



**FAR EAST**  
HOSPITALITY  
TRUST

## 3Q 2018 Results Presentation

---

30 October 2018

# Important Notice

- Information contained in this presentation is intended solely for your personal reference and is strictly confidential. The information and opinions in this presentation are subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning Far East Hospitality Trust (the "Trust"), a stapled group comprising Far East Hospitality Real Estate Investment Trust and Far East Hospitality Business Trust. Neither FEO Hospitality Asset Management Pte. Ltd. (the "Manager"), FEO Hospitality Trust Management Pte. Ltd. (the "Trustee-Manager", and together with the Manager, the "Managers"), the Trust nor any of their respective affiliates, advisors and representatives make any representation regarding, and assumes no responsibility or liability whatsoever (in negligence or otherwise) for, the accuracy or completeness of, or any errors or omissions in, any information contained herein nor for any loss howsoever arising from any use of these materials. By attending or viewing all or part of this presentation, you are agreeing to maintain confidentiality regarding the information disclosed in this presentation and to be bound by the restrictions set out below. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.
- The information contained in these materials has not been independently verified. No representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of, the information or opinions contained herein. None of the Trust, the Managers, DBS Trustee Limited (as trustee of Far East Hospitality Real Estate Investment Trust), Far East Organization, controlling persons or affiliates, nor any of their respective directors, officers, partners, employees, agents, advisers or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising, whether directly or indirectly, from any use, reliance or distribution of this presentation or its contents or otherwise arising in connection with this presentation. It is not the intention to provide, and you may not rely on these materials as providing a complete or comprehensive analysis of the Trust's financial or trading position or prospects. The information and opinions contained in these materials are provided as at the date of this presentation and are subject to change without notice. Nothing contained herein or therein is, or shall be relied upon as, a promise or representation, whether as to the past or the future and no reliance, in whole or in part, should be placed on the fairness, accuracy, completeness or correctness of the information contained herein. Further, nothing in this document should be construed as constituting legal, business, tax or financial advice. None of the Joint Bookrunners or their subsidiaries or affiliates has independently verified, approved or endorsed the material herein.
- Nothing in this presentation constitutes an offer of securities for sale in Singapore, United States or any other jurisdiction where it is unlawful to do so.
- The information in this presentation may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution or reproduction of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.
- This presentation contains forward-looking statements that may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "depends," "projects," "estimates" or other words of similar meaning and that involve assumptions, risks and uncertainties. All statements that address expectations or projections about the future and all statements other than statements of historical facts included in this presentation, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Such forward-looking statements are based on certain assumptions and expectations of future events regarding the Trust's present and future business strategies and the environment in which the Trust will operate, and must be read together with those assumptions. The Managers do not guarantee that these assumptions and expectations are accurate or will be realized. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Although the Managers believe that such forward-looking statements are based on reasonable assumptions, it can give no assurance that such expectations will be met. Representative examples of these risks, uncertainties and assumptions include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of the Trust. Past performance is not necessarily indicative of future performance. The forecast financial performance of the Trust is not guaranteed. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Managers' current view of future events. The Managers do not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.
- This presentation is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any securities, nor should it or any part of it form the basis of, or be relied in any connection with, any contract or commitment whatsoever. Any decision to invest in any securities issued by the Trust or its affiliates should be made solely on the basis of information contained in the prospectus to be registered with the Monetary Authority of Singapore (the "MAS") after seeking appropriate professional advice, and you should not rely on any information other than that contained in the prospectus to be registered with the MAS.
- These materials may not be taken or transmitted into the United States, Canada or Japan and are not for distribution, directly or indirectly, in or into the United States, Canada or Japan.
- These materials are not an offer of securities for sale into the United States, Canada or Japan. The securities have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The securities are being offered and sold outside of the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended. There will be no public offer of securities in the United States and the Managers do not intend to register any part of the proposed offering in the United States.
- This presentation has not been and will not be registered as a prospectus with the MAS under the Securities and Futures Act, Chapter 289 of Singapore and accordingly, this document may not be distributed, either directly or indirectly, to the public or any member of the public in Singapore.



