



## Business Update

1Q 2023

28 April 2023

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- Financial Highlights
- Portfolio Performance
- Portfolio Optimisation – Divestment of Central Square
- Asset Enhancement Initiatives & Refreshed Tenant Mix
- Outlook



## Financial Highlights



# Executive Summary for 1Q 2023 – Performance vs LY

	1Q 2023	1Q 2022	Variance
	S\$'000	S\$'000	%
<b>Gross Revenue</b>	<b>25,188</b>	<b>20,971</b>	<b>20.1</b>
Hotels	18,473	14,250	29.6
Serviced Residences (“SR”) <sup>1</sup>	2,722	2,952	(7.8)
Commercial Premises <sup>1</sup>	3,993	3,769	5.9
<b>Net Property Income</b>	<b>23,663</b>	<b>19,015</b>	<b>24.4</b>
<b>Income Available for Distribution <sup>2</sup></b>	<b>18,237</b>	<b>14,693</b>	<b>24.1</b>

- Gross revenue increased 20.1% year-on-year to S\$25.2 million led mainly by growth from the Hotel segment which increased 29.6% from S\$14.3 million to S\$18.5 million.
- **Excluding Central Square and rental rebates provided to tenants in 1Q 2022, revenue for the SR and Commercial Premises segment would have grown 27.0% and 17.9% year-on-year respectively.**
- As a result, Net Property Income and Income Available for Distribution grew 24.4% and 24.1% year-on-year to S\$23.7 million and S\$18.2 million respectively.

<sup>1</sup> 1Q 2022 revenue for the SR and Commercial Premises includes Central Square, which comprises Village Residence Clarke Quay and commercial spaces, divested on 24 March 2022.

<sup>2</sup> Based on income available for distribution and excluding distribution from other gains (such as the REIT Manager's commitment to distribute approximately S\$8.0 million per annum to Stapled Securityholders from the divestment gains of Central Square).



# Balance Sheet Summary

	As at 31 Mar 2023	As at 31 Dec 2022	Variance
	S\$' million	S\$' million	%
<b>Total Assets</b>	<b>2,554.3</b>	<b>2,555.1</b>	<b>-</b>
<u>Comprising:</u>			
Investment Properties <sup>1</sup>	2,448.1	2,446.8	0.1
Cash and Cash Equivalents <sup>2</sup>	48.3	49.8	(2.9)
Trade and other receivables <sup>3</sup>	48.4	45.5	6.4
Other assets	9.5	13.0	(28.0)
<b>Total Liabilities</b>	<b>758.8</b>	<b>755.3</b>	<b>0.5</b>
<b>Net Assets</b>	<b>1,795.5</b>	<b>1,799.8</b>	<b>(0.2)</b>
<b>NAV per Stapled Security (Cents)</b>	<b>89.8</b>	<b>90.2</b>	<b>(0.4)</b>

<sup>1</sup> Investment properties were 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.

<sup>2</sup> Cash and cash equivalents comprise cash at bank of S\$6.8 million and fixed deposits of S\$41.5 million.

<sup>3</sup> This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd of S\$36.8 million.

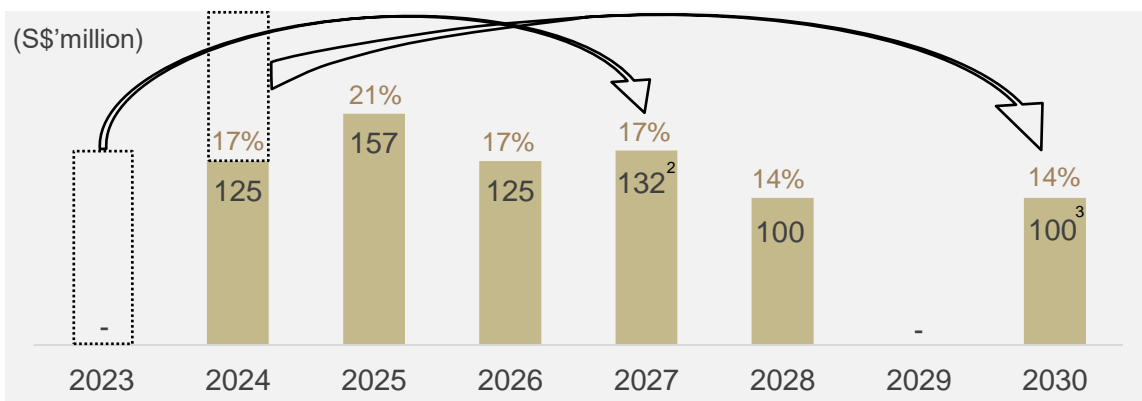


# Capital Management

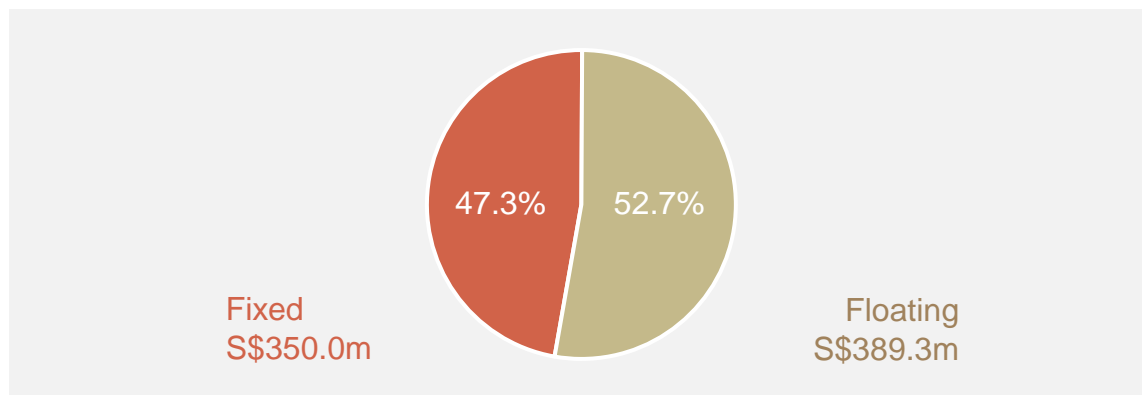
As at 31 Mar 2023

<b>Total Debt</b>	\$S\$739.3m
<b>Available Revolving Facility</b>	\$S\$300.0m
<b>Aggregate Leverage</b>	32.0%
<b>Unencumbered Asset as % Total Asset</b>	100%
<b>Proportion of Fixed Rate</b>	47.3%
<b>Weighted Average Debt Maturity</b>	3.7 years
<b>Average Cost of Debt</b>	3.2%
<b>Interest Coverage Ratio<sup>1</sup></b>	3.6x

