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Business Updates

3Q 2021

29 October 2021

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Financial Highlights



Executive Summary for 3Q 2021 – Performance vs LY

	3Q 2021	3Q 2020	Variance
	S\$'000	S\$'000	%
Gross Revenue	20,760	20,621	0.7
Hotels	14,250	14,250	-
Serviced Residences (“SR”)	2,641	2,929	(9.8)
Commercial Premises	3,869	3,442	12.4
Net Property Income	18,316	17,851	2.6
Finance Expenses	(4,649)	(5,667)	18.0
REIT Manager’s fees	(2,362)	(2,383)	0.9
Income Available for Distribution	13,521	12,017	12.5

- Gross Revenue for 3Q 2021 was S\$20.8 million, 0.7% higher year-on-year.
- The master lease rental for the hotel segment was at the fixed rent level. The SR segment experienced a decline in demand during the quarter but continued to perform above the fixed rent. The higher revenue for the Commercial Premises was due to lower rental rebates provided in 3Q 2021.
- Finance Expenses were 18.0% lower, mainly due to lower fixed rates from the newer interest rate swap contracts. The REIT Manager’s fees were lower by 0.9%, due to lower value of the Deposited Property.
- Income Available for Distribution was S\$13.5 million, 12.5% higher year-on-year.



Executive Summary for YTD Sep 2021 – Performance vs LY

	YTD Sep 2021	YTD Sep 2020	Variance
	S\$'000	S\$'000	%
Gross Revenue	62,329	64,891	(3.9)
Hotels	42,750	42,750	-
Serviced Residences (“SR”)	8,350	9,118	(8.4)
Commercial Premises	11,229	13,023	(13.8)
Net Property Income	54,509	56,455	(3.4)
Finance Expenses	(15,340)	(18,533)	17.2
REIT Manager’s fees	(6,958)	(7,167)	2.9
Income Available for Distribution	38,839	37,706	3.0

- Gross Revenue for YTD Sep 2021 was S\$62.3 million, 3.9% lower year-on-year.
- The master lease rental for the hotel segment was at the fixed rent level. The SR segment experienced a decline in demand during the period but continued to perform above the fixed rent. The lower revenue for the Commercial Premises was due to a higher base in 2020 when tenancies were not fully impacted.
- Finance Expenses were 17.2% lower, mainly due to lower interest rates on short term loans and lower fixed rates from newer interest rate swap contracts. The REIT Manager’s fees were lower by 2.9%, due to lower value of the Deposited Property.
- The lower expenses more than offset the weaker Net Property Income, resulting in the Income Available for Distribution being 3.0% higher year-on-year.



Balance Sheet Summary

	As at 30 Sep 2021	As at 31 Dec 2020	Variance
	S\$' million	S\$' million	%
Total Assets	2,579.3	2,581.4	(0.1)
<u>Comprising:</u>			
Investment Properties ¹	2,530.1	2,528.7	0.1
Joint Venture	0.3	4.1	(92.2)
Cash and Cash Equivalents	5.0	10.9	(54.2)
Trade and other receivables ²	42.8	37.6	13.8
Other Assets	1.1	0.1	>100.0
Total Liabilities	1,026.4	1,023.7	0.3
Net Assets	1,552.9	1,557.7	(0.3)
NAV per Stapled Security (S\$)	0.79	0.79	-

(1) Investment properties based on carrying value as at 30 June 2021, and capital expenditure capitalised.

(2) This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd of S\$33.9 million (S\$30.6 million as at 31 Dec 2020).

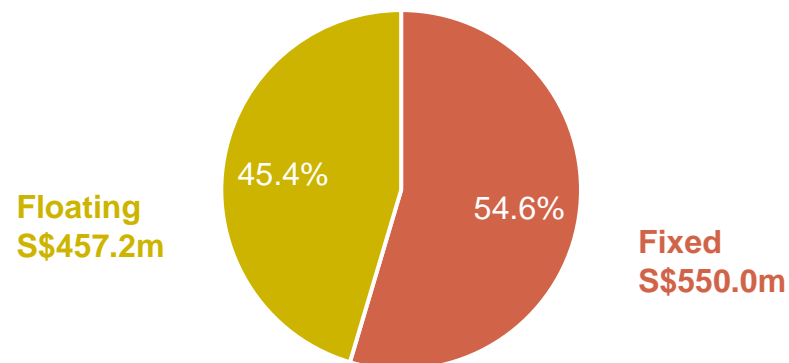


Capital Management

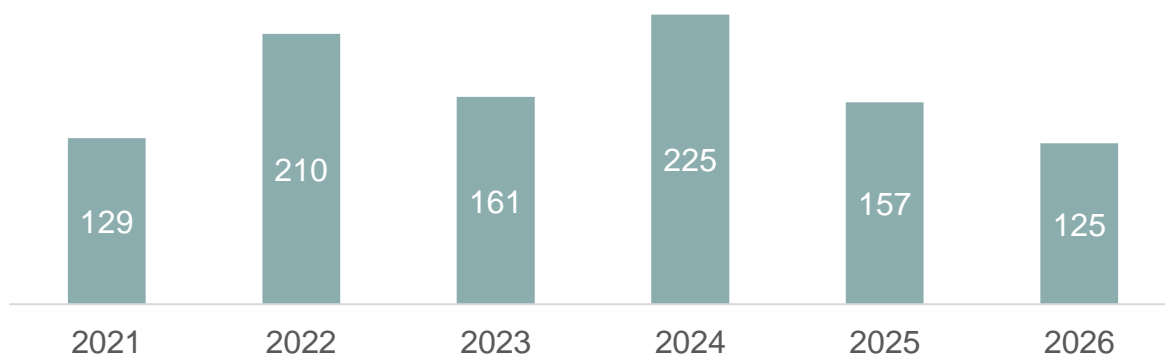
As at 30 Sep 2021

Total Debt	S\$1,007.2m
Available Revolving Facility	S\$270.7m
Aggregate Leverage	41.6%
Unencumbered Asset as % Total Asset	100%
Proportion of Fixed Rate	54.6%
Weighted Average Debt Maturity	2.2 years
Average Cost of Debt	2.0%
Interest Coverage Ratio¹	3.0x

Interest Rate Profile



Debt Maturity Profile (figures in S\$ million)



- The REIT Manager has received commitment from the existing lender to refinance the term loan of S\$100.0 million ahead of its maturity in Dec 2021.

