



FAR EAST
HOSPITALITY
TRUST

1Q 2015 Results Presentation

29 April 2015

Results Highlights



Executive Summary – Performance vs LY

	1Q 2015	1Q 2014	Variance
	\$	\$	%
Gross Revenue (\$'000)	27,365	30,669	(10.8)
Net Property Income (\$'000)	24,487	27,594	(11.3)
Income Available for Distribution (\$'000)	19,203	23,121	(16.9)
Distribution per Stapled Security (cents)	1.07	1.30	(17.7)

- **Gross revenue decreased to \$27.4 million in 1Q 2015 mainly due to softer demand for accommodation, in line with the fall in visitor arrivals and uncertain economy.**
- **A spike in short-term interest rates in 1Q 2015 resulted in an increase in finance costs, which also contributed to the lower income available for distribution.**
- **Distribution per stapled security (“DPS”) was 1.07 cents in 1Q 2015.**



Financial Results From 1 January to 31 March 2015

	1Q 2015	1Q 2014	Variance	Change +/-
	S\$'000	S\$'000	S\$'000	%
Master lease rental	21,485	24,935	(3,450)	(13.8)
Retail and office revenue	5,880	5,734	146	2.5
Gross revenue	27,365	30,669	(3,304)	(10.8)
Property tax	(2,054)	(2,107)	53	2.5
Property insurance	(32)	(45)	13	28.9
MCST contribution	(16)	(14)	(2)	(14.3)
Retail and office expenses	(665)	(767)	102	13.3
Property manager fees	(111)	(134)	23	17.2
Other property expenses	-	(8)	N.M.	N.M.
Property expenses	(2,878)	(3,075)	197	6.4
Net property income	24,487	27,594	(3,107)	(11.3)
REIT Manager's fees	(2,859)	(2,979)	120	4.0
Trustee's fees	(78)	(78)	0	-
Other trust expenses	(278)	(180)	(98)	(54.4)
Trust level expenses	(3,215)	(3,237)	22	0.7
Total finance costs	(5,006)	(4,192)	(814)	(19.4)
Net income before tax and fair value changes	16,266	20,165	(3,899)	(19.3)
Fair value change in interest rate swap	3,102	177	2,925	1,652.5
Total return for the period before income tax	19,368	20,342	(974)	(4.8)



Statement of Distribution to Stapled Securityholders

	1Q 2015	1Q 2014	Variance	Change +/-)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	19,368	20,342	(974)	(4.8)
Income tax expense	-	-	-	-
Total return for the period after income tax	19,368	20,342	(974)	(4.8)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,573	2,682	(109)	(4.1)
Amortisation of debt upfront cost	188	200	(12)	(6.0)
Trustee's fees	78	78	0	-
Other Adjustment	98	(4)	102	N.M.
Fair value change in interest rate swap	(3,102)	(177)	(2,925)	1,652.5
Net tax adjustment	(165)	(2,779)	2,614	94.1
Income available for distribution	19,203	23,121	(3,918)	(16.9)



Details of Distribution

For Period From 1 January to 31 March 2015

Distribution per Stapled Security	1.07 cents
Ex-Date	6 May 2015
Books Closure Date	8 May 2015
Distribution Payment Date	3 June 2015



Portfolio Performance



Market Environment

▪ Singapore Economy

1Q 2015

- Singapore economy grew by 2.1% year-on-year in 1Q 2015
- On a seasonally-adjusted annualised basis, the economy expanded by 1.1% year-on-year, slower than the 4.9% expansion in 4Q 2014

▪ Singapore Hospitality Market

January – February 2015

- According to Singapore Tourism Board (“STB”), revenue per available room (“RevPAR”) across all hotel segments decreased by 6.4% year-on-year
- RevPAR of Upscale and Mid-tier hotels decreased by 4.0% and fell by 9.1% year-on-year respectively

Sources :

Ministry of Trade and Industry, “Singapore’s GDP Grew by 2.1 Per Cent in the First Quarter of 2015”, 14 April 2015
Singapore Tourism Board, Hotel Statistics (Preliminary), 7 April 2015



Portfolio Performance – Key Highlights for 1Q 2015

Hotels

- **The average occupancy of the hotels was 1.0pp below last year while the average daily rate (“ADR”) was 9.9% lower.** The Singapore Airshow which took place in February 2014 helped to lift the ADR in 1Q 2014. In addition, the hotel portfolio experienced less demand from the higher-yielding corporate segment.
- **Revenue per available room (“RevPAR”) was \$141 in 1Q 2015, 11.0% lower year-on-year.**

