FAR EAST HOSPITALITY TRUST

3Q 2016
Results Presentation

10 November 2016

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Results Highlights



FAR EAST HOSPITALITY TRUST

Executive Summary – Performance vs LY

	3Q 2016 $	3Q 2015 $	Variance %	9M 2016 $	9M 2015 $	Variance %
Gross Revenue ($'000)	28,019	29,655	(5.5)	81,522	85,766	(4.9)
Net Property Income ($'000)	25,347	26,894	(5.8)	73,496	77,368	(5.0)
Income Available for Distribution ($'000)	20,263	21,565	(6.0)	57,978	61,572	(5.8)
Distribution per Stapled Security (cents)	1.12	1.20	(6.7)	3.21	3.43	(6.4)

- **Gross revenue in 3Q 2016 was 5.5% lower year-on-year at $28.0 million.**
- **Net property income declined 5.8% year-on-year to $25.3 million and income available for distribution decreased 6.0% year-on-year to $20.3 million in 3Q 2016.**
- **Distribution per stapled security ("DPS") was 1.12 cents in 3Q 2016.**

Financial Results From 1 July to 30 September 2016

	3Q 2016	3Q 2015	Variance	Better/(Worse)
	S$'000	S$'000	S$'000	%
Master lease rental	22,177	23,570	(1,393)	(5.9)
Retail and office revenue	5,842	6,085	(243)	(4.0)
Gross revenue	**28,019**	**29,655**	**(1,636)**	**(5.5)**
Property tax	(1,848)	(1,926)	78	4.0
Property insurance	(30)	(34)	4	11.8
MCST contribution	(17)	(16)	(1)	(6.3)
Retail and office expenses	(666)	(655)	(11)	(1.7)
Property manager fees	(111)	(111)	0	–
Other property expenses	–	(19)	19	NM
Property expenses	**(2,672)**	**(2,761)**	**89**	**3.2**
Net property income	**25,347**	**26,894**	**(1,547)**	**(5.8)**
REIT Manager's fees	(2,914)	(3,002)	88	2.9
Trustee's fees	(79)	(80)	1	1.3
Other trust expenses	(184)	(250)	66	26.4
Trust level expenses	**(3,177)**	**(3,332)**	**155**	**4.7**
Total finance costs	**(4,848)**	**(5,184)**	**336**	**6.5**
Share of results of joint venture	(11)	(40)	29	72.5
Net income before tax and fair value changes	**17,311**	**18,338**	**(1,027)**	**(5.6)**
Fair value change in derivative financial instruments	(1,918)	2,778	(4,696)	NM
Total return for the period before income tax	**15,393**	**21,116**	**(5,723)**	**(27.1)**

Statement of Distribution to Stapled Securityholders

	3Q 2016	3Q 2015	Variance	Better/(Worse)
	S$'000	S$'000	S$'000	%
Total return for the period before income tax	**15,393**	**21,116**	**(5,723)**	**(27.1)**
Income tax expense	(3)	–	(3)	NM
Total return for the period after income tax	**15,390**	**21,116**	**(5,726)**	**(27.1)**
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,623	2,701	(78)	(2.9)
Trustee's fees	79	80	(1)	(1.3)
Amortisation of debt upfront cost	171	186	(15)	(8.1)
Fair value change in derivative financial instruments	1,918	(2,778)	4,696	NM
Share of results of joint venture	11	40	(29)	(72.5)
Other adjustments	71	110	(39)	(35.5)
Net tax adjustments	**4,873**	**339**	4,534	**NM**
Rollover adjustment	–	110	(110)	NM
Income available for distribution	**20,263**	**21,565**	(1,302)	**(6.0)**

Financial Results From 1 January to 30 September 2016

	9M 2016	9M 2015	Variance	Better/(Worse)
	S$'000	S$'000	S$'000	%
Master lease rental	64,186	67,880	(3,694)	(5.4)
Retail and office revenue	17,336	17,886	(550)	(3.1)
Gross revenue	**81,522**	**85,766**	**(4,244)**	**(4.9)**
Property tax	(5,684)	(5,998)	314	5.2
Property insurance	(90)	(102)	12	11.8
MCST contribution	(51)	(49)	(2)	(4.0)
Retail and office expenses	(1,868)	(1,863)	(5)	(0.3)
Property manager fees	(333)	(333)	0	–
Other property expenses	–	(53)	53	NM
Property expenses	**(8,026)**	**(8,398)**	**372**	**4.4**
Net property income	**73,496**	**77,368**	**(3,872)**	**(5.0)**
REIT Manager's fees	(8,598)	(8,802)	204	2.3
Trustee's fees	(235)	(236)	1	0.4
Other trust expenses	(623)	(748)	125	16.7
Trust level expenses	**(9,456)**	**(9,786)**	**330**	**3.4**
Total finance costs	**(15,004)**	**(15,161)**	**157**	**1.0**
Share of results of joint venture	(28)	(40)	12	30.0
Net income before tax and fair value changes	**49,008**	**52,381**	**(3,373)**	**(6.4)**
Fair value change in derivative financial instruments	(10,618)	4,335	(14,953)	NM
Total return for the period before income tax	**38,390**	**56,716**	**(18,326)**	**(32.3)**

