



Presentation at 5th Annual General Meeting

17 April 2017

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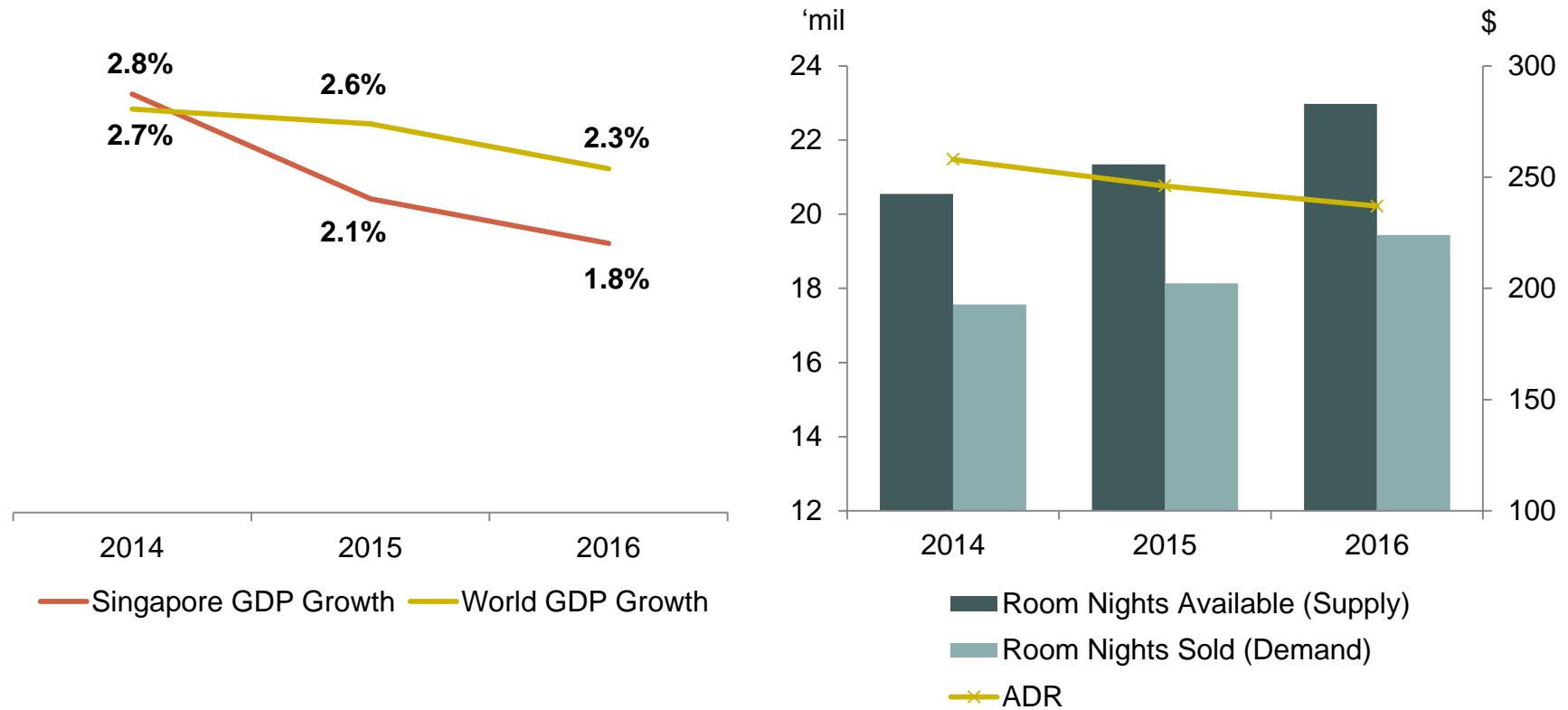


