



FAR EAST
HOSPITALITY
TRUST

1H 2020

Results Presentation

30 July 2020

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1H 2020 Results Highlights



Executive Summary for 1H 2020 – Performance vs LY

	1H 2020	1H 2019	Variance
	S\$'000	S\$'000	%
Gross Revenue	44,270	55,725	(20.6)
Net Property Income	38,604	50,186	(23.1)
Income Available for Distribution	25,689	34,966	(26.5)
Income Available for Distribution after retention	20,171	34,966	(42.3)
Distribution per Stapled Security (“DPS”) after retention (cents)	1.03	1.82	(43.4)

- Gross Revenue for 1H 2020 was S\$44.3 million, a decrease of 20.6% year-on-year, due to the negative impact of the COVID-19 pandemic. Retail and Office Revenue decreased by 12.5% year-on-year.
- Net Property Income was 23.1% lower year-on-year.
- REIT Manager’s fees were lower by 20.5% year-on-year mainly due to changes resulting from a review of the management fee structure.
- Income Available for Distribution was S\$25.7 million, 26.5% lower year-on-year, translating into 1.29 Singapore cents or 29.1% lower year-on-year.
- Given the ongoing uncertainties due to the COVID-19 pandemic, part of the distributable amount was retained. DPS after retention was 1.03 Singapore cents or 43.4% lower year-on-year. Far East H-Trust intends to maintain its policy of distributing at least 90% of the REIT’s taxable income.

