



**FAR EAST**  
HOSPITALITY  
TRUST

Business Updates

3Q 2023

25 October 2023

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- Financial Highlights
- Portfolio Performance
- Outlook



## Financial Highlights



# Executive Summary for 3Q 2023 – Performance vs LY

	3Q 2023	3Q 2022	Variance
	S\$'000	S\$'000	%
<b>Gross Revenue</b>	<b>30,191</b>	<b>21,184</b>	<b>42.5</b>
Hotels	23,319	14,924	56.3
Serviced Residences (“SR”)	2,928	2,558	14.4
Commercial Premises	3,944	3,702	6.5
<b>Net Property Income</b>	<b>28,127</b>	<b>19,749</b>	<b>42.4</b>
<b>Income Available for Distribution <sup>1</sup></b>	<b>22,867</b>	<b>15,140</b>	<b>51.0</b>

- Gross revenue for 3Q 2023 increased 42.5% year-on-year to S\$30.2 million led by a strong contribution from the Hotel segment which recorded a 56.3% increase in revenue from S\$14.9 million to S\$23.3 million.
- As a result, Net Property Income grew 42.4% year-on-year to S\$28.1 million and Income Available for Distribution grew 51.0% year-on-year to S\$22.9 million respectively.

<sup>1</sup> Based on income available for distribution and excluding distribution from other gains.



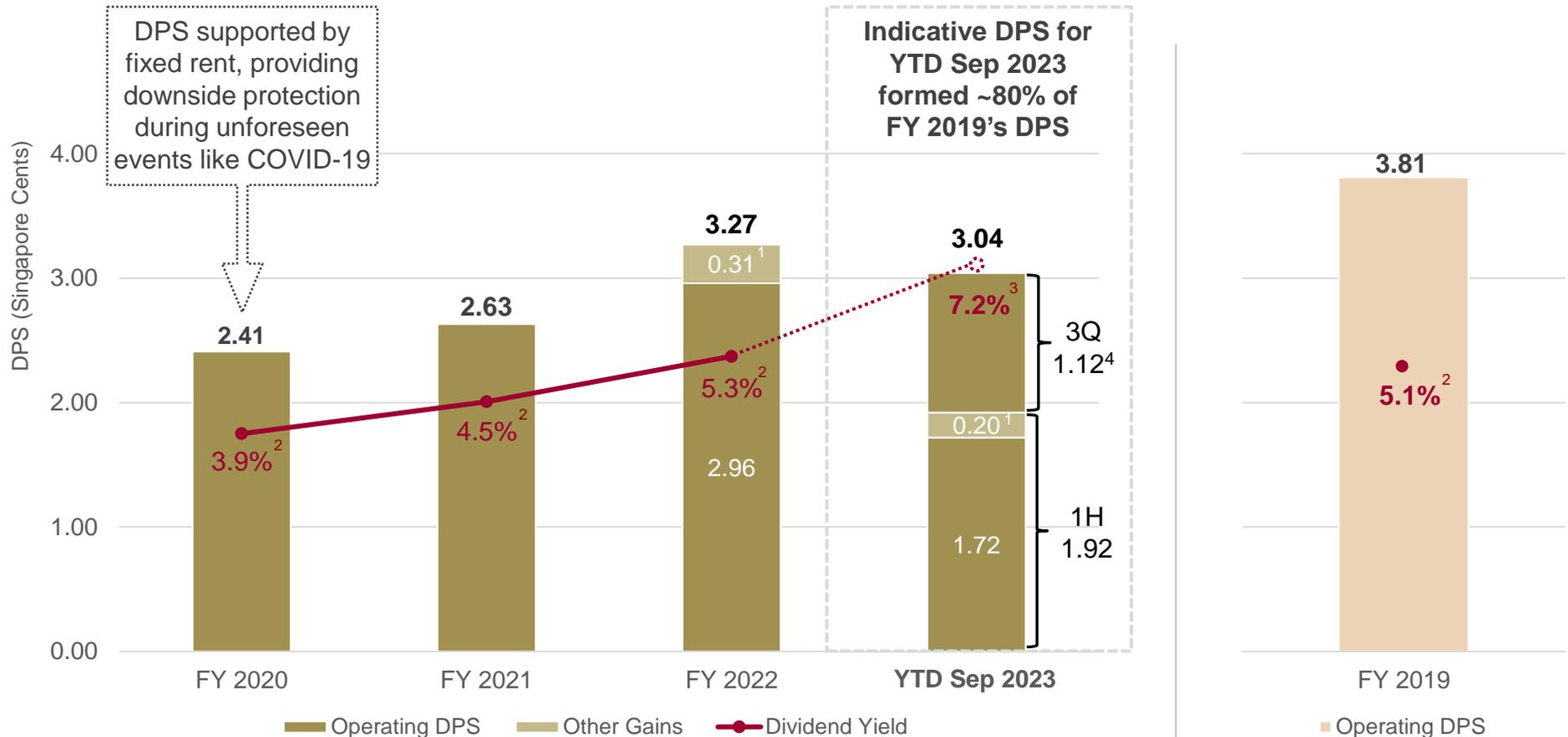
# Executive Summary for YTD Sep 2023 – Performance vs LY

	YTD Sep 2023 S\$'000	YTD Sep 2022 S\$'000	Variance %
<b>Gross Revenue</b>	<b>82,229</b>	<b>62,182</b>	<b>32.2</b>
Hotels	61,918	43,424	42.6
Serviced Residences (“SR”)	8,321	7,806	6.6
Commercial Premises	11,990	10,952	9.5
<b>Net Property Income</b>	<b>77,097</b>	<b>57,204</b>	<b>34.8</b>
<b>Income Available for Distribution</b>	<b>60,279</b>	<b>44,097</b>	<b>36.7</b>

- Gross Revenue for YTD Sep 2023 increased 32.2% year-on-year to S\$82.2 million, led by the steady recovery in the Hotel segment which registered a 42.6% increase in revenue from S\$43.4 million to S\$61.9 million.
- **Excluding Central Square** (which was divested on 24 March 2022), **the revenues of the SR and Commercial Premises segments would have increased 18.9% and 15.5% year-on-year respectively.**
- Net Property Income grew 34.8% year-on-year to S\$77.1 million and Income Available for Distribution grew 36.7% year-on-year to S\$60.3 million respectively.



# Progressive Recovery in DPS



1 Other gains distribution relates to the divestment of Central Square completed on 24 March 2022. The REIT Manager has committed to distributing approximately S\$8.0 million per year over a three-year period.

2 Dividend yield is calculated based on the actual DPS divided by the closing price of the last trading day of each respective year.

3 Dividend yield is calculated based on the annualised DPS derived from the actual DPS payout for 1H 2023 and indicative DPS for 3Q 2023, divided by the closing price of S\$0.565 on 24 October 2023.

4 Indicative DPS (excluding distribution from other gains) for 3Q 2023 is based on certain distribution adjustments and subject to further tax review in 2H 2023.



