



Presentation at 4th Annual General Meeting

18 April 2016

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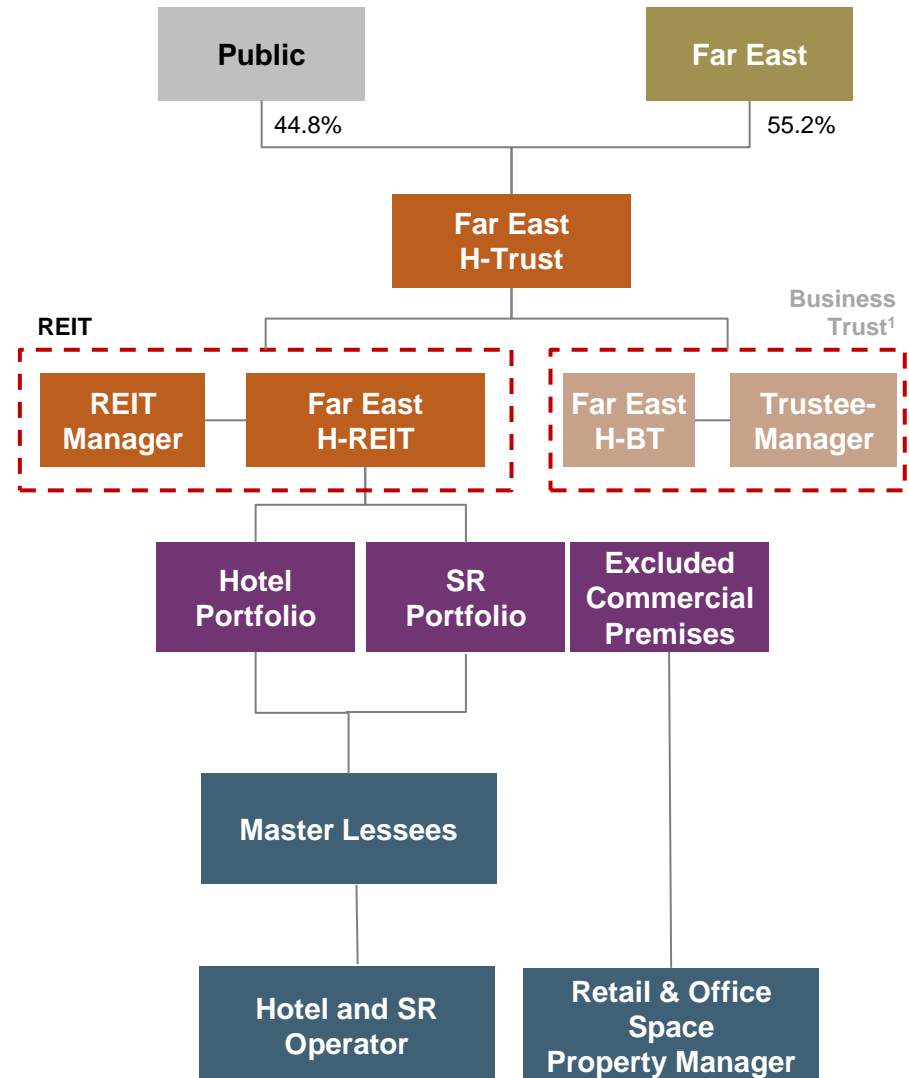


About Far East Hospitality Trust



Overview of Far East H-Trust

Issuer	Far East Hospitality Trust
Sponsor	Far East Organization group of companies
REIT Manager	FEO Hospitality Asset Management Pte. Ltd.
Investment Mandate	Hospitality and hospitality-related assets in Singapore
Portfolio	12 properties valued at approximately S\$2.44 billion 8 hotel properties (“Hotels”) and 4 serviced residences (“SR” or “Serviced Residences”)
Hotel and SR Operator	Far East Hospitality Management (S) Pte Ltd
Master Lessees	Sponsor companies, part of the Far East Organization group of companies



