



FAR EAST
HOSPITALITY
TRUST

2Q 2017 Results Presentation

4 August 2017

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Results Highlights



Executive Summary – Performance vs LY

	2Q 2017	2Q 2016	Variance	1H 2017	1H 2016	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	25,876	26,138	(1.0)	50,651	53,503	(5.3)
Net Property Income (\$'000)	23,150	23,470	(1.4)	45,274	48,149	(6.0)
Income Available for Distribution (\$'000)	17,928	18,271	(1.9)	34,859	37,715	(7.6)
Distribution per Stapled Security (cents)	0.97	1.01	(4.0)	1.90	2.09	(9.1)



Financial Results From 1 April to 30 June 2017

	2Q 2017	2Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	20,110	20,400	(290)	(1.4)
Retail and office revenue	5,766	5,738	28	0.5
Gross revenue	25,876	26,138	(262)	(1.0)
Property tax	(1,847)	(1,902)	55	2.9
Property insurance	(33)	(30)	(3)	(10.0)
MCST contribution	(34)	(18)	(16)	(88.9)
Retail and office expenses	(699)	(607)	(92)	(15.2)
Property manager fees	(113)	(111)	(2)	(1.8)
Property expenses	(2,726)	(2,668)	(58)	(2.2)
Net property income	23,150	23,470	(320)	(1.4)
REIT Manager's fees	(2,788)	(2,814)	26	0.9
Trustee's fees	(77)	(78)	1	1.3
Other trust expenses	(343)	(202)	(141)	(69.8)
Trust level expenses	(3,208)	(3,094)	(114)	(3.7)
Total finance costs	(4,808)	(4,975)	167	3.4
Share of results of joint venture	(42)	(11)	(31)	N.M.
Net income before tax and fair value changes	15,092	15,390	(298)	(1.9)
Fair value change in derivative financial instruments	(2,787)	(1,214)	(1,573)	N.M.
Total return for the period before income tax	12,305	14,176	(1,871)	(13.2)



Statement of Distribution to Stapled Securityholders

	2Q 2017	2Q 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	12,305	14,176	(1,871)	(13.2)
Income tax expense	(3)	(2)	(1)	(50.0)
Total return for the period after income tax	12,302	14,174	(1,872)	(13.2)
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,510	2,533	(23)	(0.9)
Trustee's fees	77	78	(1)	(1.3)
Amortisation of debt upfront cost	131	170	(39)	(22.9)
Fair value change in derivative financial instruments	2,787	1,214	1,573	N.M.
Share of results of joint venture	42	11	31	N.M.
Other adjustments	79	91	(12)	(13.2)
Net tax adjustments	5,626	4,097	1,529	37.3
Rollover adjustment	-	-	-	-
Income available for distribution	17,928	18,271	(343)	(1.9)



Financial Results From 1 January to 30 June 2017

	1H 2017	1H 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	39,160	42,009	(2,849)	(6.8)
Retail and office revenue	11,491	11,494	(3)	(0.0)
Gross revenue	50,651	53,503	(2,852)	(5.3)
Property tax	(3,709)	(3,836)	127	3.3
Property insurance	(64)	(60)	(4)	(6.7)
MCST contribution	(68)	(34)	(34)	(100.0)
Retail and office expenses	(1,310)	(1,202)	(108)	(9.0)
Property manager fees	(226)	(222)	(4)	(1.8)
Property expenses	(5,377)	(5,354)	(23)	(0.4)
Net property income	45,274	48,149	(2,875)	(6.0)
REIT Manager's fees	(5,514)	(5,684)	170	3.0
Trustee's fees	(153)	(156)	3	1.9
Other trust expenses	(556)	(439)	(117)	(26.7)
Trust level expenses	(6,223)	(6,279)	56	0.9
Total finance costs	(9,869)	(10,156)	287	2.8
Share of results of joint venture	(61)	(17)	(44)	N.M.
Net income before tax and fair value changes	29,121	31,697	(2,576)	(8.1)
Fair value change in derivative financial instruments	(5,540)	(8,700)	3,160	36.3
Total return for the period before income tax	23,581	22,997	584	2.5



Statement of Distribution to Stapled Securityholders

	1H 2017	1H 2016	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	23,581	22,997	584	2.5
Income tax expense	(6)	(6)	0	-
Total return for the period after income tax	23,575	22,991	584	2.5
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	4,963	5,116	(153)	(3.0)
Trustee's fees	153	156	(3)	(1.9)
Amortisation of debt upfront cost	405	340	65	19.1
Fair value change in derivative financial instruments	5,540	8,700	(3,160)	(36.3)
Share of results of joint venture	61	17	44	N.M.
Other adjustments	162	189	(27)	(14.3)
Net tax adjustments	11,284	14,518	(3,234)	(22.3)
Rollover adjustment	-	206	(206)	N.M.
Income available for distribution	34,859	37,715	(2,856)	(7.6)



Details of Distribution

For Period From 1 April to 30 June 2017

Distribution per Stapled Security	0.97 cents
Ex-Date	11 Aug 2017
Books Closure Date	15 Aug 2017
Distribution Payment Date	20 Sep 2017



