



FAR EAST
HOSPITALITY
TRUST

Presentation to Board of Directors

30 Jul 2018

Results Highlights



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Executive Summary – Performance vs LY

	2Q 2018	2Q 2017	Variance	1H 2018	1H 2017	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	28,526	25,876	10.2	54,250	50,651	7.1
Net Property Income (\$'000)	25,738	23,150	11.2	48,745	45,274	7.7
Income Available for Distribution (\$'000)	18,960	17,928	5.8	36,605	34,859	5.0
Distribution per Stapled Security (cents)	1.01	0.97	4.1	1.95	1.90	2.6

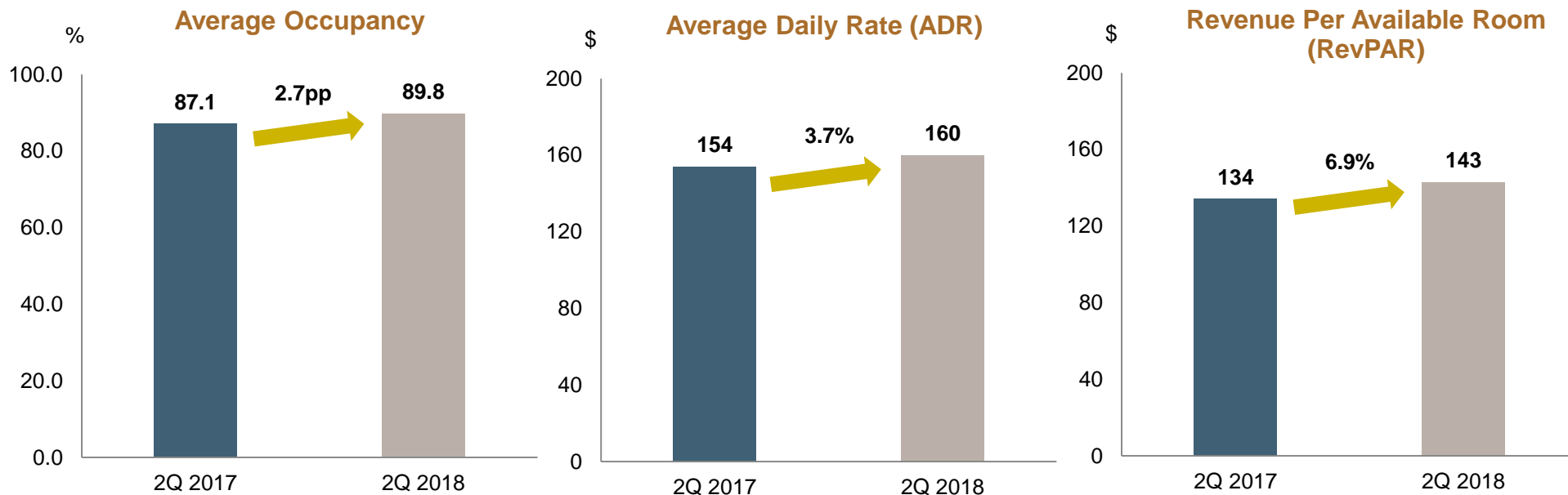


Portfolio Performance



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Portfolio Performance 2Q 2018 - Hotels