Year in Review



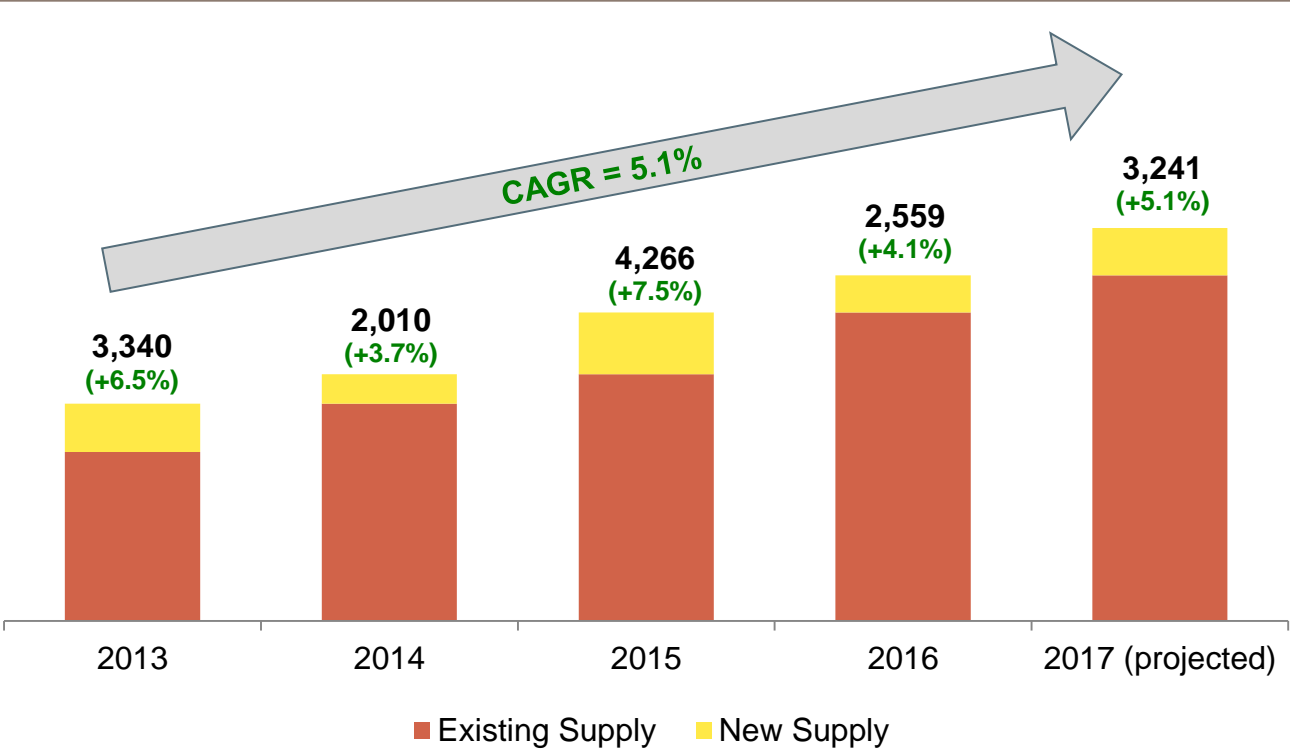
Executive Summary – Challenging Operating Environment in 2016

Softer demand due to slower growth in economy



Executive Summary – Challenging Operating Environment in 2016

Growth in supply



The CAGR of international visitor arrivals into Singapore is 1.8% for the same period

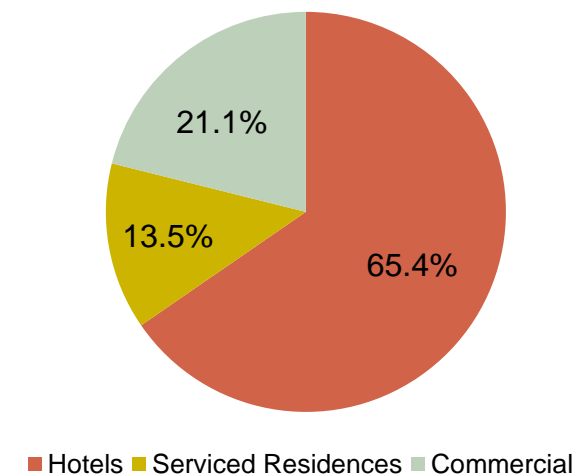


Source : CBRE report issued as at January 2017

Executive Summary – Performance vs LY

	FY 2016	FY 2015	Variance
	\$	\$	%
Gross Revenue (\$'000)	109,055	114,617	(4.9)
Net Property Income (\$'000)	98,355	103,657	(5.1)
Income Available for Distribution (\$'000)	78,142	82,221	(5.0)
Distribution per Stapled Security (cents)	4.33	4.60	(5.9)