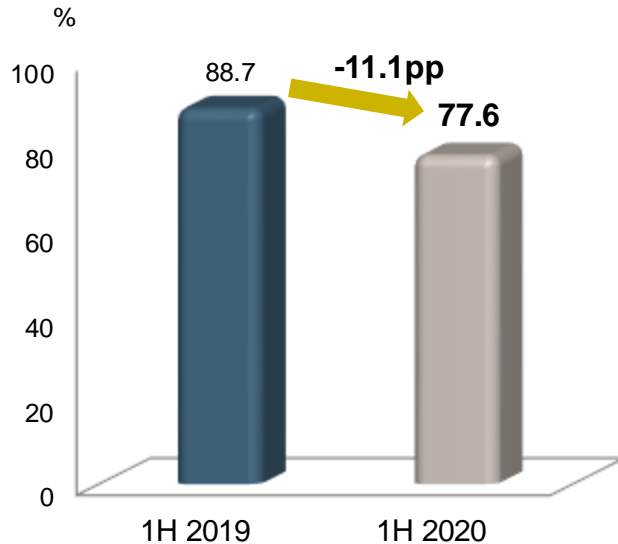


Portfolio Performance

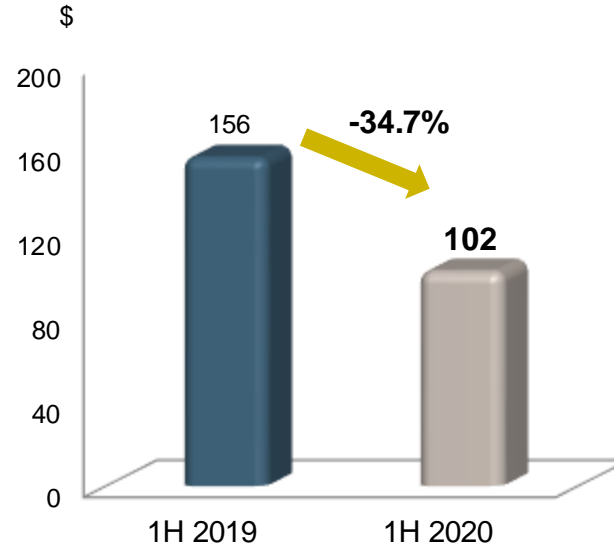


Portfolio Performance 1H 2020 – Hotels

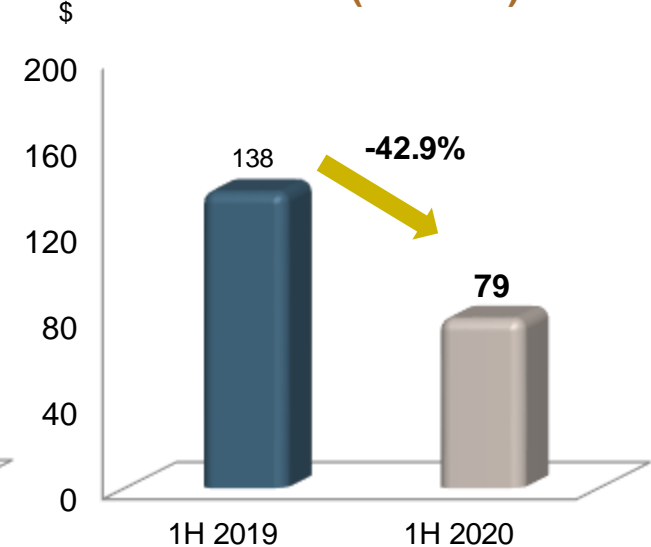
Average Occupancy



Average Daily Rate (ADR)



Revenue Per Available Room (RevPAR)

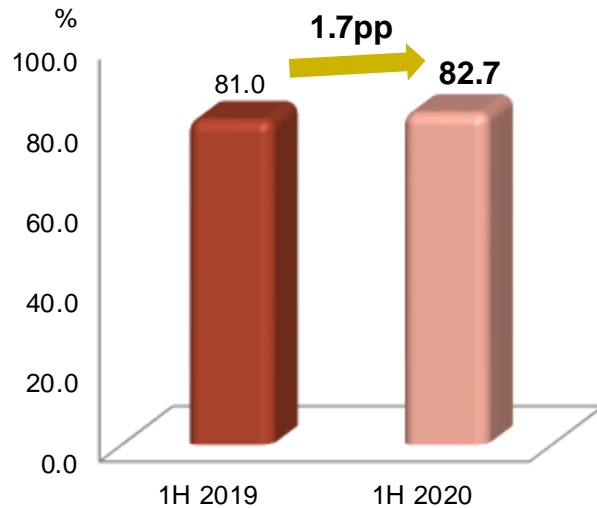


- Average occupancy of the hotels suffered in the initial phase of the COVID-19 pandemic but picked up in subsequent months as the hotels secured business from companies that required their Malaysian workers to stay in Singapore and from government agencies for isolation purposes. Average occupancy of 77.6% for 1H 2020 was 11.1pp below same time last year.
- ADR decreased 34.7% to S\$102 as travel restrictions curtailed traditional sources of business for the hotels, and the need to secure lower-rated business opportunities available during this period.
- As a result, RevPAR for the hotel portfolio declined by 42.9% to S\$79.

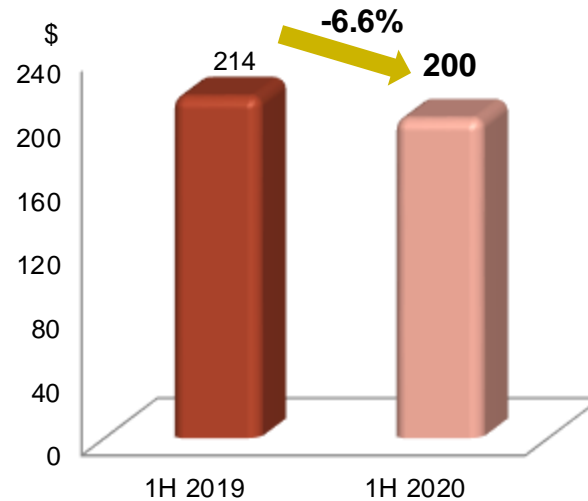


Portfolio Performance 1H 2020 – Serviced Residences

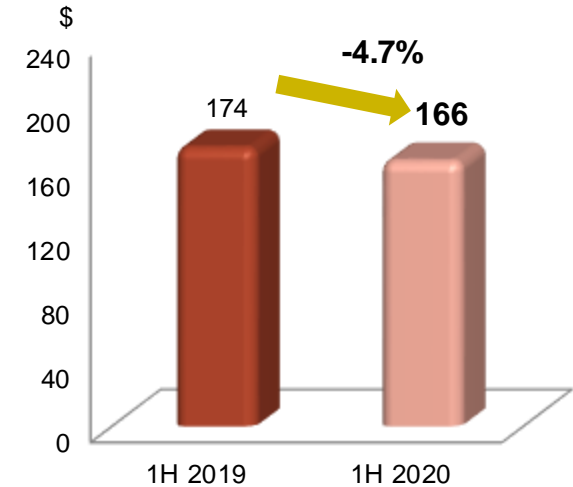
Average Occupancy



Average Daily Rate (ADR)