# Balance Sheet Summary

	As at 30 Sep 2023	As at 31 Dec 2022	Variance
	S\$' million	S\$' million	%
<b>Total Assets</b>	<b>2,553.5</b>	<b>2,555.1</b>	<b>(0.1)</b>
<u>Comprising:</u>			
Investment Properties <sup>1</sup>	2,449.1	2,446.8	0.1
Cash And Cash Equivalents <sup>2</sup>	47.3	49.8	(5.0)
Trade And Other Receivables <sup>3</sup>	51.2	45.5	12.6
Other Assets	5.9	13.0	(54.6)
<b>Total Liabilities</b>	<b>758.6</b>	<b>755.3</b>	<b>0.4</b>
<b>Net Assets</b>	<b>1,794.9</b>	<b>1,799.8</b>	<b>(0.3)</b>
<b>NAV per Stapled Security (Cents)</b>	<b>89.5</b>	<b>90.2</b>	<b>(0.8)</b>

1 Investment properties based on valuation as at 31 December 2022 appraised by Savills Valuation And Professional Services (S) Pte Ltd or CBRE Pte. Ltd., and included capital expenditure incurred subsequent to the valuation date.

2 Cash and cash equivalents comprise cash at bank of S\$5.5 million and fixed deposits of S\$41.8 million.

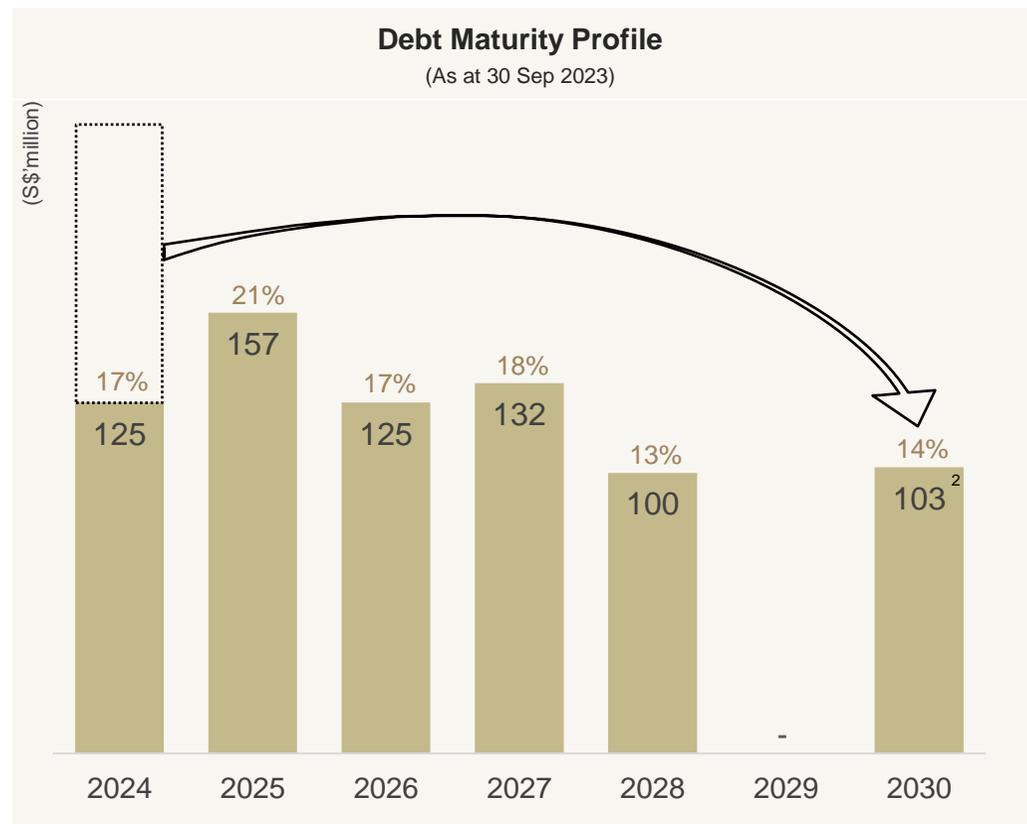
3 This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd of S\$37.6 million.



# Healthy Balance Sheet with Prudent Capital Management

One of the lowest geared S-REITs at 32.2% aggregate leverage

	As at 30 Sep 2023
Total Debt	S\$741.7m
Available Revolving Facility	S\$275.0m
Aggregate Leverage	32.2%
Unencumbered Asset as % Total Assets	100%
Proportion of Fixed Rate	40.6%
Weighted Average Debt Maturity	3.2 years
Average Cost of Debt	3.2%
Interest Coverage Ratio <sup>1</sup>	3.7x



<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 3.6x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

<sup>2</sup> Early refinancing was completed in March 2023 for S\$125.0 million sustainability-linked facilities comprising term loan of S\$100.0 million and revolving credit facility of S\$25.0 million ahead of its maturity in March 2024.



# Prudent Interest Rate Management

## Interest Rate Sensitivity

- 40.6% of borrowings are on fixed rates.
- A 50 bps increase in interest rate on variable rate debt is expected to have a pro forma impact of S\$2.2 million decline in distribution.

## Support to cushion effects of higher interest rates

- The REIT Manager intends to use the additional incentive fee of S\$18.0 million received in March 2023 from the divestment of Central Square to cushion the impact from higher interest rates.

For illustrative purpose:

Increase in Interest Rates	Impact on Distribution (S\$m) <sup>1</sup>	Support from Incentive Fee (S\$m)	As a percentage of incentive fee
0.50%	2.2	2.2	12.2%
1.00%	4.4	4.4	24.4%

<sup>1</sup> Based on FY 2022 distribution arising from taxable and tax-exempt income excluding other gains.