Serviced Residences

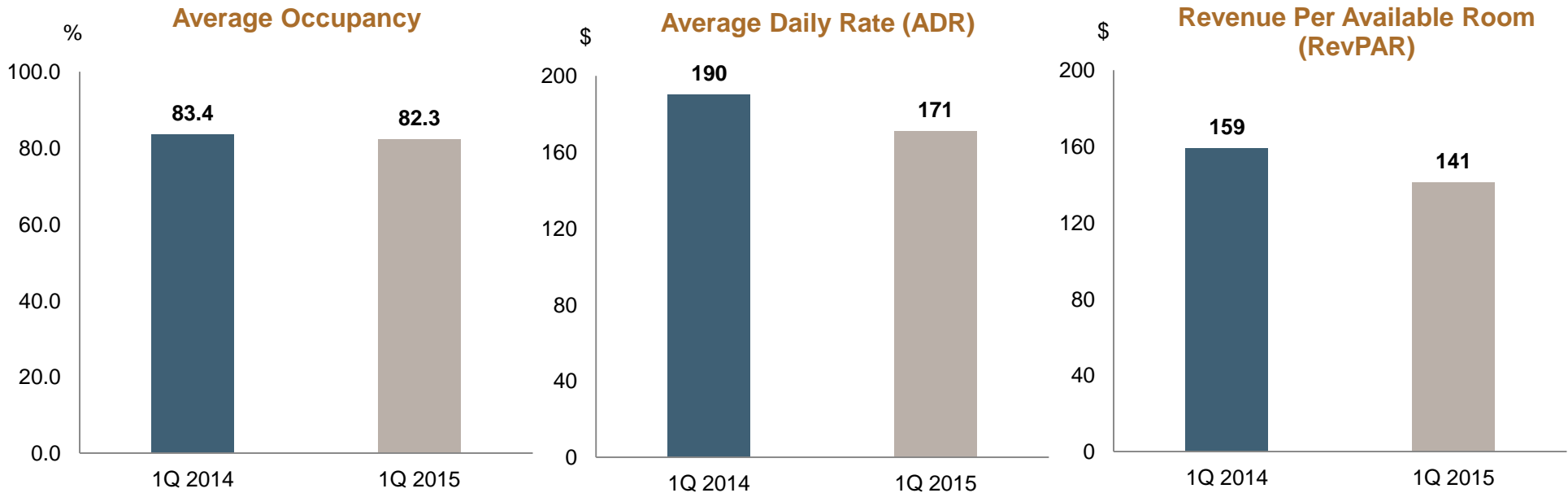
- **The average occupancy for the serviced residences was 85.8%, 1.5pp below last year, and the ADR was 5.5% lower.** The serviced residence portfolio experienced a reduction in bookings from project groups. Lower rates were introduced to address the decline in occupancy and to widen the target market.
- **Revenue per available serviced residence unit (“RevPAU”) was \$206 in 1Q 2015, 7.1% lower year-on-year.**

Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) grew 2.5% year-on-year to \$5.9 million in 1Q 2015.** The increase was due to both an improvement in occupancy and rates.