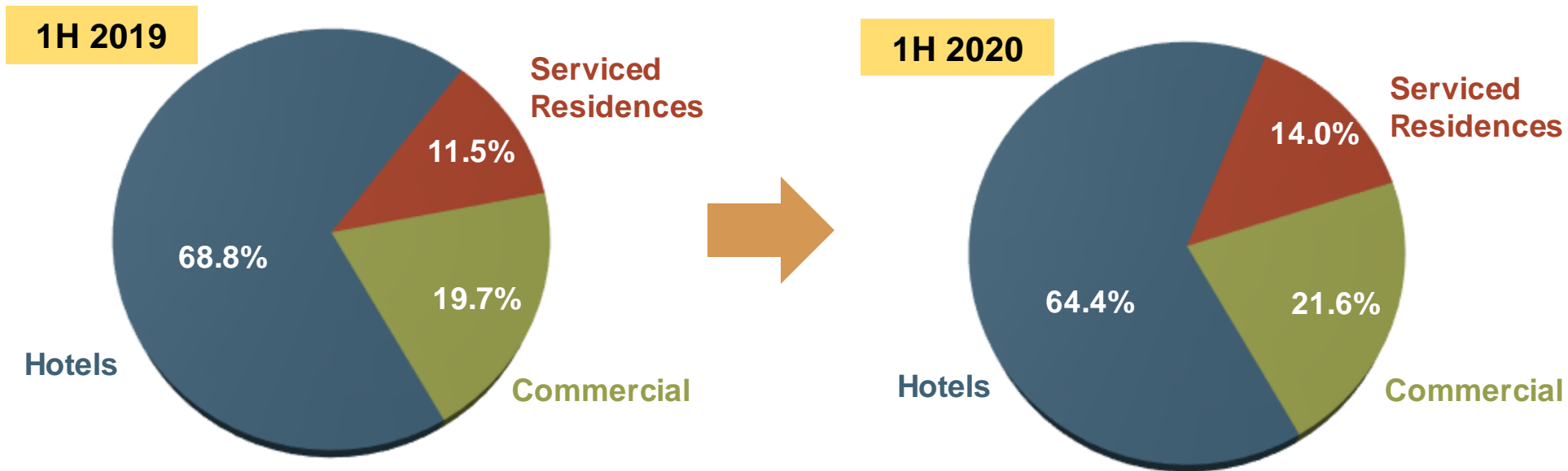
Revenue Per Available Unit (RevPAU)



- While the serviced residences registered a decline in performance in 1H 2020 due to the challenging market circumstances and lack of inbound travel, the long leases from corporate sources helped to maintain occupancy and minimize the negative impact.
- Average occupancy was higher year-on-year by 1.7pp at 82.7%, although the ADR was 6.6% lower at S\$200.
- As a result, the RevPAU of the SR portfolio fell 4.7% to S\$166 in 1H 2020.

