



FAR EAST
HOSPITALITY
TRUST

4Q / FY 2017 Results Presentation

15 February 2018

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Results Highlights



Executive Summary – Performance vs LY

	4Q 2017	4Q 2016	Variance	FY 2017	FY 2016	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	25,718	27,533	(6.6)	103,825	109,055	(4.8)
Net Property Income (\$'000)	23,114	24,859	(7.0)	93,154	98,355	(5.3)
Income Available for Distribution (\$'000)	18,205	20,164	(9.7)	72,013	78,142	(7.8)
Distribution per Stapled Security (cents)	0.97	1.12	(13.4)	3.90	4.33	(9.9)



Financial Results From 1 October to 31 December 2017

	4Q 2017	4Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	20,098	21,802	(1,704)	(7.8)
Retail and office revenue	5,620	5,731	(111)	(1.9)
Gross revenue	25,718	27,533	(1,815)	(6.6)
Property tax	(1,578)	(1,773)	195	11.0
Property insurance	(29)	(31)	2	6.5
MCST contribution	(39)	(34)	(5)	(14.7)
Retail and office expenses	(845)	(725)	(120)	(16.6)
Property manager fees	(113)	(111)	(2)	(1.8)
Property expenses	(2,604)	(2,674)	70	2.6
Net property income	23,114	24,859	(1,745)	(7.0)
REIT Manager's fees	(2,792)	(2,889)	97	3.4
Trustee's fees	(77)	(78)	1	1.3
Other trust expenses	(145)	(187)	42	22.5
Finance expenses (net)	(5,023)	(4,813)	(210)	(4.4)
Net income before joint venture's results	15,077	16,892	(1,815)	(10.7)
Share of results of joint venture	(36)	(13)	(23)	>(100.0)
Net income before tax and fair value changes	15,041	16,879	(1,838)	(10.9)
Fair value change in derivative financial instruments	(25)	4,286	(4,311)	>(100.0)
Fair value change in investment properties	(41,477)	(29,475)	(12,002)	(40.7)
Total return for the period before income tax	(26,461)	(8,310)	(18,151)	>(100.0)



Statement of Distribution to Stapled Securityholders

	4Q 2017	4Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	(26,461)	(8,310)	(18,151)	>(100.0)
Income tax expense	(11)	(4)	(7)	>(100.0)
Total return for the period after income tax	(26,472)	(8,314)	(18,158)	>(100.0)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,513	2,600	(87)	(3.3)
Trustee's fees	77	78	(1)	(1.3)
Amortisation of debt upfront cost	133	171	(38)	(22.2)
Fair value change in derivative financial instruments	25	(4,286)	4,311	>100.0
Fair value change in investment properties	41,477	29,475	12,002	40.7
Share of results of joint venture	36	13	23	>100.0
Other adjustments	196	73	123	>100.0
Net tax adjustments	44,457	28,124	16,333	58.1
Income available for distribution	18,205	20,164	(1,959)	(9.7)



Financial Results From 1 January to 31 December 2017

	FY 2017	FY 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	81,133	85,988	(4,855)	(5.6)
Retail and office revenue	22,692	23,067	(375)	(1.6)
Gross revenue	103,825	109,055	(5,230)	(4.8)
Property tax	(7,101)	(7,457)	356	4.8
Property insurance	(122)	(121)	(1)	(0.8)
MCST contribution	(141)	(85)	(56)	(65.9)
Retail and office expenses	(2,854)	(2,593)	(261)	(10.1)
Property manager fees	(453)	(444)	(9)	(2.0)
Property expenses	(10,671)	(10,700)	29	0.3
Net property income	93,154	98,355	(5,201)	(5.3)
REIT Manager's fees	(11,175)	(11,487)	312	2.7
Trustee's fees	(312)	(313)	1	0.3
Other trust expenses	(1,281)	(810)	(471)	(58.2)
Finance expenses (net)	(19,811)	(19,817)	6	0.1
Net income before joint venture's results	60,575	65,928	(5,353)	(8.1)
Share of results of joint venture	(141)	(41)	(100)	>(100.0)
Net income before tax and fair value changes	60,434	65,887	(5,453)	(8.3)
Fair value change in derivative financial instruments	(4,643)	(6,332)	1,689	26.7
Fair value change in investment properties	(41,477)	(29,475)	(12,002)	(40.7)
Total return for the period before income tax	14,314	30,080	(15,766)	(52.4)



Statement of Distribution to Stapled Securityholders

	FY 2017	FY 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	14,314	30,080	(15,766)	(52.4)
Income tax expense	(19)	(13)	(6)	(46.1)
Total return for the period after income tax	14,295	30,067	(15,772)	(52.5)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	10,058	10,339	(281)	(2.7)
Trustee's fees	312	313	(1)	(0.3)
Amortisation of debt upfront cost	671	682	(11)	(1.6)
Fair value change in derivative financial instruments	4,643	6,332	(1,689)	(26.7)
Fair value change in investment properties	41,477	29,475	12,002	40.7
Share of results of joint venture	141	41	100	>100.0
Other adjustments	416	333	83	24.9
Net tax adjustments	57,718	47,515	10,203	21.5
Income available for distribution	72,013	78,142	(6,129)	(7.8)



Details of Distribution

For Period From 1 October to 31 December 2017

Distribution per Stapled Security	0.97 cents
Ex-Date	22 Feb 2018
Books Closure Date	26 Feb 2018
Distribution Payment Date	26 Mar 2018