¹ Dormant at Listing Date and master lessee of last resort

Year in Review



Executive Summary – Operating Environment in 2015



Uncertain global economy

Slow growth in Singapore economy



Softness in corporate and leisure demand

0.9% growth in international visitor arrivals



7.5% increase in new hotel rooms



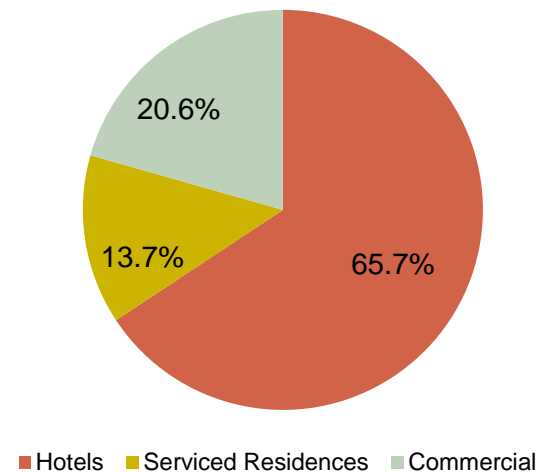
Relatively strong Singapore Dollar



Executive Summary – Performance vs LY

	FY 2015	FY 2014	Variance
	\$	\$	%
Gross Revenue (\$'000)	114,617	121,719	(5.8)
Net Property Income (\$'000)	103,657	110,026	(5.8)
Income Available for Distribution (\$'000)	82,221	91,494	(10.1)
Distribution per Stapled Security (cents)	4.60	5.14	(10.5)

