



Presentation on Far East Hospitality Trust

June 2022

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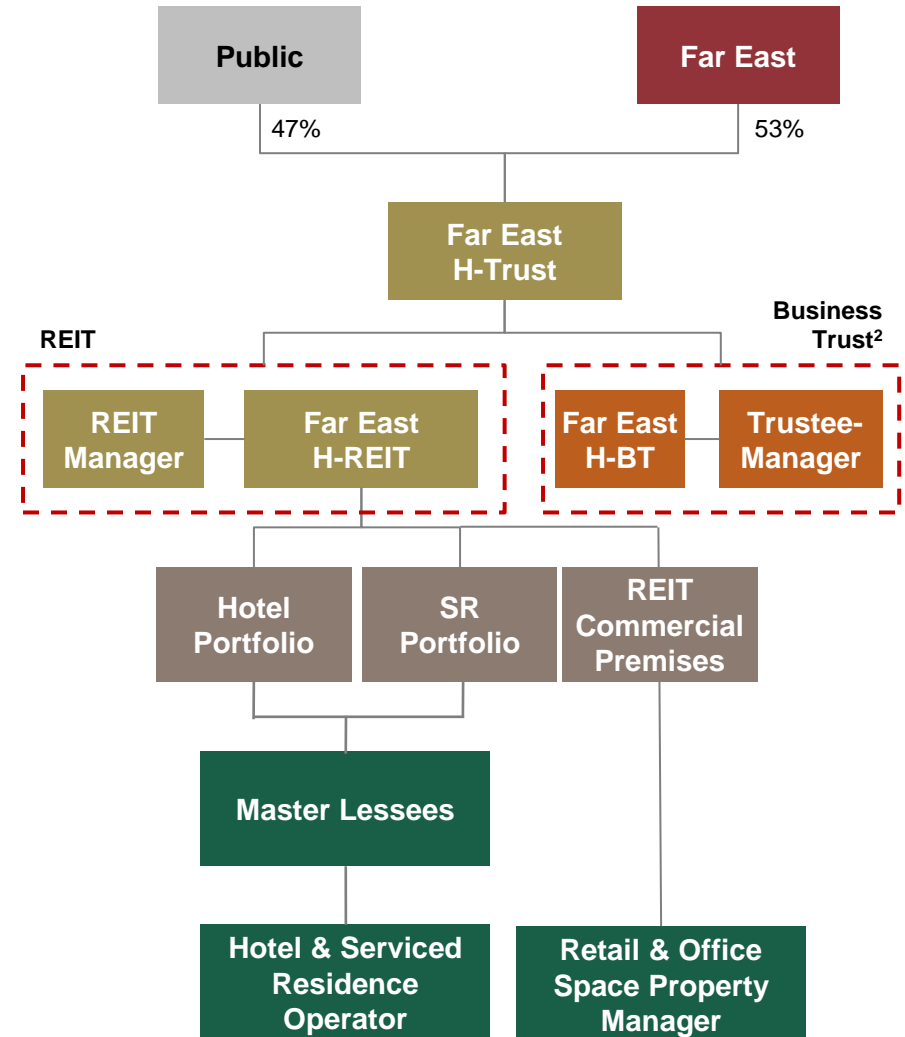


Overview of Far East Hospitality Trust



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	12 properties valued at approximately S\$2.34 billion ¹ 9 hotel properties (“Hotels”) and 3 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 2021

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

Overview of the Properties

1 Oasia Hotel Novena (428 rooms)



2 Orchard Rendezvous Hotel (388 rooms)



3 Rendezvous Hotel Singapore (298 rooms)



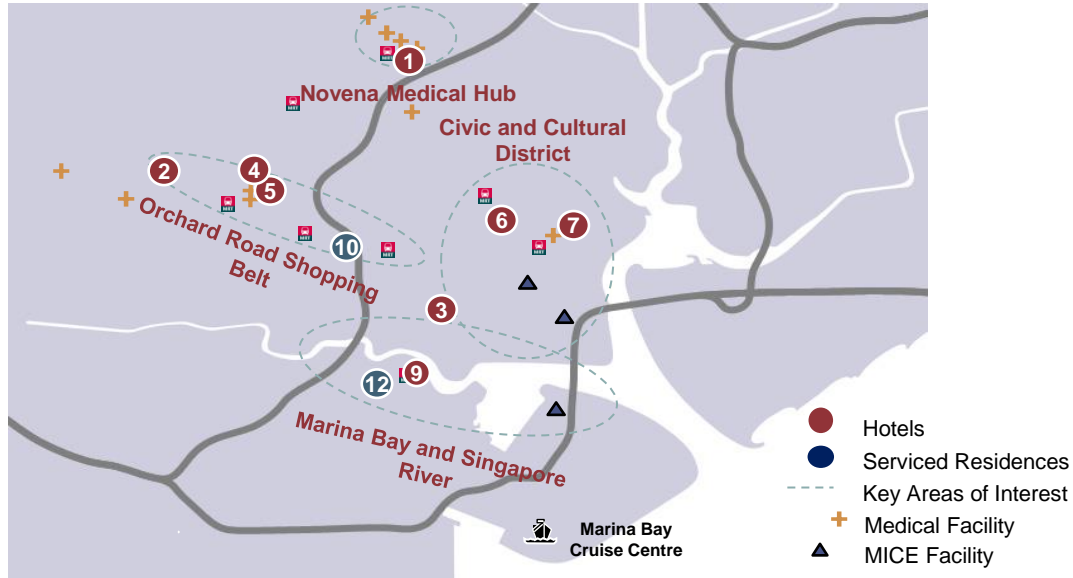
4 The Elizabeth Hotel (256 rooms)



5 The Quincy Hotel (108 rooms)



6 Village Hotel Albert Court (210 rooms)



- 12 Properties, totalling 3,015 hotel rooms and apartment units, valued at ~S\$2.34 bn¹
- 11 are in the central part of Singapore – Orchard, Novena, Bugis, and in/around the CBD

