



**FAR EAST**  
HOSPITALITY  
TRUST

## 1Q 2016 Results Presentation

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27 April 2016

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# Results Highlights



# Executive Summary – Performance vs LY

	1Q 2016	1Q 2015	Variance
	\$	\$	%
Gross Revenue (\$'000)	27,365	27,365	-
Net Property Income (\$'000)	24,679	24,487	0.8
Income Available for Distribution (\$'000)	19,444	19,203	1.3
Distribution per Stapled Security (cents)	1.08	1.07	0.9

- **Gross revenue remained flat year-on-year at \$27.4 million in 1Q 2016.**
- **Net property income grew marginally by 0.8% year-on-year due to lower property expenses in 1Q 2016.**
- **Distribution per stapled security (“DPS”) was slightly higher at 1.08 cents.**



# Financial Results From 1 January to 31 March 2016

	1Q 2016	1Q 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	21,609	21,485	124	0.6
Retail and office revenue	5,756	5,880	(124)	(2.1)
<b>Gross revenue</b>	<b>27,365</b>	<b>27,365</b>	-	-
Property tax	(1,934)	(2,054)	120	5.8
Property insurance	(30)	(32)	2	6.3
MCST contribution	(16)	(16)	-	-
Retail and office expenses	(595)	(665)	70	10.5
Property manager fees	(111)	(111)	-	-
<b>Property expenses</b>	<b>(2,686)</b>	<b>(2,878)</b>	<b>192</b>	<b>6.7</b>
<b>Net property income</b>	<b>24,679</b>	<b>24,487</b>	<b>192</b>	<b>0.8</b>
REIT Manager's fees	(2,870)	(2,859)	(11)	(0.4)
Trustee's fees	(78)	(78)	-	-
Other trust expenses	(237)	(278)	41	14.7
<b>Trust level expenses</b>	<b>(3,185)</b>	<b>(3,215)</b>	<b>30</b>	<b>0.9</b>
<b>Total finance costs</b>	<b>(5,181)</b>	<b>(5,006)</b>	<b>(175)</b>	<b>(3.5)</b>
Share of results of joint venture	(6)	-	(6)	N.M.
<b>Net income before tax and fair value changes</b>	<b>16,307</b>	<b>16,266</b>	<b>41</b>	<b>0.3</b>
Fair value change in derivative financial instruments	(7,486)	3,102	N.M.	N.M.
<b>Total return for the period before income tax</b>	<b>8,821</b>	<b>19,368</b>	<b>(10,547)</b>	<b>(54.5)</b>



# Statement of Distribution to Stapled Securityholders

	1Q 2016	1Q 2015	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
<b>Total return for the period before income tax</b>	<b>8,821</b>	<b>19,368</b>	<b>(10,547)</b>	<b>(54.5)</b>
Income tax expense	(4)	-	(4)	N.M.
<b>Total return for the period after income tax</b>	<b>8,817</b>	<b>19,368</b>	<b>(10,551)</b>	<b>(54.5)</b>
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,583	2,573	10	0.4
Trustee's fees	78	78	-	-
Amortisation of debt upfront cost	170	188	(18)	(9.6)
Fair value change in derivative financial instruments	7,486	(3,102)	N.M.	N.M.
Share of results of joint venture	6	-	6	N.M.
Other Adjustments	98	98	-	-
<b>Net tax adjustments</b>	<b>10,421</b>	<b>(165)</b>	<b>N.M.</b>	<b>N.M.</b>
Rollover adjustment	206	-	206	N.M.
<b>Income available for distribution</b>	<b>19,444</b>	<b>19,203</b>	<b>241</b>	<b>1.3</b>



# Details of Distribution

For Period From 1 January to 31 March 2016

<b>Distribution per Stapled Security</b>	1.08 cents
<b>Ex-Date</b>	4 May 2016
<b>Books Closure Date</b>	6 May 2016
<b>Distribution Payment Date</b>	31 May 2016



## Portfolio Performance





# Market Environment

- **Singapore Economy**

- 1Q 2016

- Singapore economy grew by 1.8% year-on-year in 1Q 2016, the same pace of growth as in the previous quarter
    - On a quarter-on-quarter seasonally-adjusted annualised basis, growth was flat, in contrast to the 6.2% expansion in the preceding quarter

- **Singapore Hospitality Market**

- Jan-Feb 2016 (Based on STB figures)

- According to Singapore Tourism Board (“STB”), revenue per available room (“RevPAR”) across all hotel segments grew by 1.9% year-on-year for Jan-Feb 2016
    - RevPAR of Upscale and Mid-tier hotels increased by 1.9% and 0.9% year-on-year respectively during this period

Sources :