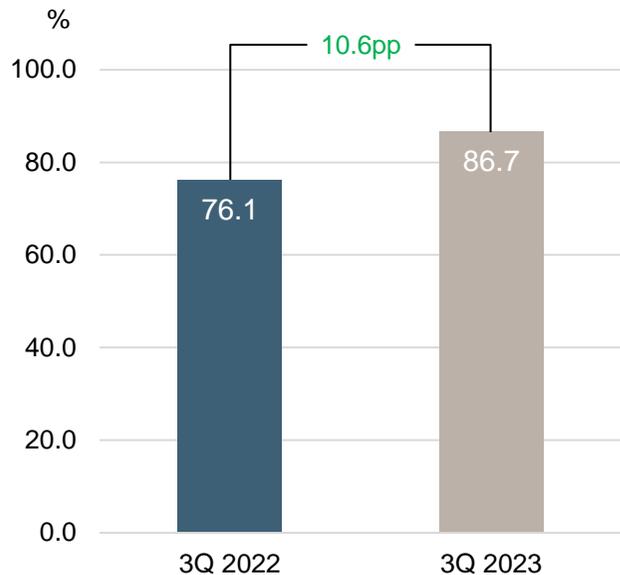


# Portfolio Performance

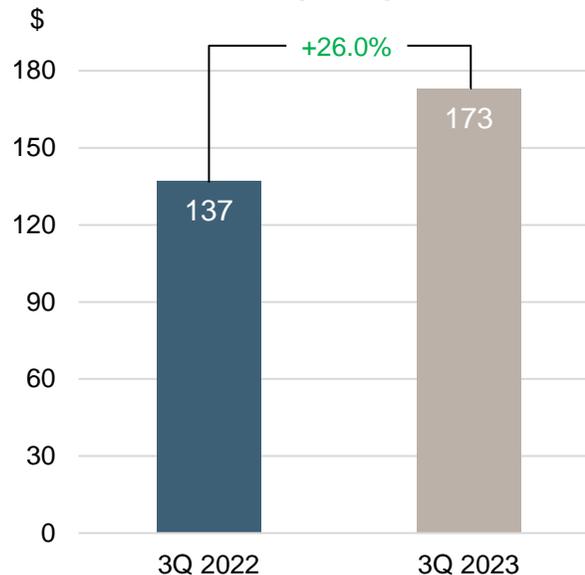


# Portfolio Performance 3Q 2023 – Hotels

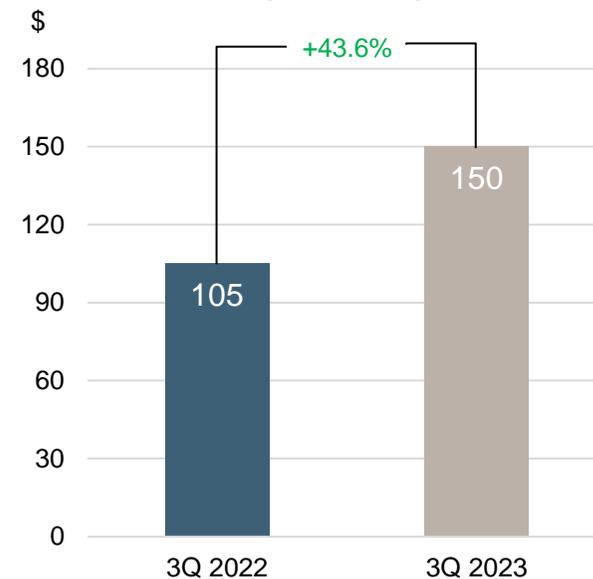
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Room (RevPAR)

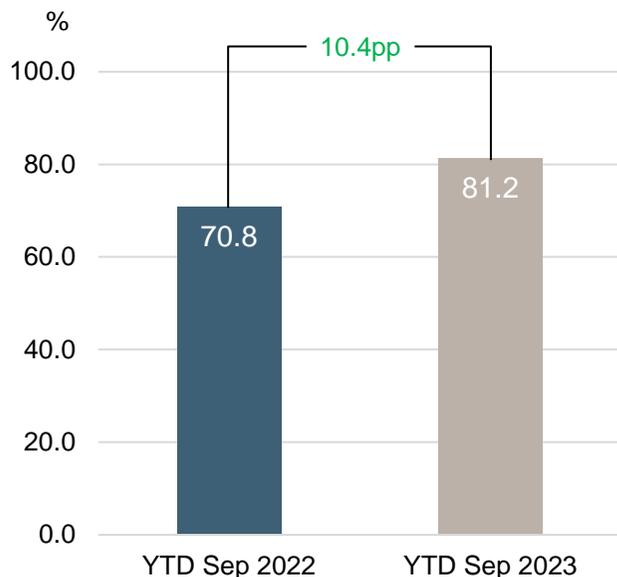


- The Hotel segment benefited from rising international visitor arrivals into Singapore which supported higher occupancy of 86.7% (+10.6pp year-on-year) and ADR of S\$173 (+26.0% year-on-year).
- Consequently, RevPAR increased 43.6% year-on-year to S\$150.