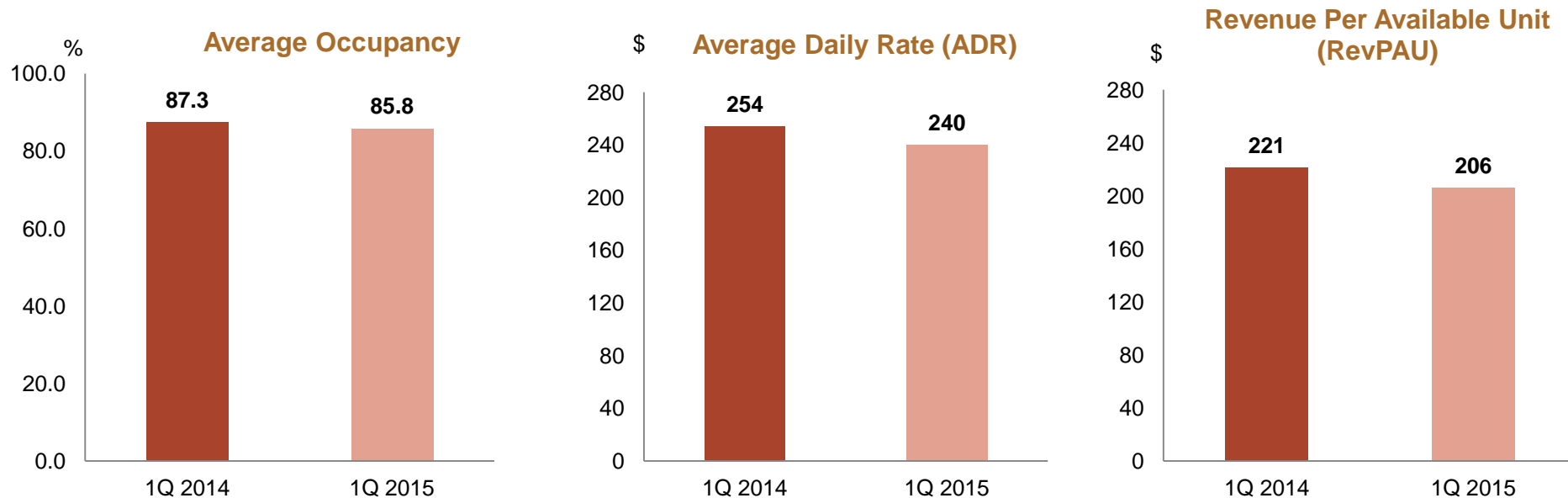
Portfolio Performance 1Q 2015 - Hotels



	1Q 2014	1Q 2015	Variance
Average Occupancy (%)	83.4	82.3	(1.0pp)
ADR (\$)	190	171	(9.9%)
RevPAR(\$)	159	141	(11.0%)



Portfolio Performance 1Q 2015 – Serviced Residences

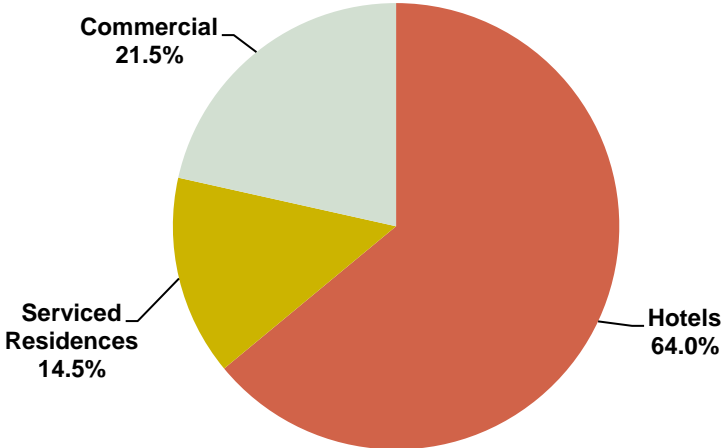


	1Q 2014	1Q 2015	Variance
Average Occupancy (%)	87.3	85.8	(1.5pp)
ADR (\$)	254	240	(5.5%)
RevPAU (\$)	221	206	(7.1%)

