



Presentation on Far East Hospitality Trust

August 2020

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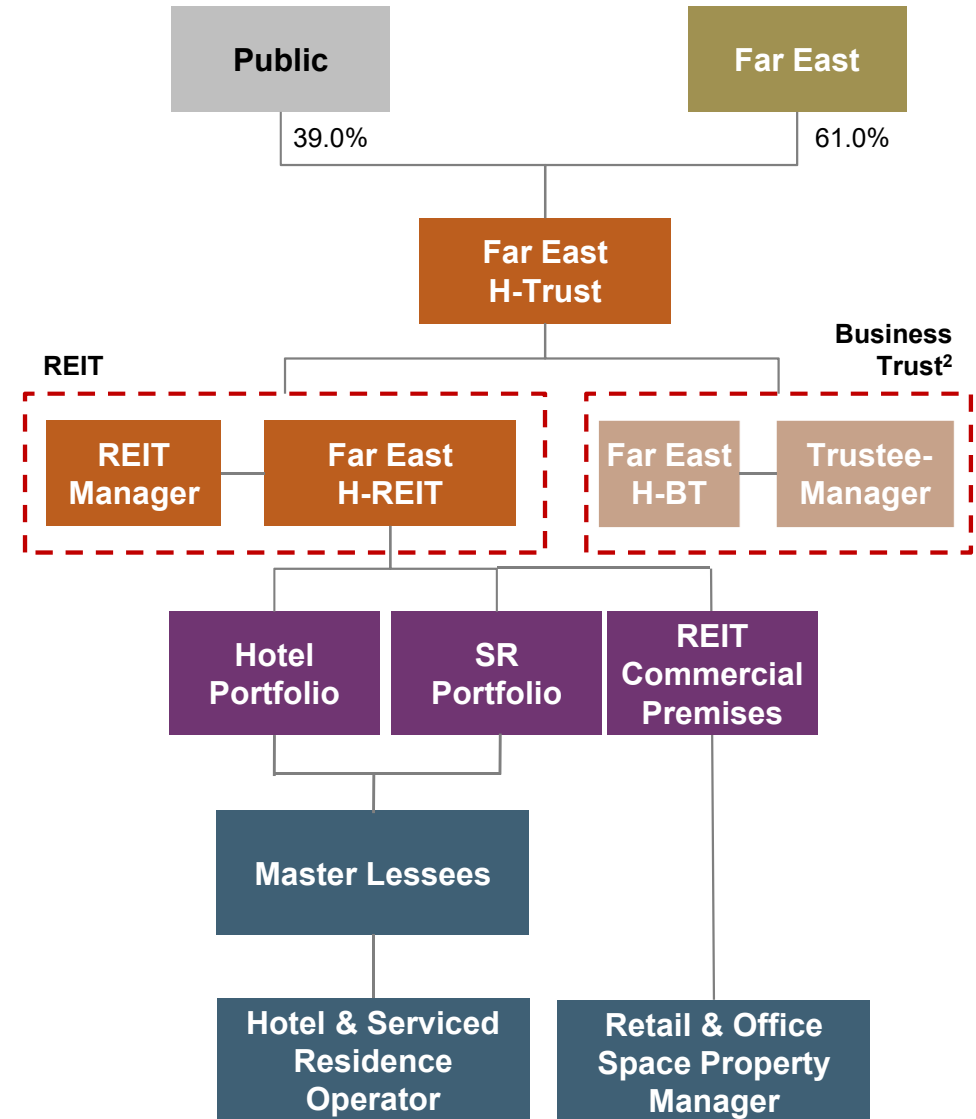


Overview of Far East Hospitality Trust



Overview of Far East H-Trust

Issuer	Far East Hospitality Trust
Sponsor	Far East Organization group of companies
REIT Manager	FEO Hospitality Asset Management Pte. Ltd.
Portfolio	13 properties valued at approximately S\$2.65 billion ¹ 9 hotel properties (“Hotels”) and 4 serviced residences (“SR” or “Serviced Residences”)
Hotel and SR Operator	Far East Hospitality Management (S) Pte Ltd
Retail & Office Space Property Manager	Jones Lang LaSalle Property Consultants Pte Ltd
Master Lessees	Sponsor companies, part of the Far East Organization group of companies



(1) As at 31 December 2019

(2) Dormant at Listing Date and master lessee of last resort

Key Terms of Master Lease Agreements for Hospitality Portfolio

Tenure	<ul style="list-style-type: none">■ 20 years with the option to renew for an additional 20 years
Composition of Master Lease Rental	<ul style="list-style-type: none">■ Fixed Rent = Total of S\$67 million per annum (S\$57 million for Hotels, S\$10 million for Serviced Residences)■ Variable Rent = $(33\% \times \text{GOR}^1) + (30\%^3 \times \text{GOP}^2) - \text{Fixed Rent}$■ Downside protection with upside potential
Furniture, fixtures and equipment reserve	<ul style="list-style-type: none">■ 2.5% of GOR
Master Lessees	<ul style="list-style-type: none">■ Sponsor companies, part of the Far East Organization group of companies

(1) GOR refers to the Gross Operating Revenue of the Property.

