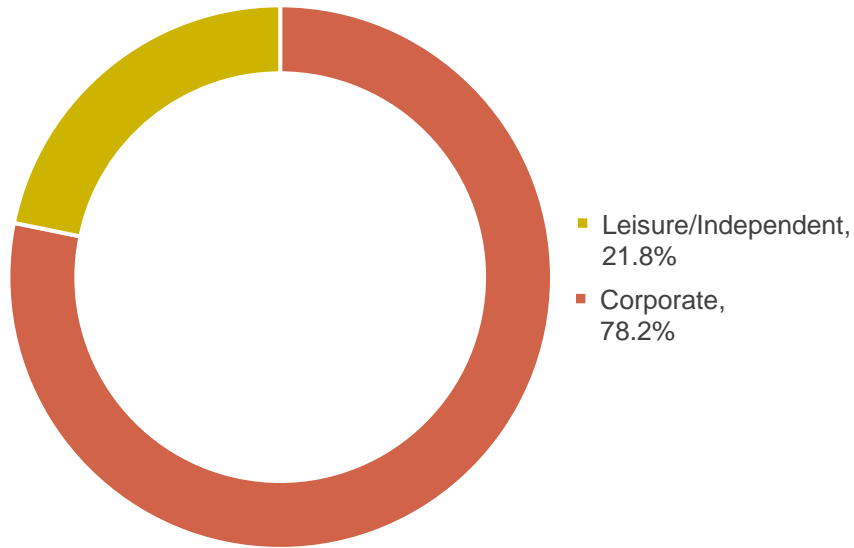


1Q 2022

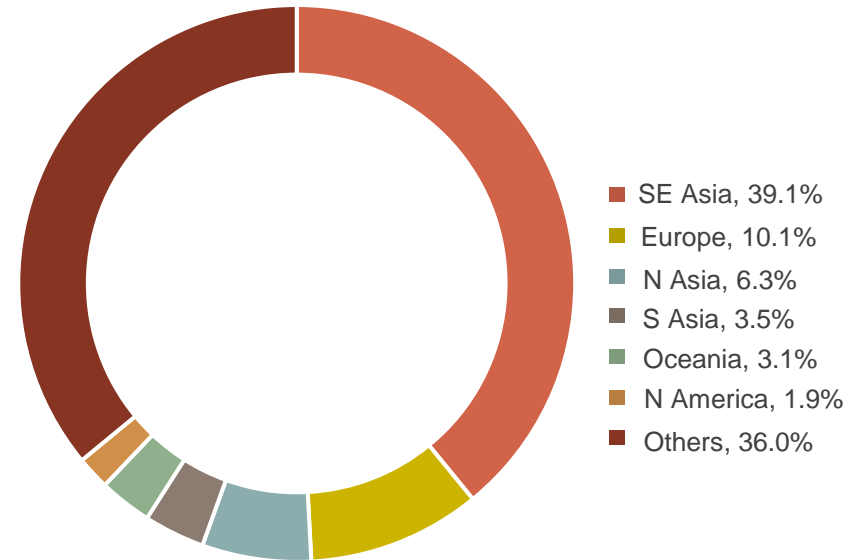


Quarterly Revenue Contribution – Hotels

By Market Segment



By Country of Residence

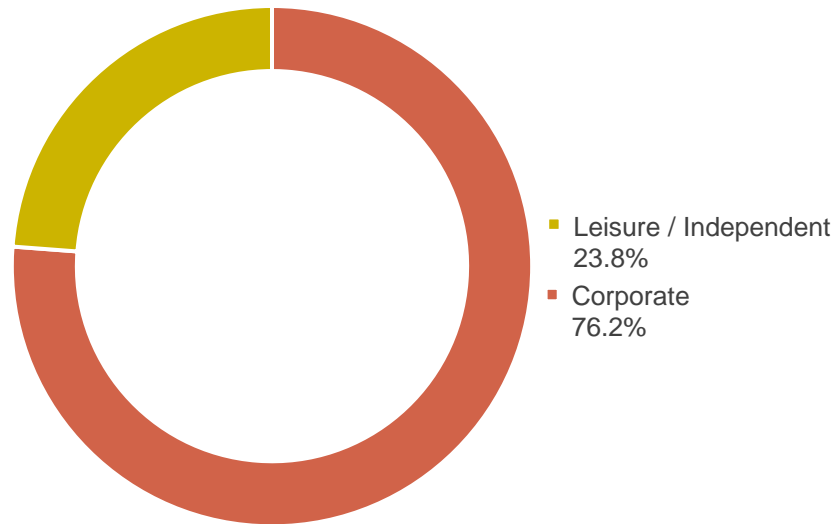


- The Corporate segment contributed 78.2% of overall revenue. Leisure contribution increased marginally to 21.8% of overall revenue as more of the REITs' hotels returned to the public market, servicing leisure guests with better rates.
- The proportion of revenue contribution from the Asian region continued to be the key driver of room nights.

