



FAR EAST
HOSPITALITY
TRUST

Presentation at
11th Annual General Meeting

20 April 2023

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Agenda

- Year in Review:
 - Financial & Operational Performance
 - Capital Management
 - Portfolio Optimisation – Divestment of Central Square
 - Asset Enhancement Initiatives
 - Sustainability & Corporate Governance

- Outlook



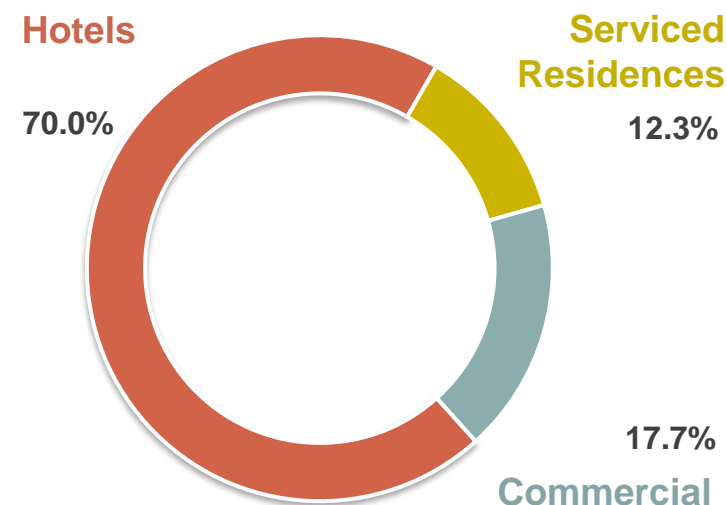
Financial & Operational Performance



FY 2022 Financial Performance

	FY 2022 S\$'000	YoY Variance %
Gross Revenue	83,579	0.4
Net Property Income	77,329	2.9
Income Available for Distribution	58,986	7.5
Distribution to Stapled Securityholders	65,024	25.2
Distribution per Stapled Security (cents)	3.27	24.3

Breakdown of Revenue by Segment



- Gross revenue for FY 2022 grew 0.4% year-on-year to S\$83.6 million led by growth from the Hotel segment which increased 2.7%.
- **Excluding the effects of Central Square's divestment, gross revenue would have grown 7.0% year-on-year with contributions from the SRs and Commercial Premises having grown 23.3% and 16.9% year-on-year respectively.**
- **Distribution to Stapled Securityholders grew 25.2%** to S\$65.0 million on the back of higher net property income, lower finance expenses, and sharing of gains from the divestment of Central Square, translating into a higher DPS of 3.27 cents.



Portfolio Performance – Hotels

Operating Performance

Average Occupancy

73.7% (-5.7pp YoY)

Average Daily Rate

S\$125 (+78.6% YoY)

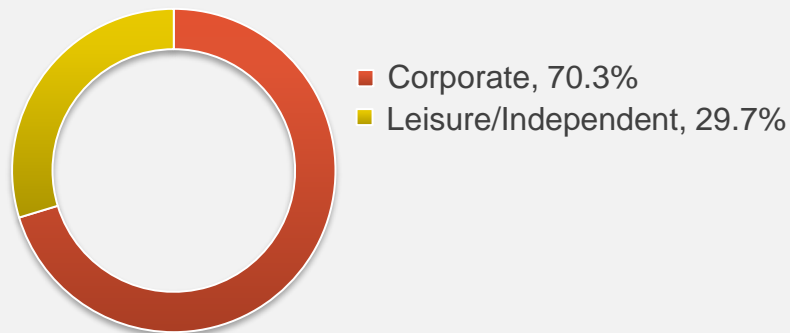
Revenue per Available Room

S\$92 (+64.3% YoY)

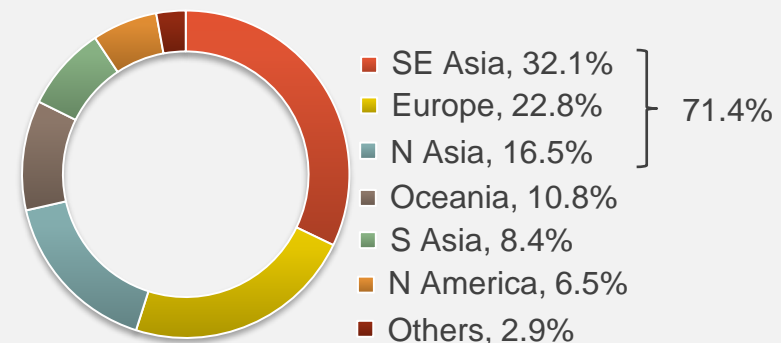
- For FY 2022, overall RevPAR grew 64.3% on the back of higher ADR supported in part by healthy demand from corporate groups and improved pick-up from leisure travellers returning to Singapore.

Revenue Contribution

By Market Segment



By Region



- While majority of the hotel's revenue was formed by the Corporate segment of 70.3%, the Leisure segment experienced a greater expansion increasing its contribution from 15.0% to 29.7%, reflecting the influx of tourist arrivals with the full reopening of Singapore's borders since April 2022.
- Guests from South East Asia, Europe and North Asia formed the top 3 markets contributing to 71.4% of overall revenue.



Portfolio Performance – Serviced Residences

Operating Performance

Average Occupancy

87.5% (+10pp YoY)

Average Daily Rate

S\$223 (+23.2% YoY)

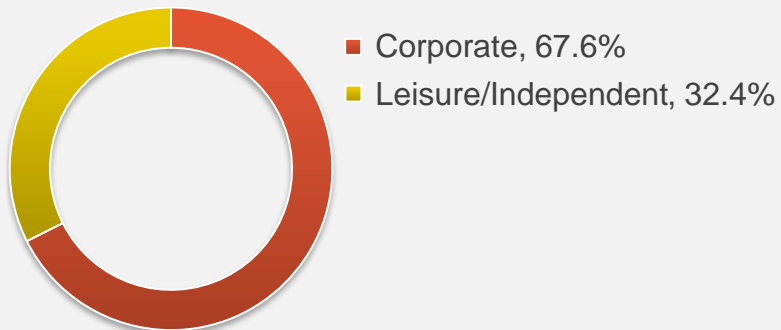
Revenue per Available Unit

S\$195 (+39.3% YoY)

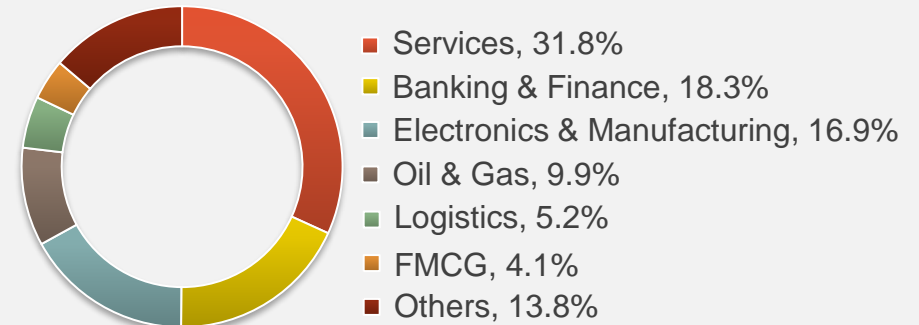
- For FY 2022, the Serviced Residences continued to demonstrate strong performance generating variable rent above the fixed rent level of the master leases with RevPAU surpassing that of 2019, supported by robust demand from corporate project groups and professionals requiring long-stay accommodation.