Ministry of Trade and Industry, “Singapore’s GDP Grew by 1.8 Per Cent in the First Quarter of 2016”, 14 April 2016  
Singapore Tourism Board, Hotel Statistics (Preliminary), 8 April 2016



# Portfolio Performance – Key Highlights for 1Q 2016

## Hotels

- **The average occupancy of the hotels in the portfolio was 5.7pp higher year-on-year at 88.0% and the ADR was 6.4% lower year-on-year at \$160.** The biennial Singapore Airshow provided some uplift in February 2016. However, the hospitality sector still faced the challenges posed by the supply of new hotels and the softness in demand from the corporate segment.
- **Revenue per available room (“RevPAR”) was unchanged at \$141 in 1Q 2016.**

## Serviced Residences

- **The average occupancy for the serviced residences was 1.5pp lower year-on-year at 84.3% and the ADR was 7.1% lower year-on-year at \$223.** This was mainly due to the weaker demand from project groups and lower corporate travel budgets.
- **Revenue per available serviced residence unit (“RevPAU”) was \$188 in 1Q 2016, 8.7% lower year-on-year.**



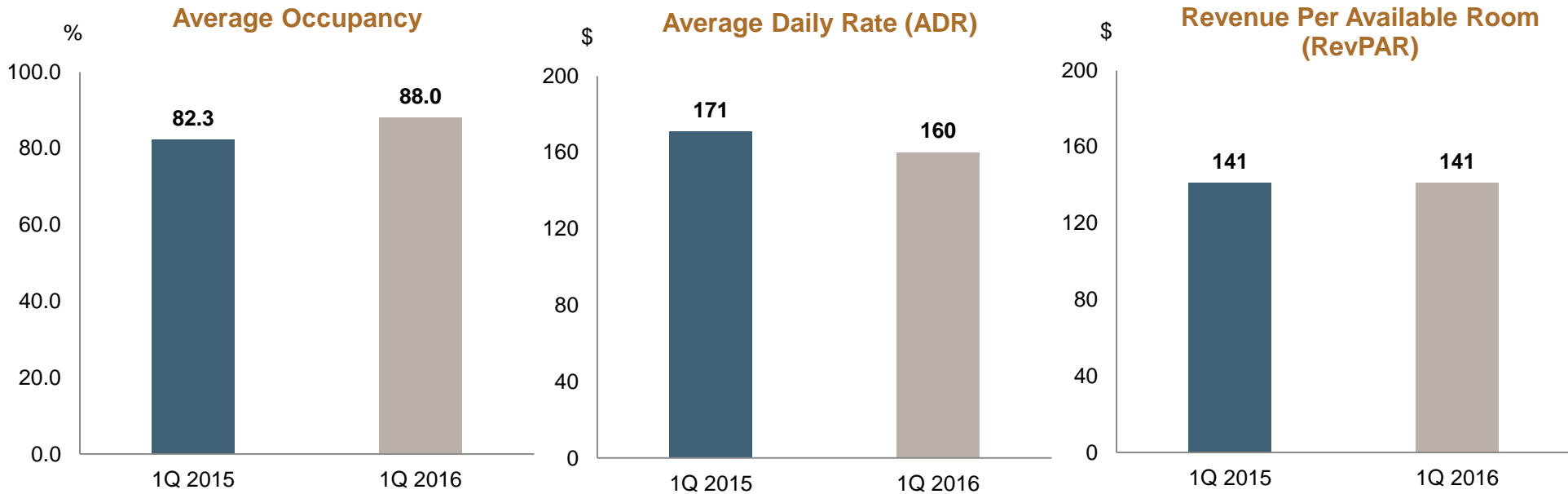
# Portfolio Performance – Key Highlights for 1Q 2016

## Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) decreased 2.1% in 1Q 2016 to \$5.8 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 achieved during the quarter.
- **Lower operating expenses relating to the excluded commercial premises helped to mitigate the shortfall in revenue.**