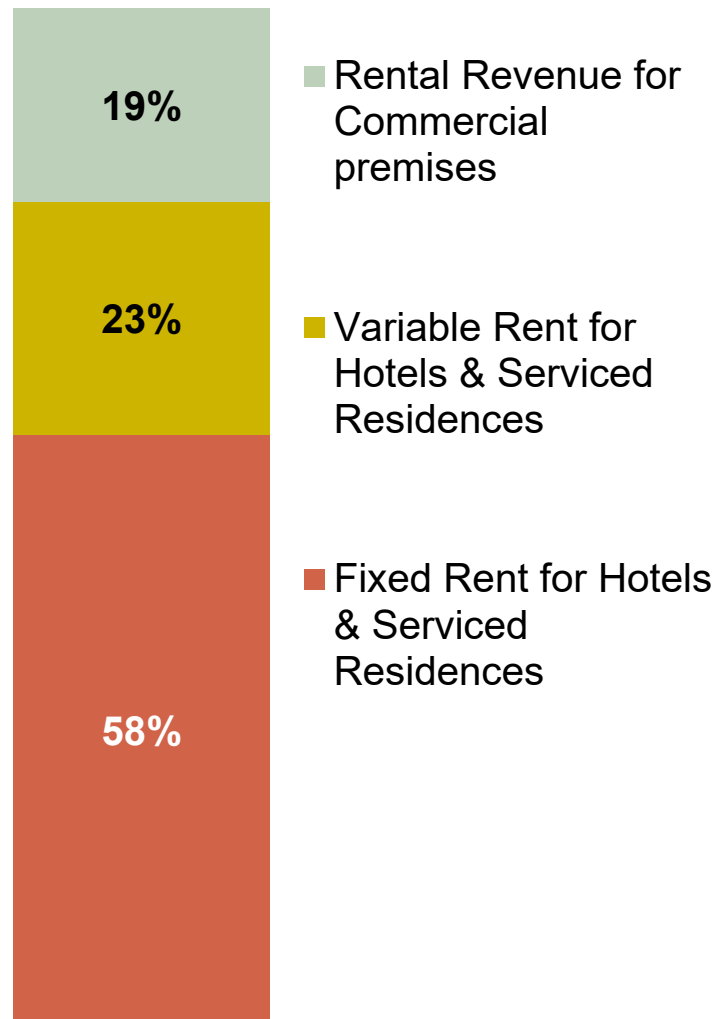
(2) GOP refers to the Gross Operating Profit of the Property.

(3) Average for the whole portfolio; actual percentage for each property ranges from 23% to 37% for Hotels, and 38% to 41% for Serviced Residences.



Master Lease Structure for Hospitality Portfolio

Breakdown of Revenue (FY2019)



Fixed rent makes up large proportion of revenue

- Fixed rent for hotels and serviced residences and rental revenue for commercial premises constitute about three quarters of gross revenue.
- The minimum rental payment provides a downside protection for unitholders and mitigates the impact of volatility experienced during adverse economic circumstances.



Financial Highlights



Executive Summary for 1H 2020 – Performance vs LY

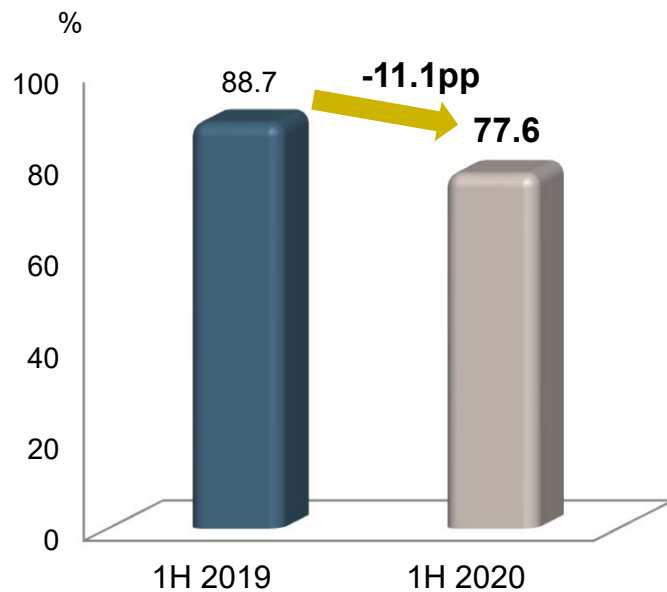
	1H 2020	1H 2019	Variance
	S\$'000	S\$'000	%
Gross Revenue	44,270	55,725	(20.6)
Net Property Income	38,604	50,186	(23.1)
Income Available for Distribution	25,689	34,966	(26.5)
Income Available for Distribution after retention	20,171	34,966	(42.3)
Distribution per Stapled Security (“DPS”) after retention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