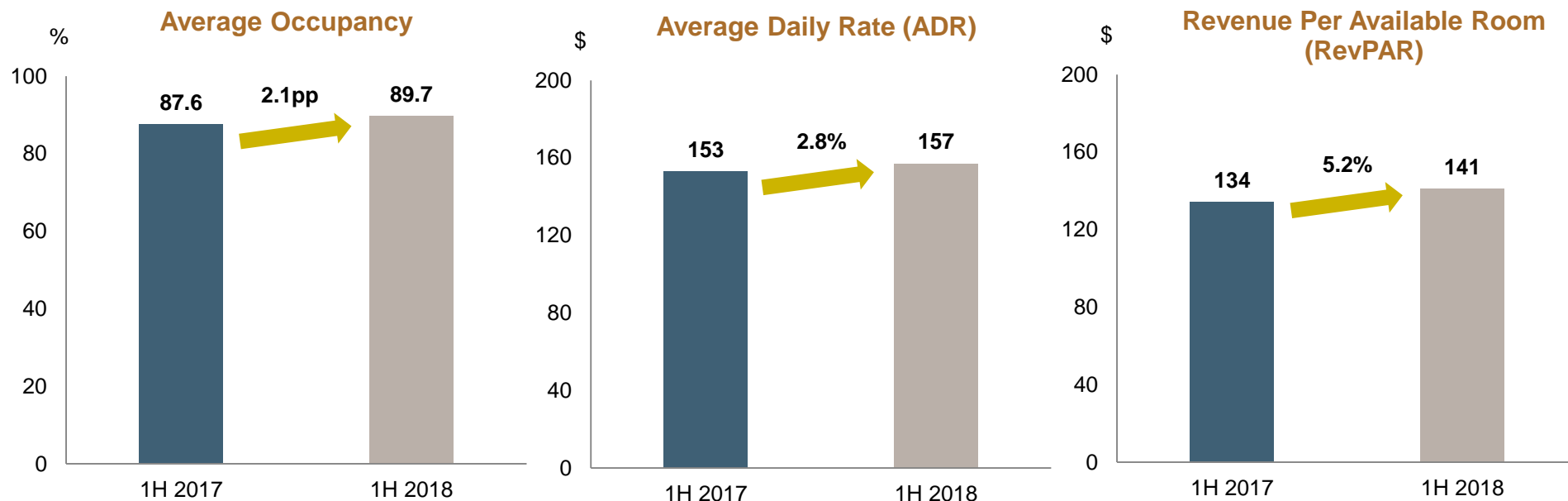


- Revenue per available room (“RevPAR”) grew 6.9% to \$143 in 2Q 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 2.7pp and 3.7% respectively.
- The performance of the hotel portfolio improved year-on-year due to a pick-up in overall demand, despite the increased supply of hotel rooms.
- In addition, there was some uplift provided from biennial and major events, e.g. Food & Hotel Asia (FHA) in April.



Note: 2Q 2018 figures include Oasia Hotel Downtown as part of the portfolio

Portfolio Performance 1H 2018 - Hotels

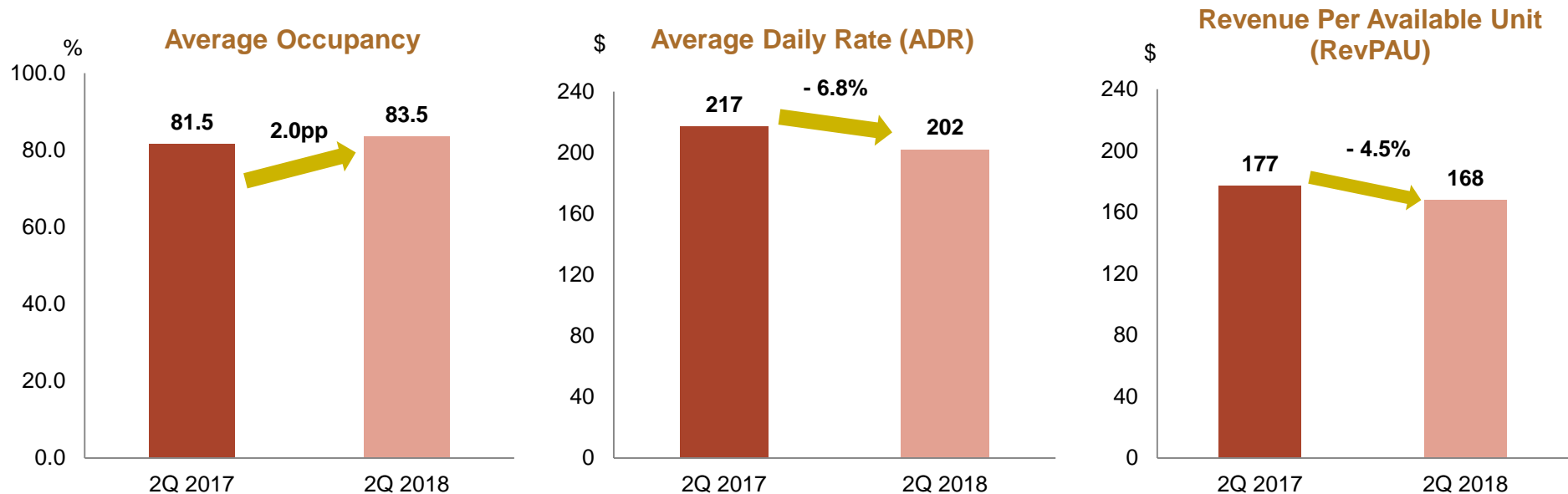


- Revenue per available room (“RevPAR”) grew 5.2% to \$141 in 1H 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 2.1pp and 2.8% respectively.
- The performance of the hotel portfolio improved year-on-year due to a pick-up in overall demand especially from the leisure segment. This improvement was partly due to the uplift from biennial MICE events, e.g. Singapore Airshow in February and Food & Hotel Asia (FHA) in April.



