



## 4Q / FY 2014 Results Presentation

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11<sup>th</sup> February 2015

## Results Highlights



**FAR EAST**  
HOSPITALITY  
TRUST

# Executive Summary – Performance vs LY

	4Q 2014	4Q 2013	Variance	FY 2014	FY 2013 <sup>1</sup>	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	30,280	33,564	(9.8)	121,719	122,478	(0.6)
Net Property Income (\$'000)	27,652	30,463	(9.2)	110,026	111,878	(1.7)
Income Available for Distribution (\$'000)	22,858	25,072	(8.8)	91,494	94,597	(3.3)
Distribution per Stapled Security (cents) <sup>2</sup>	1.28	1.42	(9.9)	5.14	5.64	(8.9)

- **Gross revenue decreased to \$30.3 million in 4Q 2014 and \$121.7 million in FY 2014 as the operating environment remained challenging. Far East H-Trust's excluded commercial premises (i.e. retail and office spaces) helped to cushion the lower contribution from the hotels and serviced residences.**
- **Distribution per stapled security ("DPS") was 1.28 cents in 4Q 2014 and 5.14 cents in FY 2014.**

<sup>1</sup>The acquisition of Rendezvous Grand Hotel (renamed "Rendezvous Hotel Singapore" ("RHS")) and Rendezvous Gallery (collectively "Rendezvous Property") was completed on 1 August 2013. The results of Rendezvous Property for the period of 1 August to 31 December 2013 have been included in the FY 2013 results.

<sup>2</sup>On 1 August 2013, 148,304,059 new stapled securities were issued to STC International Holdings Pte. Ltd. (a wholly-owned subsidiary of The Straits Trading Company Limited) and Golden Development Private Limited (a member of Far East Organization group of companies) as part of the acquisition cost of Rendezvous Property.



# Financial Results From 1 October to 31 December 2014

	4Q 2014	4Q 2013	Variance	Change +/-(-)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	24,501	28,051	(3,550)	(12.7)
Retail and office revenue	5,779	5,513	266	4.8
<b>Gross revenue</b>	<b>30,280</b>	<b>33,564</b>	<b>(3,284)</b>	<b>(9.8)</b>
Property tax	(1,724)	(1,999)	275	13.8
Property insurance	(33)	(18)	(15)	(83.3)
MCST contribution	(17)	(14)	(3)	(21.4)
Retail and office expenses	(718)	(927)	209	22.5
Property manager fees	(136)	(124)	(12)	(9.7)
Other property expenses	-	(19)	19	N.M.
<b>Property expenses</b>	<b>(2,628)</b>	<b>(3,101)</b>	<b>473</b>	<b>15.3</b>
<b>Net property income</b>	<b>27,652</b>	<b>30,463</b>	<b>(2,811)</b>	<b>(9.2)</b>
REIT Manager's fees	(3,032)	(3,109)	77	2.5
Trustee's fees	(79)	(78)	(1)	(1.3)
Other trust expenses	(44)	(119)	75	63.0
<b>Trust level expenses</b>	<b>(3,155)</b>	<b>(3,306)</b>	<b>151</b>	<b>4.6</b>
<b>Total finance costs</b>	<b>(4,755)</b>	<b>(4,278)</b>	<b>(477)</b>	<b>(11.2)</b>
Share of results of joint venture	(1)	-	(1)	N.M.
<b>Net income before tax and fair value changes</b>	<b>19,741</b>	<b>22,879</b>	<b>(3,138)</b>	<b>(13.7)</b>
Fair value change in interest rate swap	(1,053)	1,240	(2,293)	N.M.
Fair value change in investment properties	(6,686)	45,861	(52,547)	N.M.
<b>Total return for the period before income tax</b>	<b>12,002</b>	<b>69,980</b>	<b>(57,978)</b>	<b>(82.8)</b>



# Statement of Distribution to Stapled Securityholders

	4Q 2014	4Q 2013	Variance	Change +/-
	S\$'000	S\$'000	S\$'000	%
<b>Total return for the period before income tax</b>	<b>12,002</b>	<b>69,980</b>	<b>(57,978)</b>	<b>(82.8)</b>
Income tax expense	-	-	-	-
<b>Total return for the period after income tax</b>	<b>12,002</b>	<b>69,980</b>	<b>(57,978)</b>	<b>(82.8)</b>
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in stapled securities	2,728	2,487	241	9.7
Amortisation of debt upfront cost	346	205	141	68.8
Trustee's fees	79	78	1	1.3
Other Adjustment	110	(4)	114	N.M.
Amortisation of realised interest rate swap cost	-	(573)	573	N.M.
Fair value change in interest rate swap	1,053	(1,240)	2,293	N.M.
Fair value change in investment properties	6,686	(45,861)	52,547	N.M.
Project Sentosa – Professional fee	(190)	-	(190)	N.M.
Project Sentosa – Finance cost	43	-	43	N.M.
Share of results of joint venture	1	-	1	N.M.
Net tax adjustment	10,856	(44,908)	55,764	N.M.
<b>Income available for distribution</b>	<b>22,858</b>	<b>25,072</b>	<b>(2,214)</b>	<b>(8.8)</b>