## Results Highlights



**FAR EAST**  
HOSPITALITY  
TRUST

# Executive Summary – Performance vs LY

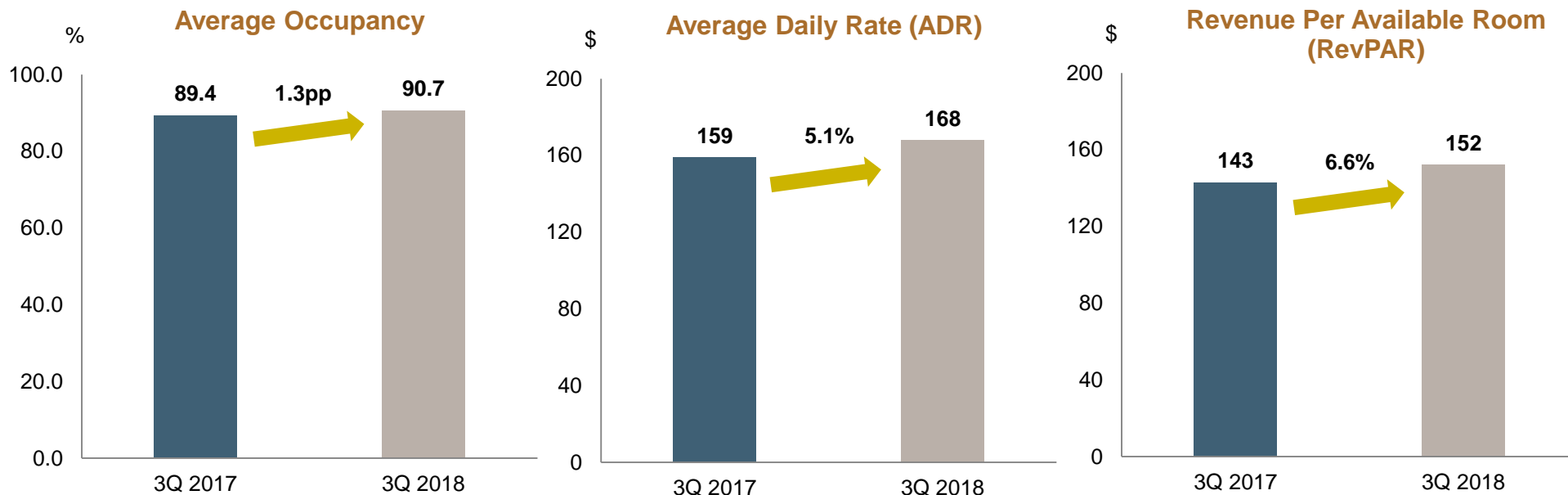
	3Q 2018	3Q 2017	Variance	YTD Sep 2018	YTD Sep 2017	Variance
	\$'000	\$'000	%	\$'000	\$'000	%
Gross Revenue	30,509	27,456	11.1	84,759	78,107	8.5
Net Property Income	27,686	24,765	11.8	76,431	70,039	9.1
Income Available for Distribution	20,094	19,169	4.8	56,699	54,028	4.9
Distribution per Stapled Security (cents)	1.05	1.03	1.9	3.00	2.93	2.4



## Portfolio Performance



# Portfolio Performance 3Q 2018 - Hotels

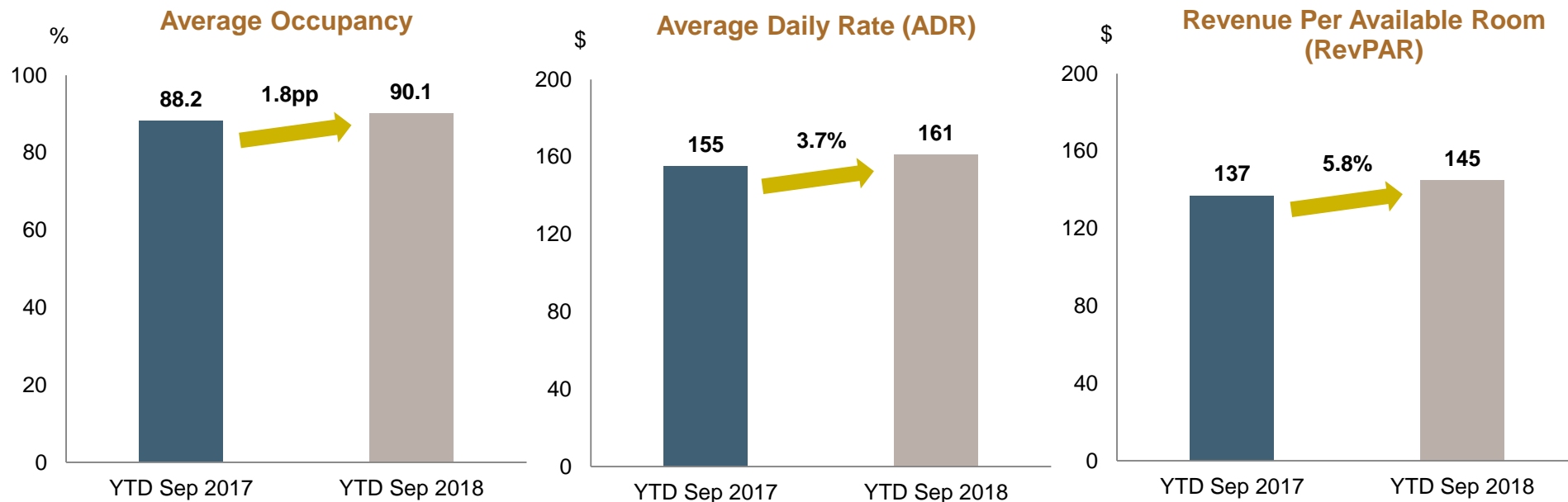


- Revenue per available room (“RevPAR”) grew 6.6% to \$152 in 3Q 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 1.3pp and 5.1% respectively.
- The performance of the hotels improved year-on-year as a result of the positive impact from the addition of Oasia Hotel Downtown in April 2018, the recent renovation of Orchard Rendezvous Hotel (formerly known as Orchard Parade Hotel), and the uptick in overall market demand.