Note: 1H 2018 figures include Oasia Hotel Downtown as part of the portfolio (w.e.f. Apr 2018)

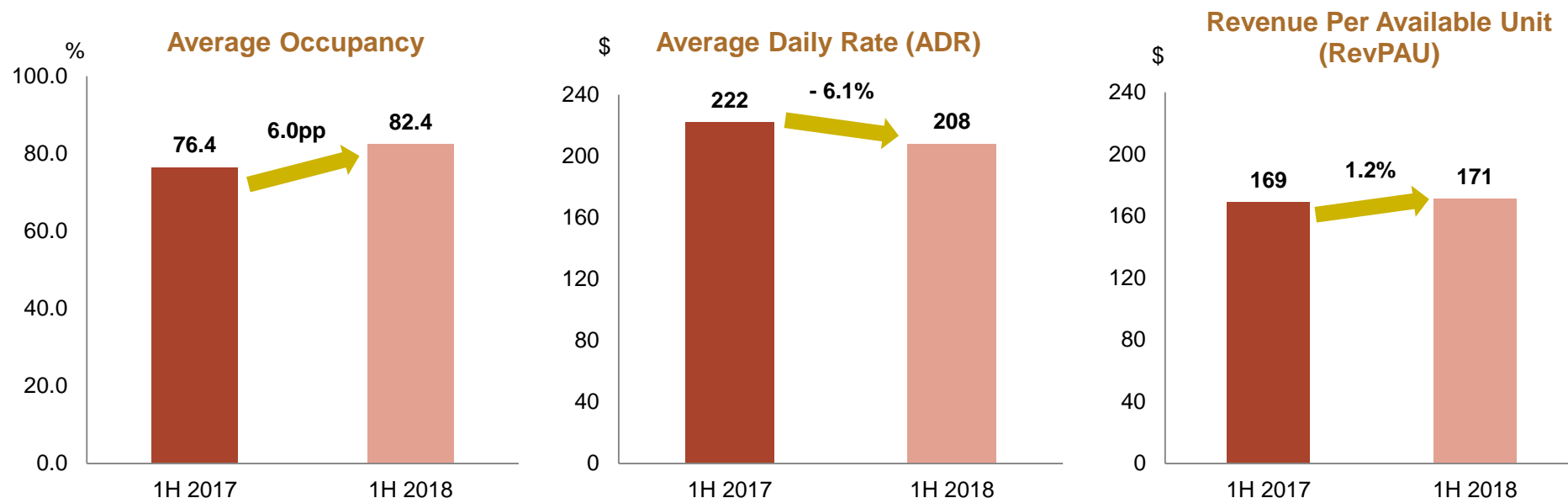
Portfolio Performance 2Q 2018 – Serviced Residences



- Demand for serviced residence (“SR”) accommodation continued to be soft in 2Q 2018, as corporate employee relocation activities remain subdued.
- The average occupancy of the SRs improved 2.0pp, however the ADR was 6.8% lower year-on-year.
- As a result, revenue per available unit (“RevPAU”) of the SR portfolio fell 4.5% to \$168 in 2Q 2018.



Portfolio Performance 1H 2018 – Serviced Residences

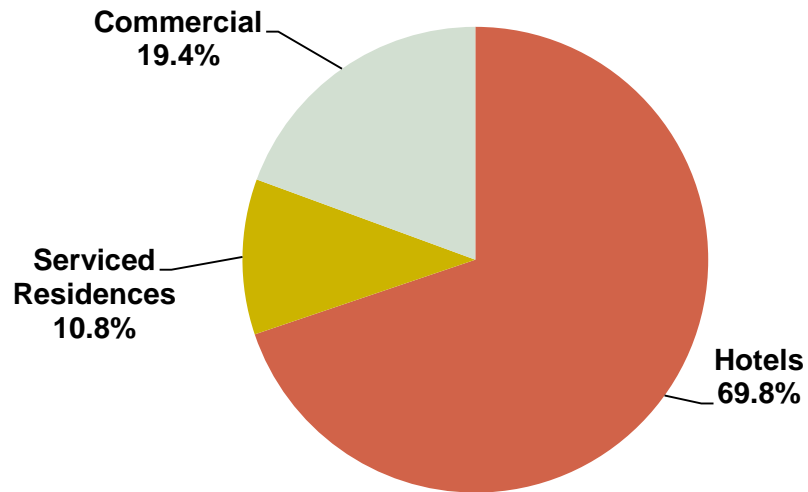


- Revenue per available unit (“RevPAU”) for the serviced residence (“SR”) accommodation had improved year-on-year by 1.2% to \$171 in 1H 2018.
- The average occupancy of the SRs improved 6.0pp. However, the ADR was 6.1% lower.