¹ Interest coverage ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 2.7x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

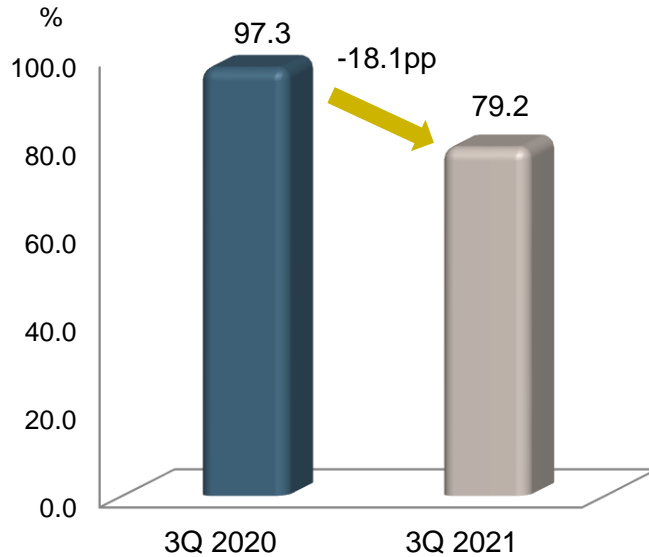


Portfolio Performance

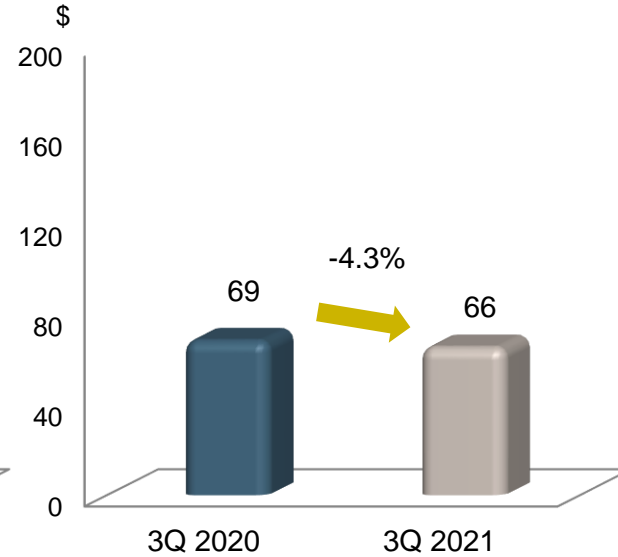


Portfolio Performance 3Q 2021 – Hotels

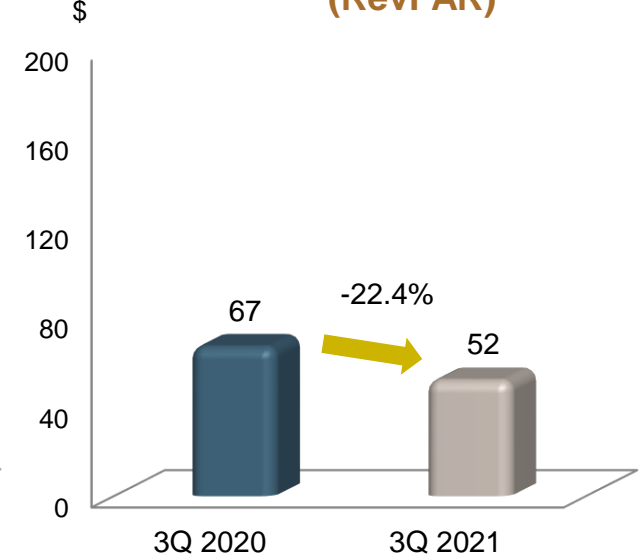
Average Occupancy



Average Daily Rate (ADR)



Revenue Per Available Room (RevPAR)

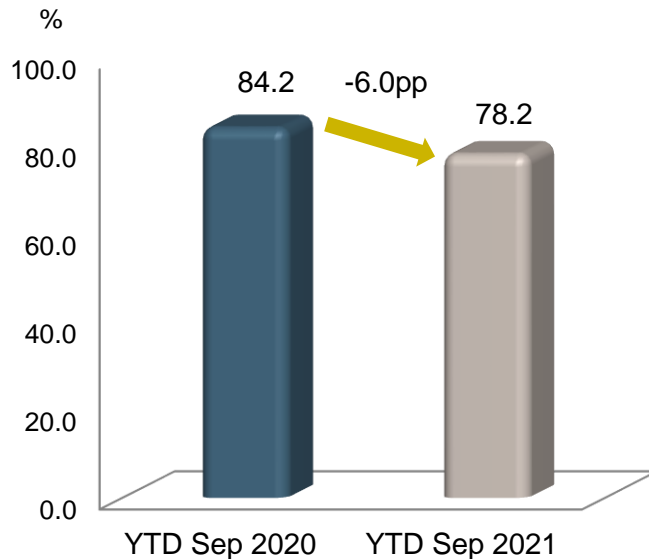


- Occupancy declined 18.1pp year-on-year to 79.2% as more companies that required accommodation for their Malaysian workers looked for alternative arrangements to reduce cost. The majority of the hotels continued to be contracted to the government for isolation purposes.
- The ADR was 4.3% lower year-on-year at \$66 due to lower rates from government contracts and companies requiring accommodation for their workers.
- Consequently, RevPAR declined by 22.4% year-on-year at \$52.

