



FAR EAST
HOSPITALITY
TRUST

1Q 2017 Results Presentation

12 May 2017

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Results Highlights



Executive Summary – Performance vs LY

	1Q 2017	1Q 2016	Variance
	\$	\$	%
Gross Revenue (\$'000)	24,775	27,365	(9.5)
Net Property Income (\$'000)	22,124	24,679	(10.4)
Income Available for Distribution (\$'000)	16,931	19,444	(12.9)
Distribution per Stapled Security (cents)	0.93	1.08	(13.9)

- **Gross revenue declined 9.5% year-on-year to \$24.8 million in 1Q 2017, mainly due to a decrease in master lease rental.**
- **Lower property expenses, trust expenses and finance costs insufficient to mitigate the shortfall in revenue.**
- **Income available for distribution was \$16.9 million, which translates into a Distribution per Stapled Security (“DPS”) of 0.93 cents.**



Financial Results From 1 January to 31 March 2017

	1Q 2017	1Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	19,050	21,609	(2,559)	(11.8)
Retail and office revenue	5,725	5,756	(31)	(0.5)
Gross revenue	24,775	27,365	(2,590)	(9.5)
Property tax	(1,862)	(1,934)	72	3.7
Property insurance	(31)	(30)	(1)	(3.3)
MCST contribution	(34)	(16)	N.M.	N.M.
Retail and office expenses	(611)	(595)	(16)	(2.7)
Property manager fees	(113)	(111)	(2)	(1.8)
Property expenses	(2,651)	(2,686)	35	1.3
Net property income	22,124	24,679	(2,555)	(10.4)
REIT Manager's fees	(2,726)	(2,870)	144	5.0
Trustee's fees	(76)	(78)	2	2.6
Other trust expenses	(213)	(237)	24	10.1
Trust level expenses	(3,015)	(3,185)	170	5.3
Total finance costs	(5,061)	(5,181)	120	2.3
Share of results of joint venture	(19)	(6)	N.M.	N.M.
Net income before tax and fair value changes	14,029	16,307	(2,278)	(14.0)
Fair value change in derivative financial instruments	(2,753)	(7,486)	4,733	63.2
Total return for the period before income tax	11,276	8,821	2,455	27.8



Statement of Distribution to Stapled Securityholders

	1Q 2017	1Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	11,276	8,821	2,455	27.8
Income tax expense	(3)	(4)	1	25.0
Total return for the period after income tax	11,273	8,817	2,456	27.9
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,453	2,583	(130)	(5.0)
Trustee's fees	76	78	(2)	(2.6)
Amortisation of debt upfront cost	274	170	104	61.2
Fair value change in derivative financial instruments	2,753	7,486	(4,733)	(63.2)
Share of results of joint venture	19	6	N.M.	N.M.
Other Adjustments	83	98	(15)	(15.3)
Net tax adjustments	5,658	10,421	(4,763)	(45.7)
Rollover adjustment	-	206	N.M.	N.M.
Income available for distribution	16,931	19,444	(2,513)	(12.9)



Details of Distribution

For Period From 1 January to 31 March 2017

Distribution per Stapled Security	0.93 cents
Ex-Date	18 May 2017
Books Closure Date	22 May 2017
Distribution Payment Date	27 June 2017

- **Introduction of Distribution Reinvestment Plan which will apply to the distribution for the period from 1 January 2017 to 31 March 2017**
- **Enable Stapled Securityholders to increase holdings in Far East H-Trust without incurring brokerage or other transaction costs**
- **Cash retained to fund growth and expansion, and strengthen working capital**



Portfolio Performance



Portfolio Performance – Key Highlights for 1Q 2017

Hotels

- **The average occupancy of the hotels in the portfolio remained stable at 88.1%. The average daily rate fell 4.7% to \$152.**
- The hotels continued to face pressure from companies exercising prudence in their business travel spending, but demand from leisure travellers remained healthy. Heightened competition as a result of the new hotel supply also put pressure on rates.
- **Revenue per available room (“RevPAR”) decreased 4.6% to \$134 in 1Q 2017.**