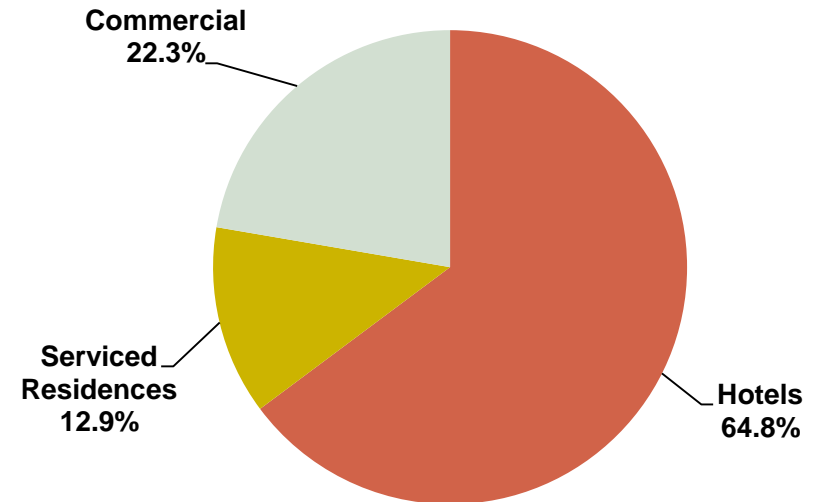


Breakdown of Gross Revenue – Total Portfolio

2Q 2018

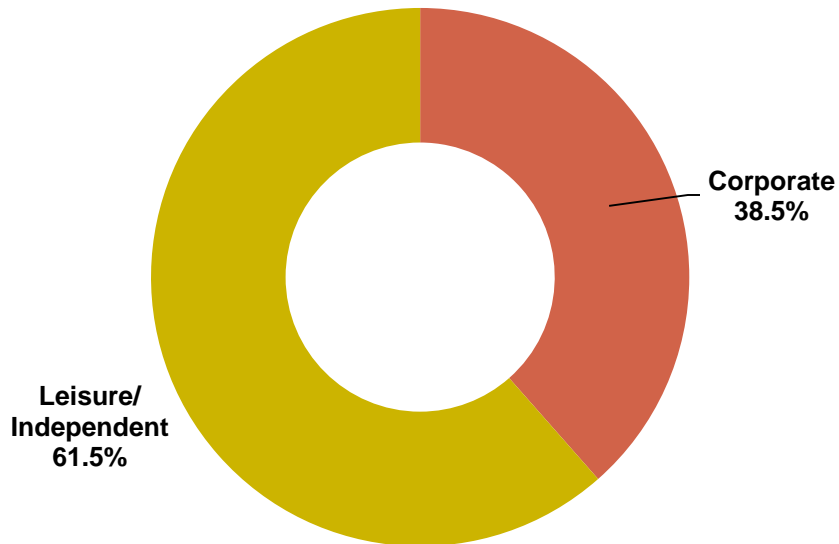


2Q 2017

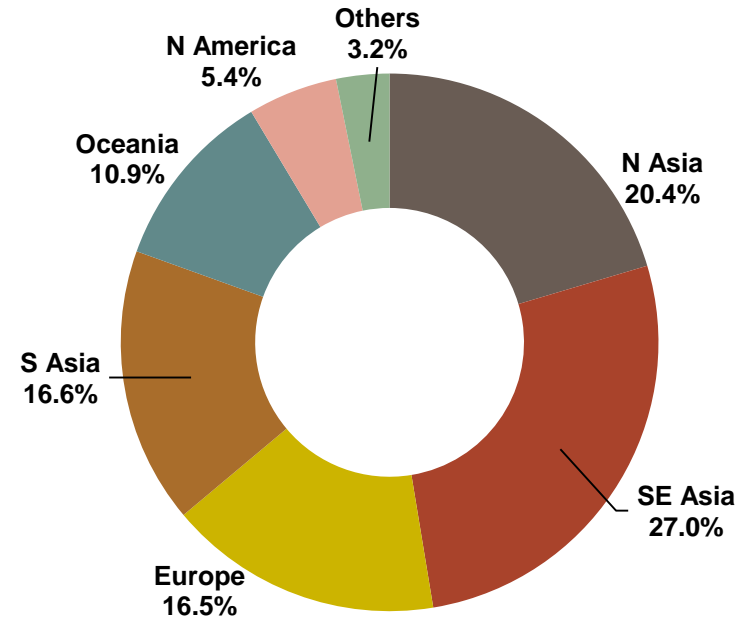


Market Segmentation by Quarter - Hotels

Hotels (by Revenue)



Hotels (by Region)