Portfolio Performance



Portfolio Performance – Key Highlights for 4Q 2017 / FY 2017

Hotels

4Q 2017

- **The average occupancy of the hotel portfolio was 85.4%. The average daily rate (“ADR”) was 1.1% lower at \$155** partly due to a higher contribution from the leisure segment.
- **Revenue per available room (“RevPAR”) declined 2.4% year-on-year to \$132.**

FY 2017

- **Occupancy increased 0.5pp to 87.5% and ADR decreased 2.5% to \$155.**
- Demand for hotel accommodation, particularly from the corporate segment, was generally soft. The supply of new hotels also continued to put downward pressure on rates.
- **RevPAR declined 1.9% to \$136 in FY 2017.**



Portfolio Performance – Key Highlights for 4Q 2017 / FY 2017

Serviced Residences

4Q 2017

- **The average occupancy of the serviced residence portfolio decreased 1.6pp to 78.2% and ADR was lower by 3.5% at \$213.**
- The serviced residences continued to be challenged, although showing an improvement over the first half of 2017. Demand from the corporate segment remained lukewarm, although there was growth from some industries.
- **As a result, revenue per available serviced residence unit (“RevPAU”) decreased 5.5% to \$166.**

FY 2017

- **The average occupancy was 5.0pp lower at 80.0% and ADR was a 1.3% decrease at \$219. RevPAU was 7.1% lower at \$175.**
- A pick-up in leisure bookings was not able to offset the lack of demand from corporate accounts and project groups.



Portfolio Performance – Key Highlights for 4Q 2017 / FY 2017

REIT Commercial Premises

4Q 2017

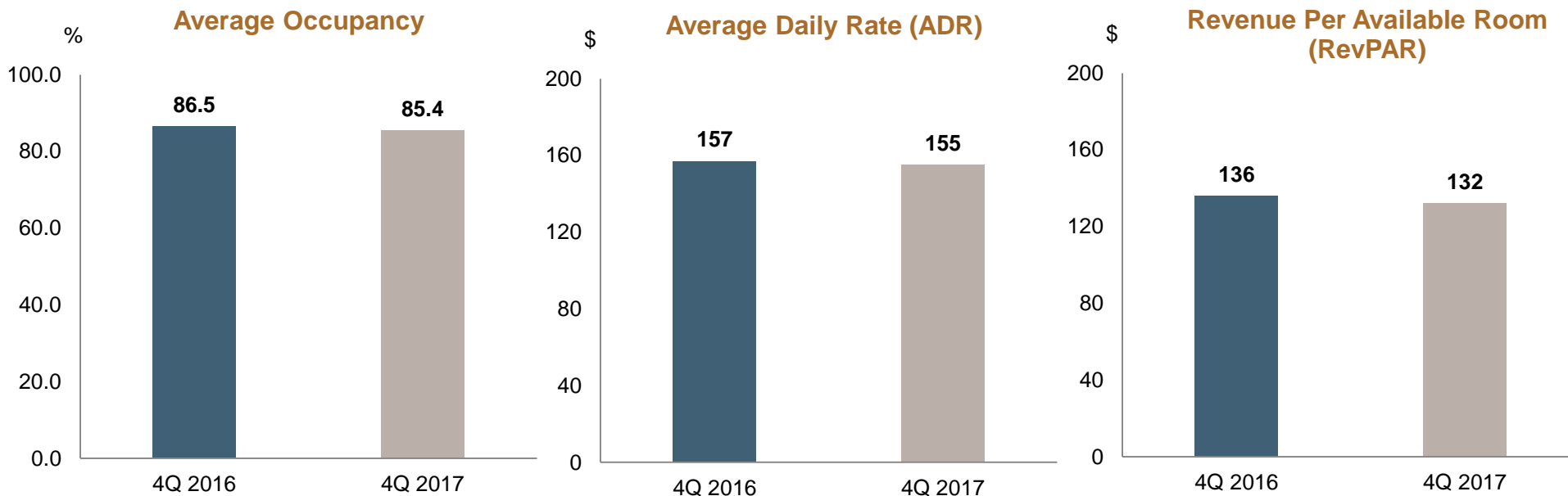
- **Revenue from the retail and office spaces declined 1.9%**, due to slightly lower occupancy and rental rates.

FY 2017

- **Revenue from the retail and office spaces decreased 1.6%** as a result of a slight decline in rental rates.