Serviced Residences

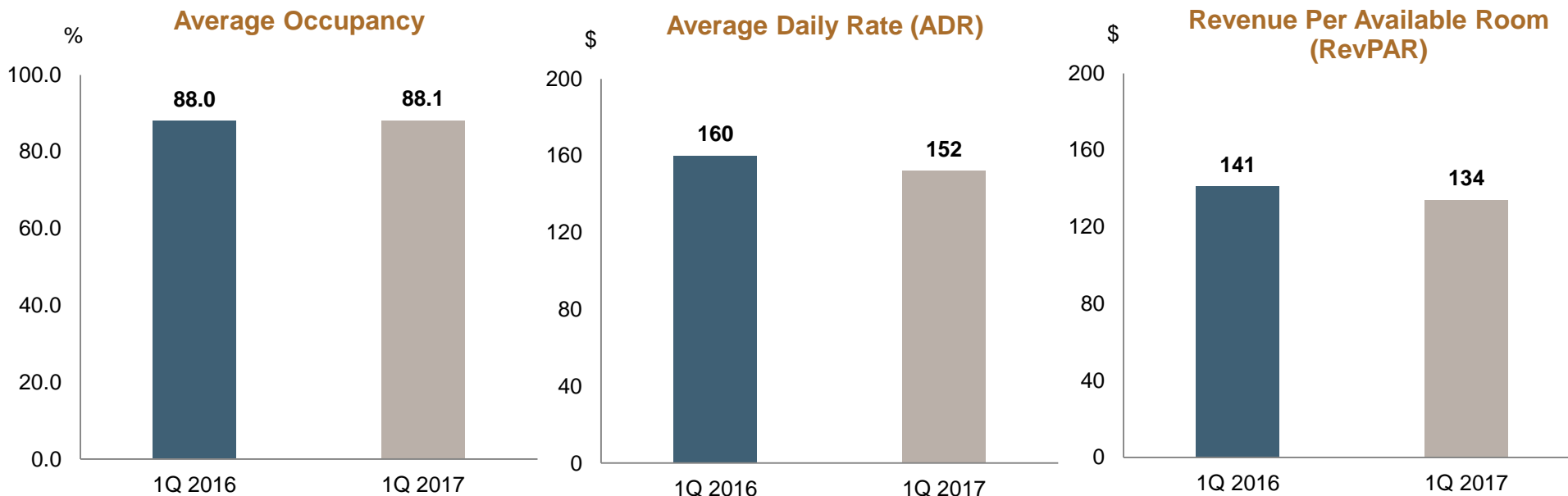
- **The average occupancy of the serviced residences decreased to 71.2%. An 1.8% increase in rates was not able to offset the fall in occupancy.**
- Demand was weak as there were fewer project and training groups coming to Singapore given the slowdown in corporate activities. These groups typically provide the base for our business.
- **Revenue per available serviced residence unit (“RevPAU”) was \$162 in 1Q 2017, 14.0% lower year-on-year. Demand picked up towards the later part of 1Q 2017.**

Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) was relatively stable.**



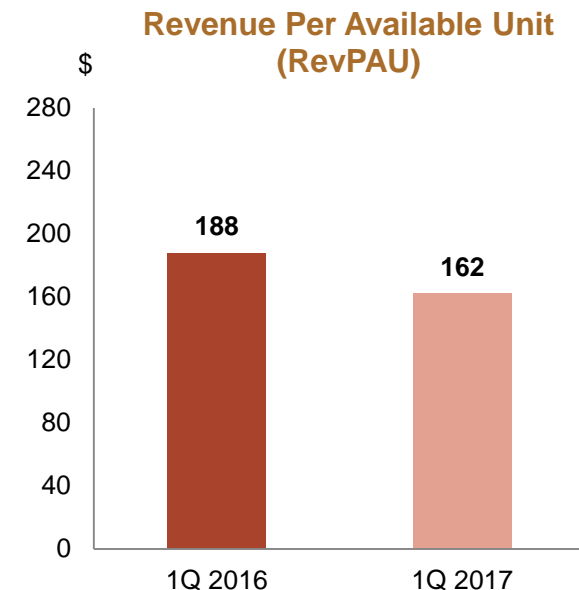
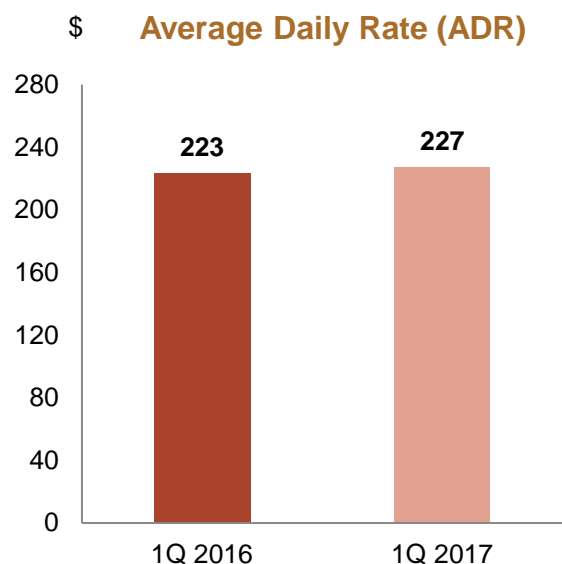
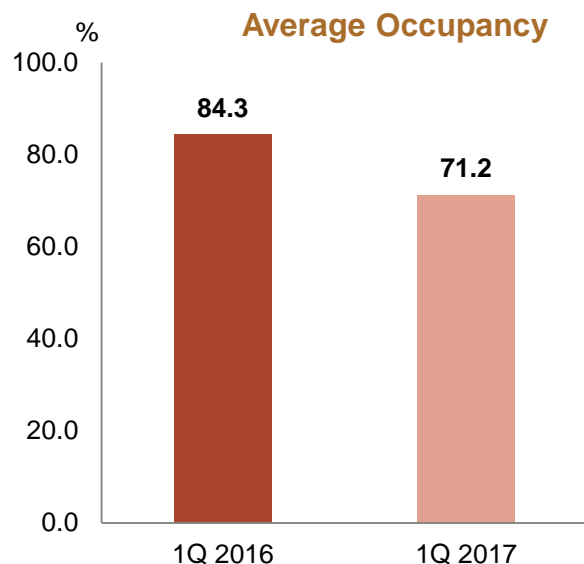
Portfolio Performance 1Q 2017 - Hotels



	1Q 2016	1Q 2017	Variance
Average Occupancy (%)	88.0	88.1	0.1pp
ADR (\$)	160	152	(4.7%)
RevPAR(\$)	141	134	(4.6%)



Portfolio Performance 1Q 2017 – Serviced Residences

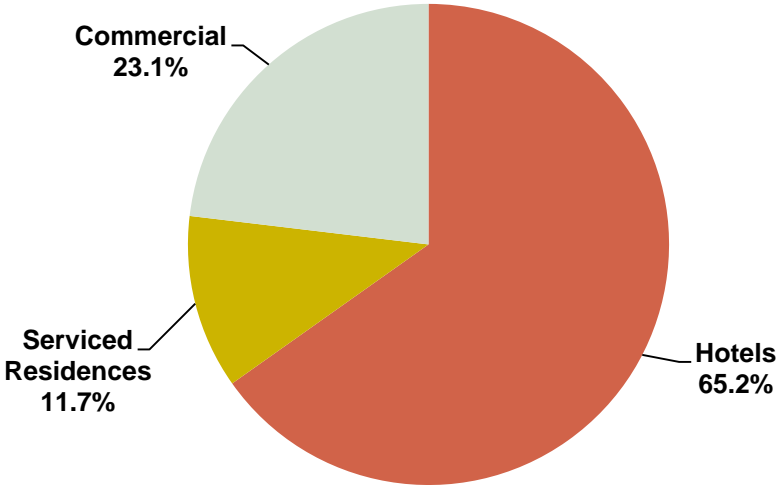


	1Q 2016	1Q 2017	Variance
Average Occupancy (%)	84.3	71.2	(13.1pp)
ADR (\$)	223	227	1.8%
RevPAU (\$)	188	162	(14.0%)