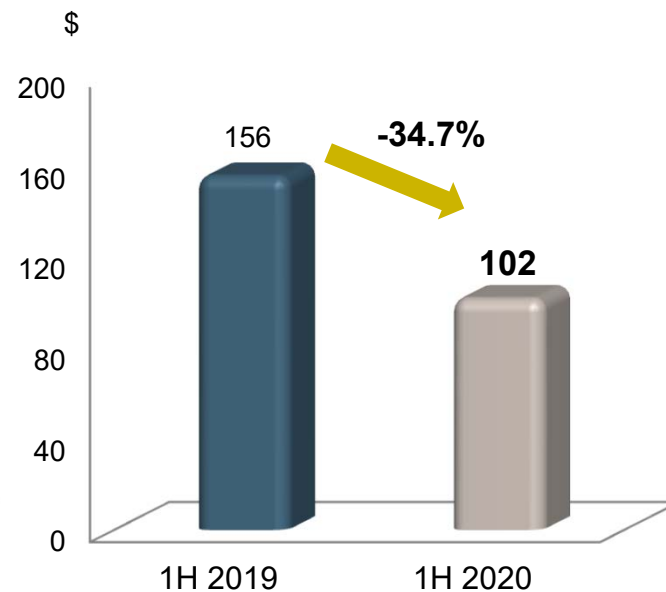


Portfolio Performance 1H 2020 – Hotels

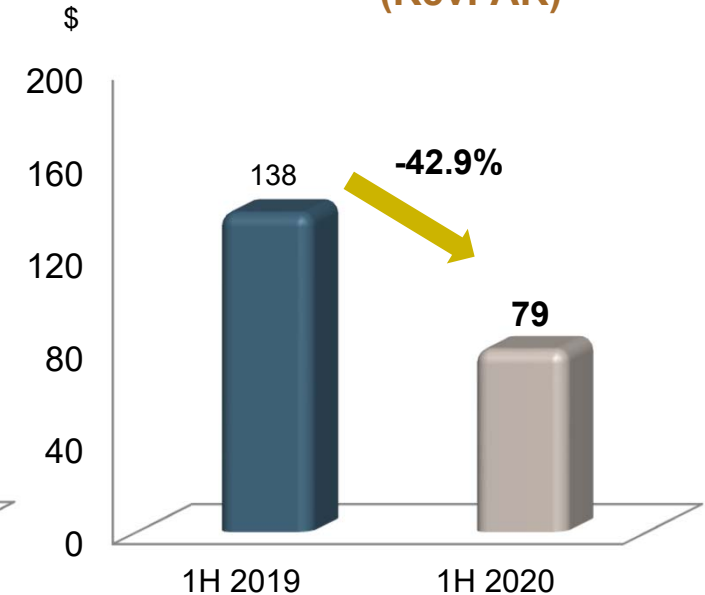
Average Occupancy



Average Daily Rate (ADR)



Revenue Per Available Room (RevPAR)

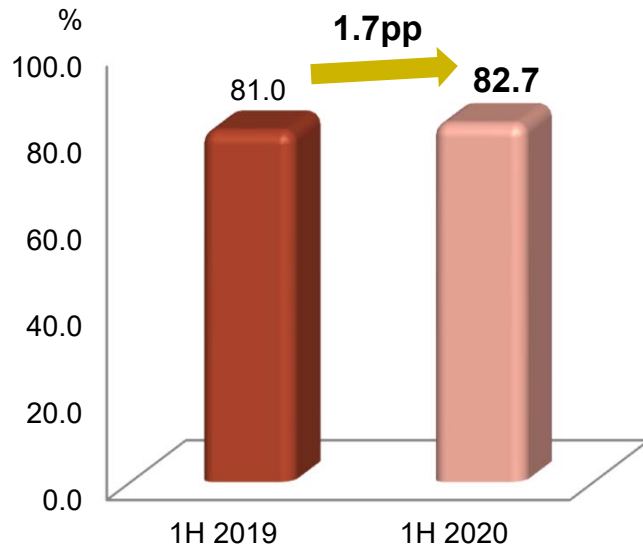


- Average occupancy of the hotels suffered in the initial phase of the COVID-19 pandemic but picked up in subsequent months as the hotels secured business from companies that required their Malaysian workers to stay in Singapore and from government agencies for isolation purposes. Average occupancy of 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.

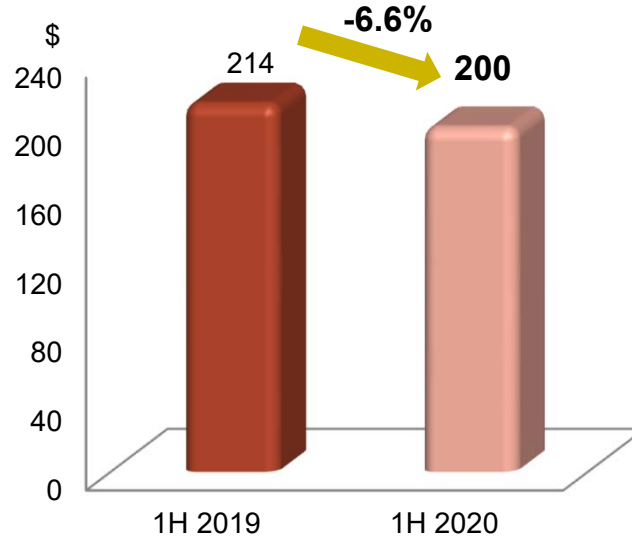


Portfolio Performance 1H 2020 – Serviced Residences

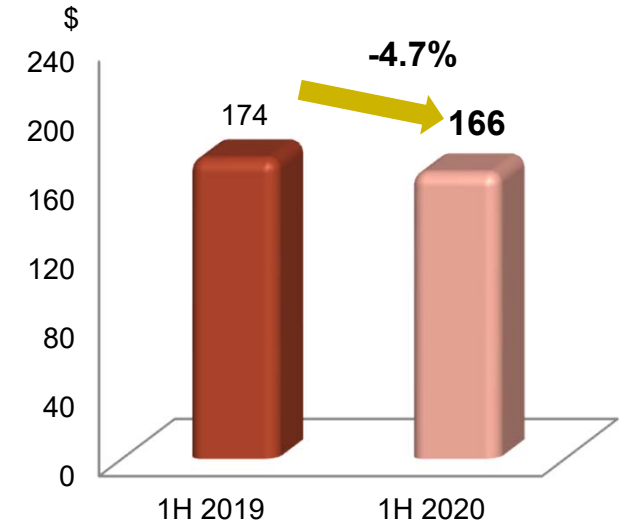
Average Occupancy



Average Daily Rate (ADR)