7 Village Hotel Bugis (393 rooms)



8 Village Hotel Changi (380 rooms)



12 Village Residence Robertson Quay (72 units)



11 Village Residence Hougang (78 units)



10 Regency House (90 units)



9 Oasia Hotel Downtown (314 rooms)



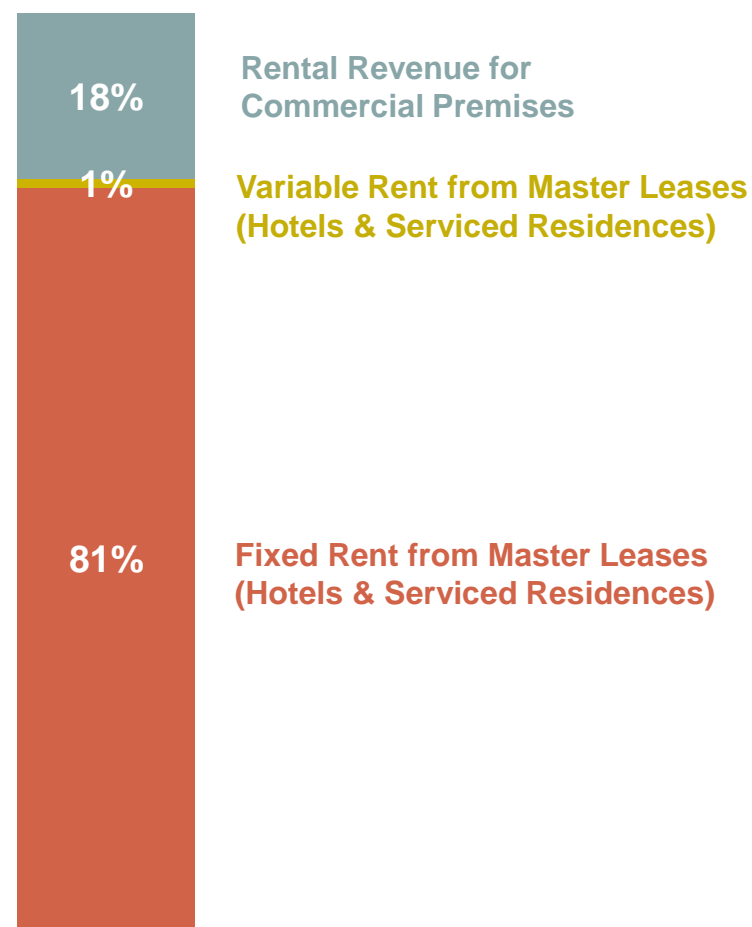
Note: The independent valuations of the properties were carried out by Savills Valuation And Professional Services (S) Pte Ltd or CBRE Pte. Ltd., figures are as at 31 December 2021

Master Lease Structure and Contribution

Master Lease Structure

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\$63.5m per annum (S\$57m for Hotels and S\$6.5m for Serviced Residences) Variable Rent = $(33\% \times \text{GOR}^1) + (29\%^3 \times \text{GOP}^2) - \text{Fixed Rent}$ 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

Breakdown of Revenue (FY2021)



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 40% for Serviced Residences.

Financial Highlights



Executive Summary for 1Q 2022 – Performance vs LY

	1Q 2022	1Q 2021	Variance
	S\$'000	S\$'000	%
Gross Revenue	20,971	21,303	(1.6%)
Hotels	14,250	14,250	-
Serviced Residences	2,952	2,884	2.4
Commercial Premises	3,769	4,169	(9.6)
Net Property Income	19,015	18,199	4.5
Finance Expenses	(4,274)	(5,553)	23.0
REIT Manager's fees	(2,235)	(2,282)	2.1
Income Available for Distribution	14,693	12,539	17.2

- Revenue of the Serviced Residence segment grew 2.4% to S\$3.0 million, while the Hotel segment remained at S\$14.3 million and the Commercial Premises segment declined 9.6% to S\$3.8 million, resulting in Gross Revenue decreasing marginally to S\$21.0 million.
- Revenue from the Commercial Premises was lower due to the divestment of Central Square in March 2022 which resulted in early termination and non-renewal of leases.
- Net Property Income was 4.5% higher year-on-year mainly due to lower property tax and lower expenses for the Commercial Premises.
- Lower finance expenses further increased Income Available for Distribution by 17.2% to S\$14.7 million.



Balance Sheet Summary

	As at 31 Mar 2022 S\$' million	As at 31 Dec 2021 S\$' million	Variance %
Total Assets	2,441.7	2,664.8	(8.4)
<u>Comprising:</u>			
Investment Properties ¹	2,336.6	2,336.5	-
Derivative Financial Assets	8.4	2.5	>100.0
Cash and Cash Equivalents	52.7	11.7	>100.0
Trade and Other Receivables ²	44.0	42.7	3.1
Investment Property Held for Sale ³	-	271.4	(100.0)
Total Liabilities	762.5	1,016.4	(25.0)
Net Assets	1,679.2	1,648.4	1.9
NAV per Stapled Security (Cents)	84.6	83.2	1.7

¹ Investment properties based on valuation as at 31 December 2021 appraised by Savills Valuation And Professional Services (S) Pte Ltd or CBRE Pte. Ltd., and capitalised capital expenditure.

² This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd of S\$35.7 million (S\$34.0 million as at 31 December 2021).

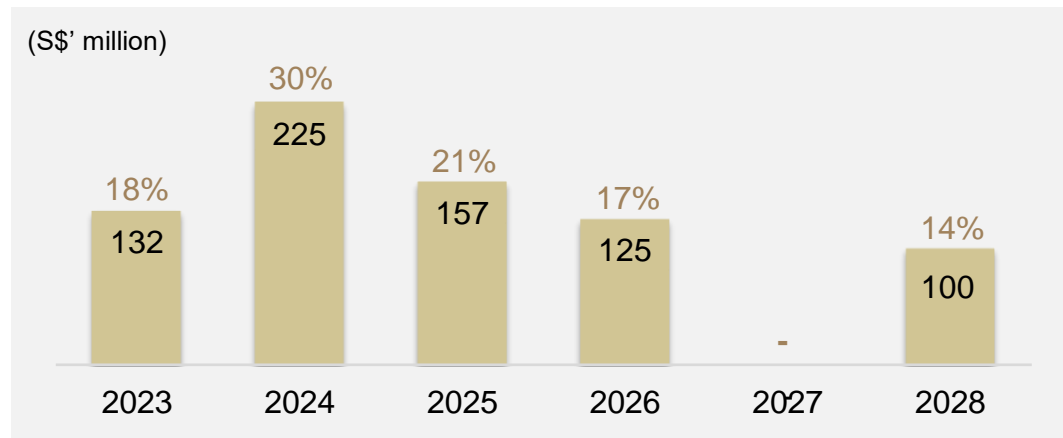
³ This pertains to Village Residences Clarke Quay. The divestment was completed on 24 March 2022.