## Debt Maturity Profile



## Interest Rate Profile



1 Interest coverage ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 3.5x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

2 Early refinancing was completed in December 2022 totalling S\$132.2 million with two new 5-year term loans ahead of its maturity in April 2023.

3 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.



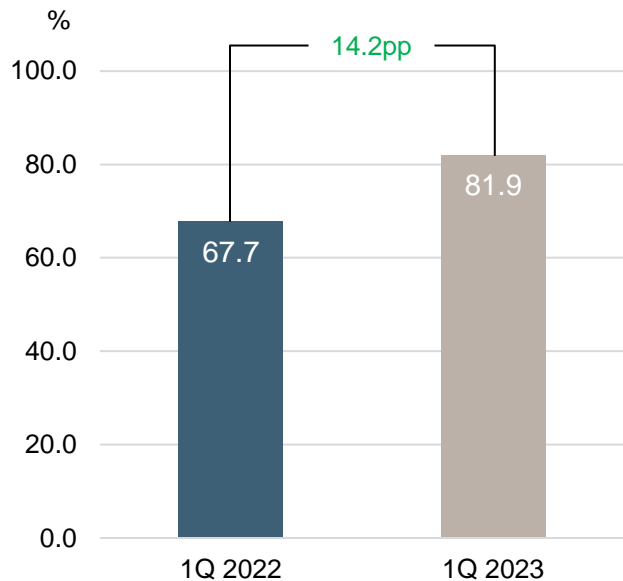
# Portfolio Performance



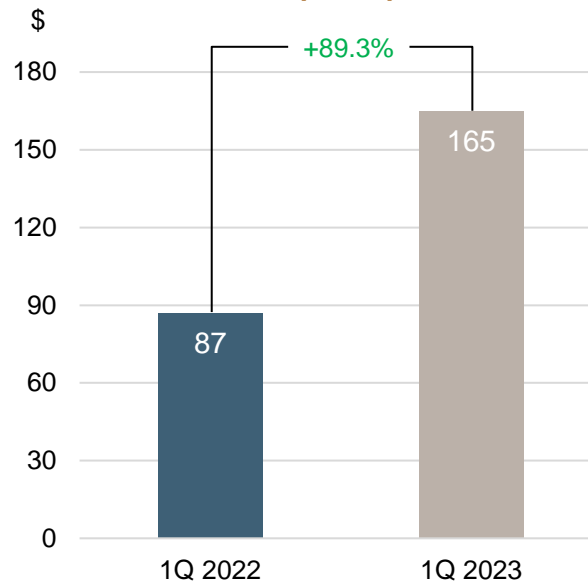


# Portfolio Performance 1Q 2023 – Hotels

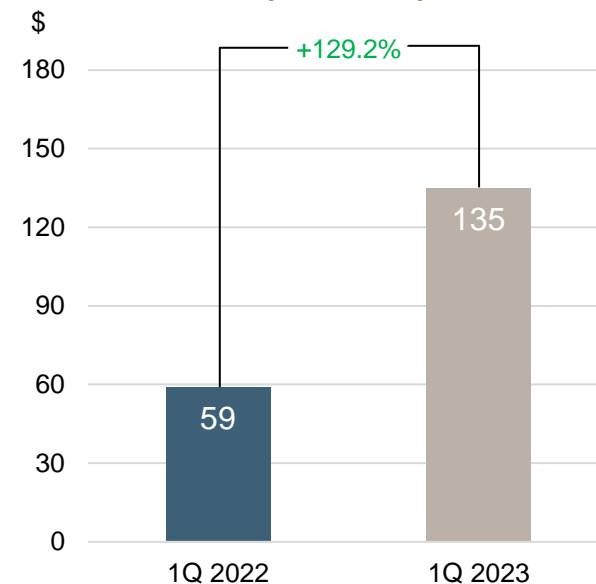
## Average Occupancy



## Average Daily Rate (ADR)



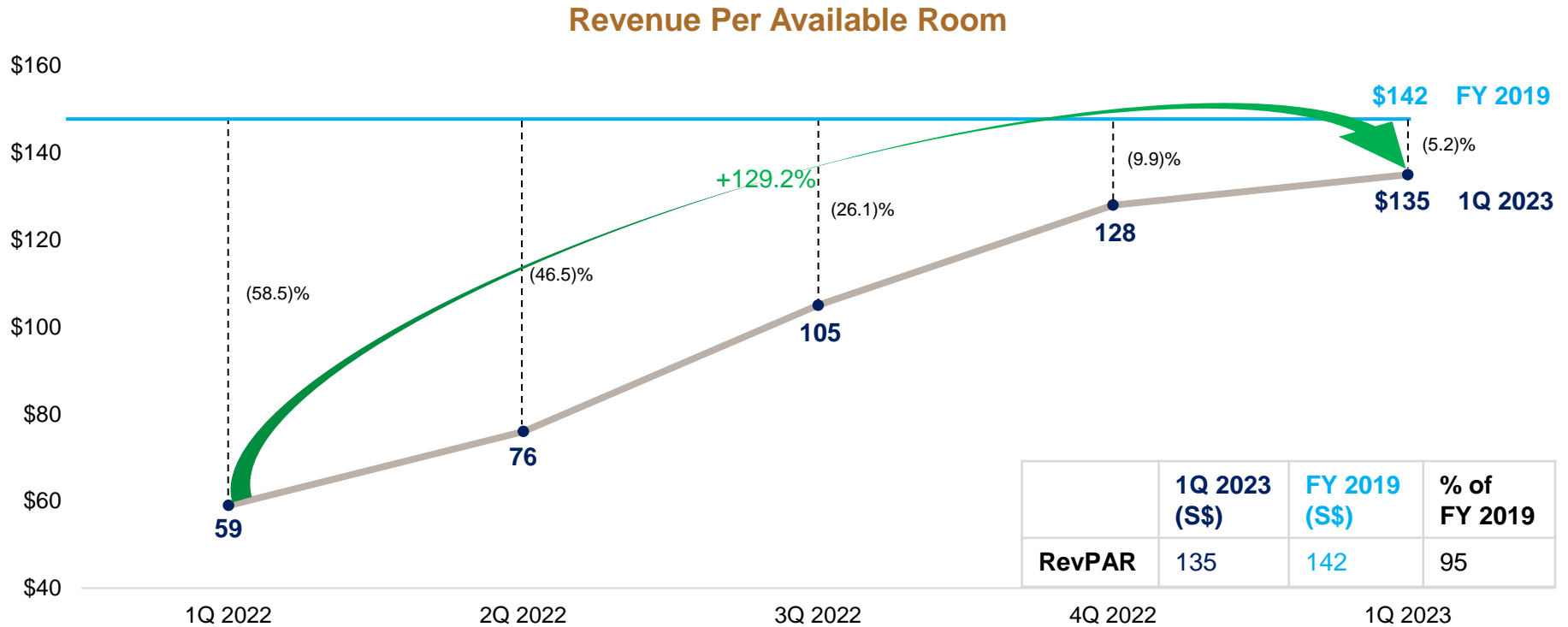
## Revenue Per Available Room (RevPAR)



- The Hotel segment continued to benefit from robust demand from leisure travellers. Occupancy grew 14.2pp to 81.9% while ADR increased 89.3% to S\$165. The newly rebranded Vibe Hotel Singapore Orchard and higher contracted rates for remaining hotels contracted to the government also lifted ADR.
- Consequently, RevPAR increased 129.2% year-on-year to S\$135.
- 8 out of 9 properties in the Hotel portfolio performed above the fixed rent level.



# Portfolio Performance by Quarter – Hotels



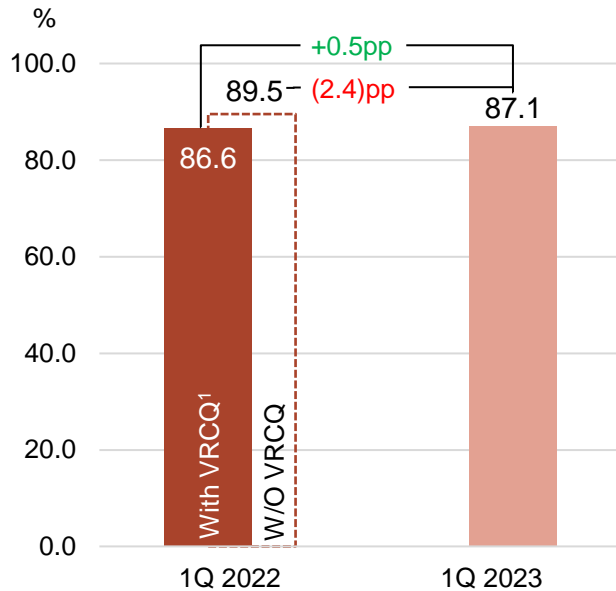
	1Q 2023 (S\$)	FY 2019 (S\$)	% of FY 2019
RevPAR	135	142	95

- Since the reopening of borders in April 2022, the Hotels have seen quarter-on-quarter improvements in RevPAR from S\$59 to S\$135.
- RevPAR for 1Q 2023 of \$135 formed about 95% of FY 2019's RevPAR.

