



FAR EAST
HOSPITALITY
TRUST

3Q 2017

Results Presentation

2 November 2017

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Results Highlights



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Executive Summary – Performance vs LY

	3Q 2017	3Q 2016	Variance	YTD Sep 2017	YTD Sep 2016	Variance
	\$'000	\$'000	%	\$'000	\$'000	%
Gross Revenue	27,456	28,019	(2.0)	78,107	81,522	(4.2)
Net Property Income	24,765	25,347	(2.3)	70,039	73,496	(4.7)
Income Available for Distribution	19,169	20,263	(5.4)	54,028	57,978	(6.8)
Distribution per Stapled Security (cents)	1.03	1.12	(8.0)	2.93	3.21	(8.7)



Financial Results From 1 July to 30 September 2017

	3Q 2017	3Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	21,874	22,177	(303)	(1.4)
Retail and office revenue	5,582	5,842	(260)	(4.5)
Gross revenue	27,456	28,019	(563)	(2.0)
Property tax	(1,815)	(1,848)	(33)	1.8
Property insurance	(29)	(30)	1	3.3
MCST contribution	(33)	(17)	(16)	(94.1)
Retail and office expenses	(700)	(666)	(34)	(5.1)
Property manager fees	(114)	(111)	(3)	(2.7)
Property expenses	(2,691)	(2,672)	(19)	(0.7)
Net property income	24,765	25,347	(582)	(2.3)
REIT Manager's fees	(2,869)	(2,914)	45	1.5
Trustee's fees	(80)	(79)	(1)	(1.3)
Other trust expenses	(579)	(184)	(395)	>(100.0)
Trust level expenses	(3,528)	(3,177)	(351)	(11.0)
Total finance costs	(4,920)	(4,848)	(72)	(1.5)
Share of results of joint venture	(43)	(11)	(32)	>(100.0)
Net income before tax and fair value changes	16,274	17,311	(1,037)	(6.0)
Fair value change in derivative financial instruments	921	(1,918)	2,839	>100.0
Total return for the period before income tax	17,195	15,393	1,802	11.7



Statement of Distribution to Stapled Securityholders

	3Q 2017	3Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	17,195	15,393	1,802	11.7
Income tax expense	(3)	(3)	-	-
Total return for the period after income tax	17,192	15,390	1,802	11.7
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,582	2,623	(41)	(1.6)
Trustee's fees	80	79	1	1.3
Amortisation of debt upfront cost	133	171	(38)	(22.2)
Fair value change in derivative financial instruments	(921)	1,918	(2,839)	>(100.0)
Share of results of joint venture	43	11	32	>100.0
Other adjustments	60	71	(11)	(15.5)
Net tax adjustments	1,977	4,873	(2,896)	(59.4)
Rollover adjustment	-	-	-	-
Income available for distribution	19,169	20,263	(1,094)	(5.4)



Financial Results From 1 January to 30 September 2017

	YTD Sep 2017	YTD Sep 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	61,034	64,186	(3,152)	(4.9)
Retail and office revenue	17,073	17,336	(263)	(1.5)
Gross revenue	78,107	81,522	(3,415)	(4.2)
Property tax	(5,524)	(5,684)	160	2.8
Property insurance	(93)	(90)	(3)	(3.3)
MCST contribution	(101)	(51)	(50)	(98.0)
Retail and office expenses	(2,010)	(1,868)	(142)	(7.6)
Property manager fees	(340)	(333)	(7)	(2.1)
Property expenses	(8,068)	(8,026)	(42)	(0.5)
Net property income	70,039	73,496	(3,457)	(4.7)
REIT Manager's fees	(8,383)	(8,598)	215	2.5
Trustee's fees	(233)	(235)	2	0.9
Other trust expenses	(1,135)	(623)	(512)	(82.2)
Trust level expenses	(9,751)	(9,456)	(295)	(3.1)
Total finance costs	(14,789)	(15,004)	215	1.4
Share of results of joint venture	(104)	(28)	(76)	>(100.0)
Net income before tax and fair value changes	45,395	49,008	(3,613)	(7.4)
Fair value change in derivative financial instruments	(4,619)	(10,618)	5,999	56.5
Total return for the period before income tax	40,776	38,390	2,386	6.2



Statement of Distribution to Stapled Securityholders

	YTD Sep 2017	YTD Sep 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	40,776	38,390	2,386	6.2
Income tax expense	(9)	(9)	-	-
Total return for the period after income tax	40,767	38,381	2,386	6.2
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	7,545	7,739	(194)	(2.5)
Trustee's fees	233	235	(2)	(0.9)
Amortisation of debt upfront cost	538	511	27	5.3
Fair value change in derivative financial instruments	4,619	10,618	(5,999)	(56.5)
Share of results of joint venture	104	28	76	>100.0
Other adjustments	222	260	(38)	(14.6)
Net tax adjustments	13,261	19,391	(6,130)	(31.7)
Rollover adjustment	-	206	(206)	(100.0)
Income available for distribution	54,028	57,978	(3,950)	(6.8)



