



FAR EAST
HOSPITALITY
TRUST

2Q 2016 Results Presentation

29 July 2016

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Results Highlights



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Executive Summary – Performance vs LY

	2Q 2016	2Q 2015	Variance	1H 2016	1H 2015	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	26,138	28,746	(9.1)	53,503	56,111	(4.6)
Net Property Income (\$'000)	23,470	25,987	(9.7)	48,149	50,474	(4.6)
Income Available for Distribution (\$'000)	18,271	20,803	(12.2)	37,715	40,007	(5.7)
Distribution per Stapled Security (cents)	1.01	1.16	(12.9)	2.09	2.23	(6.3)

- **Gross revenue declined 9.1% year-on-year in 2Q 2016 to \$26.1 million.**
- **Net property income and income available for distribution decreased 9.7% and 12.2% year-on-year to \$23.5 million and \$18.3 million respectively.**
- **Distribution per stapled security (“DPS”) was 1.01 cents in 2Q 2016.**



Financial Results From 1 April to 30 June 2016

	2Q 2016	2Q 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	20,400	22,825	(2,425)	(10.6)
Retail and office revenue	5,738	5,921	(183)	(3.1)
Gross revenue	26,138	28,746	(2,608)	(9.1)
Property tax	(1,902)	(2,018)	116	5.7
Property insurance	(30)	(36)	6	16.7
MCST contribution	(18)	(17)	(1)	(5.9)
Retail and office expenses	(607)	(543)	(64)	(11.8)
Property manager fees	(111)	(111)	-	-
Other property expenses	-	(34)	34	N.M.
Property expenses	(2,668)	(2,759)	91	3.3
Net property income	23,470	25,987	(2,517)	(9.7)
REIT Manager's fees	(2,814)	(2,941)	127	4.3
Trustee's fees	(78)	(78)	-	-
Other trust expenses	(202)	(220)	18	8.2
Trust level expenses	(3,094)	(3,239)	145	4.5
Total finance costs	(4,975)	(4,971)	(4)	(0.1)
Share of results of joint venture	(11)	-	(11)	N.M.
Net income before tax and fair value changes	15,390	17,777	(2,387)	(13.4)
Fair value change in derivative financial instruments	(1,214)	(1,545)	331	21.4
Total return for the period before income tax	14,176	16,232	(2,056)	(12.7)



Statement of Distribution to Stapled Securityholders

	2Q 2016	2Q 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	14,176	16,232	(2,056)	(12.7)
Income tax expense	(2)	-	(2)	N.M.
Total return for the period after income tax	14,174	16,232	(2,058)	(12.7)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,533	2,647	(114)	(4.3)
Trustee's fees	78	78	-	-
Amortisation of debt upfront cost	170	190	(20)	(10.5)
Fair value change in derivative financial instruments	1,214	1,545	(331)	(21.4)
Share of results of joint venture	11	-	11	N.M.
Other adjustments	91	111	(20)	(18.0)
Net tax adjustments	4,097	4,571	(474)	(10.4)
Rollover adjustment	-	-	-	-
Income available for distribution	18,271	20,803	(2,532)	(12.2)



Financial Results From 1 January to 30 June 2016

	1H 2016	1H 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	42,009	44,310	(2,301)	(5.2)
Retail and office revenue	11,494	11,801	(307)	(2.6)
Gross revenue	53,503	56,111	(2,608)	(4.6)
Property tax	(3,836)	(4,072)	236	5.8
Property insurance	(60)	(68)	8	11.8
MCST contribution	(34)	(33)	(1)	(3.0)
Retail and office expenses	(1,202)	(1,208)	6	0.5
Property manager fees	(222)	(222)	-	-
Other property expenses	-	(34)	34	N.M.
Property expenses	(5,354)	(5,637)	283	5.0
Net property income	48,149	50,474	(2,325)	(4.6)
REIT Manager's fees	(5,684)	(5,800)	116	2.0
Trustee's fees	(156)	(156)	-	-
Other trust expenses	(439)	(498)	59	11.8
Trust level expenses	(6,279)	(6,454)	175	2.7
Total finance costs	(10,156)	(9,977)	(179)	(1.8)
Share of results of joint venture	(17)	-	(17)	N.M.
Net income before tax and fair value changes	31,697	34,043	(2,346)	(6.9)
Fair value change in derivative financial instruments	(8,700)	1,557	(10,257)	N.M.
Total return for the period before income tax	22,997	35,600	(12,603)	(35.4)



Statement of Distribution to Stapled Securityholders

	1H 2016	1H 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	22,997	35,600	(12,603)	(35.4)
Income tax expense	(6)	-	(6)	N.M.
Total return for the period after income tax	22,991	35,600	(12,609)	(35.4)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	5,116	5,220	(104)	(2.0)
Trustee's fees	156	156	-	-
Amortisation of debt upfront cost	340	378	(38)	(10.1)
Fair value change in derivative financial instruments	8,700	(1,557)	10,257	N.M.
Share of results of joint venture	17	-	17	N.M.
Other adjustments	189	210	(21)	(10.0)
Net tax adjustments	14,518	4,407	10,111	N.M.
Rollover adjustment	206	-	206	N.M.
Income available for distribution	37,715	40,007	(2,292)	(5.7)



Details of Distribution

For Period From 1 April to 30 June 2016

Distribution per Stapled Security	1.01 cents
Ex-Date	4 Aug 2016
Books Closure Date	8 Aug 2016
Distribution Payment Date	1 Sep 2016



Portfolio Performance



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Portfolio Performance – Key Highlights for 2Q 2016

Hotels

- **The average occupancy of the hotel portfolio was 1.4pp lower year-on-year at 85.3% and the average daily rate (“ADR”) was 6.1% lower at \$160.**

The operating environment remained challenging despite some uplift from the biennial Food & Hotel Asia event. This was mainly due to the soft demand for corporate travel amidst the uncertain global economic climate and increased competition from other hotels. The overall performance of the hotels was also partially impacted by the asset enhancement at Orchard Parade Hotel.