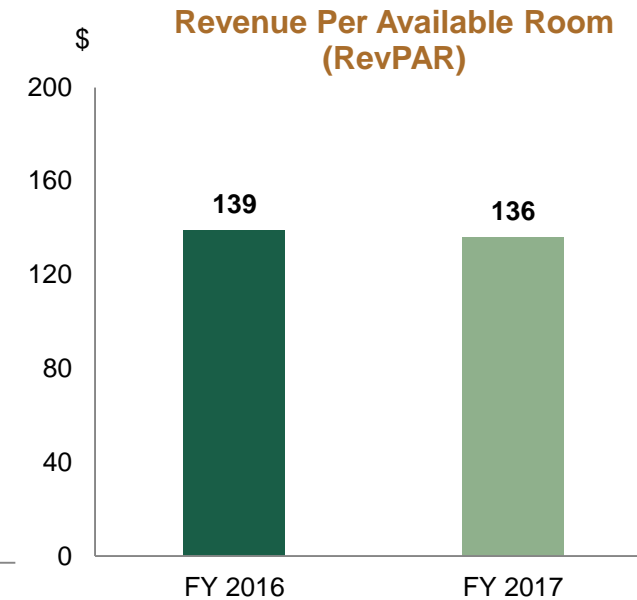
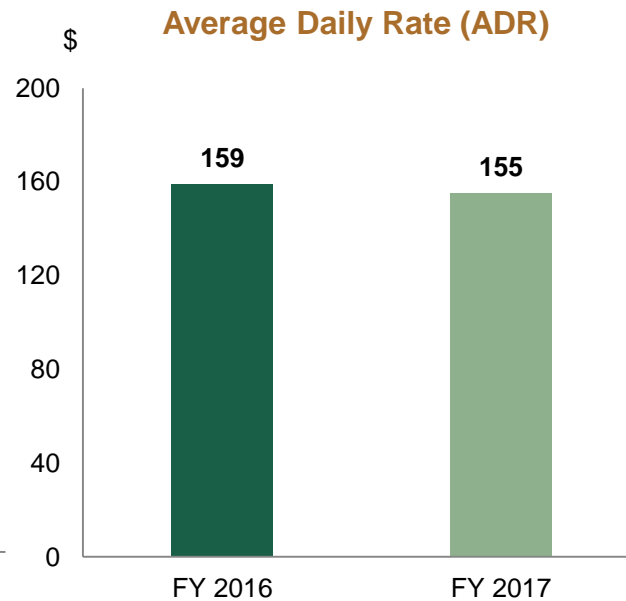
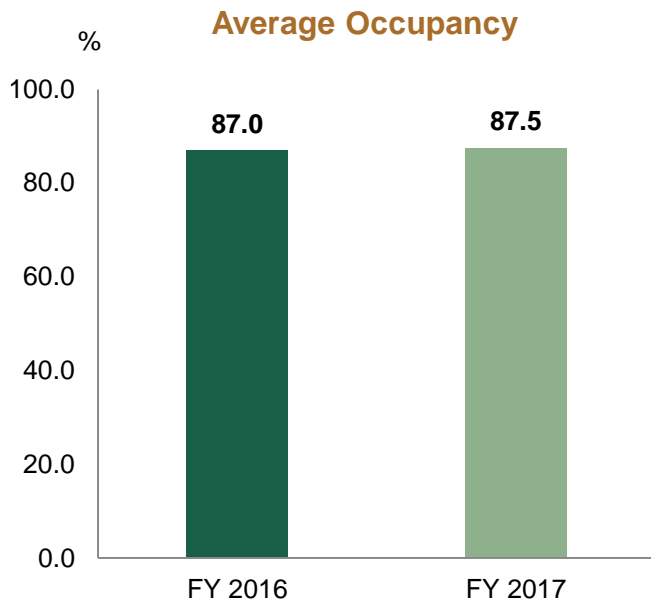
Portfolio Performance 4Q 2017 - Hotels



	4Q 2016	4Q 2017	Variance
Average Occupancy (%)	86.5	85.4	(1.1pp)
ADR (\$)	157	155	(1.1%)
RevPAR (\$)	136	132	(2.4%)



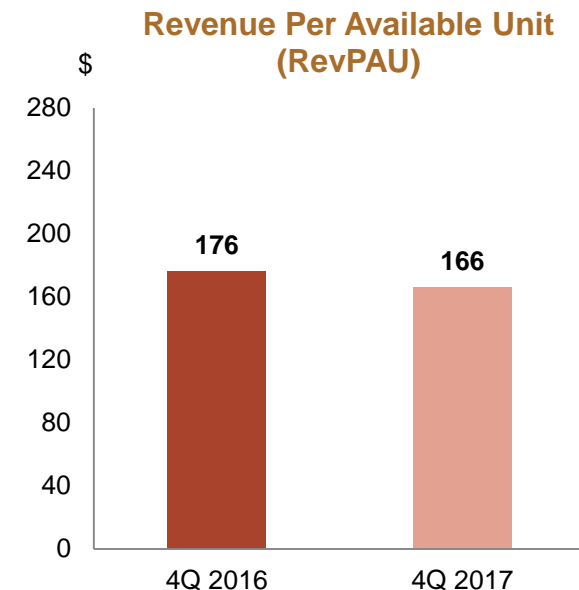
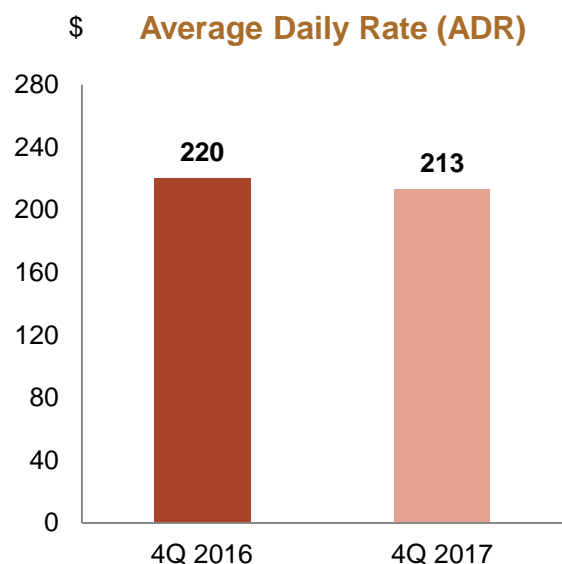
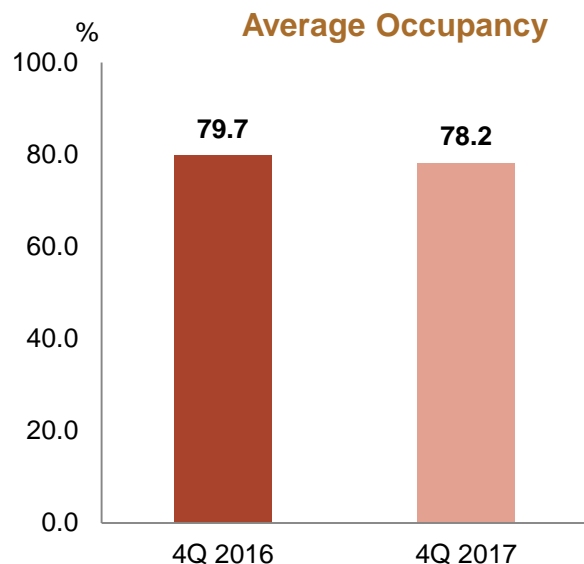
Portfolio Performance FY 2017 - Hotels