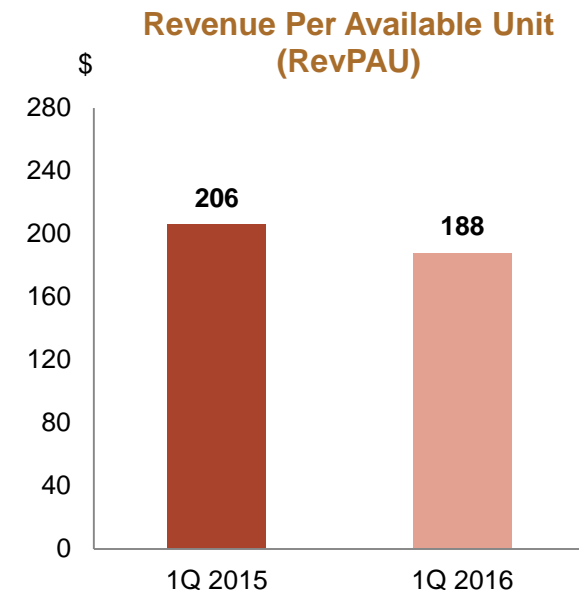
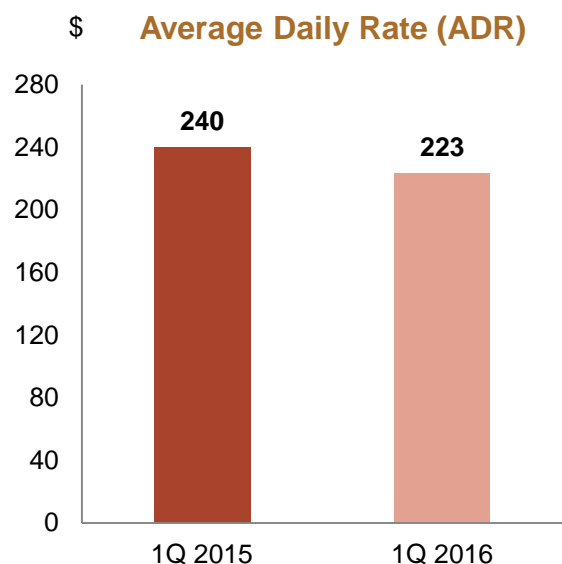
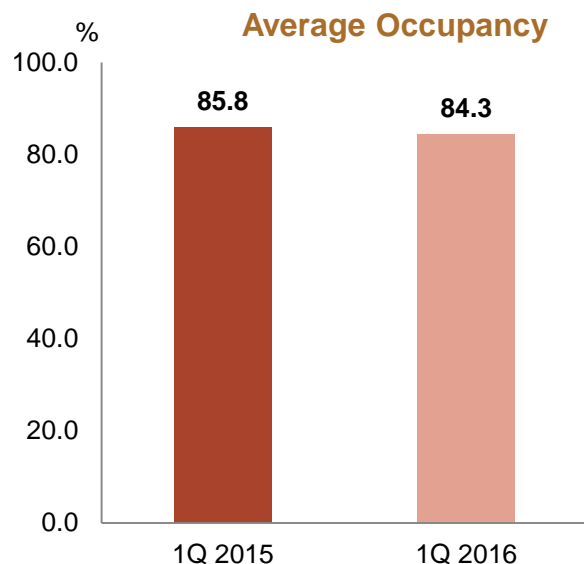
# Portfolio Performance 1Q 2016 - Hotels



	1Q 2015	1Q 2016	Variance
Average Occupancy (%)	82.3	88.0	5.7pp
ADR (\$)	171	160	(6.4%)
RevPAR (\$)	141	141	-



# Portfolio Performance 1Q 2016 – Serviced Residences

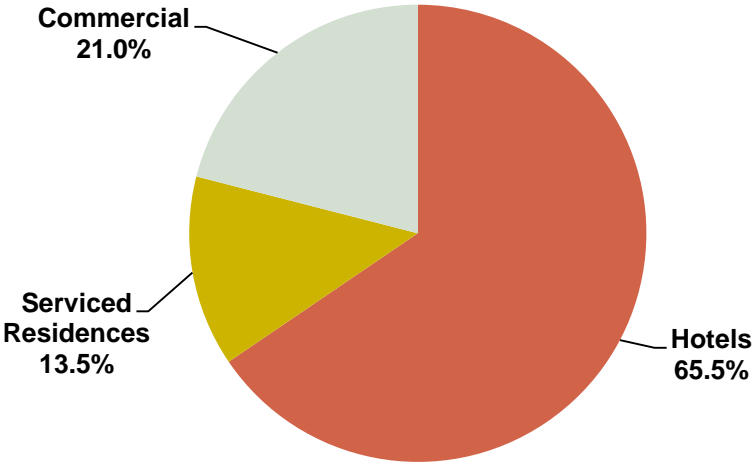


	1Q 2015	1Q 2016	Variance
Average Occupancy (%)	85.8	84.3	(1.5pp)
ADR (\$)	240	223	(7.1%)
RevPAU (\$)	206	188	(8.7%)