Revenue Contribution

By Market Segment



By Industry



- Revenue contribution by the Corporate segment was 67.6% while the Leisure/Independent segment grew from 21.5% to 32.4% reflecting the reopening of borders since April 2022.
- Services, Banking & Finance and Electronics & Manufacturing formed the top 3 segments contributing to 67.0% of overall revenue.



Portfolio Performance – Commercial Premises

Performance

Revenue (millions)

S\$14.8 (-1.9% YoY)

Average Occupancy

75.3% (+5.6pp YoY)

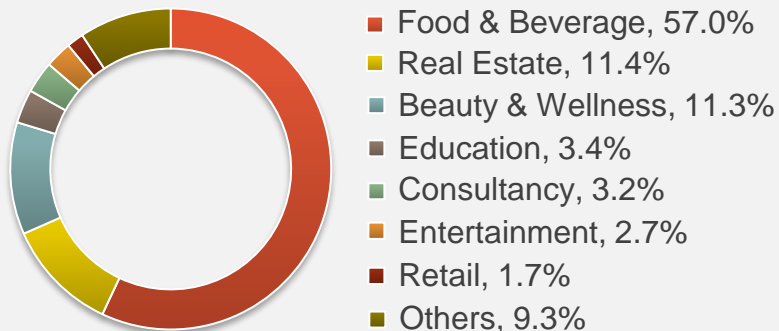
WALE (Years)

1.37 (+0.19 year YoY)

- For FY 2022, revenue from the Retail and Office spaces decreased 1.9% year-on-year to S\$14.8 million due to lower revenue recorded following the divestment of Central Square. **Excluding the effects of the divestment, revenue would have increased 16.9% year-on-year.**
- New leases entered during the year had a WALE of 1.95 years and made up 6.4% of Retail and Office revenue for the year.

Revenue Contribution

Trade Sector Mix of Tenants by Revenue



Top 10 RCP Tenants (Revenue Contribution)

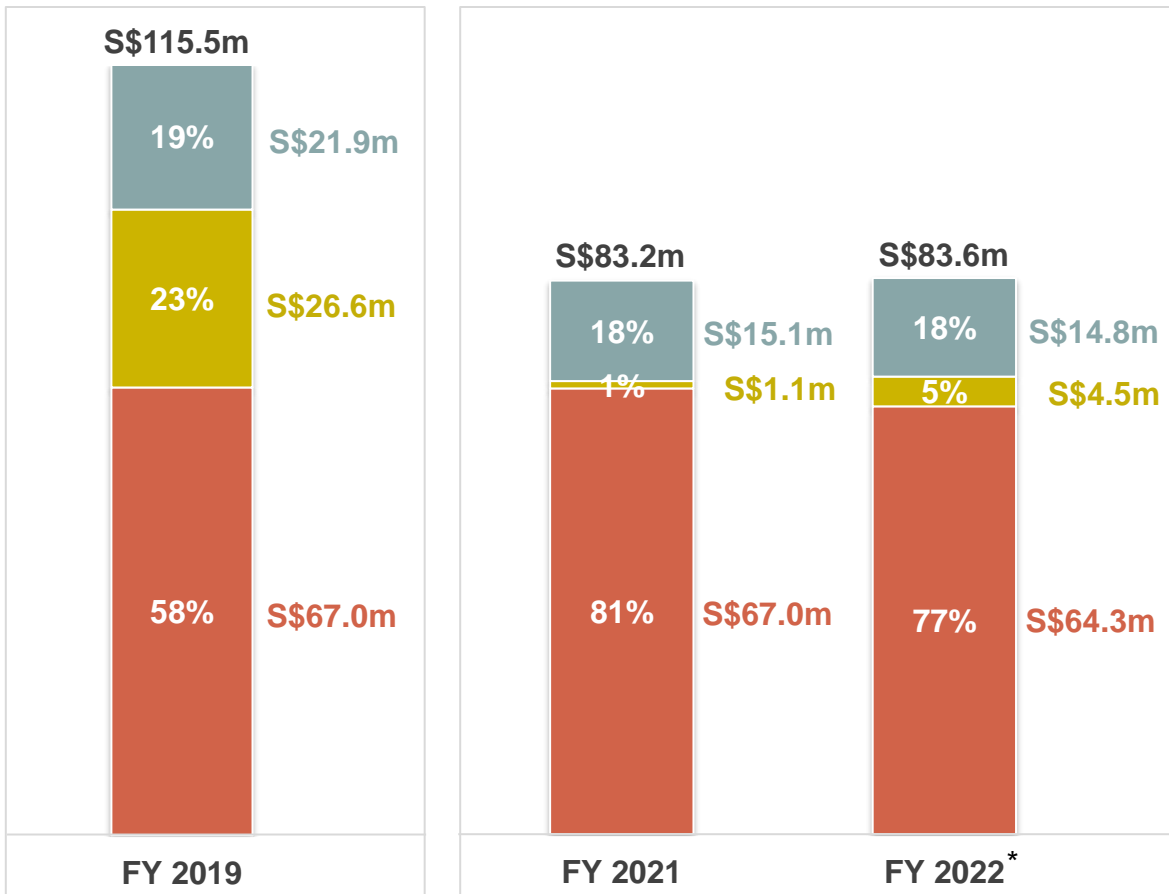
1. Far East Organization entities	7.3%
2. Akashi Japanese Restaurant OPH Pte Ltd	6.8%
3. Club Chinois Pte Ltd	5.6%
4. White Marble (2021) Pte Ltd	4.1%
5. Singapore Hospitality Group Pte Ltd	4.1%
6. SPH Media Limited	2.7%
7. Kam Boat Chinese Cuisine Pte Ltd	2.5%
8. 328 F&B Holding Pte Ltd	2.4%
9. Commonwealth Concepts Pte Ltd	2.3%
10. G & R Fusion Pte Ltd	2.2%

- Top 10 tenants contributed approximately 40.0% of Retail and Office revenue.