Note: 3Q 2018 figures include Oasia Hotel Downtown as part of the portfolio

# Portfolio Performance YTD September 2018 - Hotels

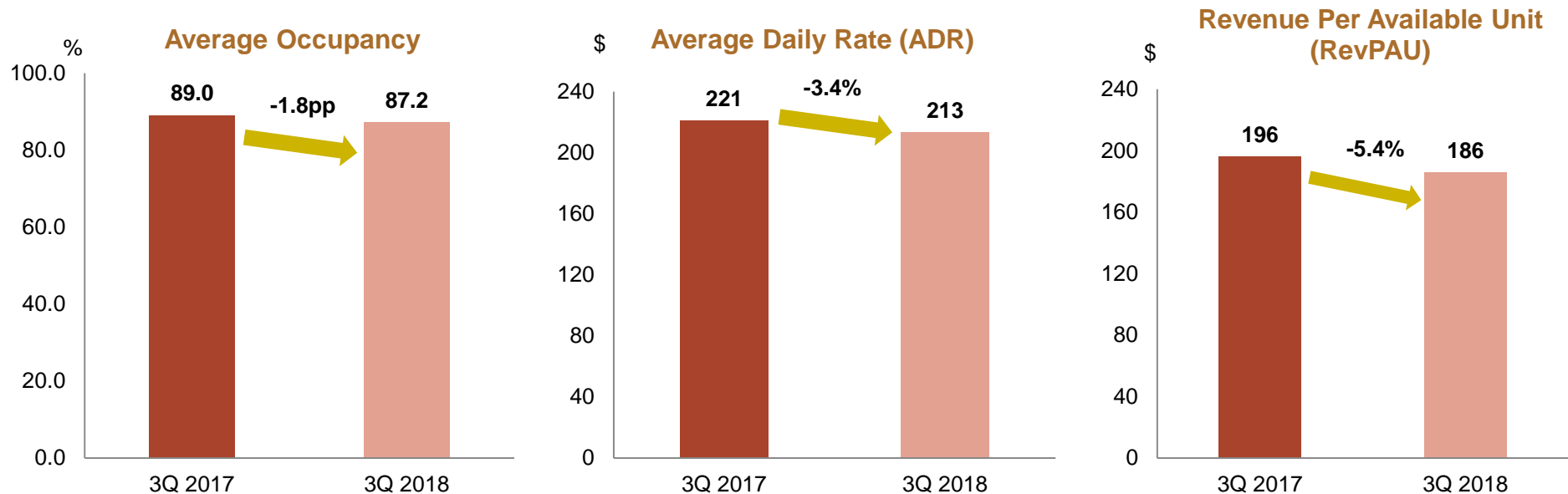


- Revenue per available room (“RevPAR”) grew 5.8% to \$145 for YTD September 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 1.8pp and 3.7% respectively.
- The improvement was partly due to the uplift from biennial MICE events, e.g. Singapore Airshow in February and Food & Hotel Asia (FHA) in April.