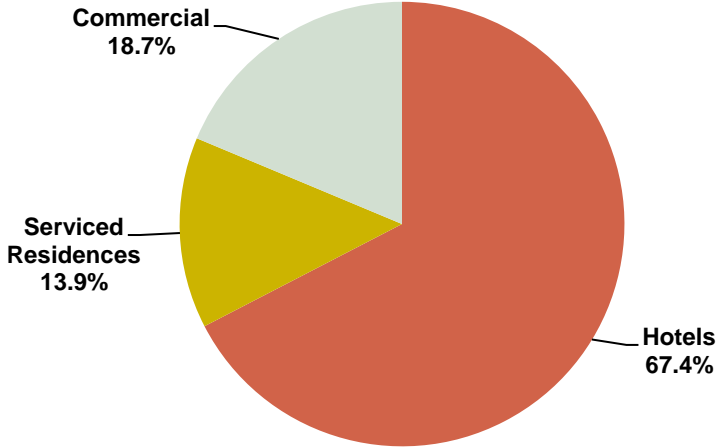


Breakdown of Gross Revenue – Total Portfolio

1Q 2015

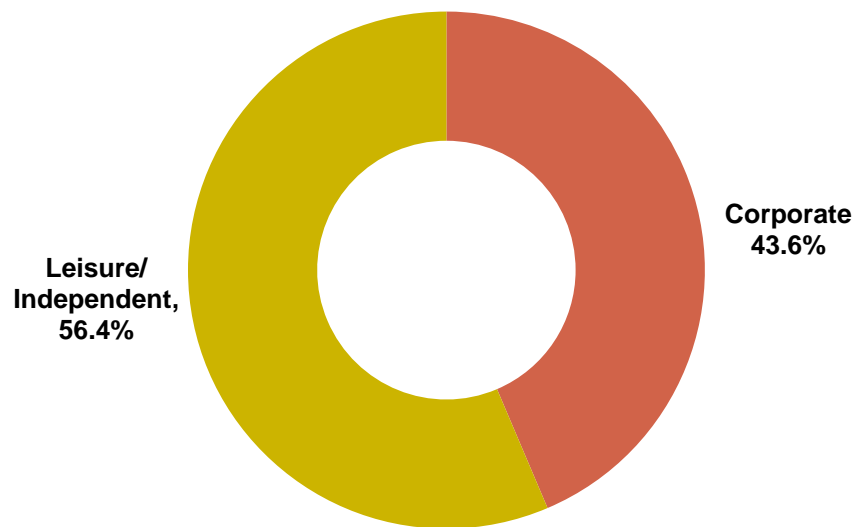


1Q 2014

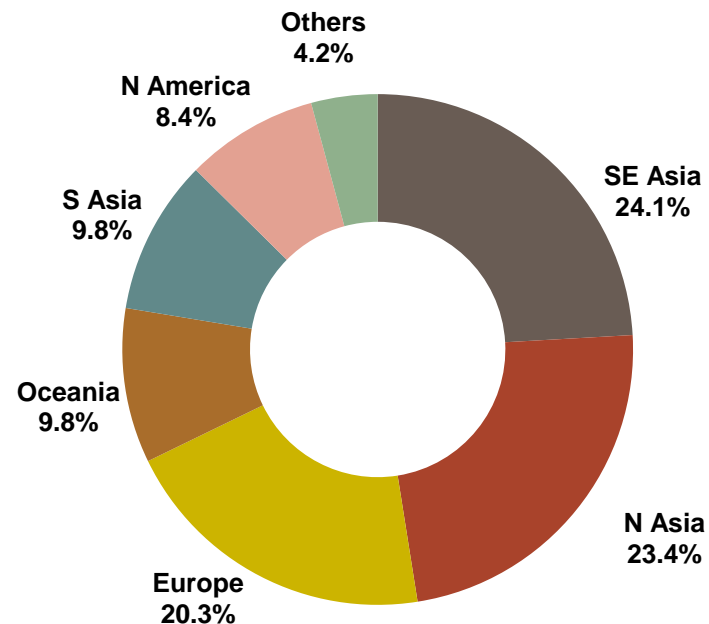


Market Segmentation 1Q 2015 - Hotels

Hotels (by Revenue)



Hotels (by Region)

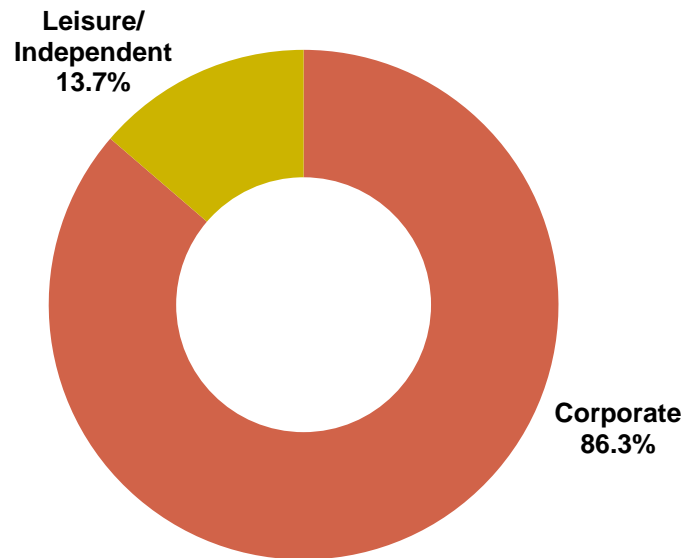


- Corporate segment contributed 43.6% of 1Q 2015 hotel revenue compared to 45.0% in 1Q 2014
- Contribution from some SE Asia countries declined year-on-year in 1Q 2015, partially mitigated by growth in N Asia

