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**FAR EAST**  
HOSPITALITY  
TRUST

1H 2021

Results Presentation

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30 July 2021

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- Portfolio Performance
- Industry Update & Outlook



## Financial Highlights



# Executive Summary for 1H 2021 – Performance vs LY

	1H 2021	1H 2020	Variance
	S\$'000	S\$'000	%
<b>Gross Revenue</b>	<b>41,569</b>	<b>44,270</b>	<b>(6.1)</b>
Hotels	28,500	28,500	-
Serviced Residences (“SR”)	5,709	6,189	(7.8)
Commercial Premises	7,360	9,581	(23.2)
<b>Net Property Income</b>	<b>36,193</b>	<b>38,604</b>	<b>(6.2)</b>
Finance Expenses	(10,691)	(12,866)	16.9
REIT Manager’s fees	(4,596)	(4,784)	3.9
<b>Income Available for Distribution after retention</b>	<b>21,694</b>	<b>20,171</b>	<b>7.6</b>
<b>Distribution per Stapled Security (“DPS”) after retention (cents)</b>	<b>1.10</b>	<b>1.03</b>	<b>6.8</b>

- Gross Revenue for 1H 2021 was S\$41.6 million, 6.1% lower year-on-year, mainly due to rental rebates and weaker demand for the commercial premises. While the master lease rental for the hotel segment was at the fixed rent level, the SR segment continued to perform above the fixed rent.
- Finance Expenses were 16.9% lower, mainly due to a combination of lower short-term interest rates and lower fixed rates. The REIT Manager’s fees were also lower by 3.9%.
- Given the ongoing uncertainties due to the COVID-19 pandemic, part of the distributable amount was retained. Income Available for Distribution after retention was S\$21.7 million resulting in a DPS of 1.10 cents.

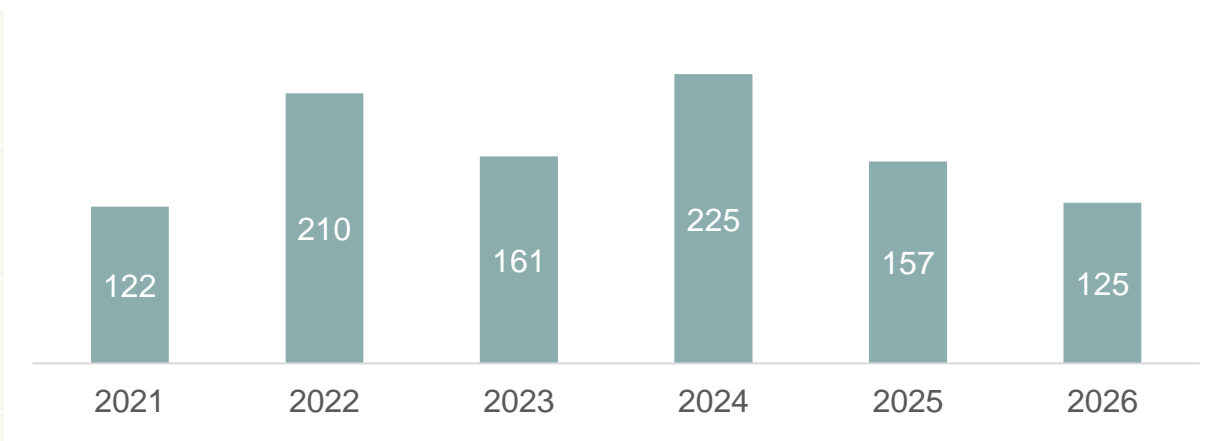


# Capital Management

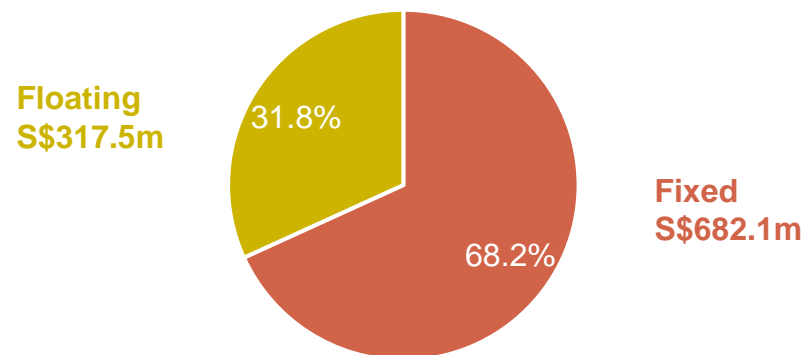
## As at 30 Jun 2021

<b>Total Debt</b>	S\$999.6m
<b>Available revolving facility</b>	S\$278.3m
<b>Aggregate Leverage</b>	41.3%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate</b>	68.2%
<b>Weighted average debt maturity</b>	2.4 years
<b>Average cost of debt</b>	2.1%
<b>Interest Coverage Ratio<sup>1</sup></b>	2.8x

## Debt Maturity Profile (figures in S\$ million)



## Interest Rate Profile



- Entered a 2.5-year, S\$85m sustainability-linked swap in May 2021 to hedge against interest rate risk with potential savings if certain sustainability targets are met.
- Discussions with lenders for the refinancing of the S\$100 million term loan expiring in Dec 2021 are ongoing.