# Financial Results From 1 January to 31 December 2014

	FY 2014	FY 2013*	Variance	Change +/-(-)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	98,486	102,693	(4,207)	(4.1)
Retail and office revenue	23,233	19,785	3,448	17.4
<b>Gross revenue</b>	<b>121,719</b>	<b>122,478</b>	<b>(759)</b>	<b>(0.6)</b>
Property tax	(8,014)	(7,388)	(626)	(8.5)
Property insurance	(169)	(83)	(86)	(103.6)
MCST contribution	(58)	(47)	(11)	(23.4)
Retail and office expenses	(2,836)	(2,579)	(257)	(10.0)
Property manager fees	(550)	(469)	(81)	(17.2)
Other property expenses	(66)	(34)	(32)	(94.1)
<b>Property expenses</b>	<b>(11,693)</b>	<b>(10,600)</b>	<b>(1,093)</b>	<b>(10.3)</b>
<b>Net property income</b>	<b>110,026</b>	<b>111,878</b>	<b>(1,852)</b>	<b>(1.7)</b>
REIT Manager's fees	(12,017)	(11,493)	(524)	(4.6)
Trustee's fees	(316)	(293)	(23)	(7.8)
Other trust expenses	(1,417)	(559)	(858)	(153.5)
<b>Trust level expenses</b>	<b>(13,750)</b>	<b>(12,345)</b>	<b>(1,405)</b>	<b>(11.4)</b>
<b>Total finance costs</b>	<b>(17,492)</b>	<b>(15,169)</b>	<b>(2,323)</b>	<b>(15.3)</b>
Share of results of joint venture	(1)	-	(1)	N.M.
<b>Net income before tax and fair value changes</b>	<b>78,783</b>	<b>84,364</b>	<b>(5,581)</b>	<b>(6.6)</b>
Fair value change in interest rate swap	(756)	7,933	(8,689)	N.M.
Fair value change in investment properties	(6,686)	45,861	(52,547)	N.M.
<b>Total return for the period before income tax</b>	<b>71,341</b>	<b>138,158</b>	<b>(66,817)</b>	<b>(48.4)</b>



# Statement of Distribution to Stapled Securityholders

	FY 2014	FY 2013*	Variance	Change +/-(-)
	S\$'000	S\$'000	S\$'000	%
<b>Total return for the period before income tax</b>	<b>71,341</b>	<b>138,158</b>	<b>(66,817)</b>	<b>(48.4)</b>
Income tax expense	-	-	-	-
<b>Total return for the period after income tax</b>	<b>71,341</b>	<b>138,158</b>	<b>(66,817)</b>	<b>(48.4)</b>
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in stapled securities	10,815	9,194	1,621	17.6
Amortisation of debt upfront cost	955	738	217	29.4
Trustee's fees	316	293	23	7.8
Other Adjustment	233	8	225	2,812.5
Fair value change in interest rate swap	756	(7,933)	8,689	N.M.
Fair value change in investment properties	6,686	(45,861)	52,547	N.M.
Project Sentosa – Professional fee	345	-	345	N.M.
Project Sentosa – Finance cost	46	-	46	N.M.
Share of results of joint venture	1	-	1	N.M.
Net tax adjustment	20,153	(43,561)	63,714	N.M.
<b>Income available for distribution</b>	<b>91,494</b>	<b>94,597</b>	<b>(3,103)</b>	<b>(3.3)</b>

\*The acquisition of Rendezvous Grand Hotel (renamed "Rendezvous Hotel Singapore" ("RHS")) and Rendezvous Gallery (collectively "Rendezvous Property") was completed on 1 August 2013. The results of Rendezvous Property for the period of 1 August to 31 December 2013 have been included in the FY 2013 results.



# Details of Distribution

For Period From 1 October to 31 December 2014

<b>Distribution per Stapled Security</b>	1.28 cents
<b>Ex-Date</b>	17 February 2015
<b>Books Closure Date</b>	23 February 2015
<b>Distribution Payment Date</b>	18 March 2015





## Portfolio Performance



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# Portfolio Performance – Key Highlights for 4Q 2014 / FY 2014

## Hotels

### 4Q 2014

- **The average occupancy of the hotel portfolio was 3.6pp lower year-on-year at 82.4% and the average daily rate (“ADR”) was 4.0% lower year-on-year at \$186 in 4Q 2014.** Rates were lower due to the softer demand from corporate travelers. The increase in hotel room supply also restrained the ability to grow the ADR.
- **Revenue per available room (“RevPAR”) decreased 8.0% year-on-year to \$153 in 4Q 2014.**

### FY 2014

- **The average occupancy of the hotel portfolio was 3.1pp lower year-on-year at 83.3% and the ADR was 2.5% lower year-on-year at \$187 in FY 2014.** A host of factors including the regulation on outbound travel in China, regional currency dynamics, aviation mishaps and geopolitical events negatively affected the visitor arrivals into Singapore. This decline in visitorship to Singapore coupled with an increase in supply of hotel rooms placed competitive pressure on both occupancy and ADR.
- **RevPAR decreased 6.0% year-on-year to \$155 in FY 2014.**



# Portfolio Performance – Key Highlights for 4Q 2014 / FY 2014

## Serviced Residences

### 4Q 2014

- **The average occupancy for the serviced residences was 6.3pp lower year-on-year at 83.2% and the ADR was 0.8% lower year-on-year at \$250.** The decrease in average occupancy was largely due to the completion of the renovation of the studio units at Regency House, as the property built up its long-stay customer base.
- **Revenue per available serviced residence unit (“RevPAU”) was \$208 in 4Q 2014, 7.8% lower year-on-year.**

### FY 2014

- **The average occupancy for the serviced residences was 1.5pp lower year-on-year at 87.5% and the ADR was 1.4% lower year-on-year at \$251.** The serviced residences were challenged as a decrease in project groups resulted in greater dependence on individual bookings.
- **RevPAU was \$219 in FY 2014, 3.1% lower year-on-year.**



