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Divestment of Central Square

2 December 2021

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Transaction Overview



Transaction Details

- Divestment of Central Square is executed through a put and call option agreement (“PCOA”) with a purchase consideration of \$313.2 million payable by Purchaser.
- Consideration excludes a potential incentive fee of up to \$18.0 million, subject to certain conditions being fulfilled by 31 December 2023, including getting provisional permission for a higher mix of residential use.
- The purchase consideration of \$313.2 million is not subject to achieving the condition for the incentive fee.
- Divestment consideration is 57.9% above valuation as at 31 December 2020 and 70.8% above original purchase price in August 2012.

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
Existing Property Yield (based on FY2020 NPI)	2.9%
Purchaser	CDL Constellation Pte. Ltd.
Expected Completion Date	24 March 2022



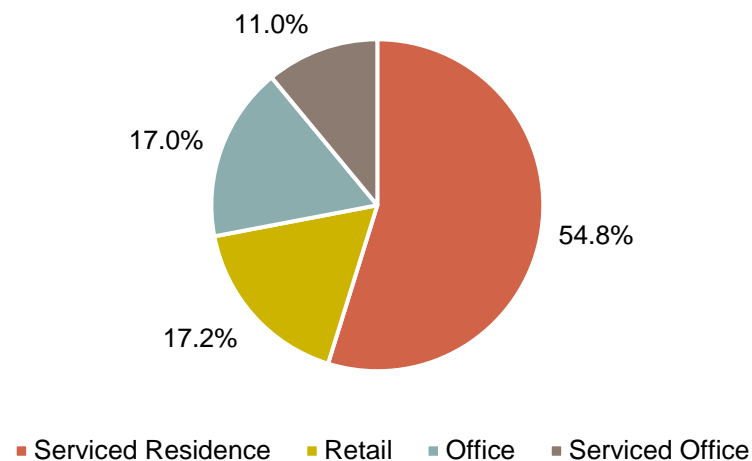
Background



Existing Property Details

- Central Square is a mixed-use development comprising a serviced residence (Village Residence Clarke Quay), office and retail units, and serviced offices.
- The property was acquired in August 2012 for \$183.3 million from OPH Riverside Pte Ltd, a wholly-owned subsidiary of Far East Orchard Limited.
- In FY2020, Central Square generated a revenue of \$7.4 million with the master lease rental from Village Residence Clarke Quay forming 54.8%.

Central Square FY2020 Revenue Breakdown



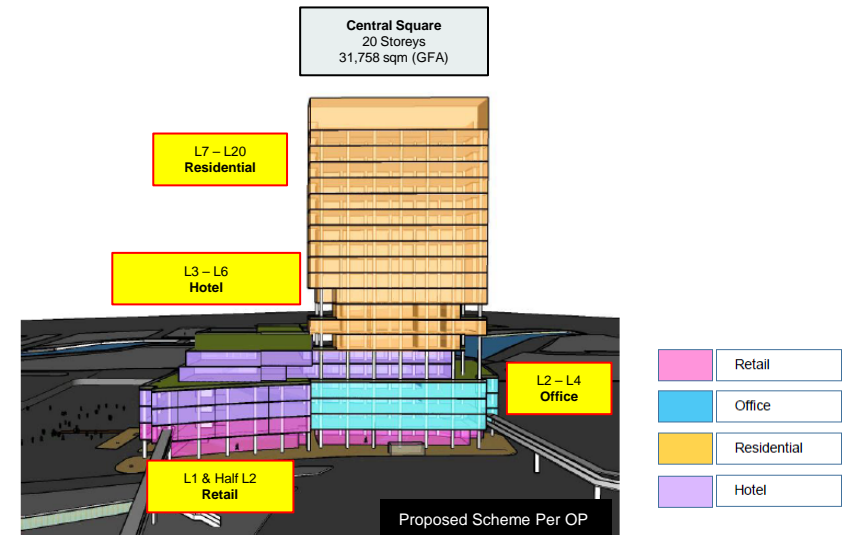
Property Details

Gross Floor Area (sq m)	17,858
Number of Serviced Residence Units	128
Retail NLA (sq m)	2,213
Office NLA (sq m)	1,473
Serviced Office NLA (sq m)	823
Leasehold Interest	80 years commencing 2012
Master Lessee	OPH Riverside Pte Ltd