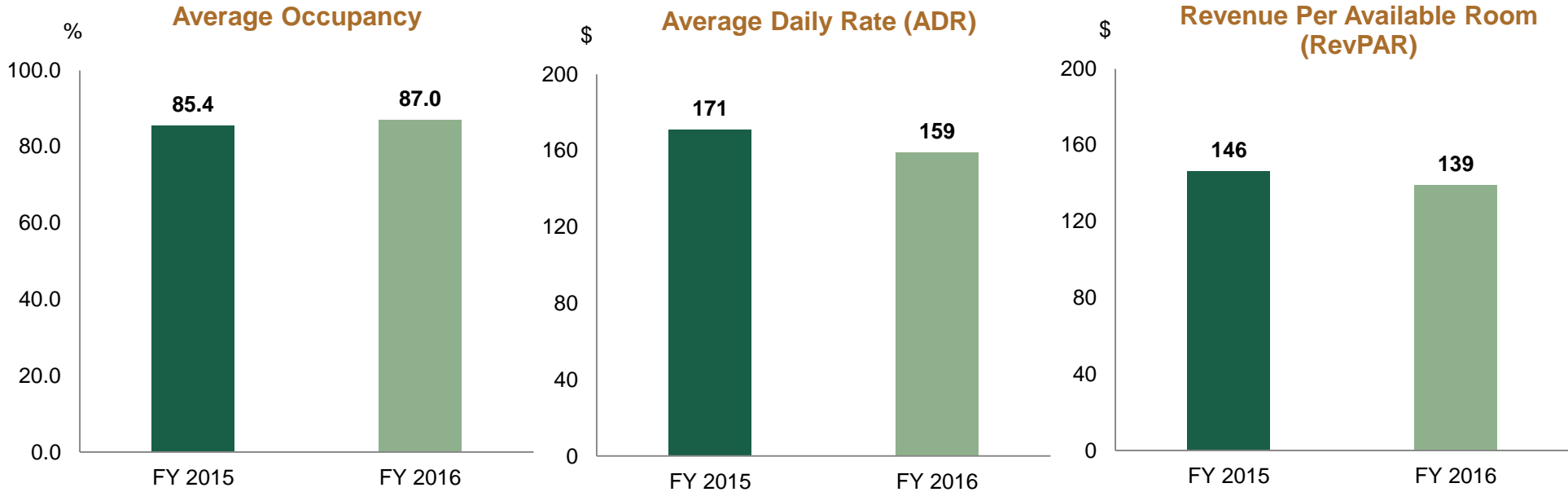
Actual FY 2016
Breakdown by Revenue



- **Gross revenue in FY 2016 was a year-on-year decrease of 4.9%, mainly due to lower contribution from the hotels and serviced residences.**
- **Lower finance costs helped to partially offset the decline in revenue.**
- **Income available for distribution was 5.0% lower, translating into a distribution per stapled security of 4.33 cents for FY 2016.**