# Portfolio Performance – Key Highlights for 4Q 2014 / FY 2014

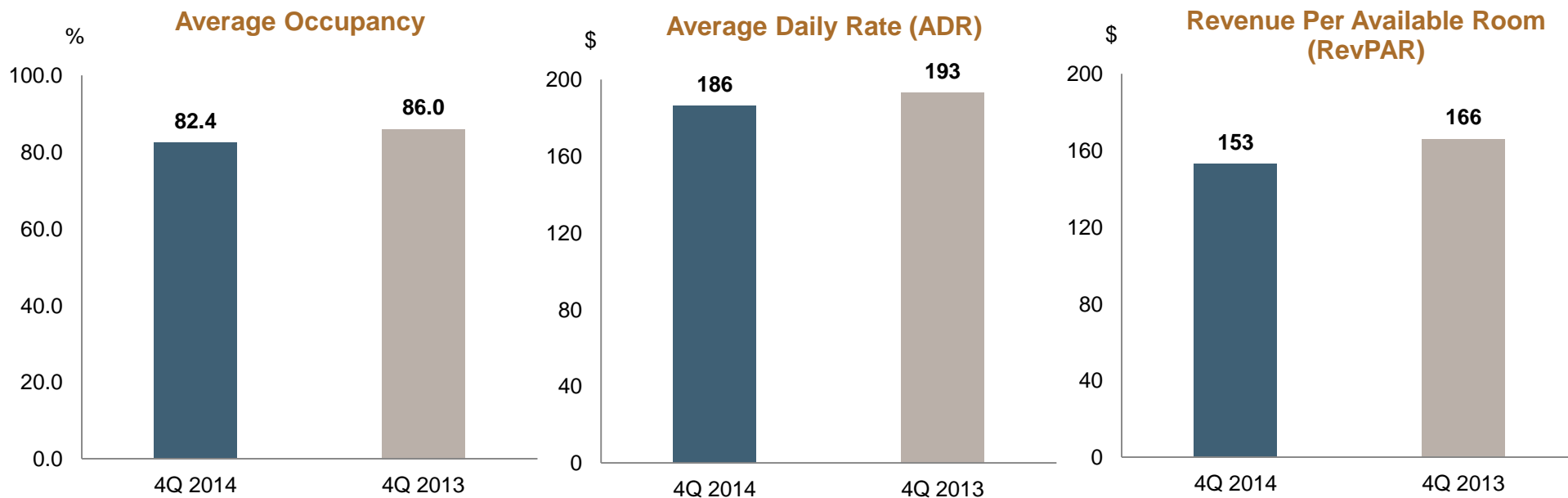
## Excluded Commercial Premises

### 4Q & FY 2014

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) grew 4.8% year-on-year to \$5.8 million in 4Q 2014 and rose 17.4% year-on-year to \$23.2 million in FY 2014.** The better performance of the excluded commercial premises cushioned the lower contribution from the hotels and serviced residences.



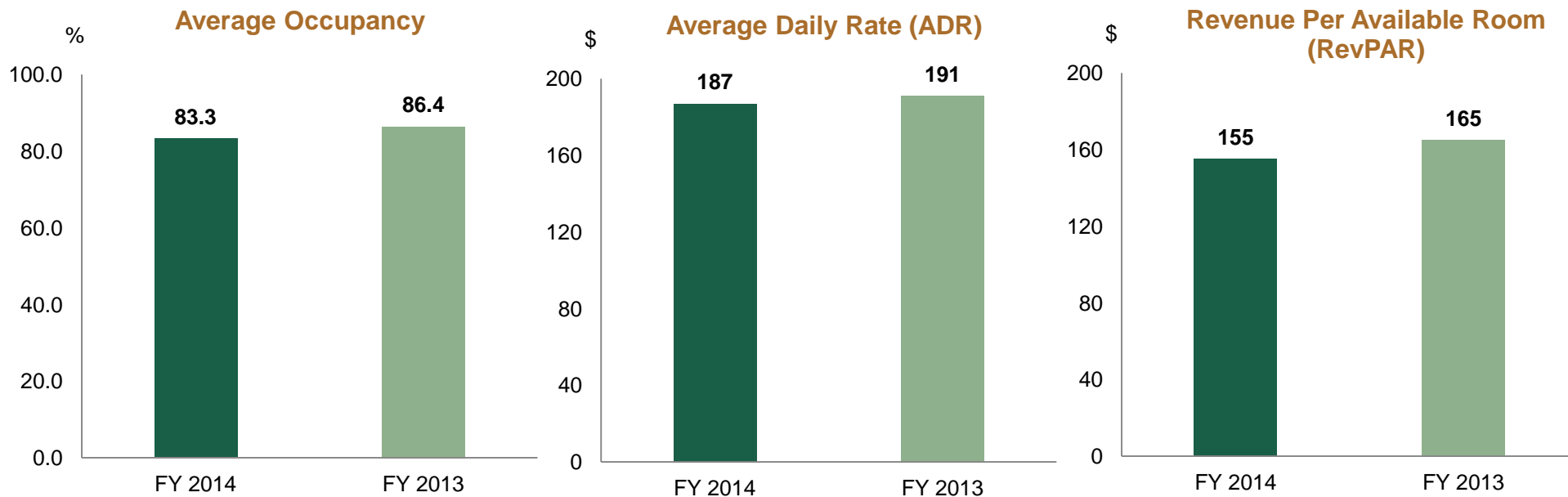
# Portfolio Performance 4Q 2014 - Hotels



	4Q 2014	4Q 2013	Variance
Average Occupancy (%)	82.4	86.0	(3.6pp)
ADR (\$)	186	193	(4.0%)
RevPAR(\$)	153	166	(8.0%)



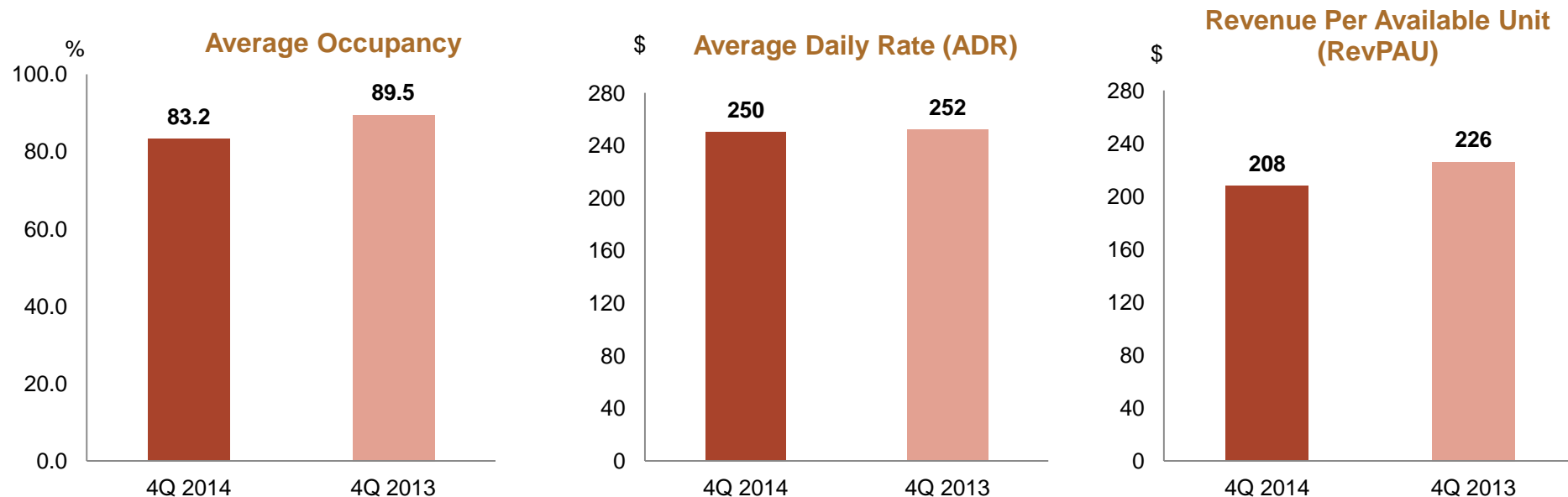
# Portfolio Performance FY 2014 - Hotels