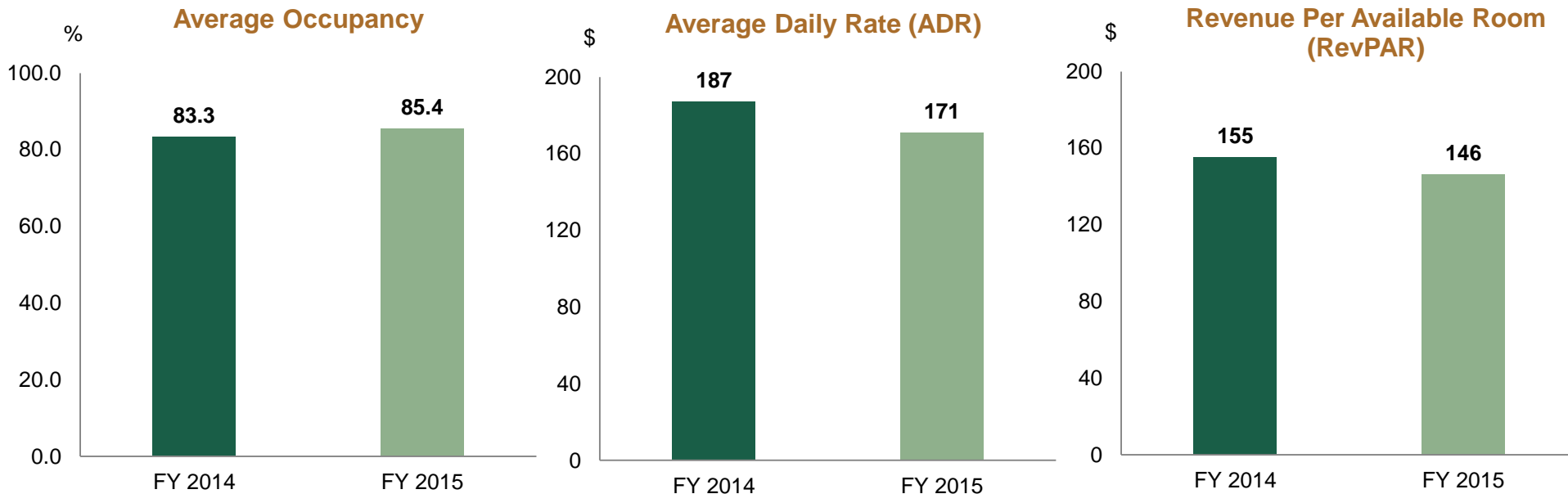
Actual FY 2015
Breakdown by Revenue



- **Gross revenue in FY 2015 was a year-on-year decrease of 5.8%, mainly due to lower contribution from the hotels and serviced residences.**
- **In addition to the lower contribution from the hotels and serviced residences, an increase in finance costs resulted in the lower income available for distribution in FY 2015. Compared to a year ago, short term interest rates had risen considerably.**
- **Distribution per stapled security (“DPS”) was 4.60 for FY 2015.**



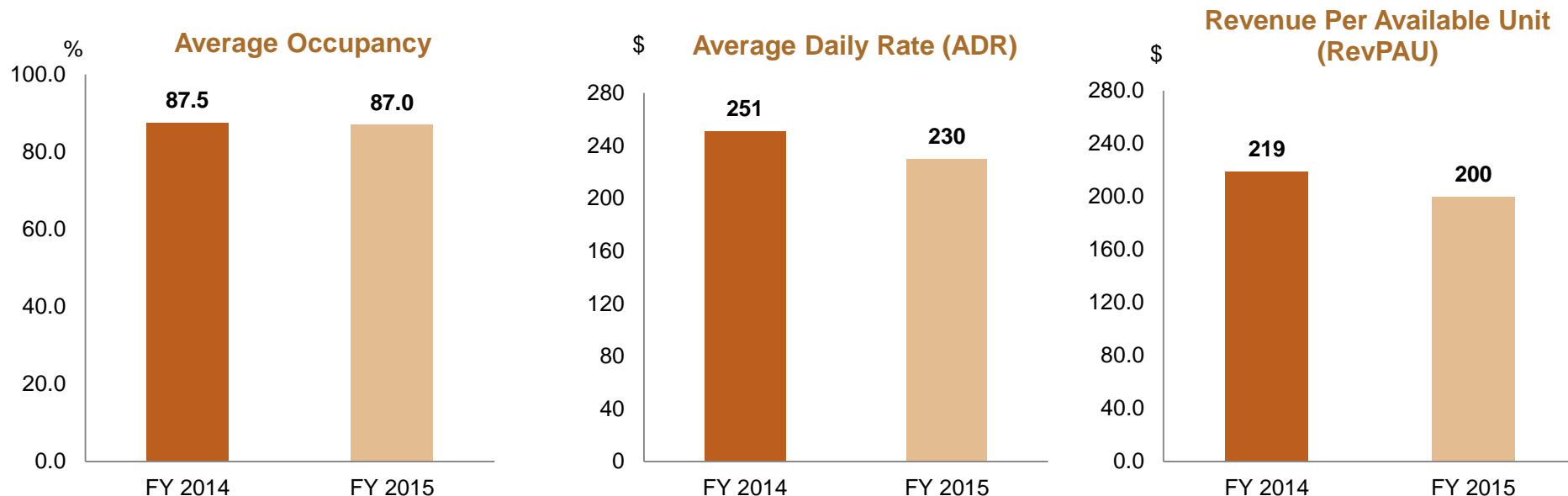
Portfolio Performance FY 2015 - Hotels



- **The average occupancy of the hotels was 2.2pp higher year-on-year at 85.4% and the ADR was 8.3% lower year-on-year at \$171.** The operating environment was challenging as the uncertain global economic climate weighed on the demand for corporate travel. The supply of new hotel rooms into the market also resulted in greater competition. In addition, the relatively strong Singapore dollar also affected visitor arrivals from key source markets in the region.
- **Revenue per available room (“RevPAR”) was \$146 in FY 2015, 5.8% lower year-on-year.**