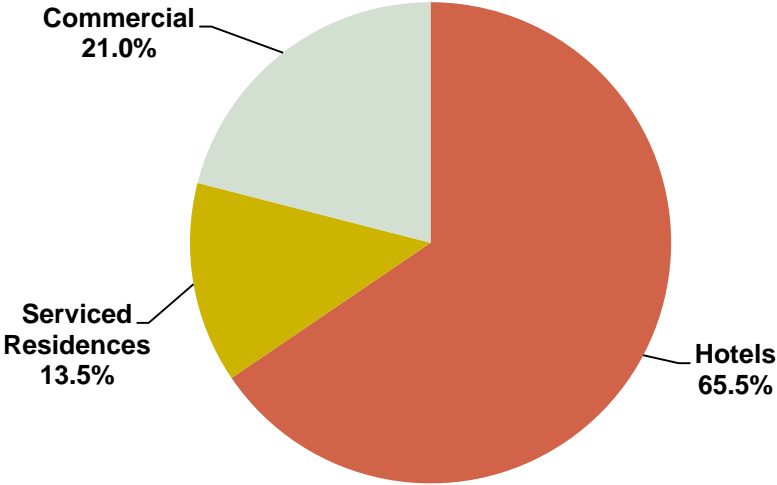


Breakdown of Gross Revenue – Total Portfolio

1Q 2017

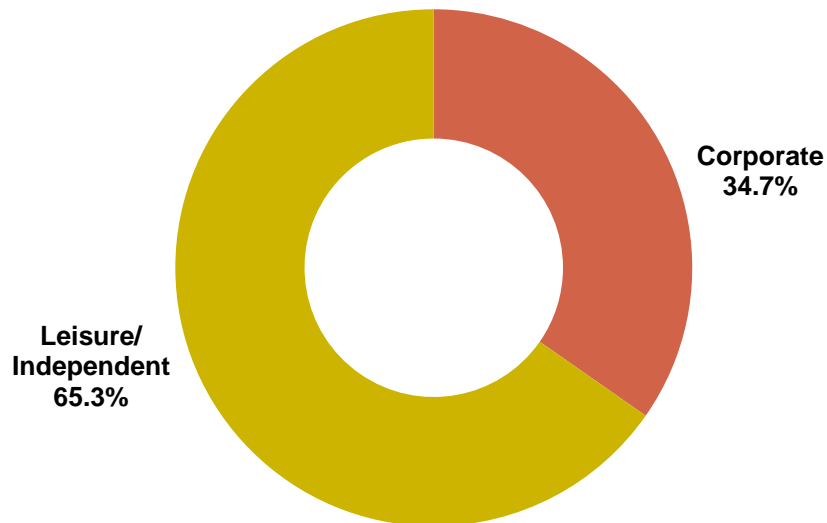


1Q 2016

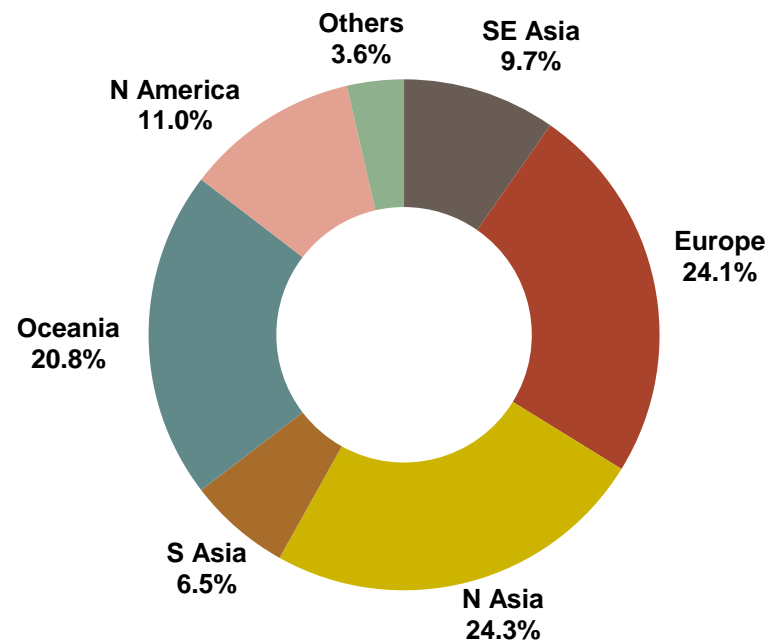


Market Segmentation 1Q 2017 – Hotels

Hotels (by Revenue)



Hotels (by Region)

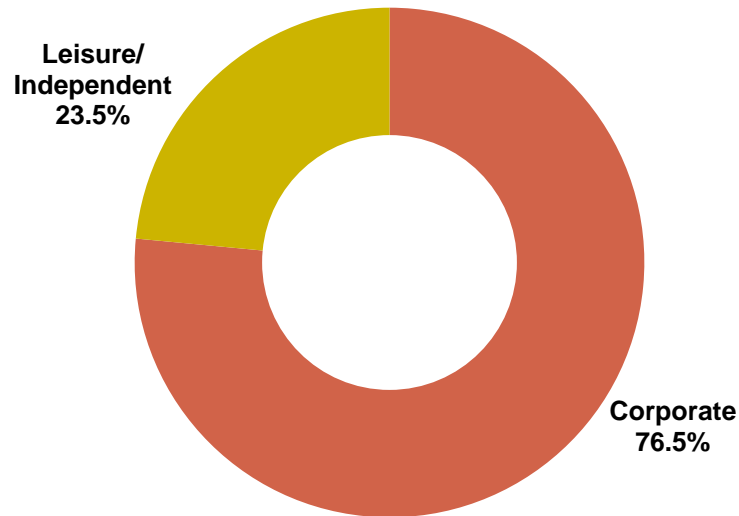


- Leisure segment contributed 65.3% of hotel revenue in 1Q 2017, up from 61.0% a year ago.