<sup>1</sup> Interest coverage ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 2.5x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

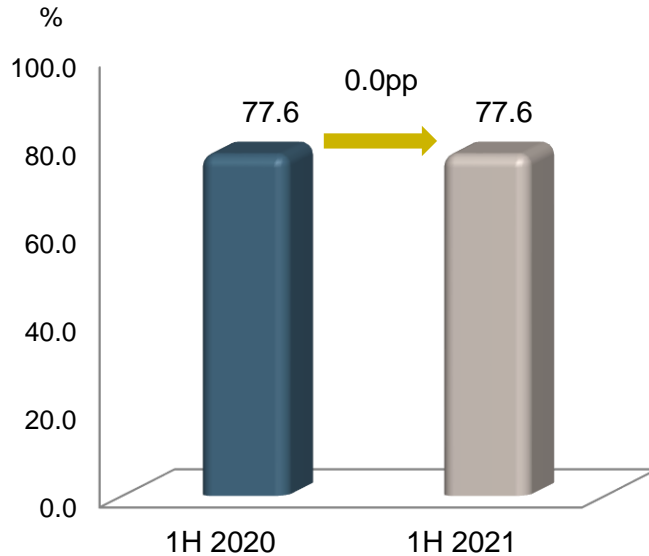


## Portfolio Performance

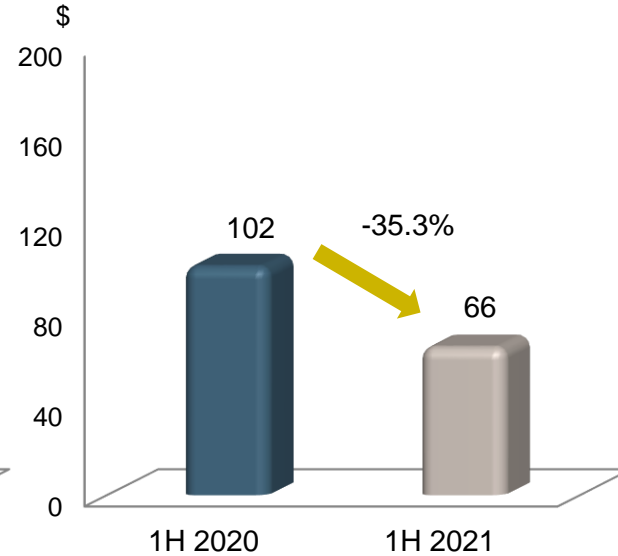


# Portfolio Performance 1H 2021 – Hotels

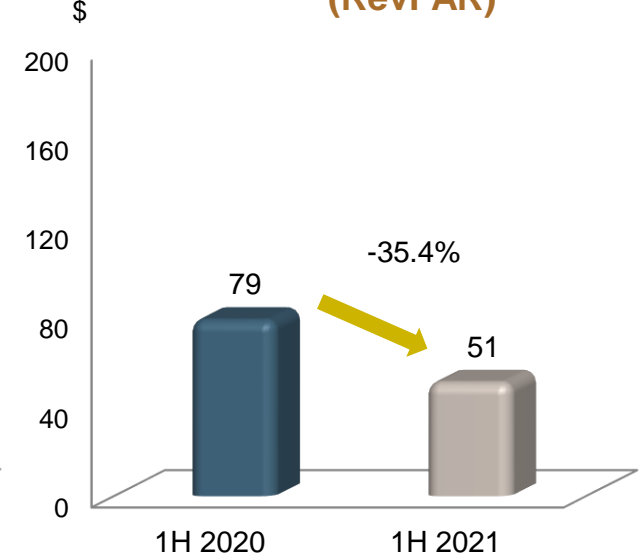
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Room (RevPAR)



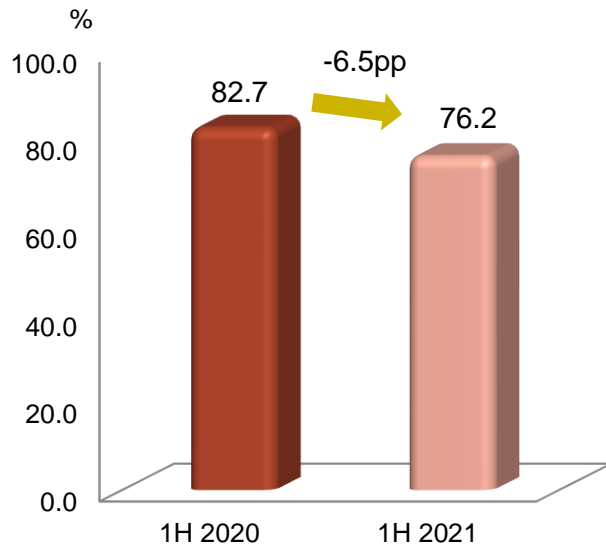
- Occupancy remained flat year-on-year at 77.6% as the hotels were able to secure contracts from companies that required accommodation for their Malaysian workers as well as from the Government for isolation purposes.
- The ADR was 35.3% lower year-on-year at \$66 due to lower rates from government contracts and companies requiring accommodation for their workers.
- Consequently, RevPAR declined by 35.4% year-on-year to \$51.