- **Revenue per available room (“RevPAR”) declined 7.5% year-on-year to \$136.**
- **Hospitality operating expenses were lower during the quarter, as cost management measures were introduced.**



Portfolio Performance – Key Highlights for 2Q 2016

Serviced Residences

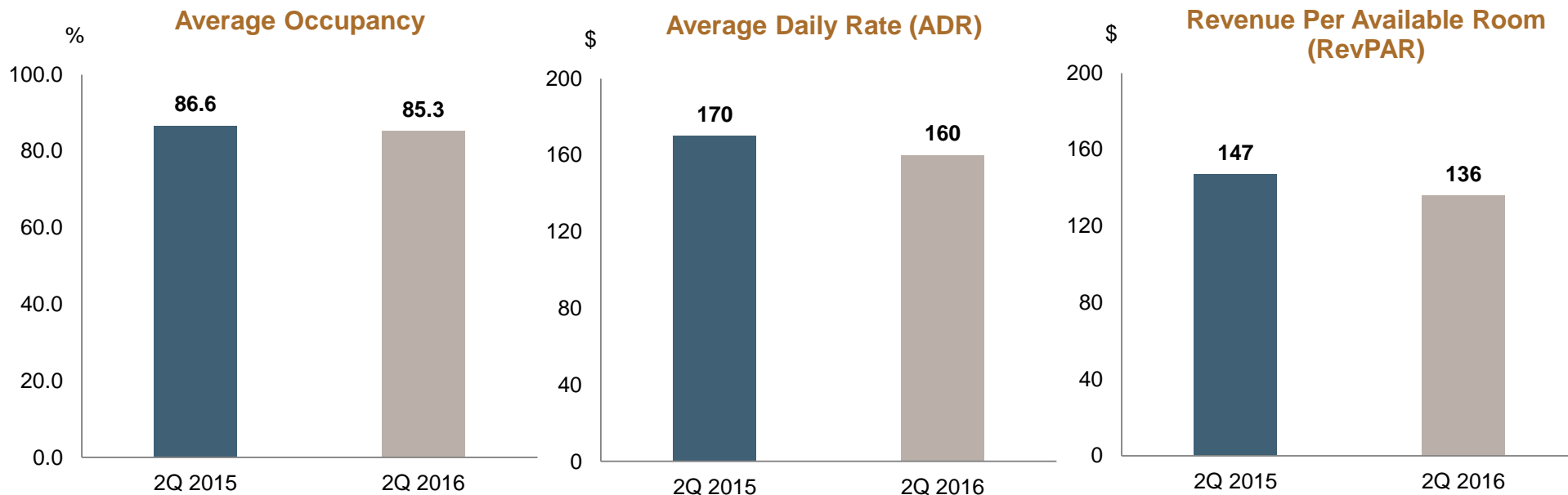
- **The average occupancy of the serviced residences was 3.3pp lower year-on-year at 86.0% and the ADR was 5.4% lower year-on-year at \$218** as the serviced residence portfolio continued to be impacted by the weakness in corporate demand. Regency House was also undergoing renovation during the quarter.
- **Revenue per available serviced residence unit (“RevPAU”) was \$187 in 2Q 2016, 8.9% lower year-on-year.**

Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) decreased 3.1% in 2Q 2016 to \$5.7 million.** The lower revenue was due to a decrease in average occupancy of the retail and office spaces, which was partially offset by a higher rental rate.



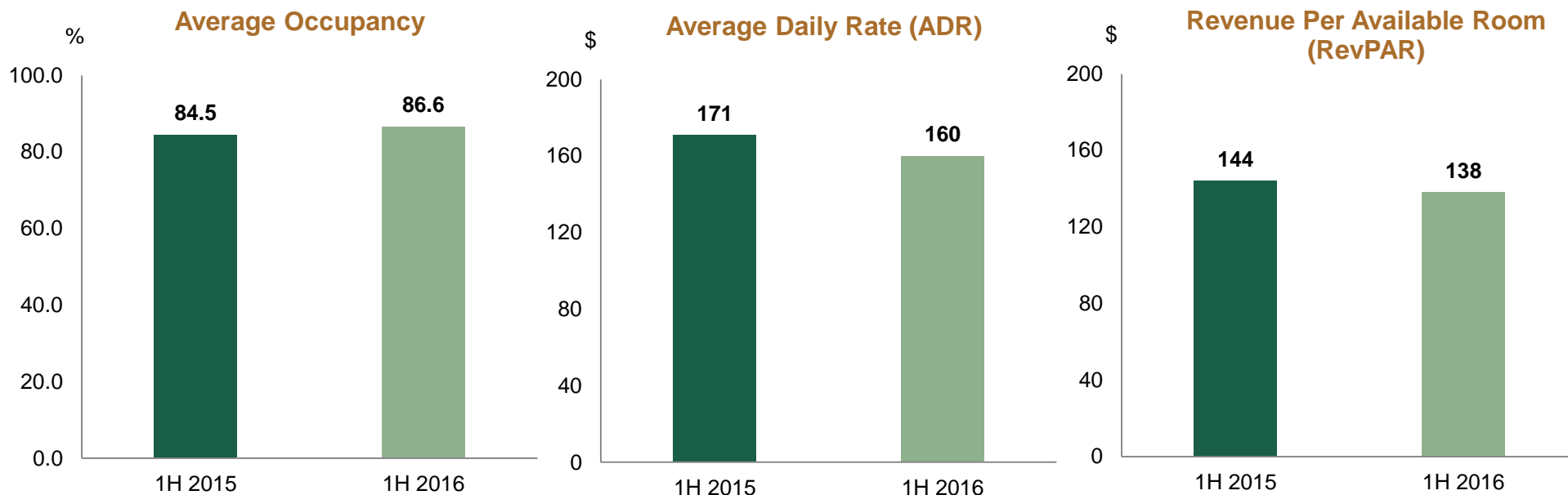
Portfolio Performance 2Q 2016 - Hotels



	2Q 2015	2Q 2016	Variance
Average Occupancy (%)	86.6	85.3	(1.4pp)
ADR (\$)	170	160	(6.1%)
RevPAR(\$)	147	136	(7.5%)