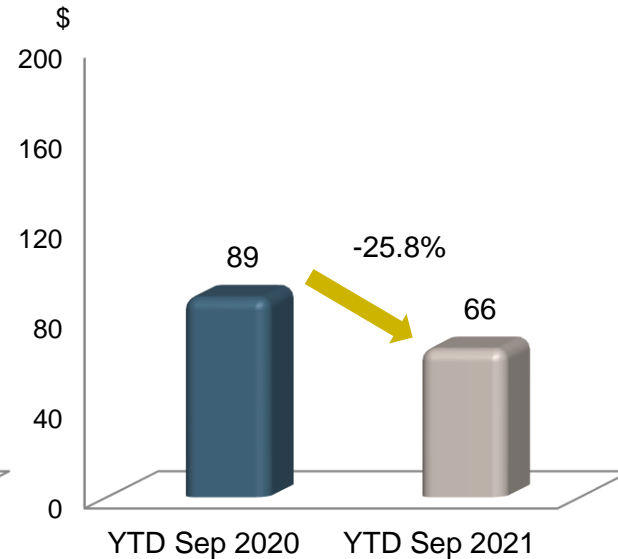


Portfolio Performance YTD Sep 2021 – Hotels

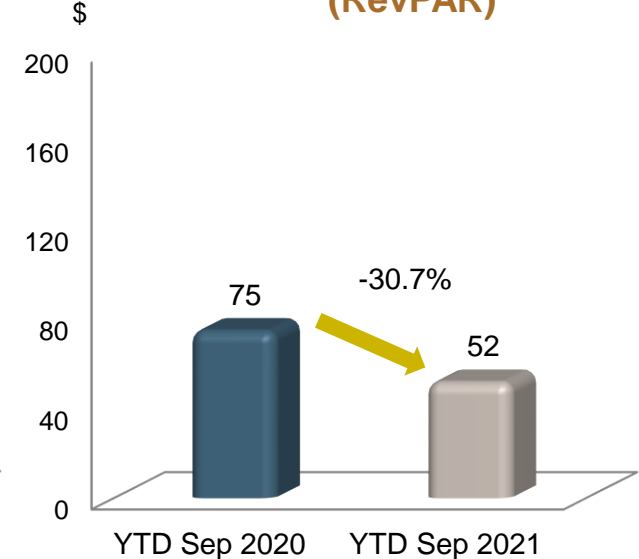
Average Occupancy



Average Daily Rate (ADR)



Revenue Per Available Room (RevPAR)

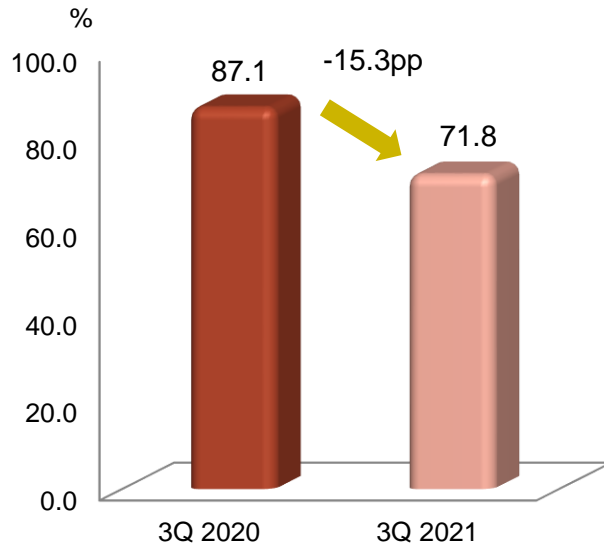


- Occupancy declined 6.0pp year-on-year to 78.2% as more companies pared down their usage of hotels as accommodation for their Malaysian workers to reduce cost with the prolonged closure of the borders.
- The ADR was 25.8% lower year-on-year at \$66 due to lower rates from government contracts and companies requiring accommodation for their workers.
- Consequently, RevPAR declined by 30.7% year-on-year at \$52.

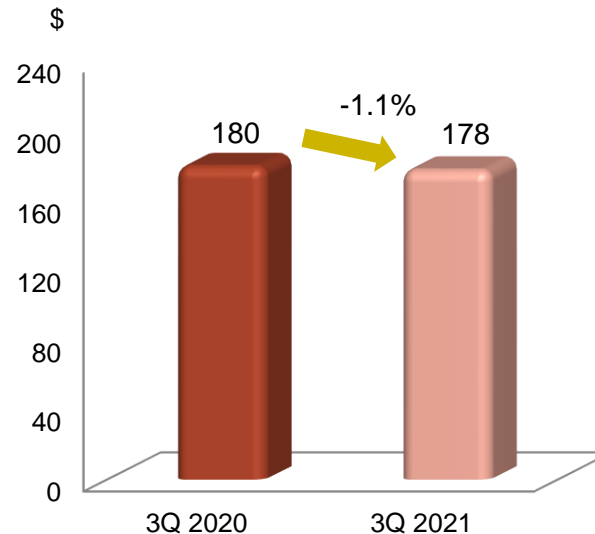


Portfolio Performance 3Q 2021 – Serviced Residences

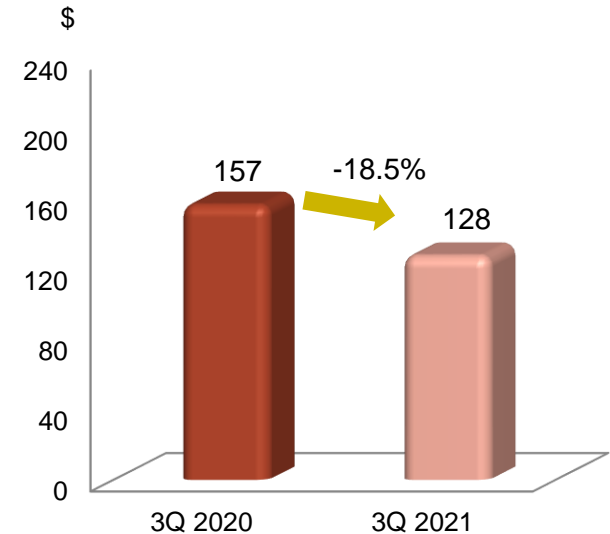
Average Occupancy



Average Daily Rate (ADR)