	FY 2014	FY 2013	Variance
Average Occupancy (%)	83.3	86.4	(3.1pp)
ADR (\$)	187	191	(2.5%)
RevPAR(\$)	155	165	(6.0%)



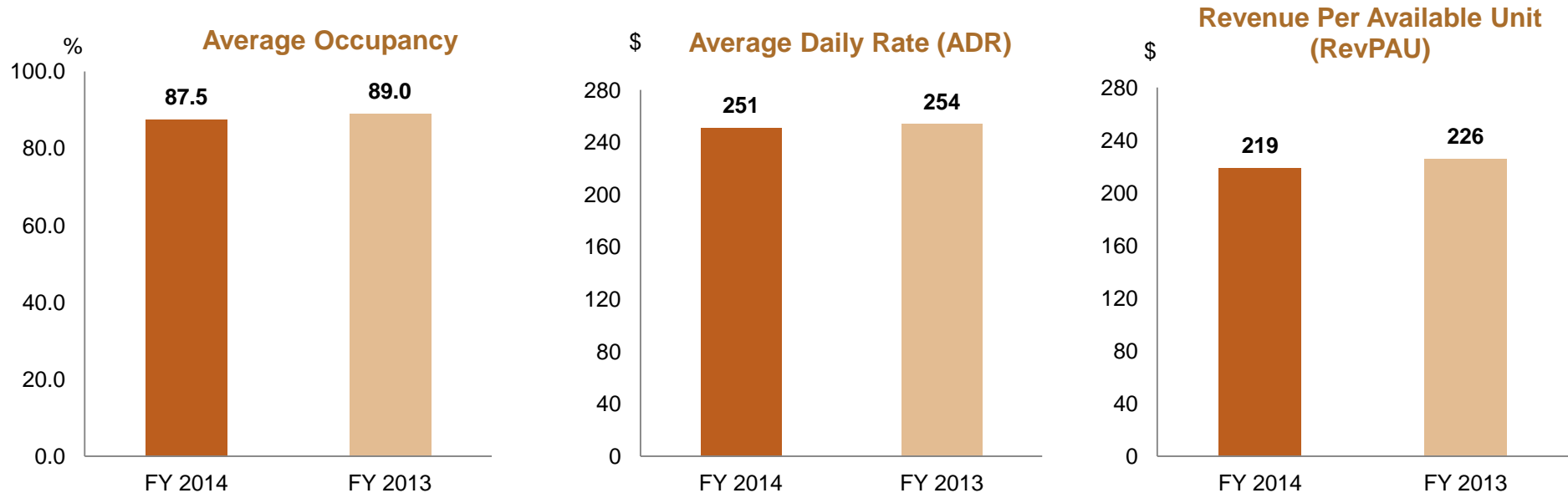
# Portfolio Performance 4Q 2014 – Serviced Residences



	4Q 2014	4Q 2013	Variance
Average Occupancy (%)	83.2	89.5	(6.3pp)
ADR (\$)	250	252	(0.8%)
RevPAU (\$)	208	226	(7.8%)



# Portfolio Performance FY 2014 – Serviced Residences



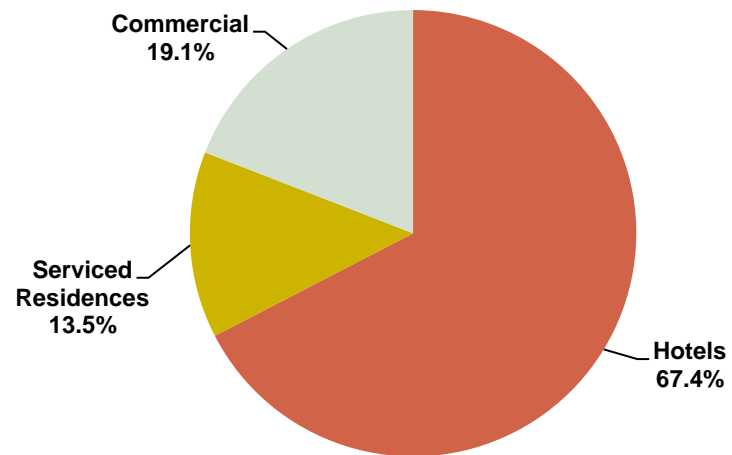
	FY 2014	FY 2013	Variance
Average Occupancy (%)	87.5	89.0	(1.5pp)
ADR (\$)	251	254	(1.4%)
RevPAU (\$)	219	226	(3.1%)