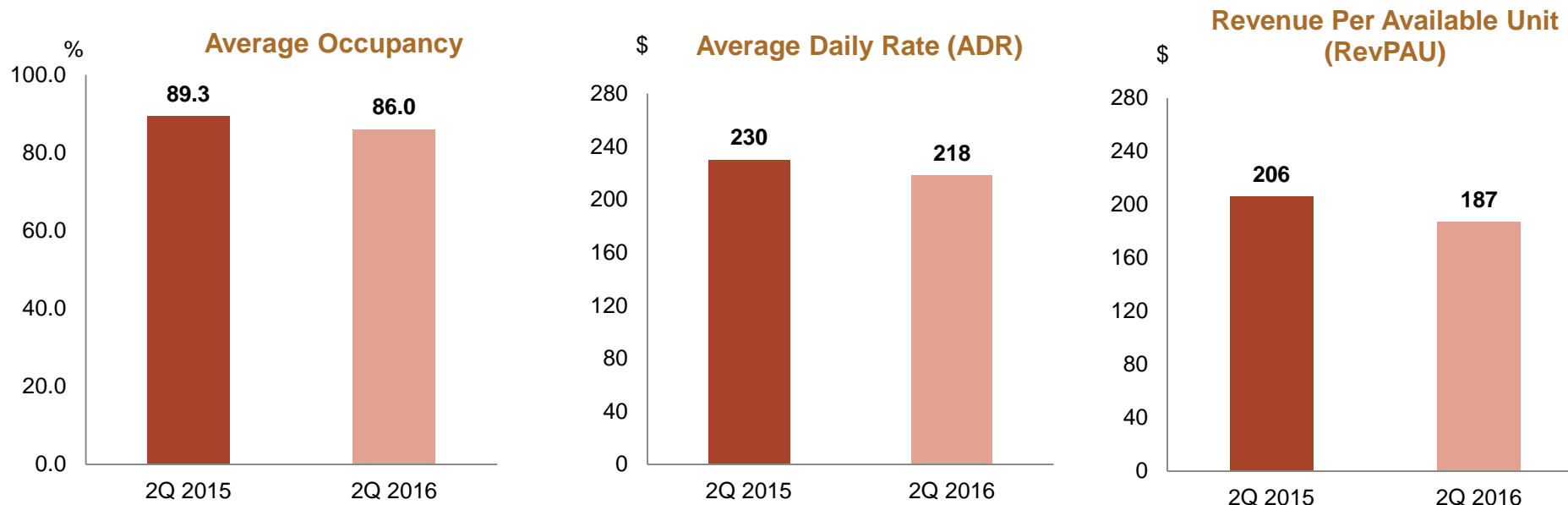
Portfolio Performance 1H 2016 - Hotels



	1H 2015	1H 2016	Variance
Average Occupancy (%)	84.5	86.6	2.1pp
ADR (\$)	171	160	(6.3%)
RevPAR(\$)	144	138	(3.9%)



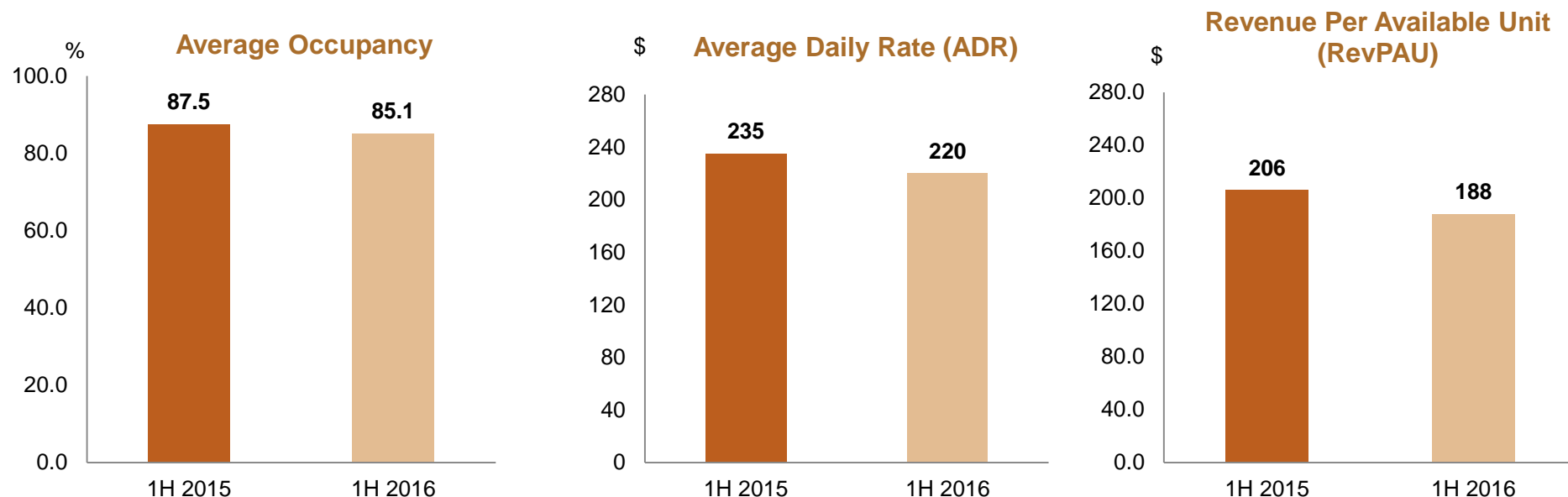
Portfolio Performance 2Q 2016 – Serviced Residences