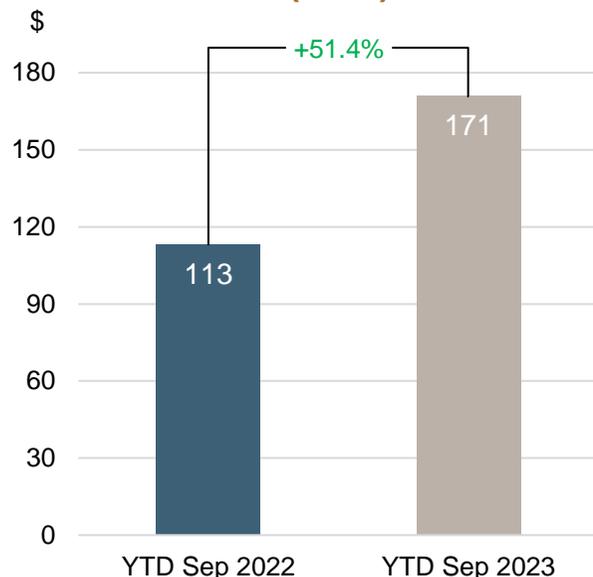


# Portfolio Performance YTD Sep 2023 – Hotels

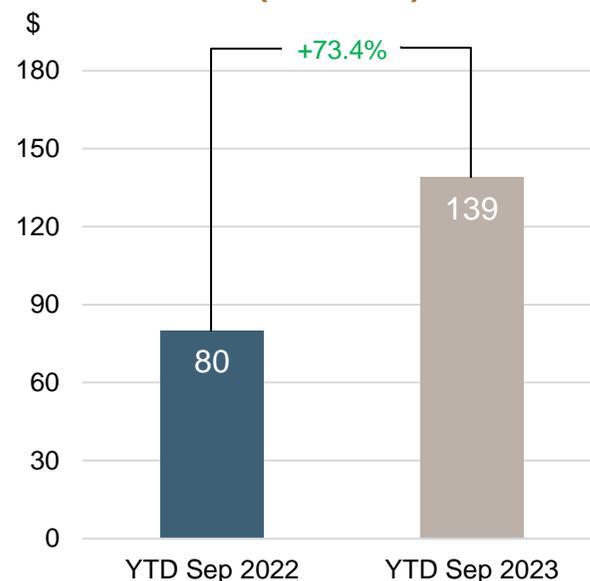
## Average Occupancy



## Average Daily Rate (ADR)



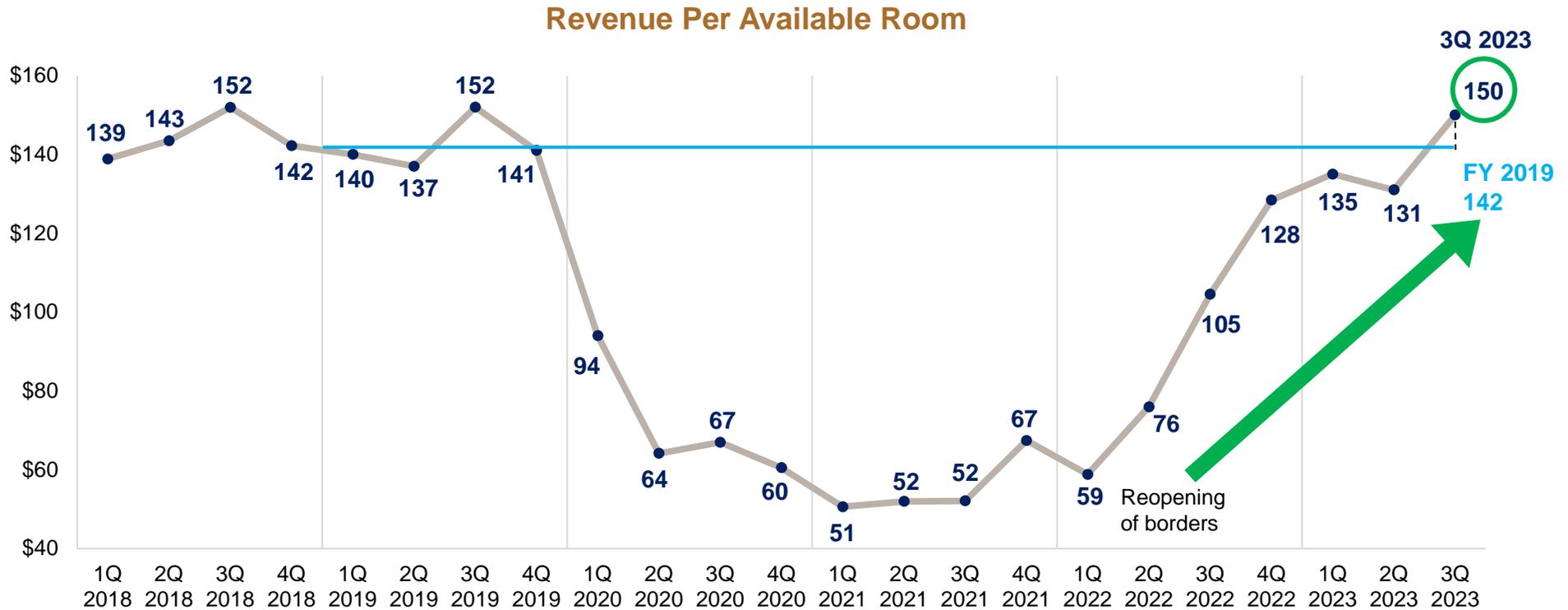
## Revenue Per Available Room (RevPAR)



- Occupancy grew 10.4pp year-on-year to 81.2% supported by stronger tourism arrivals into Singapore as well as lower occupancy in 2022 due to the closure of The Elizabeth Hotel for renovation (subsequently rebranded as Vibe Hotel Singapore Orchard upon its reopening).
- ADR grew 51.4% year-on-year to S\$171, with good demand from corporate groups and further recovery in leisure bookings.
- Consequently, RevPAR increased 73.4% year-on-year at S\$139.



# 5-Year Portfolio Performance - Hotels

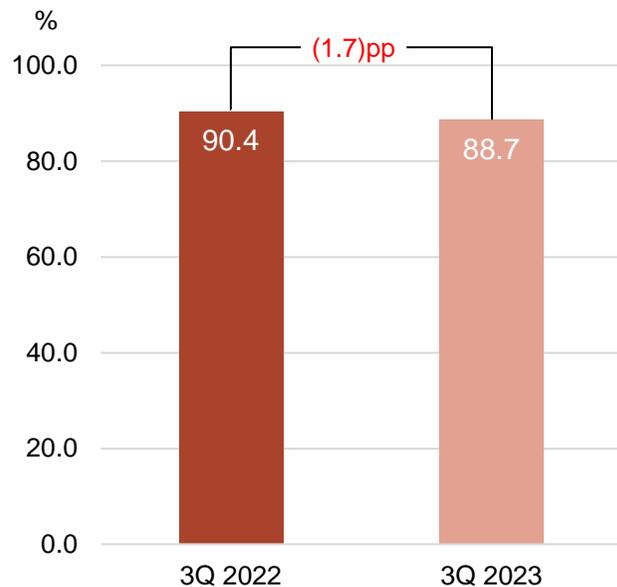


- Since the reopening of borders in April 2022, the Hotel portfolio experienced an overall growth in RevPAR from S\$59 to S\$150.
- One hotel remains contracted to the Government.
- The Hotel portfolio's RevPAR for 3Q 2023 recovered to pre-pandemic levels of 2018 and 2019.

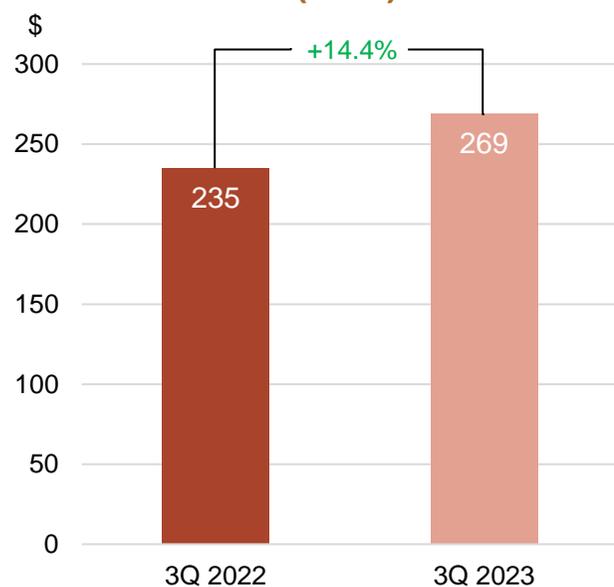


# Portfolio Performance 3Q 2023 – Serviced Residences

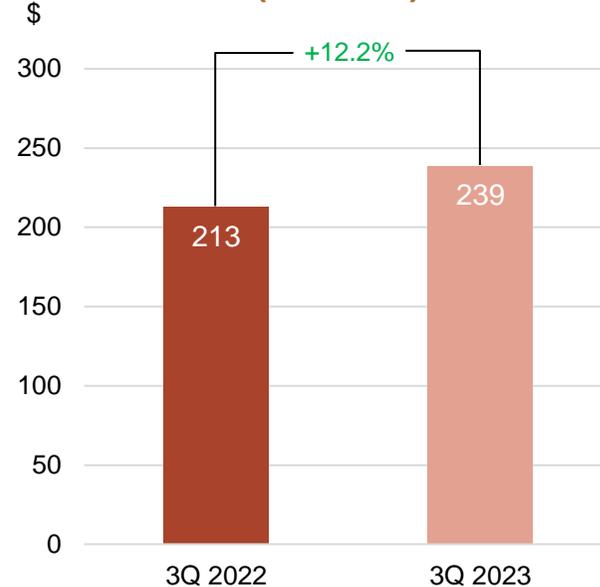
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Unit (RevPAU)