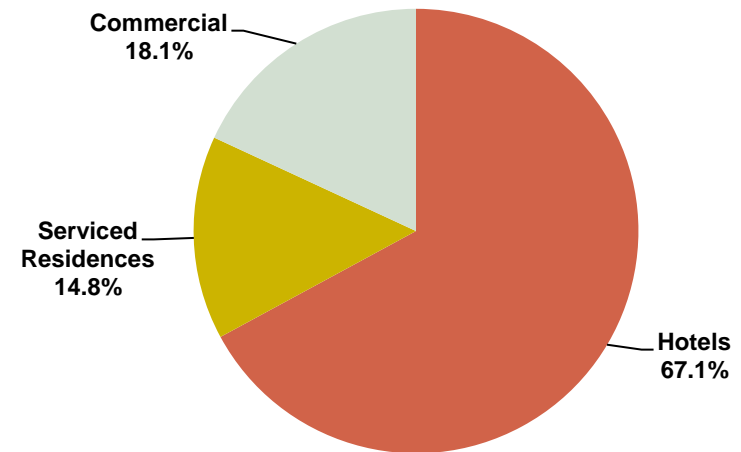


# Breakdown of Gross Revenue – Total Portfolio

4Q 2014

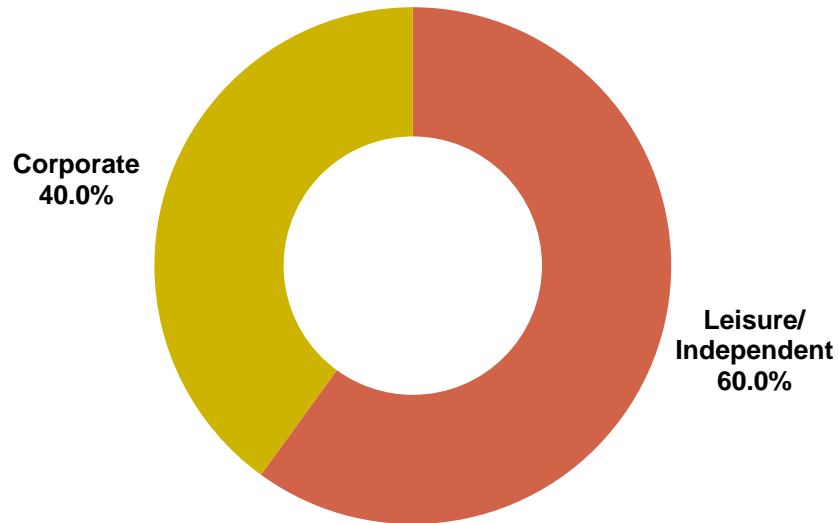


4Q 2013

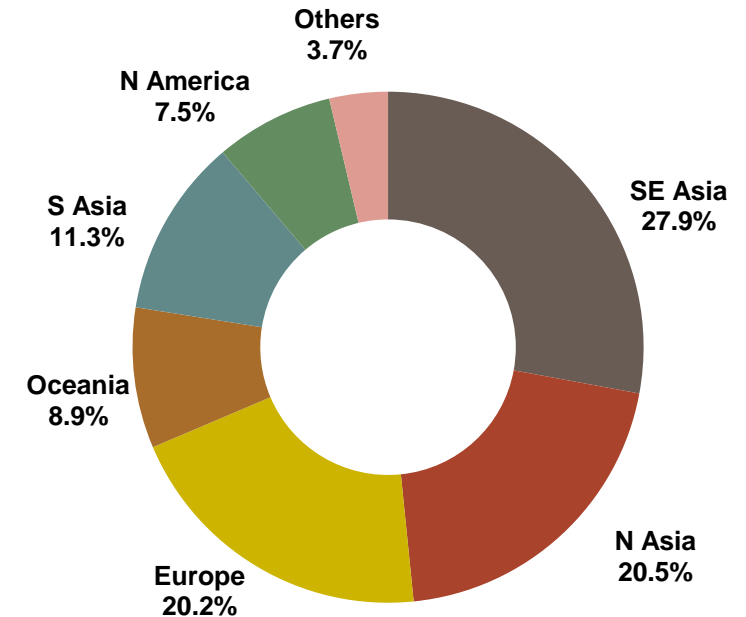


# Market Segmentation 4Q 2014 - Hotels

## Hotels (by Revenue)



## Hotels (by Region)

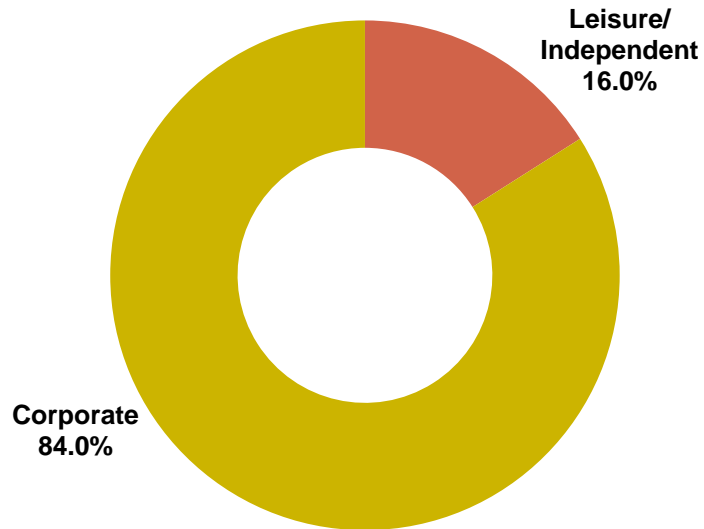


- The Corporate segment contributed 42.0% of 4Q 2014 hotel revenue as 4Q is a traditionally quieter season for corporate travel.
- Contribution from N Asia continued to show a steady increase in 4Q 2014.