Value Creation Process

- The Managers have worked closely with CDL over the past few years on a proposed rejuvenation plan for the precinct, encompassing Central Square and Central Mall. The proposal received the support of the URA under its Strategic Development Incentive (“SDI”) Scheme.
- The application was successfully evaluated by URA on its (i) urban design & architectural design concept, (ii) environmental improvement, and (iii) use mix, resulting in the grant of an Outline Permission (“OP”) in September 2021.
- The OP stipulated planning conditions and an increase in the maximum permissible GFA for Central Square by 78% to 31,758 sqm (subject to specific approvals from the relevant authorities).



Value Creation Process

- Following the grant of OP, the Managers carefully evaluated all options and concluded it would be in the best interest of Stapled Securityholders to divest Central Square.
- Key reasons included the long gestation period and the 10% development limit applicable to S-REITs, which would be exceeded should Far East H-REIT undertake the redevelopment.
- To secure the best offer, the Managers appointed Knight Frank Pte Ltd as the marketing agent to carry out a tender exercise to invite bids from interested purchasers.
- To ensure transparency, an independent auditor was also engaged to witness the tender opening. CDL emerged as the highest bidder.

Development Parameters	Current Scheme	Outline Permission
Land Use / Zoning	Commercial and Residential use with a Gross Plot Ratio of 2.8	Commercial with no plot ratio stipulation
Permissible Gross Floor Area	Total: 17,858 sqm <ul style="list-style-type: none"> • Serviced Apartment: 10,714 sqm • Retail: 3,608 sqm • Office: 3,536 sqm 	Total: 31,758 sqm <ul style="list-style-type: none"> • Office: 7,540 sqm (maximum) Other supported uses include i) hotel, ii) serviced apartment, iii) retail, iv) other commercial uses
Maximum Building Height	7 storeys	20 storeys for high-rise zone



Rationale



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Realise Value for Stapled Securityholders