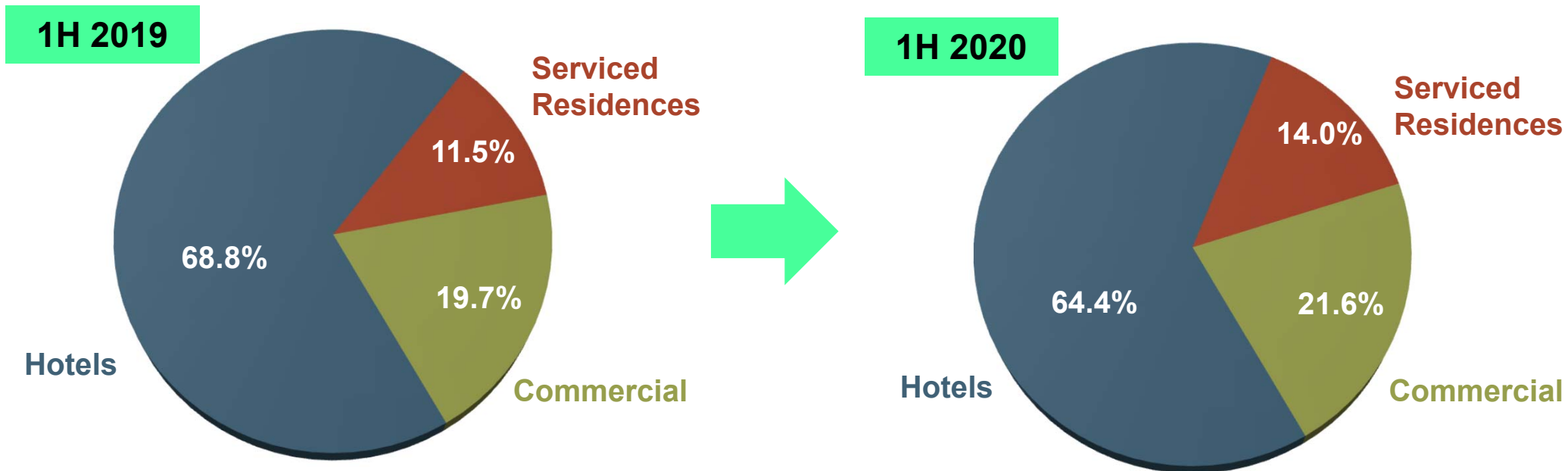
Revenue Per Available Unit (RevPAU)



- 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 boost 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

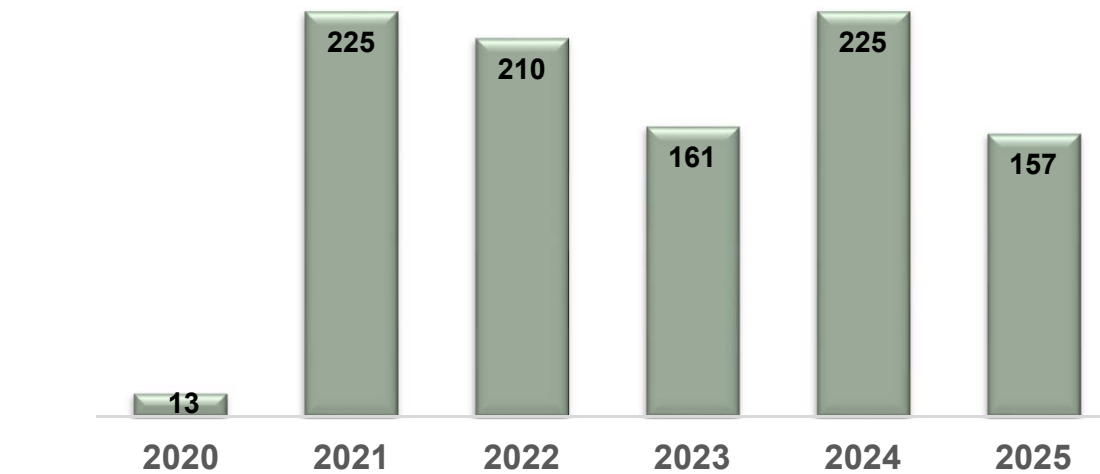


Capital Management

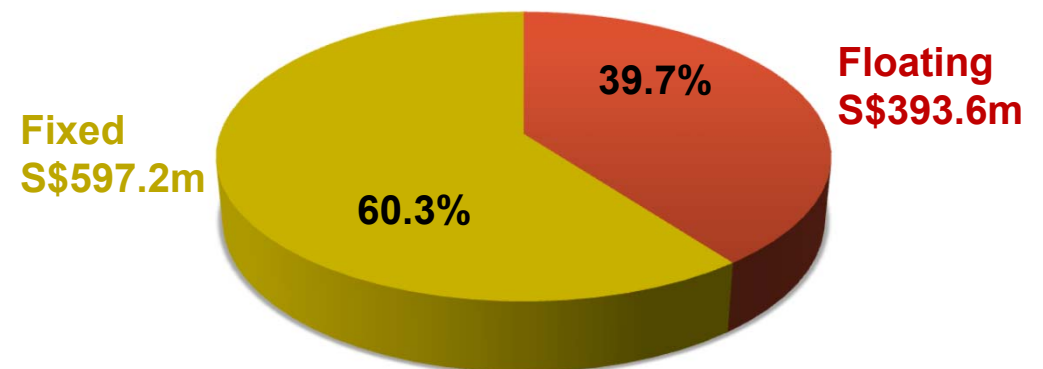
As at 30 June 2020

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

- Certification audited by independent assessors and reflects the stringent sanitization and hygiene measures



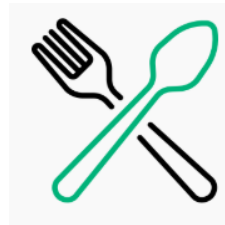
Guestroom Protocols

- Rooms are fully disinfected after each departure
- Single-use amenities are provided in every room



Flexible reservation and cancellation policies

- Help guests plan their travel with confidence
- Reservations can be changed or cancelled with no charge



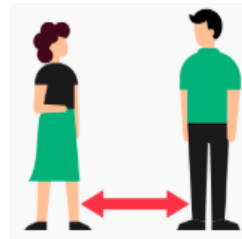
F&B and Dining Protocol

- Physical distancing is enforced for dine-in at restaurants
- Alternative breakfast options



Safety Measures on Property

- Scanning of entry and exit with SafeEntry
- Temperature screening for all guests



Social Distancing Measures

- Queue markers placed at appropriate areas
- Lift capacity is monitored and lift flooring is demarcated