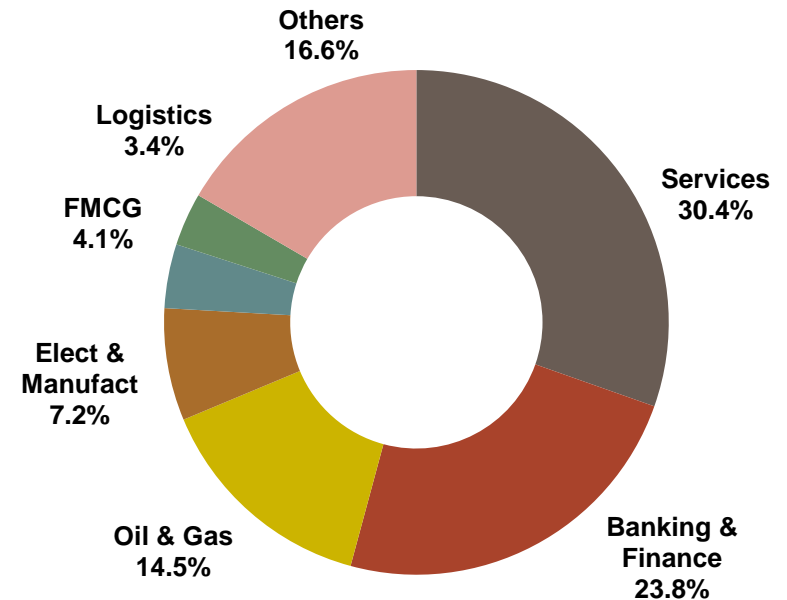


# Market Segmentation 4Q 2014 – Serviced Residences

## Serviced Residences (by Revenue)



## Serviced Residences (by Industry)



- The Corporate segment contributed 84.0% of revenue for Serviced Residences in 4Q 2014.
- Guest profile by industry remained relatively unchanged for the Serviced Residences.



# Portfolio Valuation

	Valuation as at 31 Dec 2014 (\$'000)	Valuation as at 31 Dec 2013 (\$'000)
<b>Hotels</b>		
Village Hotel Albert Court (VHAC)	128,300	128,000
Village Hotel Changi (VHC)	244,400	255,000
The Elizabeth Hotel (TEH)	187,500	193,000
Village Hotel Bugis (VHB)	230,000	230,000
Oasia Hotel (OHS)	339,000	330,000
Orchard Parade Hotel (OPH)	423,400	428,000
The Quincy (TQH)	84,700	86,000
Rendezvous Hotel Singapore (RHS)	282,300	277,000
	1,919,600	1,927,000
<b>Serviced Residences</b>		
Village Residence Clarke Quay (VRCQ)	205,800	202,200
Village Residence Hougang (VRH)	70,000	67,300
Regency House (RH)	163,400	163,500
Village Residence Robertson Quay (VRRQ)	117,300	114,700
	556,500	547,700
<b>Total Portfolio</b>	<b>2,476,100</b>	<b>2,474,700</b>

Note: On 31 December 2014, independent valuations of the 8 Hotels and 4 Serviced Residences were undertaken by Knight Frank Pte Ltd and CBRE Pte Ltd respectively. On 31 December 2013, independent valuations of the 8 Hotels and 4 Serviced Residences were undertaken by and Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Knight Frank Pte Ltd respectively.



## Capital Management

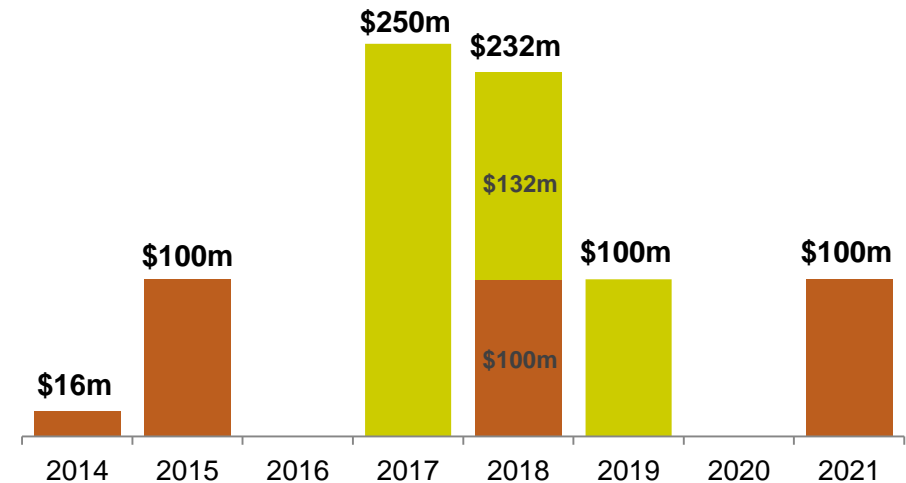


# Capital Management

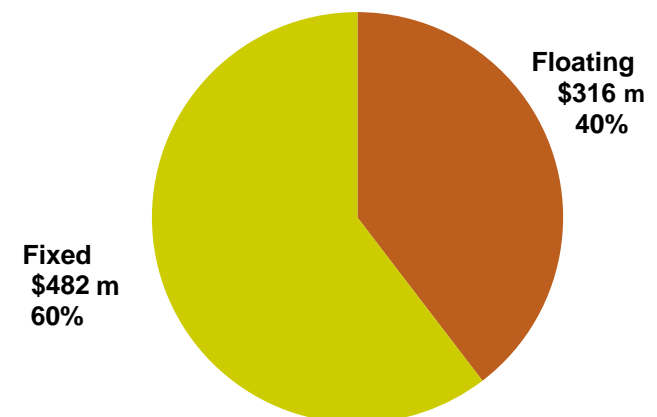
As at 31 December 2014

Total debt	\$798 m
Available revolving facility	\$84 m
Gearing ratio	31.4%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	60%
Weighted average debt maturity	3.5 years
Average cost of debt	2.2%

Debt Maturity Profile



Interest Rate Profile



## Asset Enhancement Initiatives



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# Asset Enhancement Plan

## Village Residence Robertson Quay

Extension of  
outdoor  
refreshment area

Targeted to  
complete by  
2Q 2015

## Village Hotel Changi

Soft refurbishment  
of club & suite  
rooms and  
meeting areas

Targeted to  
complete by  
4Q 2015

## Regency House

Refurbishment of  
2 and 3-bedroom  
units

Targeted to  
complete by  
4Q 2015

## Village Hotel Albert Court

Change of aircon  
chiller system

Targeted to  
complete by  
1Q 2015





## Industry Outlook & Prospects



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# Market Environment

- **Singapore Economy**

- 4Q 2014

- Singapore economy grew by 1.5% year-on-year in 4Q 2014
    - On a seasonally-adjusted annualised basis, the economy expanded by 1.6% year-on-year, slower than the 3.1% expansion in 3Q 2014