Portfolio Performance FY 2015 – Serviced Residences



- **The average occupancy for the serviced residences was 0.5pp lower year-on-year at 87.0% and the ADR was 8.3% lower year-on-year at \$230.** The serviced residences were challenged largely due to the weaker demand from project groups and lower corporate travel budgets.
- **Revenue per available serviced residence unit (“RevPAU”) was \$200 in FY 2015, 8.8% lower year-on-year.**



Growth Strategies



FAR EAST
HOSPITALITY
TRUST

Growth Strategies

Driving Organic Growth

- Stabilization and growing RevPAR and RevPAU
- Growing contribution from commercial spaces

+

Executing Asset Enhancement Initiatives

- Implementing refurbishment programmes to refresh and upgrade the properties
- Optimizing plant and equipment for greater energy efficiency and cost savings

+

Growing the Portfolio

- Acquiring completed Sponsor ROFR properties
- Seeking suitable 3rd party acquisitions
- Developing a new hotel with Sponsor

Key initiatives to drive both immediate and long-term growth



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Asset Enhancement Initiatives – Completed in 1Q 2015

Village Hotel Albert Court

Replacement of old chillers with new chiller plant system with improved efficiency



BCA GREEN MARK

Platinum

36% reduction in energy consumption

Awarded BCA Green Mark Platinum certification for energy and water saving initiatives



Asset Enhancement Initiatives – Completed in 3Q 2015

Village Residence Robertson Quay

Leveling of walkway and creation of 11 lots of outdoor refreshment area totaling 318 sqm which were fully taken up by the tenants



after



before



Asset Enhancement Initiatives – Completed in 3Q 2015

Village Residence Robertson Quay

Leveling of walkway and creation of 11 lots of outdoor refreshment area totaling 318 sqm which were fully taken up by the tenants