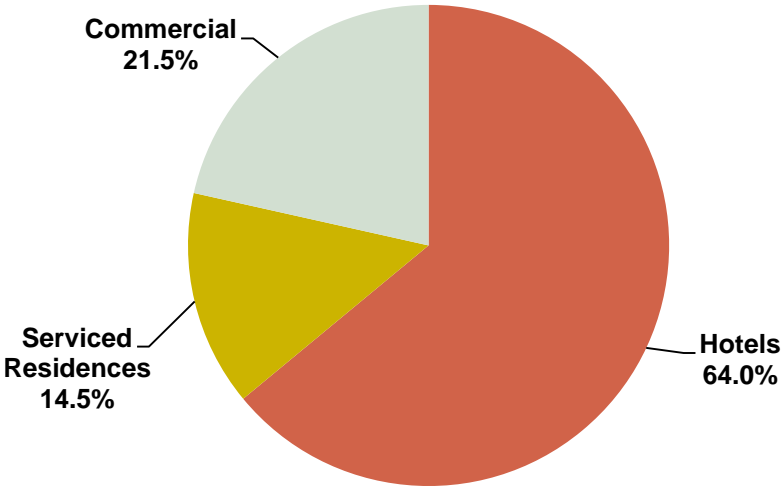


# Breakdown of Gross Revenue – Total Portfolio

1Q 2016

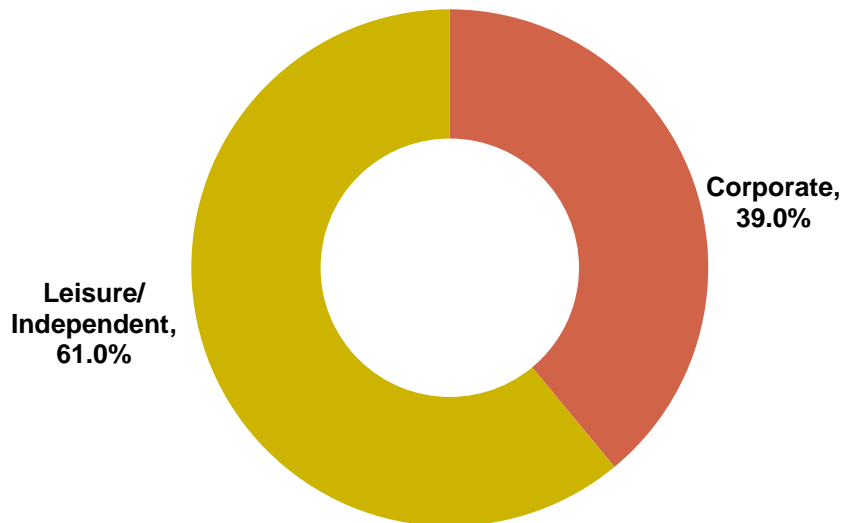


1Q 2015

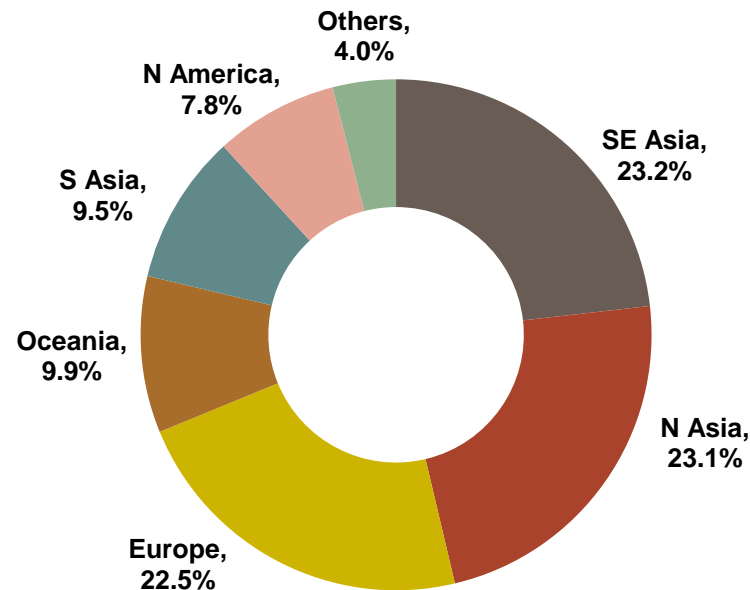


# Market Segmentation 1Q 2016 - Hotels

## Hotels (by Revenue)



## Hotels (by Region)

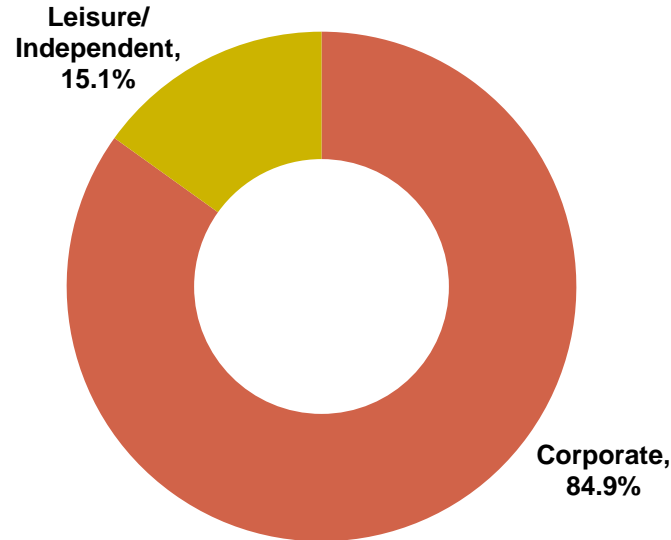


- Leisure segment contributed 61.0% of hotel revenue in 1Q 2016, compared to 56.4% in 1Q 2015.
- Revenue from Europe increased year-on-year, contributing 22.5% of hotel revenue in 1Q 2016 compared to 20.3% a year ago.