Statement of Distribution to Stapled Securityholders

	9M 2016	9M 2015	Variance	Better/(Worse)
	S$'000	S$'000	S$'000	%
Total return for the period before income tax	**38,390**	**56,716**	**(18,326)**	**(32.3)**
Income tax expense	(9)	–	(9)	NM
Total return for the period after income tax	**38,381**	**56,716**	**(18,335)**	**(32.3)**
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	7,739	7,921	(182)	(2.3)
Trustee's fees	235	236	(1)	(0.4)
Amortisation of debt upfront cost	511	564	(53)	(9.4)
Fair value change in derivative financial instruments	10,618	(4,335)	14,953	NM
Share of results of joint venture	28	40	(12)	(30.0)
Other adjustments	260	320	(60)	(18.8)
Net tax adjustments	**19,391**	**4,746**	**14,645**	**NM**
Rollover adjustment	206	110	96	87.3
Income available for distribution	**57,978**	**61,572**	**(3,594)**	**(5.8)**

Details of Distribution

For Period From 1 July to 30 September 2016

Distribution per Stapled Security	1.12 cents
Ex-Date	16 Nov 2016
Books Closure Date	18 Nov 2016
Distribution Payment Date	14 Dec 2016

Portfolio Performance

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Portfolio Performance – Key Highlights for 3Q 2016

Hotels

- **The average occupancy of the hotel portfolio was 1.0pp higher year-on-year at 88.4% and the average daily rate ("ADR") was 6.9% lower at $161.**
- The operating environment remained competitive amidst the softness in corporate travel demand, as a result of the uncertain global economic climate. The supply of about 2,500 new hotel rooms also put pressure on rates.
- **Revenue per available room ("RevPAR") declined 5.8% year-on-year to $142.**

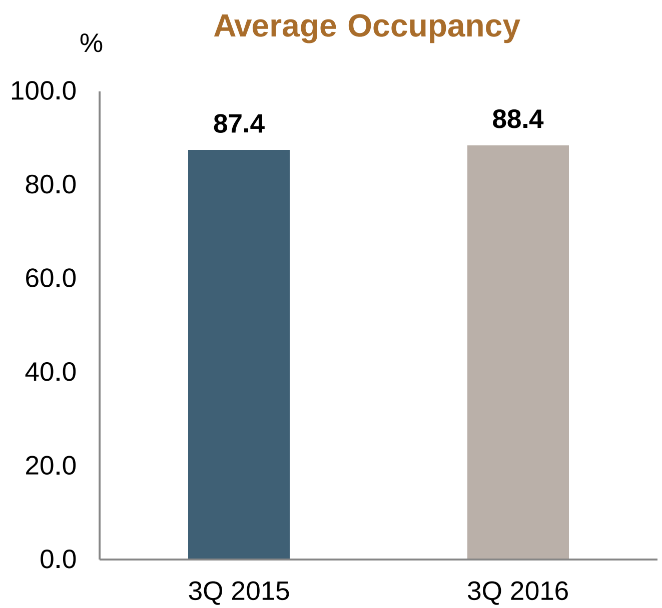
Serviced Residences

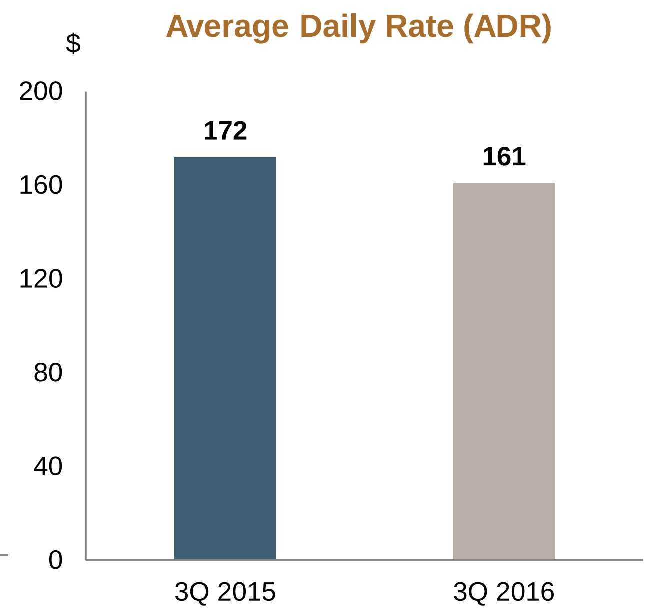
- **The average occupancy of the serviced residence portfolio decreased 0.2pp and ADR declined 2.5% year-on-year to $226. Revenue per available serviced residence unit ("RevPAU") was $203 in 3Q 2016, 2.7% lower year-on-year.**
- While demand from the corporate segment was soft as a whole, the average occupancy of the serviced residences remained healthy at 90.0% albeit at slightly lower rates.
- Regency House was able to increase its revenue and contribution from the corporate segment as the renovation had helped to better position the property.

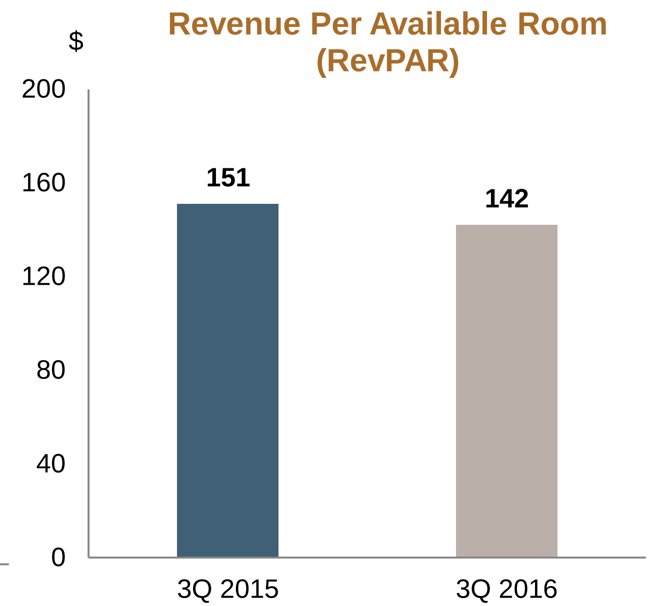
Excluded Commercial Premises

- **Revenue from the excluded commercial premises (i.e. retail and office spaces) declined 4.0% in 3Q 2016 to $5.8 million.** The lower revenue was due to lower occupancy and a marginal decrease in rental rates.