after



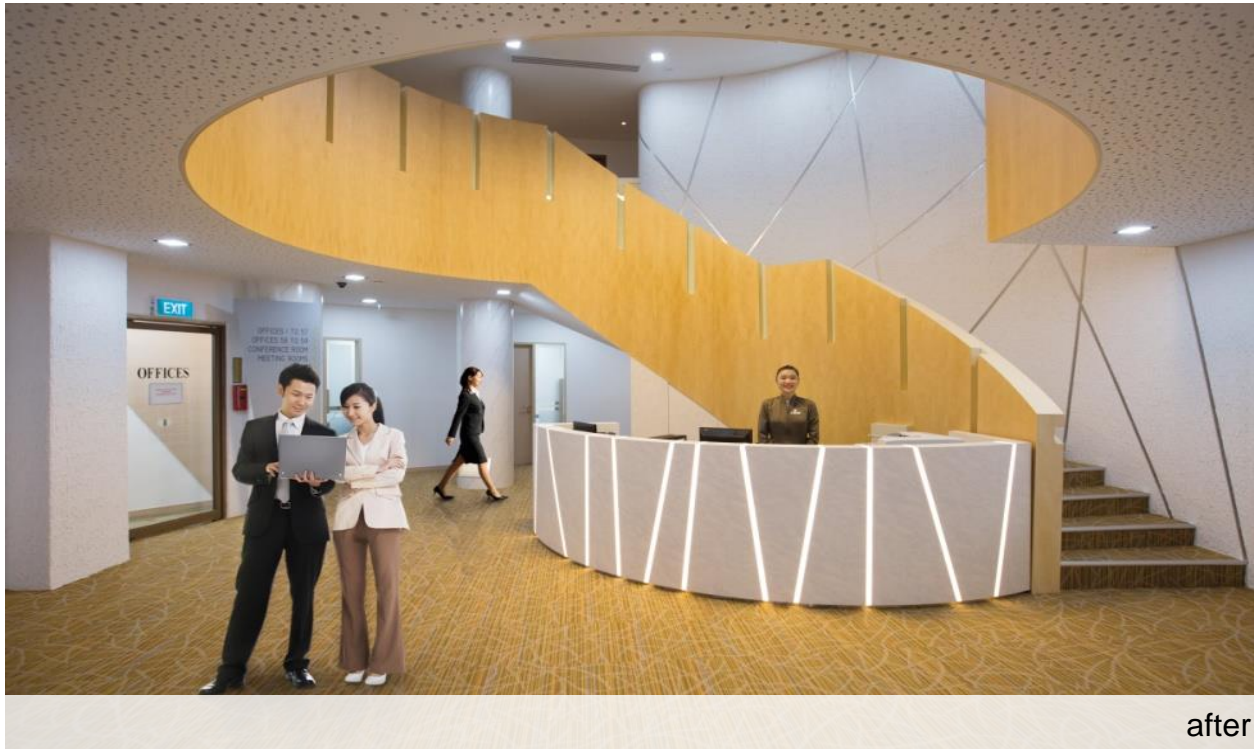
before



Asset Enhancement Initiatives – Completed in 1Q 2016

Central Square Serviced Offices (Village Residence Clarke Quay)

Reconfiguration of space to create 9 new serviced office units
Refurbishment of 61 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 new serviced office units
Refurbishment of 61 serviced office units and upgrading of public spaces



after

Lounge



before



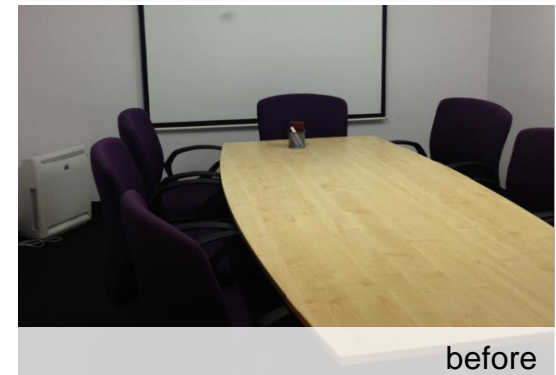
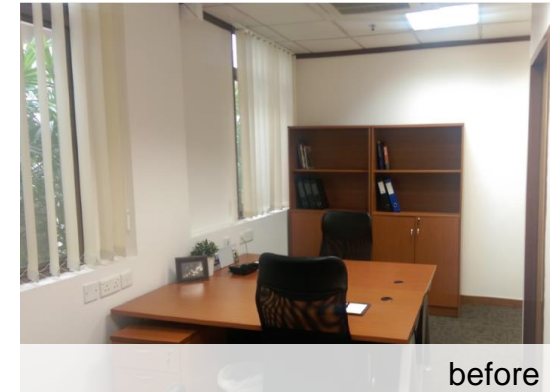
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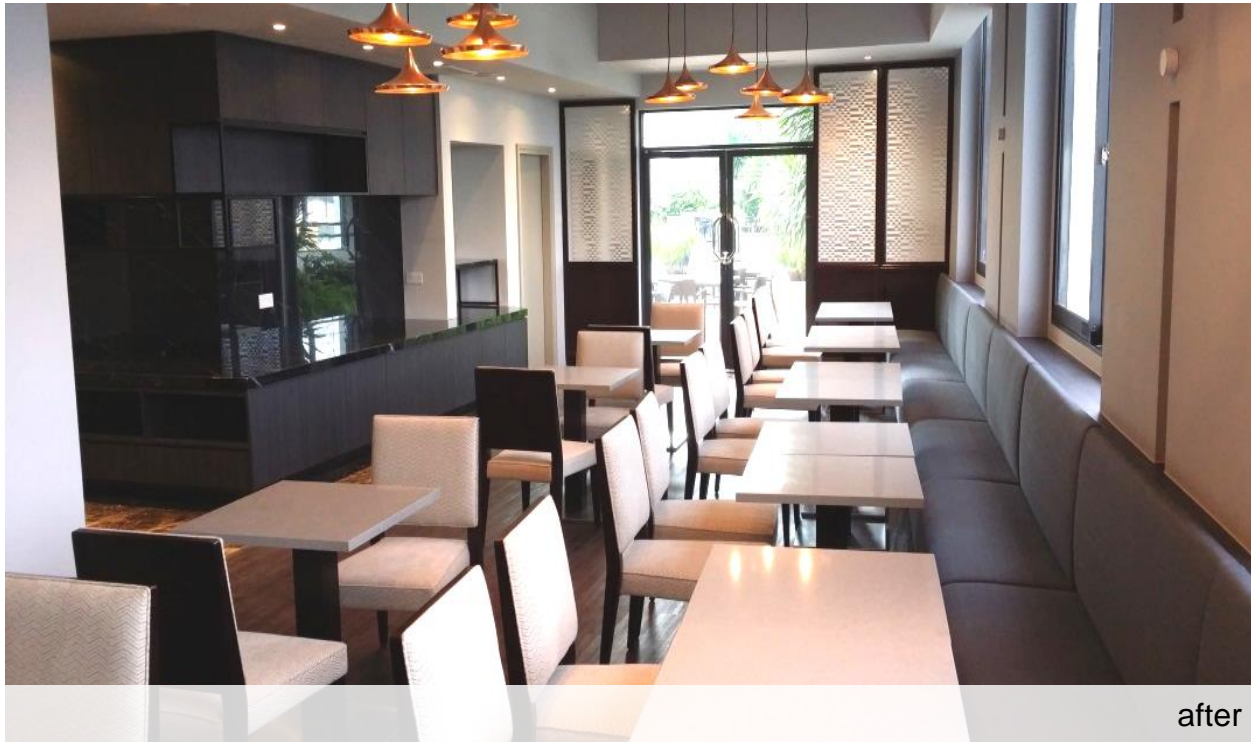
Serviced Office Unit and Meeting Room



Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

Regency House

Refurbishment of 47 units of 2 and 3-bedroom apartments, breakfast lounge and common areas



after

Breakfast Lounge



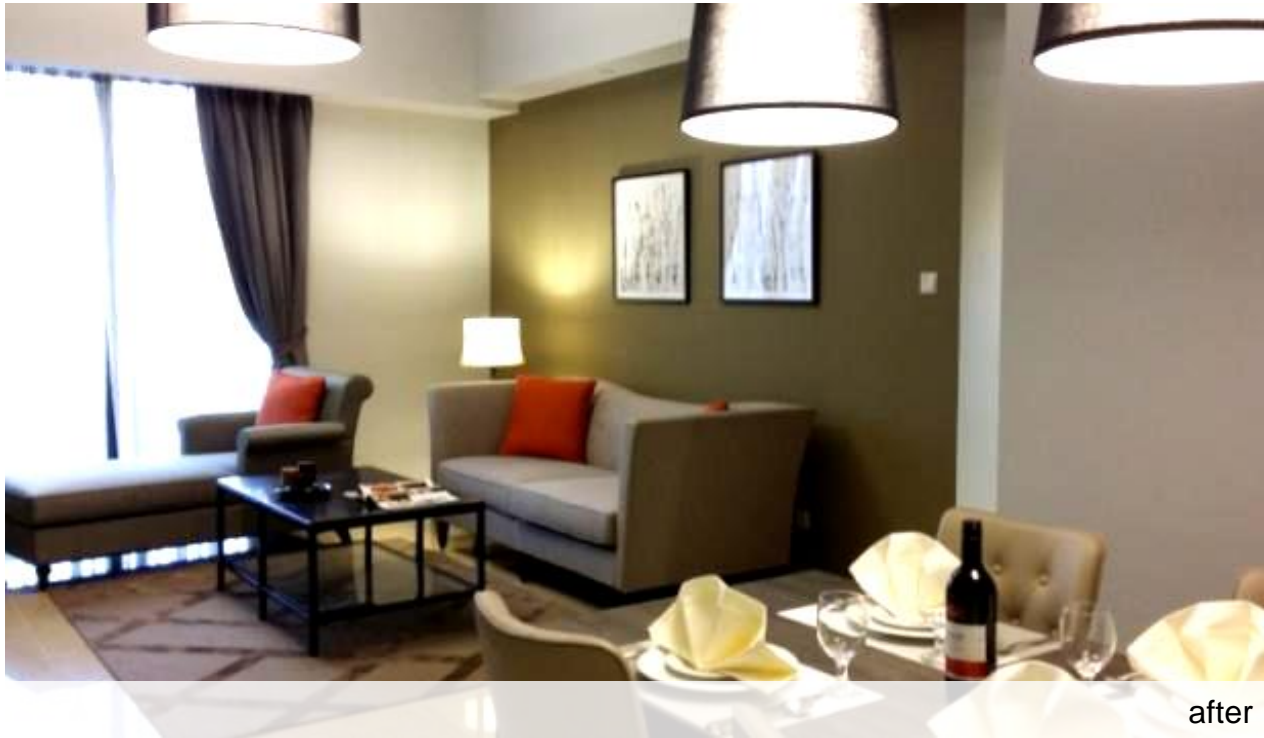
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Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