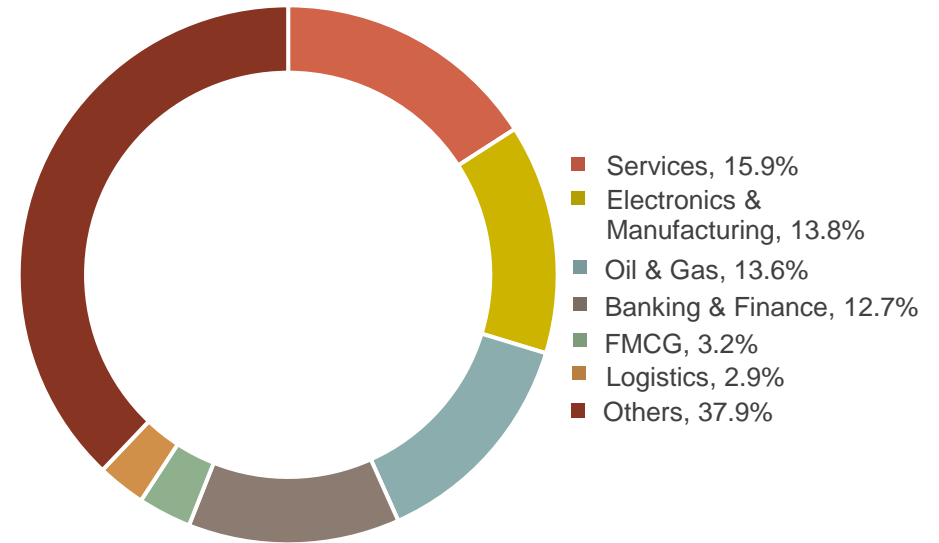


Quarterly Revenue Contribution – Serviced Residences

By Market Segment



By Industry



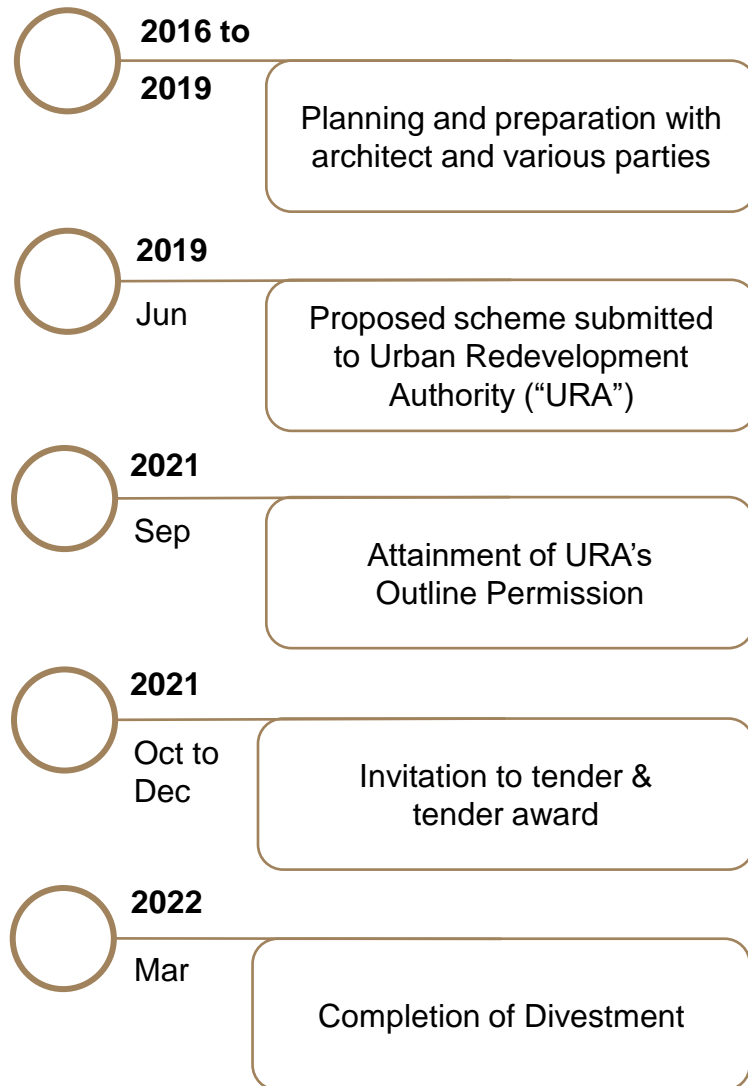
- Revenue contribution by the Corporate segment remained at about the same level as the previous quarter at 76.2% while the Leisure/Independent segment formed the balance of 23.8%.