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

# Portfolio Performance 3Q 2018 – Serviced Residences

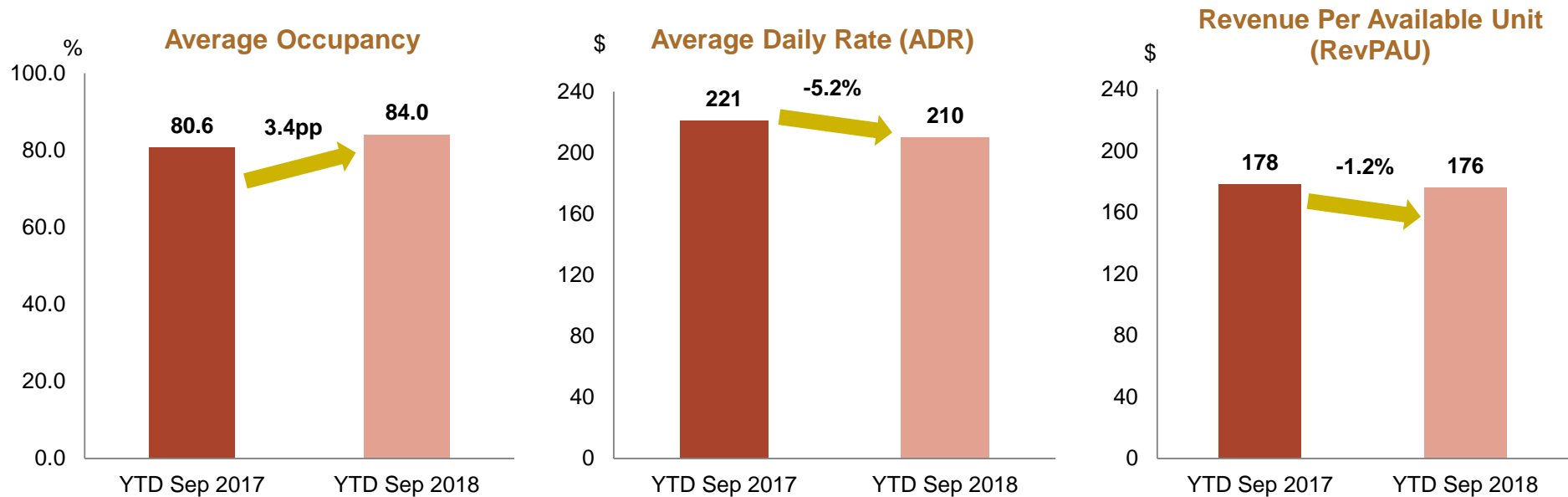


- Demand for serviced residence (“SR”) accommodation was muted in 3Q 2018, as corporate employee relocation activity remained subdued.
- The portfolio continued to be impacted by downward pressure on ADR, while the occupancy gap that impacted trading in the first two quarters was narrowed in 3Q 2018. The average occupancy of the SRs dropped by 1.8pp year-on-year, and ADR was 3.4% lower.
- As a result, revenue per available unit (“RevPAU”) of the SR portfolio fell 5.4% to \$186 in 3Q 2018.





# Portfolio Performance YTD September 2018 – Serviced Residences

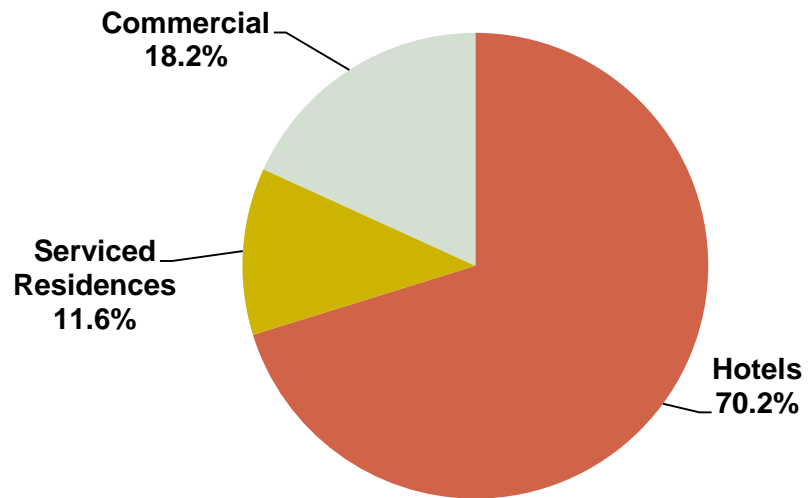


- The average occupancy of the serviced residence (“SR”) accommodation improved 3.4pp year-on-year. However, the ADR was 5.2% lower.
- Correspondingly, revenue per available unit (“RevPAU”) for the SRs declined year-on-year by 1.2% to \$176 for YTD September 2018.