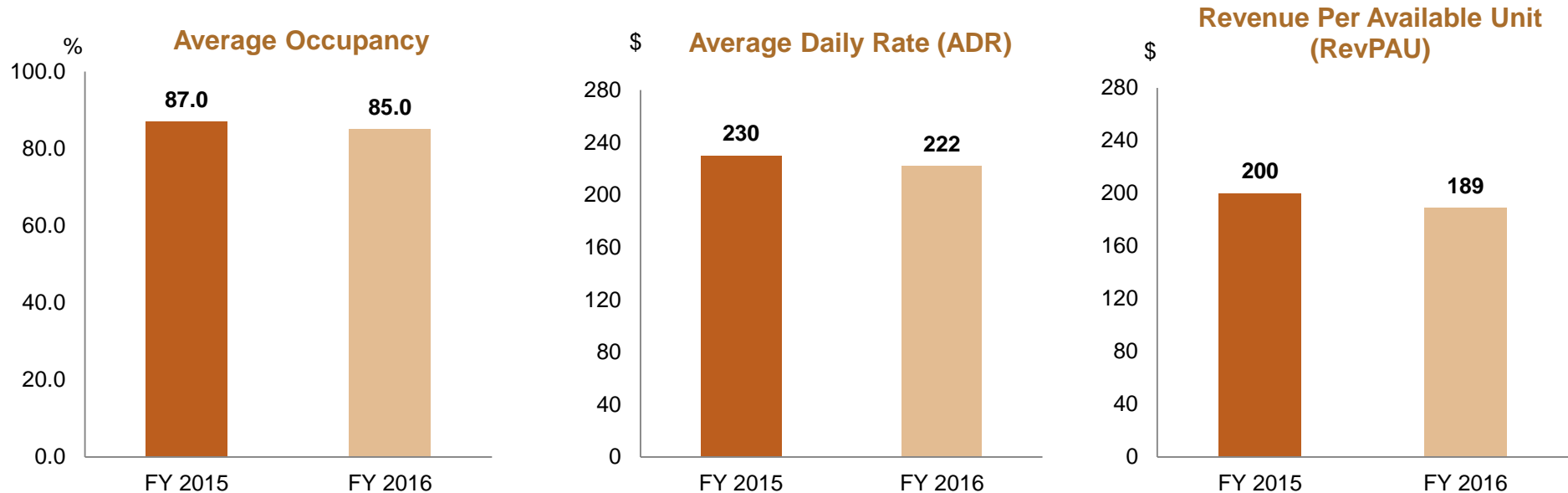
Portfolio Performance FY 2016 - Hotels



- **Occupancy increased 1.6pp to 87.0% and ADR decreased 7.0% to \$159 in FY 2016.**
- Despite some uplift from biennial events, the operating environment remained competitive amidst soft corporate demand and increased room supply.
- **RevPAR declined 5.3% to \$139 in FY 2016.**



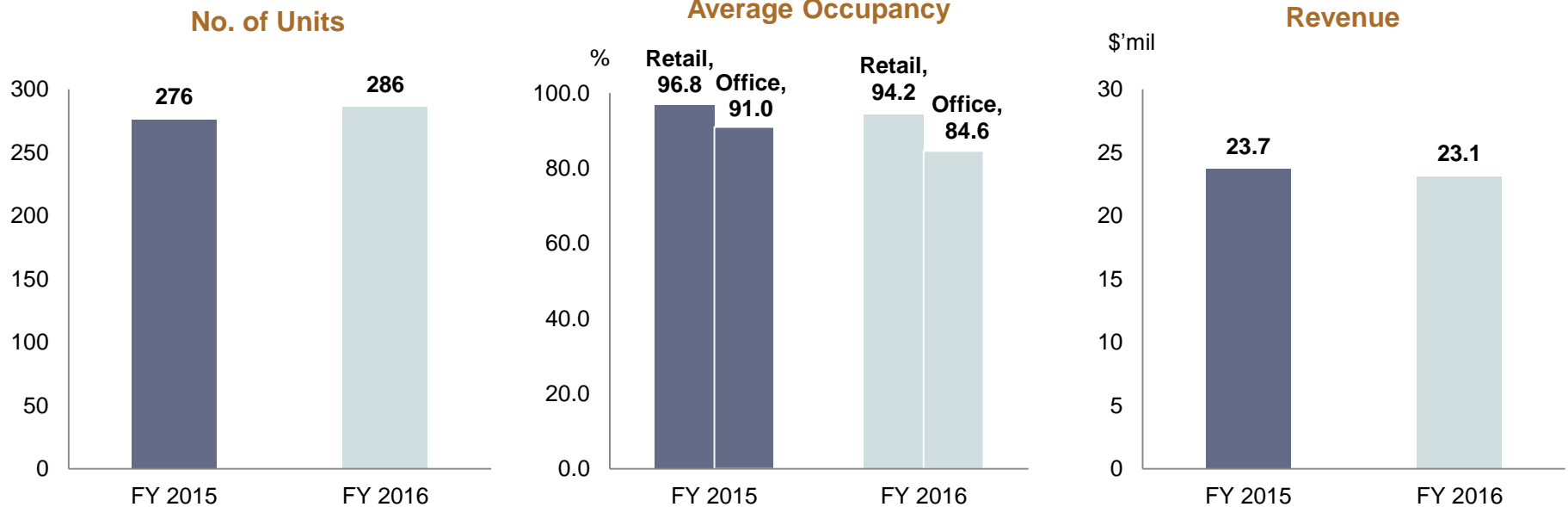
Portfolio Performance FY 2016 – Serviced Residences



- **Average occupancy was 2.0pp lower in FY 2016 at 85.0% and ADR was a 3.6% decrease at \$222. RevPAU was 5.8% lower at \$189.**
- Demand for SR accommodation in general remained soft mainly due to a drop in project groups and lower corporate travel budgets.