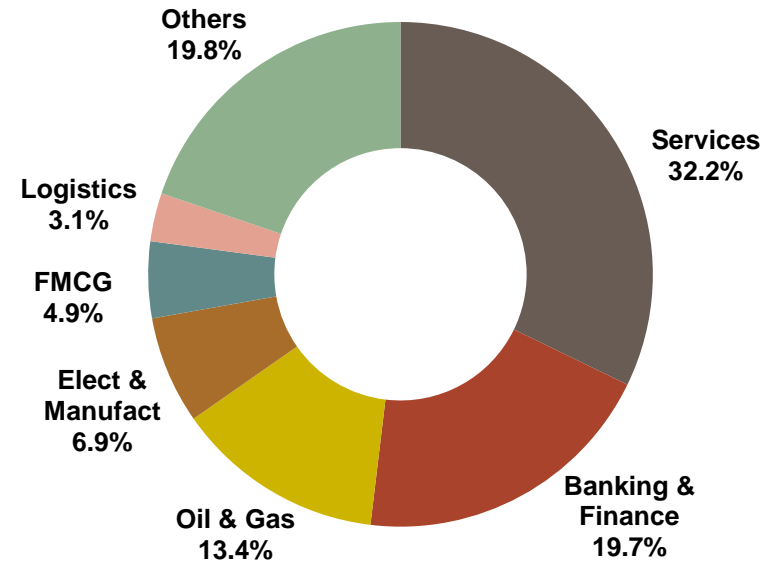


Market Segmentation 1Q 2015 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 86.3% of revenue for Serviced Residences in 1Q 2015, up from 76.8% in the preceding year
- Revenue contribution from Banking & Finance decreased year-on-year, partially mitigated by a growth in Services revenue



Capital Management

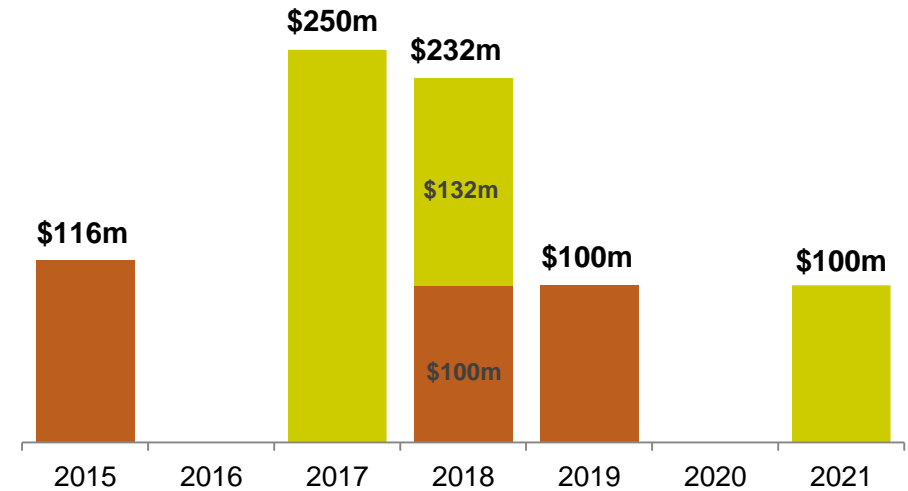


Capital Management

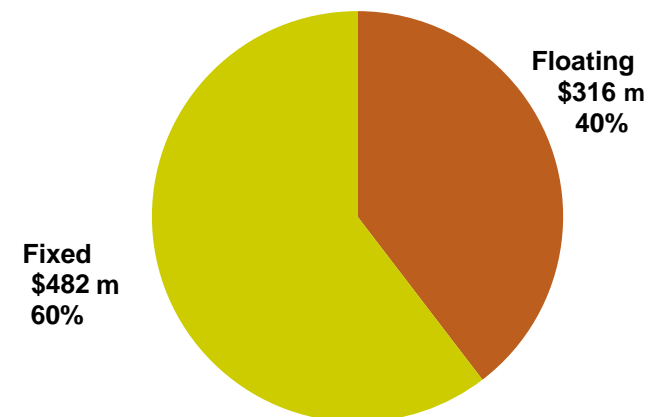
As at 31 March 2015

Total debt	\$798 m
Available revolving facility	\$84 m
Gearing ratio	31.5%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	60%
Weighted average debt maturity	3.2 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Investment & Asset Enhancement



Development with Sponsor

Outpost Hotel Sentosa & Village Hotel Sentosa (Groundbreaking)