Cleaning & Sanitizing

- Use of hospital-grade solutions for cleaning and sanitization
- Increased frequency of deep cleaning



Meeting & Events Protocols

- Capacity and seating of event venues reduced
- Increased frequency of air filter replacement and Air Handling Unit (AHU) cleaning



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**



Cost containment at the REIT

Reduction in management fees (with effect from 1 January 2020)

Change	Illustration on FY2019 fee
Base fee is reduced from 0.3% to 0.28% per annum of the value of the deposited property of Far East H-REIT.	Reduction would have been approximately S\$0.54 million or 6.7%
Performance fee is reduced from 4.0% of the net property income to 4.0% of the net property income or 4.0% of the annual distributable amount for that financial year, whichever is lower.	Reduction would have been approximately S\$1.2 million or 28.8%

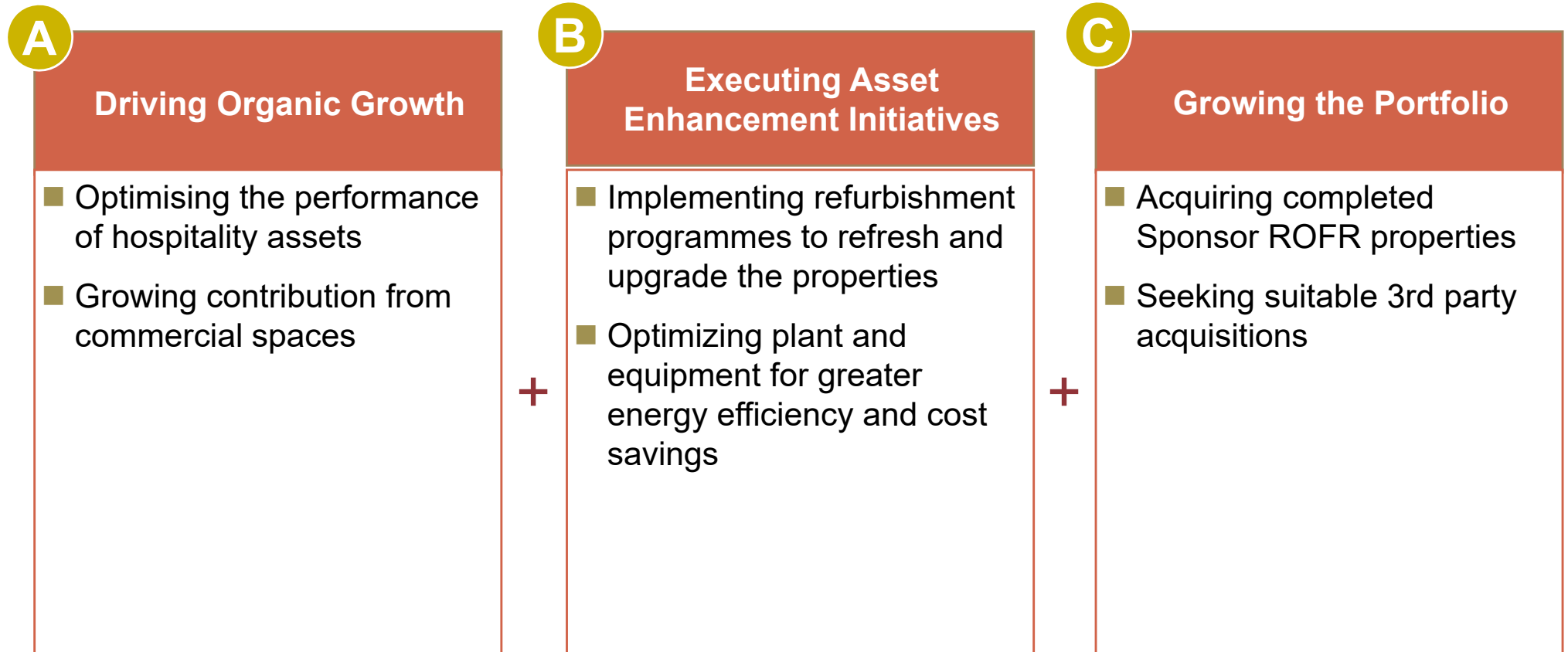
- For illustrative purposes, the overall Management Fees for **FY2019** would have been lower by **S\$1.74 million** or **14.2%** based on the above changes.
- The REIT Manager will also be undertaking cost-cutting measures, with the savings going towards funding the fee reduction.



Growth Strategy



Key Engines of Growth



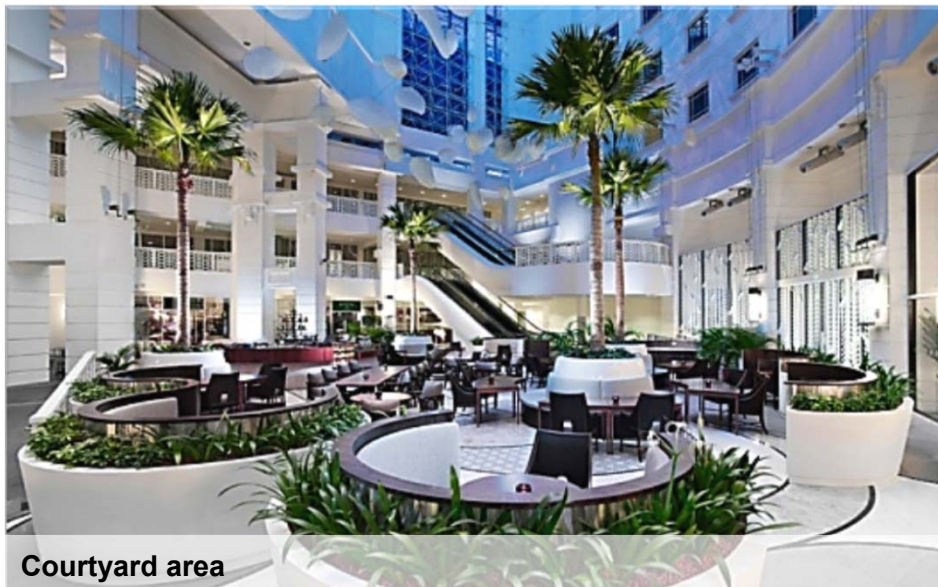
Key initiatives to drive both immediate and long-term growth