Details of Distribution

For Period From 1 July to 30 September 2017

Distribution per Stapled Security	1.03 cents
Ex-Date	8 Nov 2017
Books Closure Date	10 Nov 2017
Distribution Payment Date	15 Dec 2017



Portfolio Performance



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Portfolio Performance – Key Highlights for 3Q 2017

Hotels

- **The average occupancy of the hotels in the portfolio increased 1.0pp to 89.4% and the average daily rate (“ADR”) decreased 0.7% to \$159.**
- Demand for hotel accommodation was stronger in 3Q 2017 compared to the previous quarter, as a result of better contribution from the corporate segment. The hotel portfolio closed the gap in the ADR and increased overall occupancy by 1.0pp as compared to 3Q2016.
- **Revenue per available room (“RevPAR”) increased 0.4% to \$143 in 3Q 2017.**

Serviced Residences

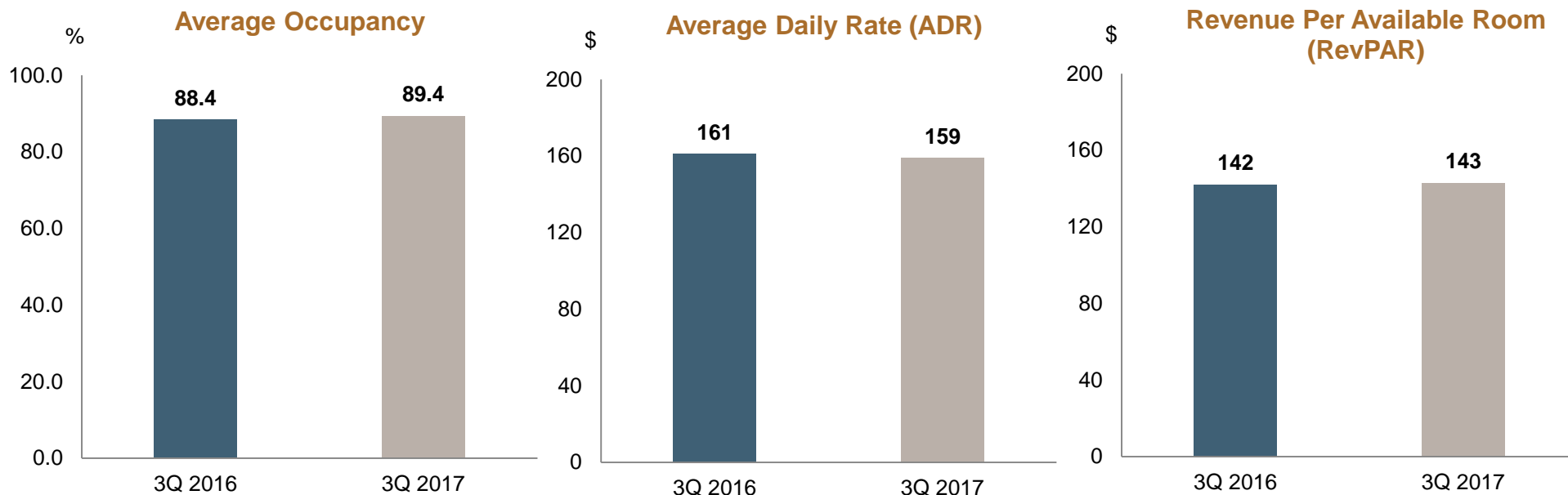
- **The average occupancy of the serviced residences decreased 1.0pp to 89.0% and ADR was 2.3% lower at \$221.**
- The SR portfolio continued to be impacted by downward pressure on ADR, however the occupancy gap that impacted trading in the first two quarters was closed in 3Q 2017.
- **Revenue per available serviced residence unit (“RevPAU”) was \$196 in 3Q 2017, 3.4% lower year-on-year.**

Commercial Premises

- **Revenue from the retail and office spaces declined 4.5% year-on-year to \$5.6 million in 3Q 2017 due to lower occupancy and a marginal decrease in rental rates.**