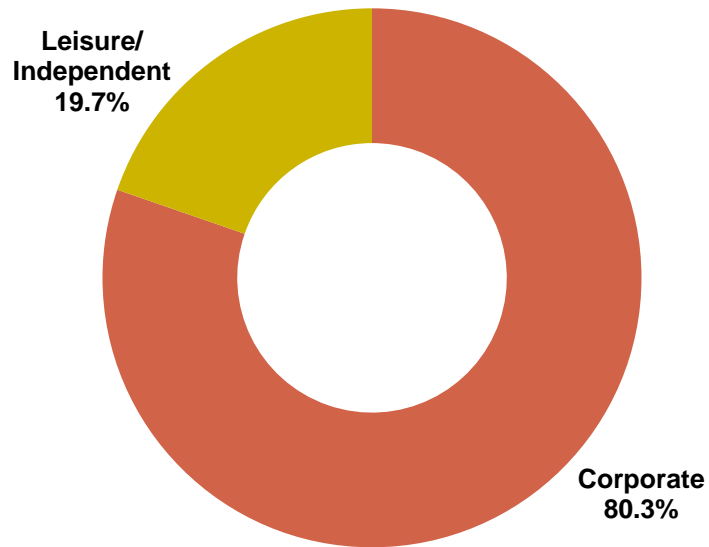


- Leisure segment contributed 61.5% of hotel revenue in 2Q 2018, compared to 65.3% a year ago. Corporate segment contribution has increased from 34.7% a year ago to 38.5%.
- There is a year-on-year growth in revenue contribution from South Asia, SE Asia and Oceania.

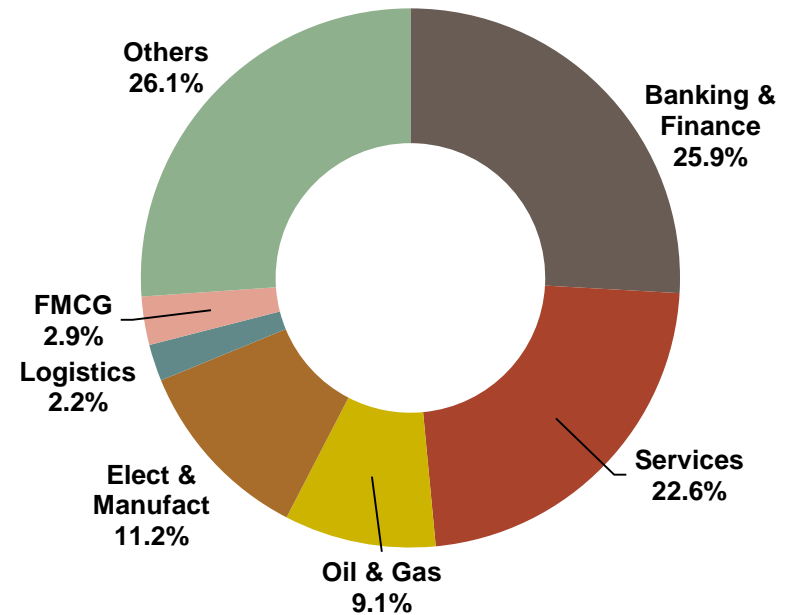


Market Segmentation by Quarter – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Revenue contribution from the Corporate segment was 80.3% in 2Q 2018, compared to 79.8% a year ago.
- There is a higher year-on-year revenue contribution from these industries: Banking & Finance, Electrical and Manufacturing, and Services.



Capital Management



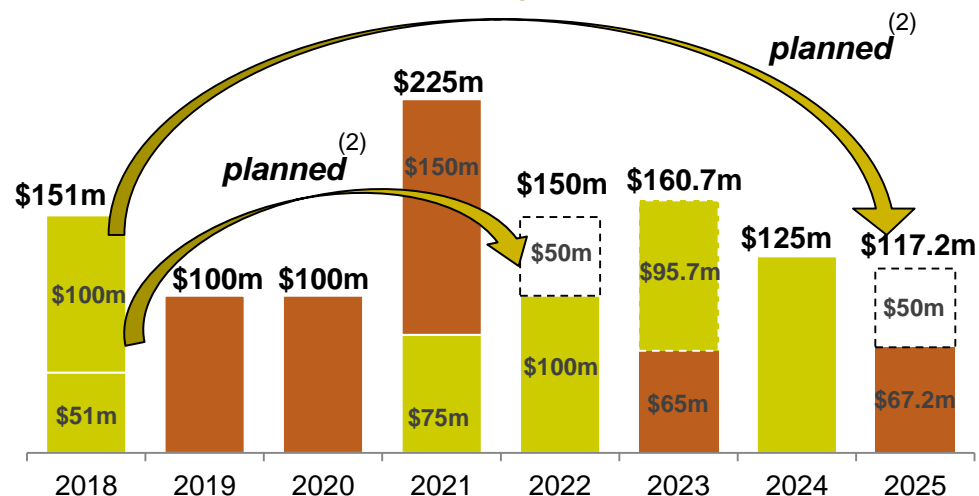
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Capital Management