- Services, Electronics & Manufacturing and Oil & Gas were the top 3 segments, contributing 43.3% of overall revenue.



Major Initiatives



Completion of Central Square Divestment



Transaction Details

Independent Valuation as at 31 December 2020 \$198.3 million

Purchase Price \$183.3 million

Divestment Consideration \$313.2 million

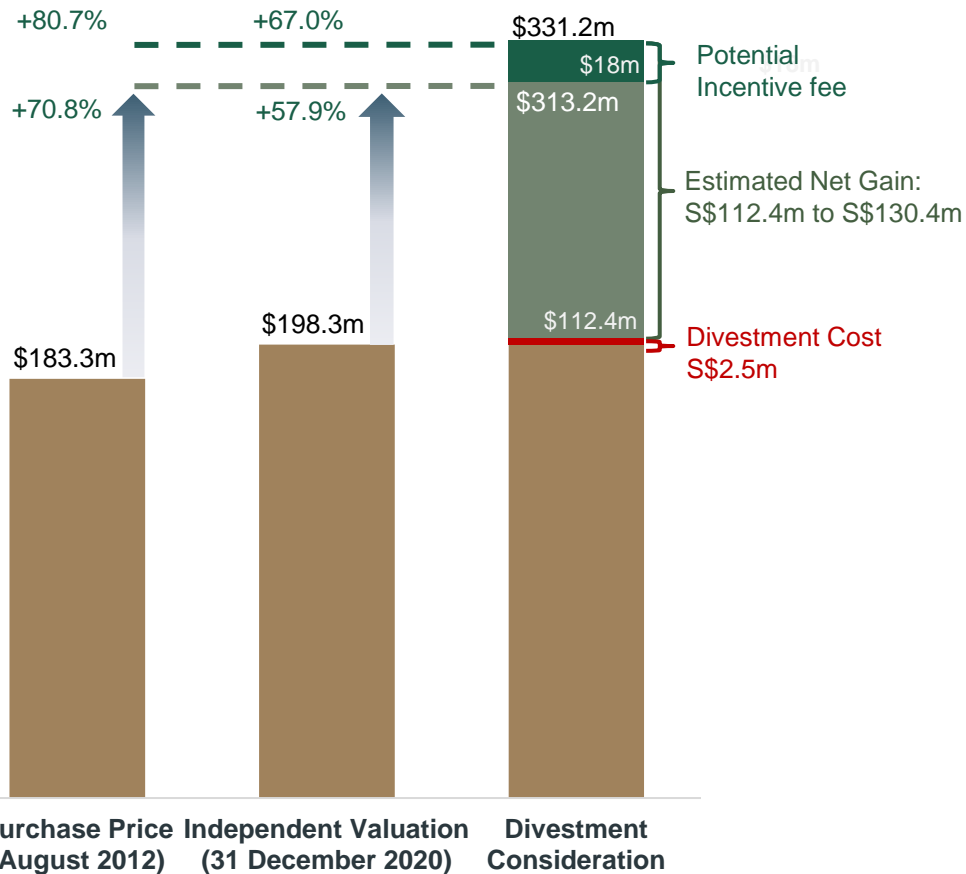
Incentive Fee (subject to conditions) Up to \$18.0 million