Portfolio Performance 3Q 2016 - Hotels

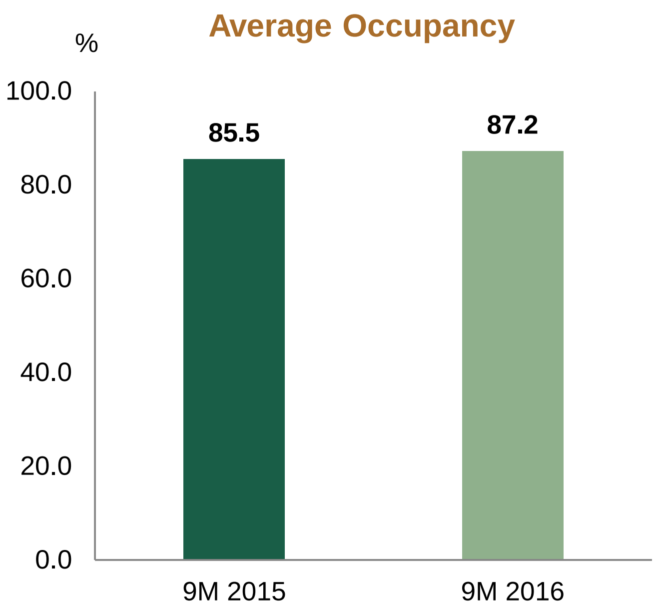


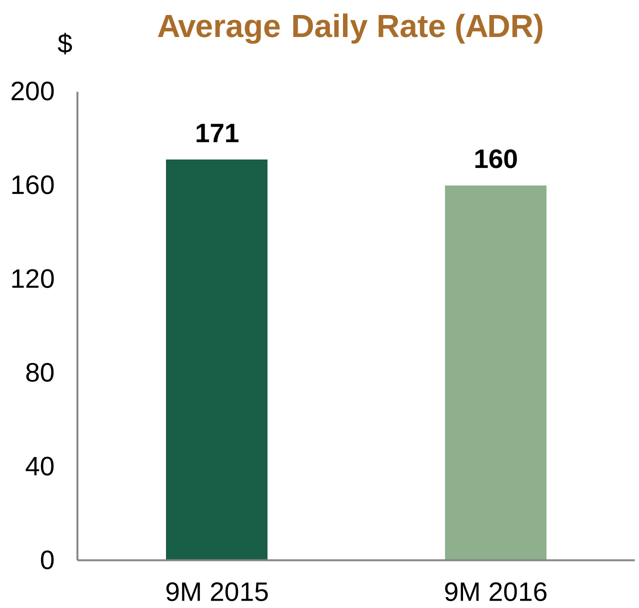


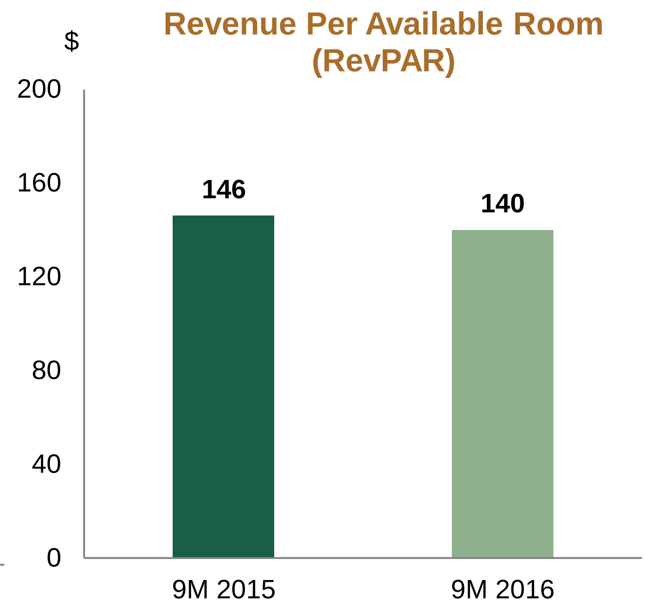


	3Q 2015	3Q 2016	Variance
Average Occupancy (%)	87.4%	88.4%	1.0pp
ADR ($)	172	161	(6.9%)
RevPAR($)	151	142	(5.8%)