	FY 2016	FY 2017	Variance
Average Occupancy (%)	87.0	87.5	0.5pp
ADR (\$)	159	155	(2.5%)
RevPAR (\$)	139	136	(1.9%)



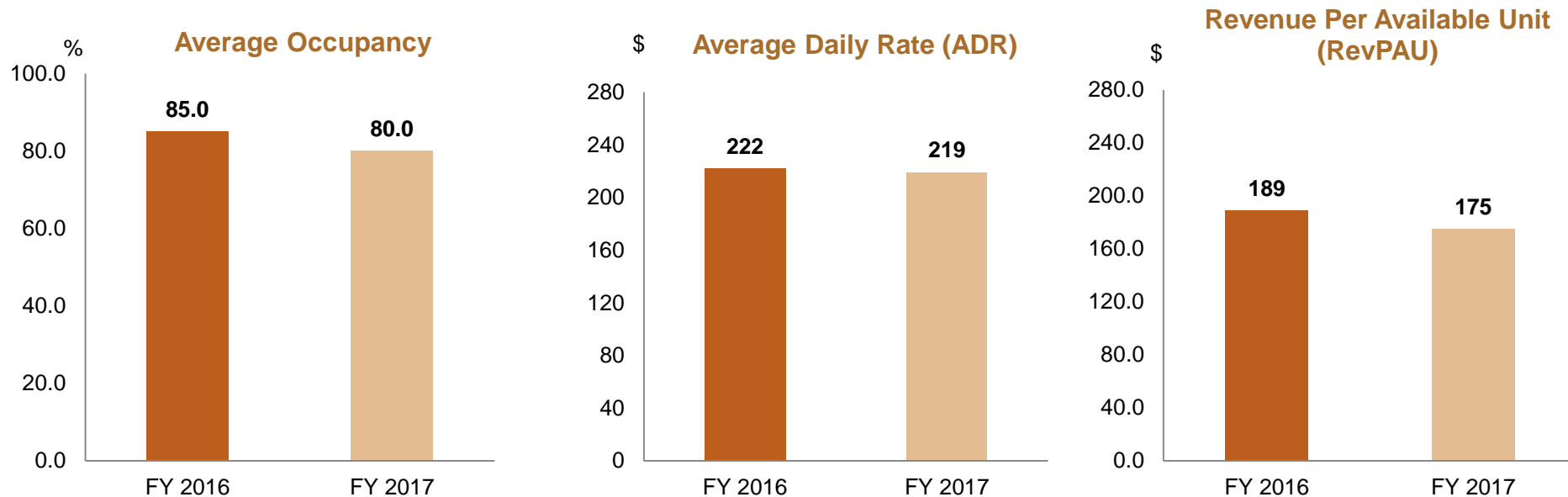
Portfolio Performance 4Q 2017 – Serviced Residences



	4Q 2016	4Q 2017	Variance
Average Occupancy (%)	79.7	78.2	(1.6pp)
ADR (\$)	220	213	(3.5%)
RevPAU (\$)	176	166	(5.5%)



Portfolio Performance FY 2017 – Serviced Residences

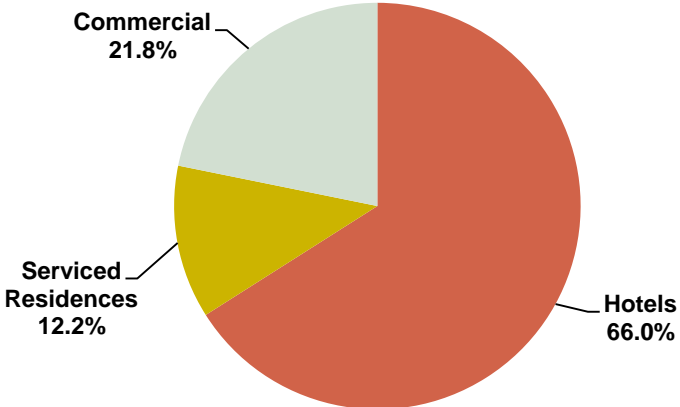


	FY 2016	FY 2017	Variance
Average Occupancy (%)	85.0	80.0	(5.0pp)
ADR (\$)	222	219	(1.3%)
RevPAU (\$)	189	175	(7.1%)