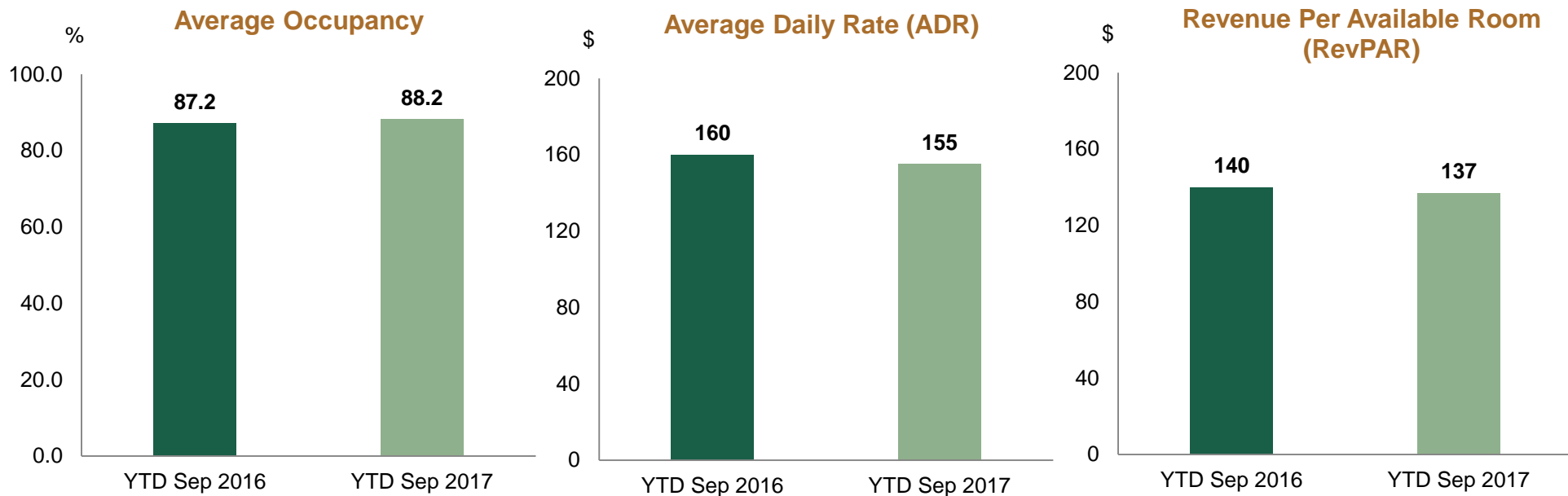
Portfolio Performance 3Q 2017 - Hotels



	3Q 2016	3Q 2017	Variance
Average Occupancy (%)	88.4	89.4	1.0pp
ADR (\$)	161	159	(0.7%)
RevPAR (\$)	142	143	0.4%



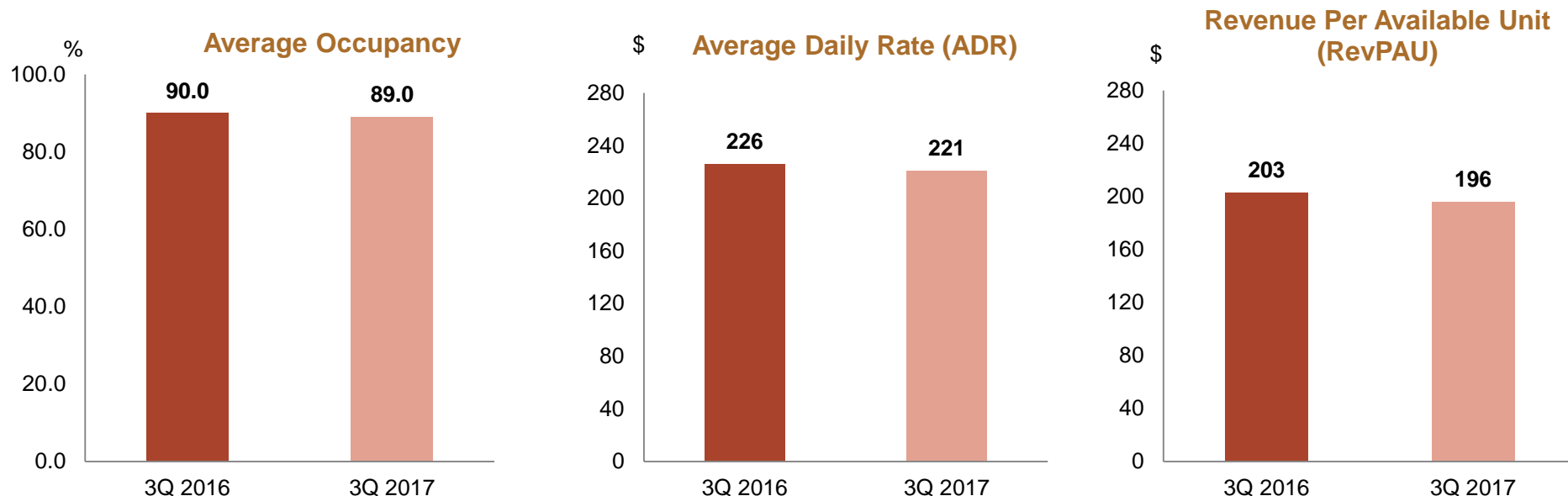
Portfolio Performance YTD September 2017 - Hotels



	YTD Sep 2016	YTD Sep 2017	Variance
Average Occupancy (%)	87.2	88.2	1.0pp
ADR (\$)	160	155	(2.9%)
RevPAR (\$)	140	137	(1.8%)