Portfolio Performance FY 2016 – Retail & Office

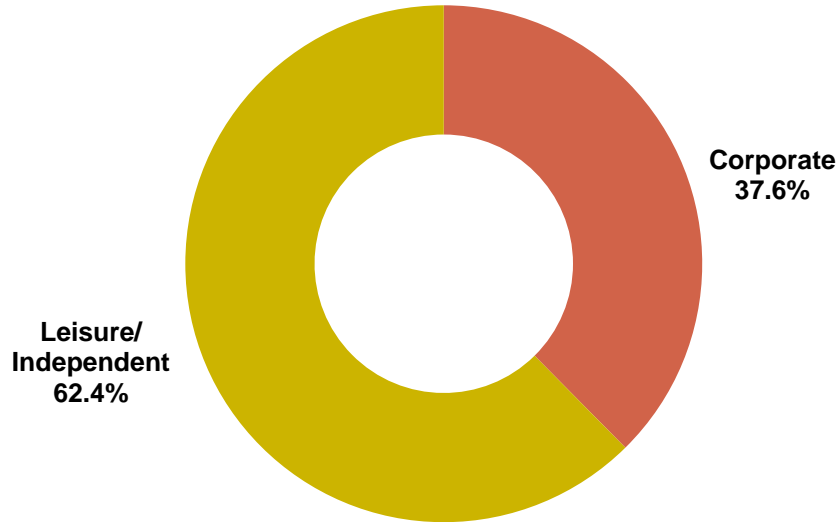


- 9 additional serviced office units were created at Central Square (Village Residence Clarke Quay) and an additional retail unit was added to Orchard Parade Hotel as part of the asset enhancement.
- **Revenue from the commercial spaces was slightly lower as a result of softer demand. Despite the fall in occupancy, we were able to increase our rental rates marginally.**

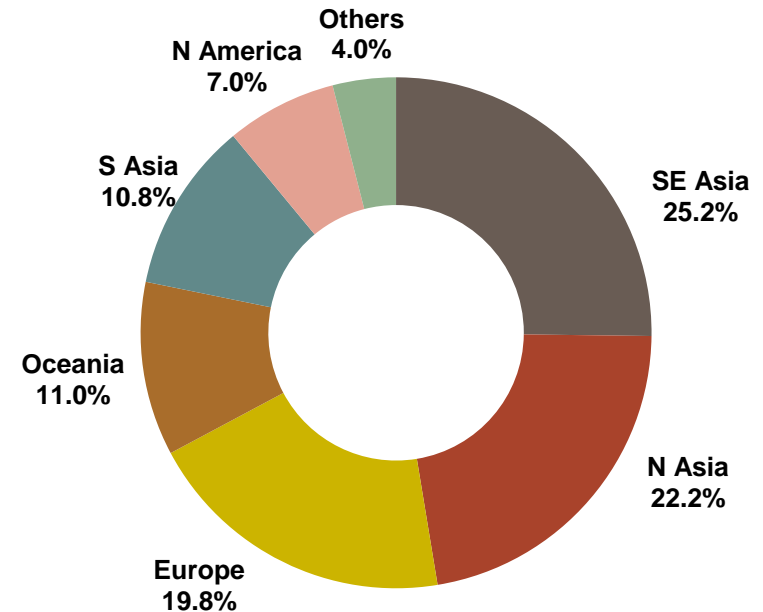


Market Segmentation FY 2016 - Hotels

Hotels (by Revenue)



Hotels (by Region)

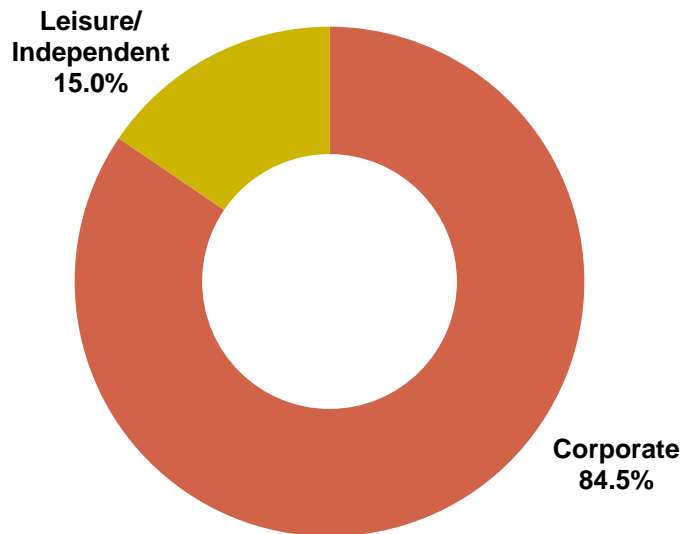


- Leisure segment contributed 62.4% of hotel revenue in FY 2016, up from 57.3% a year ago.
- Geographical mix for the hotel portfolio remained largely unchanged year-on-year. SE Asia and N Asia remained the top two contributors, giving rise to 25.2% and 22.2% of hotel revenue respectively.