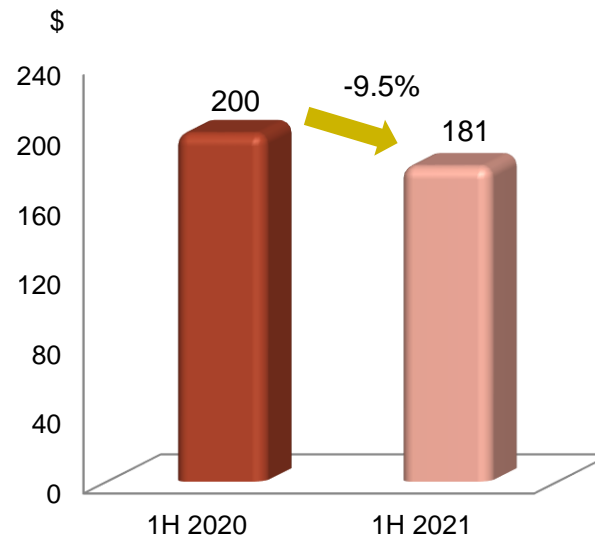


# Portfolio Performance 1H 2021 – Serviced Residences

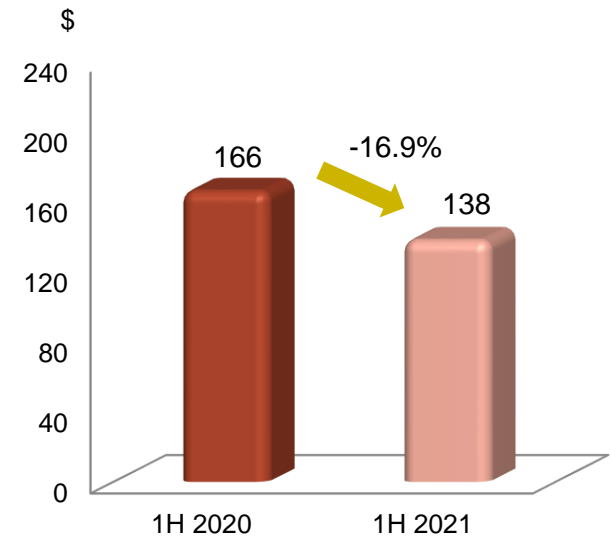
## Average Occupancy



## Average Daily Rate (ADR)



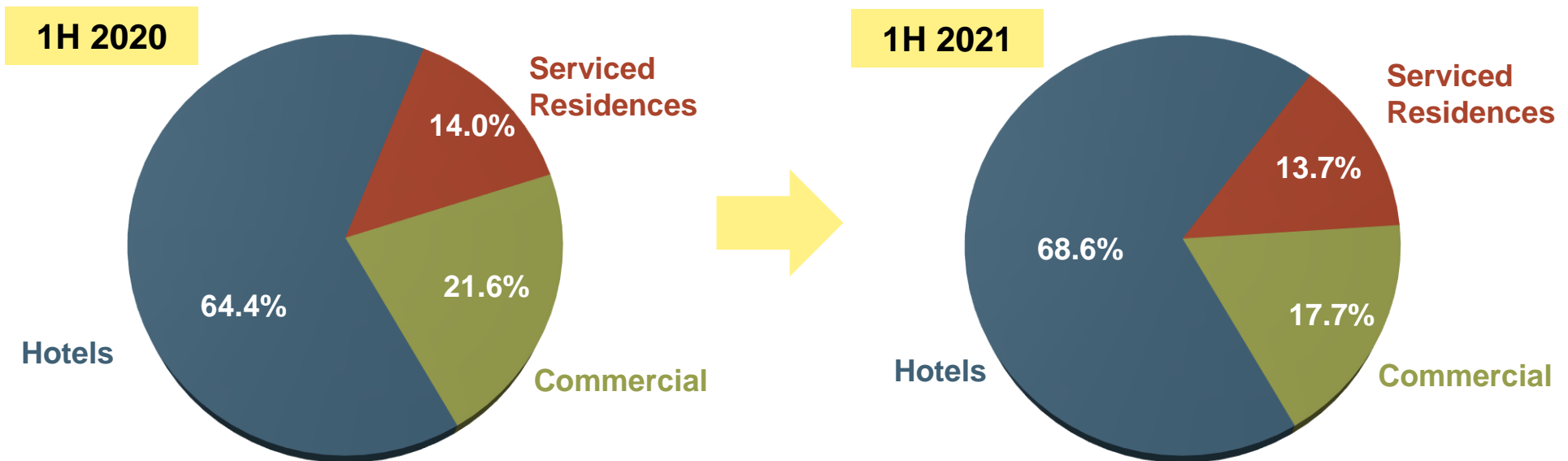
## Revenue Per Available Unit (RevPAU)



- While the support from long-stay corporate sources helped to minimise the negative impact of the pandemic, the serviced residences (“SRs”) experienced a decline in demand from companies requiring accommodation for their workers. Nonetheless, the SRs continued to perform above the fixed rent level.
- The average occupancy for SRs declined to 76.2% (-6.5pp year-on-year) due to the curtailment of inbound travel. ADR fell by 9.5% to \$181 due to the nature of business available. As a result, RevPAU was 16.9% lower at \$138, although the master lease rental of the SR portfolio registered a smaller decline of 7.8%. Overall, the SRs continued to perform above the fixed rent level.