2

Strengthen the Balance Sheet

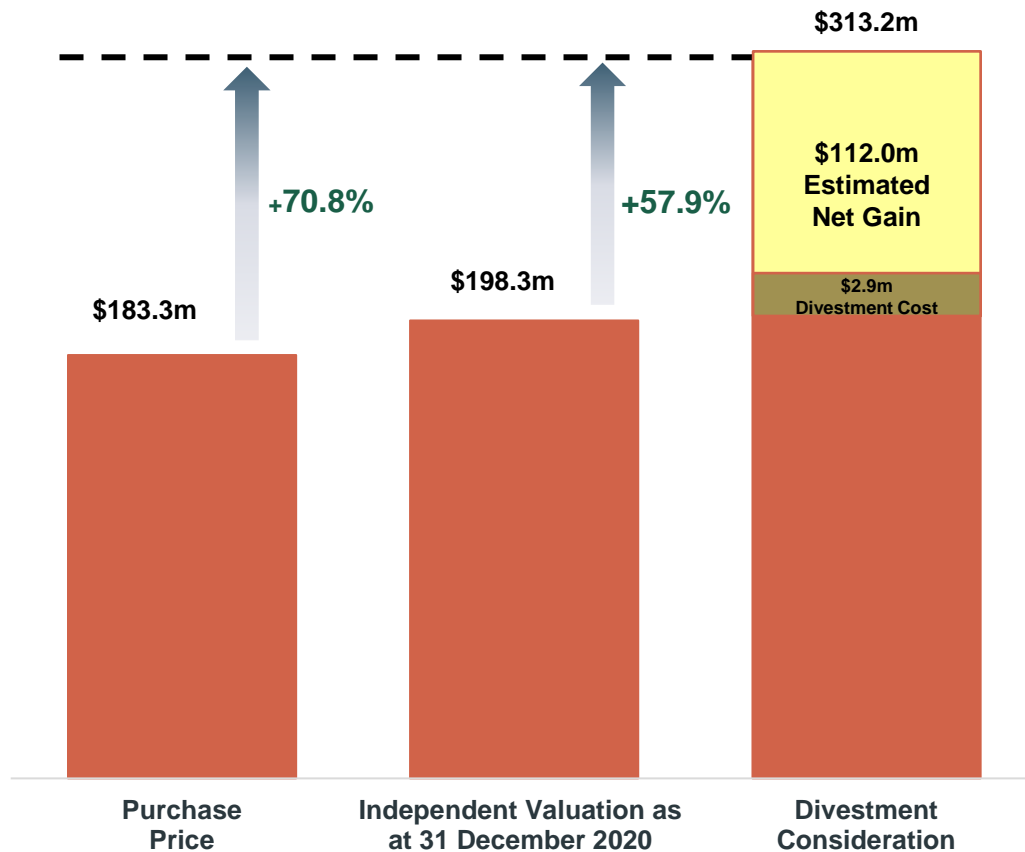
3

Increase Financial Flexibility



Realise Value for Stapled Securityholders

Unlocking Latent Value and Potential of Assets



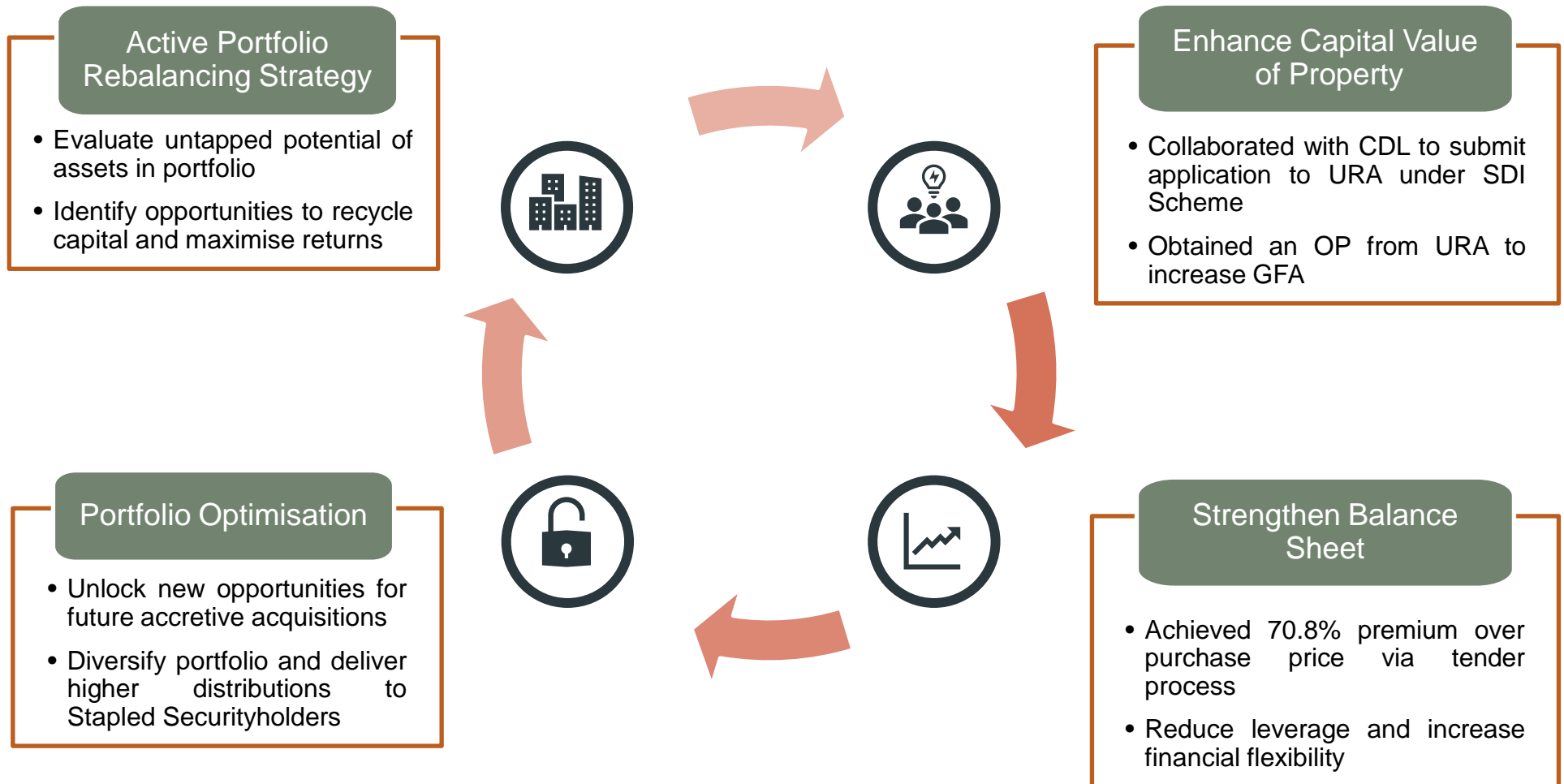
Divestment consideration of
\$313.2 million