Portfolio Performance



Portfolio Performance – Key Highlights for 2Q 2017

Hotels

- **The average occupancy of the hotels in the portfolio increased 1.9pp to 87.1% and the average daily rate (“ADR”) decreased 3.4% to \$154.**
- Demand for hotel accommodation was firmer in 2Q 2017 compared to the previous quarter, although the increased supply of hotel rooms and soft corporate demand continued to put downward pressure on room rates. To offset this market-wide trend, there was a shift towards the leisure segment.
- **Revenue per available room (“RevPAR”) decreased 1.3% to \$134 in 2Q 2017.**

Serviced Residences

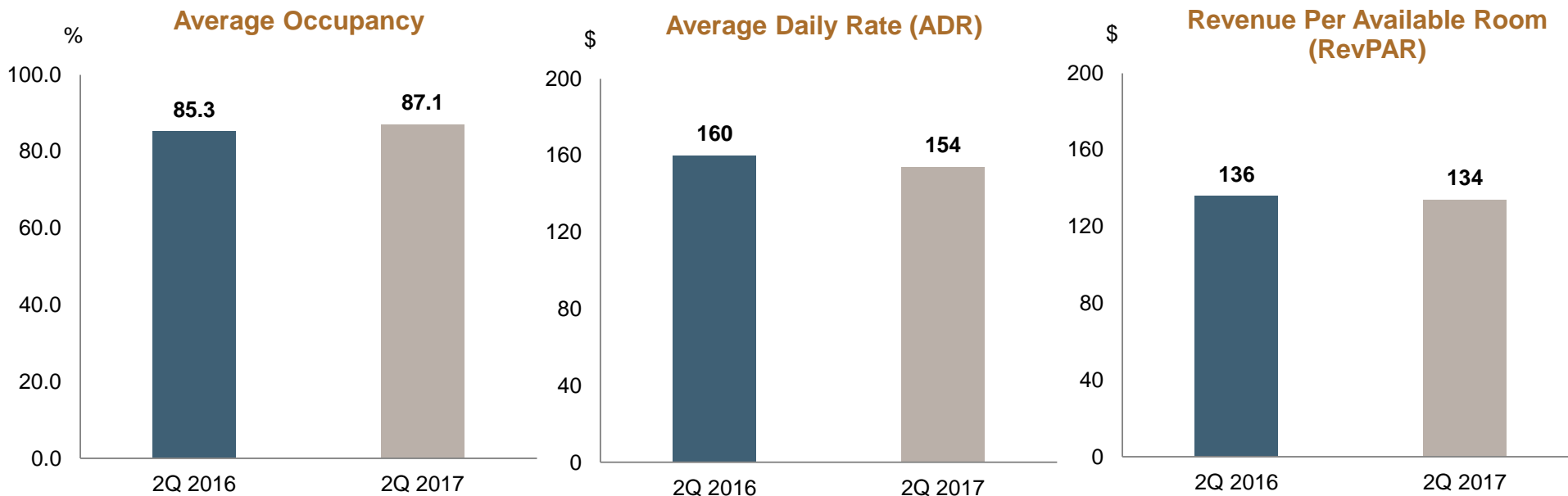
- **The average occupancy of the serviced residences decreased 4.5pp to 81.5% and ADR was 0.6% lower at \$217.**
- While there was an improvement in the performance quarter-on-quarter, the serviced residences continued to be impacted by the slowdown in corporate demand, particularly from project groups.
- **Revenue per available serviced residence unit (“RevPAU”) was \$177 in 2Q 2017, 5.7% lower year-on-year.**

Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) grew slightly by 0.5% to \$5.8 million.**