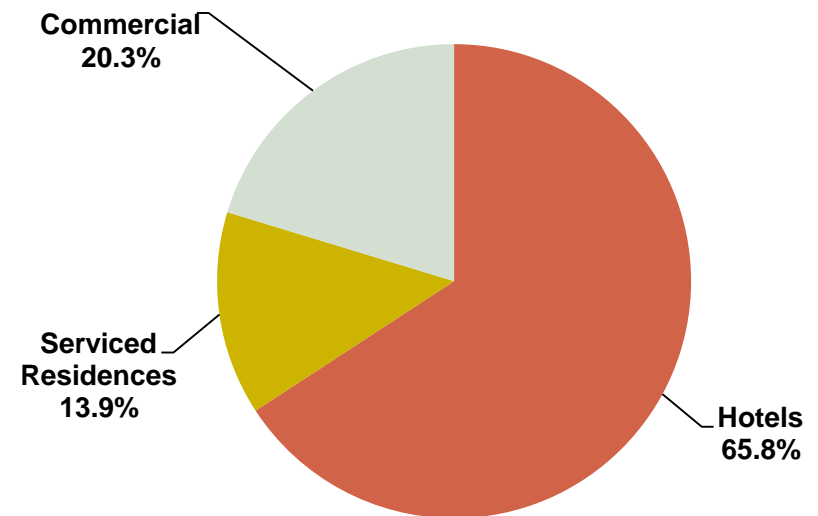


# Breakdown of Gross Revenue – Total Portfolio

3Q 2018

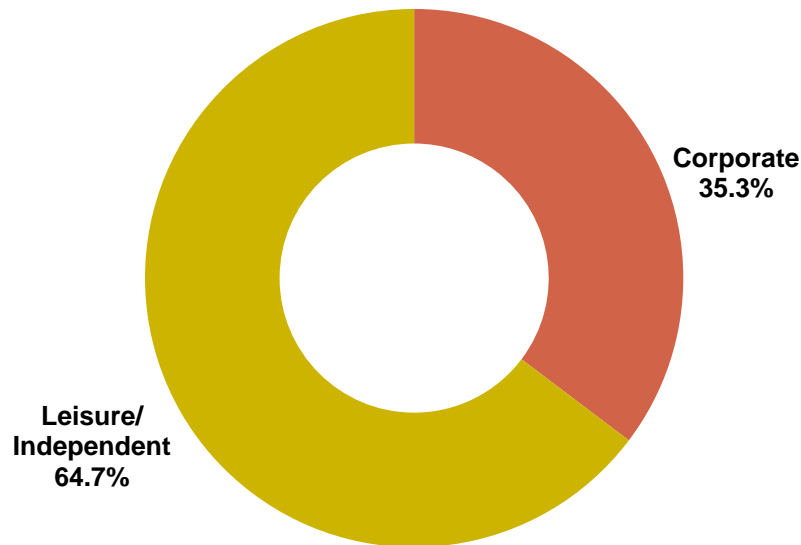


3Q 2017

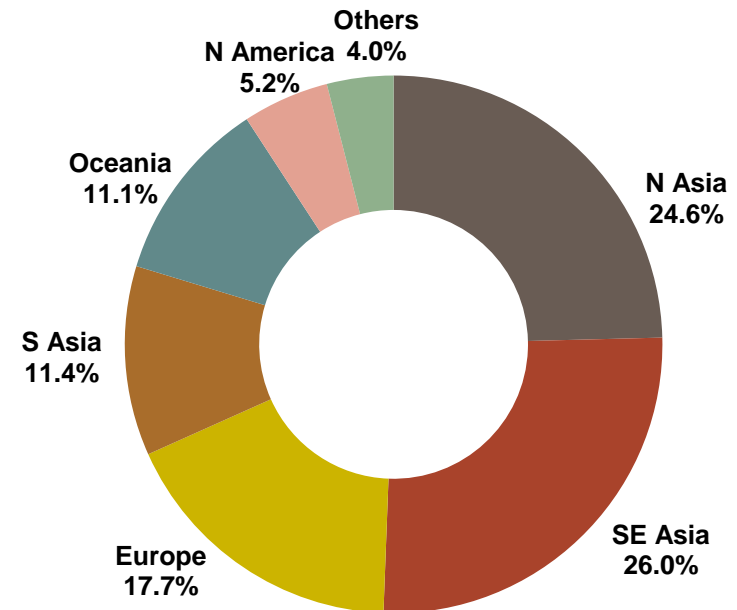


# Market Segmentation 3Q 2018 – Hotels

Hotels (by Revenue)



Hotels (by Region)

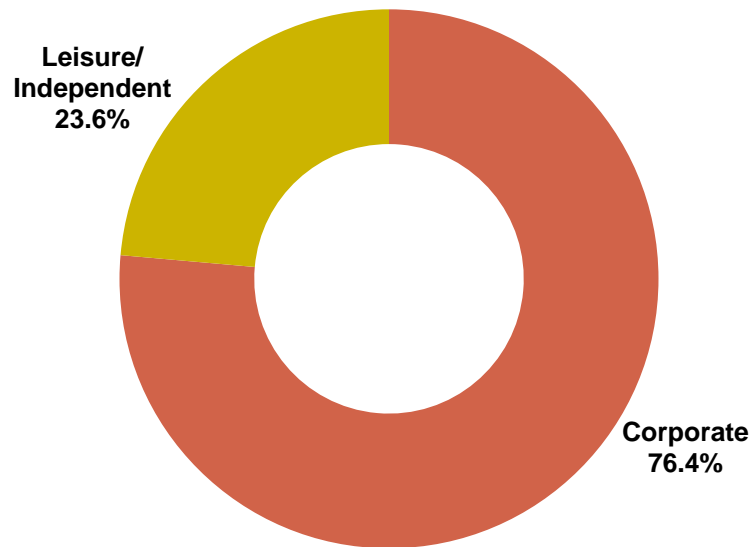


- Leisure segment contributed 64.7% of hotel revenue in 3Q 2018, compared to 63% a year ago. Corporate segment contribution has decreased from 37% a year ago to 35.3%.
- There is a year-on-year growth in revenue contribution from South Asia, SE Asia and Europe.

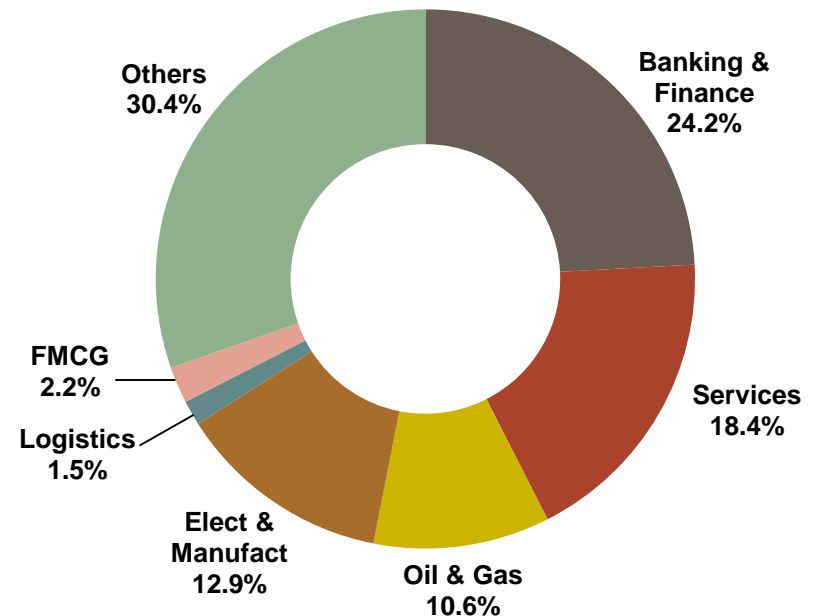


# Market Segmentation 3Q 2018 – Serviced Residences

**Serviced Residences (by Revenue)**



**Serviced Residences (by Industry)**



- Revenue contribution from the Corporate segment was 76.4% in 3Q 2018, compared to 79.8% a year ago.
- There is a higher year-on-year revenue contribution percentage from Banking & Finance, Electrical and Manufacturing, and Logistics.