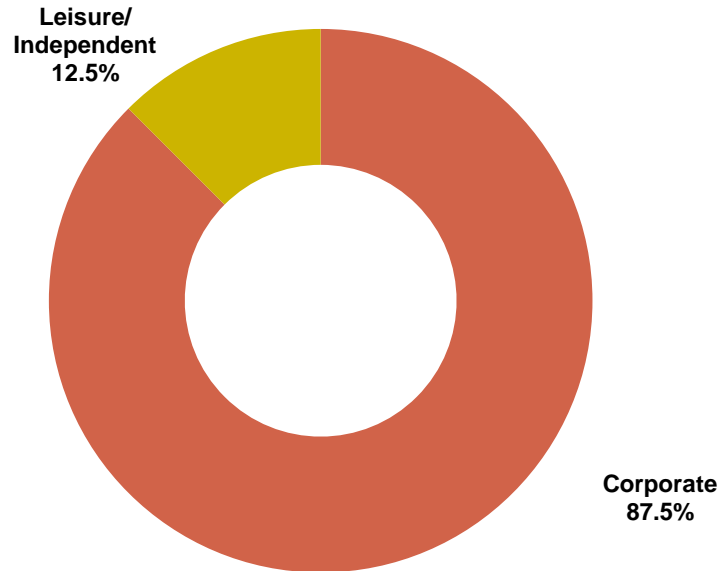


# Breakdown of Gross Revenue – Total Portfolio

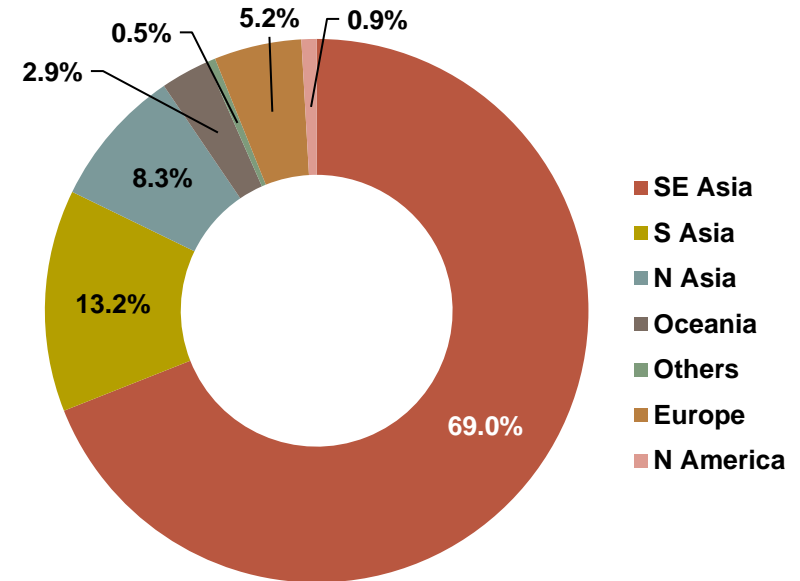


# Market Segmentation 1H 2021– Hotels

## Hotels (by Revenue)



## Hotels (by Region)

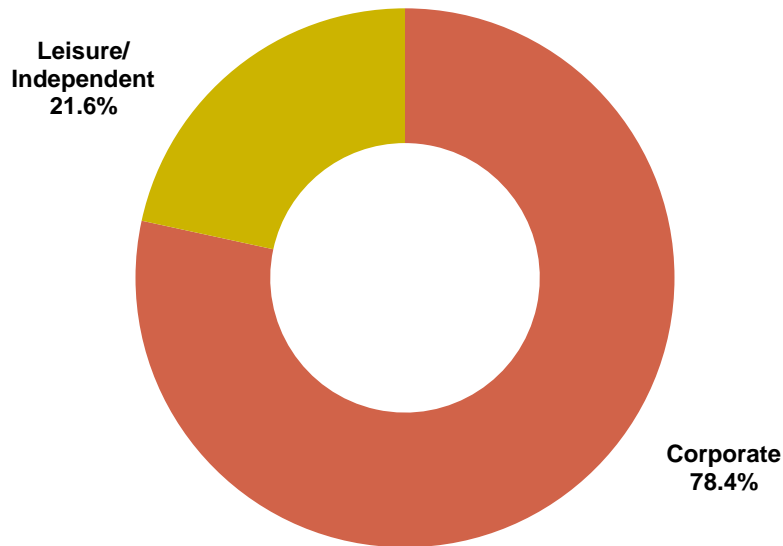


- The Corporate segment contributed 87.5% to the overall hotel revenue. This was mainly from the government contracts and from companies requiring accommodation for their workers. Border closures continued to limit leisure travel bookings.
- The proportion of revenue contribution from South-East Asia increased significantly reflecting the nature of business available due to increased travel restrictions.