- The decrease in revenue contribution from Europe and N America was partially compensated by higher contribution from Oceania.

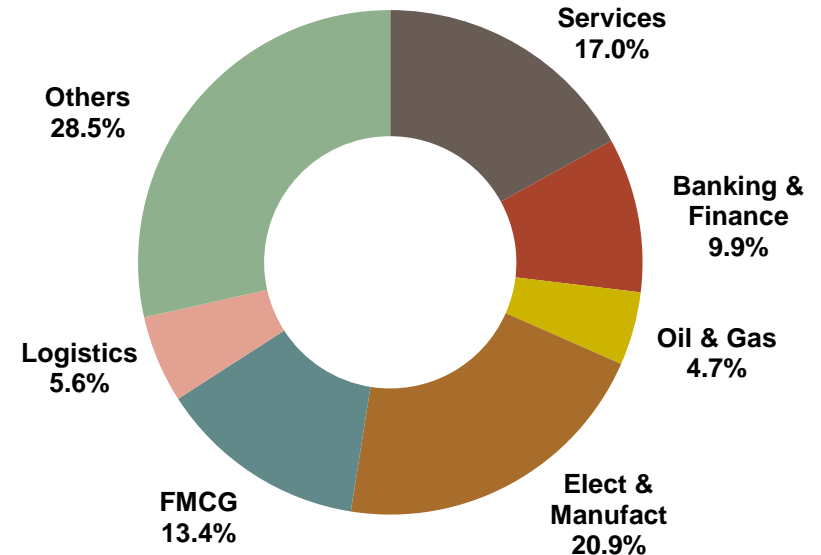


Market Segmentation 1Q 2017 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 76.5% of revenue for serviced residences in 1Q 2017, compared with 84.9% a year ago.
- Revenue contribution from Banking & Finance and Services was particularly weak in 1Q 2017. Contribution from Oil & Gas and Electronics & Manufacturing showed some improvement.