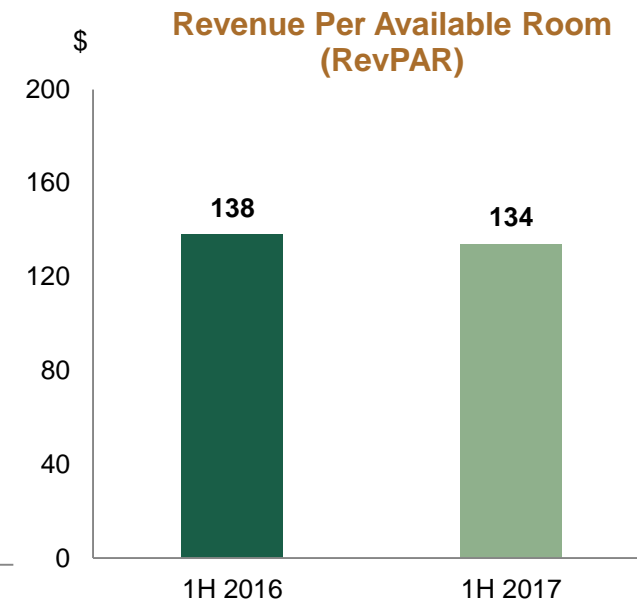
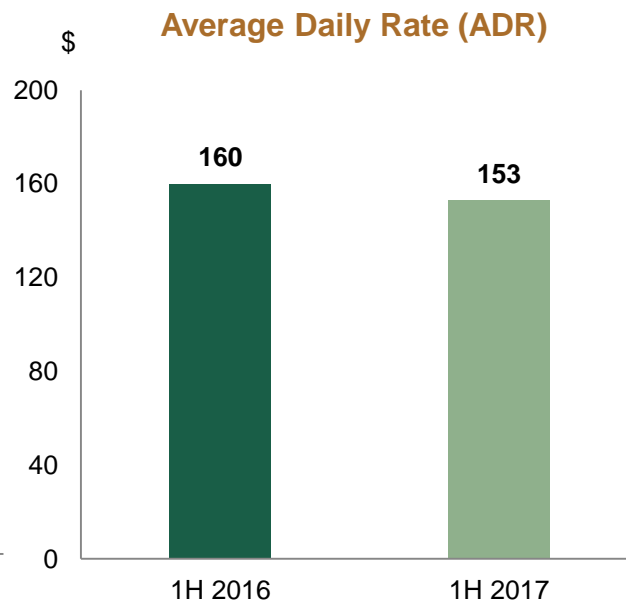
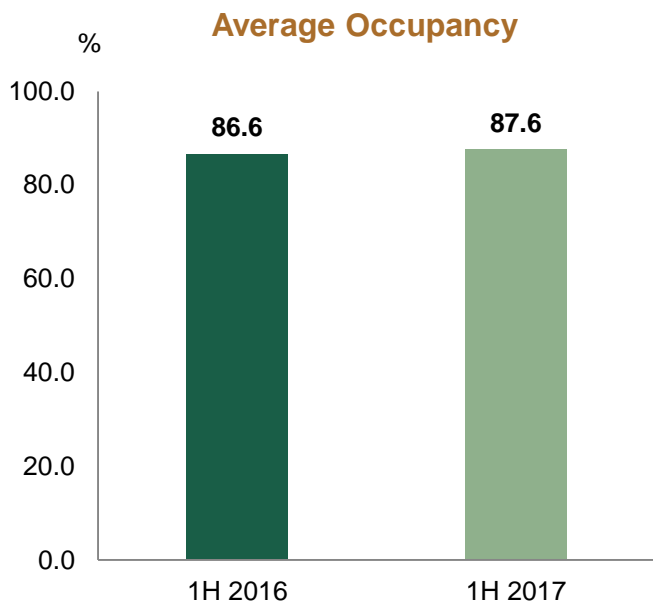
Portfolio Performance 2Q 2017 - Hotels



	2Q 2016	2Q 2017	Variance
Average Occupancy (%)	85.3	87.1	1.9pp
ADR (\$)	160	154	(3.4%)
RevPAR(\$)	136	134	(1.3%)



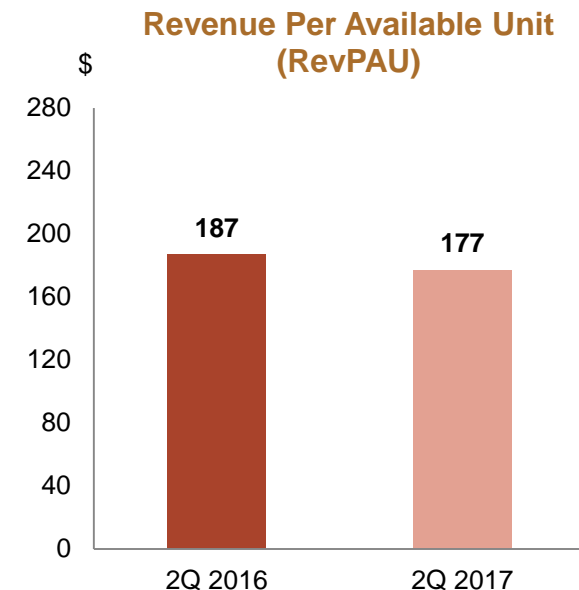
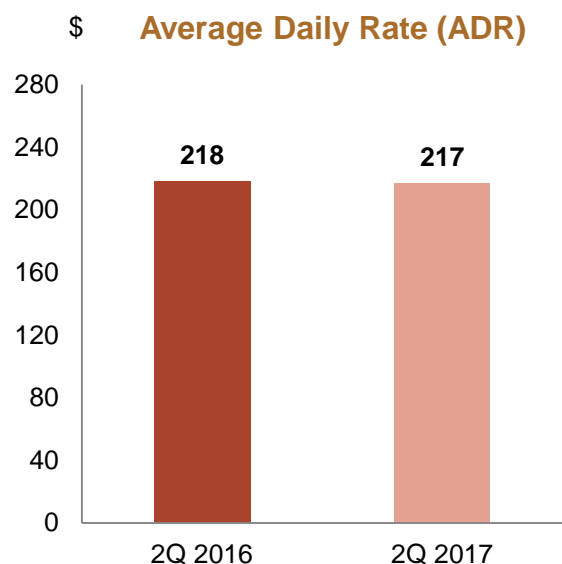
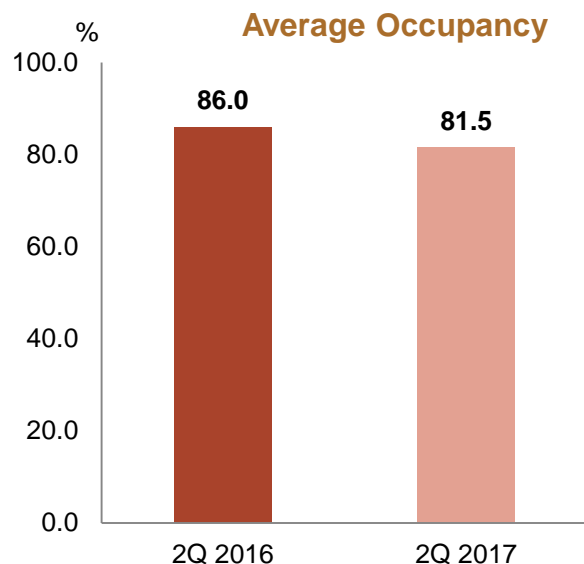
Portfolio Performance 1H 2017 - Hotels