Purchaser CDL Libra Pte. Ltd.

Completion Date 24 March 2022



Key Benefits from Divestment



1

Unlocked Asset Potential to Realise Value

- Divestment at an attractive exit yield of 1.8%¹
- Estimated net gain of about S\$112.4m to S\$130.4m
- Premium:
 - ↑ 71% to 81% over purchase price
 - ↑ 58% to 67% over independent valuation²

2

Strengthened Balance Sheet

- Reduced aggregate leverage from 41.3% before the divestment to 33.4% after the divestment
- Increased debt headroom to S\$539.9m³

3

Increased Financial Flexibility

- Enhanced financial flexibility to finance higher yielding acquisitions

1 Exit yield is calculated based on FY 2020 Net Property Income
 2 Independent valuation as at 31 December 2020
 3 Assuming aggregate leverage limit of 45%

Enhancement Works in 2022

Regency House

Refurbishment of lobby and rebranding
(Expected completion 3Q 2022)



Reception area*



Lounge area*



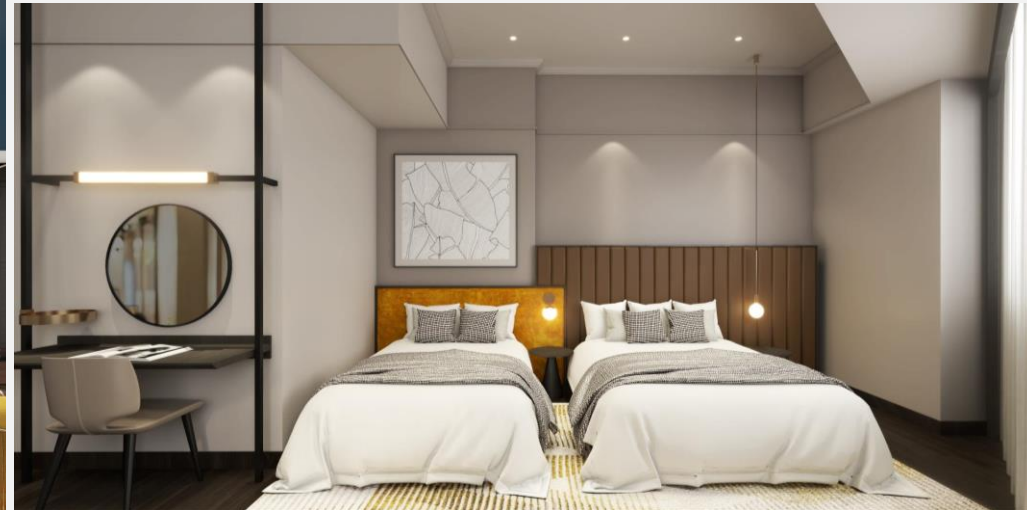
Enhancement Works in 2022

The Elizabeth Hotel

Upgrading of reception, common areas, and guestrooms
(Expected opening in phases from 3Q 2022)