- 2015

- Singapore economy forecasted to grow by 2 – 4%
    - Growth outlook modest due to uneven global economic recovery and tight labour market, low unemployment and rising vacancy rates domestically
    - Externally oriented sectors to provide support to Singapore's growth

- **Singapore Hospitality Market**

- October – November 2014

- According to STB, RevPAR across all hotel segments decreased by 4.1% year-on-year
    - RevPAR of Upscale and Mid-tier hotels decreased by 1.4% and fell by 5.9% year-on-year respectively

Sources :

Ministry of Trade and Industry, "Singapore's GDP Grew by 1.5 Per Cent in Fourth Quarter of 2014", 2 January 2015

Ministry of Trade and Industry, "MTI Forecasts Growth of Around 3.0 Per Cent in 2014 and 2.0 to 4.0 Per Cent in 2015", 25 November 2014

Singapore Tourism Board, Hotel Statistics (Preliminary), 5 January 2014



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



**Singapore - Voted Lonely Planet's  
No. 1 Destination for 2015**  
as Singapore celebrates  
its 50<sup>th</sup> anniversary



**National Gallery Singapore (2015\*)**  
The largest gallery to showcase  
Singaporean and Southeast Asian arts



**KidZania (2015\*)**  
The World's fastest growing entertainment  
centre for children, opening at Sentosa Island



**Changi Terminal 4 (2017\*) &  
Project Jewel (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

# Major Sporting Events in 2015



5-16 June 2015



Junior Championships: 25-30 August 2015  
World Cup: 3-4 October 2015



18-20 September 2015



23 October – 1 November 2015

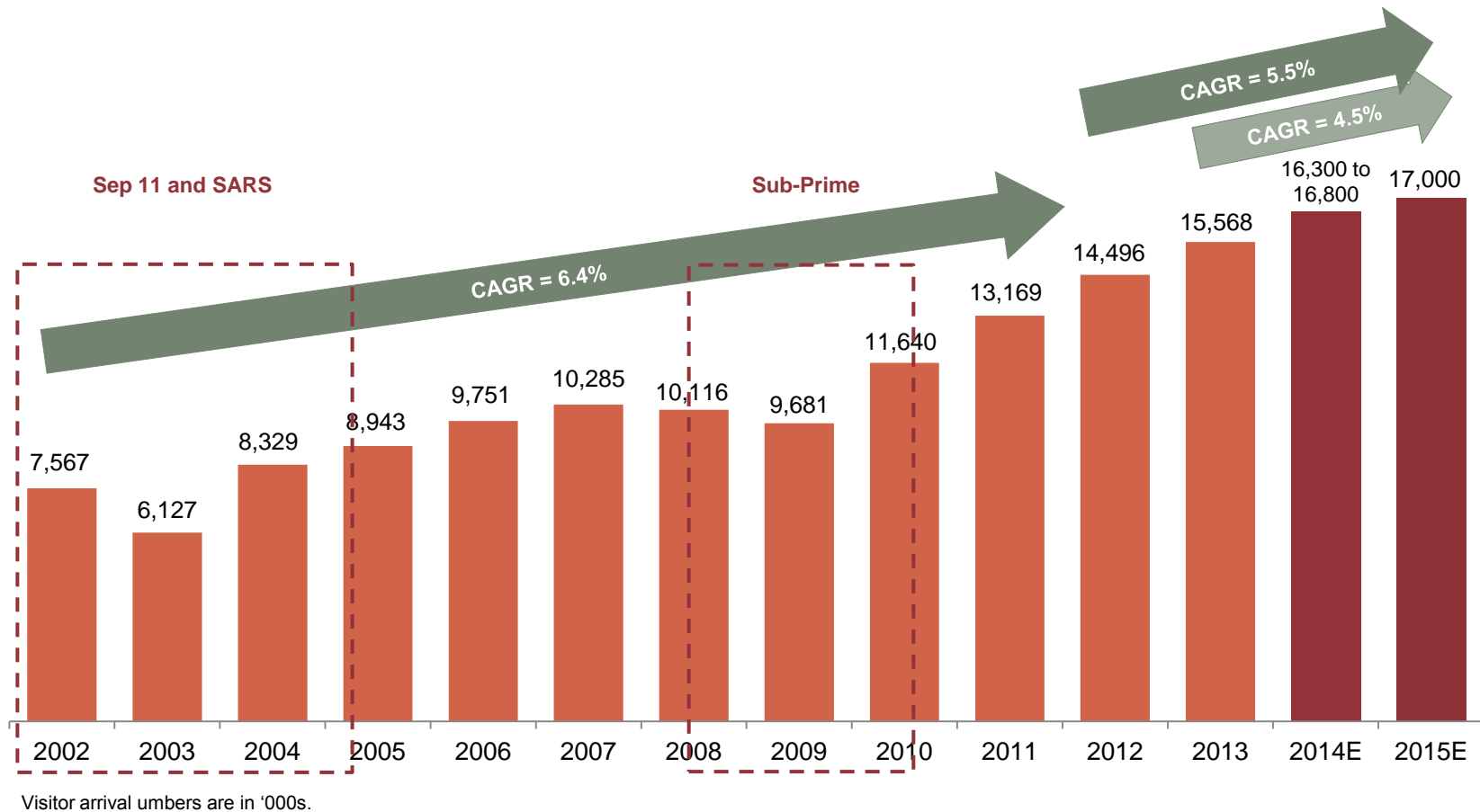


3-9 December 2015



2015

# Historical and Forecast Visitor Arrivals in Singapore



- Visitor arrivals are projected to grow at a CAGR of 5.5% from 2012 to 2015

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

Singapore Tourism Board, International Visitor Arrivals Statistics, 10 Dec 2013 (2012 visitor arrivals) and 3 May 2014 (2013 visitor arrivals)