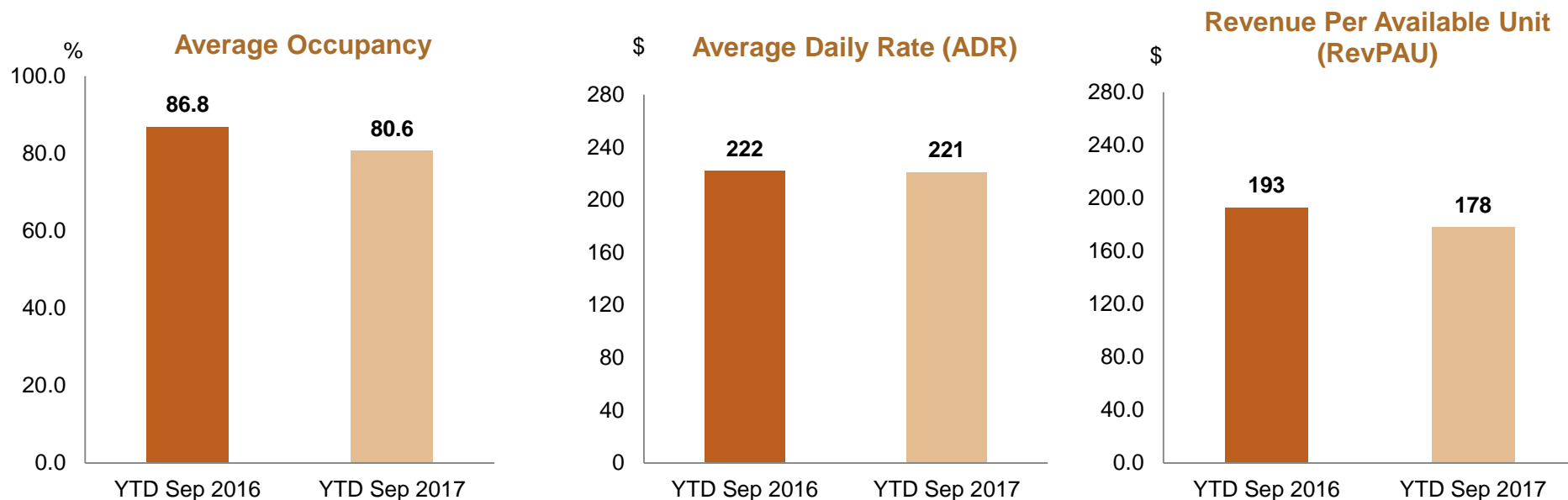
Portfolio Performance 3Q 2017 – Serviced Residences



	3Q 2016	3Q 2017	Variance
Average Occupancy (%)	90.0	89.0	(1.0pp)
ADR (\$)	226	221	(2.3%)
RevPAU (\$)	203	196	(3.4%)



Portfolio Performance YTD Sep 2017 – Serviced Residences

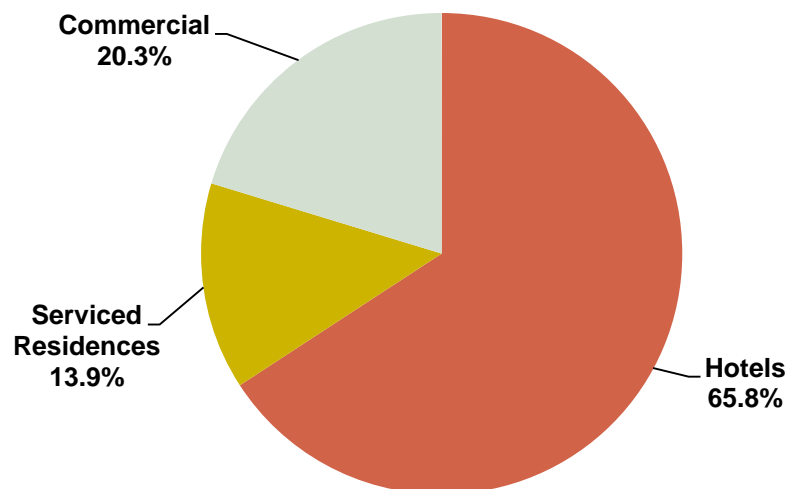


	YTD Sep 2016	YTD Sep 2017	Variance
Average Occupancy (%)	86.8	80.6	(6.1pp)
ADR (\$)	222	221	(0.5%)
RevPAU (\$)	193	178	(7.5%)