Revenue Per Available Unit (RevPAU)

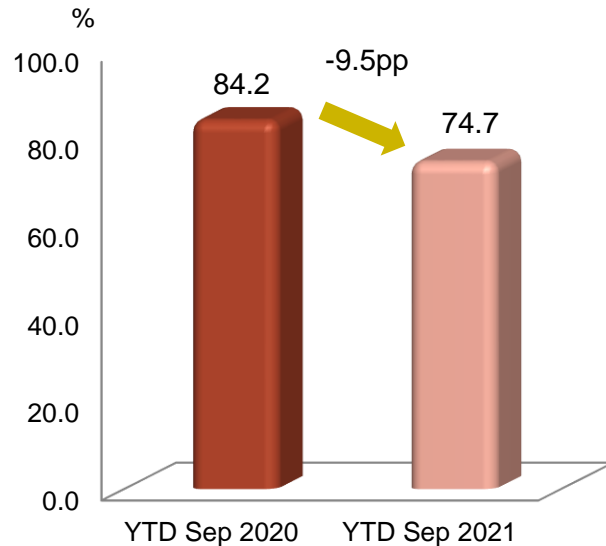


- While the support from long-stay corporate sources remained resilient throughout the pandemic, the serviced residences (“SRs”) experienced a decline in demand from companies requiring temporary accommodation for their foreign workers due to the border closures. Nonetheless, the SRs continued to perform above the fixed rent level.
- The average occupancy for SRs declined to 71.8% (-15.3pp year-on-year) as companies requiring accommodation for their workers sought alternative arrangements. ADR fell by 1.1% to \$178 due to the nature of business available. As a result, RevPAU was 18.5% lower at \$128.

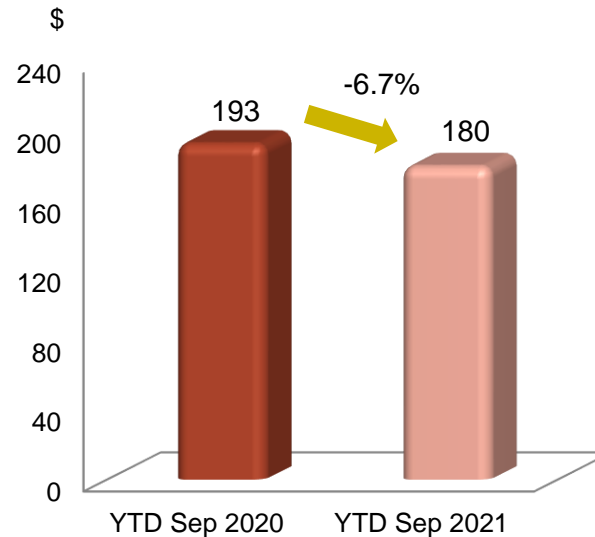


Portfolio Performance YTD Sep 2021 – Serviced Residences

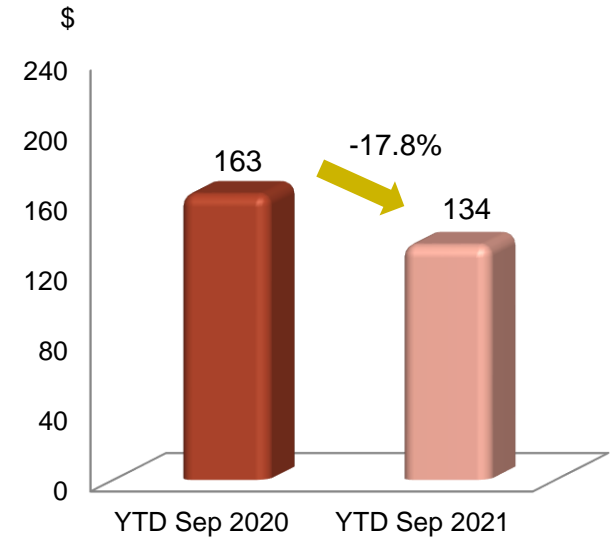
Average Occupancy



Average Daily Rate (ADR)