Capital Management

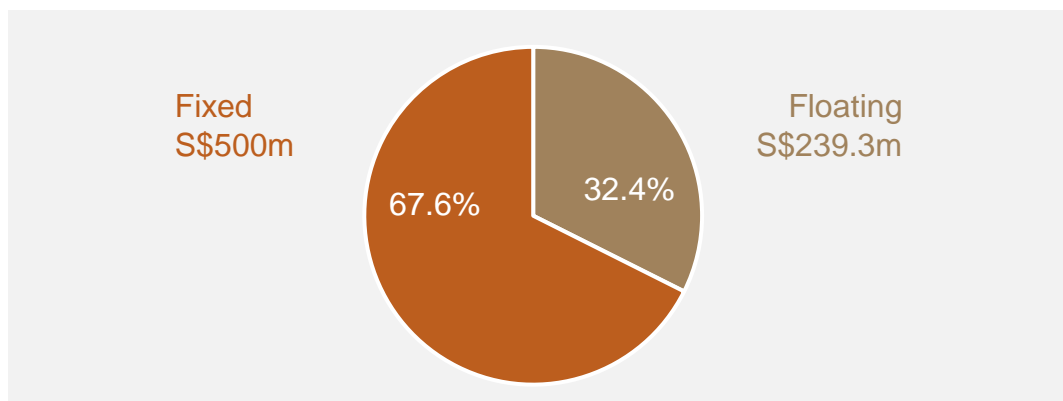
As at 31 March 2022

Total Debt	S\$739.3m
Available Revolving Facility	S\$300.0m
Aggregate Leverage	33.4%
Unencumbered Asset as % of Total Asset	100%
Proportion of Fixed Rate	67.6%
Weighted Average Debt Maturity	3.1 years
Average Cost of Debt	1.7%
Interest Coverage Ratio¹	3.7x

Debt Maturity Profile



Interest Rate Profile



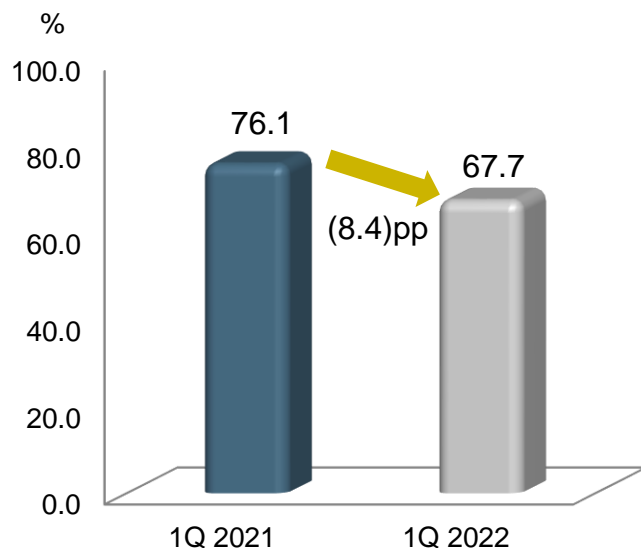
¹ Interest Coverage Ratio ("ICR") is computed based on EBITDA over interest expense as per the definition in the loan covenants. ICR would be 3.4x (FY2021: 3.1x) based on the definition prescribed by the Property Fund Appendix.

Portfolio Performance

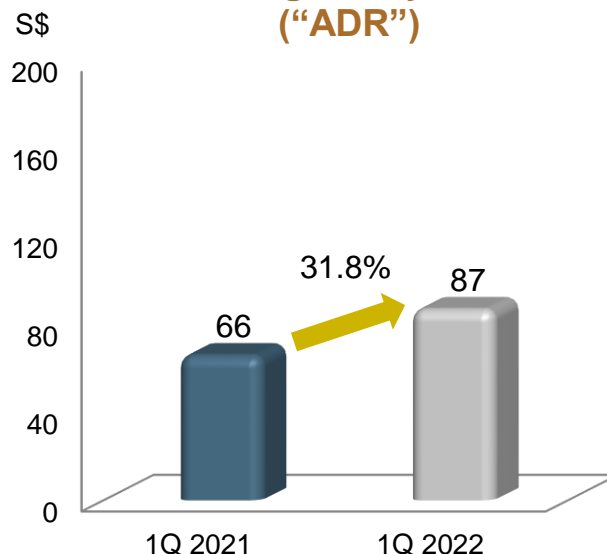


Portfolio Performance 1Q 2022 – Hotels

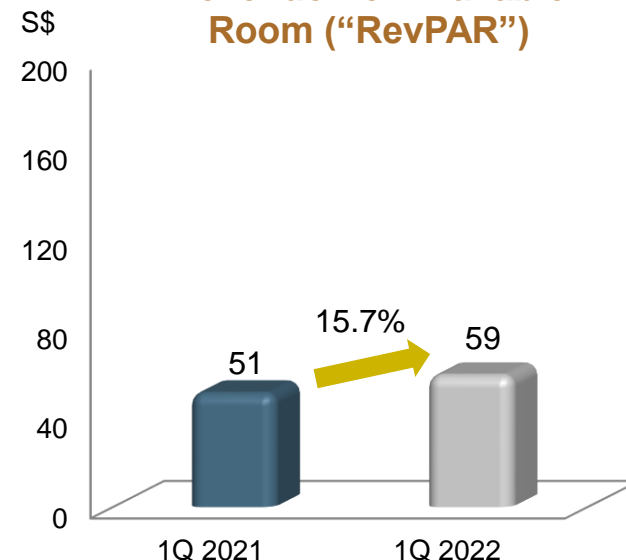
Average Occupancy



Average Daily Rate ("ADR")



Revenue Per Available Room ("RevPAR")

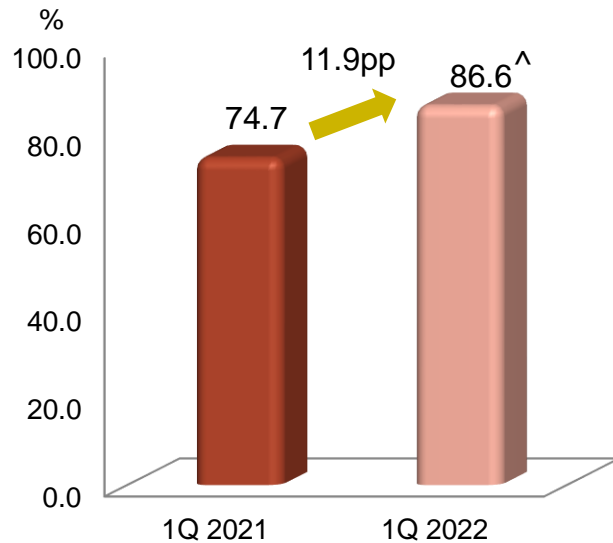


- Occupancy decreased 8.4pp year-on-year to 67.7%, due to the cessation of the Government contract for isolation purposes at 3 of the REIT's hotels, with rooms from these hotels being put back to the market from late December 2021.
- ADR increased 31.8% year-on-year to S\$87, resulting from a combination of higher corporate and leisure rates.
- Consequently, RevPAR increased 15.7% year-on-year to S\$59.