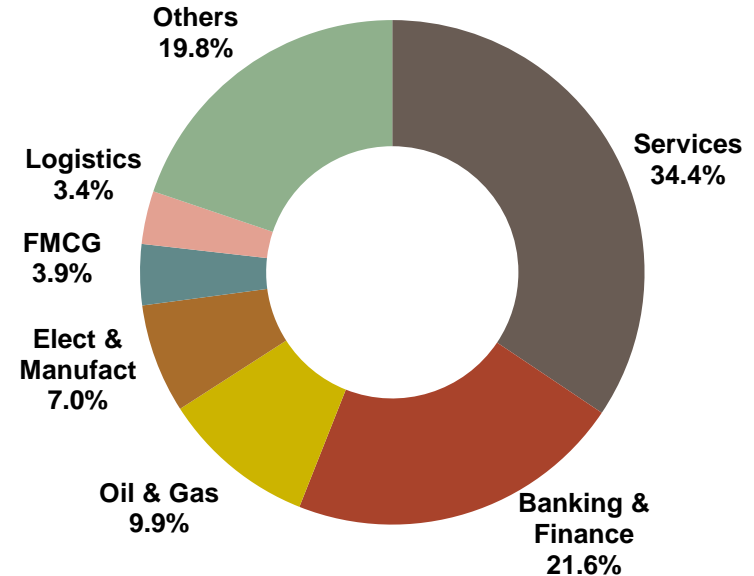


# Market Segmentation 1Q 2016 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 84.9% of revenue for serviced residences in 1Q 2016, compared with 86.3% a year ago.
- The fall in demand from the Oil & Gas sector affected the performance of the serviced residences in 1Q 2016.





## Capital Management

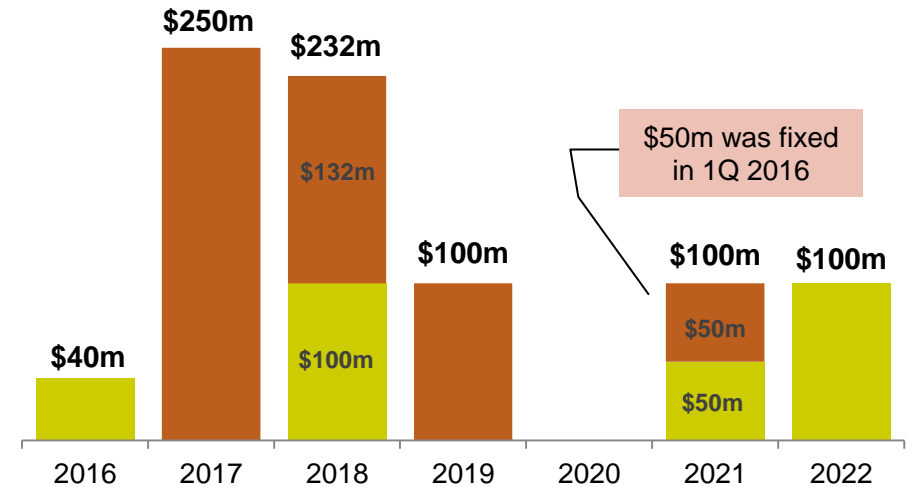


# Capital Management

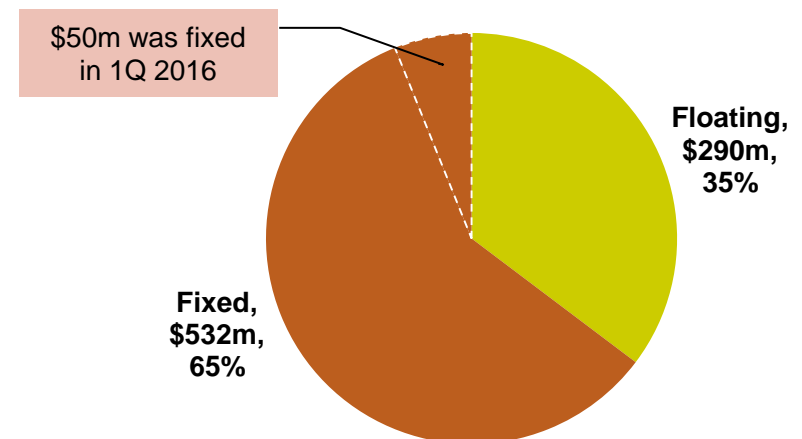
As at 31 March 2016

<b>Total debt</b>	\$822 m
<b>Available revolving facility</b>	\$60 m
<b>Gearing ratio</b>	32.7%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate</b>	65%
<b>Weighted average debt maturity</b>	3.0 years
<b>Average cost of debt</b>	2.6%