## Capital Management



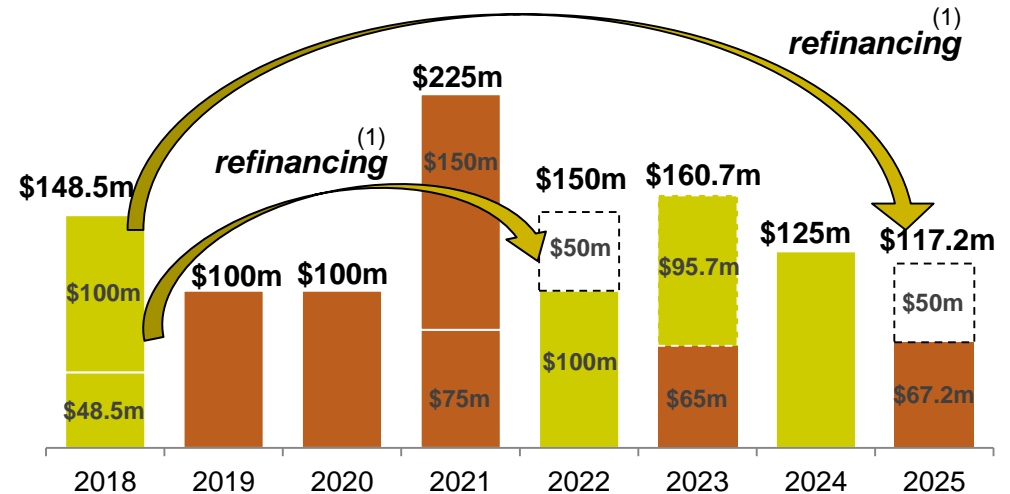
**FAR EAST**  
HOSPITALITY  
TRUST

# Capital Management

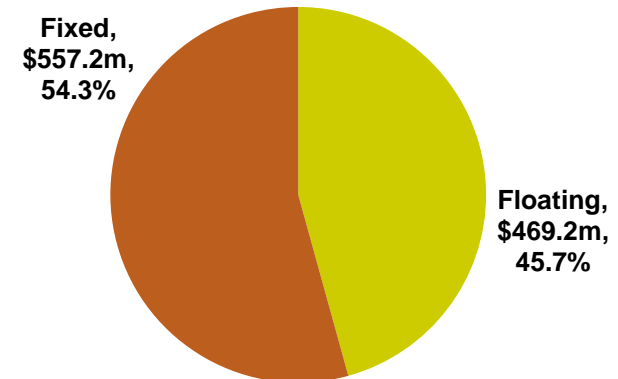
As at 30 September 2018

<b>Total debt</b>	\$1,026.4m
<b>Available revolving facility</b>	\$251.5m
<b>Gearing ratio</b>	40.4%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate</b>	54.3%
<b>Weighted average debt maturity</b>	3.1 years
<b>Average cost of debt</b>	2.6%

**Debt Maturity Profile**



**Interest Rate Profile**



Note:

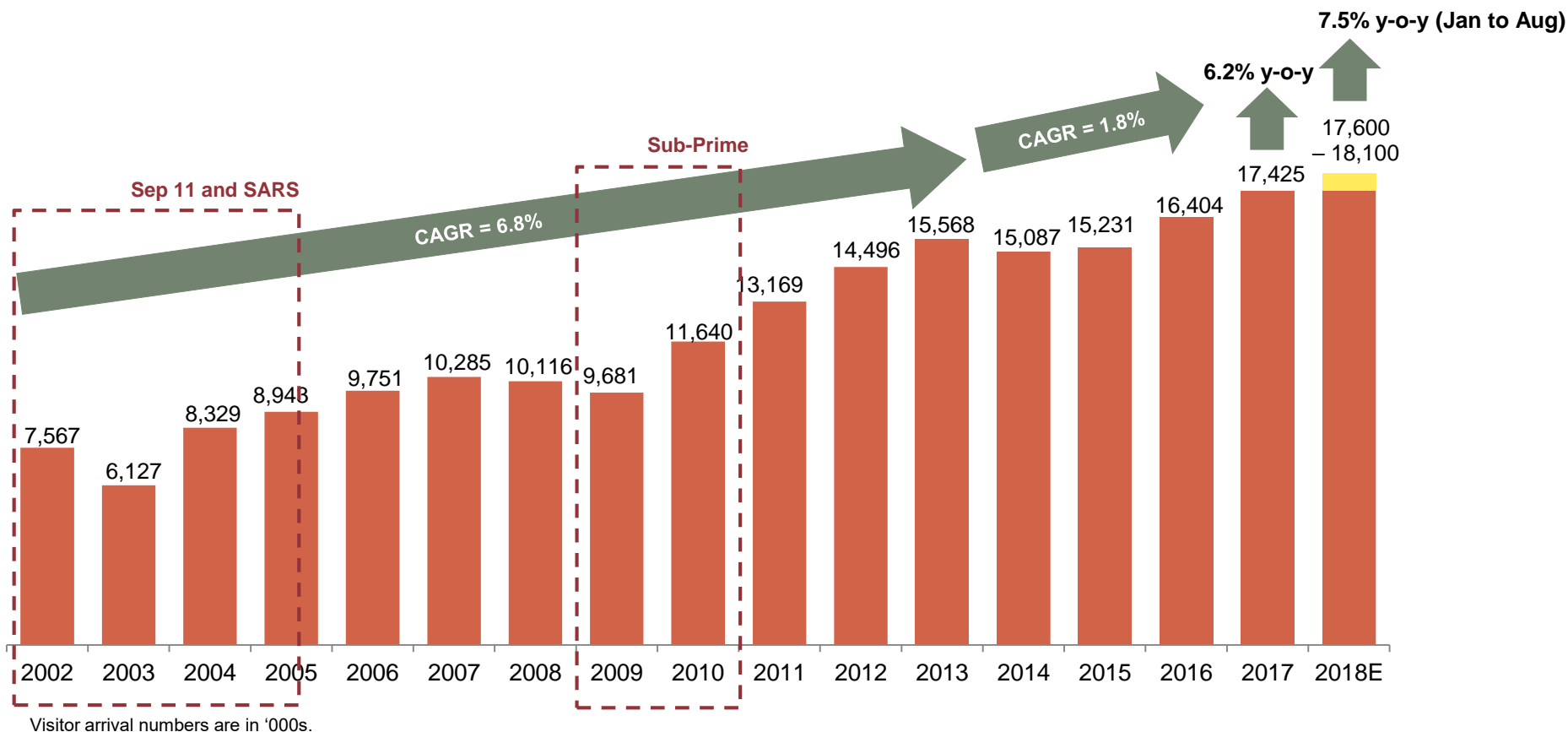
(1) The REIT Manager is finalising the loan documentation to refinance the term loan of S\$100 million ahead of its maturity in December 2018.



## Industry Outlook & Prospects



# Historical and Forecast Visitor Arrivals in Singapore



- Visitor arrivals grew at a CAGR of 1.8% between 2014 to 2016.
- From the start of 2017, growth of arrivals has gained pace, with a year-on-year increase of 6.2% in 2017, and 7.5% for the period of Jan to Aug 2018.

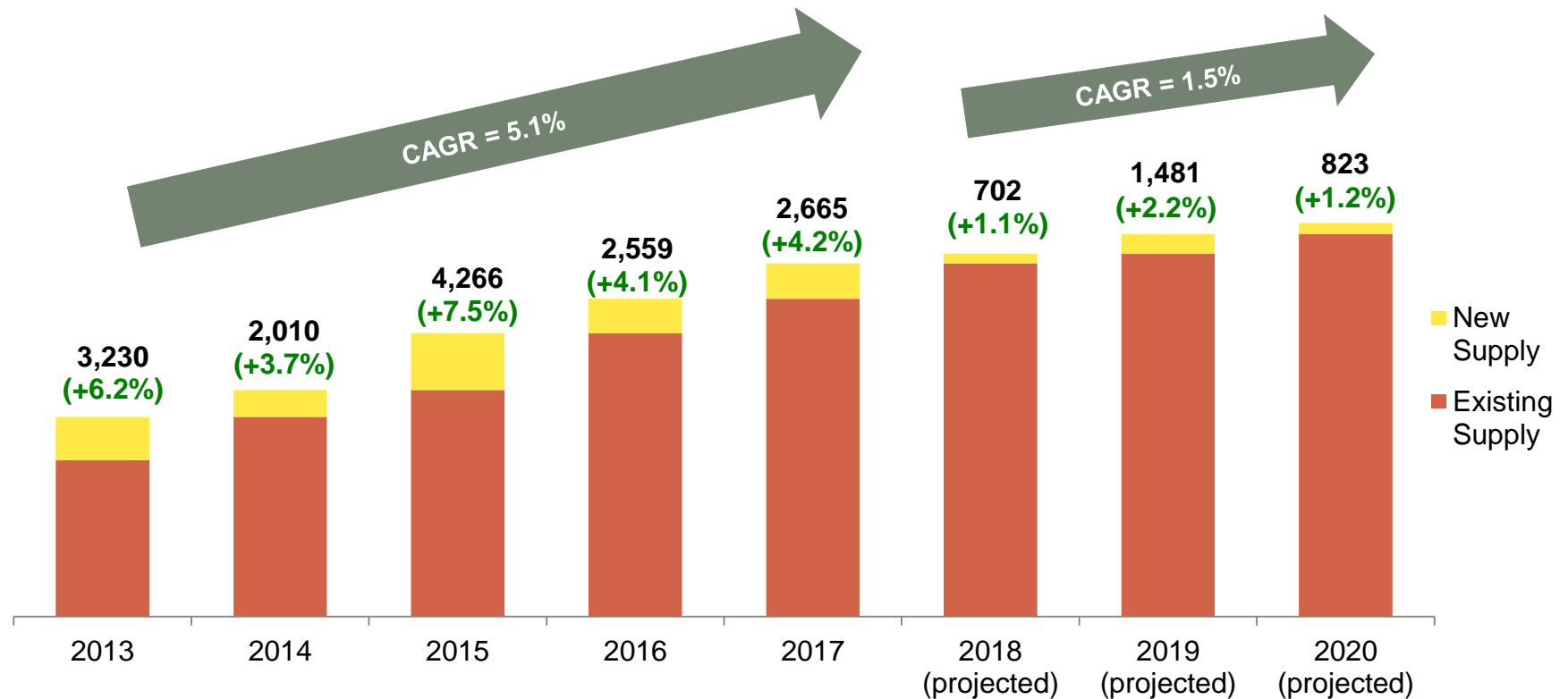
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