Regency House

Refurbishment of 47 units of 2 and 3-bedroom apartments, breakfast lounge and common areas



Living Room



before



Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

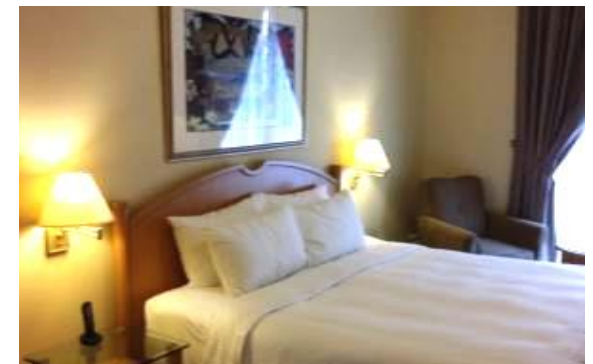
Regency House

Refurbishment of 47 units of 2 and 3-bedroom apartments, breakfast lounge and common areas



after

Bedroom



before



Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

Orchard Parade Hotel (1st phase)

Renovation of swimming pool, pool deck and gym



after

Artist's Impression of Pool



before



Asset Enhancement Initiatives – Targeted to complete by 2Q 2016

Orchard Parade Hotel (1st phase)

Renovation of swimming pool, pool deck and gym



after

Artist's Impression of Poolside Bar



before



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Driving Organic Growth

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Strong Potential Pipeline from Sponsor

1 Orchard Scotts Residences



Number of Units: 207

2 Orchard Parksuites



Number of Units: 225

3 Village Residence West Coast



Number of Units: 51

4 AMOY Hotel (Phase 1)



Number of Rooms: 37



Name of ROFR Property	Expected Completion Date	Est. No of Rooms / Units
1 Orchard Scotts Residences	Completed	207
2 Orchard Parksuites	Completed	225
3 West Coast Village Residences	Completed	51
4 The Amoy Hotel (Phase 1)	Completed	37
Completed Subtotal		520
Under Development		
5 Oasia Downtown Hotel	1H2016	314
6 Oasia West Residences	1H2016	116
7 AMOY Hotel (Phase 2)	2H2018	60
8 Outpost Hotel Sentosa & Village Hotel Sentosa	2018	850
9 The Clan	2H2019	292
Under Development Subtotal		1,632
Total		
Hotel Rooms		1,553
Serviced Residence Units		599
Grand Total		2,152