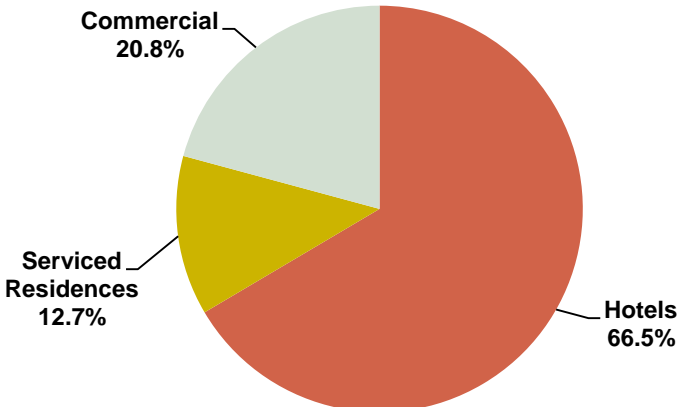


Breakdown of Gross Revenue – Total Portfolio

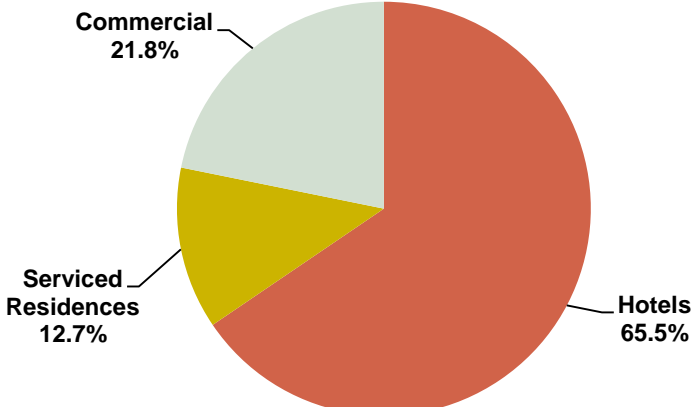
4Q 2017



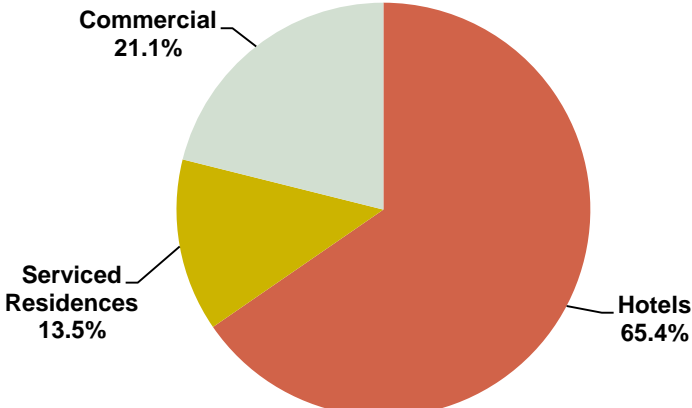
4Q 2016



FY 2017

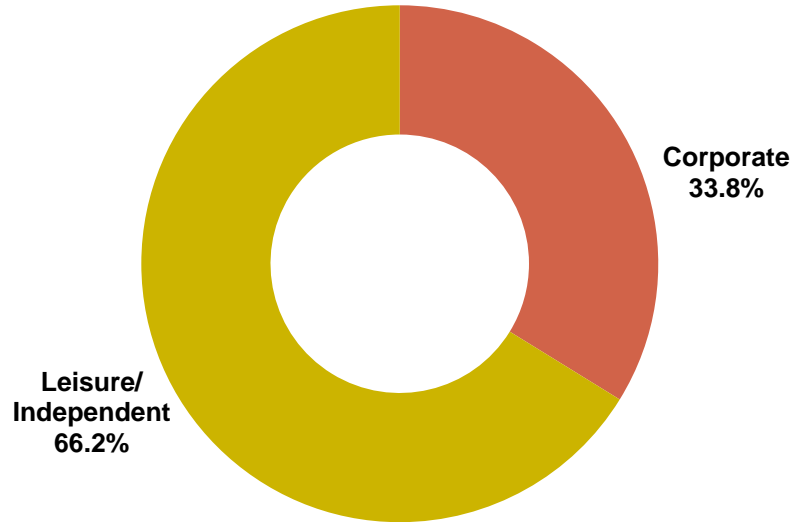


FY 2016

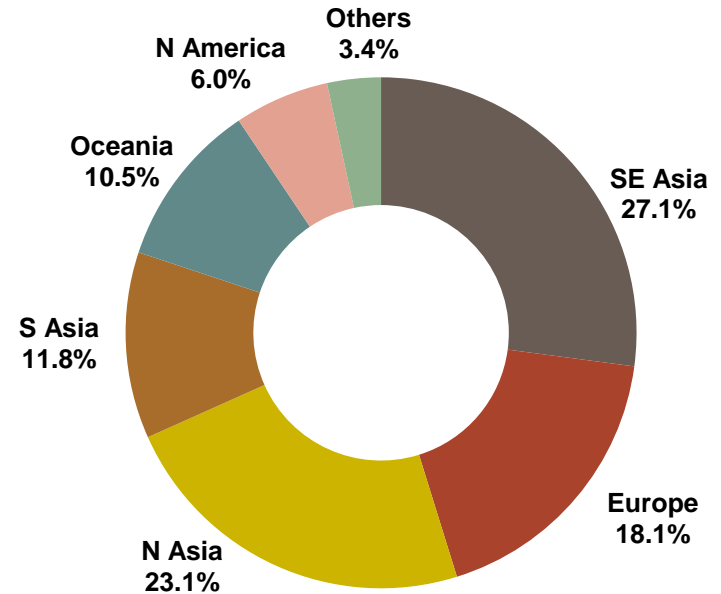


Market Segmentation 4Q 2017 - Hotels

Hotels (by Revenue)