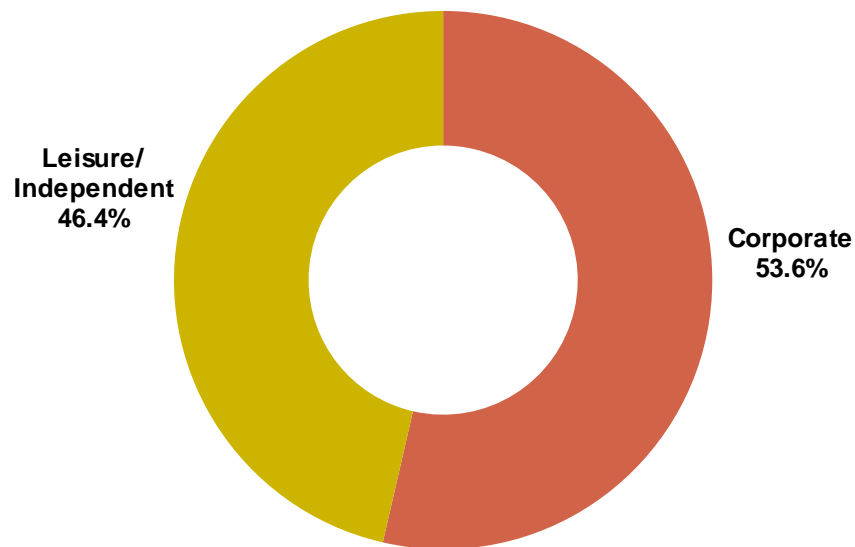


Breakdown of Gross Revenue – Total Portfolio

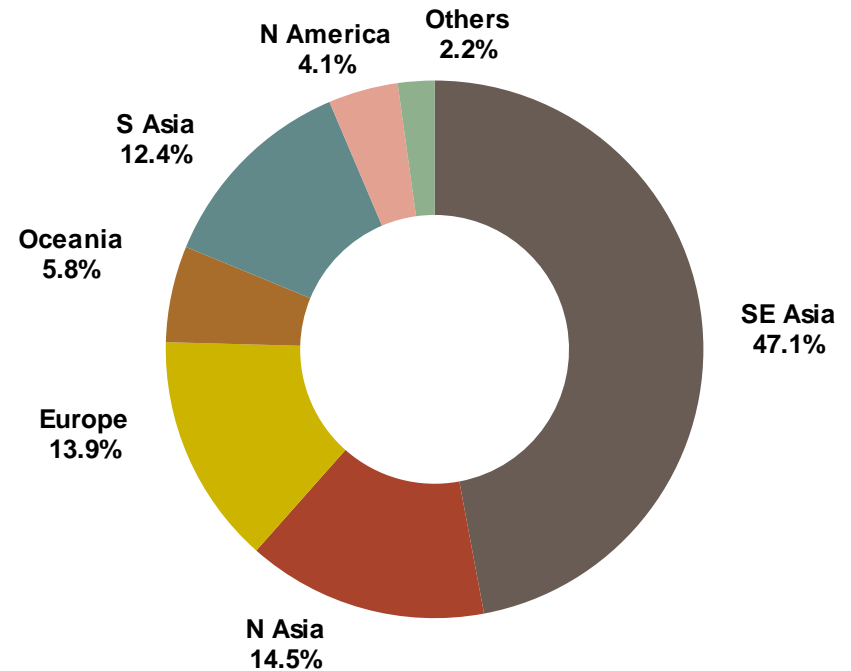


Market Segmentation 1H 2020 – Hotels

Hotels (by Revenue)



Hotels (by Region)

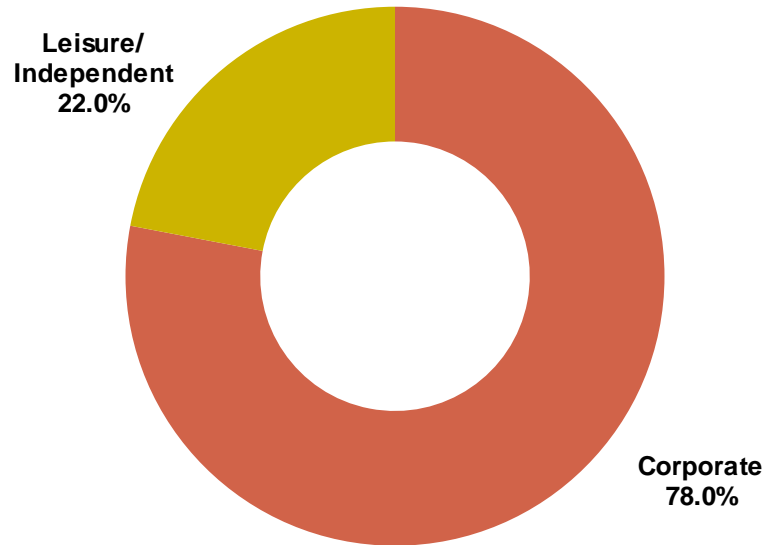


- The corporate segment contributed 53.6% to the overall hotel room revenue. The contribution from the leisure segment has decreased from 67.5% a year ago to 46.4% reflecting the steady contraction of international travellers over the course of 1H 2020.
- The proportion of revenue contribution from South Asia and SE Asia reflects the shift in revenue sources during the second quarter with all other traditional sources of revenue demonstrating a corresponding decline.