	2Q 2015	2Q 2016	Variance
Average Occupancy (%)	89.3	86.0	(3.3pp)
ADR (\$)	230	218	(5.4%)
RevPAU (\$)	206	187	(8.9%)



Portfolio Performance 1H 2016 – Serviced Residences

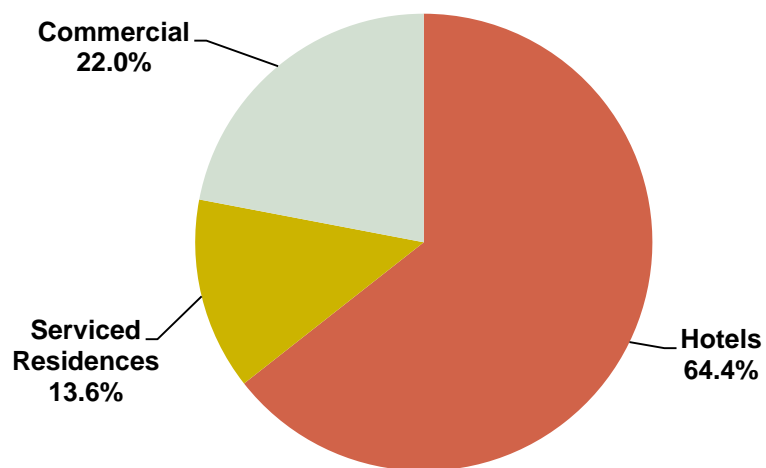


	1H 2015	1H 2016	Variance
Average Occupancy (%)	87.5	85.1	(2.4pp)
ADR (\$)	235	220	(6.1%)
RevPAU (\$)	206	188	(8.7%)

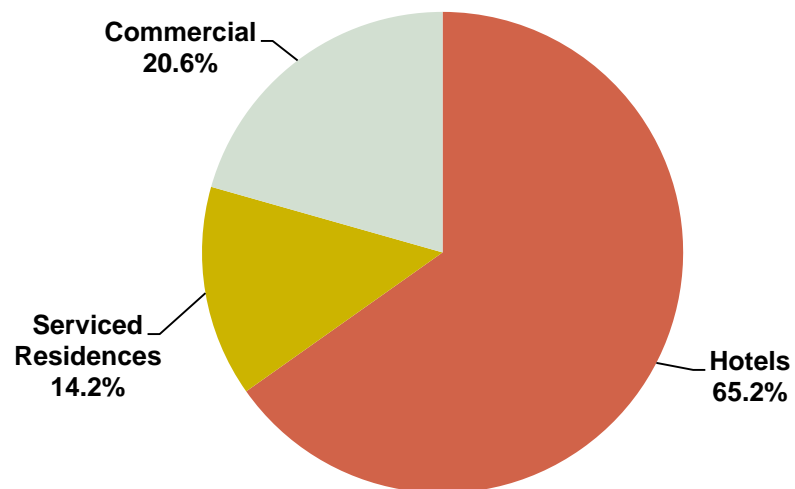


Breakdown of Gross Revenue – Total Portfolio

2Q 2016

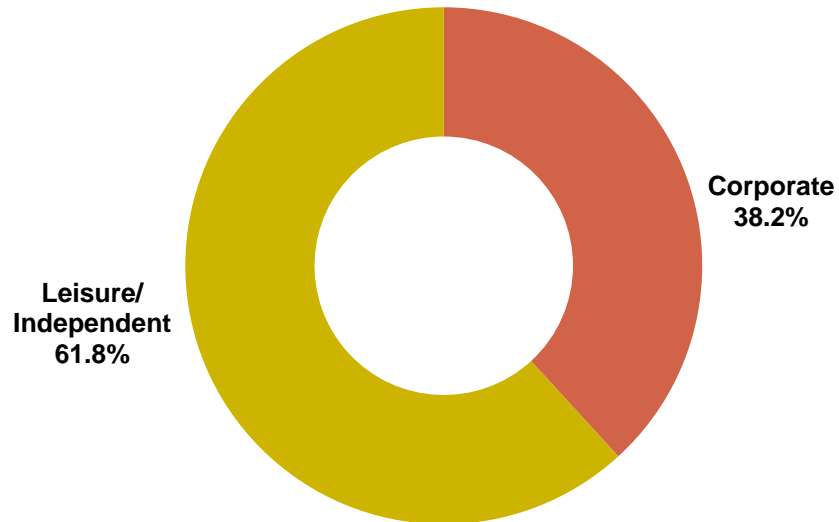


2Q 2015

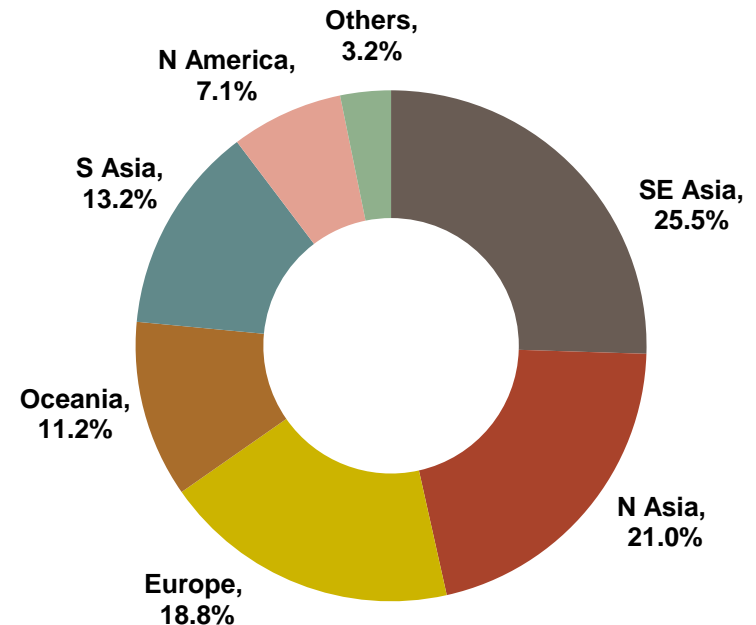


Market Segmentation 2Q 2016 - Hotels

Hotels (by Revenue)