Acquisition of Rendezvous Hotel Singapore – Completed August 2013



Rendezvous Hotel Singapore

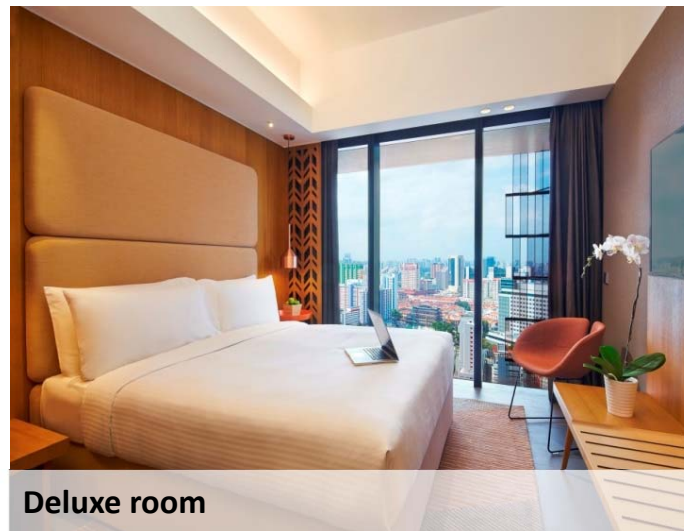
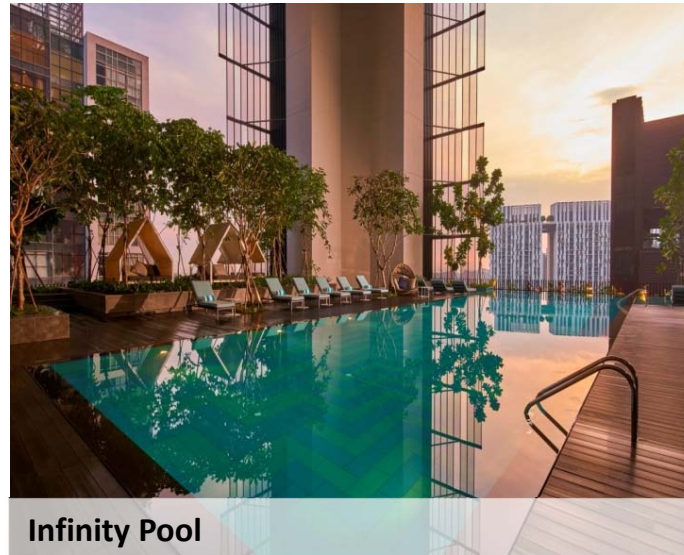


Courtyard area

- 298-room upscale hotel strategically located near the business and cultural districts
- Purchase price of S\$264.3 million, or S\$886,913 per key
- Retail Net Floor Area of 2,799 sqm
- 70 year-lease commencing from completion date of 1 August 2013
- Master lessee is Serene Land Pte Ltd
- Term of master lease is 20 years plus an option to renew for another 20 years



Acquisition of Oasia Hotel Downtown – Completed on 2 April 2018



- 314-room upscale hotel located at 100 Peck Seah Street, in the Tanjong Pagar area of Singapore’s CBD
- Purchase price of S\$210.0 million¹ or S\$668,789 per key
- Valued at S\$245.0 million as at 31 December 2019
- 65 year-lease commencing from completion date of 2 April 2018²
- Vendor and master lessee is Far East SOHO Pte. Ltd.

¹ The Vendor and the REIT Trustee had entered into an Earn-out Agreement, in which the REIT Trustee will issue S\$15.0 million worth of Stapled Securities to the Vendor if, by 31 December 2023 (or up to 31 December 2025 if there are any Extension Events as defined in the Earn-out Agreement), the net property income (“NPI”) of the Property is at least S\$9.9 million per annum for two full consecutive years.

² The Vendor owns a leasehold interest of 99 years commencing from 13 April 2011. As the leasehold tenure in the Property to be acquired by the REIT Trustee is in respect of a shorter leasehold period than the length of the leasehold title held by the Vendor, upon expiry of the leasehold tenure held by the REIT Trustee, the title to the Property will revert back to the Vendor.



Hotel Development on Sentosa with Sponsor



- In September 2014, Far East H-REIT took up a **30% stake** in a joint venture with Far East Organization Centre Pte. Ltd. (a member of Far East Organization)
- Integrated development comprising 3 hotels and **839 rooms** – Village Hotel Sentosa, The Outpost Hotel and The Barracks Hotel
- **60-year** leasehold interest from 7 March 2014
- Far East H-REIT's agreed proportion of investment is approx **S\$133.1 million** (of a total estimated cost of **S\$443.8 million**)
- Far East H-REIT is entitled to purchase remaining 70% of the development should a sale be contemplated by the Sponsor