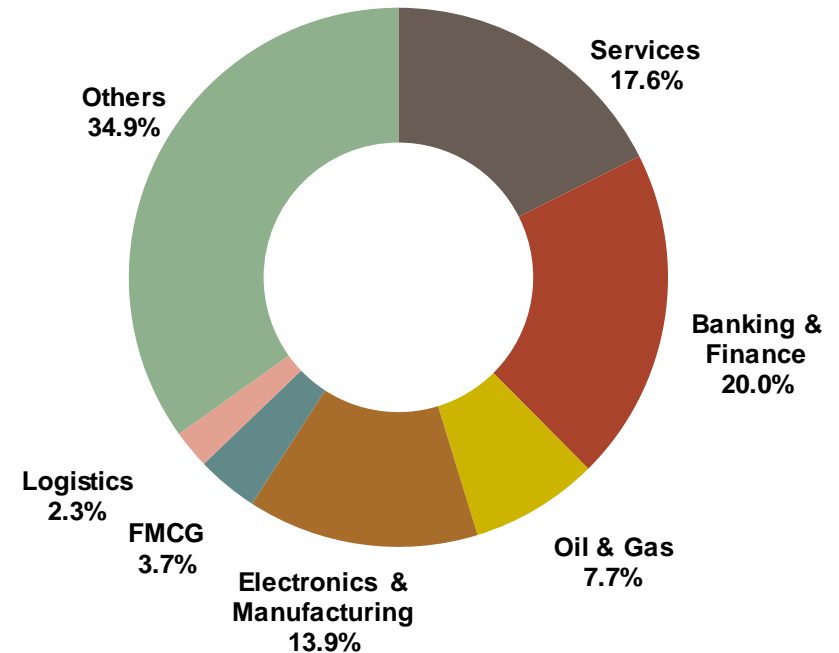


Market Segmentation 1H 2020 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Revenue contribution by the Corporate segment was 78.0% in 1H 2020. The drop in contribution by the Leisure segment reflected the impact on shorter stay leisure demand due to the COVID-19 pandemic.
- The mix of industries in 1H 2020 reflected the contribution from traditional long-lease corporate accounts, guests unable to travel back to their home countries due to the pandemic, and support from local corporations requiring accommodation for Malaysian work pass holders affected by the Movement Control Order.



Capital Management

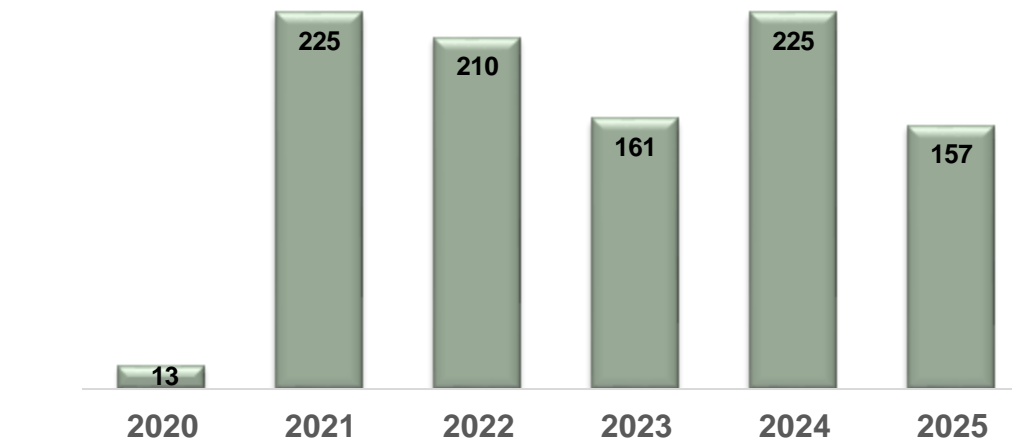


Capital Management

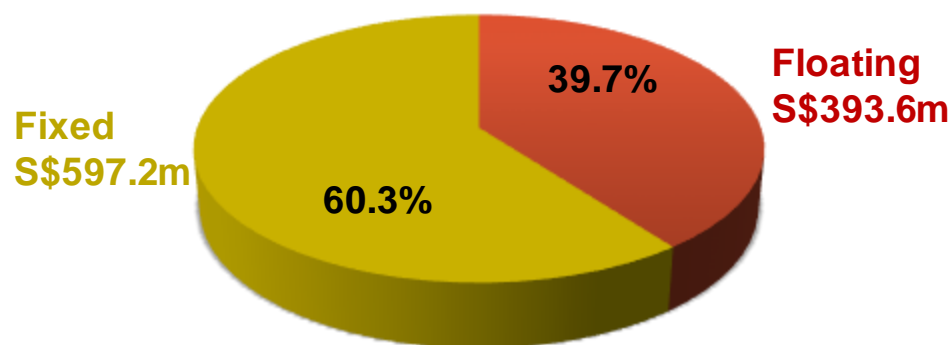
As at 30 June 2020

Total debt	S\$990.8m
Available revolving facility	S\$287.1m
Gearing ratio	39.2%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	60.3%
Weighted average debt maturity	2.8 years
Average cost of debt	2.5%
Interest coverage ratio¹	2.7x