## Debt Maturity Profile



## Interest Rate Profile



## Asset Enhancement



# Asset Enhancement Initiatives – Completed in 1Q 2016

## Central Square Serviced Offices (Village Residence Clarke Quay)

Reconfiguration of space to create 9 additional units, bringing the total number of serviced office units to 61  
Refurbishment of existing serviced office units and upgrading of public spaces



after

Reception



before



# Asset Enhancement Initiatives – Completed in 1Q 2016

## Central Square Serviced Offices (Village Residence Clarke Quay)

Reconfiguration of space to create 9 additional units, bringing the total number of serviced office units to 61  
Refurbishment of existing serviced office units and upgrading of public spaces



after

Lounge



before



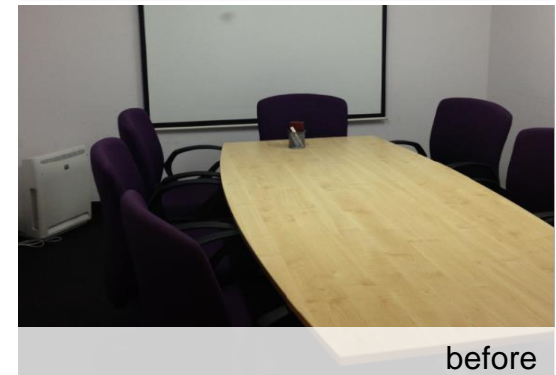
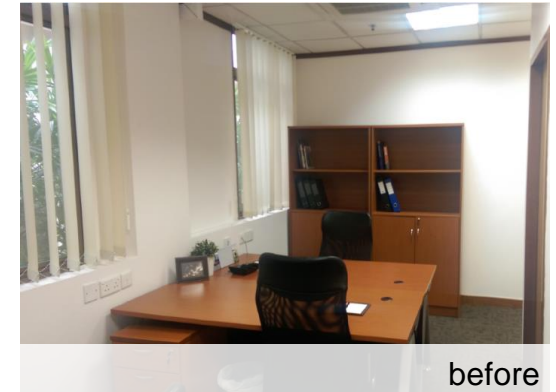
# Asset Enhancement Initiatives – Completed in 1Q 2016

## Central Square Serviced Offices (Village Residence Clarke Quay)

Reconfiguration of space to create 9 additional units, bringing the total number of serviced office units to 61  
Refurbishment of existing serviced office units and upgrading of public spaces