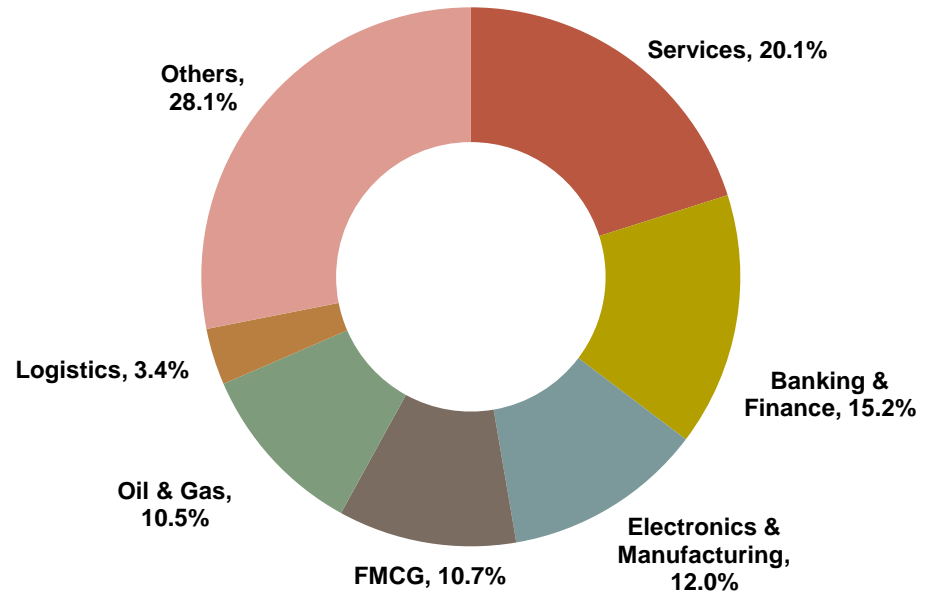


# Market Segmentation 1H 2021– Serviced Residences

## Serviced Residences (by Revenue)



## Serviced Residences (by Industry)



- Revenue contribution by the Corporate segment was 78.4% in 1H 2021, inched up from 78.0% a year ago, supported by pre-existing long leases and lease extensions by corporate accounts. Contribution by the Independent segment dropped from 22.0% to 21.6% as general restrictions on cross-border travel remained.
- The Services and Banking & Finance industries remained the largest revenue contributors during 1H 2021.