Portfolio Performance 9M 2016 - Hotels

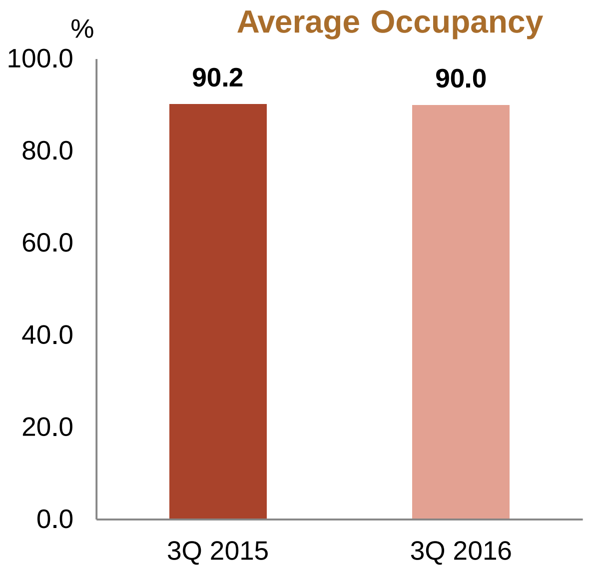


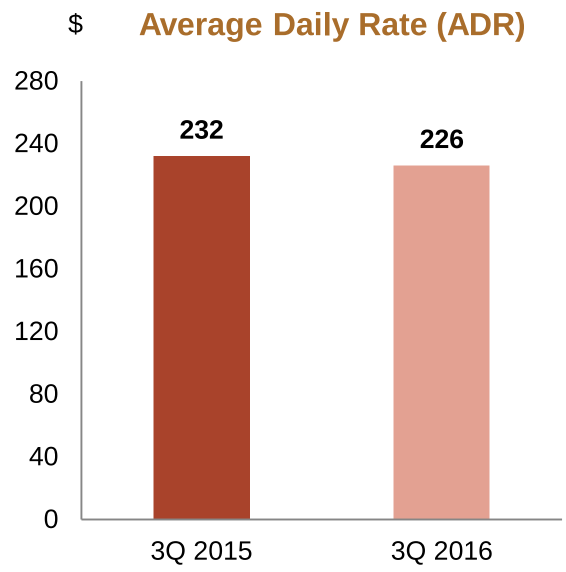


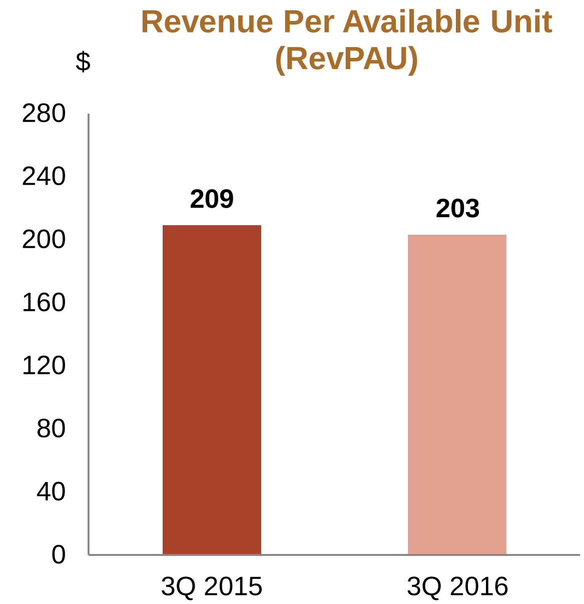


	9M 2015	9M 2016	Variance
Average Occupancy (%)	85.5%	87.2%	1.7pp
ADR ($)	171	160	(6.5%)
RevPAR($)	146	140	(4.6%)