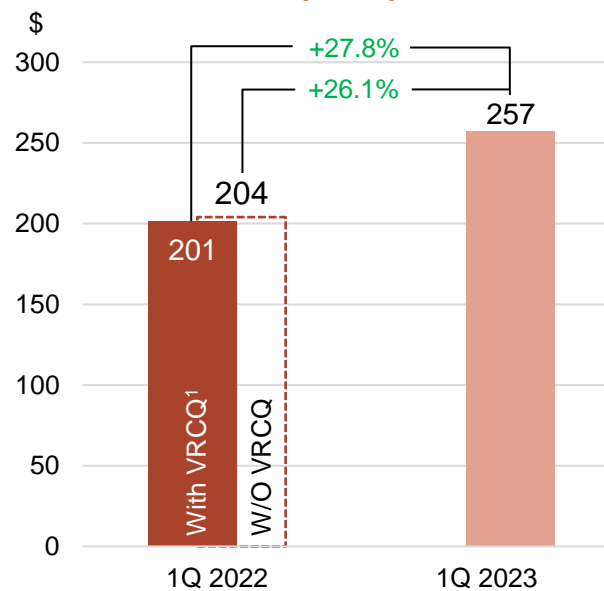


# Portfolio Performance 1Q 2023 – Serviced Residences

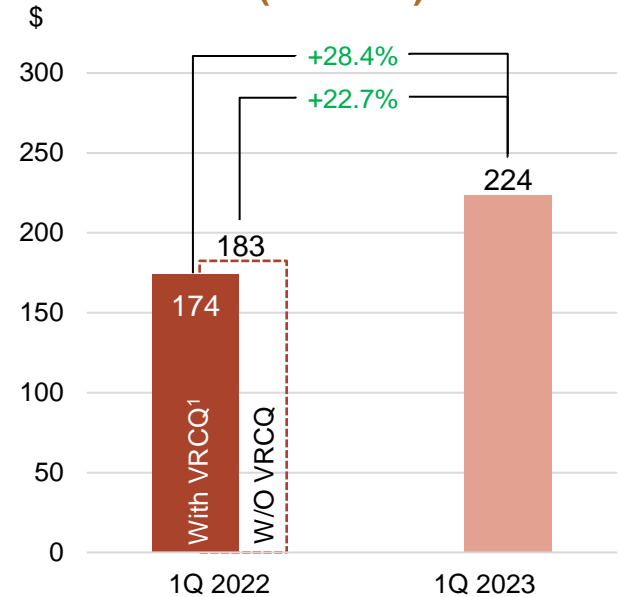
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Unit (RevPAU)

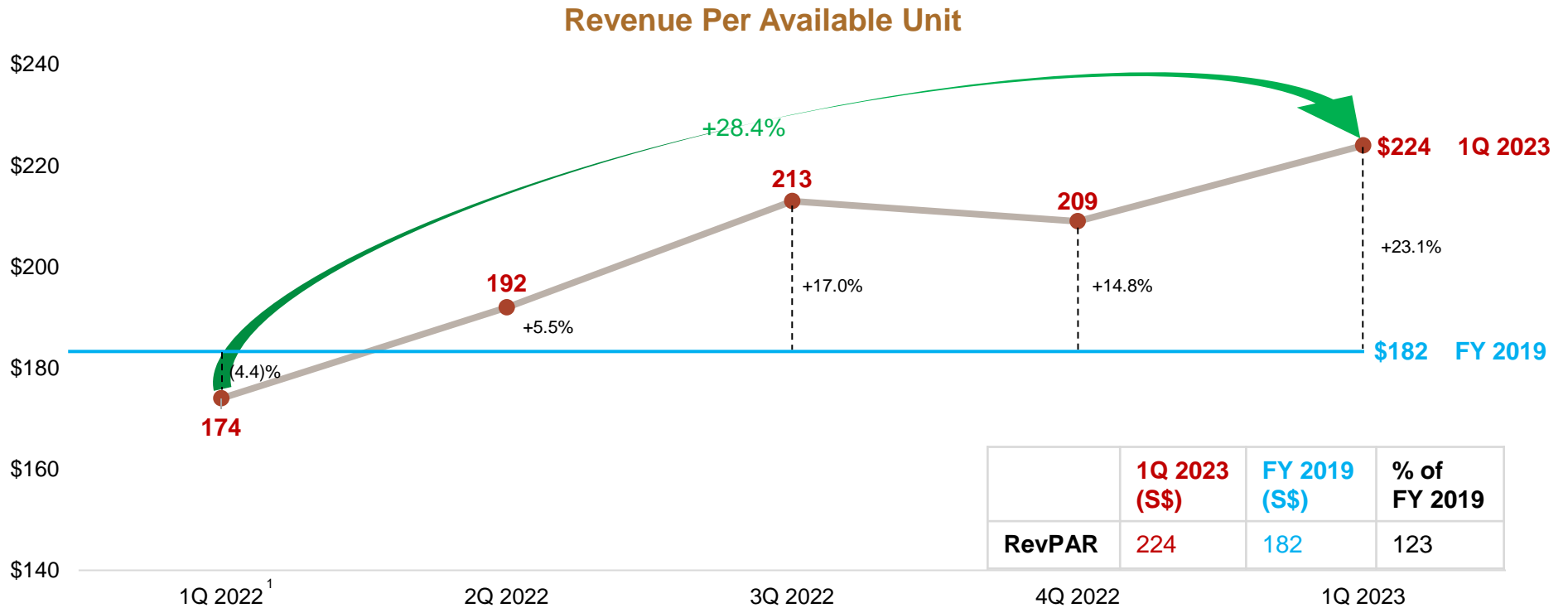


- The SRs continued to benefit from higher ADR across its portfolio, especially from the rebranded Adina Serviced Apartments Singapore Orchard.
- Average occupancy of the SRs increased 0.5pp year-on-year to 87.1% and ADR grew 27.8% to S\$257. As a result, RevPAU was 28.4% higher at S\$224. Excluding VRCQ, average occupancy would have decreased 2.4pp while ADR and RevPAU would have increased 26.1% and 22.7% respectively.



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

# Portfolio Performance by Quarter – Serviced Residences



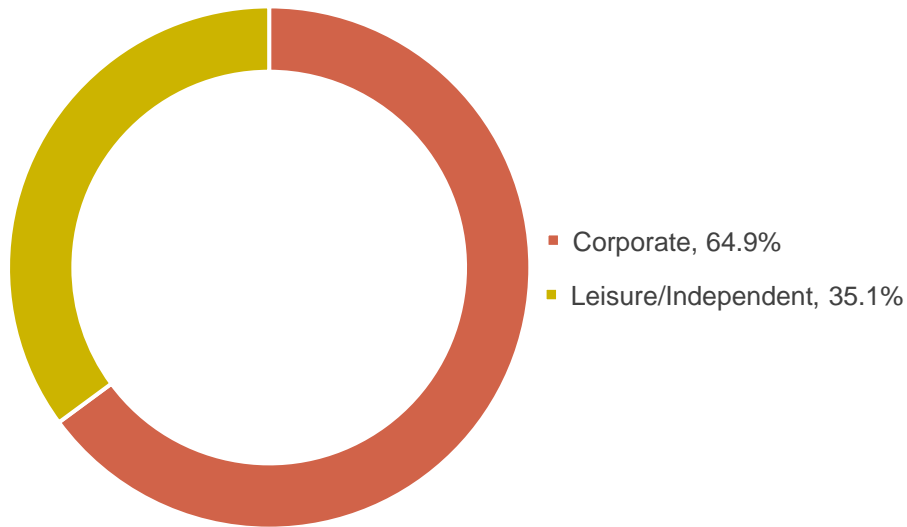
- The SR portfolio continued to grow quarter-on-quarter in 1Q 2023.
- RevPAU for 1Q 2023 of S\$224 formed about 123% of FY 2019's RevPAU.