## Industry Update & Outlook

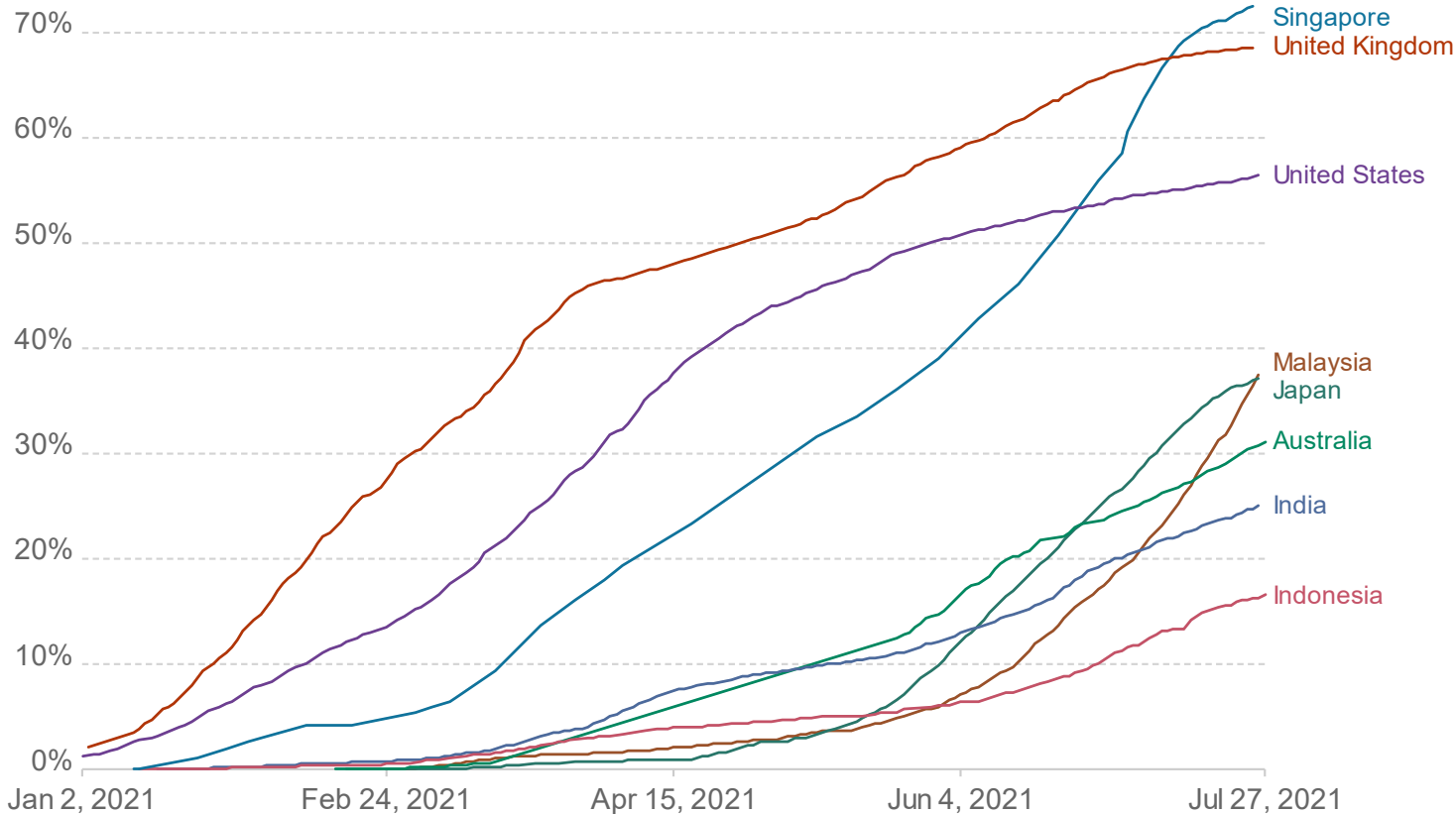


# Vaccination rates on an upward trend globally

## Share of people who received at least one dose of COVID-19 vaccine

Share of the total population that received at least one vaccine dose. This may not equal the share that are fully vaccinated if the vaccine requires two doses. This data is only available for countries which report the breakdown of doses administered by first and second doses.