Hotels (by Region)

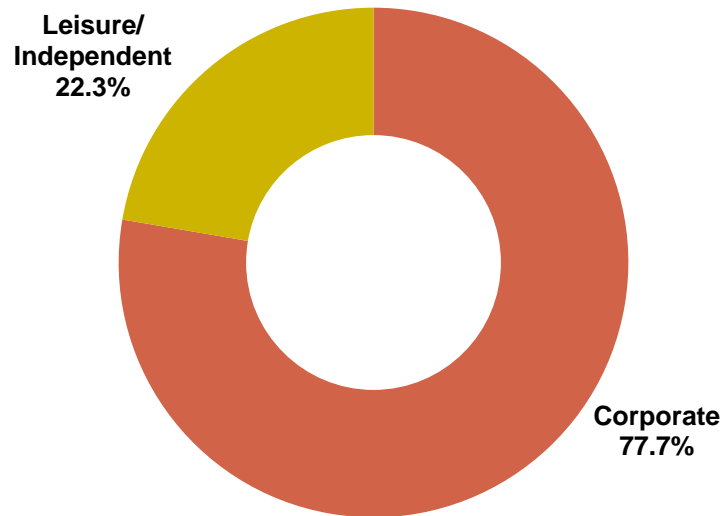


- Leisure segment contributed 66.2% of hotel revenue in 4Q 2017, compared to 63.0% a year ago.
- Revenue contribution from North Asia increased in 4Q 2017, offsetting the decline from Europe.

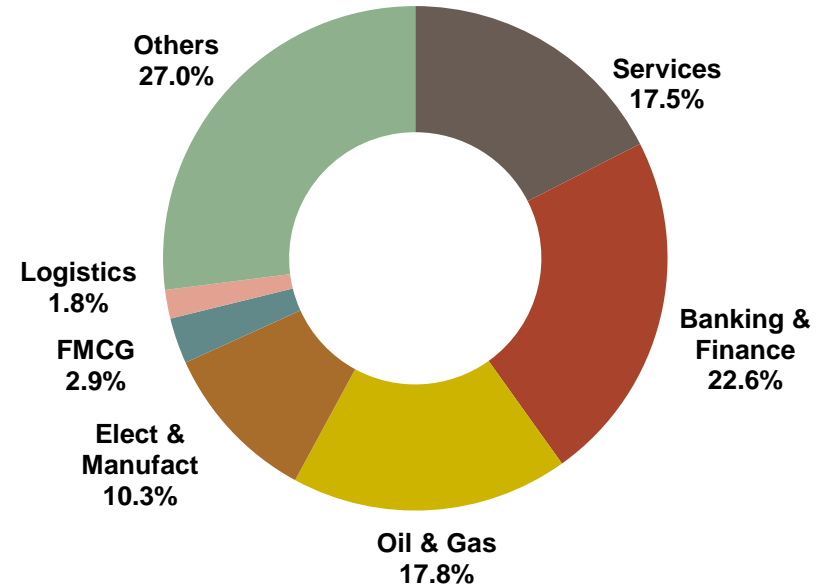


Market Segmentation 4Q 2017 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 77.7% of revenue for serviced residences in 4Q 2017, compared with 85.0% a year ago.
- Revenue contributions from Oil & Gas and Others (mainly online bookings) were stronger in 4Q 2017, while revenue contributions from Services and FMCG fell year-on-year.



Capital Management

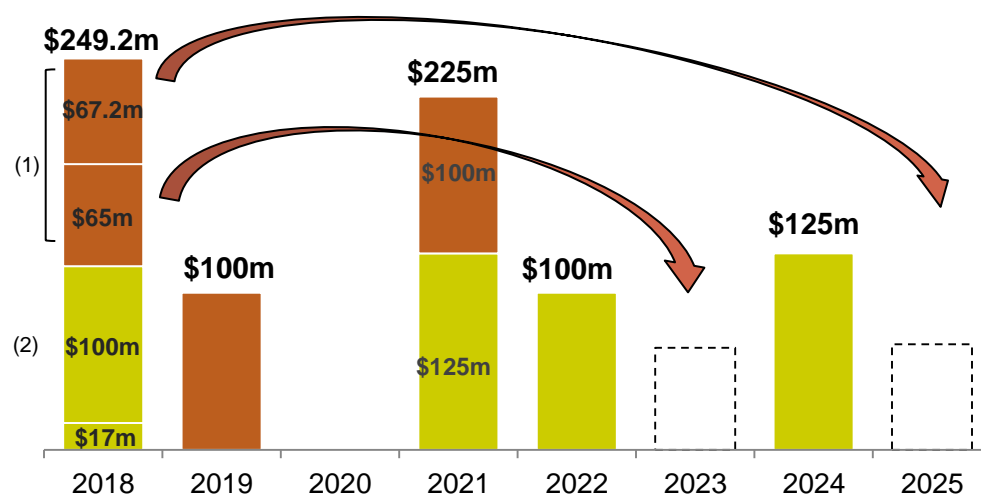


Capital Management

As at 31 December 2017

Total debt	\$799.2m
Available revolving facility	\$83m
Gearing ratio	34.4%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	41.6%
Weighted average debt maturity	3.0 years
Average cost of debt	2.5%