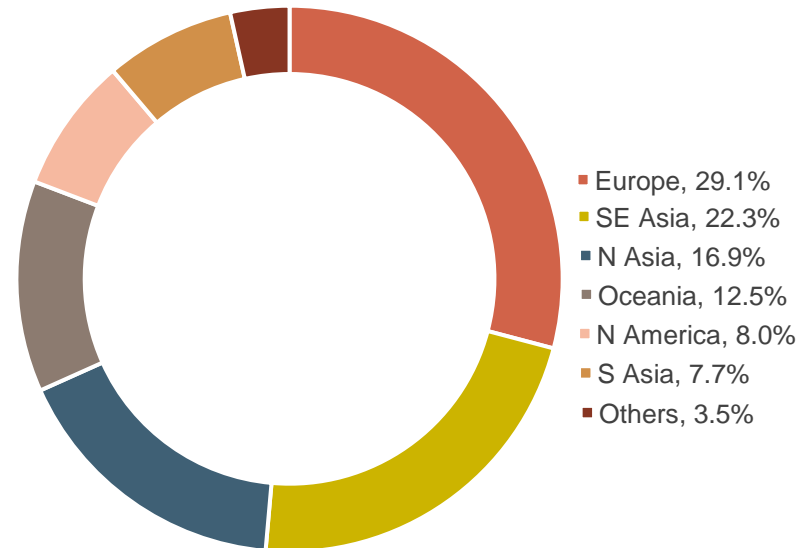
<sup>1</sup> Excluding VRCQ in 1Q 2022, RevPAU would have been S\$183.

# 1Q 2023 Revenue Contribution – Hotels

## By Market Segment



## By Country of Residence

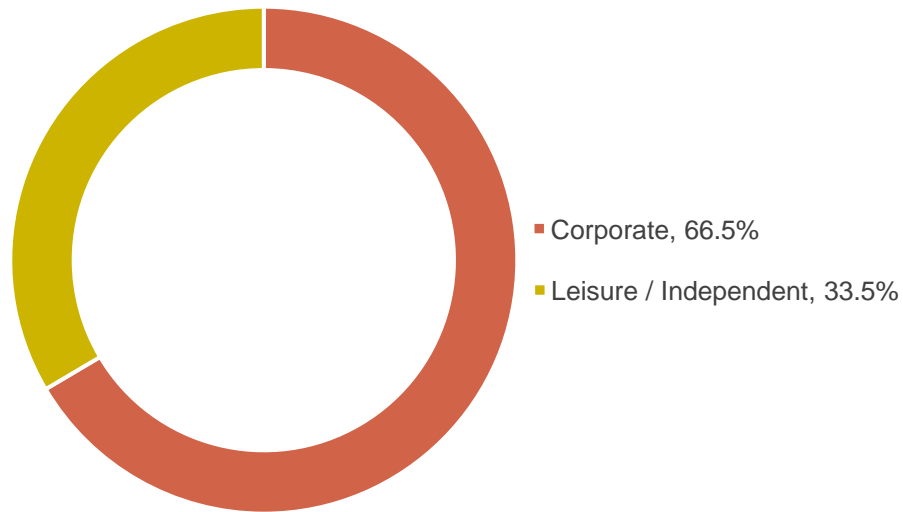


- Since the reopening of borders in April 2022, revenue from the Leisure segment has shown consistent growth. For the first quarter of 2023, the Leisure segment contributed about 35.1% of overall revenue.
- Guests from Europe, South-East Asia and North Asia formed the top 3 markets, contributing 68.3% of overall revenue.