Portfolio Performance 3Q 2016 – Serviced Residences

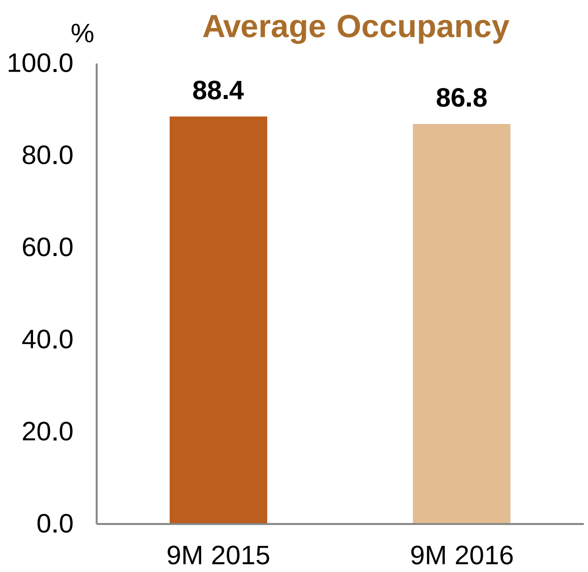


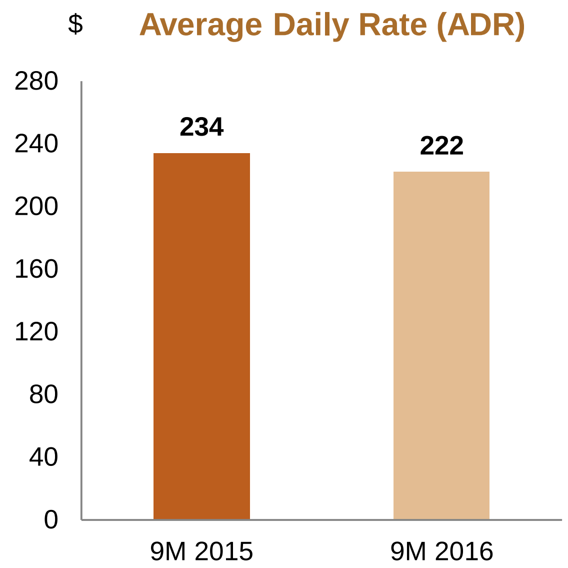


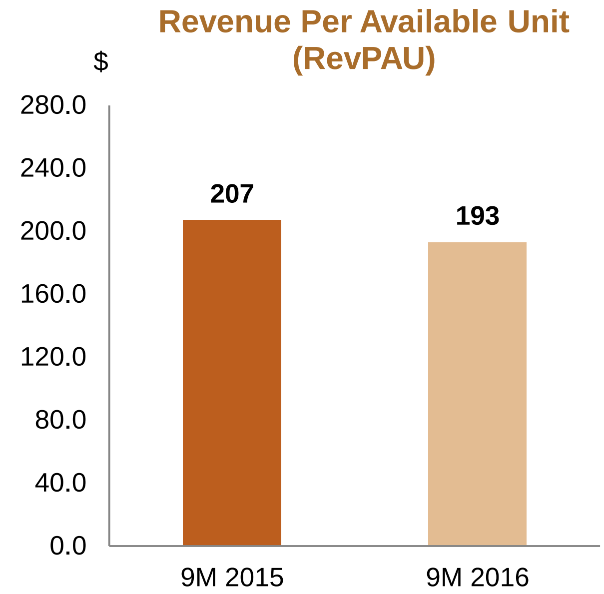


	3Q 2015	3Q 2016	Variance
Average Occupancy (%)	90.2%	90.0%	(0.2pp)
ADR ($)	232	226	(2.5%)
RevPAU ($)	209	203	(2.7%)

Portfolio Performance 9M 2016 – Serviced Residences



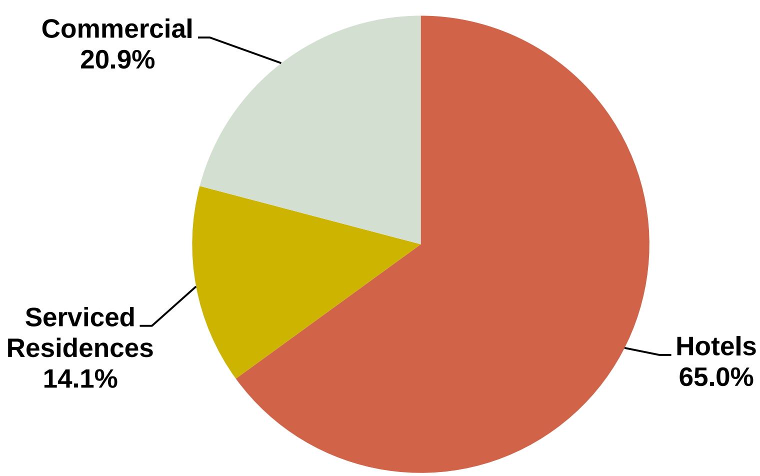




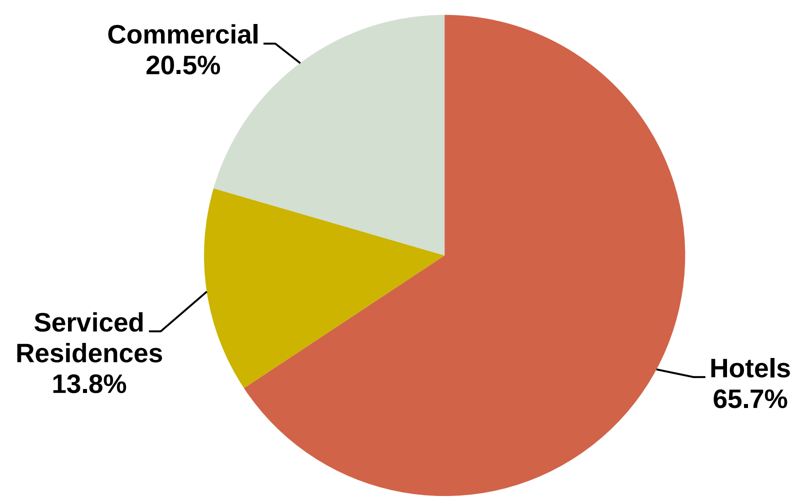
	9M 2015	9M 2016	Variance
Average Occupancy (%)	88.4%	86.8%	(1.7pp)
ADR ($)	234	222	(4.9%)
RevPAU ($)	207	193	(6.7%)