Lobby*



Family room*

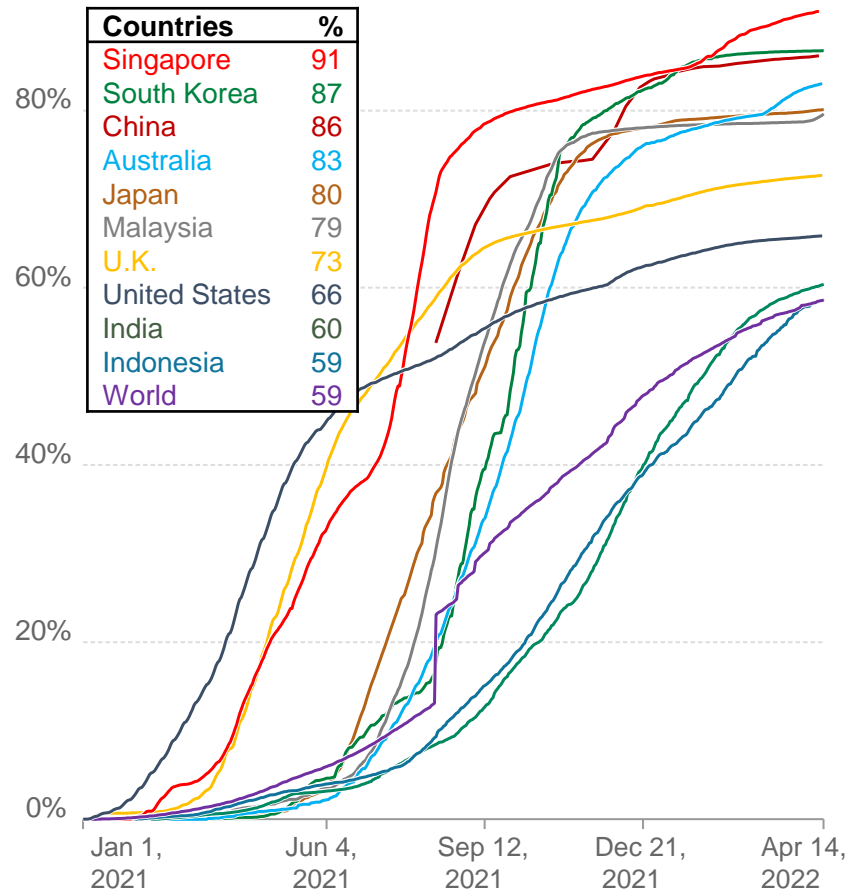


Outlook



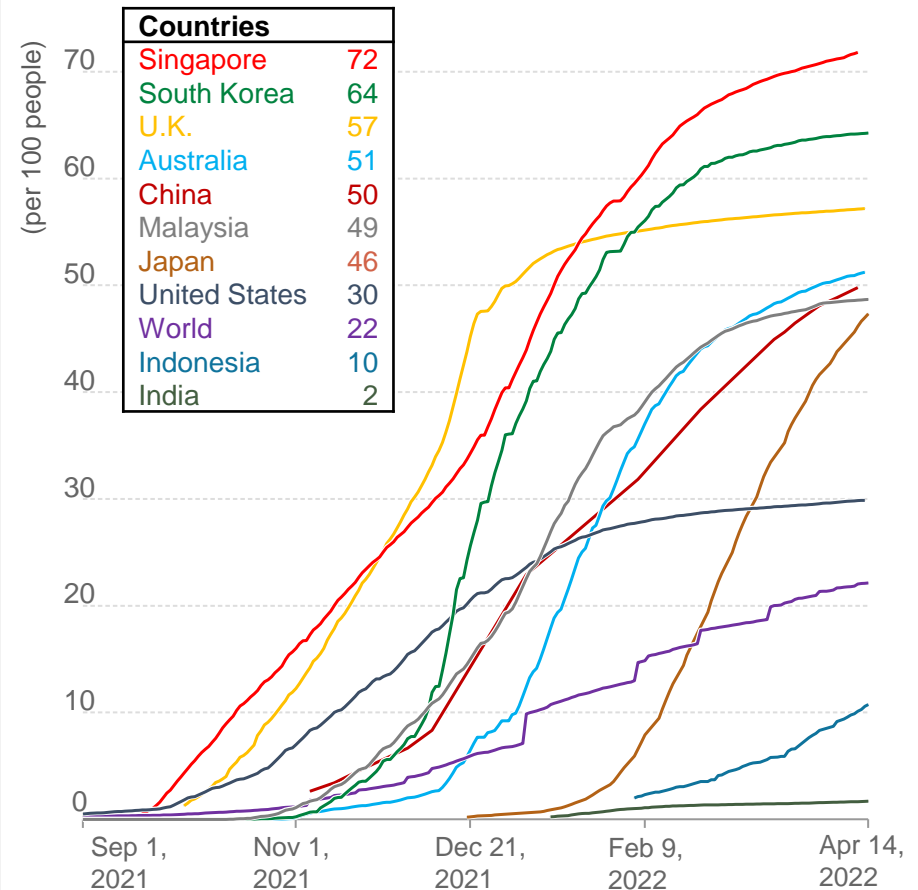
Vaccination Rates and Boosters Administered in Key Markets