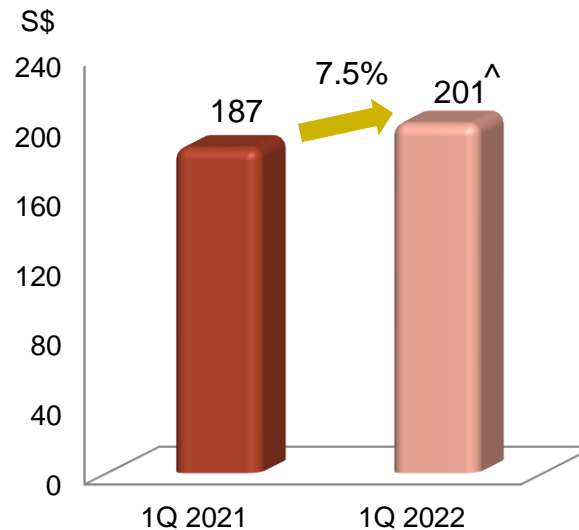
Note:
The Elizabeth Hotel has been closed for renovation since 7 Feb 2022

Portfolio Performance 1Q 2022 – Serviced Residences

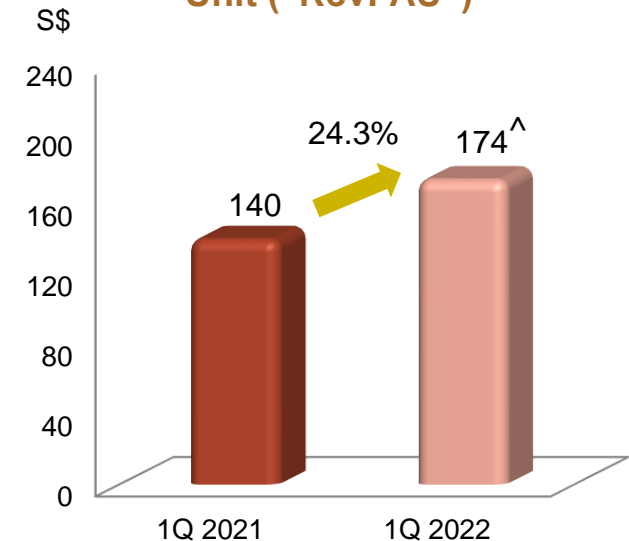
Average Occupancy



Average Daily Rate ("ADR")



Revenue Per Available Unit ("RevPAU")

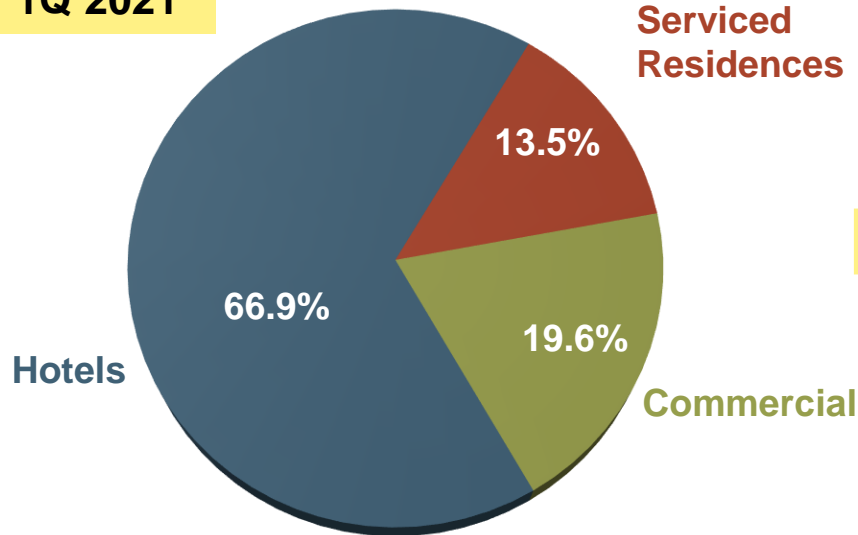


- The Serviced Residences continued to demonstrate strong performance. Support from long-stay corporate sources helped to keep the SRs performing above fixed rent.
- Average occupancy increased 11.9pp year-on-year to 86.6% and ADR grew 7.5% to S\$201 due to sustained demand from corporates and project groups. As a result, RevPAU increased 24.3% to S\$174.

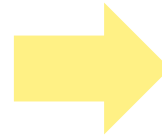
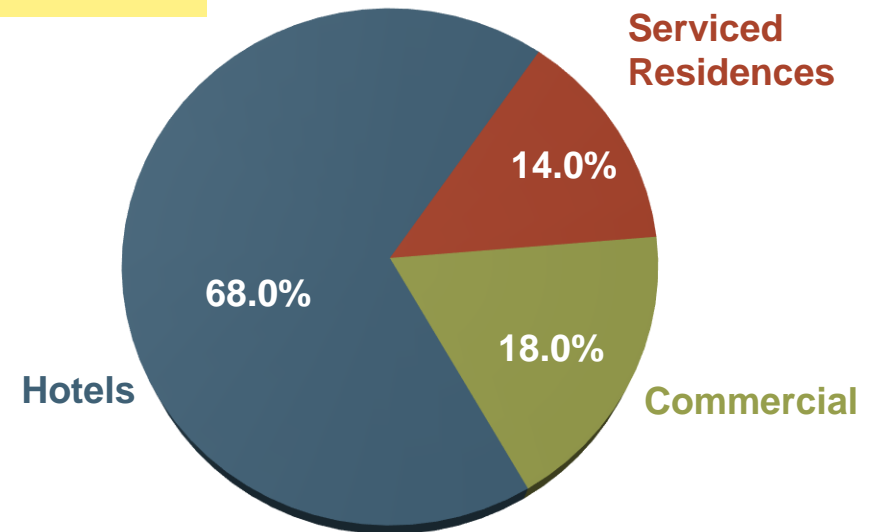
[^]1Q 2022 metrics exclude Village Residence Clarke Quay for March 2022 due to the divestment of the Central Square which includes this serviced residence