	1H 2016	1H 2017	Variance
Average Occupancy (%)	86.6	87.6	1.0pp
ADR (\$)	160	153	(4.1%)
RevPAR(\$)	138	134	(3.0%)



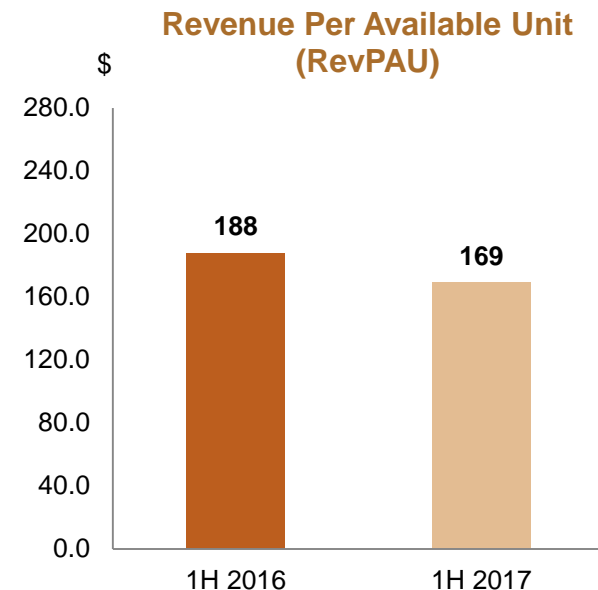
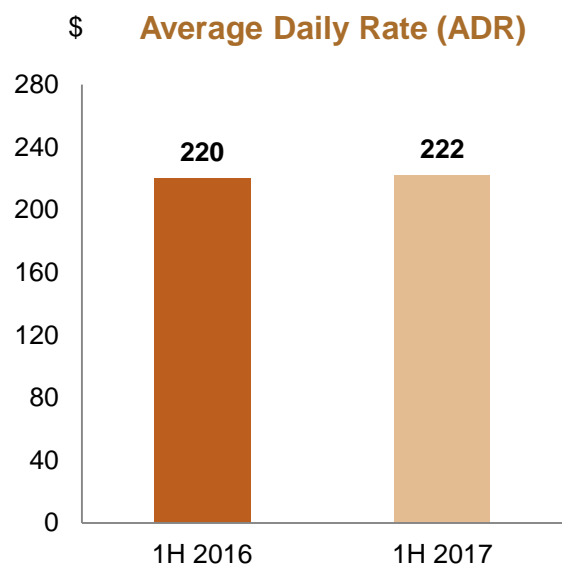
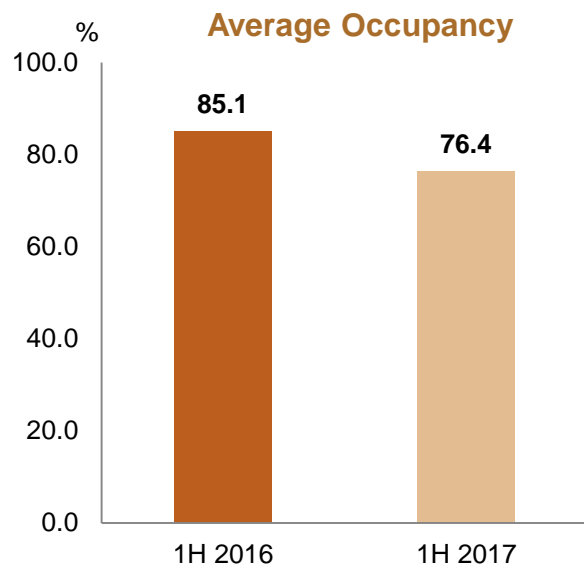
Portfolio Performance 2Q 2017 – Serviced Residences



	2Q 2016	2Q 2017	Variance
Average Occupancy (%)	86.0	81.5	(4.5pp)
ADR (\$)	218	217	(0.6%)
RevPAU (\$)	187	177	(5.7%)