Vaccination Rates



- Majority of people in key markets fully vaccinated.

Boosters Administered



- Continued progress of booster shots being administered.

Recovery of Air Passenger Numbers

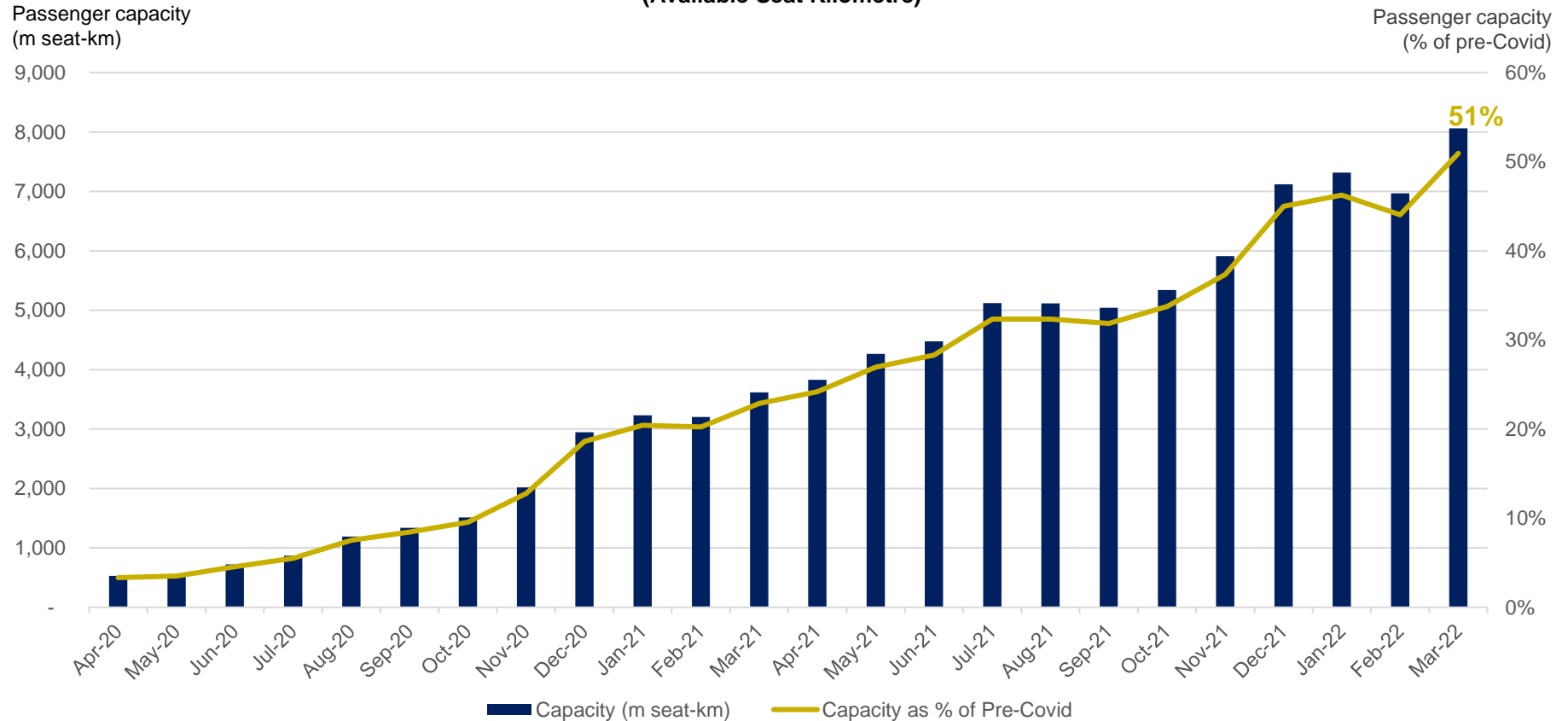
Passenger Numbers

| SHARE OF 2019 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---------------|------|------|------|------|------|
| International | 27% | 69% | 82% | 92% | 101% |
| Asia Pacific | 40% | 68% | 84% | 97% | 109% |

- IATA expects traffic to/from/within Asia Pacific to reach 68% of 2019 levels in 2022.
- Expected improvement of passenger numbers is due to the progressive relaxation or elimination of travel restrictions in many markets.
- Civil Aviation Authority of Singapore is on track to achieve 50% of its pre-COVID-19 passenger volume.

Recovery of Air Passenger Numbers

**SIA Group Passenger Capacity
(Available Seat Kilometre)**



- As the main conduit for arrivals in Singapore, airlines' passenger capacity is a leading indicator for the recovery in cross-border travel.
- SIA Group passenger capacity continues to improve month-on-month and is expected to reach 61% of pre-COVID levels by May 2022.

Outlook for 2022

Gradual resumption of travel as the world transitions to living with COVID-19

- Rising rates of COVID-19 vaccination globally coupled with effective rapid testing and development of alternative forms of COVID-19 treatment will facilitate the recovery in international travel.

Further easing of community and border measures

- From 26 April, the Singapore Government has eased most of the country's remaining COVID-19 measures, representing a significant step in the return to normalcy.