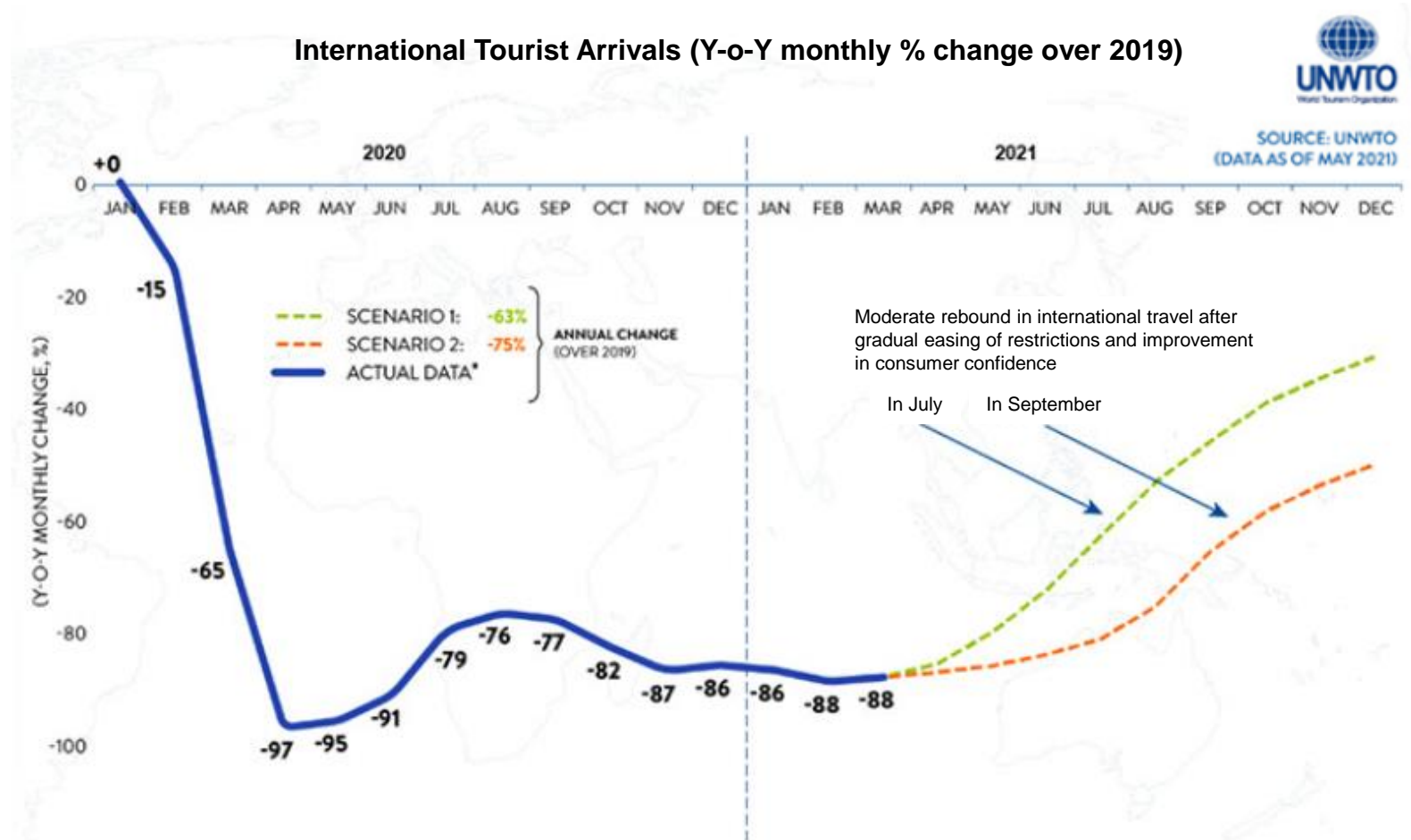
Our World  
in Data



- Vaccination rates have been trending upwards in 2021.
- Singapore has targeted to fully vaccinate 80% of its population with 2 doses by Sep 21.
- As at 26 Jul 21, 75% of residents in Singapore had received at least 1 dose of the vaccine and 55% were fully vaccinated against COVID-19 with 2 doses.
- As at 23 Jul 21, China, which was Singapore's largest inbound market pre-COVID, had administered over 1.5 billion doses of vaccines.



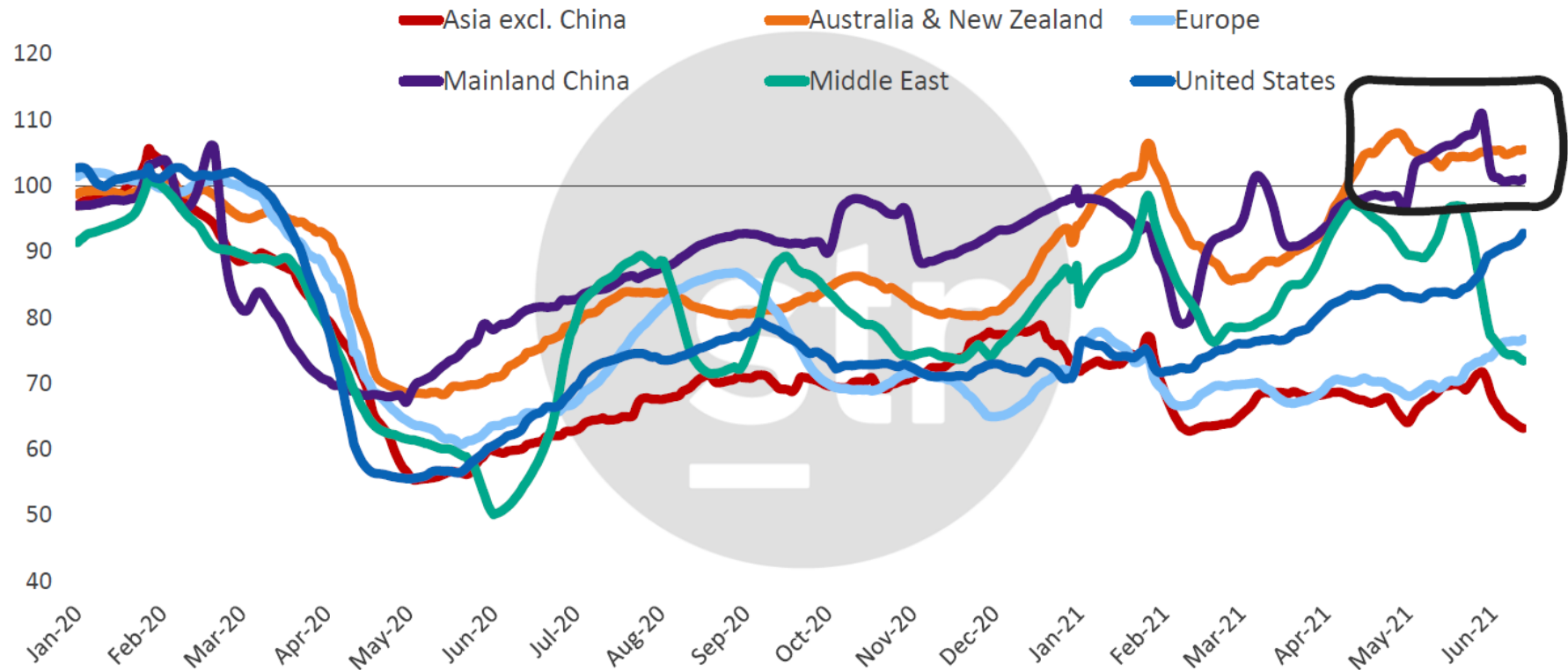
# International tourist arrivals could start recovery in 2H 2021



- UNWTO expected international tourist arrivals to be down 88% in 1Q 2021 compared to pre-COVID levels but outlined two scenarios for a possible rebound in 2H 2021.
- Forecasts hinge on major lifting of travel restrictions, success of vaccination programmes and widespread use of vaccination passports/certificates.