Breakdown of Gross Revenue – Total Portfolio

3Q 2016

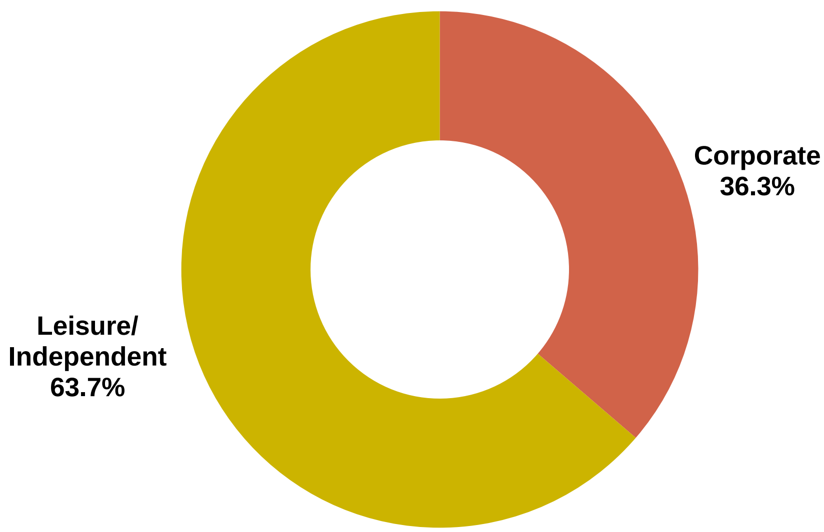


3Q 2015

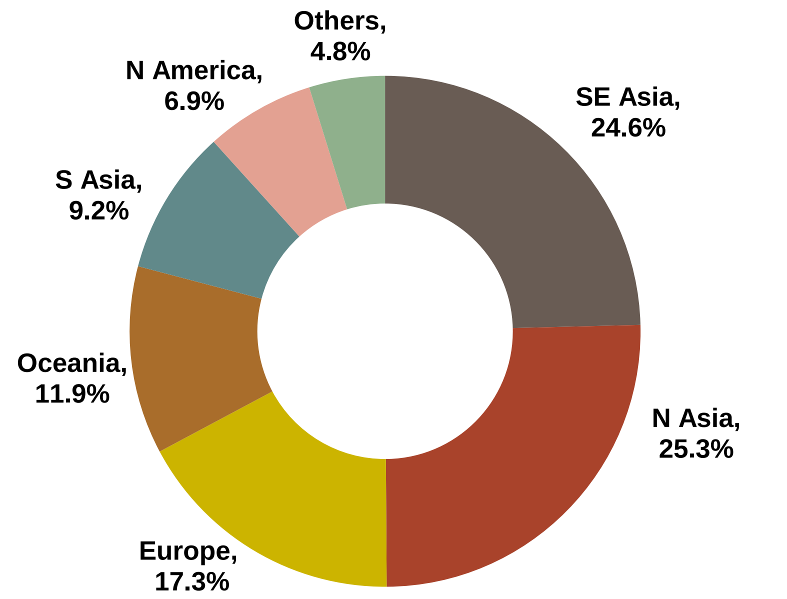


Market Segmentation 3Q 2016 - Hotels

Hotels (by Revenue)



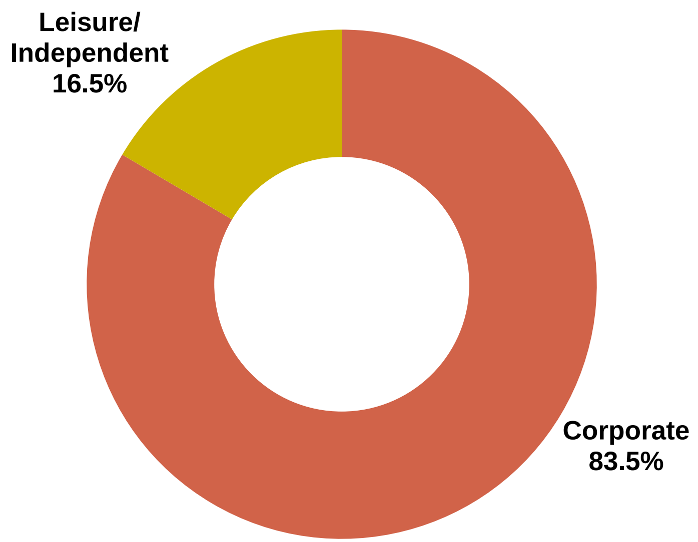
Hotels (by Region)



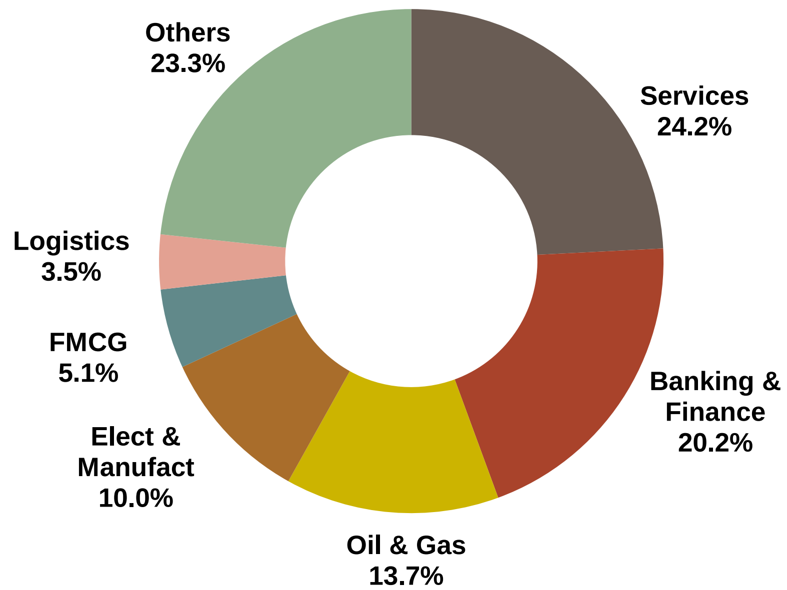
- **Leisure segment contributed 63.7% of hotel revenue in 3Q 2016, up from 58.9% in 3Q 2015.**
- **Revenue contribution from the different regions remained fairly constant year-on-year.**

Market Segmentation 3Q 2016 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- **Corporate segment contributed 83.5% of revenue for serviced residences in 3Q 2016, compared with 82.5% a year ago.**
- **The decrease in revenue contribution from Services was partially compensated by a growth in Banking & Finance and Electronics & Manufacturing.**