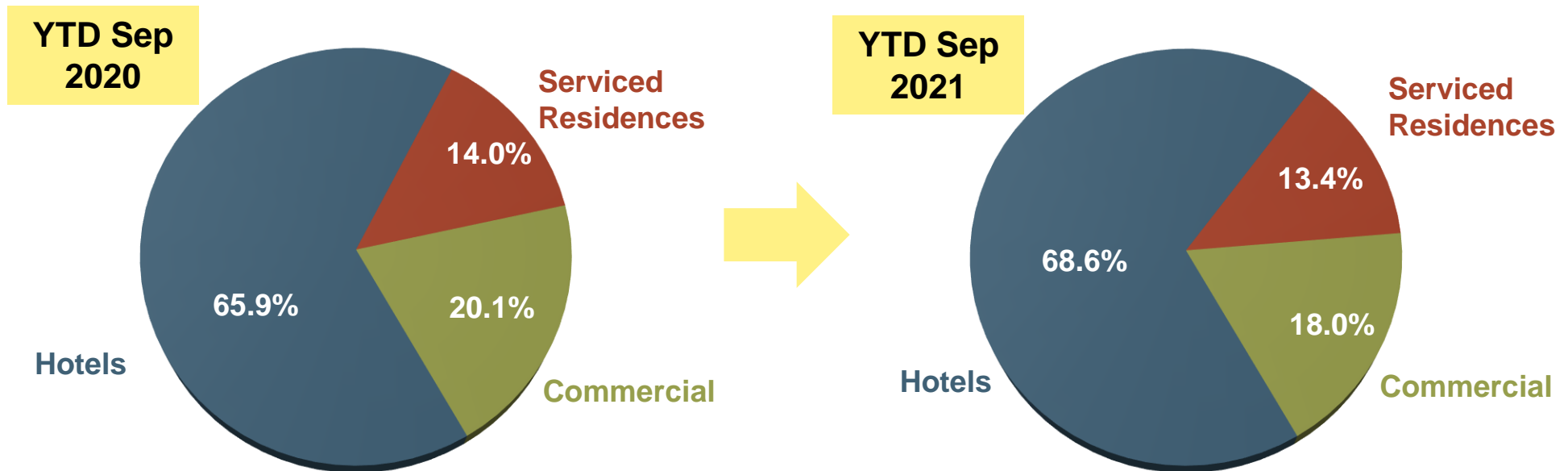
Revenue Per Available Unit (RevPAU)



- The support from long-stay corporate sources helped to minimise the negative impact of the pandemic. The year-on-year decline was partially due to the higher base in 2020 when tenancies were not fully impacted. Nonetheless, the SRs continued to perform above the fixed rent level.
- The average occupancy for SRs declined to 74.7% (-9.5pp year-on-year) as companies requiring accommodation for their workers sought alternative arrangements. ADR fell by 6.7% to \$180 due to the nature of business available. As a result, RevPAU was 17.8% lower at \$134.

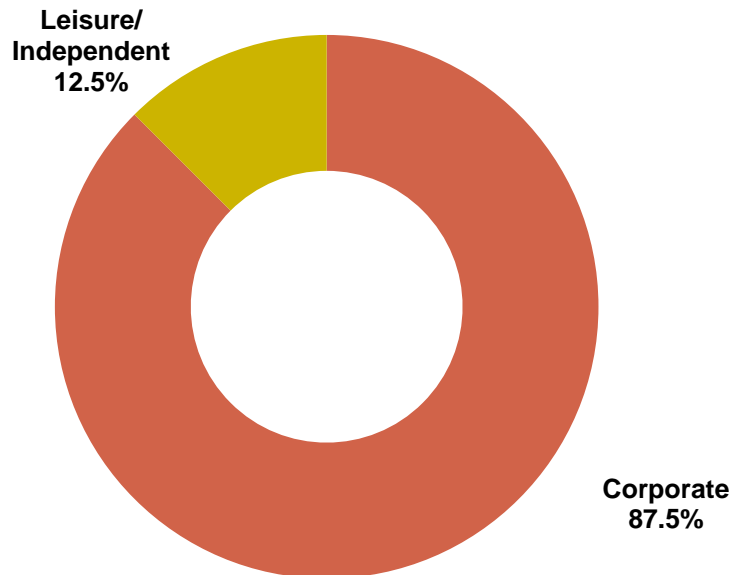


Breakdown of Gross Revenue – Total Portfolio

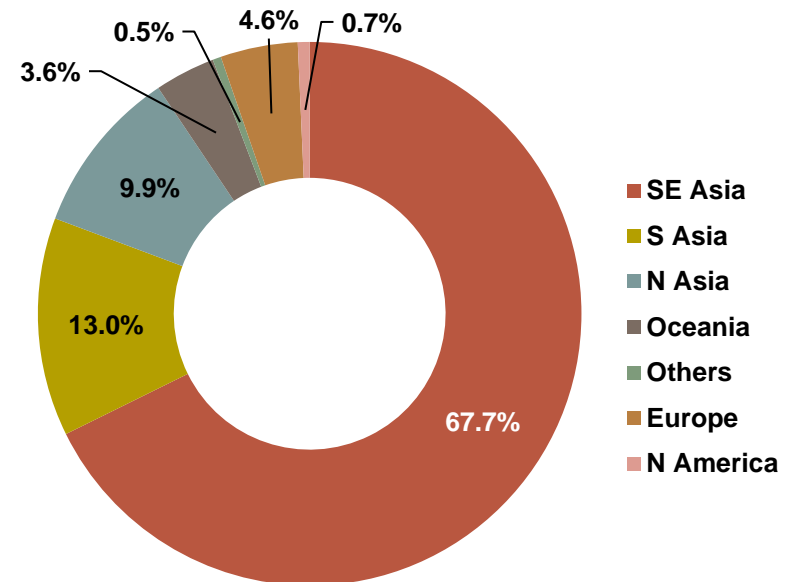


Market Segmentation YTD Sep 2021– Hotels

Hotels (by Revenue)



Hotels (by Region)