**Serviced Office Unit and Meeting Room**



# Asset Enhancement Initiatives – Ongoing refurbishments

## Regency House

Refurbishment of 2 and 3-bedroom units, breakfast lounge and common areas

Targeted to complete by 2Q 2016

## Orchard Parade Hotel 1<sup>st</sup> Phase

Renovation of swimming pool, pool deck, gym and function room

Targeted to complete by 2Q 2016

## Orchard Parade Hotel 2<sup>nd</sup> Phase

Renovation of reception, lobby bar and function rooms

Targeted to complete by 2Q 2016



# Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

## Orchard Parade Hotel (2<sup>nd</sup> phase)

Renovation of reception, lobby bar and function rooms



after

Artist's Impression of Lobby and Reception



before





# Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

## Orchard Parade Hotel (2<sup>nd</sup> phase)

Renovation of reception, lobby bar and function rooms



after

Artist's Impression of Lobby Bar



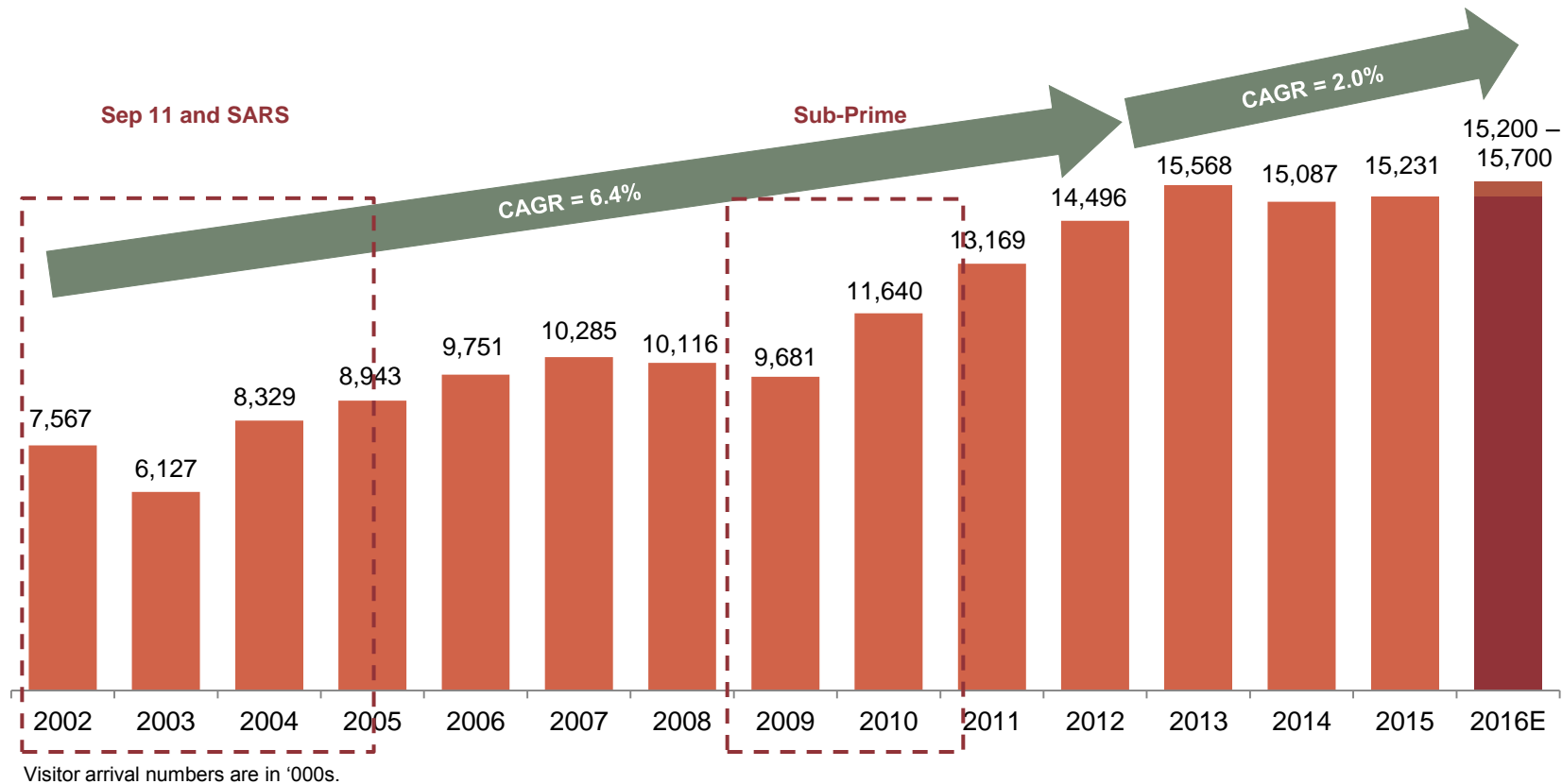
before



# 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**

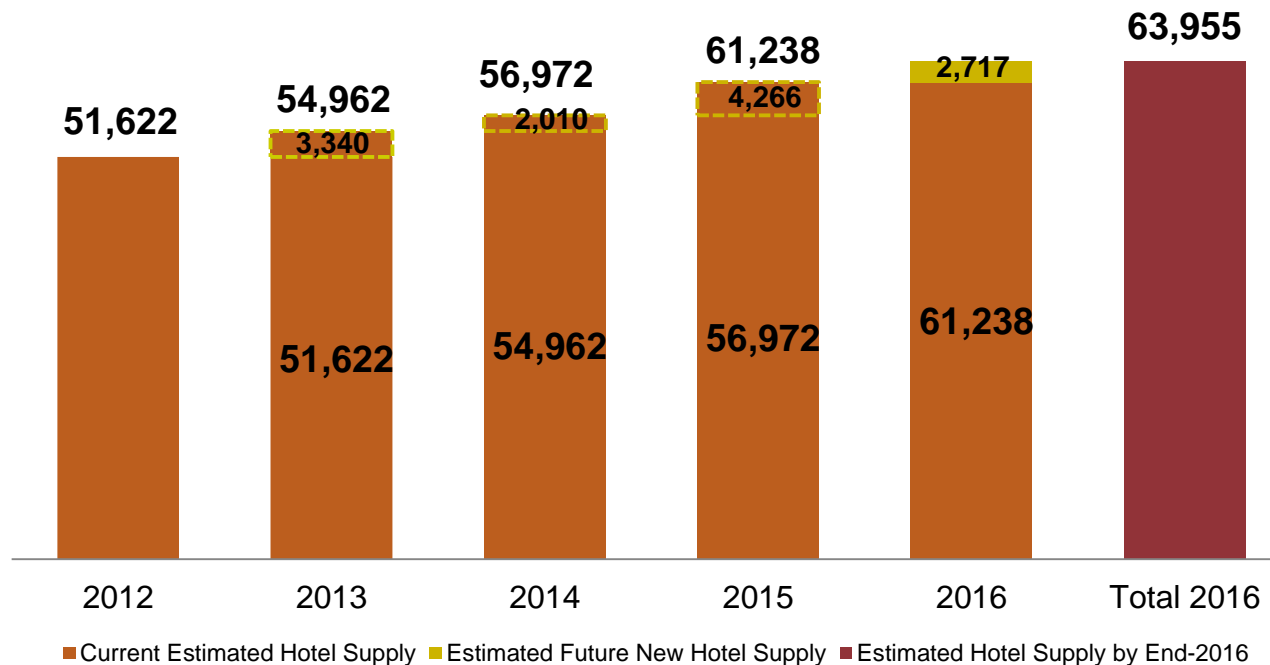
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