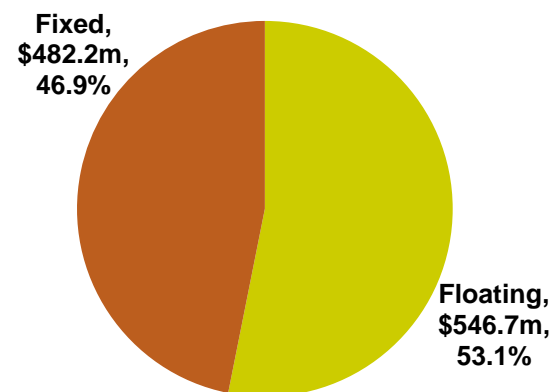
As at 30 June 2018

Total debt	\$1,028.9m
Available revolving facility	\$249.0m
Gearing ratio	40.3%
Unencumbered asset as % total asset	100%
Proportion of fixed rate⁽¹⁾	46.9%
Weighted average debt maturity	3.3 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Notes:

- (1) The REIT Manager has entered into new interest rate swap contracts in July 2018. The proportion of fixed rate borrowings would increase to about 54.2%.
- (2) The REIT Manager has received commitment from lenders to refinance the term loan of S\$100 million ahead of its maturity in December 2018.

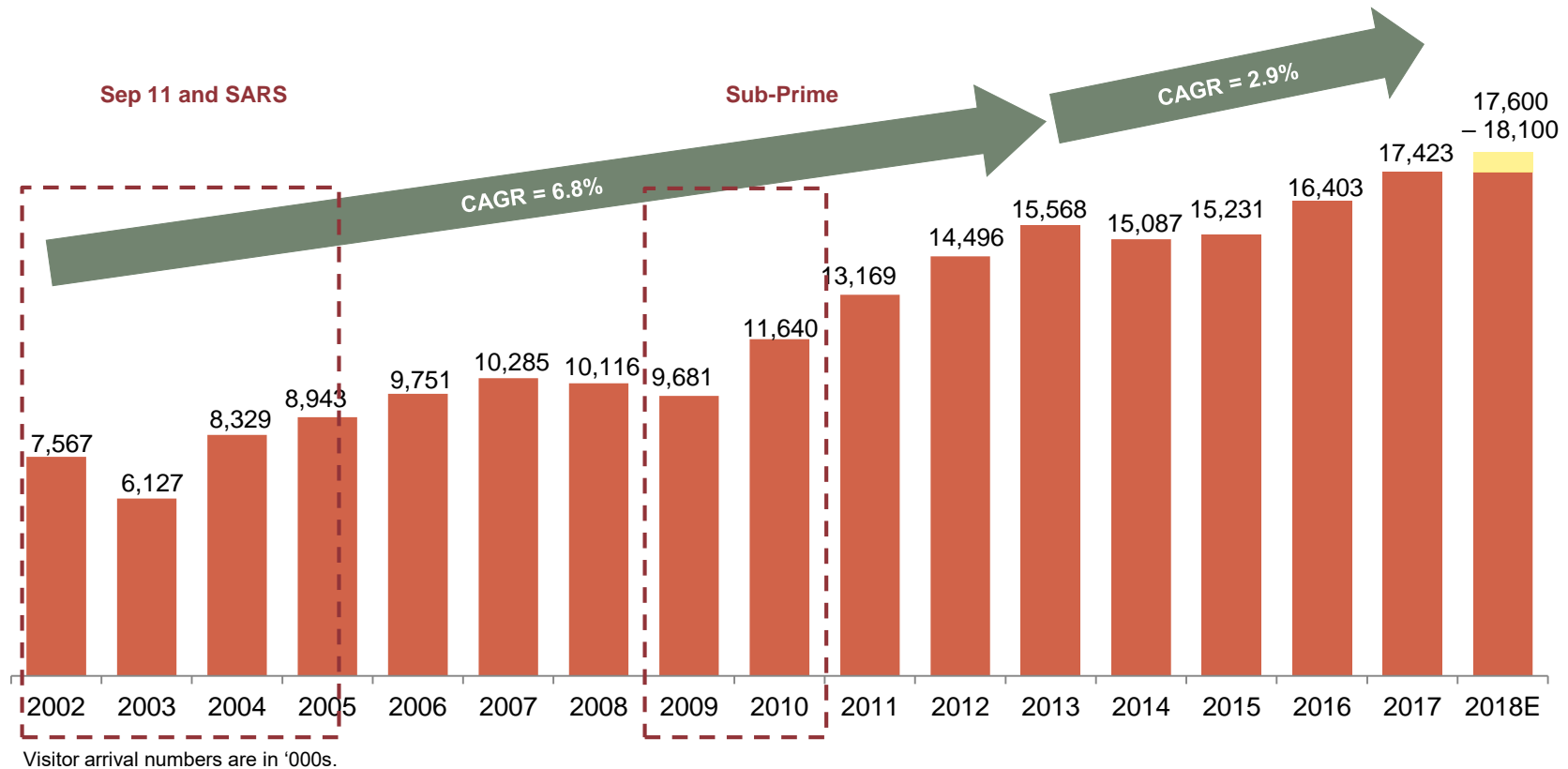


Industry Outlook & Prospects



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Historical and Forecast Visitor Arrivals in Singapore



- **Visitor arrivals grew at a CAGR of 2.9% from 2013 to 2017, and are projected to increase by 1% to 4% in 2018. Visitor arrivals increased 6.2% in 2017, and 6.9% for the period of Jan to May 2018, year-on year.**

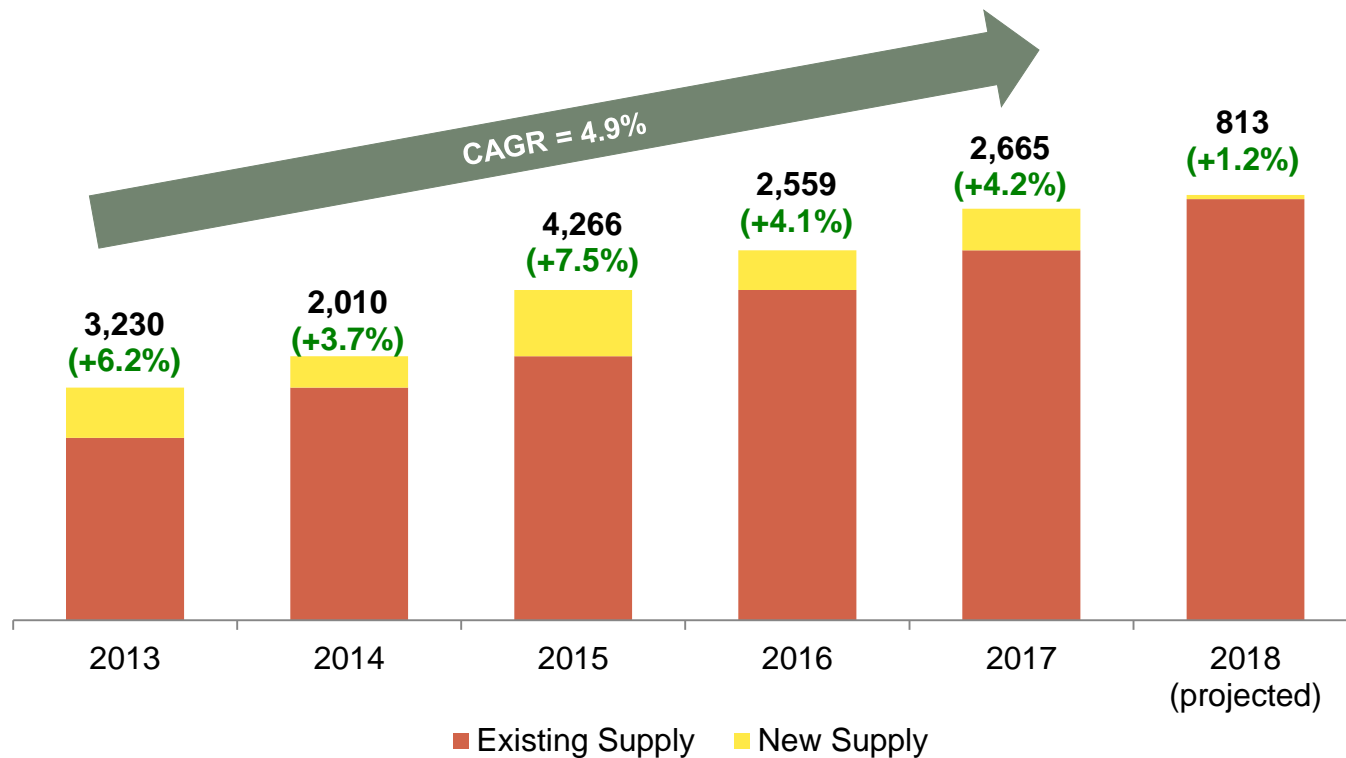
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

Singapore Tourism Board, "Singapore tourism sector performance breaks record for the second year running in 2017", 14 February 2018 (2018E visitor arrivals)