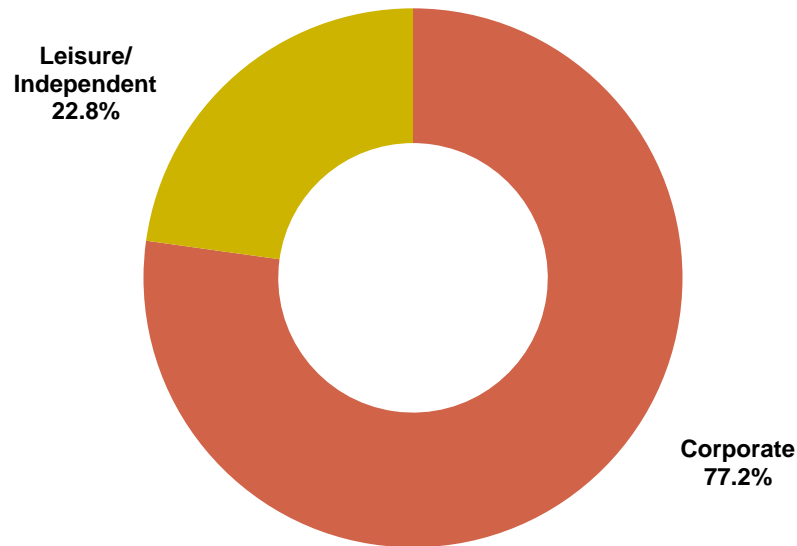


- The corporate segment contributed 87.5% to the overall hotel revenue. This was mainly from the Government contracts and from companies requiring accommodation for their workers. Border closures continued to limit Leisure travel bookings.
- The proportion of revenue contribution from South-East Asia remained high reflecting the nature of business available due to increased travel restrictions.

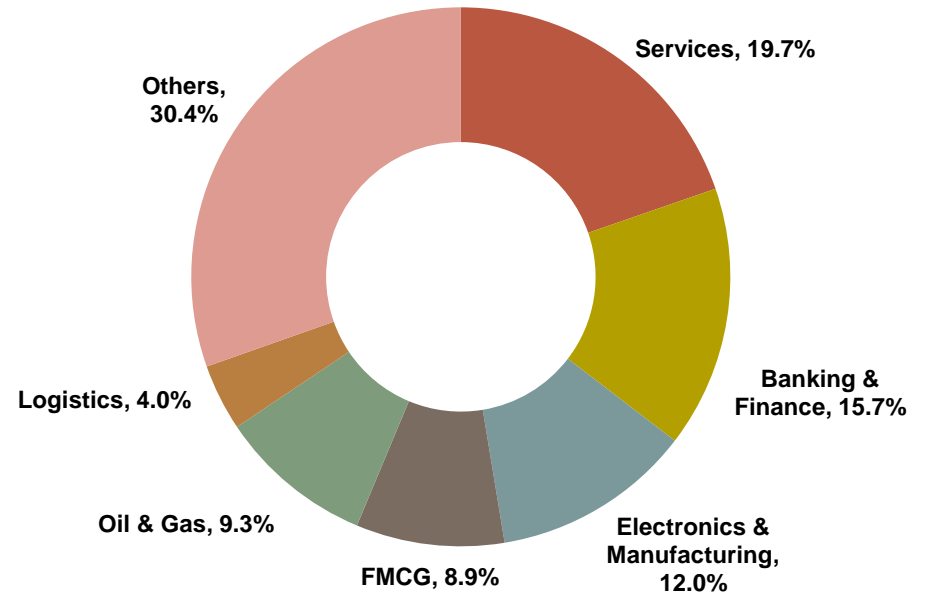


Market Segmentation YTD Sep 2021– Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Revenue contribution by the Corporate segment was 77.2% for YTD Sep 2021, was supported by pre-existing long leases and lease extensions by corporate accounts. Contribution by the Independent segment was 22.8% as general restrictions on cross-border travel remained.
- The Services and Banking & Finance industries remained the largest revenue contributors for YTD Sep 2021.



Industry Update & Outlook



New VTLs a step in the right direction...

26 Oct 2021

THE STRAITS TIMES

Vaccinated travellers from Australia, Switzerland can enter S'pore without quarantine from Nov 8

9 Oct 2021

S'pore extends quarantine-free travel

ST

You can soon travel quarantine-free to 9 more countries if you are fully vaccinated. There are now a total of **11 countries** under the Vaccinated Travel Lane (VTL) arrangement.

Travellers have to fly by designated VTL flights, and take **2 PCR tests** - pre-departure and on arrival.