Hotels (by Region)

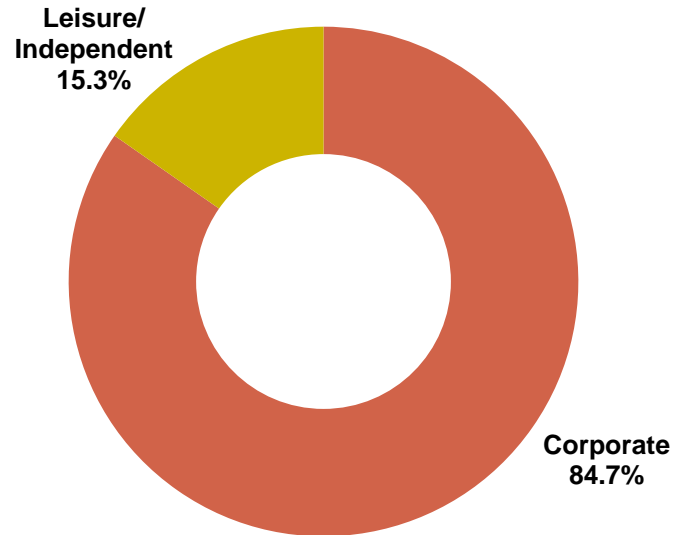


- Leisure segment contributed 61.8% of hotel revenue in 2Q 2016, up from 54.7% in 2Q 2015.
- Revenue from Europe increased year-on-year, contributing 18.8% of hotel revenue in 2Q 2016 compared to 16.8% a year ago.

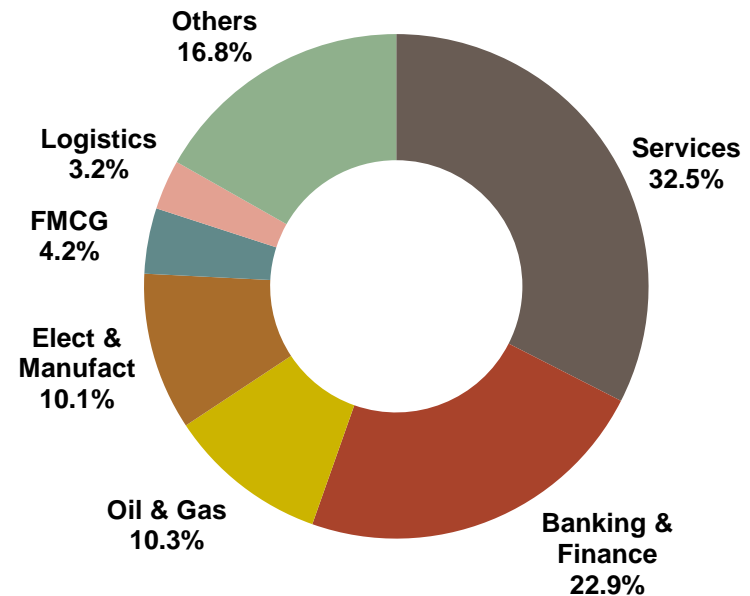


Market Segmentation 2Q 2016 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 84.7% of revenue for serviced residences in 2Q 2016, compared with 86.2% a year ago.
- The fall in demand from the Oil & Gas sector was partially compensated by a growth in revenue from Electronics & Manufacturing.