Breakdown of Gross Revenue – Total Portfolio

1Q 2021

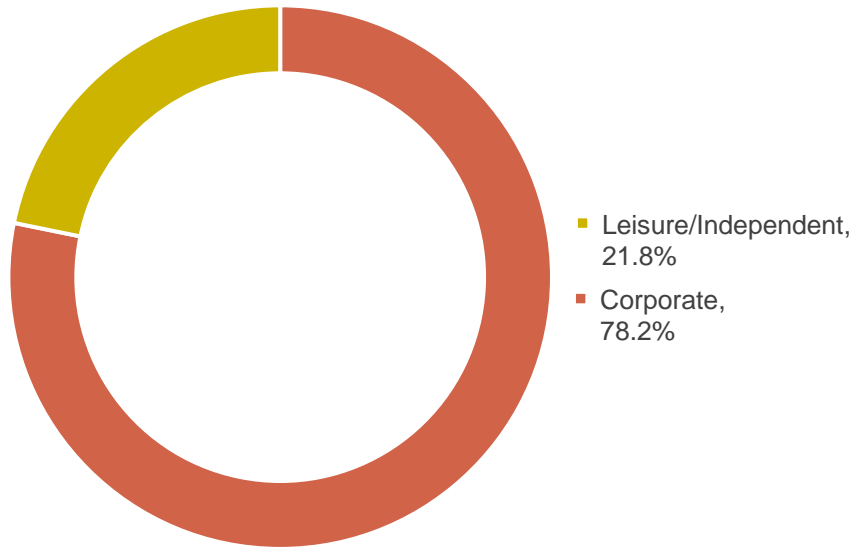


1Q 2022

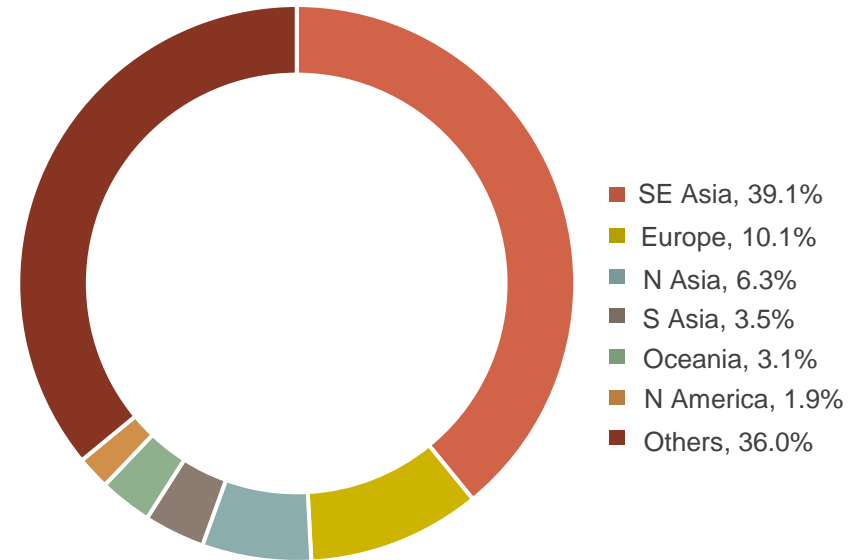


Quarterly Revenue Contribution – Hotels

By Market Segment



By Country of Residence

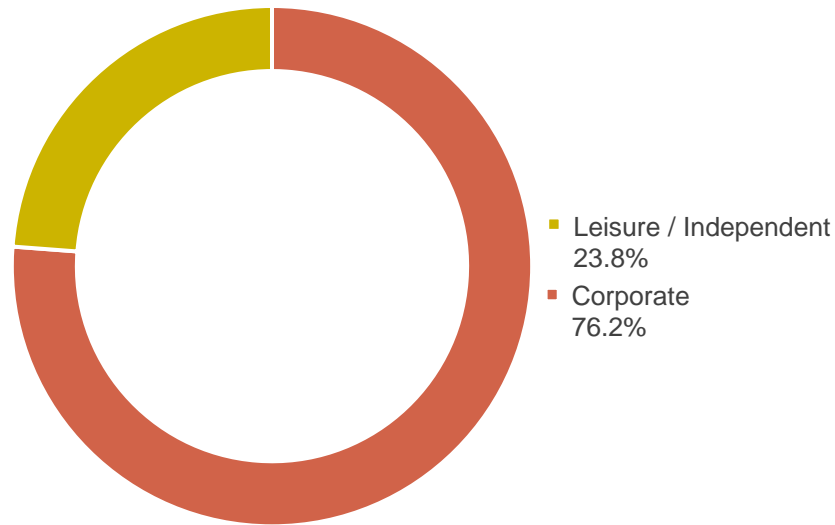


- The Corporate segment contributed 78.2% of overall revenue. Leisure contribution increased marginally to 21.8% of overall revenue as more of the REITs' hotels returned to the public market, servicing leisure guests with better rates.
- The proportion of revenue contribution from the Asian region continued to be the key driver of room nights.