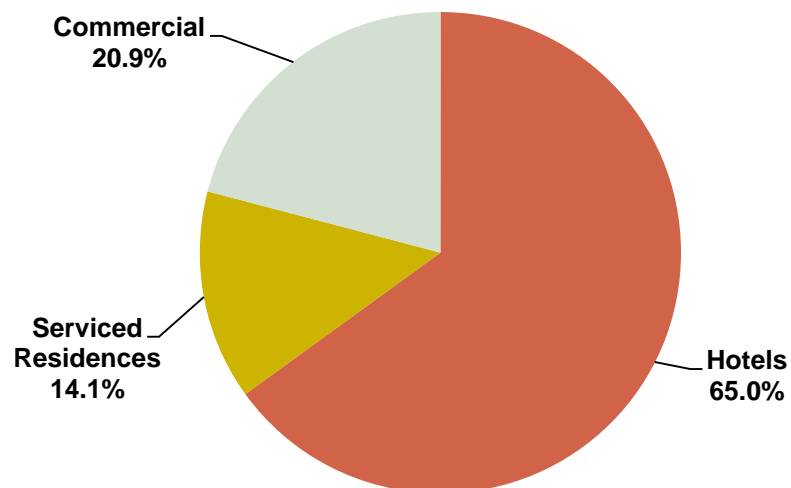


Breakdown of Gross Revenue – Total Portfolio

3Q 2017

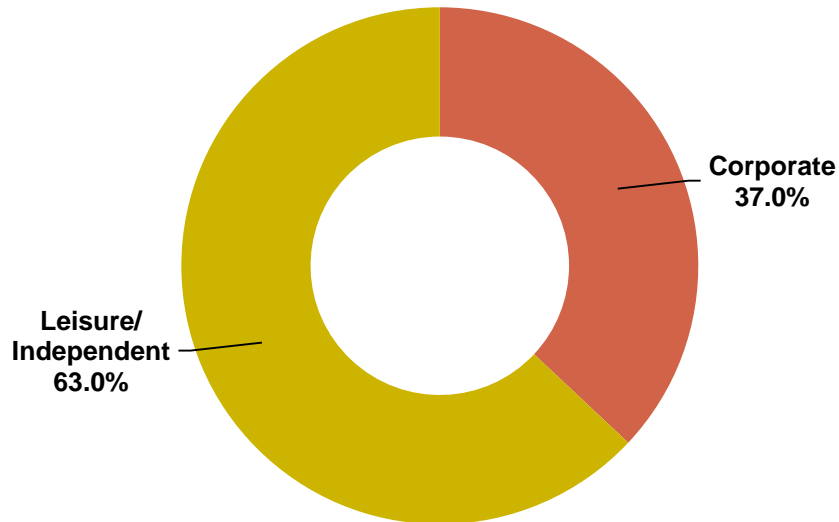


3Q 2016

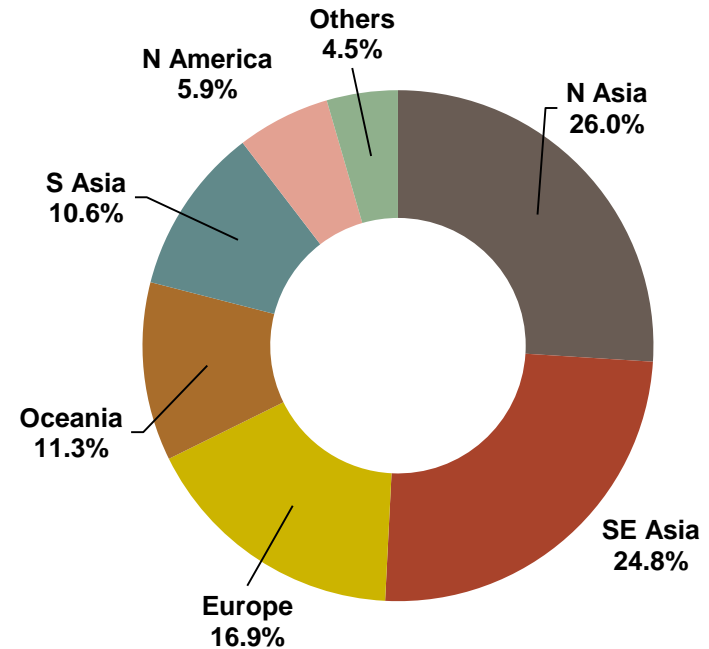


Market Segmentation 3Q 2017 – Hotels

Hotels (by Revenue)



Hotels (by Region)

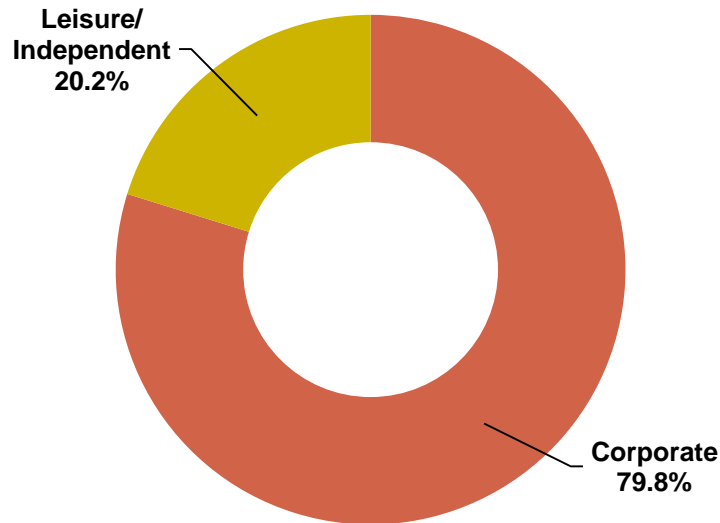


- Leisure segment contributed 63.0% of hotel revenue in 3Q 2017, similar to a year ago.
- The decrease in revenue contribution from N America and Europe was compensated by higher contribution from South Asia, North Asia and SE Asia.