Portfolio Performance 1H 2017 – Serviced Residences

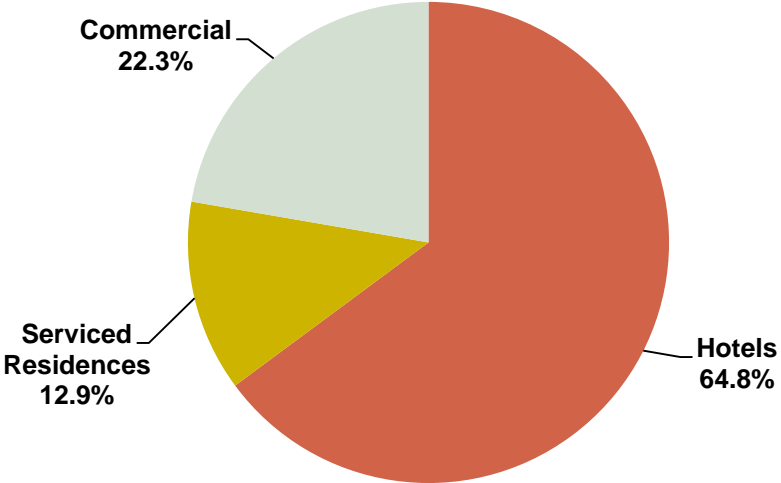


	1H 2016	1H 2017	Variance
Average Occupancy (%)	85.1	76.4	(8.7pp)
ADR (\$)	220	222	0.5%
RevPAU (\$)	188	169	(9.8%)

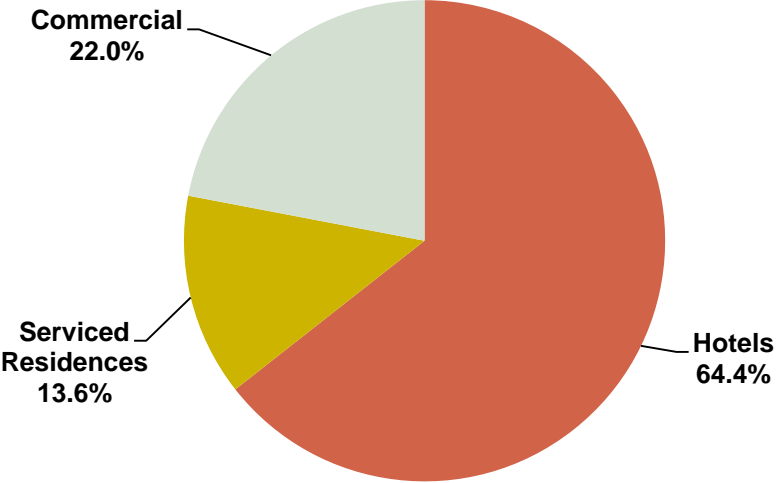


Breakdown of Gross Revenue – Total Portfolio

2Q 2017

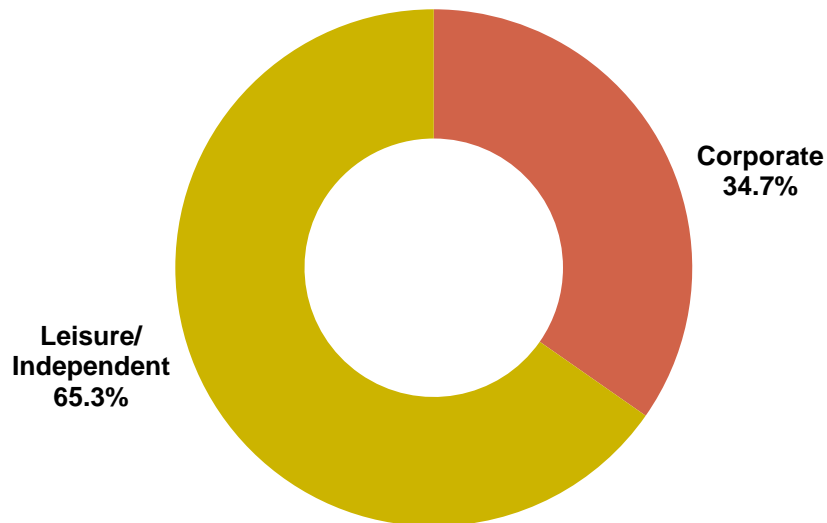


2Q 2016

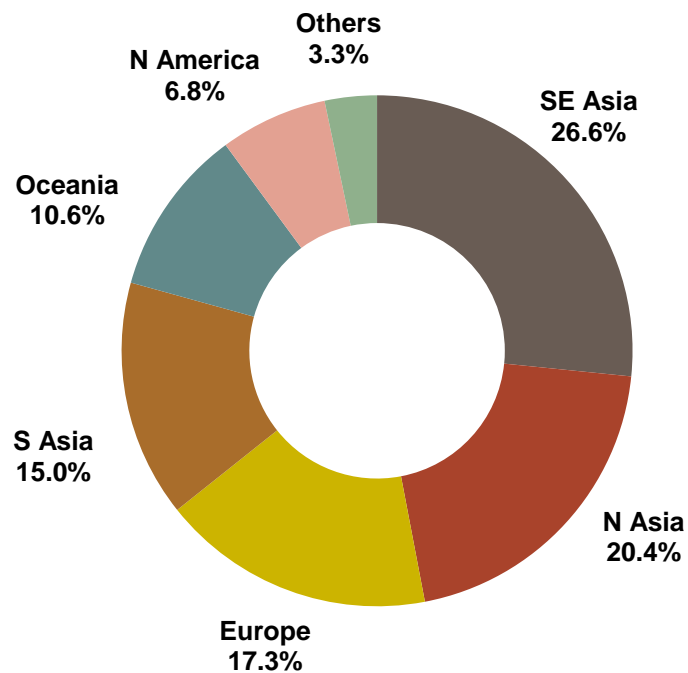


Market Segmentation 2Q 2017 – Hotels

Hotels (by Revenue)