Potential Pipeline Projects from the Sponsor

1 Orchard Scotts Residences



Number of Units: 204

2 Orchard Parksuites



Number of Units: 223

3 Village Residence West Coast

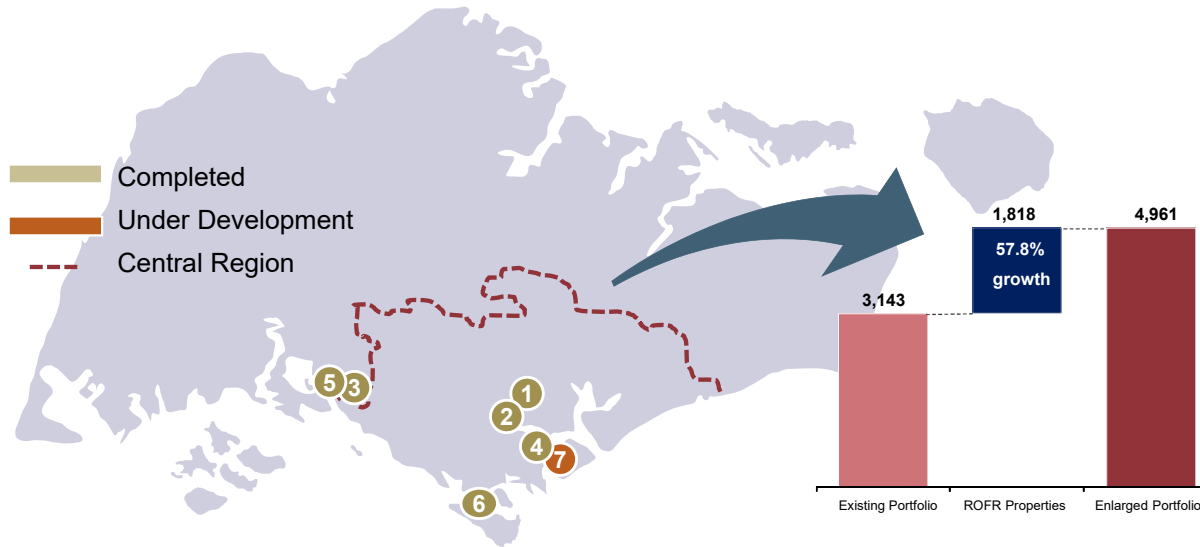


Number of Units: 51

4 AMOY Hotel



Number of Rooms: 37



5 Oasia West Residences¹



Number of Units: 140

6 Village Hotel, The Outpost Hotel and The Barracks Hotel¹



Number of Rooms: 839

7 The Clan¹



Number of Rooms: 324

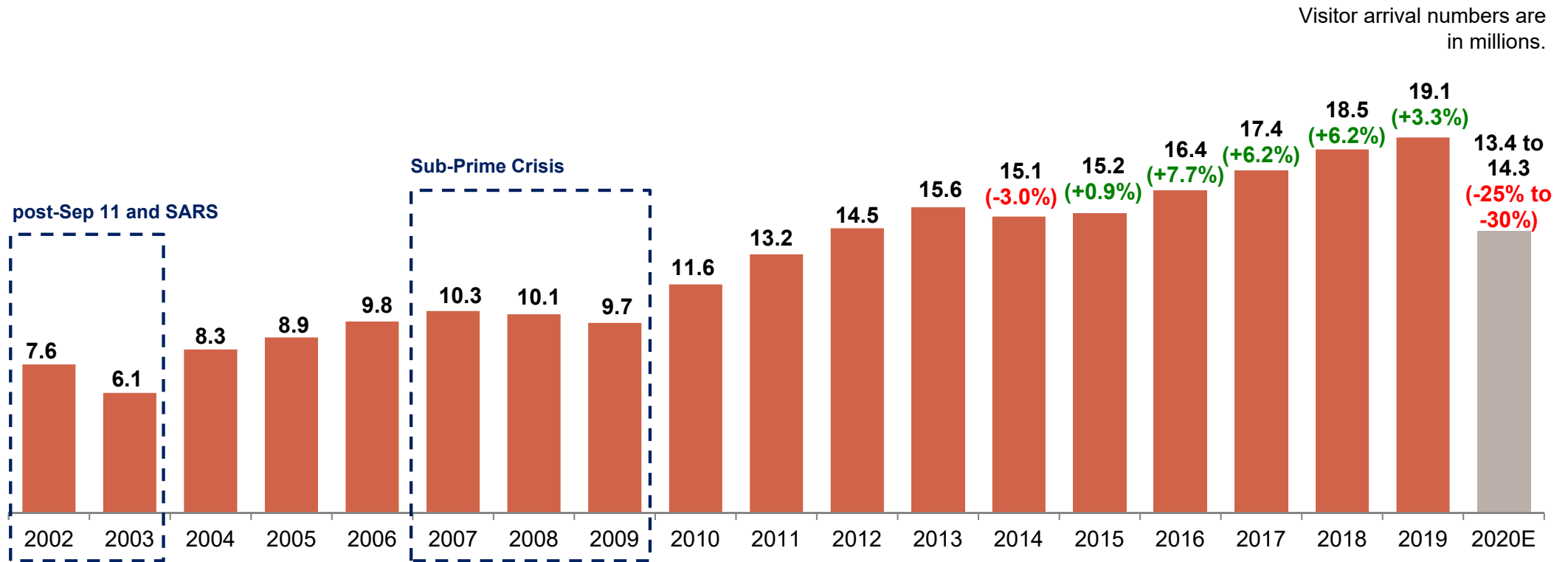
Name of ROFR Property	Expected Completion Date	Est. No of Rooms / Units
Completed		
1 Orchard Scotts Residences	Completed	204
2 Orchard Parksuites	Completed	223
3 Village Residence West Coast	Completed	51
4 AMOY Hotel	Completed	37
5 Oasia West Residences	Completed	140
6 Village Hotel Sentosa, The Outpost Hotel and The Barracks Hotel	Completed	839
Completed Subtotal		1,494
Under Development		
7 The Clan	2020	324
Under Development Subtotal		324
Total		
Hotel Rooms		1,200
Serviced Residence Units		618
Grand Total		1,818

(1) This picture is an artist's impression of the property and may differ from the actual view of the property