Debt Maturity Profile (figures in S\$million)



Interest Rate Profile



- In October 2019, a 2-year S\$100.0 million term loan due to mature in April 2020 was extended to a 2.5-year S\$60.0 million term loan and 5-year S\$40.0 million term loan ahead of its maturity. There are no other term loans maturing this year. The weighted average debt-to-maturity was 2.8 years taking into account the extended tenor.

¹ Interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees per the formula prescribed by paragraph 1.2(f), Appendix 6 of the Code on Collective Investment Schemes.

Proactive Initiatives



Asset Enhancement Initiatives

1. Renovation of The Elizabeth Hotel

Artist impression of the reception area



Proposed Scope:

- Lobby and reception area
- Main lift lobby and circulation areas
- All-day dining outlet
- Function rooms
- 156 Superior & Deluxe rooms
- 100 Premier rooms
- Guestroom floor lift lobbies and corridors



Asset Enhancement Initiatives

2. Upgrading of the outdoor refreshment area at The Orchard Rendezvous Hotel

Artist impression



Proposed Scope:

- Floor and wall finishes
- New canopy system
- Landscape enhancement
- New finishes to the forecourt

3. Building repainting of Rendezvous Hotel Singapore

Artist impression



Proposed Scope:

- Podium block - different paint colours for the walls, pillars and decorative corbels
- Tower block - single paint colours and darker tone for grooves



Covid19 Guest Handling Protocols



All hotels have been certified under the SG Clean scheme

- This certification is audited by independent assessors and reflects the stringent sanitisation and hygiene measures that Operator has taken, committing towards creating a cleaner and safer environment for all guests and staff members



Flexible reservation and cancellation policies

- Help guests plan their travels with confidence
- Amendment of travel dates allowed for non-refundable bookings.
- Reservations can be changed or cancelled with no charge up to 24 hours before arrival day



Safety Measures on Property

- Scanning of entry and exit with SafeEntry
- Temperature screening for all guests using commercial thermal scanners or standard temperature screening thermometers
- Medical masks are available for guests upon request



Cleaning & Sanitizing

- Use of hospital-grade solutions for cleaning and sanitization
- Increased frequency of deep cleaning of public areas and all high touchpoint surfaces such as lift buttons, room key cards and pens
- Additional guest sanitization stations in public areas



Covid19 Guest Handling Protocols



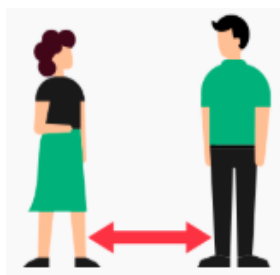
Guestroom Protocols

- Rooms are fully disinfected after each departure, and food grade bleach is used for cleaning of cups and utensils provided in rooms
- Single-use amenities are provided in every room
- All staff to service or enter rooms wearing Personal Protective Equipment (PPE)
- Option to reduce daily housekeeping services and contactless ways to exchange linens



F&B and Dining Protocol

- Dining outlets will offer orders for room service or takeaways
- Physical distancing is enforced for dine-in at restaurants
- Alternative breakfast options like packed bento boxes and à la carte plated service
- Single-use condiment sachets are implemented at all dining outlets, while juice and drinks are individually served



Social Distancing Measures

- Queue markers placed at areas like reception counters, lift lobbies and smoking zones
- Lift capacity is monitored and lift flooring is demarcated to ensure distancing
- All seats at lobbies and common areas are spaced minimally 1m apart and alternate seats are crossed out



Meeting & Events Protocols

- Capacity and seating of event venues will be reduced in accordance with safe distancing measures
- Increased frequency of air filter replacement and Air Handling Unit (AHU) cleaning across all meeting venues
- Web conferencing service is available



1H 2020 Cost Containment Initiatives & Savings

Proactive Cost Containment Initiatives

Notwithstanding unavoidable fixed costs, the Operator has made concerted efforts to reduce costs across all hotel departments relative to approved budgets. Key examples are provided below:

- Hiring pause across all departments, reduction of overtime and freeze on all casual labor
- Clearance of carried over and annual leave by all staff
- 50% reduction in Advertising & Promotion spend
- 50% reduction in outsourced public area cleaning costs with this function moved inhouse
- Temporary discontinuation of ancillary third-party contracts
- Deferment of certain engineering expenses to 2021 and insourcing of repairs and maintenance
- **30% reduction in total hotel expenditure**



Industry Outlook & Prospects



- **Global travel restrictions resulting from the pandemic would have a mid-term impact on demand**
 - The Singapore hospitality industry will continue to be impacted by travel restrictions and concerns over the spread of COVID-19.
 - Potential Government driven initiatives to create “green lane” channels between selected partner countries, and locally promoted staycation initiatives are expected to stimulate the first wave of inbound corporate and leisure demand respectively.
 - The serviced residences in the portfolio, with a higher proportion of corporate long leases, will be more resilient than the hotels during this crisis.

- **Stable master leases with fixed rent**
 - Far East H-Trust continues to benefit from stable master leases signed with companies of the Sponsor.
 - The relatively high fixed rent component of the master lease provides downside protection for the gross revenue of the Trust.



- **Further support for tenants in the Commercial Premises**

- Tenants in the commercial premises of the Trust are also affected by the economic slowdown and regulatory restrictions and will require further rental rebates.
- As the COVID-19 pandemic remains uncertain, part of the 1H 2020 income has been retained to provide for further rental rebates and deferment in rental payments by tenants in the months ahead to help them tide over this challenging period.

- **Proactive initiatives by REIT Manager**

- Review of the management fee structure undertaken in end 2019 has resulted in lower REIT Manager's fees effective January 2020.
- The REIT Manager will continue to optimise the performance of the portfolio in the current environment.
- Asset improvements and refurbishments will also be expedited to prepare for the eventual upturn in the sector
- In addition, the REIT Manager will explore suitable redevelopment opportunities, to extract greater yield and achieve better returns.



Details of Distribution

For Period From 1 January to 30 June 2020

Distribution per Stapled Security	1.03 cents
Ex-Date	7 August 2020
Record Date	11 August 2020
Distribution Payment Date	14 September 2020



Thank You



Far East H-Trust Asset Portfolio Overview

Hotels



	Village Hotel Albert Court	Village Hotel Changi	The Elizabeth Hotel	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 ²	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 ²	27 Nov 2008	5 June 2000 ²	30 Dec 2015	
# of Rooms	210	380	256	393	428	388	108	298	314	2,775
Lease Tenure ¹	68 years	58 years	68 years	59 years	85 years	43 years	68 years	64 years	63 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	11,863	
Retail NLA (sq m)	1,003	805	583	1,166	NA	3,778	NA	2,799	NA	10,134
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) ¹	127.8	205.8	163.7	232.7	330.0	431.2	82.0	284.1	245.0	2,102.3

¹ As at 31 December 2019

² Date of acquisition by Sponsor, as property was not developed by Sponsor



Far East H-Trust Asset Portfolio Overview

Serviced Residences



**Village Residence
Clarke Quay**



**Village Residence
Hougang**



**Village Residence
Robertson Quay**



**Regency
House**

**Total /
Weighted Average**

	Village Residence Clarke Quay	Village Residence Hougang	Village Residence Robertson Quay	Regency House	Total / Weighted Average
Market Segment	Mid-tier	Mid-tier	Mid-tier	Upscale	NA
Address	20 Havelock Road, S'pore 059765	1 Hougang Street 91, S'pore 538692	30 Robertson Quay, S'pore 238251	121 Penang House, S'pore 238464	
Date of Completion	19 Feb 1998	30 Dec 1999	12 July 1996	24 Oct 2000	
# of Rooms	128	78	72	90	368
Lease Tenure ¹	73 years	74 years	71 years	74 years	NA
GFA/Strata Area (sq m)	17,858	14,257	10,570	10,723	53,408
Retail NLA (sq m)	2,213	NA	1,179	539	3,931
Office NLA (sq m)	Office: 1,474 Serviced Office: 823	NA	NA	2,291	4,588
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	
Valuation (S\$ 'mil) ¹	205.9	62.0	105.3	170.2	543.4

¹ As at 31 December 2019