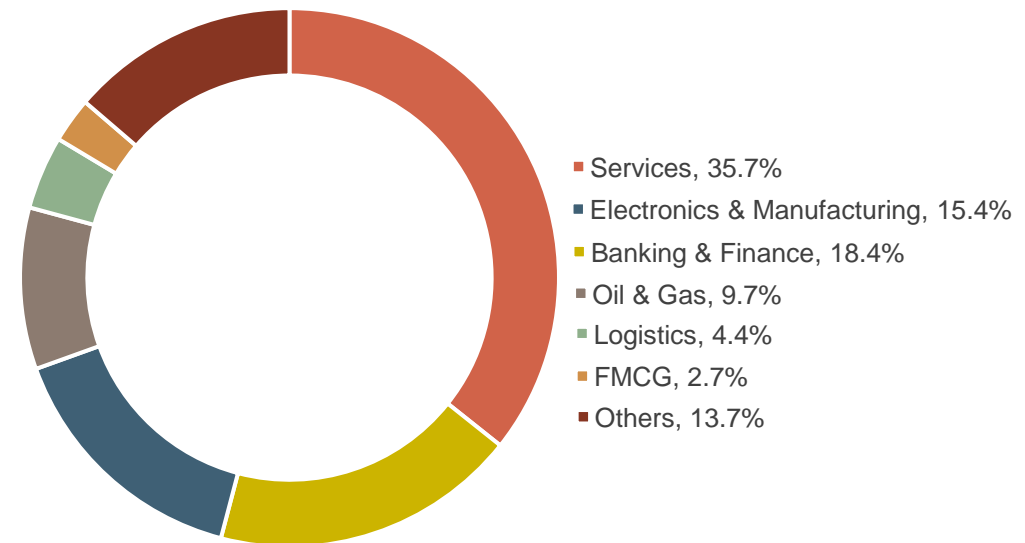


# 1Q 2023 Revenue Contribution – Serviced Residences

## By Market Segment



## By Industry

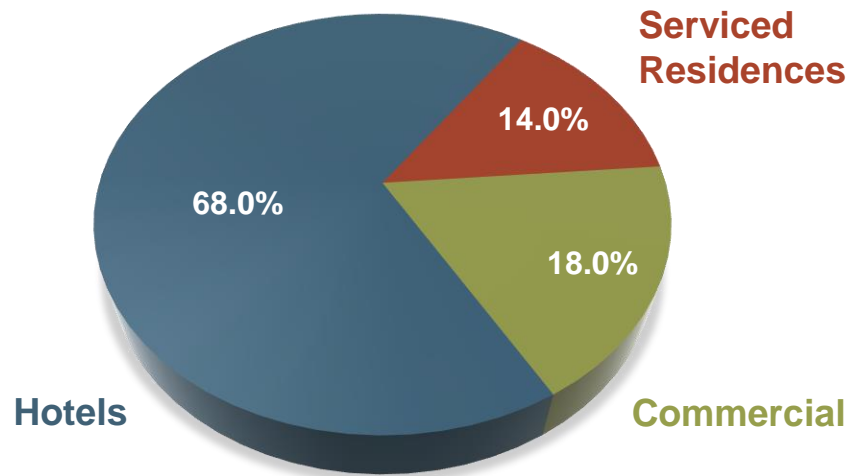


- Revenue contribution by the Corporate segment was 66.5%, down from 76.2% a year ago. Corporate long stay demand was supported by project groups and pre-existing long leases.
- Services, Electronics & Manufacturing and Banking and Finance were the top 3 segments, contributing 69.5% of overall revenue.

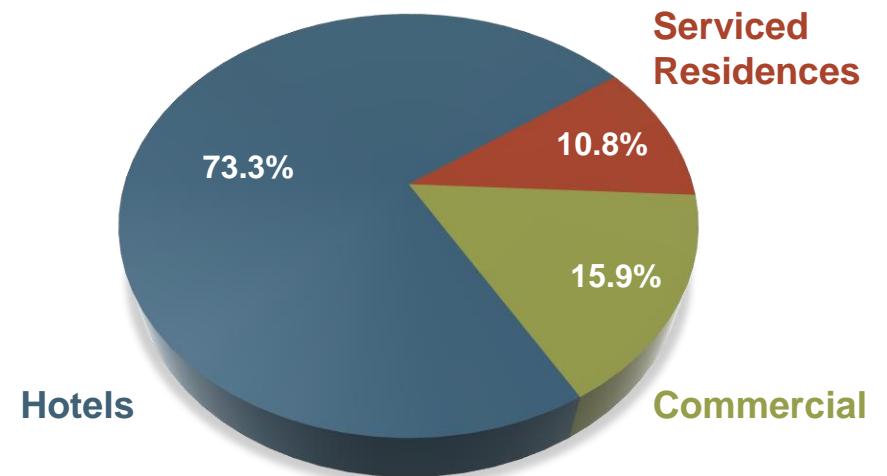


# Breakdown of Gross Revenue – Total Portfolio

1Q 2022



1Q 2023



## Portfolio Optimisation – Divestment of Central Square





# Divestment of Central Square

Crystallisation of value resulting from a multi-year effort by the REIT Manager in master planning and consultations with various parties