Capital Management

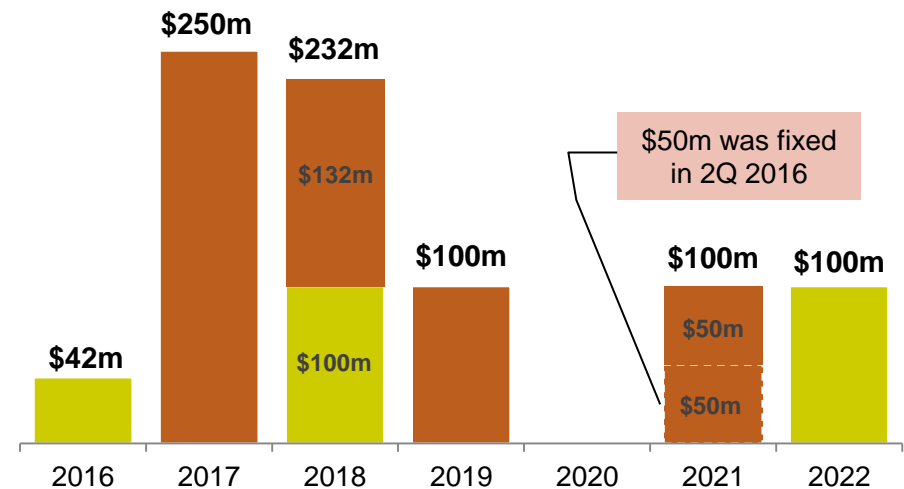


Capital Management

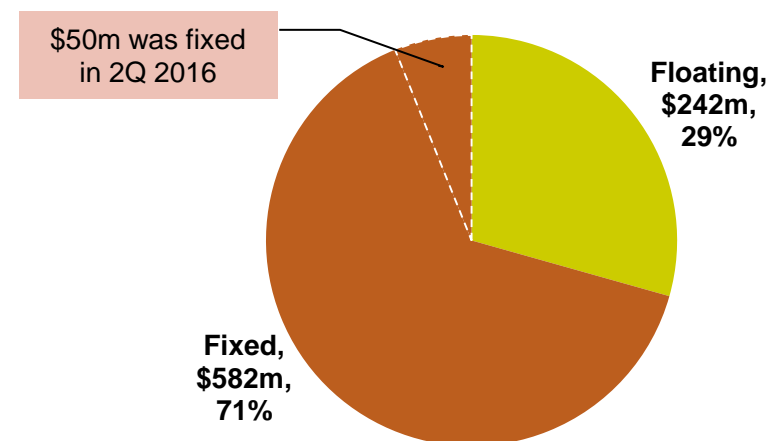
As at 30 June 2016

Total debt	\$824 m
Available revolving facility	\$58 m
Gearing ratio	32.8%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	71%
Weighted average debt maturity	2.8 years
Average cost of debt	2.6%

Debt Maturity Profile



Interest Rate Profile



Asset Enhancement



Asset Enhancement Initiatives – Completed

Orchard Parade Hotel (1st phase)

Renovation of pool and pool deck



after

Swimming Pool



before



Asset Enhancement Initiatives – Completed

Orchard Parade Hotel (1st phase)

Renovation of pool and pool deck



after

Poolside Bar



before



Asset Enhancement Initiatives – Completed

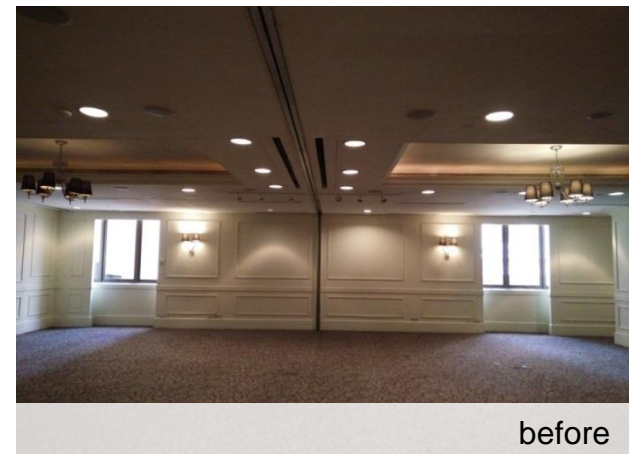
Orchard Parade Hotel (2nd phase)

Renovation of function room



after

Function Room



before



Asset Enhancement Initiatives – Completed

Orchard Parade Hotel (2nd phase)

Renovation of pre-function area



after

Pre-Function Area



before



Asset Enhancement Initiatives – Completed

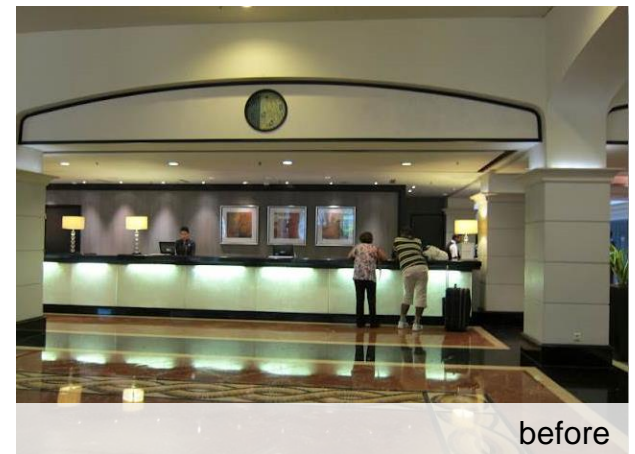
Orchard Parade Hotel (2nd phase)