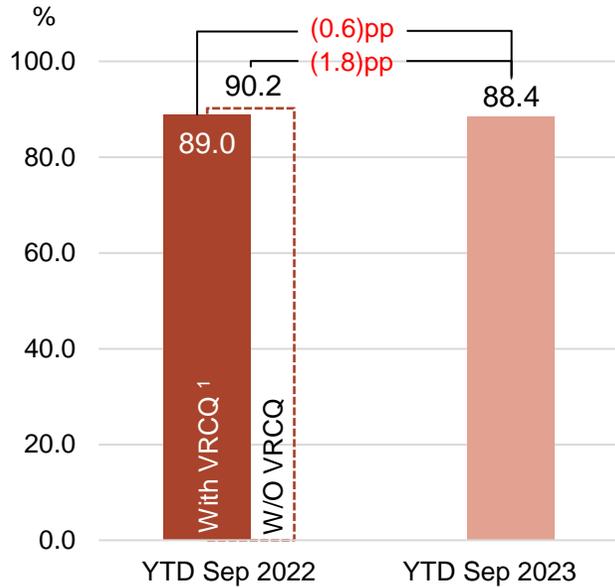


- The SRs continued to benefit from strong demand resulting in higher ADR across the portfolio.
- Average occupancy of the SRs decreased 1.7pp year-on-year to 88.7% while ADR grew 14.4% to S\$269. As a result, RevPAU was 12.2% higher at S\$239.

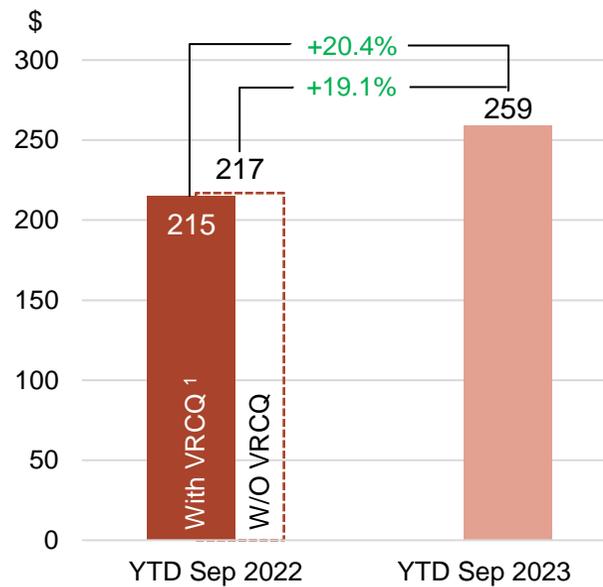


# Portfolio Performance YTD Sep 2023 – Serviced Residences

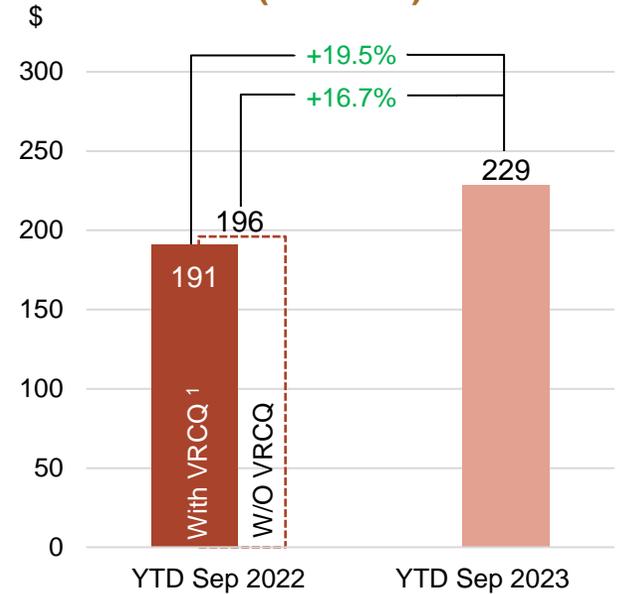
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Unit (RevPAU)



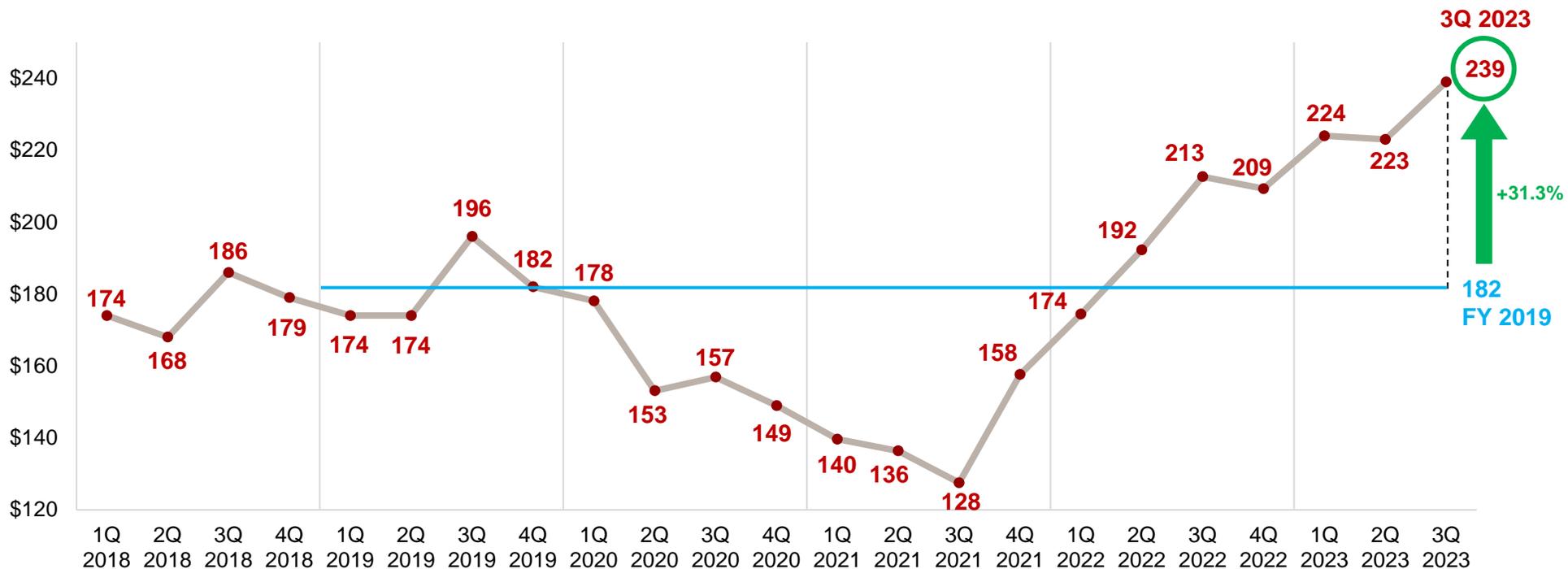
- The SRs continued to demonstrate strong performance with new bookings secured at higher rates.
- On a same-store basis, average occupancy of the SRs decreased 1.8pp year-on-year to 88.4% while ADR grew 19.1% to S\$259 as demand strengthened. As a result, RevPAU was 16.7% higher at S\$229.