①

Unlock latent value within the portfolio of hospitality assets

②

Strengthen balance sheet with proceeds used to pare down debt

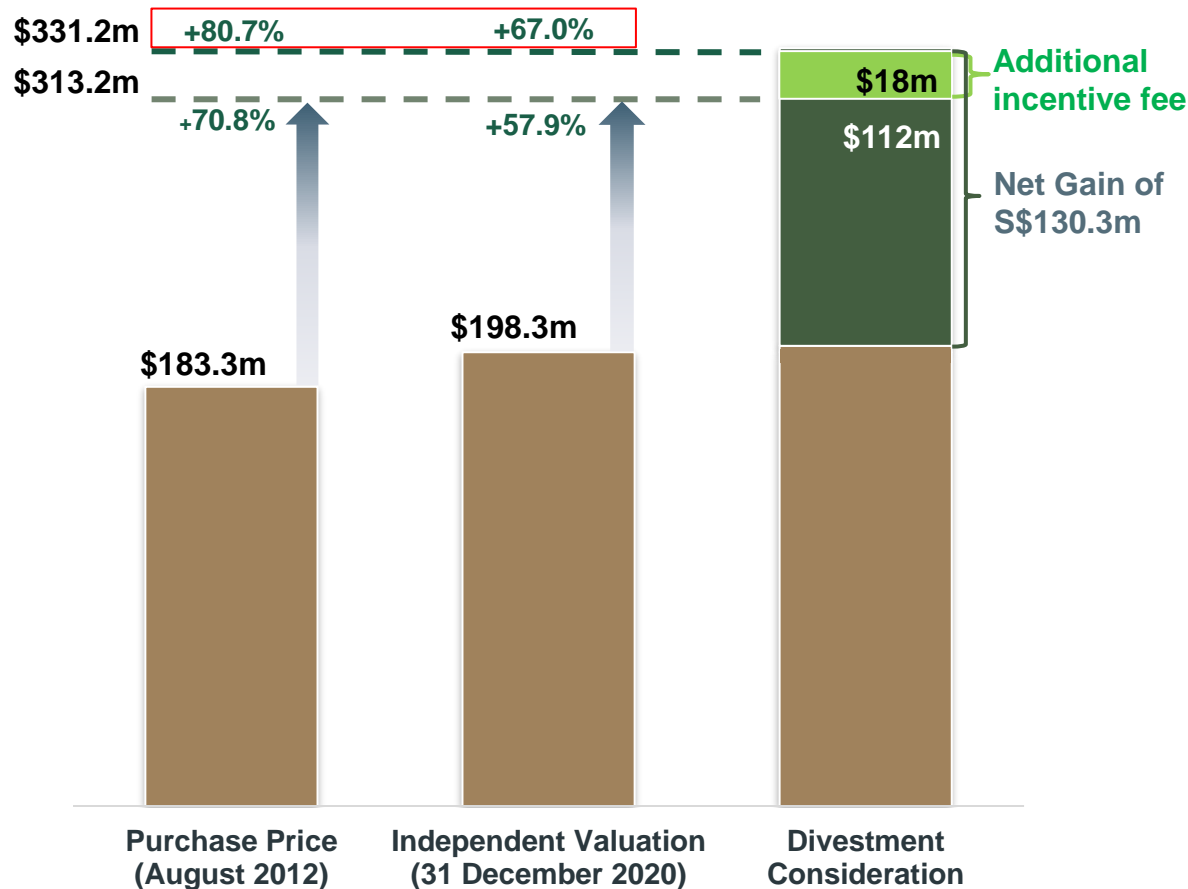
③

Greater financial flexibility with higher debt headroom to finance higher yielding acquisitions



# Divestment of Central Square

## Unlocked Asset Potential to Realise Value



### March 2022

- Completed divestment of Central Square for a consideration of S\$313.2m with an additional incentive fee of up to S\$18.0m, subject to certain conditions being fulfilled by 31 December 2023
- Divestment represented an attractive exit yield of 1.8%<sup>1</sup>

### March 2023

- Received additional payment of S\$18.0m, being maximum amount of incentive fee payable by the acquirer
- Premium:
  - ↑ 81% over purchase price
  - ↑ 67% over valuation as at 31 December 2020
- Total Net gain of S\$130.3m
- Final exit yield of 1.7%<sup>1</sup>



<sup>1</sup> Exit yield is calculated based on FY 2020 Net Property Income over purchase consideration in March 2022 (plus additional incentive fee in March 2023).