Capital Management

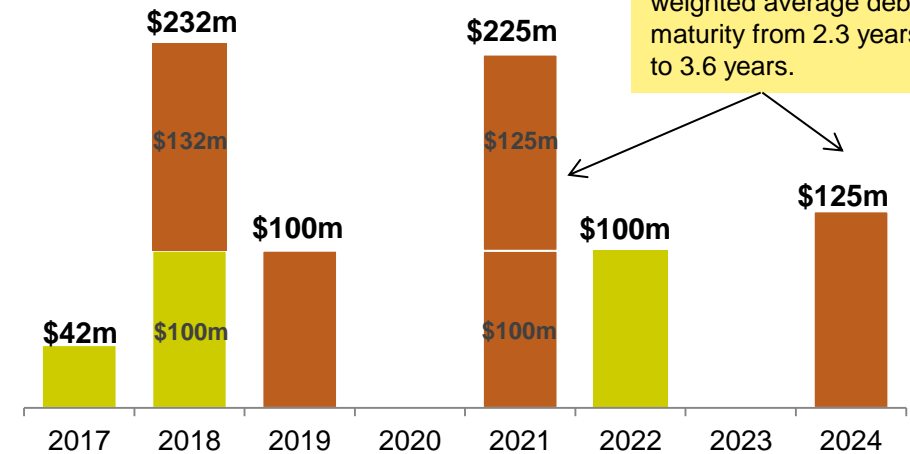


Capital Management

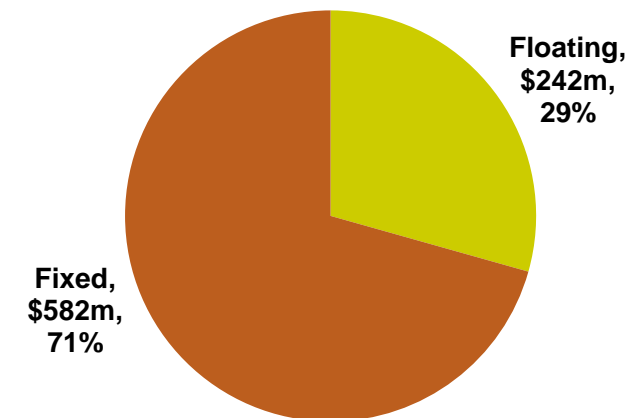
As at 31 March 2017

Total debt	\$824 m
Available revolving facility	\$58m
Gearing ratio	32.3%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	71%
Weighted average debt maturity	3.6 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Asset Enhancement



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Refurbishment of Superior rooms



After



Before

Note: The pictures are artist's impressions and may differ from the actual view



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Refurbishment of Premier rooms



After



Before

Note: The pictures are artist's impressions and may differ from the actual view



Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel (3rd Phase)