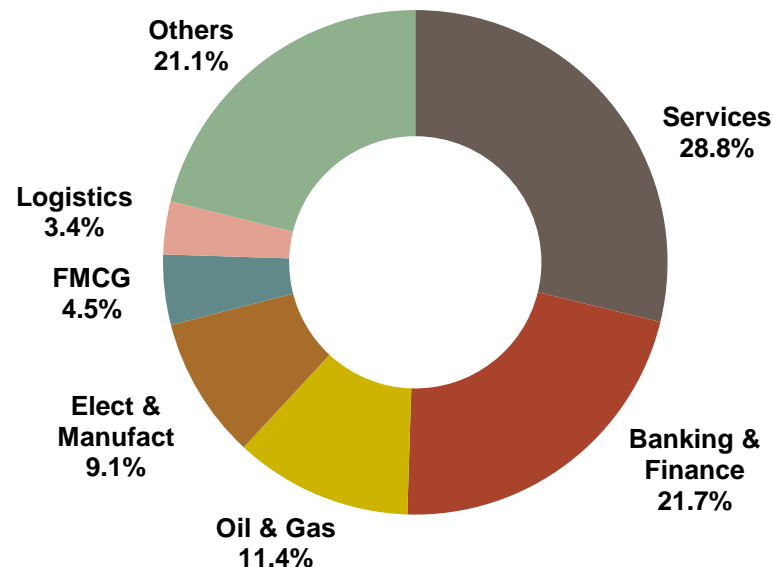


Market Segmentation FY 2016 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment continued to be the main driver of the serviced residence portfolio, contributing 84.5% of total revenue.
- Growth in the Oil & Gas and Electronics & Manufacturing sectors helped to partially offset the softness in other sectors.

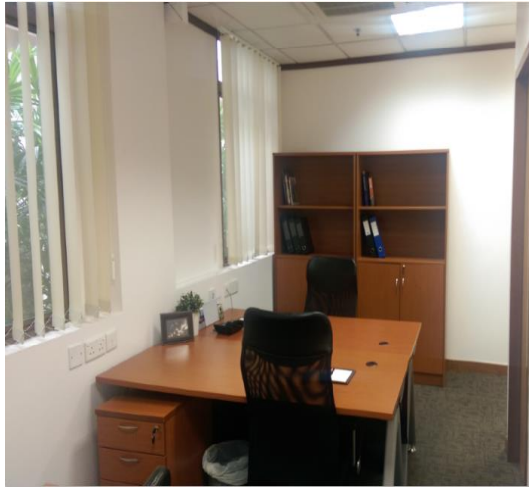


Asset Enhancement Initiatives



Asset Enhancement Initiatives – Central Square Serviced Offices (Village Residence Clarke Quay)

Before



Serviced office unit, meeting room, reception and lounge



Asset Enhancement Initiatives – Central Square Serviced Offices (Village Residence Clarke Quay)

Completed in 2016



Reconfiguration of space to create 9 new serviced office units
Refurbishment of 61 serviced office units
Upgrading of common areas including reception, lounge and meeting rooms