Breakdown of Rental Revenue

Revenue Mix



■ Fixed Rent (Hotels & SRs)
 ■ Variable Rent (Hotels & SRs)
 ■ Rental Revenue (Retail Commercial Premises)

Variable rent increases as hospitality sector recovery begins

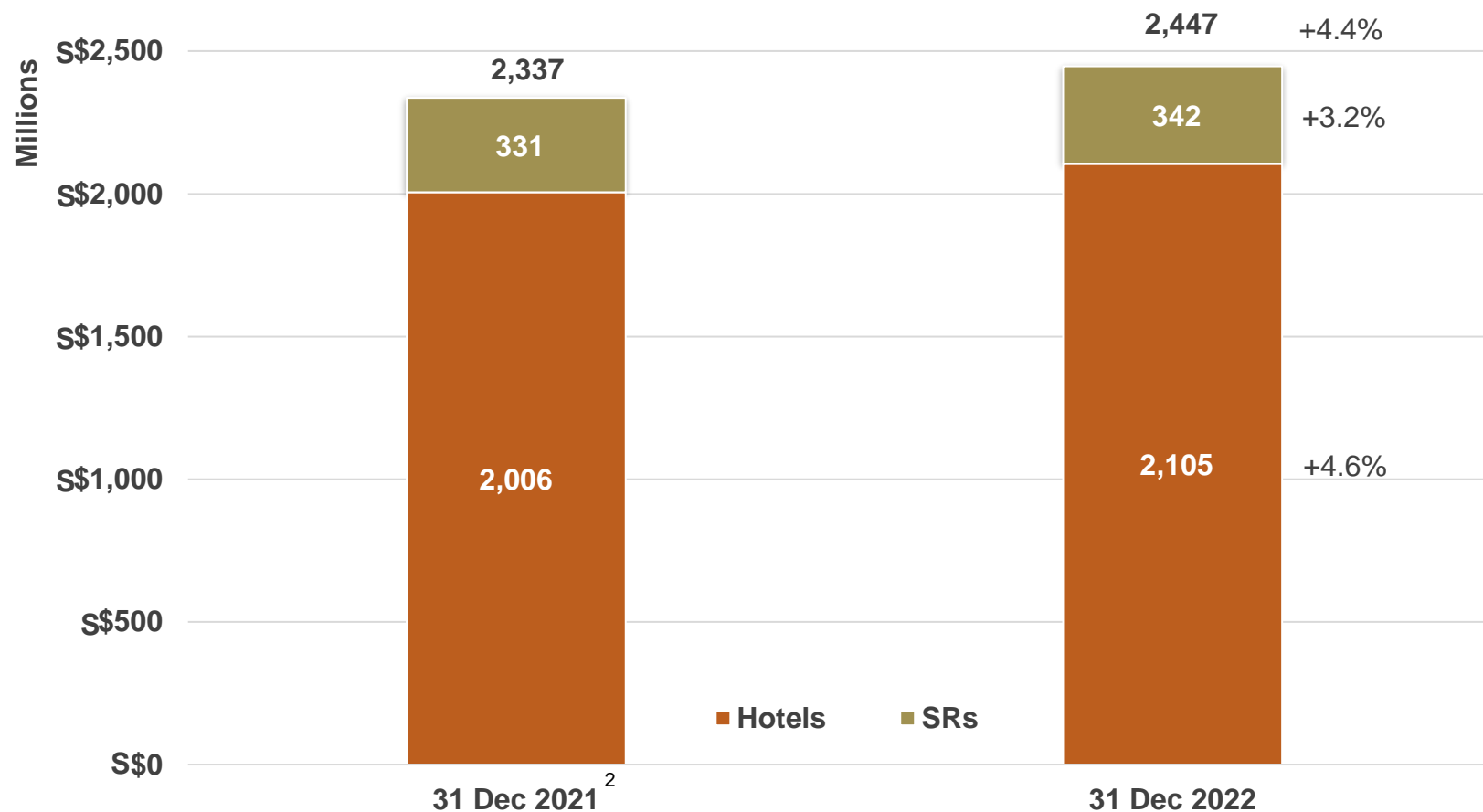
- Despite Central Square's divestment completion on 24 March 2022, revenue for FY 2022 still managed to grow 0.4% year-on-year.
- Variable Rent grew ~4.1 times to S\$4.5 million, contributing 5% of overall revenue with further room for growth.
- Minimum rental payment (Fixed Rent) provided downside protection for Stapled Securityholders and mitigated the impact of volatility experienced during adverse economic circumstances.
- Long remaining tenure for all master leases of approximately 10 years.



* Excluding the effects of Central Square's divestment, gross revenue for FY 2022 would have grown 7.0% year-on-year

Portfolio Valuation

Fair value gain¹ in investment properties of S\$102 million in FY2022



1 Based on the differences between the carrying amount (including capitalised capital expenditure) and the latest fair value

2 Excludes Central Square for a same-store-basis comparison

Capital Management



Capital Management

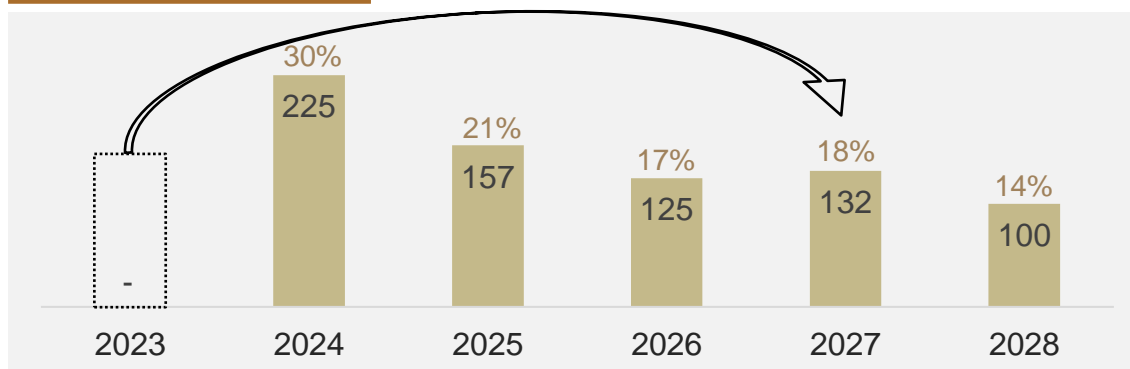
2

- Pared down debt of S\$210.0 million with proceeds from the divestment of Central Square in March 2022
- Refinanced two term loans totalling S\$132.2 million to a two new 5-year term loans in December 2022