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 4.8% 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  
 Sources : CBRE report issued as at December 2015 and Far East H-Trust's compilation  
 Channel News Asia, "New hotels cannot be built on non-designated sites: URA", 7 July 2014



# Major Sporting Events in 2016



SMBC Singapore Open  
28-31 January 2016



Singapore Slingers  
2015-16 ASEAN  
Basketball League  
21 February 2016



HSBC Women's Champions  
3-6 March 2016



OUE Singapore Open 2016  
12-17 April 2016



2016 HSBC World Rugby 7s  
16 -17 April 2016



F1 Singapore Grand Prix  
16-18 September 2016



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



BNP Paribas  
WTA Finals  
23 October –  
1 November 2016

# New and Major MICE Events in 2016

## January to March



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



15-16 MARCH 2016  
PAN PACIFIC SINGAPORE

Spotlight on Southeast Asia



16-17 MARCH 2016  
PAN PACIFIC SINGAPORE

AOCAP is Now Part of HICAP, Asia Pacific's Premier Hospitality Conferences



Hotel Investment Conference/ Alternative Ownership Conference Asia Pacific  
15-17 March 2016

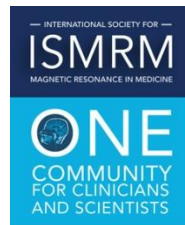


International Exhibition & Convergence of Internet of Things  
30-31 March 2016

## April to July



Food & Hotel Asia 2016  
12-15 April 2016



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



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



Forum for local, regional and international MICE professionals  
28-29 July 2016

## August to December



APAC Airline Training Symposium  
30-31 August 2016



MICE Expo 2016  
22-23 September 2016



OSEA 2016  
29 November – 2 December 2016



New and prominent medical congress  
16-19 December 2016



New multi-level marketing convention

# Transformation of Tourism Landscape – New & Upcoming Developments & Events



## National Gallery Singapore (newly opened)

The largest gallery to showcase  
Singaporean and Southeast Asian arts



## KidZania (newly opened)

The World's fastest growing  
entertainment centre for children,  
opened on Sentosa Island



## EU-ASEAN Open Skies (2017\*)

Comprehensive air services 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 2016<sup>1</sup>
- **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 2,700 new hotel rooms in 2016<sup>2</sup>
  - Stronger events calendar and marketing initiatives by Singapore agencies could provide a lift
- **Refurbishments to enhance asset quality and competitiveness**
  - Refurbishment of two and three-bedroom apartments, breakfast lounge and common areas at Regency House on track to complete by 2Q 2016
  - First phase of asset enhancement programme at Orchard Parade Hotel on track to complete by 2Q 2016
  - Second phase to renovate the reception, lobby bar, function rooms and some public areas at Orchard Parade Hotel has commenced and is targeted to complete by 2Q 2016

<sup>1</sup> MTI Forecasts GDP to Grow by "Close to 2.0 Per Cent" in 2015 and "1.0 to 3.0 Per Cent" in 2016", Ministry of Trade and Industry, 25 November 2015

<sup>2</sup> 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
	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 <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>	
# of Rooms	210	380	256	393	428	388	108	298	2,461
Lease Tenure <sup>1</sup>	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) <sup>1</sup>	119.6	249.7	173.3	224.7	339.0	414.0	81.8	285.1	1,887.2

<sup>1</sup> As at 31 December 2015

<sup>2</sup> 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 <sup>1</sup>	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) <sup>1</sup>	204.7	68.0	113.3	166.1	552.1

<sup>1</sup> As at 31 December 2015