5 Oasia Downtown Hotel¹



Number of Rooms: 314

6 Oasia West Residences¹



Number of Units: 116

7 AMOY Hotel (Phase 2)



Number of Rooms: 60

8 Outpost Hotel Sentosa & Village Hotel Sentosa¹



Number of Rooms: 850

9 The Clan¹



Number of Rooms: 292

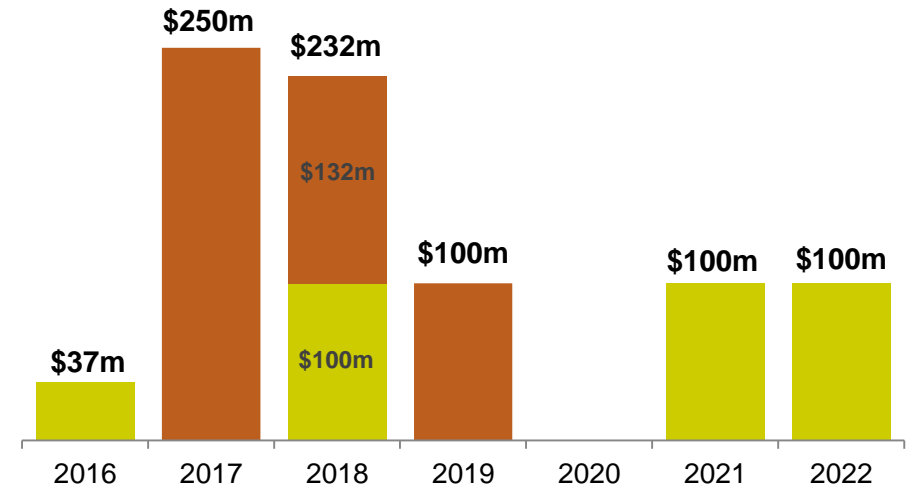
(1) This picture is an artist's impression of the property and may differ from the actual view of the property

Capital Management

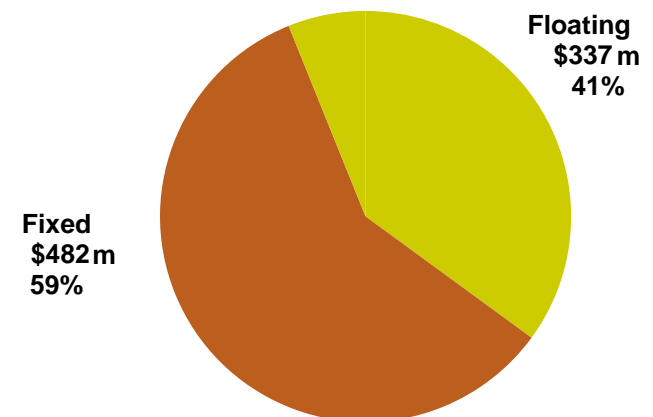
As at 31 December 2015

Total debt	\$819 m
Available revolving facility	\$63 m
Gearing ratio	32.5%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	59%
Weighted average debt maturity	3.3 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Outlook



Outlook & Prospects

Outlook for 2016

- **Singapore economy expected to show marginal growth over 2015**
 - GDP forecasted to grow by 1 – 3% in 2016¹
- **Hospitality sector to remain competitive**
 - Corporate travel may continue to remain soft due to uncertain global economic environment
 - Supply of about 2,700 new hotel rooms in 2016²
 - Biennial, sporting and MICE events may provide some uplift
 - Strategic partnerships by STB to encourage more travellers to visit Singapore
 - STB forecasts 15.2 – 15.7 million (0 – 3% growth) international visitor arrivals in 2016

Long-Term Outlook

- **Singapore as an attractive destination for business and leisure travel**
 - Rejuvenation of existing tourism offerings such as the Mandai precinct and Sentosa
 - Strengthening of tourism infrastructure and upgrading of MICE capabilities
- **Hotel supply to moderate**
 - No new hotel sites have been released under the Government Land Sales programme since 2014
- **Greater connectivity within the region**
 - ASEAN Open Skies - a single ASEAN Single Aviation Market
 - High-speed rail between Singapore and Kuala Lumpur

¹ 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

² CBRE report issued as at December 2015 and Far East H-Trust's compilation



Thank You