1 Includes contribution from Village Residence Clark Quay ("VRCQ") from 1 January 2022 to divestment completion on 24 March 2022.



# 5-Year Portfolio Performance – Serviced Residences

## Revenue Per Available Unit

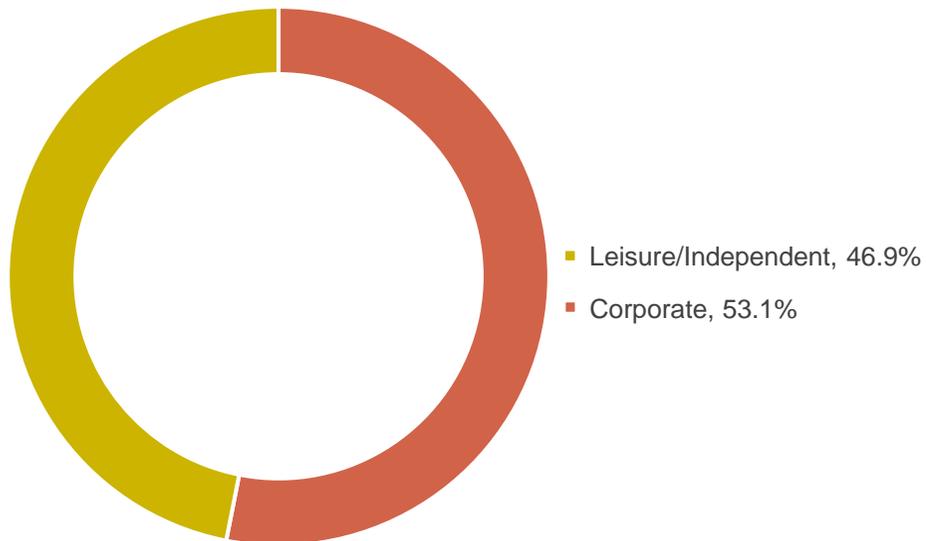


- The SR portfolio's RevPAU for 3Q 2023 maintained its strong performance, well above pre-pandemic levels of 2018 and 2019.

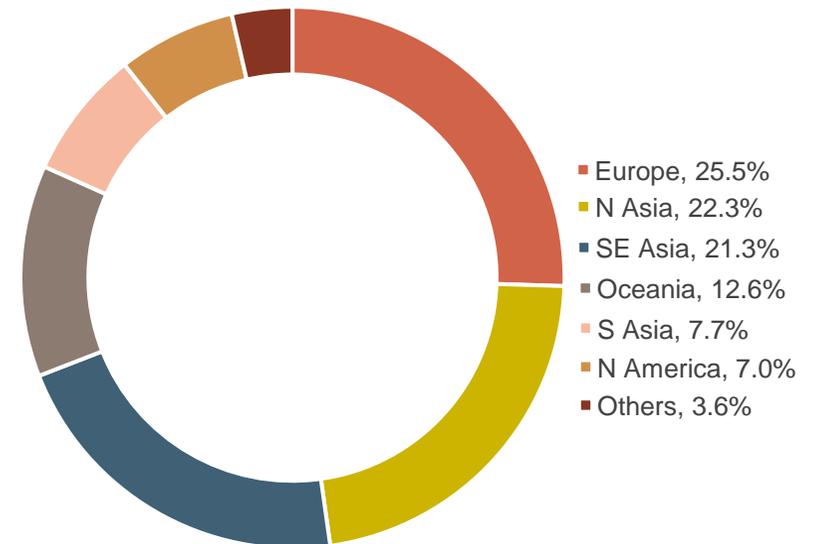


# YTD Sep 2023 Revenue Contribution – Hotels

## By Market Segment



## By Country of Residence

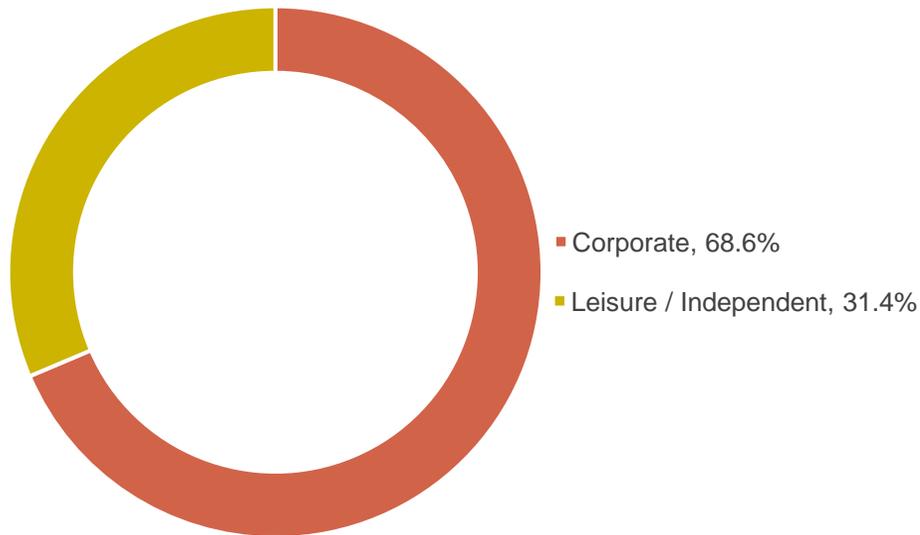


- Revenue for the Leisure segment has shown consecutive quarterly growth since the reopening of borders in April 2022.
- YTD Sep 2023, revenue for the Leisure segment contributed about 46.9% (vs. 29.4% YTD Sep 2022) of overall revenue.
- Guests from Europe, North Asia and South-East Asia formed the top 3 markets, contributing 69.1% of overall revenue.