Renovation of Club Lounge



After



Before

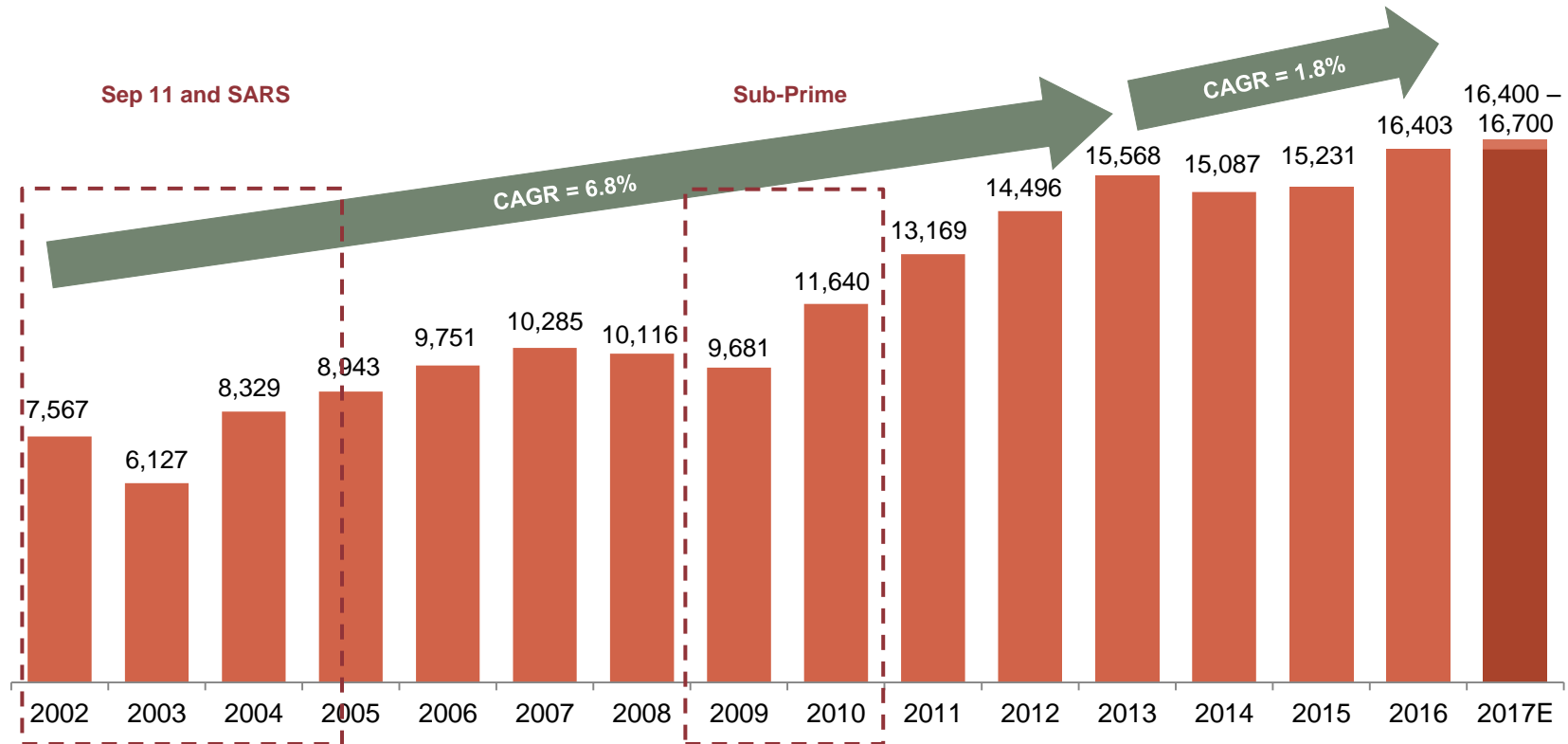
Note: The pictures are artist's impressions and may differ from the actual view