Renovation of reception



after

Reception



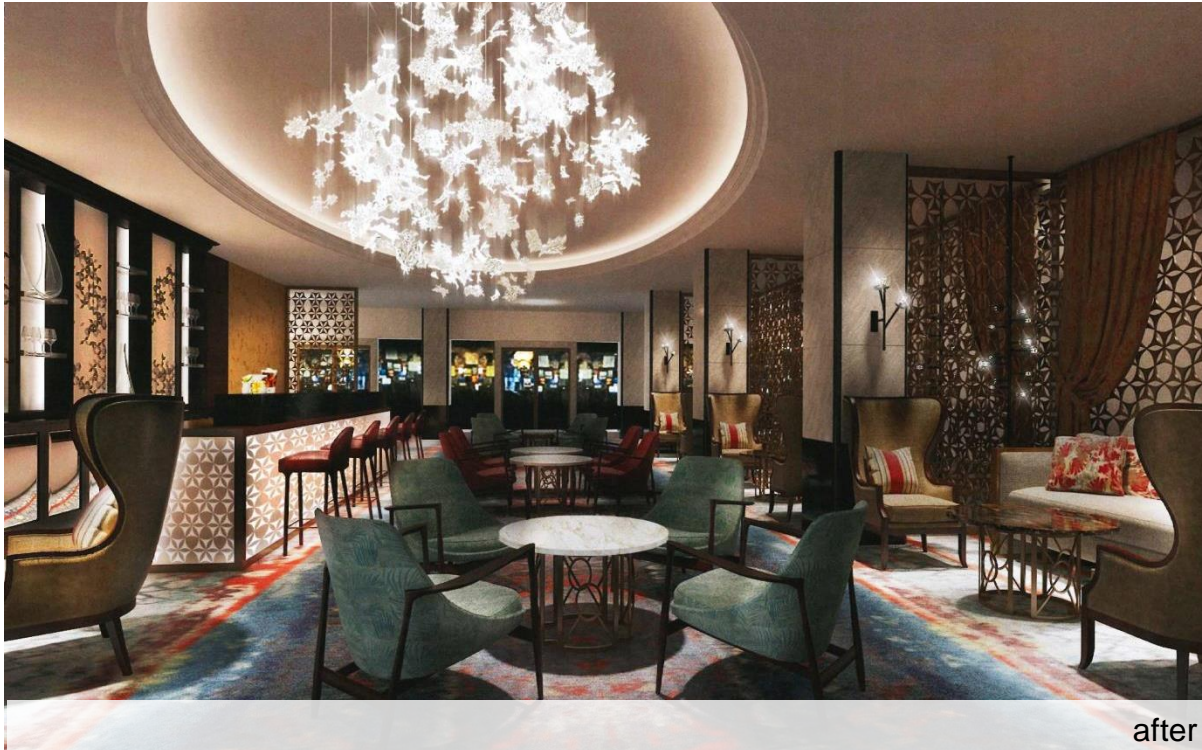
before



Asset Enhancement Initiatives – Completing in July 2016

Orchard Parade Hotel (2nd phase)

Renovation of lobby bar



after

Artist's Impression of Lobby Bar



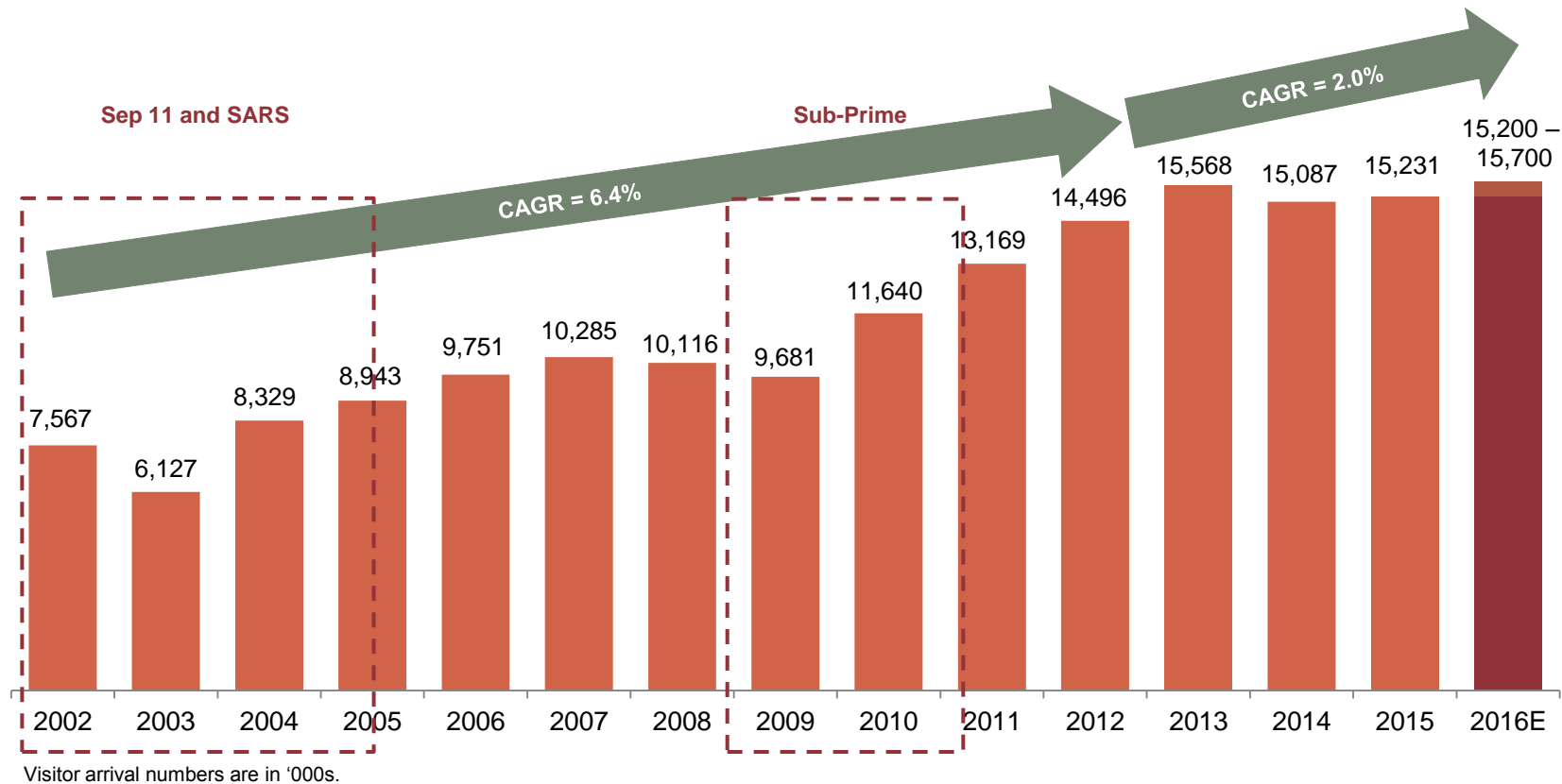
before



Industry Outlook & Prospects



Historical and Forecast Visitor Arrivals in Singapore



- Visitor arrivals are projected to grow at a CAGR of up to 2.0% from 2012 to 2016