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, as at 31 August 2018



# Estimated Hotel Room Supply in Singapore



- Hotel supply is expected to show a CAGR of 1.5% between 2018 to 2020, as compared to 5.1% between 2013 to 2017.
- There is a projected increase in supply of 702 rooms in 2018, 1,481 rooms in 2019, and 823 rooms in 2020.

Note: The above chart does not take into account closures for renovations and re-openings  
Sources: CBRE Report & Far East H-Trust compilation

# Transformation of Tourism Landscape – Recent Developments

## Tapping of Regional Secondary Cities

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



## Strengthening of Singapore as global air hub

As Qantas resumed Sydney-London services via Singapore in April 2018, CAG & STB entered into a \$5 million, 3-year marketing partnership with them to grow traffic to and through Singapore

## Leveraging of Fly-cruise connections

Costa Cruises, STB & CAG enter tripartite partnership which is expected to bring in over 100,000 international fly-cruise visitors to Singapore over 3 years



## Singapore as a choice destination for quality events

Visitor arrivals to Singapore increased 7.7% year-on-year to 9.2 million in 1H 2018, with about 15% of visitors here for BTMICE, which contributed S\$2.2 billion or 22% of total tourism receipts<sup>1</sup>



<sup>1</sup> Excluding receipts for sightseeing, entertainment and gaming sectors  
Images from Singapore Tourism Board



# Transformation of Tourism Landscape – 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



## **Mandai Makeover (2023\*)**

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



## **Plans to revamp Sentosa & Pulau Brani**

Pulau Brani and Sentosa Island will be redeveloped and integrated with the Greater Southern Waterfront project. This whole area would include new tourism attractions and be branded as the Southern Gateway of Asia



## **Revamp of Orchard Road**

The Singapore government announced plans to revamp the Orchard Road shopping belt to include more activities and attractions, e.g. urban garden, living lab for a new innovation district etc



# Outlook & Prospects

- **Performance of Far East H-Trust's hotel portfolio reflects improvement**
  - Operating environment for hotels in Singapore continues to trend in positive direction
    - International visitor arrivals grew 7.5% year-on-year in first 8 months of 2018<sup>1</sup>
    - Supply expected to register an increase of 1.1% in 2018 and 2.2% in 2019<sup>2</sup>, year-on-year
  - Recent addition of Oasia Hotel Downtown and rebranding of Orchard Rendezvous Hotel<sup>3</sup> have provided a further boost to performance of portfolio
  - Nonetheless, corporate travel demand is subject to wider global and economic factors
- **Outlook for Far East H-Trust's serviced residences remains subdued**
  - Long-stay market continues to be impacted by various factors, e.g. room rate pressure from corporate accounts, a tight foreign labour policy and a greater availability of home-sharing options
- **Far East H-Trust continues to proactively explore opportunities for growth, whilst still focused on enhancing the existing properties to strengthen the portfolio's competitiveness**



<sup>1</sup> STB Visitor Arrival Statistics as at 31 August 2018

<sup>2</sup> Far East H-Trust's compilation

<sup>3</sup> Previously known as Orchard Parade Hotel

# Details of Distribution

For Period From 1 July to 30 September 2018

<b>Distribution per Stapled Security</b>	1.05 cents
<b>Ex-Date</b>	5 November 2018
<b>Books Closure Date</b>	8 November 2018
<b>Distribution Payment Date</b>	13 December 2018



**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	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 <sup>2</sup>	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 <sup>2</sup>	27 Nov 2008	5 June 2000 <sup>2</sup>	30 Dec 2015	
# of Rooms	210	380	256	393	428	388	108	298	314	2,775
Lease Tenure <sup>1</sup>	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) <sup>1</sup>	123.3	216.0	162.6	232.0	330.0	421.5	81.4	275.9	210.0	2,052.7

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

<sup>2</sup> Date of acquisition by Sponsor, as property was not developed by Sponsor



# Far East H-Trust Asset Portfolio Overview

## Serviced Residences

					
	<b>Village Residence Clarke Quay</b>	<b>Village Residence Hougang</b>	<b>Village Residence Robertson Quay</b>	<b>Regency House</b>	<b>Total / Weighted Average</b>
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 <sup>1</sup>	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) <sup>1</sup>	197.4	64.5	107.7	168.5	538.1

<sup>1</sup> As at 31 December 2017