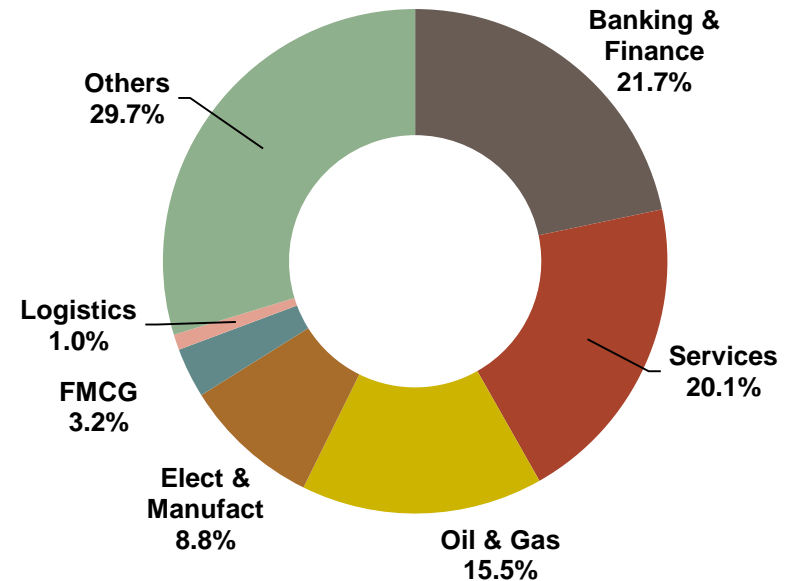


Market Segmentation 3Q 2017 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 79.8% of revenue for serviced residences in 3Q 2017, compared with 83.5% a year ago.
- Revenue contribution from Banking & Finance, Oil & Gas and Others (mainly online bookings) was stronger in 3Q 2017.



Capital Management



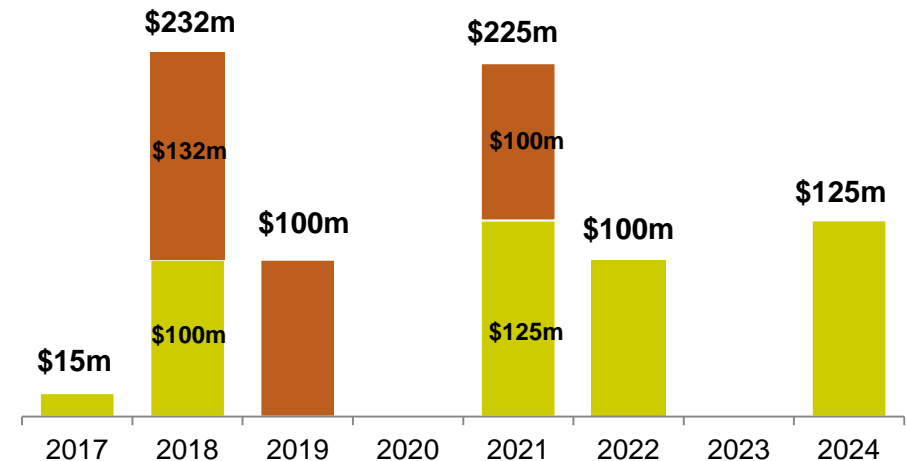
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Capital Management

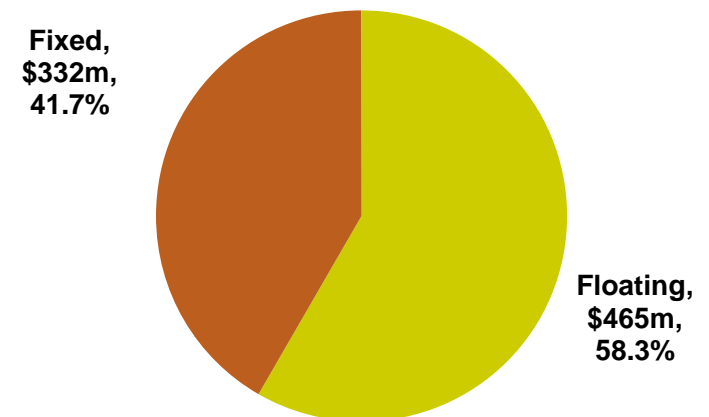
As at 30 September 2017

Total debt	\$797m
Available revolving facility	\$85m
Gearing ratio	32.1%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	41.7%
Weighted average debt maturity	3.3 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Asset Enhancement