- ↑ 57.9% premium on the independent valuation of \$198.3 million as at 31 December 2020
- ↑ 70.8% higher than the original purchase price in August 2012



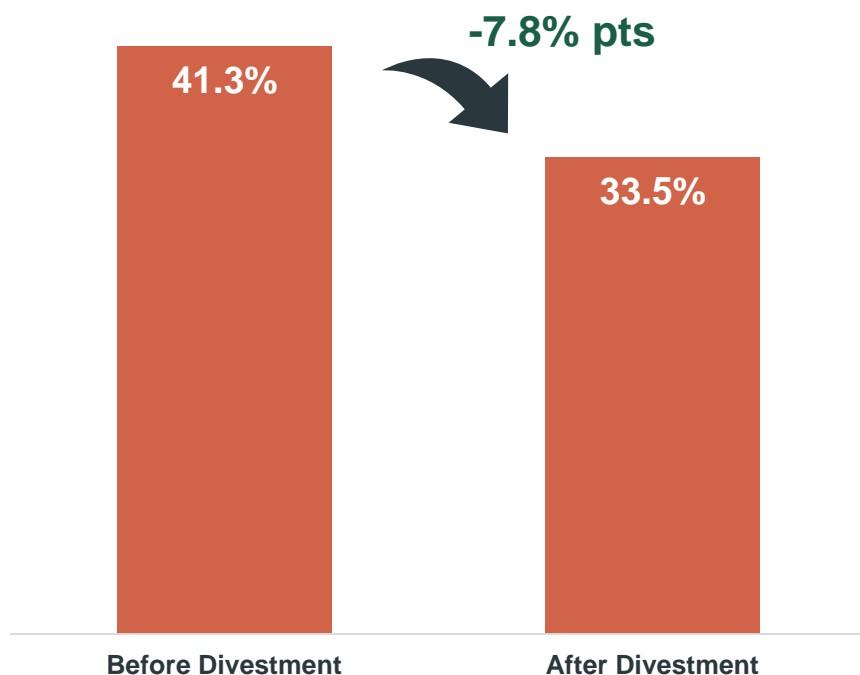
Realise Value for Stapled Securityholders

Active Portfolio Management and Value Creation Strategy



Strengthen Balance Sheet & Increase Financial Flexibility

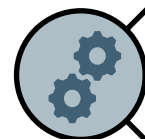
Decrease Aggregate Leverage



Net divestment proceeds of \$310.3 million



Reduce aggregate leverage from 41.3%¹ to 33.5% on pro forma basis²



Increase debt headroom to \$533.6 million on pro forma basis³



Enhancing financial flexibility to finance higher yielding acquisitions

1 As at 30 June 2021
2 Assuming 83.9% of the net divestment proceeds are used to repay outstanding borrowings
3 Assuming aggregate leverage limit of 45%

Pro Forma Financial Effects



Pro Forma Financial Effects

<i>For Illustrative Purposes only</i>	Before Divestment	After Divestment
Net Asset Value per Stapled Security (cents)	79.2 ¹	84.9 ²
Distribution per Stapled Security (cents)³	2.44	2.46 ⁴

1 Based on the audited financial statements of Far East H-Trust for the financial year ended 31 December 2020 ("FY2020")

2 Based on the assumption that 83.9% of the Divestment Net Proceeds are used to repay outstanding borrowings as at 31 December 2020

3 Based on the income available for distribution to Stapled Securityholders for FY2020, divided by the number of Stapled Securities in issue and to be issued as at 31 December 2020 entitled to distribution for FY2020.

4 Based on the assumption that the property is divested on 1 January 2020



Thank You

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