Joint venture parties with counterparts from Sentosa Development Corporation and project consultants



Driving the first pile into the ground



2015 Asset Enhancement Plan

Village Residence Robertson Quay

Extension of
outdoor
refreshment area

Targeted to
complete by
2Q 2015

Village Hotel Changi

Soft
refurbishment of
club & suite
rooms and
meeting areas

Targeted to
complete by
4Q 2015

Regency House

Refurbishment of
2 and 3-bedroom
units

Targeted to
complete by
1Q 2016

Village Hotel Albert Court

Change of aircon
chiller system

Completed in
1Q 2015



Asset Enhancement Initiatives – Completed in Feb 2015

Village Hotel Albert Court



Platinum

Replacement of old chillers with new chiller plant system with improved efficiency

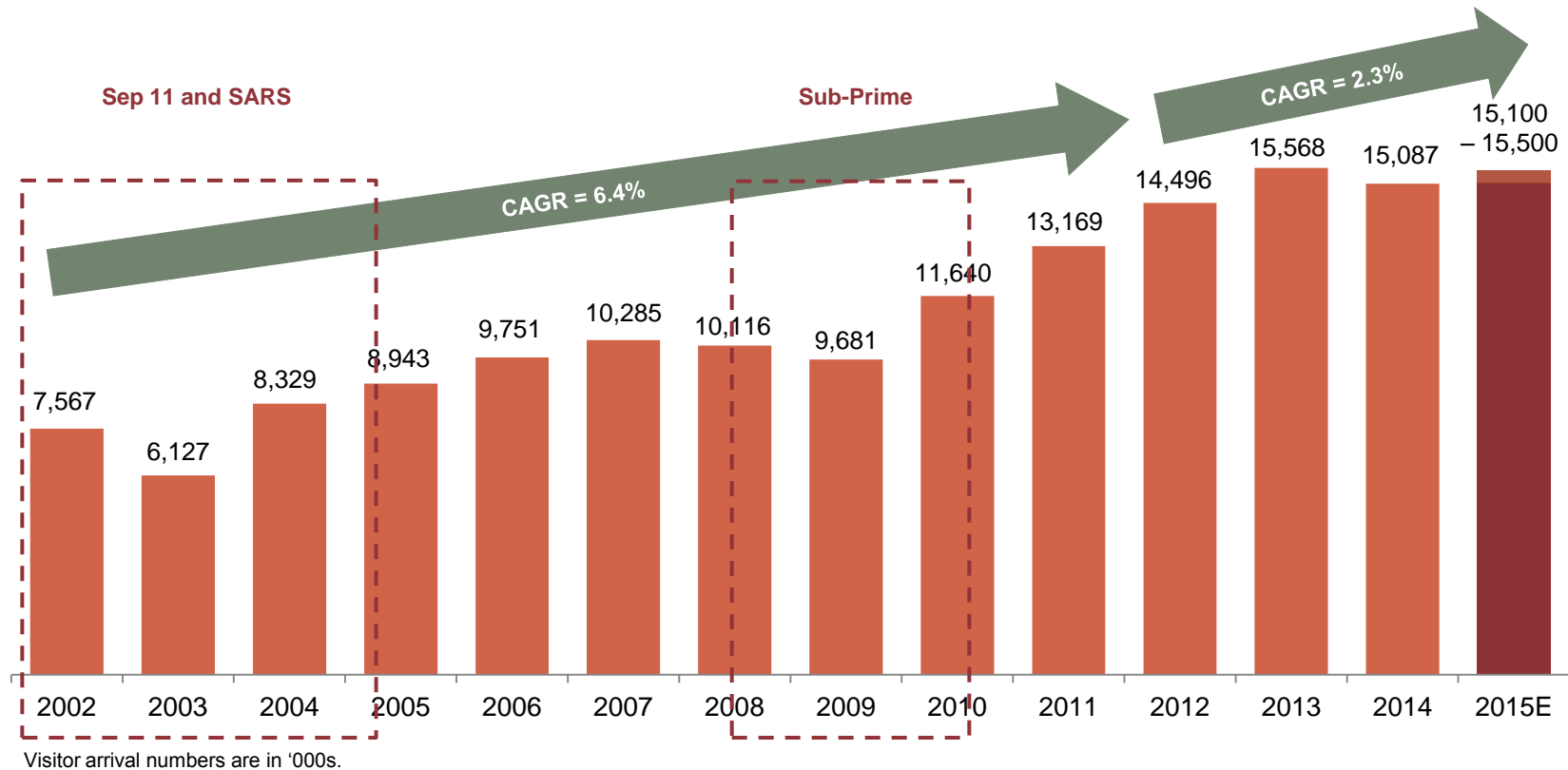
Village Hotel Albert Court awarded BCA Green Mark Platinum certification for its energy and water saving initiatives