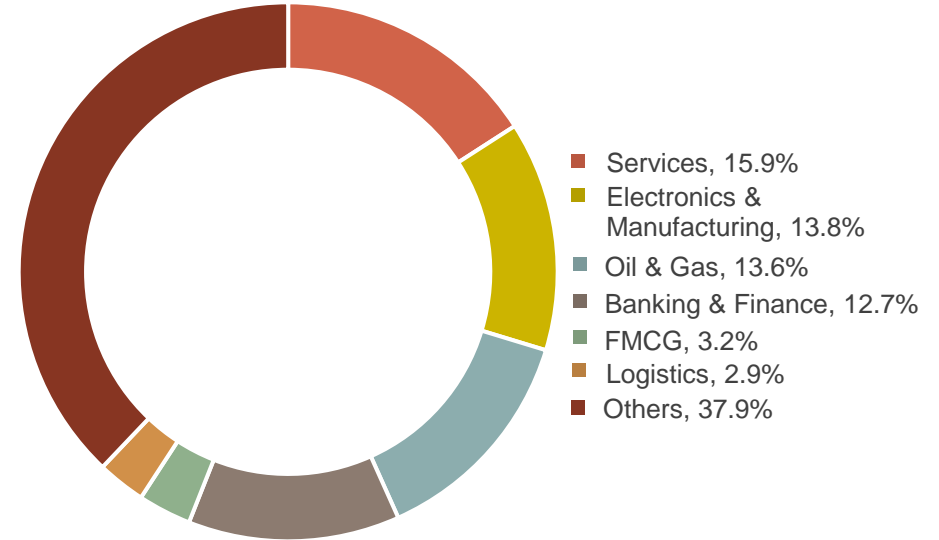


Quarterly Revenue Contribution – Serviced Residences

By Market Segment



By Industry



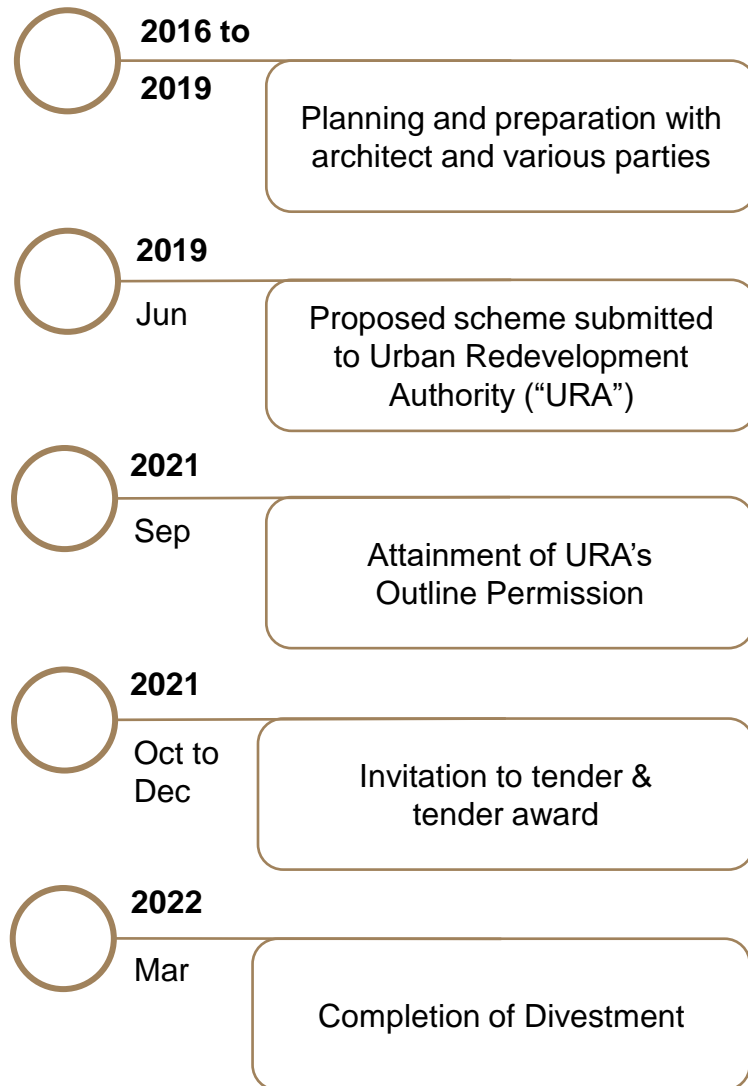
- Revenue contribution by the Corporate segment remained at about the same level as the previous quarter at 76.2% while the Leisure/Independent segment formed the balance of 23.8%.
- Services, Electronics & Manufacturing and Oil & Gas were the top 3 segments, contributing 43.3% of overall revenue.



Major Initiatives



Completion of Central Square Divestment



Transaction Details

Independent Valuation as at 31 December 2020 \$198.3 million

Purchase Price \$183.3 million

Divestment Consideration \$313.2 million

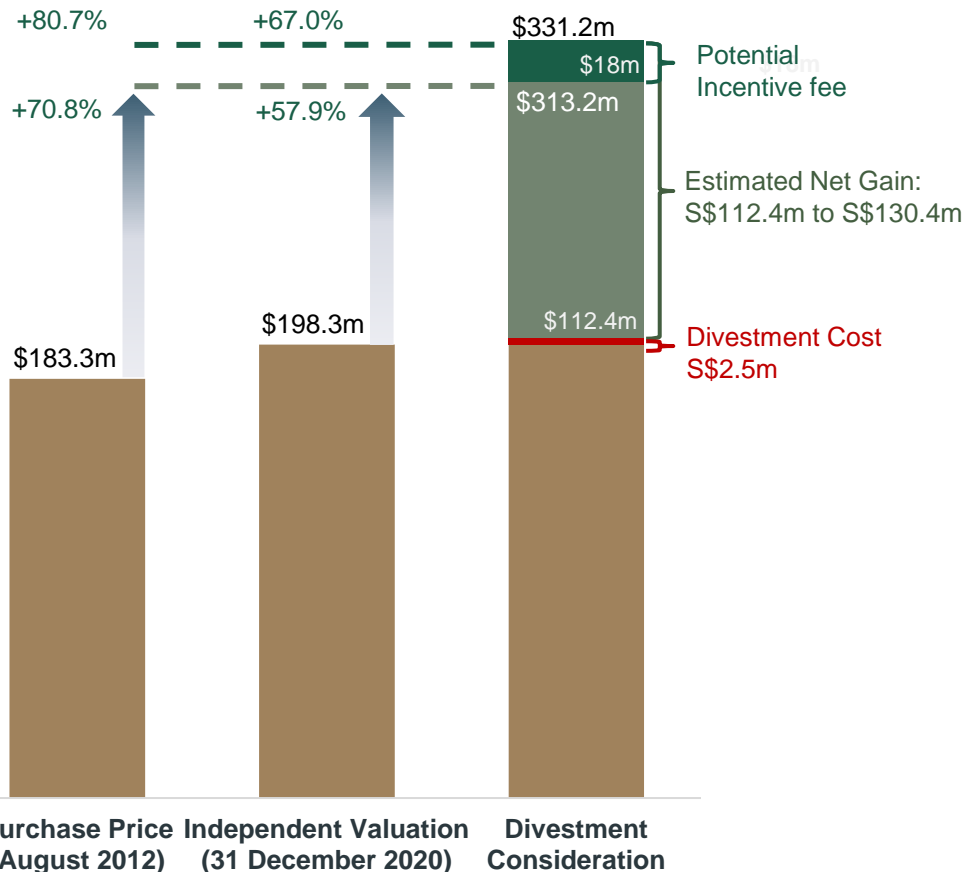
Incentive Fee (subject to conditions) Up to \$18.0 million

Purchaser CDL Libra Pte. Ltd.