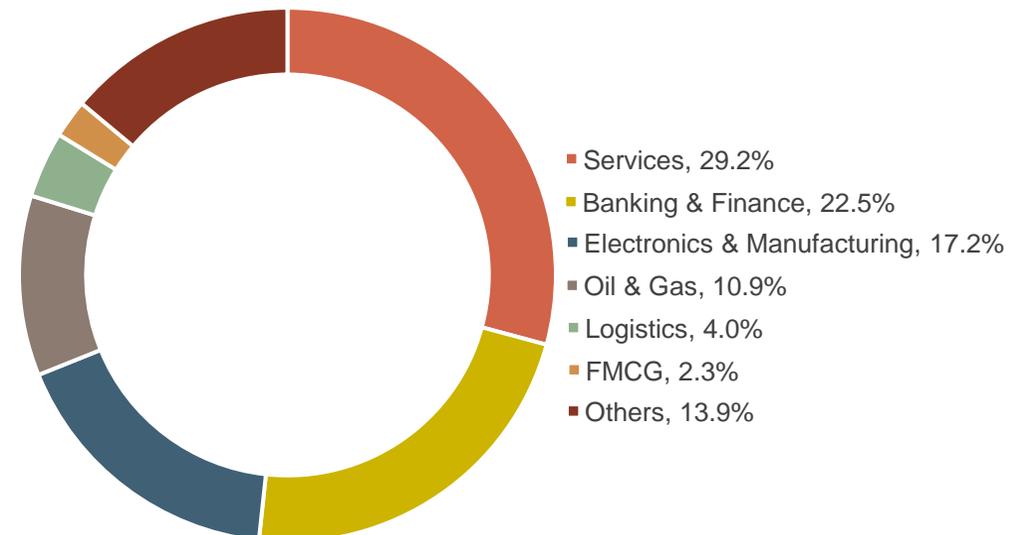


# YTD Sep 2023 Revenue Contribution – Serviced Residences

## By Market Segment



## By Industry

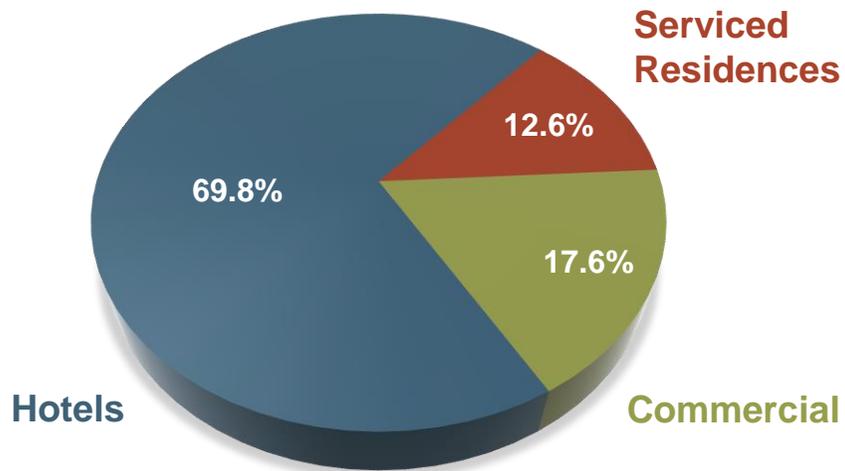


- For YTD September 2023, revenue contribution by the Corporate segment was 68.6% while the Leisure/Independent segment formed the balance of 31.4%.
- Services, Banking & Finance and Electronics & Manufacturing were the top 3 segments, contributing 68.9% of overall revenue.