Hotels (by Region)

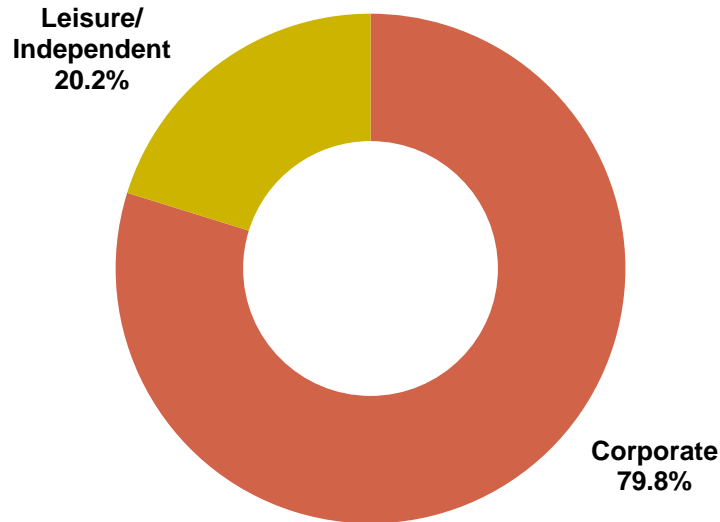


- Leisure segment contributed 65.3% of hotel revenue in 2Q 2017, up from 61.8% a year ago.
- The decrease in revenue contribution from Europe and N America was partially compensated by higher contribution from South Asia and SE Asia.

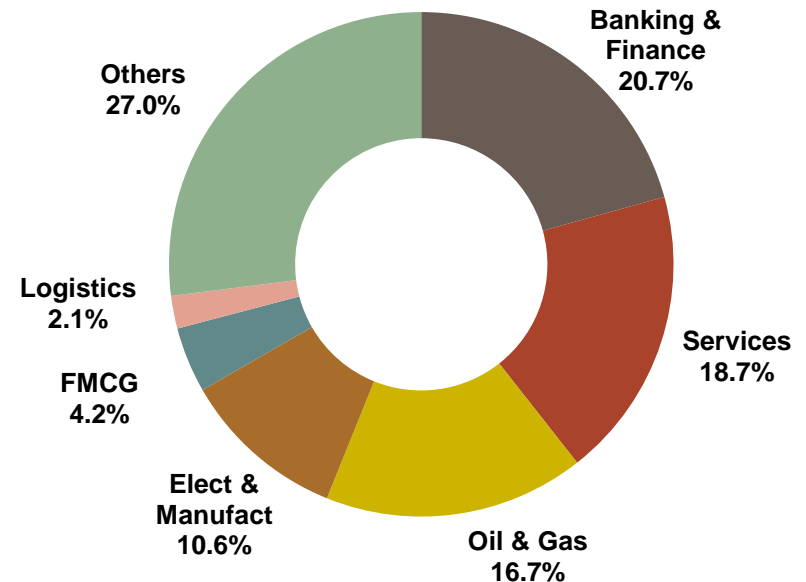


Market Segmentation 2Q 2017 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 79.8% of revenue for serviced residences in 2Q 2017, compared with 84.7% a year ago.
- Revenue contribution from Banking & Finance and Services was weak in 2Q 2017. Growth in contribution from Oil & Gas and others (mainly online bookings) partially offset the decline.



Capital Management

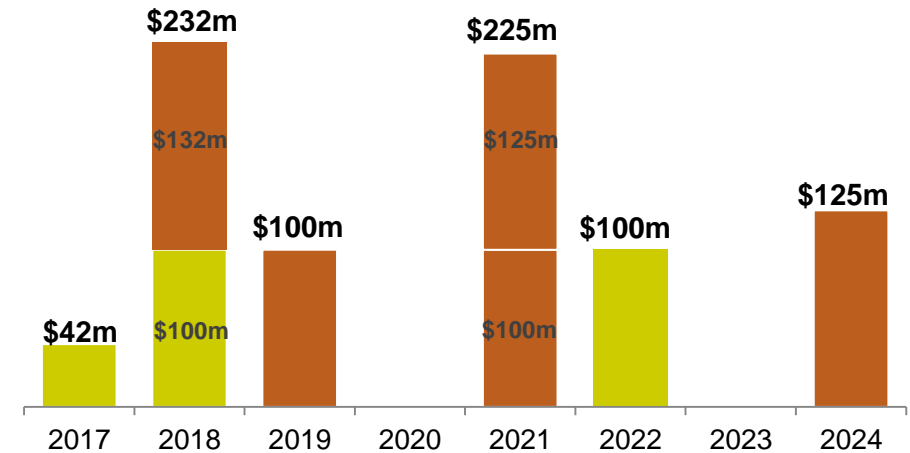


Capital Management

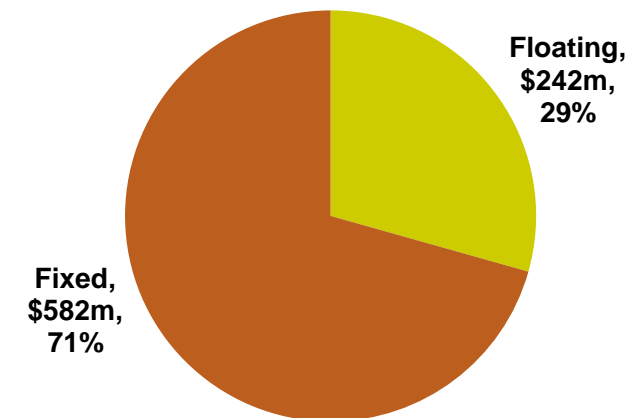
As at 30 June 2017

Total debt	\$824 m
Available revolving facility	\$58m
Gearing ratio	32.8%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	71%
Weighted average debt maturity	3.4 years
Average cost of debt	2.5%