Industry Outlook & Prospects



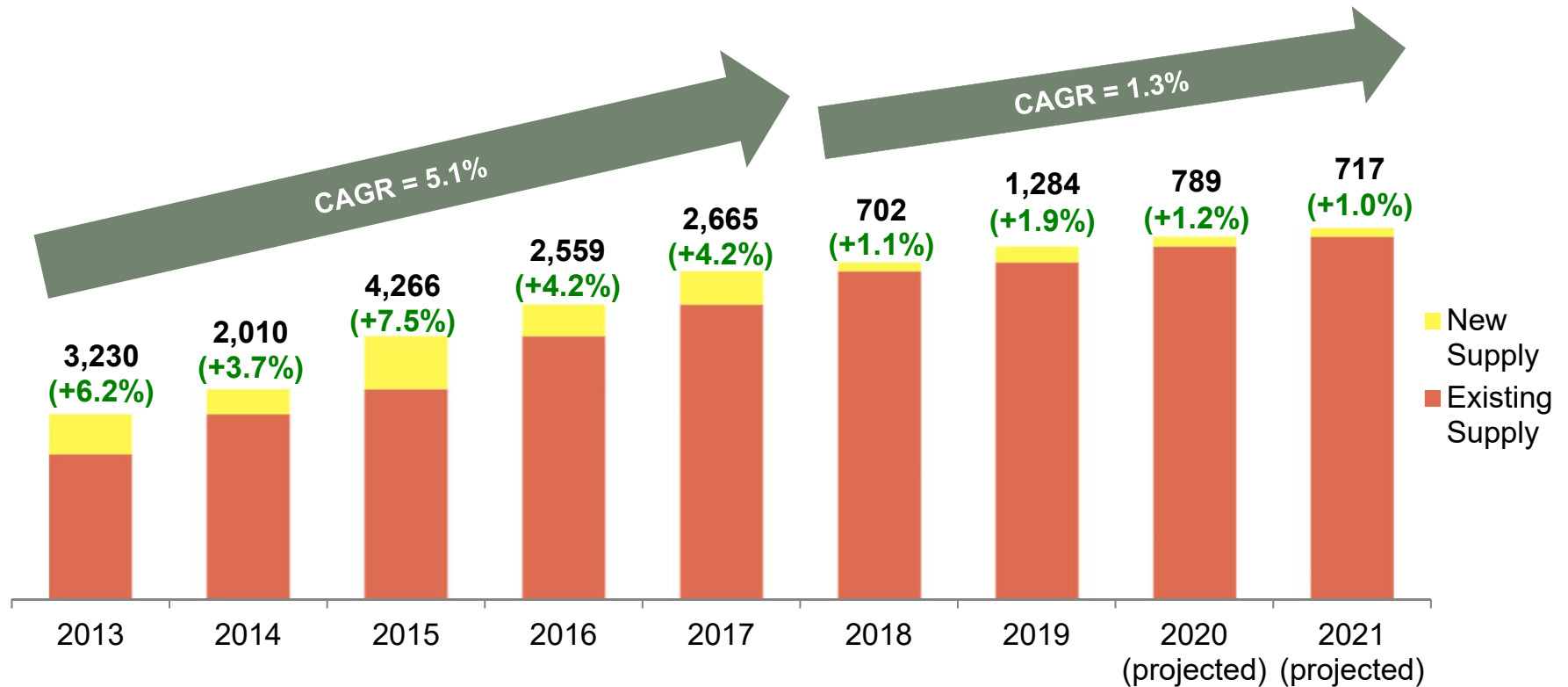
Historical and Forecasted Visitor Arrivals in Singapore



- Visitor arrivals to Singapore showed healthy year-on-year growth in the period from 2016 to 2018, with an average growth of 6.7% per year. Comparatively, in 2019, year-on-year growth was lower at 3.3%, with a total of 19.1 million visitors for the year, amidst global headwinds and macroeconomic uncertainty.
- In view of the COVID-19 outbreak, STB forecasted arrivals to drop by 25% to 30% in 2020.



Estimated Hotel Room Supply in Singapore



- New hotel room supply registered a more moderate increase of 1.9% in 2019, as compared to a compound annual growth of 5.1% between 2013 to 2017. Supply is expected to increase by 1.2% in 2020 and 1.0% in 2021.
- Since July 2014, the government had placed a moratorium on the release of new sites for hotel development, until January 2019, when the tender for the site at Club Street was awarded.



Transformation of Tourism Landscape in the coming years

Sentosa-Brani Masterplan

Pulau Brani and Sentosa will be redeveloped and integrated, and the entire area would include new leisure, recreation and tourism offerings. The first phase (“Sentosa Sensoryscape”) is slated for completion in 2022*.



Revamp of Orchard Road
The Singapore government announced plans to transform the Orchard Road belt into a vibrant family-friendly lifestyle destination and garden oasis, offering more than just retail.

Jurong Lake District tourism hub

New integrated tourism development to be set up at the Jurong Lake District by 2026*, in line with the government’s plan to spread out its offerings across different parts of Singapore. This area will include attractions, hotels and other lifestyle offerings



Mandai Makeover (2023*)
Eco-tourism hub with eco-accommodation at Mandai nature precinct, integrating new attractions (Bird Park, Rainforest Park) with the Singapore Zoo, Night Safari & River Safari



*Opening/Completion dates may be subject to change
Images from Channelnewsasia, JLD.com, Today Online, The Straits Times, TNP.sg

Far East Hospitality Trust – Trading Performance

Prices & Chart



Unit Price	
2 Jan 2020	\$0.75
17 Jan 2020	\$0.78
4 Aug 2020	\$0.49
NAV/Unit	
30 Jun 2020	\$0.855
Price / Book Value	
4 Aug 2020	0.57



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	17,793	
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

					Total / Weighted Average
	Village Residence Clarke Quay	Village Residence Hougang	Village Residence Robertson Quay	Regency House	
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: 1,473 Serviced Office: 823	NA	NA	2,291	4,587
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