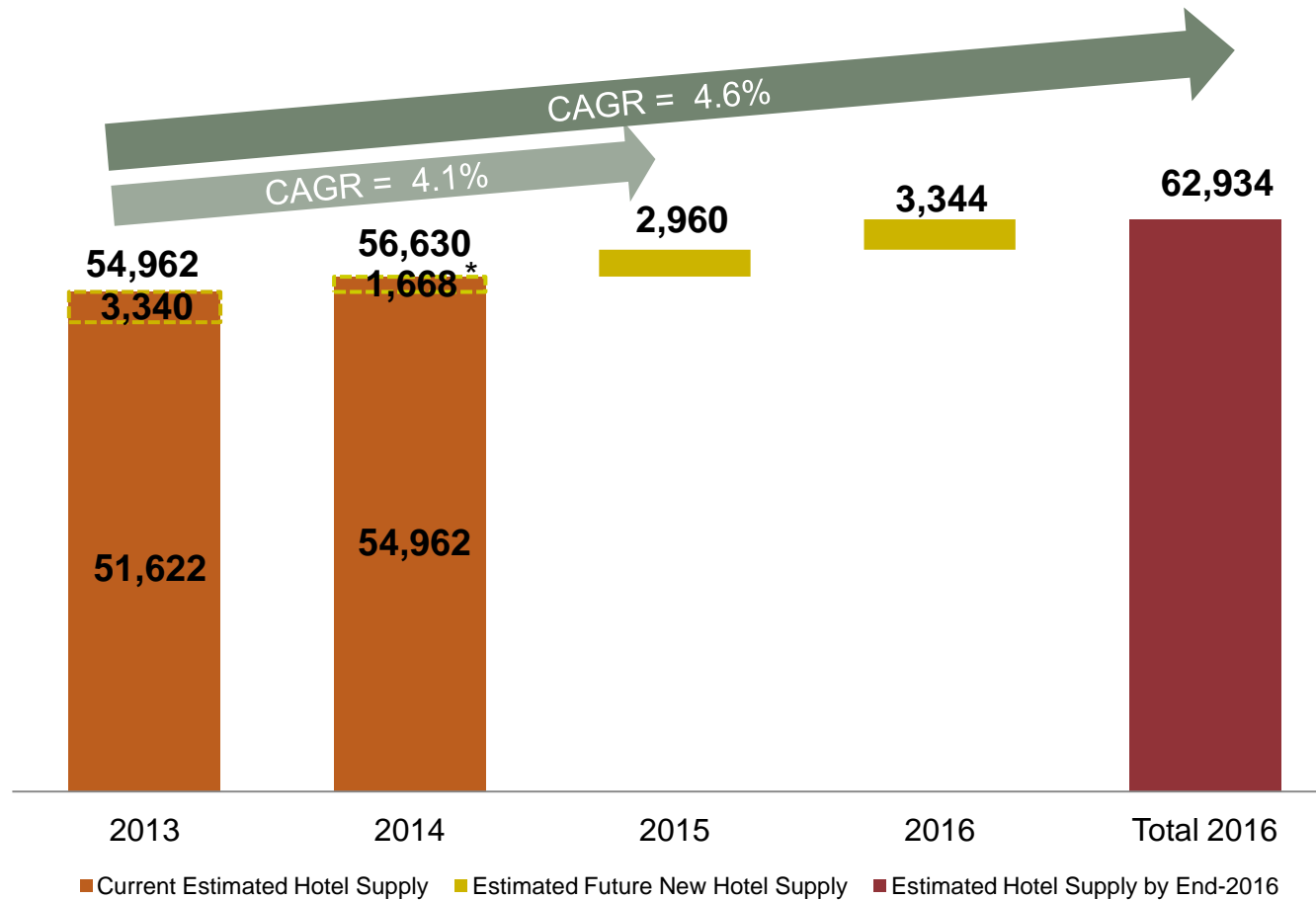
Business Times, "STB sees up to 16.8m visitor arrivals in 2014", 7 March 2014

Singapore Tourism Board, "Singapore sets out to triple tourism receipts to S\$30 billion by 2015, 11 January 2005 (2015E visitor arrivals)





# Estimated Hotel Room Supply in Singapore



- Hotel supply expected to increase at a CAGR of 4.6% from 2013 to 2016
- No hotel sites introduced in 2015 Government Land Sales (GLS) programme
- Urban Redevelopment Authority (URA) to tighten approvals for applications for new hotels, backpackers' hostels or boarding houses on sites that are not zoned or permitted for hotel use

\* Includes 223-room Gallery Hotel and 30-room Sofitel Sentosa Resort & Spa which have been closed for refurbishment  
Sources : Jones Lang LaSalle report issued as at March 2014 and Far East H-Trust's 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



# Outlook & Prospects

- **Outlook for 2015**

- Operating landscape to remain competitive
  - Supply of approximately 3,000 new hotel rooms<sup>1</sup>
  - Potential softness in demand for accommodation
- Potential growth in visitor arrivals
  - Major events such as 2015 Southeast Asian Games and Interpol World 2015
  - New attractions such as Singapore Pinacothèque de Paris and the National Gallery Singapore
  - Possible improvement in visitorship from China

- **Long-term outlook**

- Singapore as a preferred destination for business and leisure travel
  - Rejuvenation of existing tourism offerings such as the Mandai precinct and facelift of Sentosa
  - Strengthening of tourism infrastructure and upgrading of MICE capabilities

<sup>1</sup>Jones Lang LaSalle report issued as at March 2014 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 <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>	74 years	64 years	74 years	65 years	91 years	49 years	74 years	70 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>	128.3	244.4	187.5	230.0	339.0	423.4	84.7	282.3	1,919.6

<sup>1</sup> As at 31 December 2014

<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>	79 years	80 years	77 years	80 years	NA
GFA/Strata Area (sq m)	17,858	14,635	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>	205.8	70.0	117.3	163.4	556.5

<sup>1</sup> As at 31 December 2014