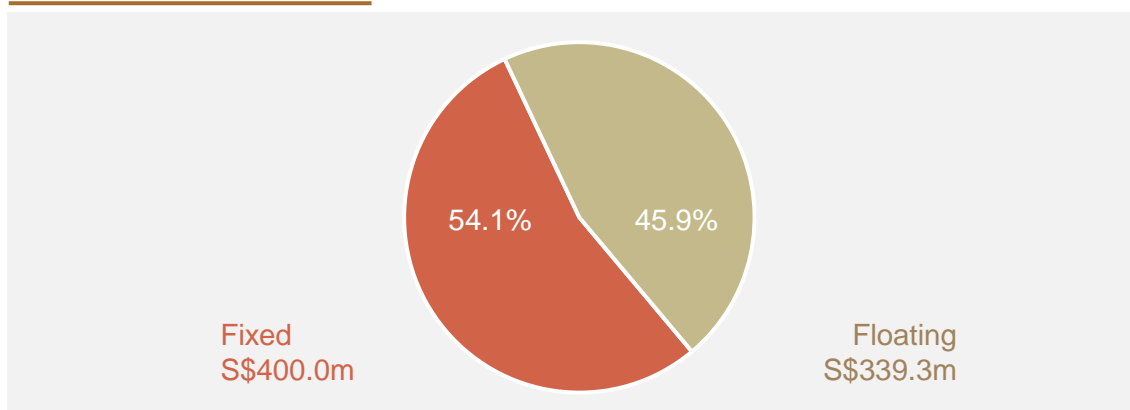
As at 31 Dec 2022

Total Debt	S\$739.3m
Available Revolving Facility	S\$300.0m
Aggregate Leverage	32.0%
Unencumbered Asset as % Total Asset	100%
Proportion of Fixed Rate	54.1%
Weighted Average Debt Maturity	3.1 years
Average Cost of Debt	2.2%
Interest Coverage Ratio¹	3.8x

Debt Maturity Profile



Interest Rate Profile



¹ Interest coverage ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 3.6x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

Portfolio Optimisation – Divestment of Central Square



Divestment of Central Square

Crystallisation of value resulting from a multi-year effort by the REIT Manager in master planning and consultations with various parties



①

Unlock latent value within the portfolio of hospitality assets

②

Strengthen balance sheet with proceeds used to pare down debt

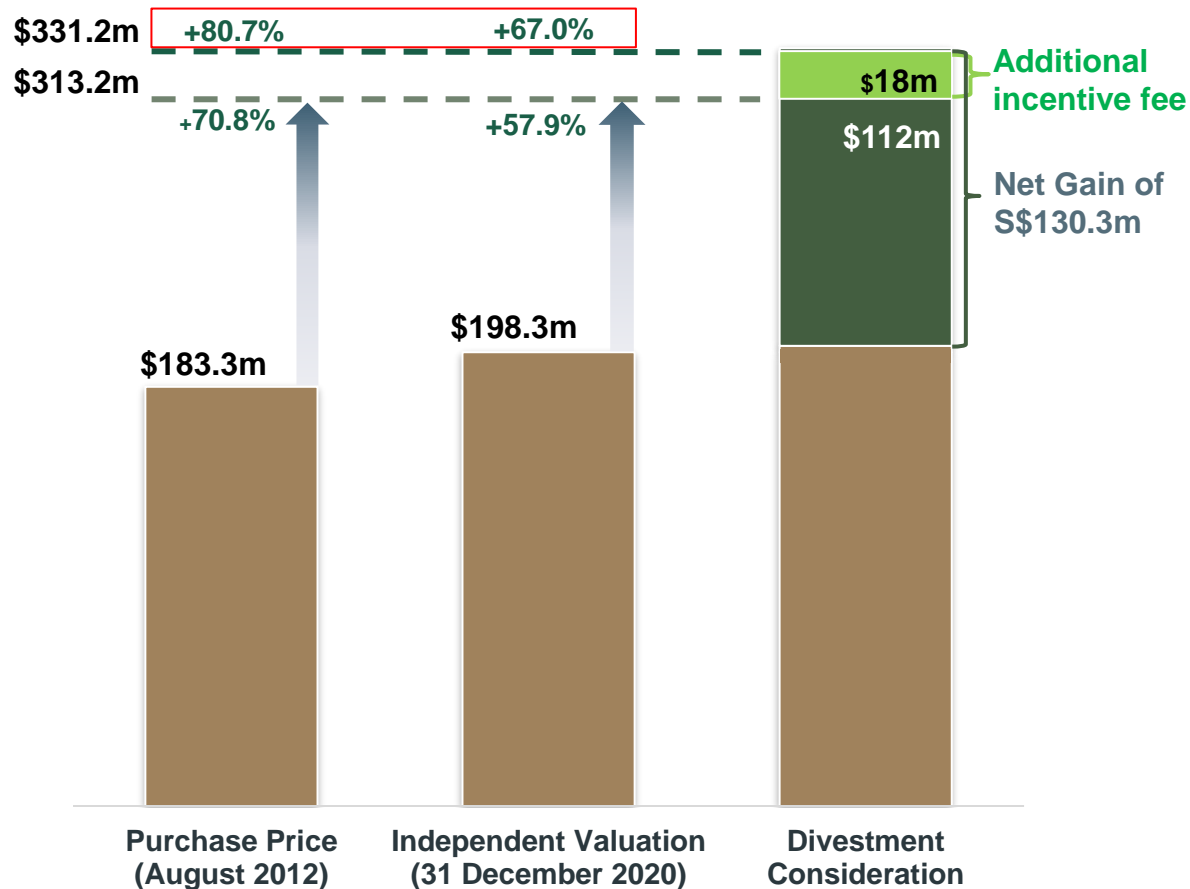
③

Greater financial flexibility with higher debt headroom to finance higher yielding acquisitions



Divestment of Central Square

Unlocked Asset Potential to Realise Value



March 2022

- Completed divestment of Central Square for a consideration of S\$313.2m with an additional incentive fee of up to S\$18.0m, subject to certain conditions being fulfilled by 31 December 2023
- Divestment represented an attractive exit yield of 1.8%¹

March 2023

- Received additional payment of S\$18.0m, being maximum amount of incentive fee payable by the acquirer
- Premium:
 - ↑ 81% over purchase price
 - ↑ 67% over valuation as at 31 December 2020
- Total Net gain of S\$130.3m
- Final exit yield of 1.7%¹



¹ Exit yield is calculated based on FY 2020 Net Property Income over purchase consideration in March 2022 (plus additional incentive fee in March 2023).