Industry Outlook & Prospects



Historical and Forecast Visitor Arrivals in Singapore

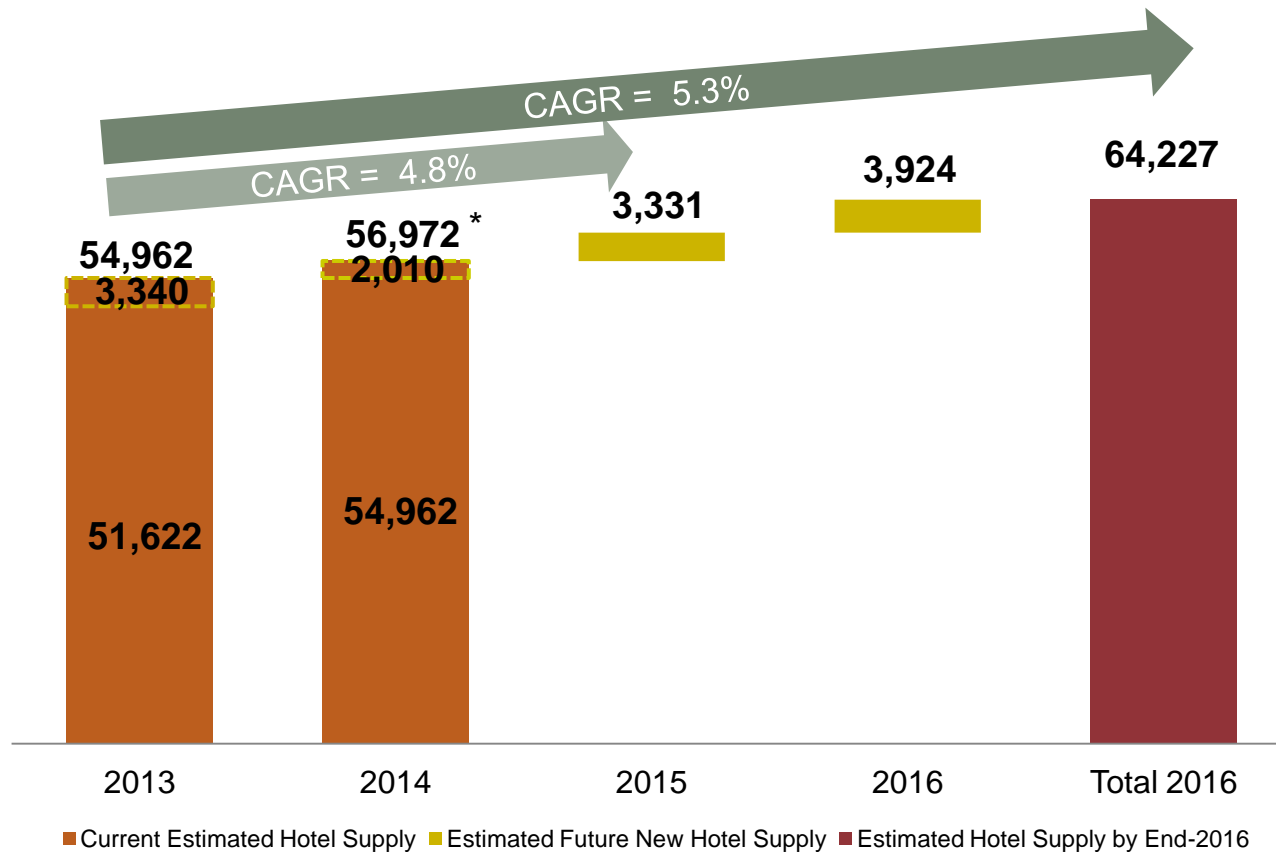


- **Visitor arrivals are projected to grow at a CAGR of up to 2.3% from 2012 to 2015**

Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)
 Singapore Tourism Board, International Visitor Arrivals Statistics, 11 February 2015
 Speech by Mr S Iswaran, Second Minister for Trade and Industry, 6 March 2015 (2015E visitor arrivals)