ASIA

Ongoing

✓ Brunei

From Nov 15

✓ South Korea

NORTH AMERICA

From Oct 19

✓ United States

✓ Canada

EUROPE

Ongoing

✓ Germany

From Oct 19

✓ Denmark

✓ France

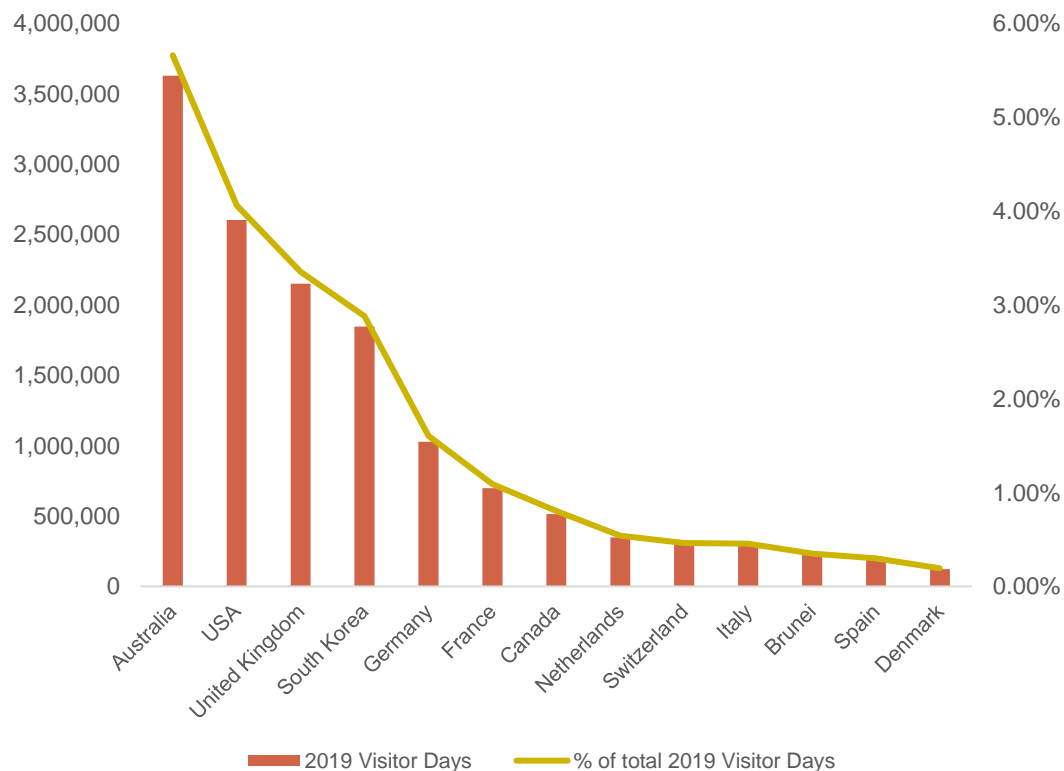
✓ Italy

✓ Netherlands

✓ Spain

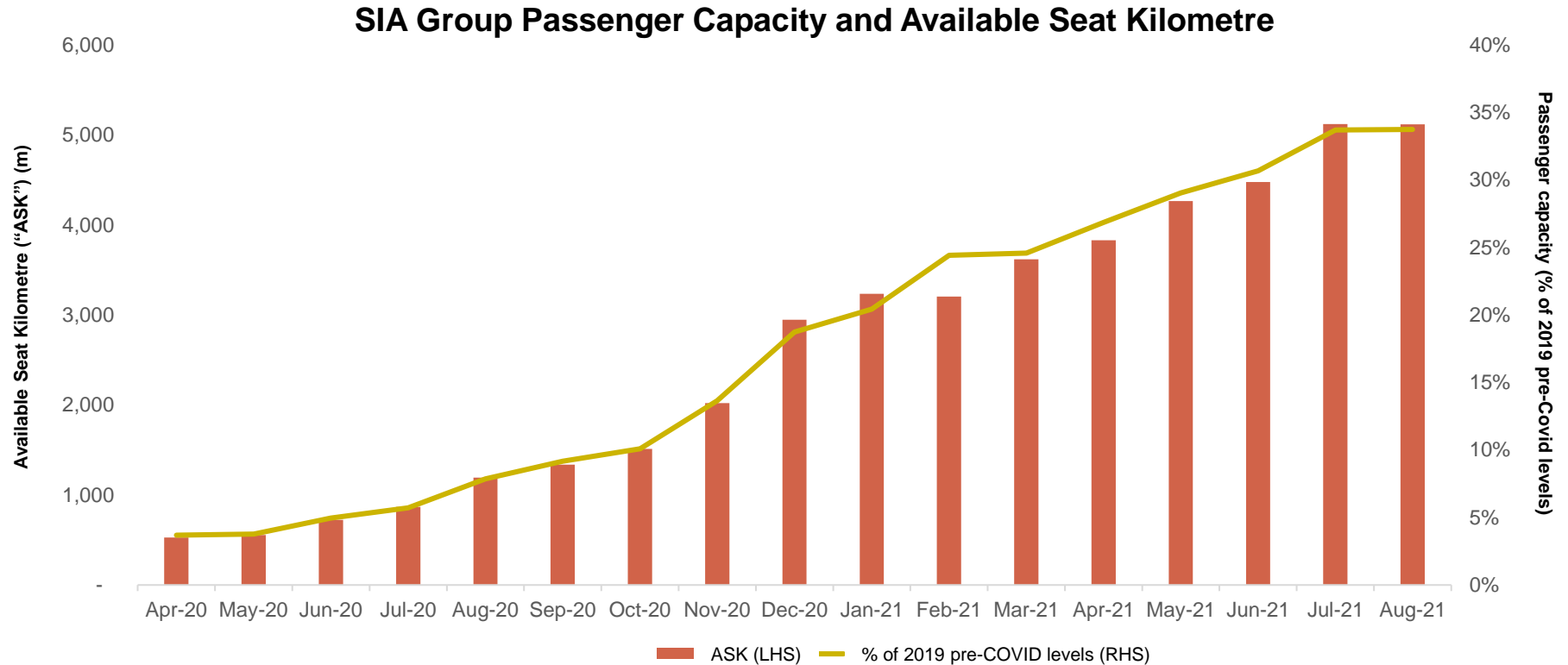
✓ UK

Contribution of 13 VTL countries to 2019 Visitor Days



- The Vaccinated Travel Lane (“VTL”) with 13 countries allow quarantine-free travel for fully vaccinated travellers to and from Singapore.
- Countries on the VTL contributed 21.8% of total visitor days in 2019.