Asset Enhancement Initiatives



Completed Initiatives

Orchard Rendezvous Hotel



Completion of multi-phase improvement works to the facade and revamped outdoor refreshment area

Adina Serviced Apartments Singapore Orchard



Refurbishment and rebranding of Regency House to Adina Serviced Apartments Singapore Orchard

Vibe Hotel Singapore Orchard



Renovation and rebranding of The Elizabeth Hotel to Vibe Hotel Singapore Orchard



Orchard Rendezvous Hotel

Scope of Works



1 New Ribbon Cladding @ L2 Podium Terrace



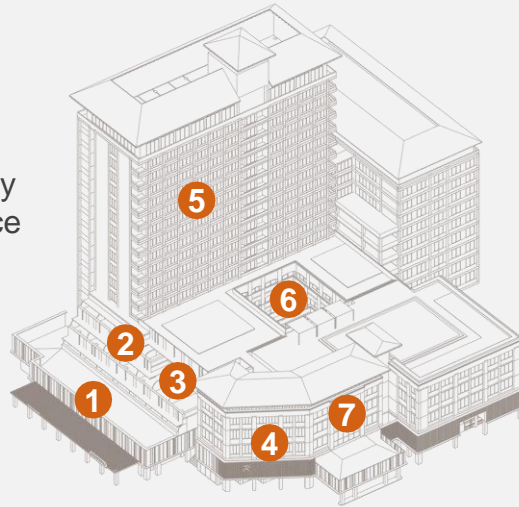
2 New Aluminum Canopy @ L3-5 Podium Terrace



3 New Planters with Irrigation @ L3-5 Podium Terrace



4 Night Lighting @ Podium



5 Removal of Existing Planter Boxes



6 Painting Works @ Courtyard



7 Overall Painting Scheme



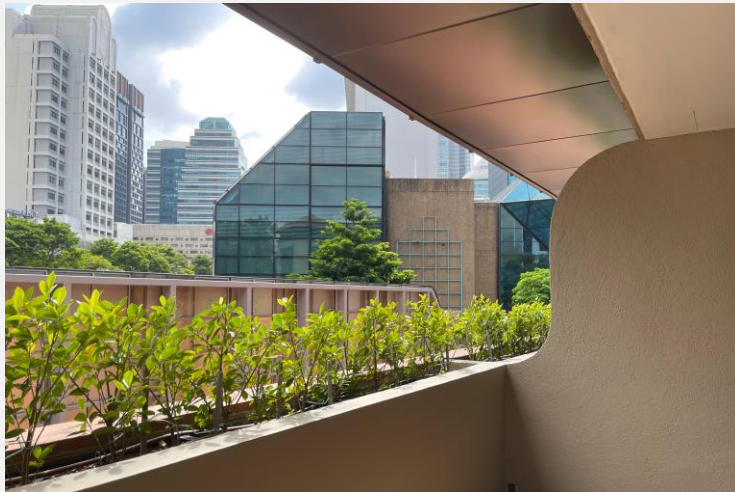
Orchard Rendezvous Hotel



**New
Ribbon
Cladding**



**Removal of
Existing
Planter
Boxes**



**New
Aluminium
Canopy &
Plants with
Auto
Irrigation
System**

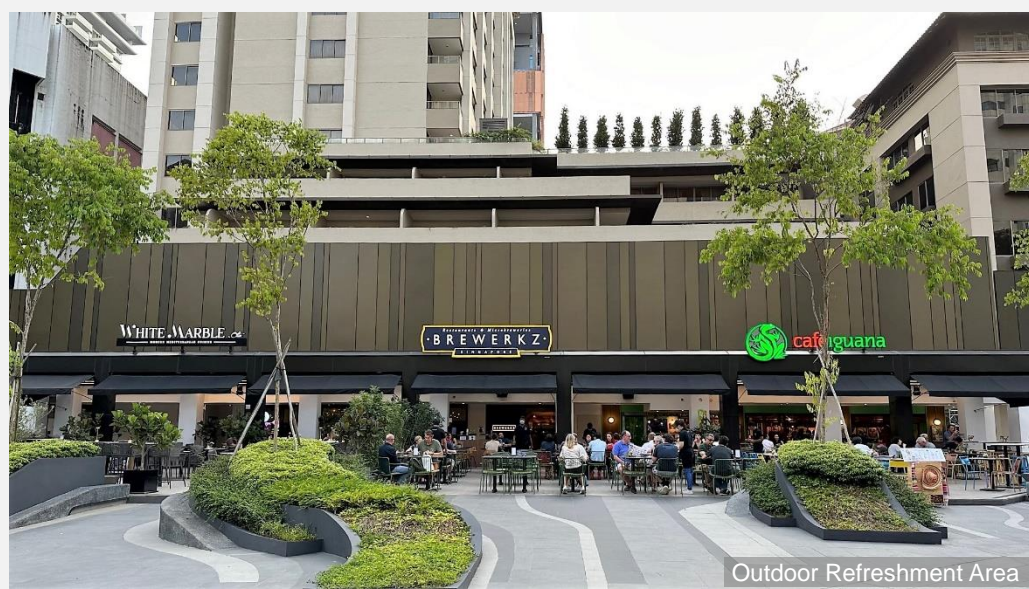


**Overall
Painting
Scheme**



Orchard Rendezvous Hotel

Outdoor Refreshment Area



Refreshed Tenant Mix



Adina Serviced Apartments Singapore Orchard*



Reception

*Previously known as Regency House



Adina Serviced Apartments Singapore Orchard*

Refurbishment and rebranding of Regency House to Adina Serviced Apartments Singapore Orchard

(Officially rebranded on 7 July 2022)