Estimated Hotel Room Supply in Singapore



- Hotel supply expected to increase at a CAGR of 5.3% from 2013 to 2016
- No hotel sites introduced in 2015 Government Land Sales (GLS) programme
- Urban Redevelopment Authority (URA) to tighten approvals for applications for new hotels, backpackers' hostels or boarding houses on sites that are not zoned or permitted for hotel use

* Includes 223-room Gallery Hotel and 30-room Sofitel Sentosa Resort & Spa which have been closed for refurbishment
 Sources : CBRE report issued as at March 2015 and Far East H-Trust's compilation
 Urban Redevelopment Authority, Second Half 2014 Government Land Sales (GLS) Programme, 10 June 2014
 Channel News Asia, New hotels cannot be built on non-designated sites: URA, 7 July 2014



Major Sporting Events in 2015/2016



15-16 June 2015



Junior Championships: 25-30 August 2015
World Cup: 3-4 October 2015



18-20 September 2015



23 October – 1 November 2015



3-9 December 2015



April 2016

Transformation of Tourism Landscape – New & Upcoming Developments & Events



Singapore Tourism Board launches \$20 mil global marketing campaign (2015)
Attracting visitors from key growth markets with flight and hotel deals, retail offerings and entertainment options



National Gallery Singapore (2015*)
The largest gallery to showcase Singaporean and Southeast Asian arts



KidZania (2015*)
The World's fastest growing entertainment centre for children, opening at Sentosa Island



Changi Terminal 4 (2017*) & Project Jewel (2018*)
Catering for greater air traffic and creating a unique airport hub experience



Novena Health City (2018*)
Integrating health services, research and education, commercial and leisure facilities



Mandai Makeover (2020*)
A wildlife and nature heritage project, integrating new attractions with the Singapore Zoo, Night Safari and River Safari

*Opening Dates may be subject to change
Images from Singapore Tourism Board, National Gallery, KidZania, Today Online, URA and Temasek

Outlook & Prospects

- **Singapore economy forecasted to grow by 2 – 4% in 2015¹**
 - Externally-oriented sectors likely to face headwinds amidst challenging global economic environment
 - Labour-intensive sectors may be weighed down by labour constraints

- **Operating landscape to remain competitive**
 - Supply of more than 3,300 new hotel rooms²
 - Competition in hospitality market expected to remain intense

- **Maintaining Singapore's competitiveness as a tourist destination**
 - Major events such as 2015 Southeast Asian Games and FINA Swimming World Cup 2015
 - New attractions such as National Gallery Singapore
 - \$35 million joint marketing programme launched by Singapore Tourism Board (“STB”) and Changi Airport Group to grow visitor arrivals and passenger movements
 - \$20 million global marketing campaign by STB starting in May 2015 and a 35% increase in marketing investment to grow the MICE segment

¹Ministry of Trade and Industry, “MTI Maintains 2015 GDP Growth Forecast at 2.0 to 4.0 Per Cent”, 17 February 2015

²CBRE report issued as at March 2015 and Far East H-Trust's compilation



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	Orchard Parade Hotel	The Quincy Hotel	Rendezvous Hotel & Gallery	Total / Weighted Average
Market Segment	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / 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	
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	
# of Rooms	210	380	256	393	428	388	108	298	2,461
Lease Tenure ¹	73 years	63 years	73 years	64 years	90 years	48 years	73 years	69 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	
Retail NLA (sq m)	1,003	778	583	1,164	NA	3,761	NA	2,824	10,113
Office NLA (sq m)	NA	NA	NA	NA	NA	2,509	NA	NA	2,509
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.	Orchard Parade Holdings Limited	Golden Development Private Limited	Serene Land Pte Ltd	
Valuation (S\$ 'mil) ¹	128.3	244.4	187.5	230.0	339.0	423.4	84.7	282.3	1,919.6

¹ As at 31 December 2014

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
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	78 years	79 years	76 years	79 years	NA
GFA/Strata Area (sq m)	17,858	14,635	10,570	10,723	53,808
Retail NLA (sq m)	2,213	NA	1,179	539	3,931
Office NLA (sq m)	Office: 1,474 Serviced Office: 696	NA	NA	2,307	4,477
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	
Valuation (S\$ 'mil) ¹	205.8	70.0	117.3	163.4	556.5

¹ As at 31 December 2014