...and could further boost airline passenger capacity



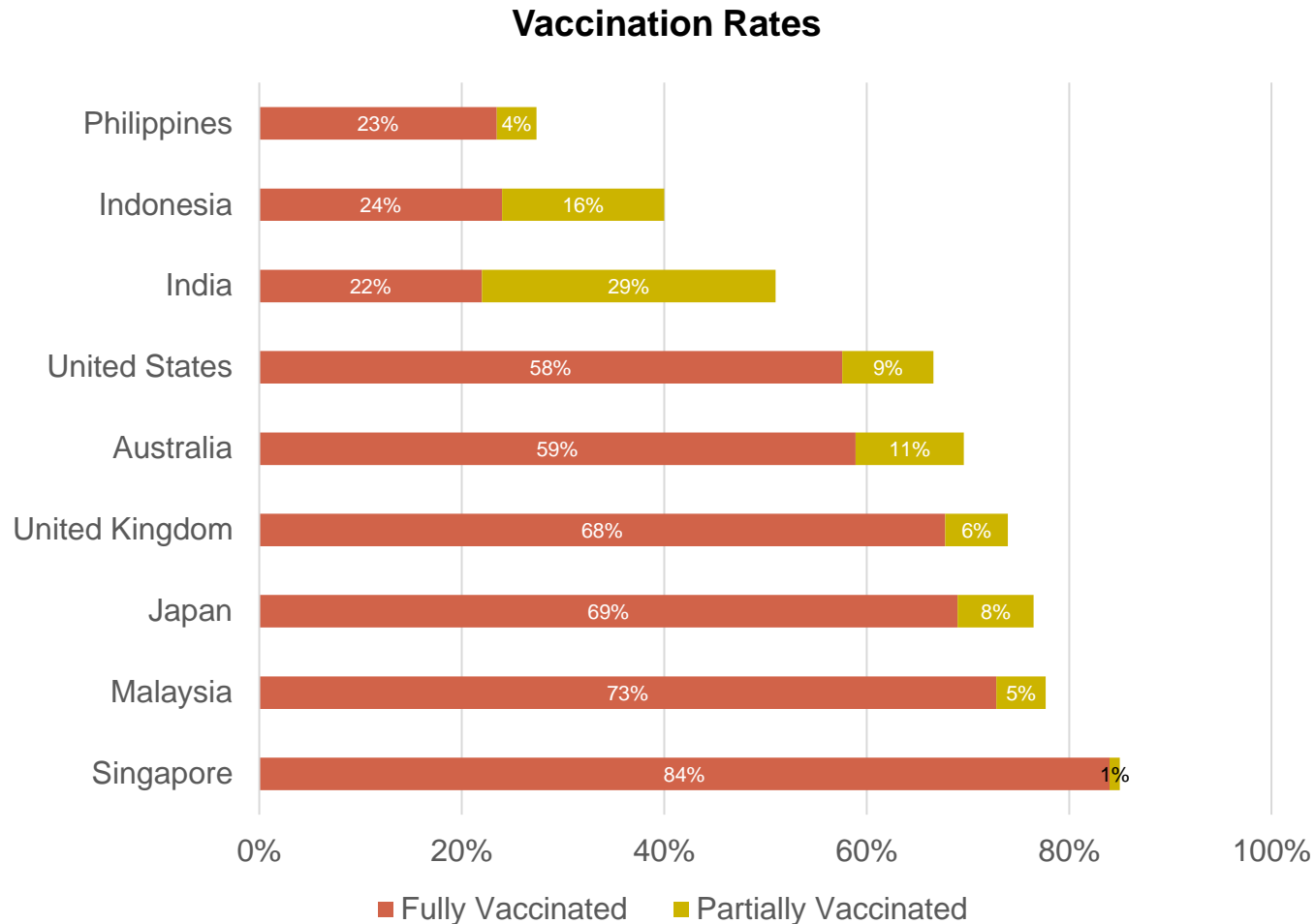
- As the main conduit for arrivals in Singapore, airlines' passenger capacity is a leading indicator for the recovery in cross-border travel.
- SIA Group passenger capacity continues to improve month-on-month; SIA achieved ~34% of pre-Covid capacity in Aug 2021 and could rise further with the expansion of the VTL to 13 countries in 4Q 2021.

Despite strict travel restrictions for key inbound markets...

Country	% of 2019 visitor days	Entry restrictions from Singapore	Entry restriction from source country
China	17.0%	Cat I: No quarantine apart from self-isolation until a negative post-arrival PCR result is obtained	Pre-departure PCR test and a 14-21 -day quarantine at a designated facility
India	13.0%	Cat IV: Pre-departure PCR test, 10 -day SHN at a designated facility, PCR test at the end of SHN	Pre-departure PCR test. No on-arrival quarantine.
Indonesia	12.5%	Cat IV: (refer to above)	Pre-departure and post-arrival PCR test and an 8 -day quarantine.
Philippines	6.8%	Cat IV: (refer to above)	6 -day quarantine at an accredited hotel with a day 5 PCR test
Malaysia	4.4%	Cat III: Pre-departure PCR test, 10 -day SHN at home, PCR test at the end of SHN	Pre-departure and post-arrival PCR test with 14 -day home quarantine



...increasing levels of vaccinations bode well for potential VTLs



Outlook for 2022

- High vaccination rates in major economies could result in the more bilateral travel arrangements between Singapore and other countries in the months ahead, paving the way for a gradual recovery.
- Global travel restrictions and local safe distancing measures expected to continue impacting inbound travel in the near term, with business largely supported by government and long-stay corporate contracts.
- Muted average new room supply of 1,842 rooms annually from 2021 to 2024 compared to an average of 2,400 annually from 2015 to 2019¹.

⁽¹⁾ Savills report issued as at March 2021.



Long-Term Outlook

▪ **Future-proofing infrastructure**

- Government strategy to future-proof local infrastructure with projects such as the Tuas Mega Port, Terminal 5, the North South Corridor, and the Cross Island MRT line

▪ **Growing business hub**

- Decade-high S\$17.2 billion in fixed asset investments secured in 2020 despite COVID-19
- Regional headquarters for firms which are critical nodes in the global value chain such as Alibaba (technology), Pfizer (pharmaceutical), Micron (electronics), and DHL (logistics)
- New infrastructure projects and investments will drive demand for accommodation from corporate travellers and project groups

▪ **Expanding tourism offerings**

- Major expansion of key tourism areas such as the Mandai precinct, Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*), and the Integrated Resorts



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	67 years	57 years	67 years	58 years	84 years	42 years	67 years	63 years	62 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	121.1	192.1	161.2	223.0	309.0	406.6	77.8	270.0	242.2	2,003.0

¹ As at 31 December 2020

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	72 years	73 years	70 years	73 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	198.3	61.5	102.9	163.0	525.7

¹ As at 31 December 2020