Singapore Tourism Board, International Visitor Arrivals Statistics, 13 July 2018



Estimated Hotel Room Supply in Singapore



- Hotel supply is expected to increase by about 813 rooms (an increase of 1.2%) in 2018
- After 4 years of no new hotel sites introduced in the Government Land Sales (GLS) programme, two have been released in 2H 2018, at Club Street (approx. 390 rooms) and Marina View “white site” (approx. 540 rooms), in tandem with the expected growth in demand/ visitor arrivals
- Urban Redevelopment Authority (URA) had tightened approval for applications for new hotels, backpackers’ hostels or boarding houses on sites that are not zoned for hotel use

Note: The above chart does not take into account the following closures for renovations and re-openings
Sources: CBRE data and Far East H-Trust compilation
Channel News Asia, “New hotels cannot be built on non-designated sites: URA”, 7 July 2014
The Straits Times, “Hotel sites among those offered in land sales scheme”, 28 June 2018

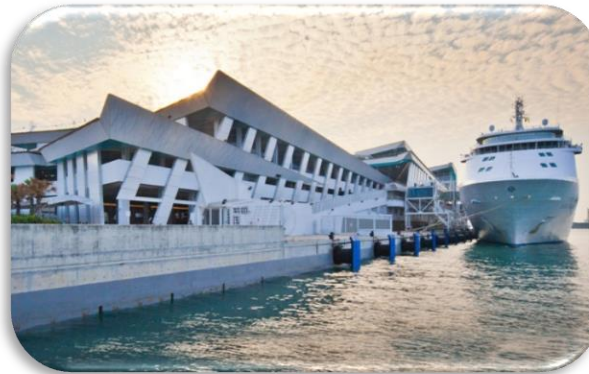


Transformation of Tourism Landscape – Recent & Upcoming Developments



Jewel Changi Airport (Expected Opening: early 2019)

Augmenting Changi Airport's status as a leading air hub serving 8 million passengers annually and provision of world-class retail experience



More land, sea and air connections

Greater connectivity between the airport and ferry/cruise terminal, and the introduction of new European flight destinations



New Attractions at Sentosa (2017-2030)

AJ-Hackett bungee jump, Skyline Luge expansion, Merlion Gateway revamp, new outdoor adventure attraction, and SDC's "day-to-night" destination masterplan



Tapping Regional Secondary Cities

Continued promotion efforts by the Singapore Tourism Board (STB) to Tier 2 & 3 regional cities, to drive visitor arrivals



Mandai Makeover (2023*)

Wildlife and nature heritage project, integrating new attractions with the Singapore Zoo, Night Safari and River Safari



CAG & STB partnership with Qantas

As Qantas resumed Sydney-London services via Singapore in April, CAG and STB entered into a \$5 million, 3-year marketing partnership with them to grow traffic to and through Singapore.

*Opening Dates may be subject to change

Images from Changi Airport Group, Singapore Tourism Board, Sentosa, Today Online, Straits Times, URA and Temasek

Outlook & Prospects

- **Performance of Far East H-Trust's hotel portfolio showing signs of stabilisation**
 - Demand set to outpace supply
 - International visitor arrivals projected to grow 1% to 4% in 2018
 - Supply expected to register an increase of 1.2% (813 new rooms) in 2018, against 2017
 - Recent addition of Oasia Hotel Downtown has provided a further boost to results
 - Hotel environment remains competitive as companies continue to be cautious with their corporate travel expenditure
- **Demand for SRs expected to lag behind that of hotels**
 - Operating environment remains competitive in near term
 - Muted corporate and relocation activities given soft economy
- **Far East H-Trust's focus is on driving the performance of each property and improving the value of its offerings, to ensure the portfolio's competitiveness**



Details of Distribution

For Period From 1 April to 30 June 2018

Distribution per Stapled Security	1.01 cents
Ex-Date	6 August 2018
Books Closure Date	8 August 2018
Distribution Payment Date	14 September 2018



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
Parade Hotel**

**The
Quincy Hotel**

**Rendezvous
Hotel & Gallery**

**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	70 years	60 years	70 years	61 years	87 years	45 years	70 years	66 years	65 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	11,863	
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	2,509	NA	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.	Far East Orchard Limited	Golden Development Private Limited	Serene Land Pte. Ltd.	Far East SOHO Pte. Ltd.	
Valuation (S\$ 'mil) ¹	123.3	216.0	162.6	232.0	330.0	421.5	81.4	275.9	210.0	2,052.7

¹ As at 31 December 2017, except for Oasia Hotel Downtown which was acquired on 2 April 2018

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	75 years	76 years	73 years	76 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: 1,474 Serviced Office: 823	NA	NA	2,295	4,592
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	
Valuation (S\$ 'mil) ¹	197.4	64.5	107.7	168.5	538.1

¹ As at 31 December 2017