Completion Date 24 March 2022



Key Benefits from Divestment



1

Unlocked Asset Potential to Realise Value

- Divestment at an attractive exit yield of 1.8%¹
- Estimated net gain of about S\$112.4m to S\$130.4m
- Premium:
 - ↑ 71% to 81% over purchase price
 - ↑ 58% to 67% over independent valuation²

2

Strengthened Balance Sheet

- Reduced aggregate leverage from 41.3% before the divestment to 33.4% after the divestment
- Increased debt headroom to S\$539.9m³

3

Increased Financial Flexibility

- Enhanced financial flexibility to finance higher yielding acquisitions

1 Exit yield is calculated based on FY 2020 Net Property Income
 2 Independent valuation as at 31 December 2020
 3 Assuming aggregate leverage limit of 45%

Key Benefits from Divestment

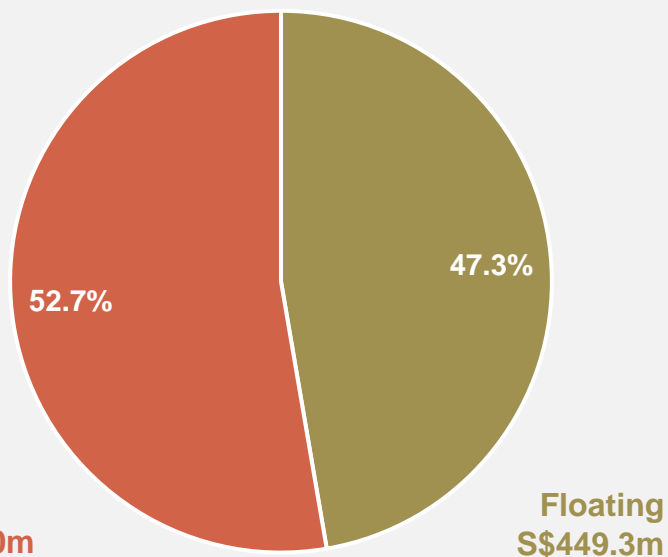
Strengthened balance sheet & increased financial flexibility

- Reduction of debt using proceeds from the divestment of Central Square

31 December 2021

Total Debt \$949.3m	Gearing Ratio 38.3%
Debt Headroom \$340.7m	Average Cost of Debt 1.9%

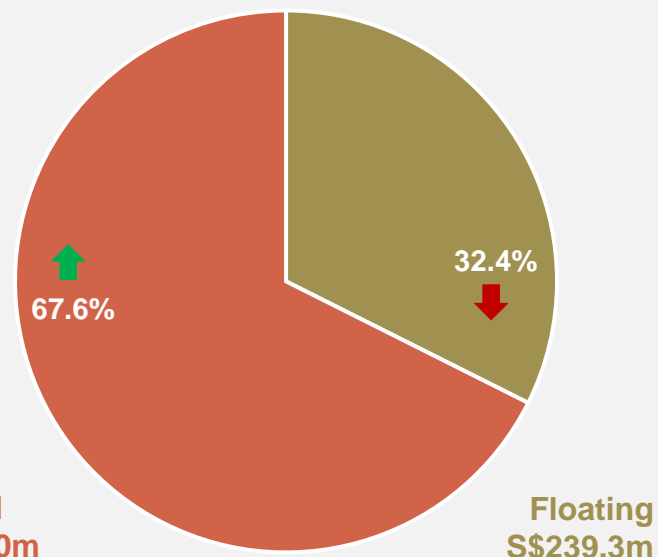
Interest Rate Profile



31 March 2022

Total Debt \$739.3m ↓	Gearing Ratio 33.4% ↓
Debt Headroom \$539.9m ↑	Average Cost of Debt 1.7% ↓

Interest Rate Profile



1. Assuming aggregate leverage limit of 45%

Enhancement Works in 2022

Regency House

Refurbishment of lobby and rebranding
(Expected completion 3Q 2022)



Reception area*



Lounge area*



Enhancement Works in 2022

The Elizabeth Hotel

Upgrading of reception, common areas, and guestrooms
(Expected opening in phases from 3Q 2022)



Lobby*



Family room*



Outlook



Recovery of Air Passenger Numbers

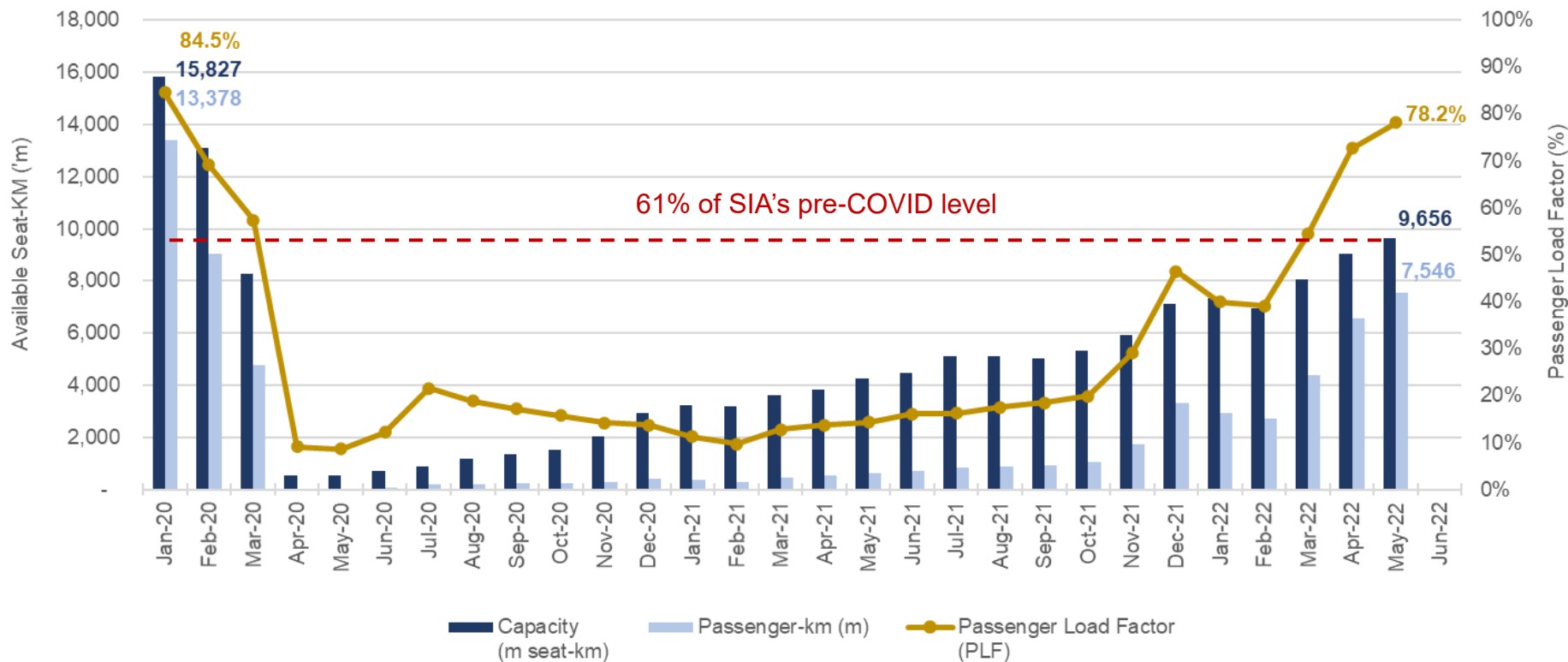
Passenger Numbers

SHARE OF 2019	2021	2022	2023	2024	2025
International	27%	69%	82%	92%	101%
Asia Pacific	40%	68%	84%	97%	109%

- Improvement of passenger numbers is due to the progressive relaxation or elimination of travel restrictions in many markets has resulted in IATA pushing forward it's forecast a year earlier than 2024.
- Civil Aviation Authority of Singapore is on track to achieve 50% of its pre-COVID-19 passenger volume.
- Changi Airport Group reopens Terminal 2 on 29 May 2022 with plans for Terminal 4 to follow suit in September 2022.