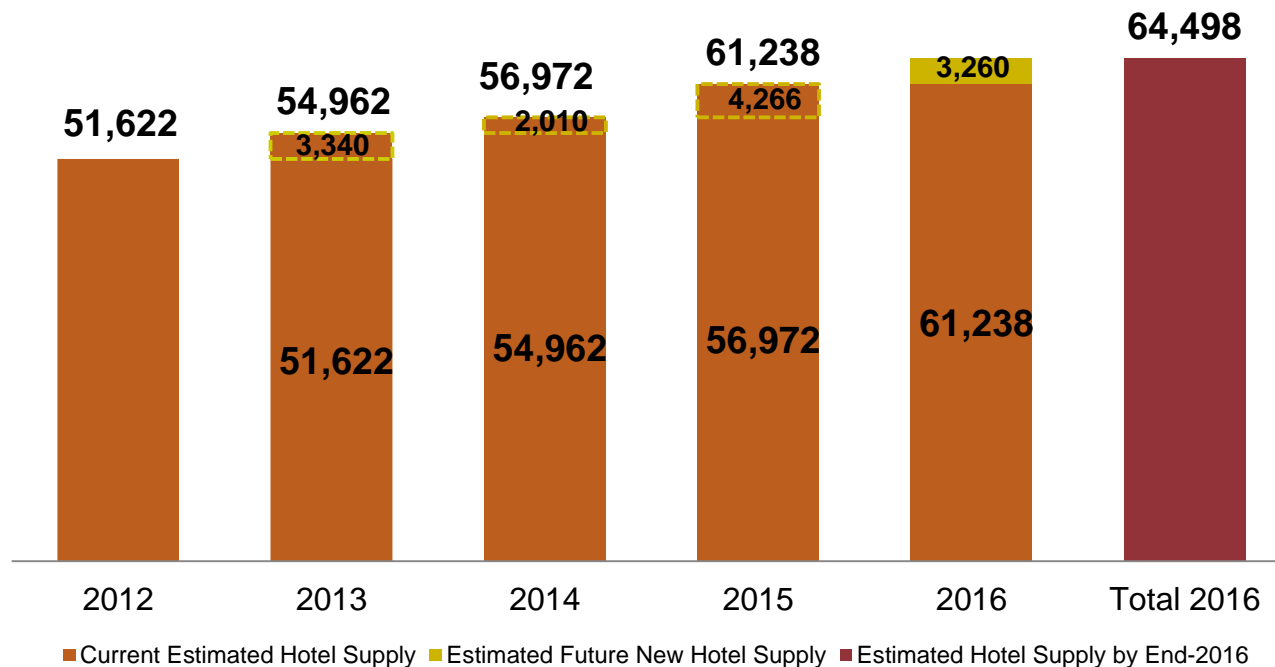
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

Singapore Tourism Board, International Visitor Arrivals Statistics, 29 February 2016

Singapore Tourism Board, "Mixed tourism sector performance in 2015 in the face of headwinds", 29 February 2016 (2016E visitor arrivals)



Estimated Hotel Room Supply in Singapore



- **Hotel supply increased 7.5% in 2015 and is expected to increase by 5.3% in 2016**
- **No hotel sites introduced in Government Land Sales (GLS) programme since 2014**
- **Urban Redevelopment Authority (URA) has tightened approvals 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:

- 30 out of 215-room The Singapore Resort and Spa Sentosa in 2014, reopened in 2015 as Sofitel Singapore Sentosa Resort & Spa
- 223-room Gallery Hotel in 2014, expected to reopen in 2016 as 227-room Intercontinental Singapore Robertson Quay
- 262 out of 476-room Swissotel Merchant Court in 2015, expected to reopen in 2016

Sources : CBRE report issued as at December 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 & MICE Events in 2016

Sporting Events



2016 HSBC World Rugby 7s
16-17 April 2016



**FINA/airweave
Swimming World Cup 2016**
21-22 October 2016



F1 Singapore Grand Prix
16-18 September 2016



**BNP Paribas
WTA Finals**
23 October –
1 November 2016

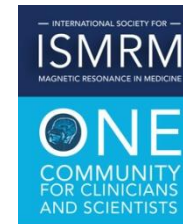
MICE Events



**Asia's biggest aerospace and defence
exhibitions**
16-21, 23-24 February 2016



Food & Hotel Asia 2016
12-15 April 2016



**New and prominent
medical congresses**
7-8, 16-20 May 2016



OSEA 2016
29 November –
2 December 2016



**BroadcastAsia 2016/
CommunicAsia 2016/
EnterpriseIT 2016**
31 May – 3 June 2016



**Unicity 2016 Global
Convention
Singapore**
7-10 December 2016

Transformation of Tourism Landscape – New & Upcoming Developments & Events



National Gallery Singapore (opened)

The largest gallery to showcase
Singaporean and Southeast Asian arts



KidZania (opened)

The World's fastest growing
entertainment centre for children,
opening at Sentosa Island



EU-ASEAN Open Skies (2017*)

Comprehensive air transport agreement
that encourages growth in air traffic and
better connectivity between the regions



Changi Terminal 4 (2017*) & Project Jewel (end 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

Outlook & Prospects

- **Singapore economy expected to show moderate growth**
 - GDP forecasted to grow by 1 - 3% in 2016¹
- **Hospitality sector to remain competitive**
 - Corporate travel may continue to remain soft due to uncertain global economic environment
 - Industry expected to remain competitive with addition of about 3,300 new hotel rooms in 2016²
- **Refurbished assets better positioned to attract travelers in competitive market**

¹ "MTI Maintains 2016 GDP Growth Forecast at 1.0 to 3.0 Per Cent", Ministry of Trade and Industry, 25 May 2016

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

Thank You



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	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	72 years	62 years	72 years	63 years	89 years	47 years	72 years	68 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	119.6	249.7	173.3	224.7	339.0	414.0	81.8	285.1	1,887.2

¹ As at 31 December 2015

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	77 years	78 years	75 years	78 years	NA
GFA/Strata Area (sq m)	17,858	8,598	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	204.7	68.0	113.3	166.1	552.1

¹ As at 31 December 2015