Driveway



Ride Your Own Adina Story



Ride You Own Adina Story



*Previously known as Regency House

Adina Serviced Apartments Singapore Orchard*

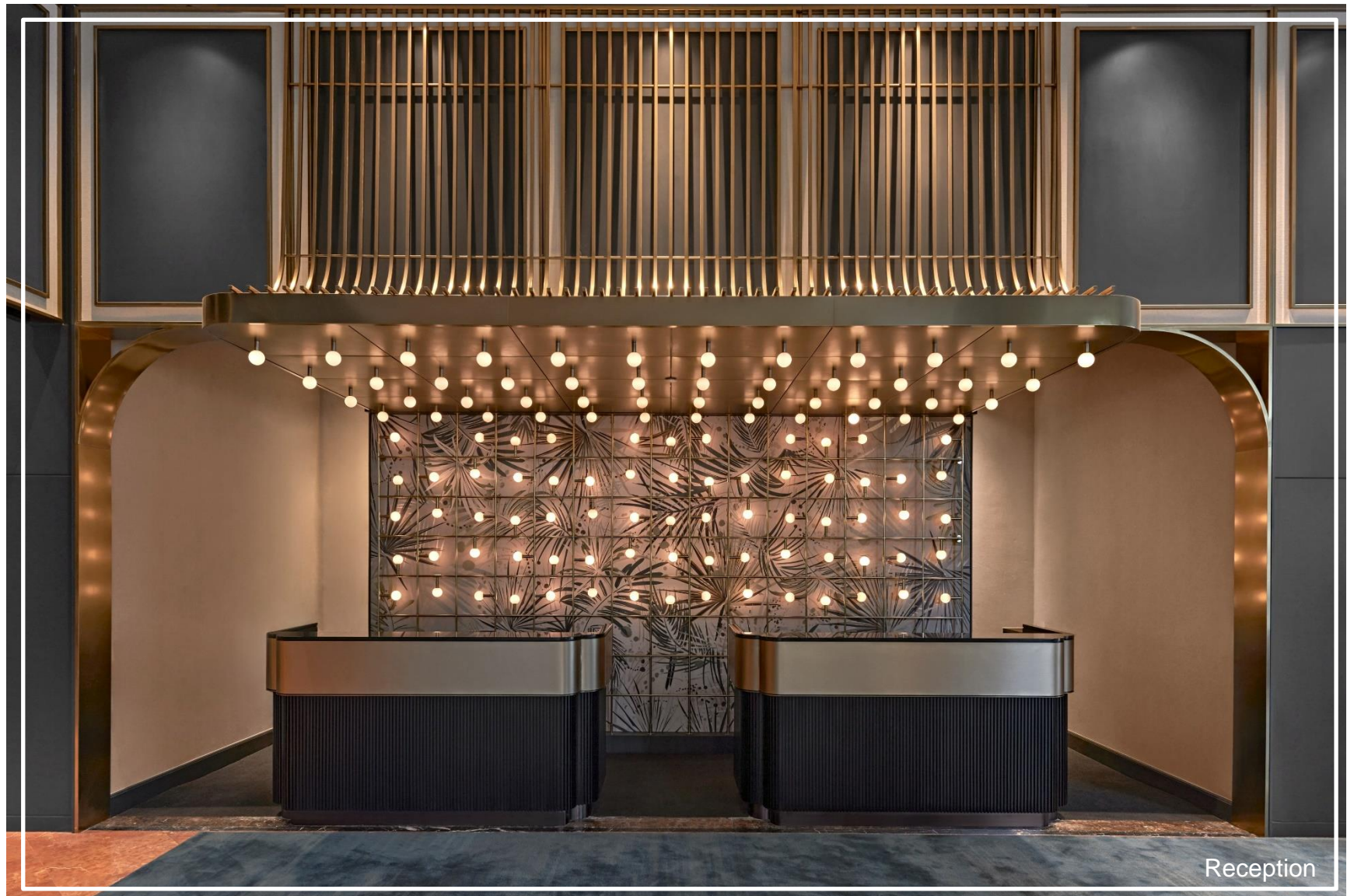
Refurbishment and rebranding of Regency House to Adina Serviced Apartments Singapore Orchard

(Officially rebranded on 7 July 2022)



*Previously known as Regency House

Vibe Hotel Singapore Orchard*



*Previously known as The Elizabeth Hotel



Vibe Hotel Singapore Orchard*

Renovation of The Elizabeth Hotel and rebranding to Vibe Hotel Singapore Orchard

(Officially opened on 3 November 2022)

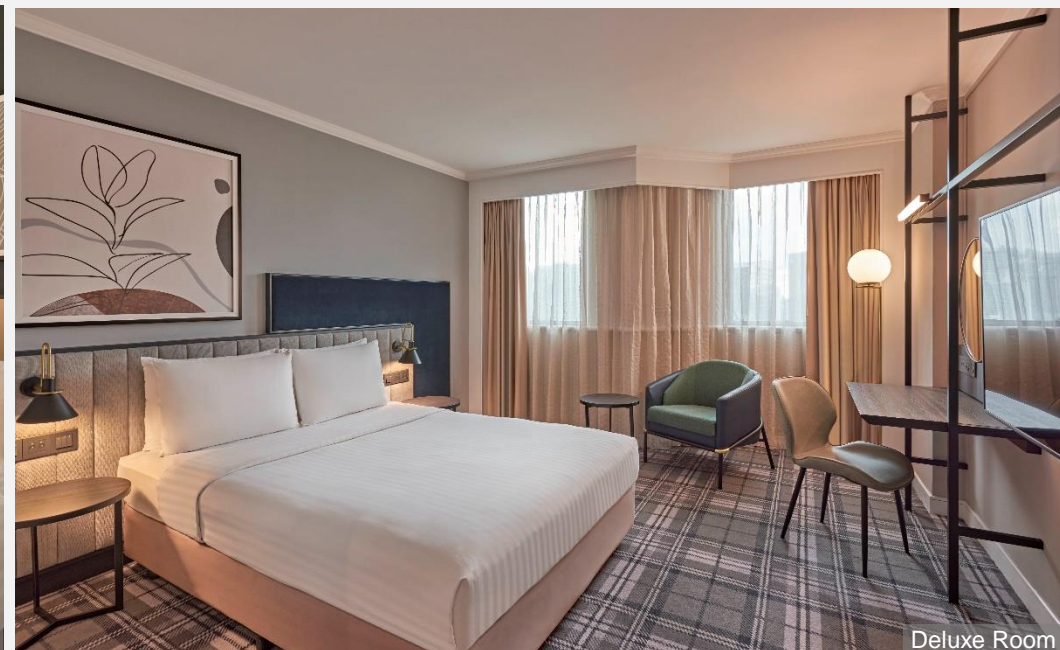
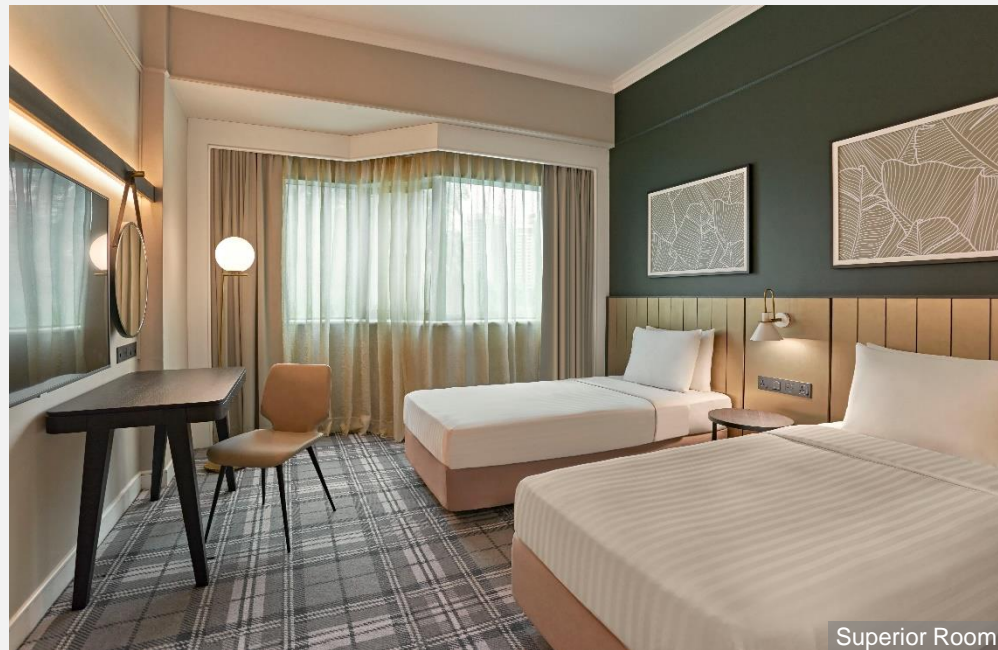