Industry Outlook & Prospects



Historical and Forecast Visitor Arrivals in Singapore



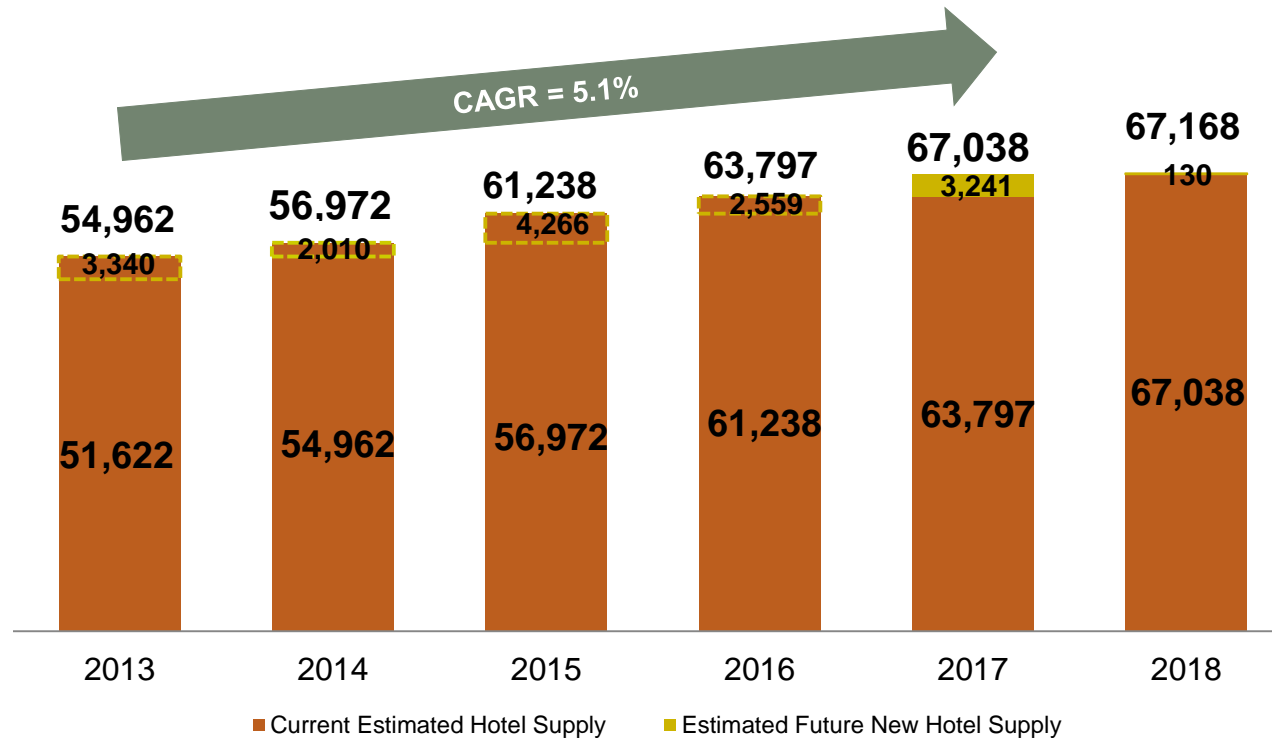
Visitor arrival numbers are in '000s.

- **Visitor arrivals grew at a CAGR of 1.8% from 2013 to 2016, and are projected to increase by up to 2% in 2017**

Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)
 Singapore Tourism Board, International Visitor Arrivals Statistics, 14 February 2017
 Singapore Tourism Board, "Singapore Achieves Record Tourism Sector Performance in 2017", 14 February 2017 (2017E visitor arrivals)



Estimated Hotel Room Supply in Singapore



- Hotel supply is expected to increase by 5.1% 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

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



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 (TBA)

One nature-based adventure attraction and another on an 'interactive and skill-based' concept



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 (2019*)

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 grow at modest pace in 2017**
 - GDP forecasted to grow by 1 - 3% in 2017¹
- **Operating environment remains competitive, increase in hotel supply to taper off in 2018**
 - Demand from corporate travellers, a significant source of our revenue, expected to remain soft, although leisure demand remains healthy
 - Hotel supply to outweigh demand in 2017 with about 3,200 new rooms, but to even out in 2018²
- **Continued focus on enhancing the portfolio and implementing strategies to improve performance**
 - Orchard Parade Hotel's guest rooms and Club Lounge to undergo refurbishment this year after public areas were renovated in 2016

¹ "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent"", Ministry of Trade and Industry, 17 February 2017

² CBRE report issued as at January 2017 and Far East H-Trust's compilation

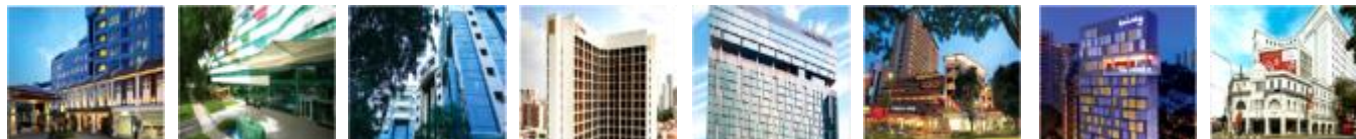


Thank You



Far East H-Trust Asset Portfolio Overview

Hotels



	Village Hotel Albert Court	Village Hotel Changi	The Elizabeth Hotel	Village Hotel Bugis	Oasia Hotel	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	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**

	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