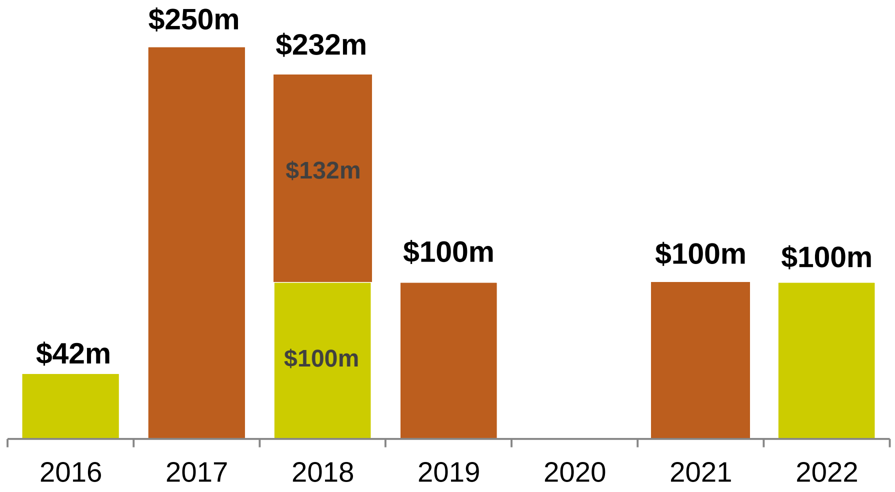
Capital Management

Capital Management

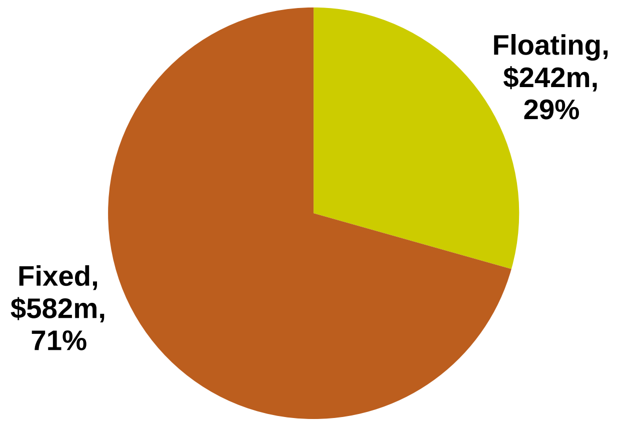
As at 30 September 2016

Total debt	$824 m
Available revolving facility	$58 m
Gearing ratio	32.8%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	71%
Weighted average debt maturity	2.6 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Asset Enhancement

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Asset Enhancement Initiatives – Completed in July 2016

Orchard Parade Hotel
(2nd phase)

Renovation of lobby bar

after

Lobby Bar

before

Industry Outlook & Prospects

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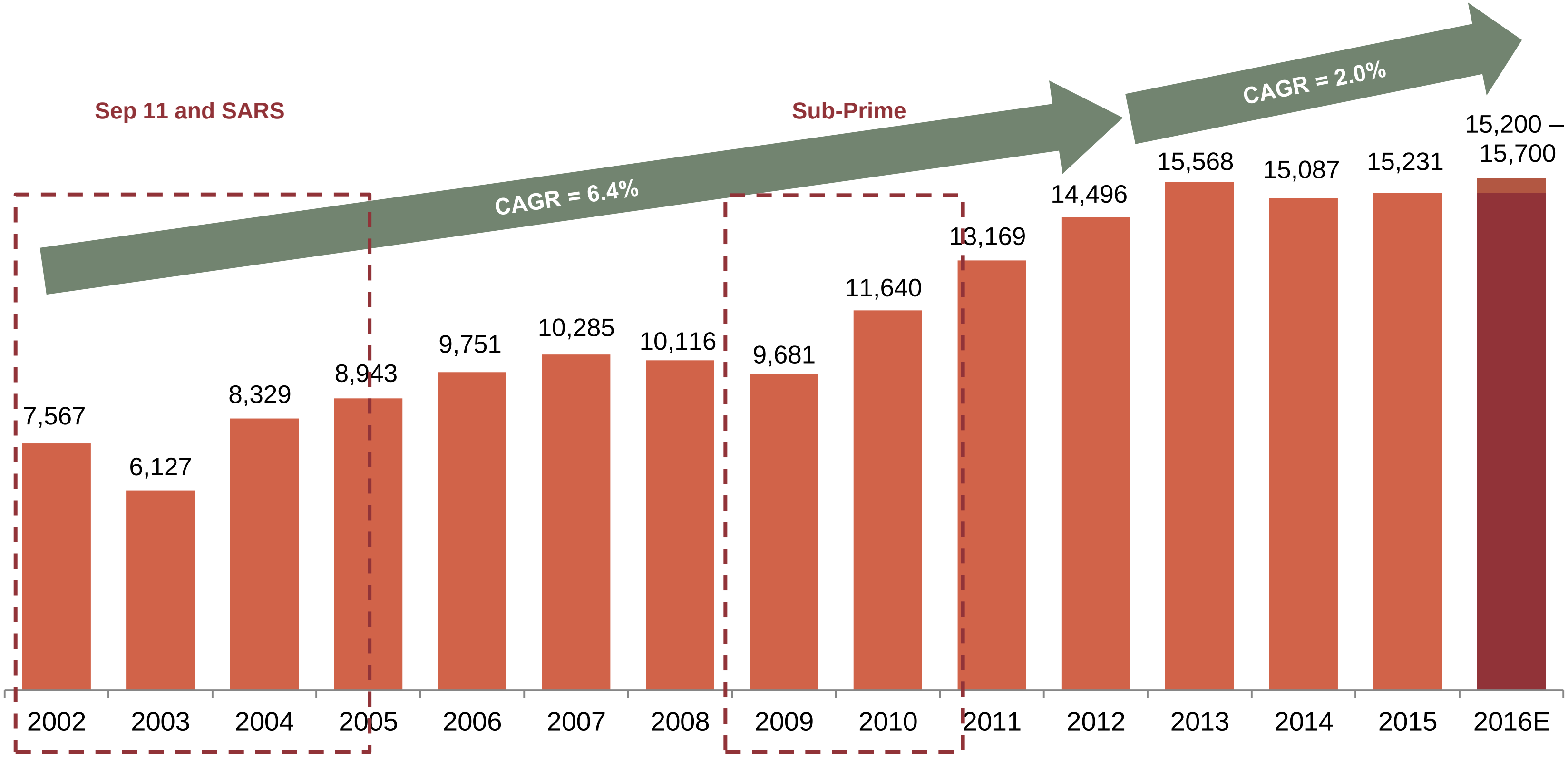
Historical and Forecast Visitor Arrivals in Singapore