Asset Enhancement Initiatives – Regency House

Phase 1 - Before



Studio apartments

Phase 2 – Before



**2 and 3 bedroom apartment units,
breakfast lounge**



Asset Enhancement Initiatives – Regency House

Phase 1 - Completed in 2014



Refurbishment of studio apartments

Phase 2 – Completed in 2016



Renovation of 2 and 3 bedroom apartment units, breakfast lounge



Asset Enhancement Initiatives – Orchard Parade Hotel

Phase 1 - Before



**Swimming pool, pool deck, gym,
meeting room**

Phase 2 - Before



**Reception, lobby bar, function rooms,
pre-function areas**



Asset Enhancement Initiatives – Orchard Parade Hotel

Phase 1 - Completed in 2016



Renovation of swimming pool, pool deck, gym, meeting room

Phase 2 – Completed in 2016



Renovation of reception, lobby bar, function rooms, pre-function areas

Phase 3 - Planned for 2017

Refurbishment of guest rooms



Investment



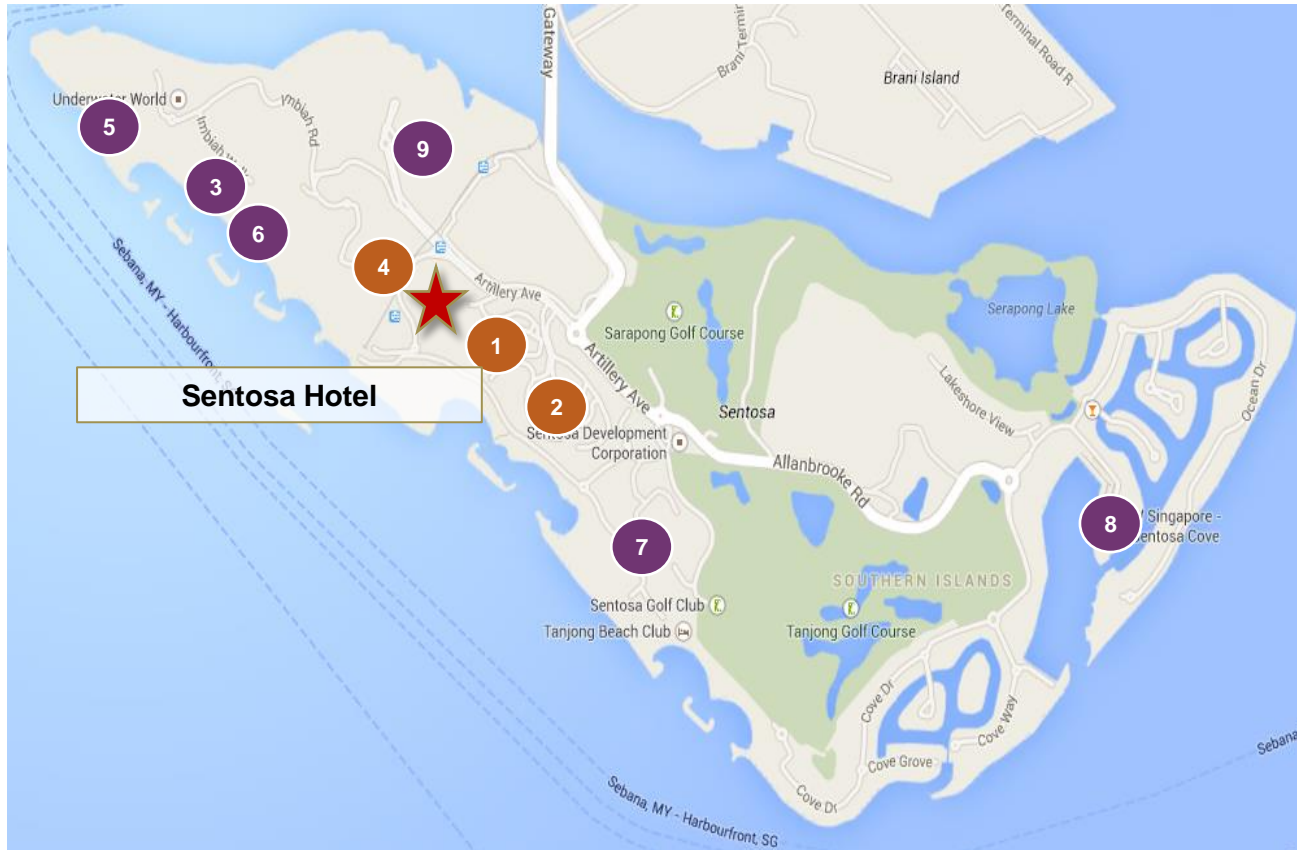
Development with Sponsor – Sentosa Hotel



- A 30% stake in a joint venture with Far East Organization
- Integrated development comprising 2 hotels
- 60-year leasehold interest from 7 March 2014
- Far East H-REIT's agreed proportion of investment is approx \$133.1 million (of a total estimated cost of \$443.8 million)
- Far East H-REIT entitled to purchase remaining 70% of the development should a sale be contemplated by the Sponsor