*Previously known as The Elizabeth Hotel

Vibe Hotel Singapore Orchard*

Renovation of The Elizabeth Hotel and rebranding to Vibe Hotel Singapore Orchard

(Officially opened on 3 November 2022)



*Previously known as The Elizabeth Hotel

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Renovation of The Elizabeth Hotel and rebranding to Vibe Hotel Singapore Orchard

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Sustainability & Corporate Governance



Sustainability Strategy

Responsible Stewardship

Far East H-Trust's sustainability vision is about partnering our stakeholders to positively impact communities and the environment in markets we operate in.

Creating Lasting Value

We focus on long-term growth of our hospitality portfolio to unlock value for all stakeholders.



Securing Our Future

We collaborate with stakeholders to adopt energy-efficient initiatives and manage our resources responsibly to achieve climate resilience.



Impacting Lives

We proactively engage staff, tenants, customers, and the community to generate positive impacts.



Good Governance

We strive to maintain stakeholders' trust through continuous strengthening of our governance policies (aligned to global best practices), which underpin all of our sustainability efforts.



Continued Commitments on Sustainability Efforts

FEHT's Sustainability Journey

2017

Inaugural Sustainability Report

2018 – 2021

- Progressive refinement of sustainability initiatives and strategic review of sustainability framework
- Linking of management incentives to ESG KPIs and targets
- Reconstituted the Audit and Risk Committee as the ASRC, reinforcing our commitment towards integrating ESG and climate-risk considerations into our business

2022

- First TCFD disclosure published
- Comprehensive review of ERM framework, integration of ESG-related risk and inclusion of ESG considerations in all relevant strategic planning and decisions
- Preliminary climate risk assessment completed
- Setting long-term target of net zero emissions by 2050



Accolades and Corporate Governance Highlights

Singapore Governance and Transparency Index 2022 (“SGTI”)

Ranked 3rd

- In August 2022, FEHT was **ranked 3rd** out of 44 REITs and Business Trusts on the SGTI.
- SGTI is a collaboration between CPA Australia, NUS Business School’s Centre for Governance and Sustainability and Singapore Institute of Directors.

Governance Index For Trusts 2022 (“GIFT”)

Ranked Joint 7th

- In November 2022, FEHT was **ranked 7th** out of 43 REITs and Business Trusts on the GIFT, maintaining its top 10 positioning from 2020.



ASEAN Corporate Governance Scorecard 2021 (“ACGS”)

ASEAN Asset Class

- In December 2022, FEHT was awarded the ASEAN Asset Class award and **ranked 8th** out of 100 largest publicly listed companies on the Singapore Exchange.



Securities Investors Association (Singapore) (“SIAS”) Investors’ Choice Awards 2022



Shareholder Communications Excellence Award

Runner-up

- For a **second consecutive year**, in recognition of the Manager’s efforts in transparent disclosure and excellent communication with shareholders.



Singapore Corporate Governance Award

Runner-up

- In recognition of the Manager’s efforts in adopting good corporate governance, transparency and sustainability practices.