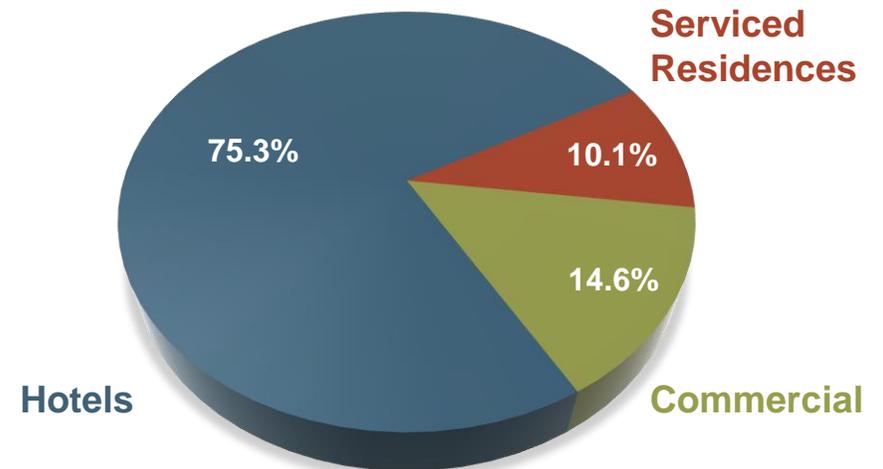


# Breakdown of Gross Revenue – Total Portfolio

YTD Sep 2022



YTD Sep 2023

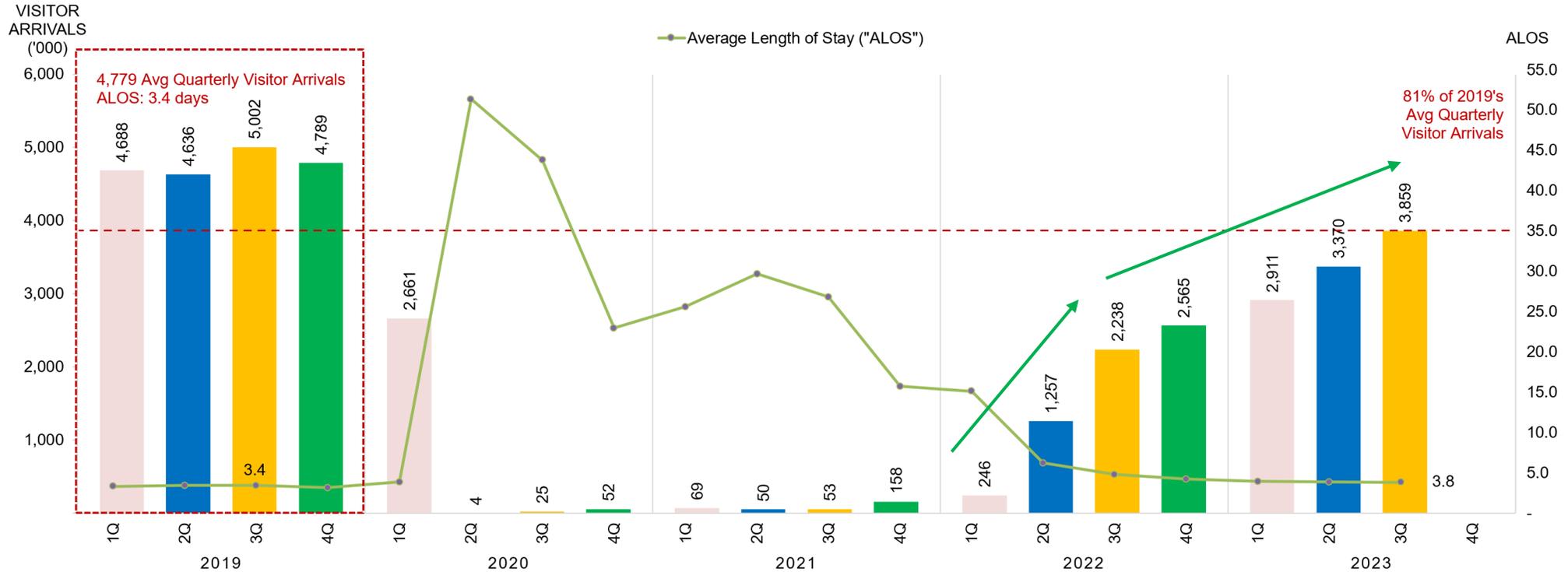


## Outlook



# Increasing Visitor Arrivals to Singapore

## Visitor Arrivals (2019-2023)

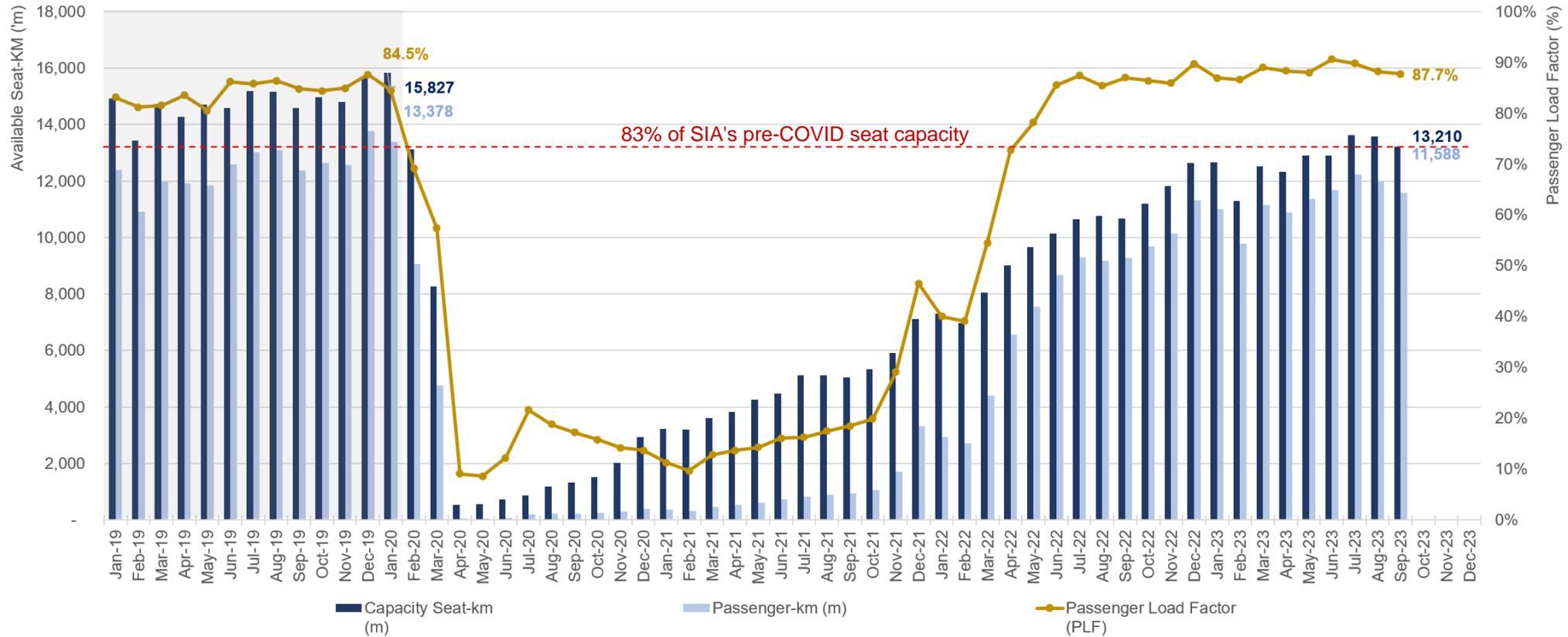


- YTD September 2023, Singapore received about 10.1 million visitor arrivals, on track to meet Singapore Tourism Board's target of 12 to 14 million arrivals for the full year.
- In 3Q 2023, visitor arrivals of 3.9 million was 14.5% higher quarter-on-quarter.



# Recovery of Air Passengers Numbers

## Singapore Airlines (SIA) Group Passenger Capacity



- As the main conduit for arrivals into Singapore, airlines' passenger capacity is a leading indicator for the recovery in cross-border travel.
- In September 2023, SIA Group's passenger capacity represented 83% of its pre-COVID level (January 2020) with passenger load factor remaining high at 87.7%.



# Upcoming Tourism Developments



## Rejuvenation of Sentosa

- SensoryScape, a two-tiered walkway offering a multisensory experience connecting Resorts World Sentosa (“RWS”) in the north with Sentosa’s beaches in the south is set to open in 2024.
- Revitalisation of Palawan Beach and its vicinity into a lifestyle and entertainment precinct with new leisure attractions such as KidZania (1Q 2024).
- New masterplan to further transform Sentosa and Brani.



## Mandai Wildlife Reserve

- A major wildlife and nature heritage project integrating five zoological parks: the Singapore Zoo, Night Safari, River Wonders, Bird Paradise and Rainforest Wild.
- Bird Paradise recently opened in May 2023
- Rainforest Wild and other amenities will open progressively in the next two years.



## Expansion of the Integrated Resorts

- Marina Bay Sands (“MBS”) announced expansion plans comprising addition of a fourth tower consisting of a hotel and a 15,000-seat entertainment arena for events and large conferences. It is slated for completion in 2028.
- At RWS, two new zones, Minion Land (2024) and Super Nintendo World (2025) will be added to Universal Studios Singapore. The S.E.A aquarium will also be expanded by three times its current size and rebranded as the Singapore Oceanarium in 2024.



## Outlook for 2023

### **Continued recovery for the hospitality sector**

- The Singapore Tourism Board (“STB”) expects between 12 and 14 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 95% of 2019 levels in 2023.

### **Increasing number of meetings, incentives, conventions and exhibitions (“MICE”) events**

- Strong slate of MICE events held in Singapore with a healthy pipeline for the last quarter of 2023.
- Both STB and The Singapore Association of Convention and Exhibition Organisers and Suppliers expect full recovery by 2024/2025.

### **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, Far East H-Trust’s properties are expected to achieve higher 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 annual target of between S\$8 billion and S\$10 billion set by the Economic Development Board.
- Investments in the Electronics sector formed 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 urban wellness haven.
- Major expansion of key tourism areas such as the Mandai Wildlife Reserve, Sentosa (*including the redevelopment of Pulau Brani*) 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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<https://www.fehtrust.com>



# Far East H-Trust Asset Portfolio Overview

## Hotels

										Total / Weighted Average
	Village Hotel Albert Court	Village Hotel Changi	Vibe Hotel Singapore Orchard	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 <sup>2</sup>	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 <sup>2</sup>	27 Nov 2008	5 June 2000 <sup>2</sup>	30 Dec 2015	
# of Rooms	210	380	256	393	428	388	108	298	314	2,775
Lease Tenure <sup>1</sup>	65 years	55 years	65 years	56 years	82 years	40 years	65 years	61 years	60 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	166,503
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) <sup>1</sup>	125.9	200.9	176.7	236.3	328.0	414.8	84.3	280.0	258.0	2,104.9

<sup>1</sup> As at 31 December 2022

<sup>2</sup> 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**



**Adina Serviced Apartments Singapore Orchard**

**Total / Weighted Average**

	Village Residence Hougang	Village Residence Robertson Quay	Adina Serviced Apartments Singapore Orchard	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 <sup>1</sup>	71 years	68 years	71 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) <sup>1</sup>	64.4	108.7	168.8	341.9

<sup>1</sup> As at 31 December 2022