Muted supply of new hotel rooms

- Supply of 2,069 new rooms for 2022 is much lower than the average of 2,400 rooms added annually between 2015 and 2019¹.

Mitigating factors for Far East H-Trust

- Far East H-Trust's high fixed rent component in the master leases provides downside protection for the gross revenue of the Trust. The 20-year master leases on all portfolio assets are well-supported by the Sponsor, Far East Organization.

⁽¹⁾ Savills report issued as at March 2021

Medium-Term Outlook

Growing business hub – Singapore continues to attract foreign investments

- S\$11.8 billion in fixed asset investments in 2021, above the medium to long-term yearly target of between S\$8 billion and S\$10 billion set by the Economic Development Board.
- Strong investments by Electronics and Biomedical manufacturing firms with 67% and 13% of investment commitments coming from United States and Europe respectively.
- New investments expected to drive demand for accommodation from corporate travellers and project groups.

Expanding tourism offerings

- S\$500m set aside by the Singapore Tourism Board for the next few years to strengthen Singapore's position as a global hub for business tourism and urban wellness haven.
- Major expansion of key tourism areas such as the revamp of Mandai Wildlife Reserve, Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*), and the Integrated Resorts.

Ongoing infrastructure projects to enable Singapore to remain connected and relevant to the world

- Continued development of infrastructure projects such as Changi Airport Terminal 5, Tuas Mega port, the North South Corridor, and the Cross Island MRT line.