Recovery of Air Passenger Numbers

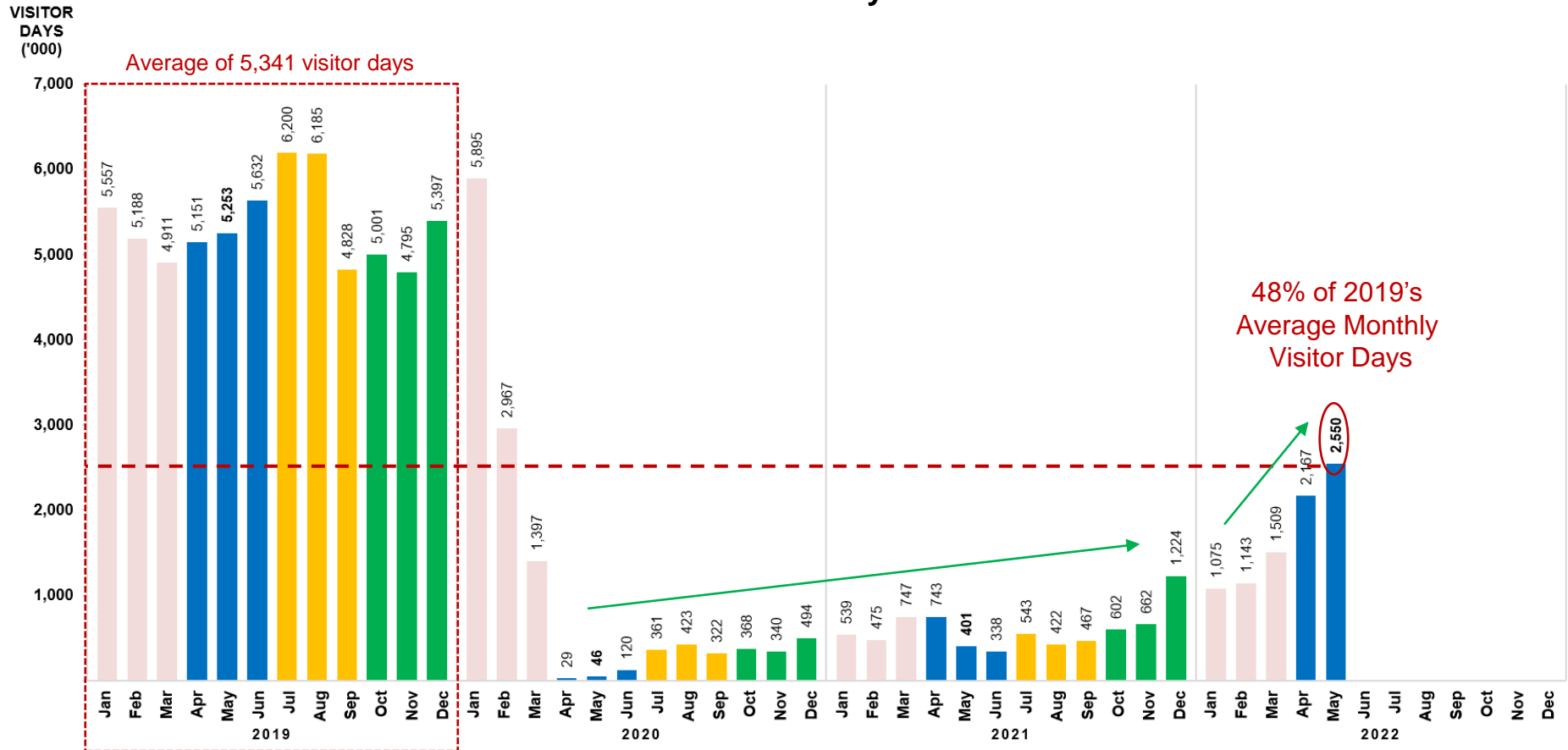
SIA Group Passenger Capacity



- 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 and is expected to reach 67% of SIA's pre-COVID level by September 2022.

Increase of Visitor Days to Singapore

Visitor Days



- Visitor days continued trending upwards, growing 18% month-on-month from 2.2m to 2.6m visitor days, reaching 48% of pre-COVID levels.

Outlook for 2022

Gradual resumption of travel as the world transitions to living with COVID-19

- Rising rates of COVID-19 vaccination globally coupled with effective rapid testing and development of alternative forms of COVID-19 treatment will facilitate the recovery in international travel.

Relaxed community and border measures

- Since 26 April, the Singapore Government has eased most of the country's remaining COVID-19 measures, representing a significant step in the return to normalcy.

Muted supply of new hotel rooms

- Supply of 2,069 new rooms for 2022 is much lower than the average of 2,400 rooms added annually between 2015 and 2019¹.

Mitigating factors for Far East H-Trust

- Far East H-Trust's high fixed rent component in the master leases provides downside protection for the gross revenue of the Trust. The 20-year master leases on all portfolio assets are well-supported by the Sponsor, Far East Organization.

⁽¹⁾ Savills report issued as at March 2021

Medium-Term Outlook

Growing business hub – Singapore continues to attract foreign investments

- S\$11.8 billion in fixed asset investments in 2021, above the medium to long-term yearly target of between S\$8 billion and S\$10 billion set by the Economic Development Board.
- Strong investments by Electronics and Biomedical manufacturing firms with 67% and 13% of investment commitments coming from United States and Europe respectively.
- 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 revamp of Mandai Wildlife Reserve, Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*), and the Integrated Resorts.

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

For more information please visit
<http://www.fehtrust.com>



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	66 years	56 years	66 years	57 years	83 years	41 years	66 years	62 years	61 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	1,164	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) ¹	120.9	192.4	162.3	222.8	310.0	404.9	78.0	270.0	244.0	2,005.3

¹ As at 31 December 2021

² 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



Regency House

Total / Weighted Average

	Village Residence Hougang	Village Residence Robertson Quay	Regency House	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 ¹	72 years	69 years	72 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) ¹	62.5	104.6	164.1	331.2

¹ As at 31 December 2021

