



OCBC CLOSES SUSTAINABILITY-LINKED SWAP WITH FAR EAST HOSPITALITY TRUST

With the Bank's aim to grow its sustainable finance portfolio and lead the drive to a more sustainable economy, bringing sustainability into the world of derivatives is the latest way of incentivising businesses to achieve their climate change goals.

Singapore, 9 June 2021 – OCBC Bank has executed a sustainability-linked interest rate swap with Far East Hospitality Real Estate Investment Trust ("Far East H-REIT"), as the Bank moves to increase its offerings of sustainable products to corporate and institutional clients as part of its broader sustainability drive.

The 2.5-year, S\$85 million structured derivative transaction aims to provide a hedge against interest rate risk related to Far East H-REIT's sustainability-linked loan facility, which was secured in March 2021 from OCBC Bank. This hedge effectively allows Far East H-REIT to fix its interest rate for the loan during the duration of the swap.

The number of sustainability-linked products across the derivatives market has been largely limited so far, although there is growing interest in this area. Most sustainability-linked interest rate swaps are step-ups, which imposes heavier interest rates on companies which are unable to meet their sustainability goals. In OCBC Bank's swap, its Global Treasury's Corporate Sales and Structuring team provided an innovative solution in the form of a step-down. If Far East H-REIT meets its sustainability targets, it would enjoy a lower rate.

Far East H-REIT has a portfolio of 13 properties in Singapore, consisting of 9 hotels and 4 serviced residences. It includes distinctive landmarks in Singapore, such as Oasia Hotel Downtown, which was named the "Best Tall Building Worldwide" by the Council on Tall Buildings and Urban Habitat in 2018, and

Village Hotel Albert Court which was awarded the BCA Green Mark Platinum certification by the Building and Construction Authority since 2015 – a reflection of Far East H-REIT's effort to reduce the environmental impact of its operations.

Mr Gerald Lee, Chief Executive Officer of FEO Hospitality Asset Management Pte Ltd (the Manager of Far East H-REIT), said, "Entering into this sustainability-linked swap reinforces the commitment of Far East H-REIT, with one of the largest hospitality portfolios in Singapore, in contributing towards the conservation of the natural environment by incorporating sustainable practices in our operations. The step-down nature of the swap offered by OCBC further incentivises Far East H-REIT to continue its sustainability practices with potential interest cost savings."

As the world moves towards a greener economy, the demand for sustainable debt will also increase. According to Bloomberg, the issuance of sustainable debt, including sustainability-linked loans and bonds, increased 30 per cent year-on-year to hit US\$732.1 billion in 2020. But such products have attendant risks in the form of interest rate, foreign exchange and credit. As such, the demand for sustainability-linked derivatives, which help investors hedge their exposure to ESG assets, is also expected to increase substantially in time. Over time, such sustainability-linked derivatives are expected to be a powerful force in mitigating the risks of sustainable financing, as well as developing standards and fostering greater market transparency.

Mr Kenneth Lai, OCBC Bank's Head of Global Treasury, expects to see more of such sustainability-linked derivatives in Singapore and globally. "With more companies pursuing sustainable finance, we anticipate a growing demand for such sustainability-linked swaps. The transition to a sustainable economy requires a huge amount of funding. These sustainable derivative solutions remove some of the volatility of interest rate or FX fluctuations, while incentivising our clients to meet their sustainability goals.

"OCBC adds value by providing customers with the full suite of tools which are in line with their green ambitions, as well as ours. As a bank, we can be strong drivers for change and we aim to positively influence more companies to pay more attention to sustainability."

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with Aa1 by Moody's and AA- by both Fitch and S&P. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 470 branches and representative offices in 19 countries and regions. These include over 230 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com.

About Far East Hospitality Trust ("Far East H-Trust")

Far East H-Trust is a Singapore-focused Hotel and Serviced Residence Hospitality Trust listed on the Main Board of The Singapore Exchange Securities Trading Limited ("SGX-ST"). Comprising Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") and Far East Hospitality Business Trust ("Far East H-BT"), Far

East H-Trust was listed on the SGX-ST on 27 August 2012 and has a portfolio of 13 properties totalling 3,143 hotel rooms and serviced residence units valued at approximately S\$2.53 billion as at 31 December 2020. Managed by FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. (collectively, the “Managers”) and sponsored by a group of companies under Far East Organization, Far East H-Trust seeks to provide Stapled Securityholders with regular, stable and growing distributions on a half-yearly basis. Far East H-Trust is a constituent of the FTSE ST Small Cap Index.

About the Managers

FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. are the managers of Far East H-REIT and Far East H-BT respectively. Both are 67.0% owned by FEO Asset Management Pte. Ltd., which is a wholly-owned subsidiary of Far East Organization Centre Pte. Ltd., and 33.0% owned by Far East Orchard Limited ("FEOR"). FEOR is 62.5% owned by Far East Organisation Pte. Ltd. as at 31 December 2020.

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