Thank You

For more information please visit
<http://www.fehtrust.com>



Far East H-Trust Asset Portfolio Overview

Hotels



| | Village Hotel Albert Court | Village Hotel Changi | The Elizabeth Hotel | Village Hotel Bugis | Oasia Hotel Novena | Orchard Rendezvous Hotel | The Quincy Hotel | Rendezvous Hotel Singapore | Oasia Hotel Downtown | Total / Weighted Average |
|-----------------------------------|-----------------------------------|--|------------------------------------|------------------------------------|---------------------------------|---------------------------------|--|-----------------------------------|---------------------------------|---------------------------------|
| Market Segment | Mid-tier | Mid-tier | Mid-tier | Mid-tier | Mid-tier / Upscale | Mid-tier / Upscale | Upscale | Upscale | Upscale | NA |
| Address | 180 Albert Street, S'pore 189971 | 1 Netheravon Road, S'pore 508502 | 24 Mount Elizabeth, S'pore 228518 | 390 Victoria Street, S'pore 188061 | 8 Sinaran Drive, S'pore 307470 | 1 Tanglin Road, S'pore 247905 | 22 Mount Elizabeth Road, S'pore 228517 | 9 Bras Basah Road, S'pore 189559 | 100 Peck Seah St, S'pore 079333 | |
| Date of Completion | 3 Oct 1994 | 30 Jan 1990 ² | 3 May 1993 | 19 Oct 1988 | 2 June 2011 | 20 June 1987 ² | 27 Nov 2008 | 5 June 2000 ² | 30 Dec 2015 | |
| # of Rooms | 210 | 380 | 256 | 393 | 428 | 388 | 108 | 298 | 314 | 2,775 |
| Lease Tenure ¹ | 66 years | 56 years | 66 years | 57 years | 83 years | 41 years | 66 years | 62 years | 61 years | NA |
| GFA/Strata Area (sq m) | 11,426 | 22,826 | 11,723 | 21,676 | 22,457 | 34,072 | 4,810 | 19,720 | 17,793 | |
| Retail NLA (sq m) | 1,003 | 805 | 583 | 1,164 | NA | 3,778 | NA | 2,799 | NA | 10,132 |
| Office NLA (sq m) | NA | NA | NA | NA | NA | 2,515 | NA | NA | NA | 2,515 |
| Master Lessee / Vendor | First Choice Properties Pte Ltd | Far East Organization Centre Pte. Ltd. | Golden Development Private Limited | Golden Landmark Pte. Ltd. | Transurban Properties Pte. Ltd. | Far East Orchard Limited | Golden Development Private Limited | Serene Land Pte Ltd | Far East SOHO Pte Ltd | |
| Valuation (S\$ 'mil) ¹ | 120.9 | 192.4 | 162.3 | 222.8 | 310.0 | 404.9 | 78.0 | 270.0 | 244.0 | 2,005.3 |

¹ As at 31 December 2021

² Date of acquisition by Sponsor, as property was not developed by Sponsor

Far East H-Trust Asset Portfolio Overview

Serviced Residences



Village Residence Hougang



Village Residence Robertson Quay



Regency House

Total /
Weighted Average

| | Village Residence Hougang | Village Residence Robertson Quay | Regency House | Total / Weighted Average |
|-----------------------------------|---------------------------------------|-------------------------------------|------------------------------------|-----------------------------|
| Market Segment | Mid-tier | Mid-tier | Upscale | NA |
| Address | 1 Hougang Street 91, S'pore 538692 | 30 Robertson Quay, S'pore 238251 | 121 Penang House, S'pore 238464 | |
| Date of Completion | 30 Dec 1999 | 12 July 1996 | 24 Oct 2000 | |
| # of Rooms | 78 | 72 | 90 | 240 |
| Lease Tenure ¹ | 72 years | 69 years | 72 years | NA |
| GFA/Strata Area (sq m) | 14,257 | 10,570 | 10,723 | 35,550 |
| Retail NLA (sq m) | NA | 1,179 | 539 | 1,718 |
| Office NLA (sq m) | NA | NA | 2,291 | 2,291 |
| Master Lessee / Vendor | Serene Land Pte Ltd | Riverland Pte Ltd | Oxley Hill Properties Pte Ltd | |
| Valuation (S\$ 'mil) ¹ | 62.5 | 104.6 | 164.1 | 331.2 |

¹ As at 31 December 2021