## Asset Enhancement Initiatives & Refreshed Tenant Mix





# Rendezvous Hotel Singapore – Renovation of Public Restrooms

Before



After



# Rendezvous Hotel Singapore – Renovation of Public Restrooms

Before



After





# Rendezvous Hotel Singapore – Refreshed Tenant Mix



张亮麻辣烫  
ZHANGLIANG

Opened in November 2022



Shopfront



Interior



# Rendezvous Hotel Singapore – Refreshed Tenant Mix



Opened in July 2022



Shopfront



Interior





# Rendezvous Hotel Singapore – Refreshed Tenant Mix



Opened in April 2021



Shopfront



Interior



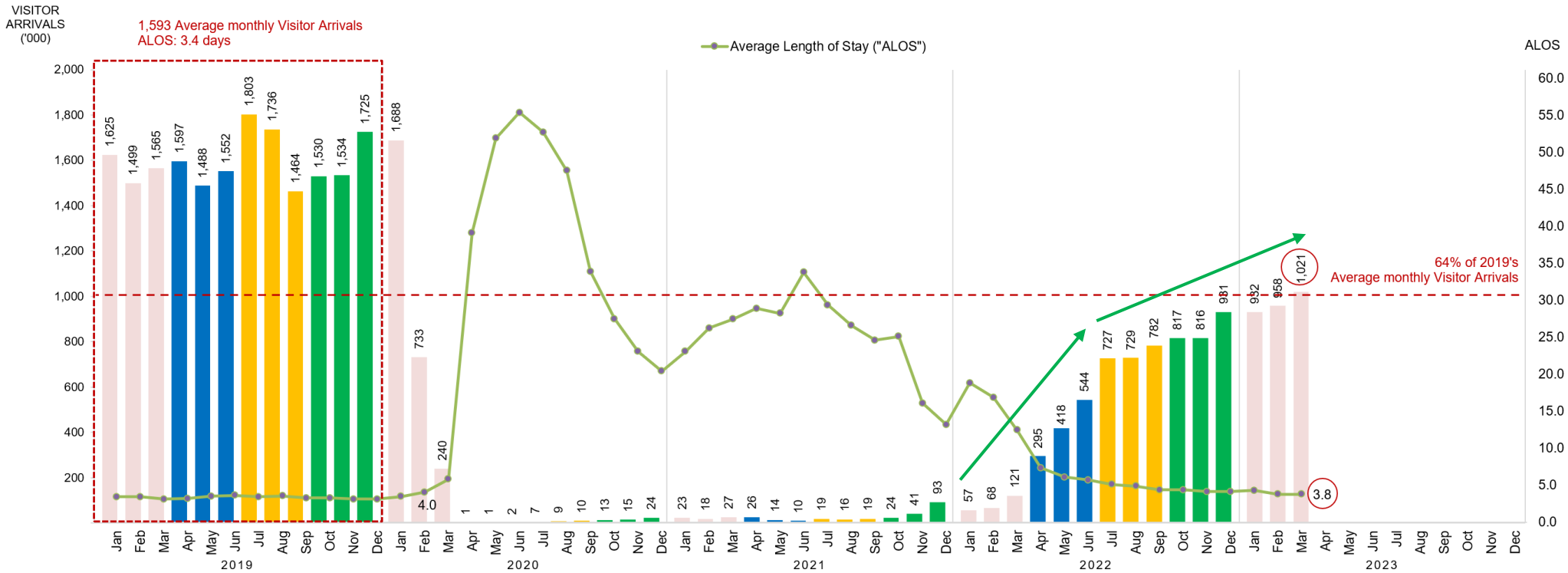


## Outlook



# Increase of Visitor Arrivals to Singapore

## Visitor Arrivals

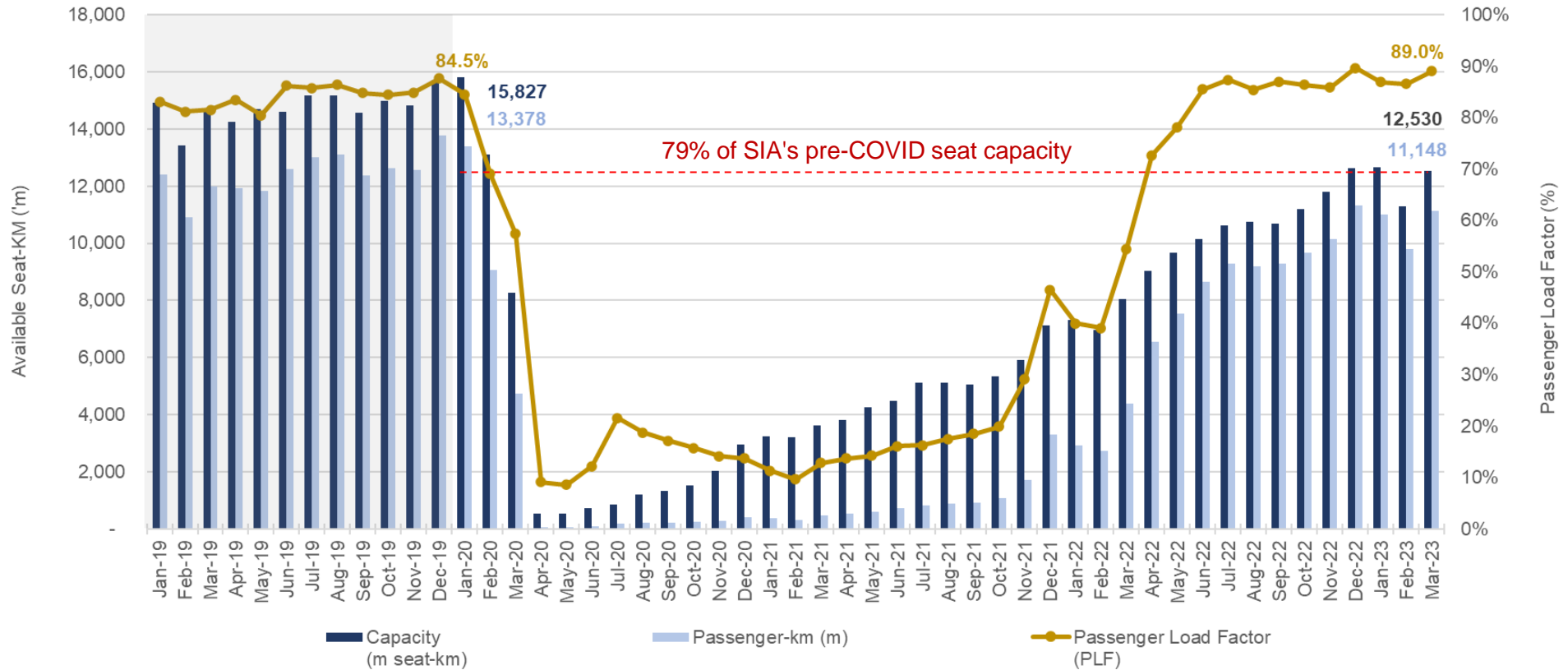


- In 2022, Singapore saw a steady increase of visitor arrivals reaching 6.3 million arrivals, performing above Singapore Tourism Board's ("STB") expectations of between four and six million visitor arrivals.
- In 1Q 2023, Singapore saw 2.9 million arrivals, being almost two-third of 2019 levels and is on track to reach STB's full-year target of 12 to 14 million arrivals.



# Recovery of Air Passengers Numbers

## 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 the first quarter of 2023, SIA's seat capacity and total number of passengers carried continued to grow quarter-on-quarter by 10.9% and 14.1% respectively.
- The International Air Transport Association has projected global airline passenger demand to reach 85.5 per cent of 2019 levels in 2023.

# Upcoming Tourism Developments



## Rejuvenation of Sentosa

SensoryScape, the first milestone project of the Sentosa-Brani masterplan is set to open in 2023, amongst other new attractions which will be opening during the year.

SensoryScape features a two-tiered walkway offering a multisensory experience connecting Resorts World Sentosa (“RWS”) in the north with Sentosa’s beaches in the south.