# Recovery in key APAC markets underway

Rolling 28 days ADR (Jan 2020 – Jun 2021)



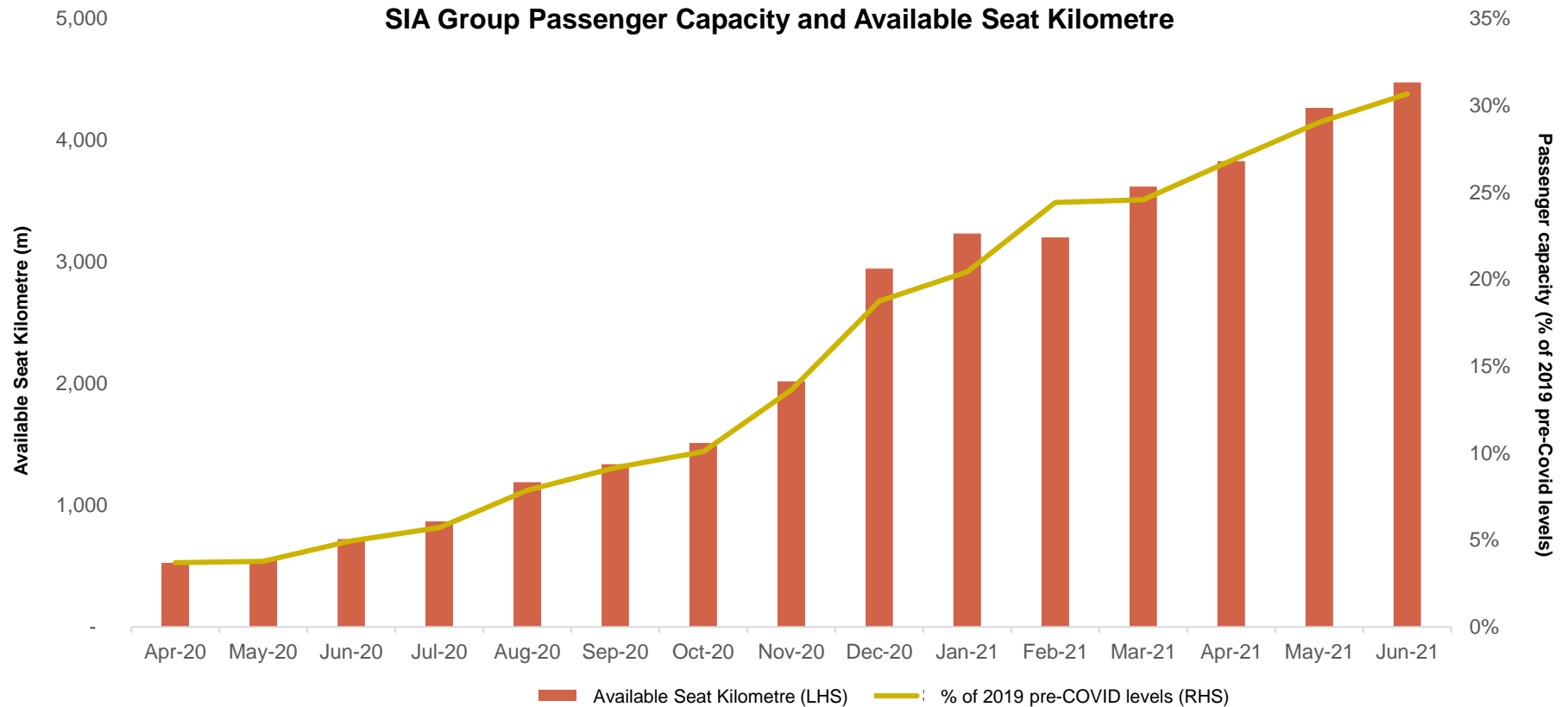
Source: STR. 2021 © CoStar Realty Information, Inc.

- Mainland China, Australia and New Zealand reported ADRs above pre-COVID levels in 2Q 2021.
- While occupancies were still below 2019 levels, hotels in Mainland China and Australia & New Zealand managed to achieve ADRs that were at above 2019 pre-COVID levels in 2Q 2021.

Note: The rolling 28 days ADR was indexed to 2019 pre-COVID levels  
Sources : STR



# Airline passenger capacity continues to grow



- 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. SIA is targeting to achieve ~33% of pre-COVID capacity by July 2021.



## Outlook for 2021

- Global travel restrictions expected to continue impacting demand with near-term business supported by government contracts and long-stay corporate contracts
- Upward trending vaccination rates in major economies could result in the resumption of travel arrangements in months ahead
- Muted average new room supply of 1,842 rooms annually from 2021 to 2024 compared to an average of 2,400 annually from 2015 to 2019<sup>1</sup>

<sup>(1)</sup> Savills report issued as at March 2021.



## Long-Term Outlook

### ▪ **Future-proofing infrastructure**

- Government strategy to future-proof local infrastructure with projects such as the Tuas Mega Port, Terminal 5, the North South Corridor, and the Cross Island MRT line

### ▪ **Growing business hub**

- Decade-high S\$17.2 billion in fixed asset investments secured in 2020 despite COVID-19
- Regional headquarters for firms which are critical nodes in the global value chain such as Alibaba (technology), Pfizer (pharmaceutical), Micron (electronics), and DHL (logistics)
- New infrastructure projects and investments will drive demand for accommodation from corporate travellers and project groups

### ▪ **Expanding tourism offerings**

- Major expansion of key tourism areas such as the Mandai precinct, Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*), and the Integrated Resorts



# Thank You

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