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Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Refurbishment of Club Guestroom



After



Before



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Refurbishment of Bathroom of Club Guestroom



After



Before



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Renovation of Guestroom Corridor



After



Before



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Renovation of Club Lounge



After



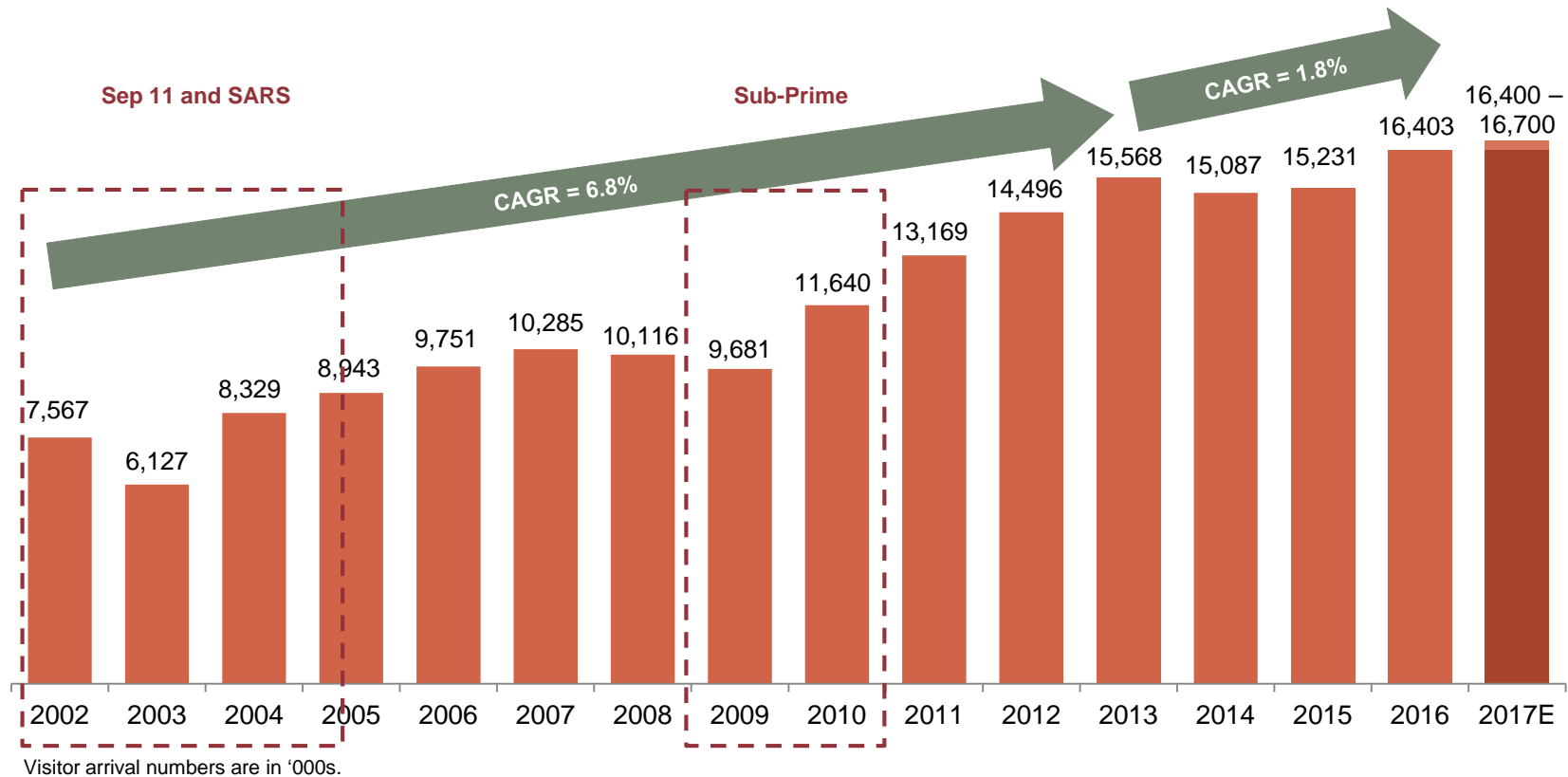
Before

Industry Outlook & Prospects



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Historical and Forecast Visitor Arrivals in Singapore



- **Visitor arrivals grew at a CAGR of 1.8% from 2013 to 2016, and are projected to increase by up to 2% in 2017. Visitor arrivals increased 4% year-on-year for the period Jan-Aug 2017.**