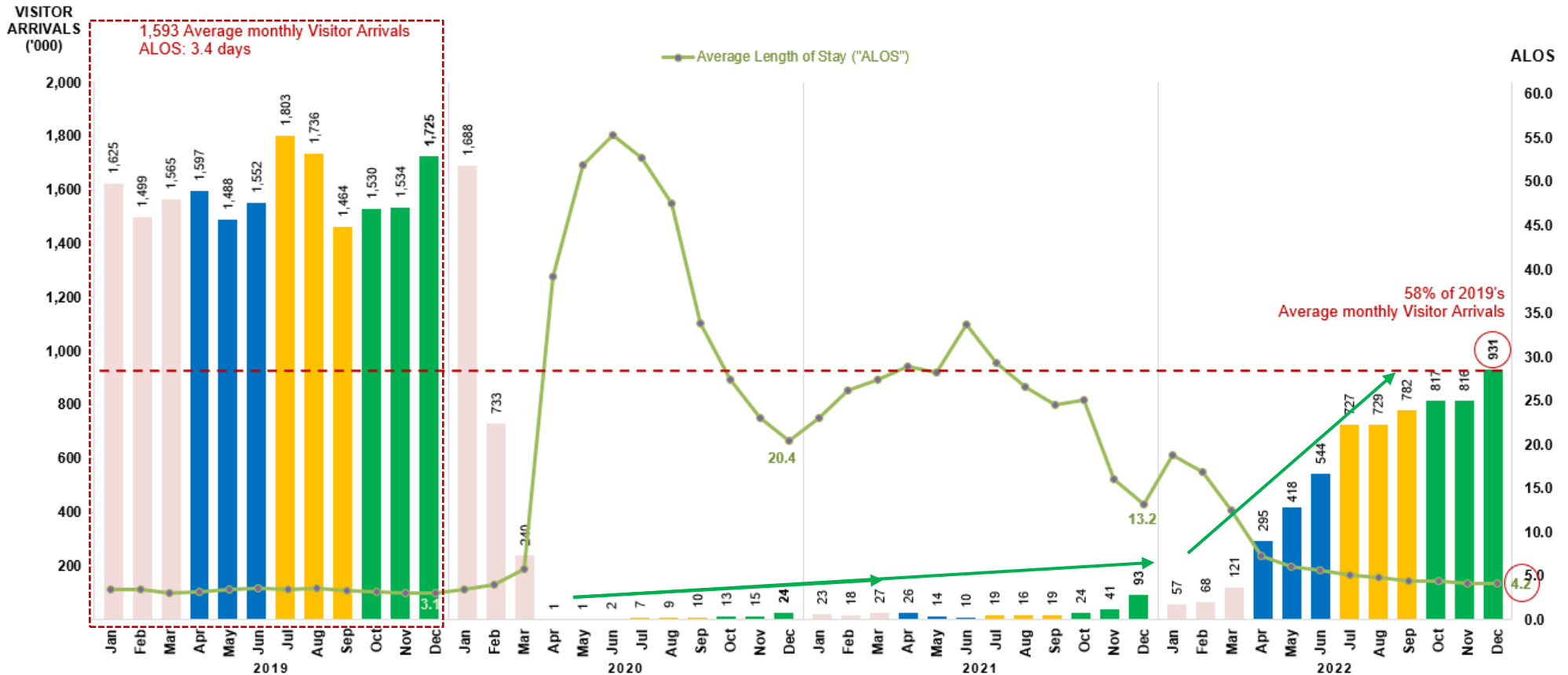


Outlook



Increase of Visitor Arrivals to Singapore

Visitor Arrivals

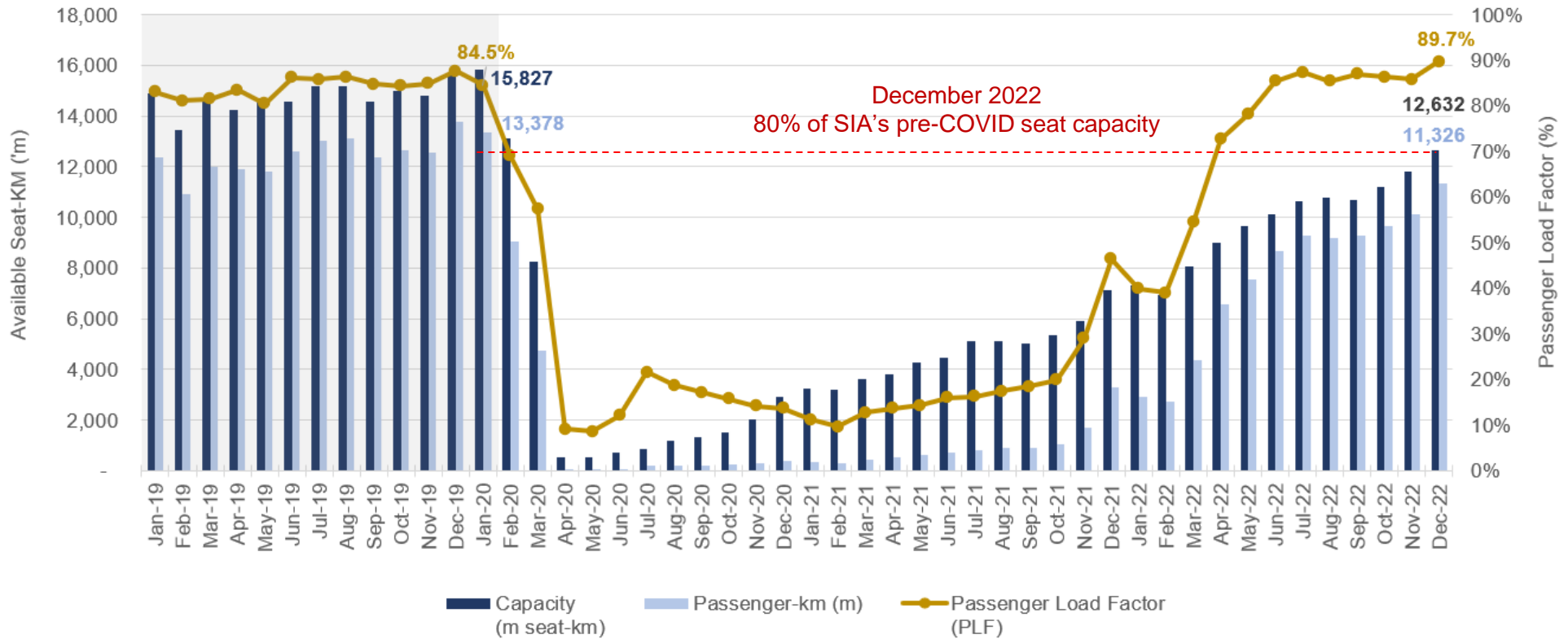


- In 2022, Singapore saw a steady increase of visitor arrivals reaching 6.3 million arrivals, performing above Singapore Tourism Board's ("STB") expectations of between four and six million visitor arrivals.
- Visitor arrivals for the first quarter of 2023 is on-track to reach STB's full-year target of 12 to 14 million arrivals. In the first quarter of 2023, Singapore saw 2.9 million arrivals being almost two-third of 2019 levels.



Recovery of Air Passengers Numbers

SIA Group Passenger Capacity



- As the main conduit for arrivals in Singapore, airlines' passenger capacity is a leading indicator for the recovery in cross-border travel.
- In the fourth quarter of 2022, SIA's seat capacity and total number of passengers carried continued to grow quarter-on-quarter by 11.1% and 16.9% respectively.
- The International Air Transport Association has projected global airline passenger demand to reach 85.5 per cent of 2019 levels in 2023.

Outlook for 2023

Continued recovery for the hospitality sector

- Singapore Tourism Board expects between twelve million and fourteen million visitor arrivals in 2023 with a full recovery to pre-pandemic levels by 2024.
- The World Tourism Organization expects international tourism to reach 80% to 95% of the pre-pandemic level with strong demand from the Asia Pacific.
- The International Air Transport Association has projected global airline passenger demand to reach 85.5% of 2019 levels in 2023.

Increasing number of meetings, incentives, conventions and exhibitions events held in Singapore

- The Singapore Association of Convention and Exhibition Organisers and Suppliers expects recovery by 2023 to 2024.

Far East H-Trust's portfolio expected to benefit from sector's recovery

- With further improvement in visitor arrivals into Singapore arising from the reopening of more major markets and increased flight capacity in 2023, more properties in Far East H-Trust's portfolio are expected to perform above fixed rents and achieve variable rents.



Medium-Term Outlook

Growing business hub – Singapore continues to attract foreign investments

- Record high of S\$22.5 billion in fixed asset investments in 2022, 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 in the Electronics sector form 67% of investment commitments.
- 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 as an urban wellness haven.
- Major expansion of key tourism areas such as the Mandai Wildlife Reserve, Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*) and the Integrated Resorts at Marina Bay Sands and Resorts World Sentosa.

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

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