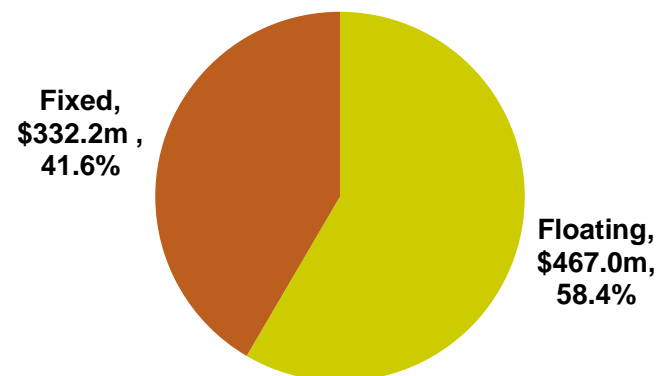
Debt Maturity Profile



(1) To date, Far East H-REIT has received commitment to refinance \$65m and \$67.2m due in Aug 2018 with five and seven-year term loans respectively.

(2) The REIT Manager is also assessing refinancing options for the \$100m due in Dec 2018.

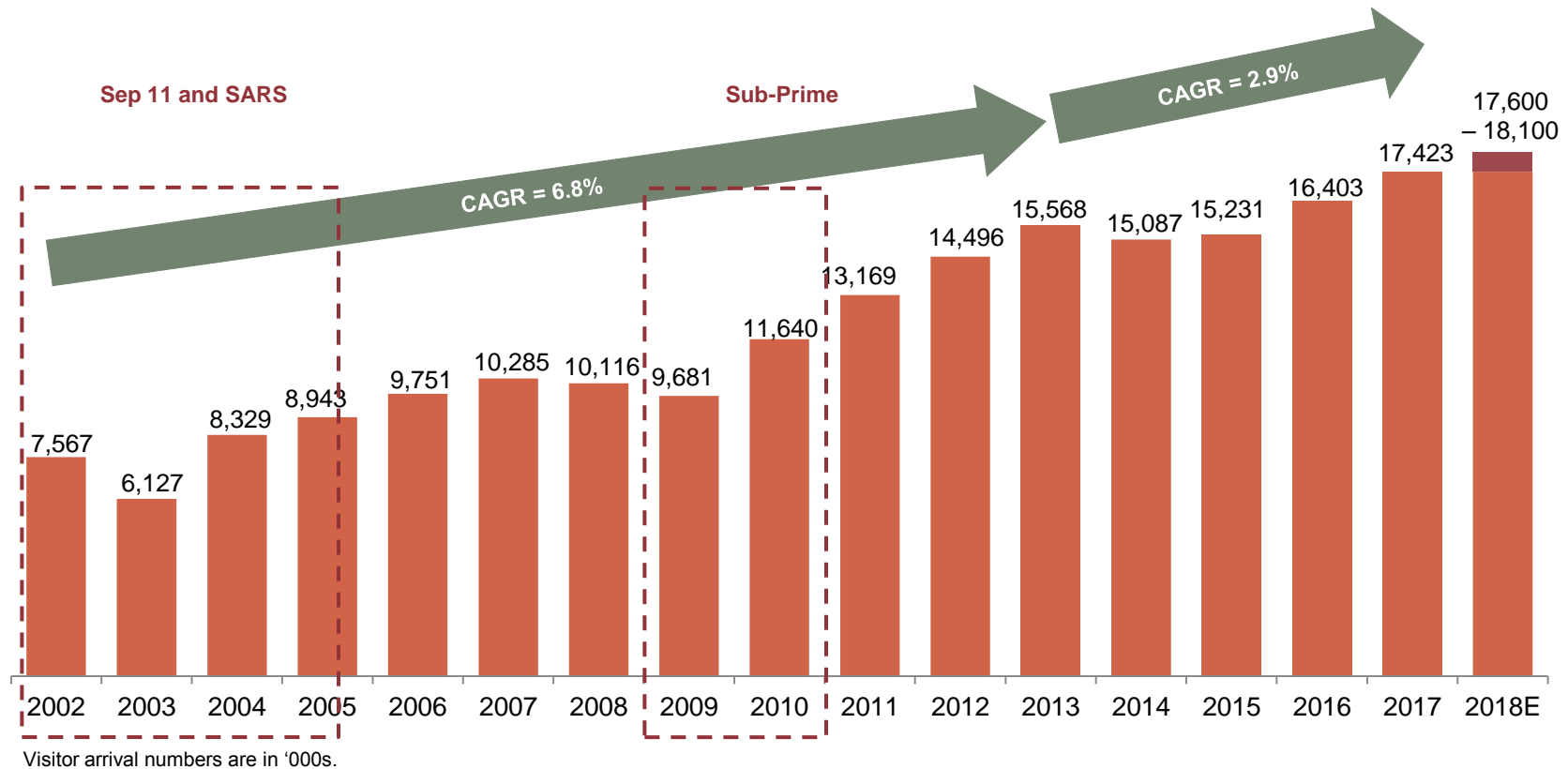
Interest Rate Profile



Industry Outlook & Prospects



Historical and Forecast Visitor Arrivals in Singapore



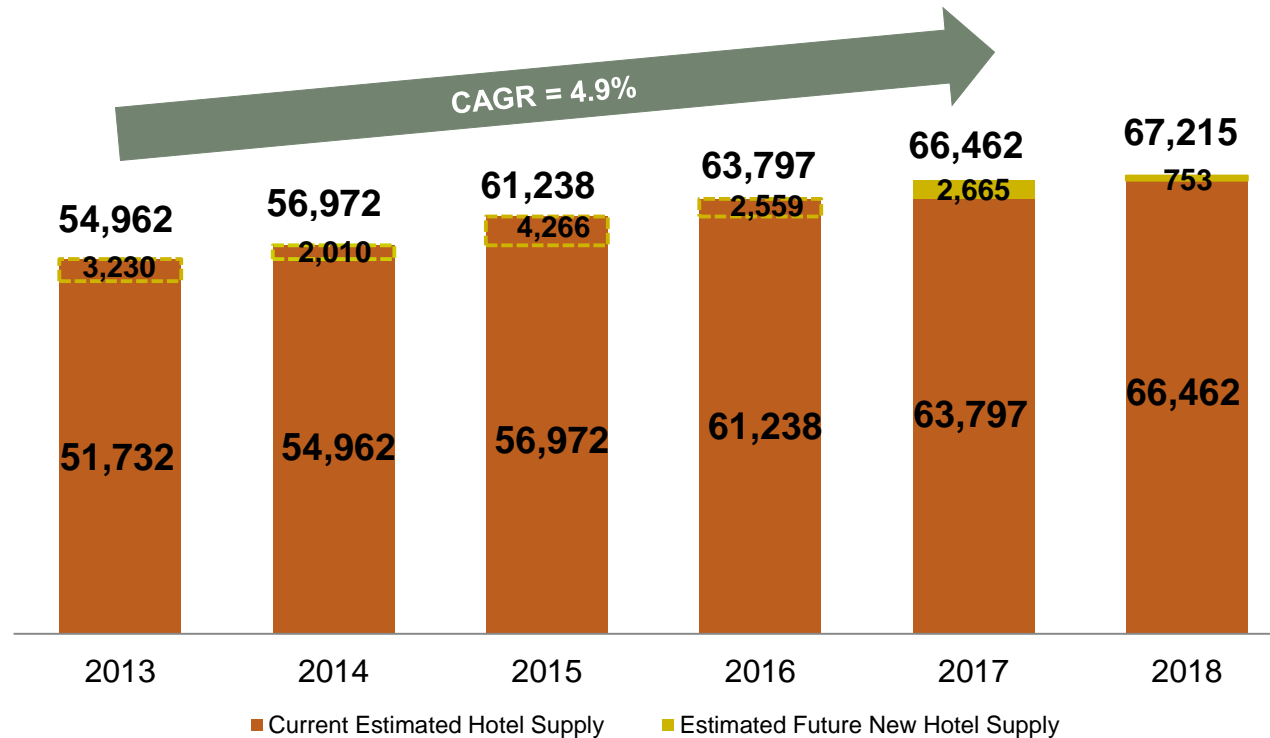
- **Visitor arrivals grew at a CAGR of 2.9% from 2013 to 2017, and are projected to increase by 1- 4% in 2018. Visitor arrivals increased 6.2% year-on-year in 2017.**

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, 12 February 2018

Estimated Hotel Room Supply in Singapore



- Hotel supply is expected to increase by about 750 rooms (an increase of 1.1%) in 2018
- No hotel sites introduced in Government Land Sales (GLS) programme since 2014
- Urban Redevelopment Authority (URA) has 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

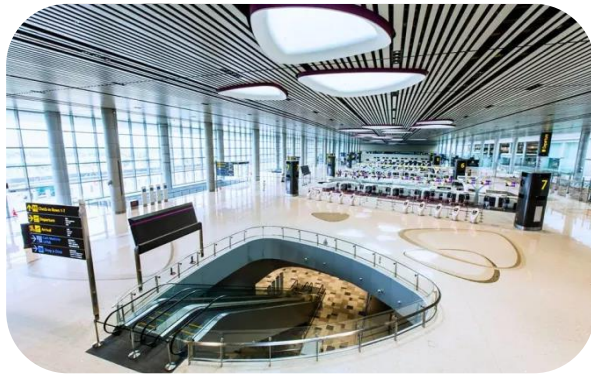
Sources: CBRE report issued as at February 2018 and Far East H-Trust compilation

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



Transformation of Tourism Landscape – Upcoming Developments & Events



Changi Airport Terminal 4 and Project Jewel (2017-2019)

Augmenting Changi Airport's status as a leading air hub



Major MICE and biennial events (2018)

Singapore's Chairmanship of ASEAN, MICE and biennial events including Singapore Airshow and Food & Hotel Asia to attract regional attendees



New Attractions at Sentosa (2017-2030)

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



ASEAN Air and Land Links Cooperation

Facilitate greater movement of people in ASEAN and expand tourism.



Mandai Makeover (2023*)

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



EU-ASEAN Open Skies

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

*Opening Dates may be subject to change

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

Outlook & Prospects

- **Operating environment expected to remain competitive over next few quarters before stabilising**
 - Some short-term competition expected as new hotels seek to gain a foothold
 - Demand expected to recover; major MICE and biennial events to provide some uplift in 2018
 - Supply to taper off -- about 750 new rooms (an increase of 1.1%) projected to be added to the market
- **Outlook for serviced residences remains subdued**
 - Corporate segment to remain soft
- **Asset enhancement at Orchard Parade Hotel on track for completion in 2Q 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	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	70 years	60 years	70 years	61 years	87 years	45 years	70 years	66 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	123.3	216.0	162.6	232.0	330.0	421.5	81.4	275.9	1,842.7

¹ As at 31 December 2017

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	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	197.4	64.5	107.7	168.5	538.1

¹ As at 31 December 2017