Debt Maturity Profile



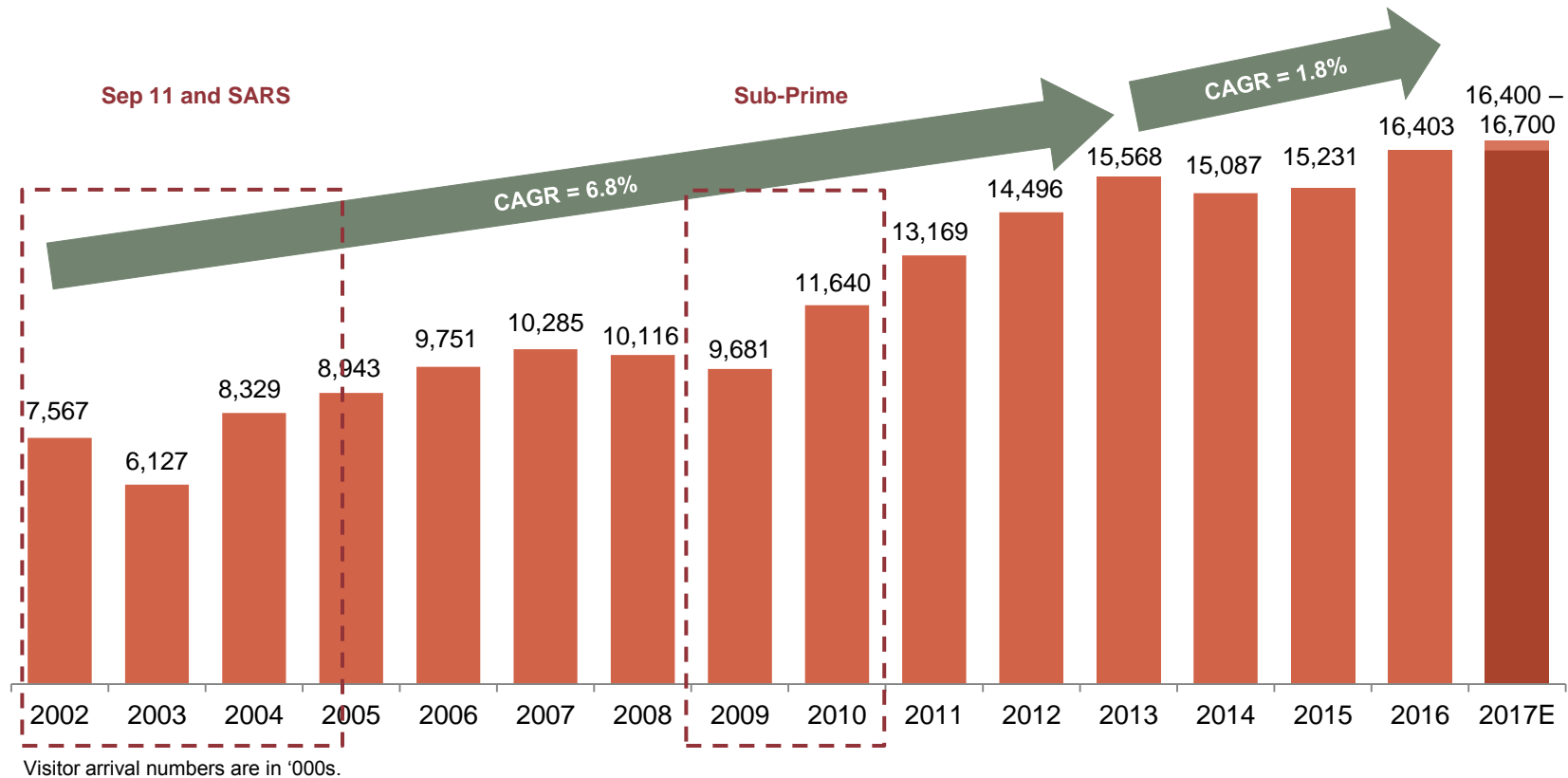
Interest Rate Profile



Industry Outlook & Prospects



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**

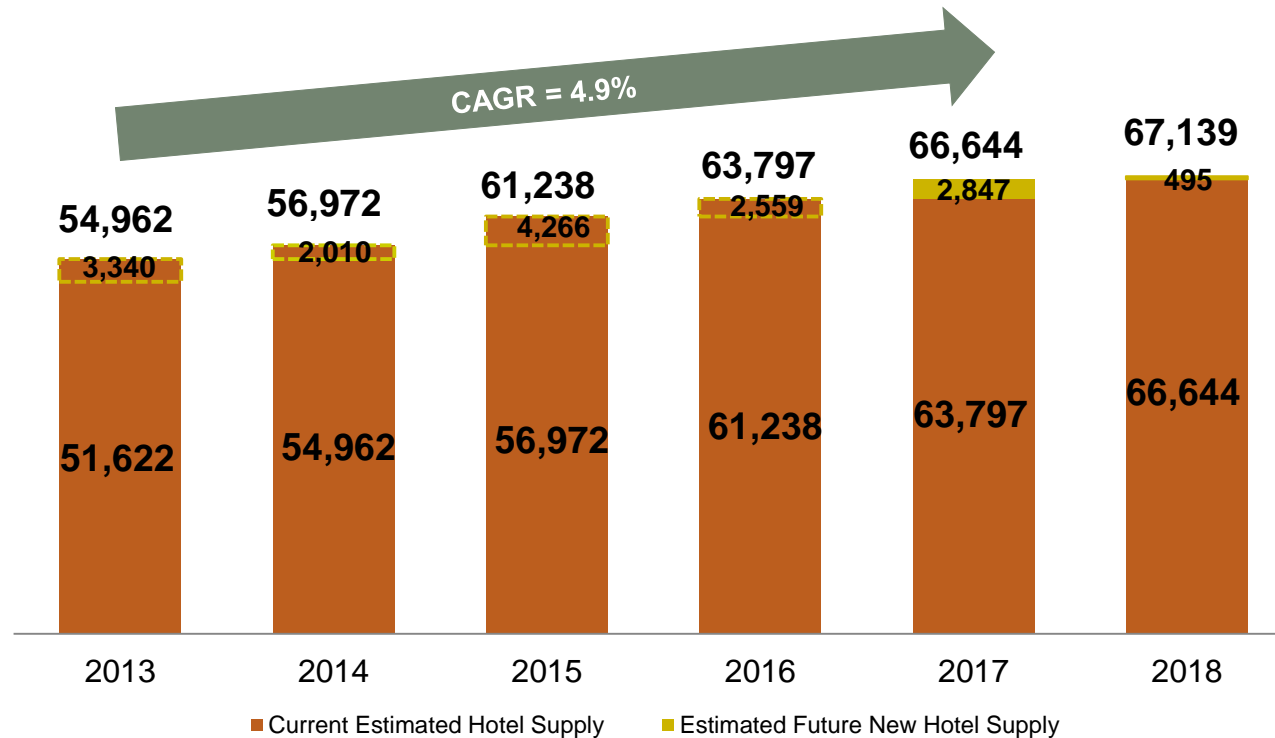
Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)

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 4.5% 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

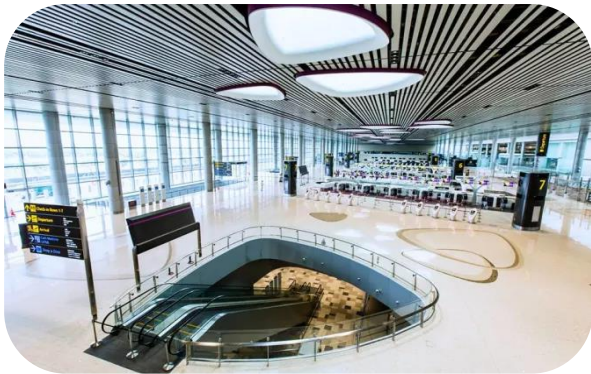
Sources : CBRE report issued as at January 2017 and Far East H-Trust compilation

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 (2017)
Catering for greater air traffic, serving an estimated eight million passengers each year



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
Including AJ-Hackett, Singapore's first bungee experience opening in 2017 and revamp of the Merlion Gateway



Project Jewel (2019*)
Augmenting Changi Airport's status as a leading air hub with a world-class retail experience for travellers



EU-ASEAN Open Skies