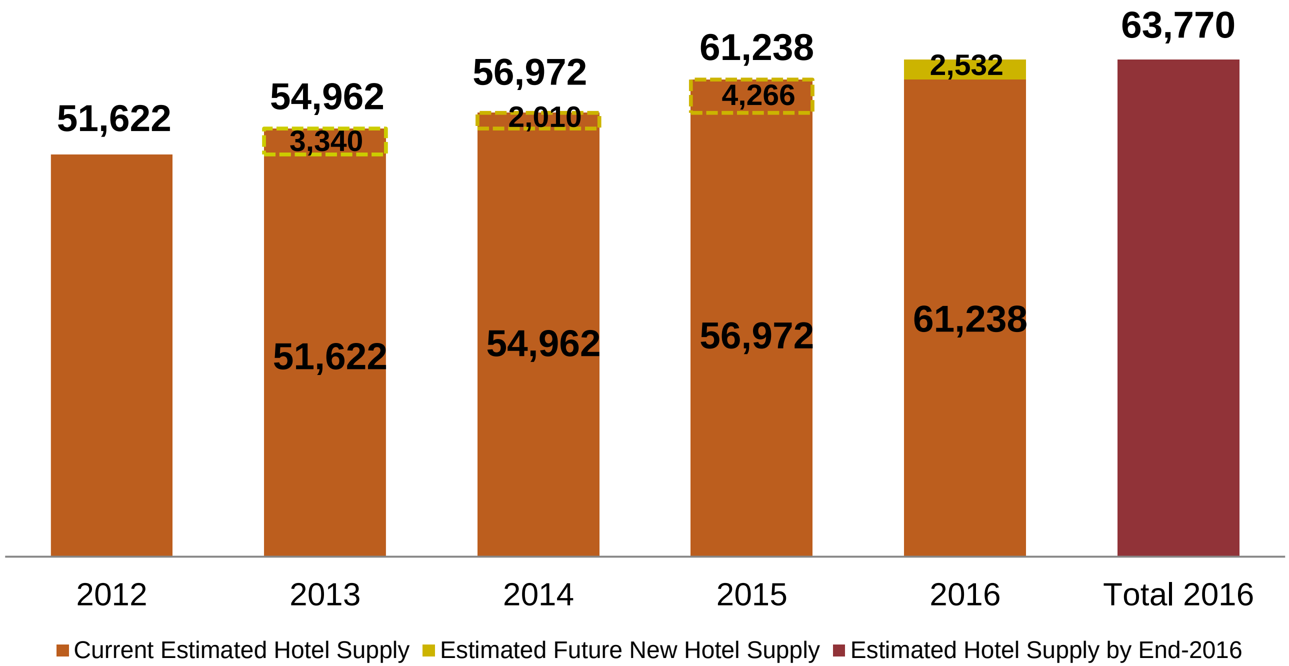


Visitor arrival numbers are in '000s.

- **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 4.1% 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:
- 30 out of 215-room The Singapore Resort and Spa Sentosa in 2014, reopened in 2015 as Sofitel Singapore Sentosa Resort & Spa
- 223-room Gallery Hotel in 2014, expected to reopen in 2016 as 227-room Intercontinental Singapore Robertson Quay
- 262 out of 476-room Swissotel Merchant Court in 2015, expected to reopen in 2016

Sources : CBRE report issued as at December 2015 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

Major Sporting & MICE Events in 2016

Sporting Events

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

MICE Events

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

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

OSEA 2016
29 November – 2 December 2016

Unicity 2016 Global Convention Singapore
7-10 December 2016

*Images from World Rugby, F1, Fina, WTA, Singapore Airshow, Aviation Festival Asia, FoodAsia, Spineweek, ISMRM, Broadcast Asia, OSEA, and Unicity websites

Transformation of Tourism Landscape – New & Upcoming Developments & Events

National Gallery Singapore (opened)
The largest gallery to showcase Singaporean and Southeast Asian arts

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

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 (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

*Opening Dates may be subject to change
Images from National Gallery, KidZania,, Today Online, URA and Temasek

Outlook & Prospects

- **Singapore economy expected to show moderate growth**
    - GDP forecasted to grow by 1 - 2% in 2016, down from earlier forecast of 1 – 3%[1]
- **Hospitality sector to remain competitive**
    - Companies to remain prudent in their business travel spend due to uncertainties in the macro environment
    - Leisure travel to continue to drive tourism in Singapore
    - Operating environment to remain competitive with addition of about 2,500 new hotel rooms in 2016[2]
- **Planned refurbishments for the year completed**
    - Continue to drive performance of portfolio, with a focus on recently renovated properties

[1] "MTI Narrows 2016 GDP Growth Forecast to 1.0 to 2.0 Per Cent", Ministry of Trade and Industry, 11 August 2016
[2] CBRE report issued as at December 2015 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'pore189971	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]	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)[1]	119.6	249.7	173.3	224.7	339.0	414.0	81.8	285.1	1,887.2

[1] As at 31 December 2015
[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]	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)[1]	204.7	68.0	113.3	166.1	552.1

[1] As at 31 December 2015