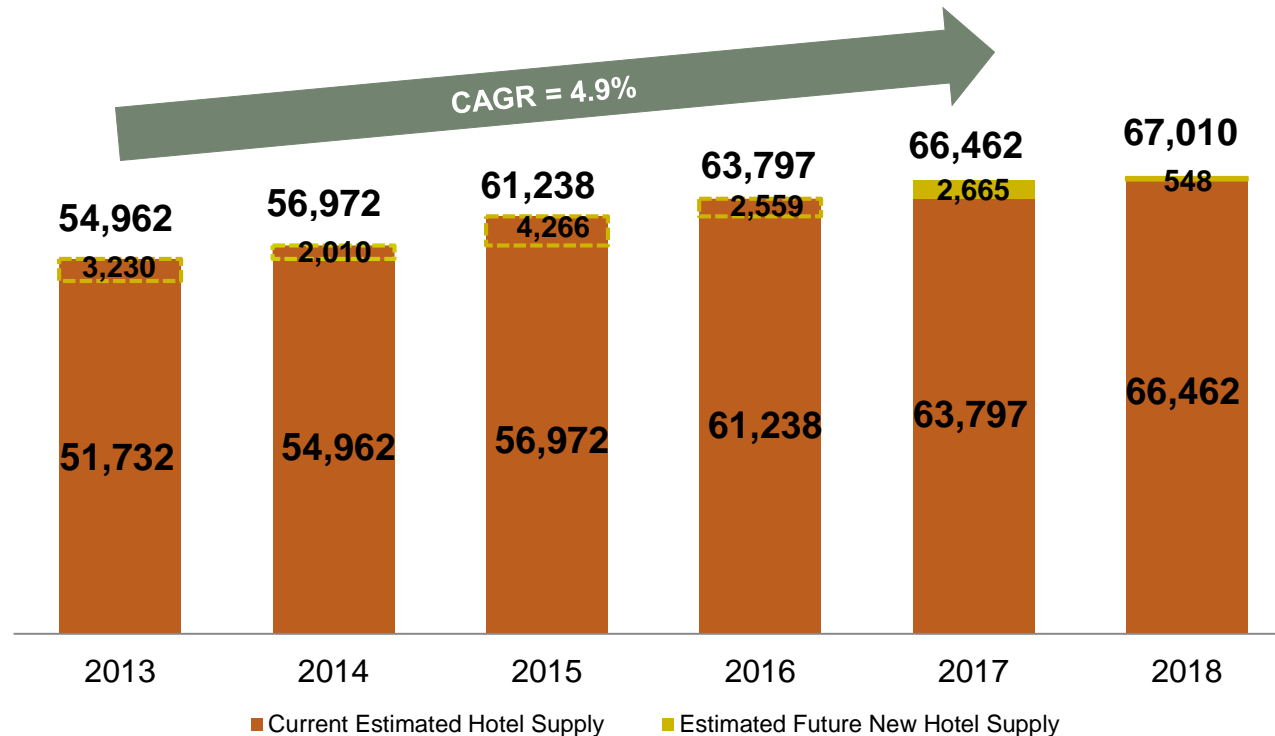
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

Singapore Tourism Board, "Singapore Achieves Record Tourism Sector Performance in 2017", 14 February 2017 (2017E visitor arrivals)

Singapore Tourism Board, International Visitor Arrivals Statistics, 17 October 2017



Estimated Hotel Room Supply in Singapore



- Hotel supply is expected to increase by 4.2% in 2017 and taper off 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 January 2017 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 serving 8 million passengers annually and provision of world-class retail experience



STB-Walt Disney Tie-up for Disney Entertainment Activities (2017-2019)

First-of-its-kind thematic Disney activities for locals and tourists



New Attractions at Sentosa (2017-2030)

AJ-Hackett bungee jump, Skyline Luge expansion, Merlion Gateway revamp, new outdoor attraction and SDC "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, Straits Times, URA and Temasek

Outlook & Prospects

- **Singapore economy expected to grow at modest pace in 2017**
 - GDP forecasted to grow by 2 - 3% in 2017, with growth likely to come in at around 2.5%¹
- **Operating environment is expected to remain competitive with hotel supply outweighing demand in 2017; the pace of increase of new hotel rooms expected to slow down in 2018**
 - Despite visitor arrivals growing by 4.0% in the first eight months of 2017², the corporate segment is anticipated to remain soft
- **Continuous pursuit of growth**
 - Selective upgrading of existing properties – refurbishment of guest rooms and club lounge at Orchard Parade Hotel underway and on track for completion in 2Q 2018

¹ "MTI Narrows 2017 GDP Growth Forecast to "2.0 to 3.0 Per Cent", Ministry of Trade and Industry, 11 Aug 2017

² Singapore Tourism Board, International Visitor Arrivals Statistics, 17 October 2017



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	71 years	61 years	71 years	62 years	88 years	46 years	71 years	67 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	119.2	232.8	170.0	228.0	339.0	417.0	80.0	280.5	1,866.5

¹ As at 31 December 2016

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	76 years	77 years	74 years	77 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	203.3	67.0	112.6	168.5	551.4

¹ As at 31 December 2016