Comprehensive air transport agreement that encourages growth in air traffic and better connectivity between the regions



Mandai Makeover (2023*)
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 2017, with growth likely to come in higher than 2%¹
- **Operating environment competitive in the short term, demand-supply dynamics expected to improve in 2018**
 - Demand for accommodation from the corporate segment continues to be soft
 - Serviced residences to be impacted to a larger extent in the next few quarters
 - Supply of new hotel rooms to taper off in 2018
- **Continuous pursuit of growth**
 - Selective upgrading of existing properties – refurbishment of guest rooms at Orchard Parade Hotel underway

¹ MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent", Ministry of Trade and Industry, 25 May 2017

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

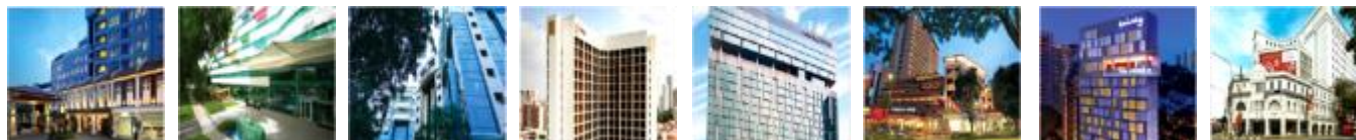


Thank You



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