## Mandai Wildlife Reserve

A major wildlife and nature heritage project, Mandai Wildlife Reserve integrates five zoological parks, the Singapore Zoo, Night Safari, River Wonders, Bird Paradise and Rainforest Wild.

Bird Paradise is set to open in May 2023 while Rainforest Wild and other amenities will open progressively in the next two years.



## Expansion of the Integrated Resorts

Both Marina Bay Sands (“MBS”) and RWS have announced expansion plans totalling ~S\$9 billion.

With an expected completion of 2028, MBS will add a fourth tower consisting of a hotel and a 15,000-seat entertainment arena for events and large conferences.

At RWS, two new zones, Minion Land (2024) and Super Nintendo World (2025) will be added to Universal Studios Singapore. Additionally, the S.E.A aquarium will 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**

- Singapore Tourism Board expects between twelve million and fourteen 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 85.5% of 2019 levels in 2023.

### **Increasing number of meetings, incentives, conventions and exhibitions events held in Singapore**

- The Singapore Association of Convention and Exhibition Organisers and Suppliers expects full recovery by 2024.

### **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, more properties in Far East H-Trust's portfolio are expected to perform above fixed rents and achieve 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 yearly target of between S\$8 billion and S\$10 billion set by the Economic Development Board.
- Strong investments in the Electronics sector form 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 development of Pulau Brani, collectively known as the Greater Southern Waterfront project*) 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

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





# Far East H-Trust Asset Portfolio Overview

## Hotels

										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	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