Note: The pictures are artist's impressions and may differ from the actual view

Development with Sponsor – Sentosa Hotel



- 1 **Amara Sanctuary Resort Sentosa**
(140 keys)
- 2 **Capella Singapore**
(112 keys)
- 3 **Costa Sands Resort**
(49 keys)
- 4 **Le Meridien Singapore**
(191 keys)
- 5 **Shangri-La's Rasa Sentosa**
(454 keys)
- 6 **Siloso Beach Resort**
(196 keys)
- 7 **The Singapore Resort & Spa Sentosa**
(215 keys)
- 8 **W Singapore Sentosa Cove**
(240 keys)
- 9 **Resorts World Sentosa**
 - Festive Hotel (387 keys)
 - Hard Rock Hotel (364 keys)
 - Hotel Michael (476 keys)
 - Equarius Hotel (183 keys)
 - Crockfords Tower (by invite only)
 - Beach Villas (22 keys)
 - Ocean Suites (11 keys)
 - TreeTop Lofts (2 keys)

Map of Sentosa
Source: Google Maps

Existing Heritage Hotels on Sentosa
Existing Hotels on Sentosa

Development with Sponsor – Construction Progress

Construction of the 839-room hotel is expected to complete in 2019



Note: Photos are as at 31 December 2016



Potential Pipeline Projects from the Sponsor

1 Orchard Scotts Residences



Number of Units: 207

2 Orchard Parksuites



Number of Units: 225

3 Village Residence West Coast



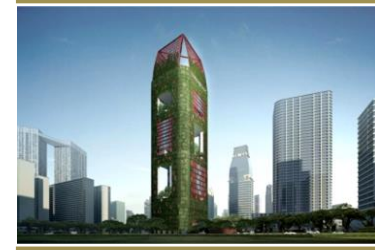
Number of Units: 51

4 AMOY Hotel



Number of Rooms: 37

5 Oasia Downtown Hotel¹



Number of Rooms: 314



Name of ROFR Property	Expected Completion Date	Est. No of Rooms / Units
1 Orchard Scotts Residences	Completed	207
2 Orchard Parksuites	Completed	225
3 Village Residence West Coast	Completed	51
4 AMOY Hotel	Completed	37
5 Oasia Downtown Hotel	Completed	314
6 Oasia West Residences	Completed	116
Completed Subtotal		950
Under Development		
7 Sentosa Hotel	2019	839
The Clan	2H2019	292
Under Development Subtotal		1,131
Total		
Hotel Rooms		1,471
Serviced Residence Units		599
Grand Total		2,070

6 Oasia West Residences¹



Number of Units: 116

7 Sentosa Hotel



Number of Rooms: 839

8 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

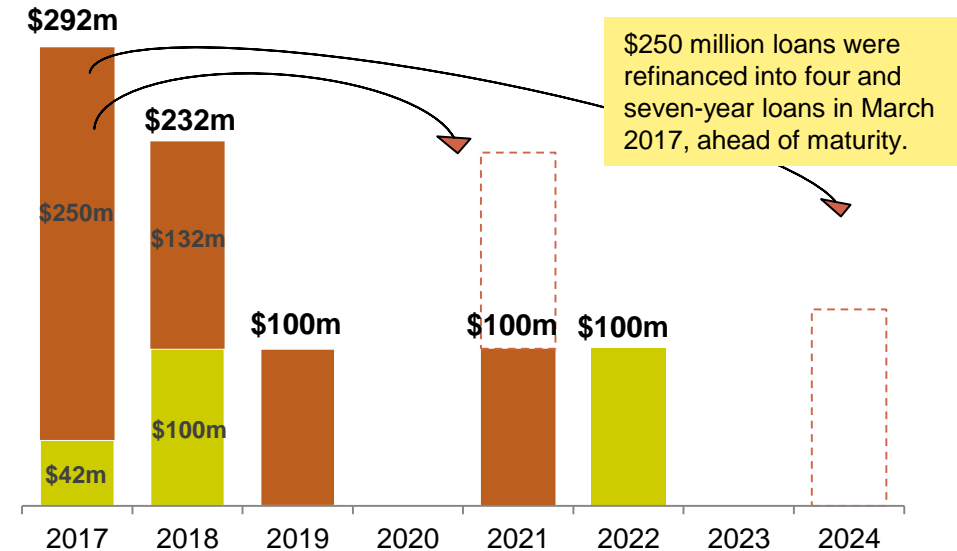


Capital Management

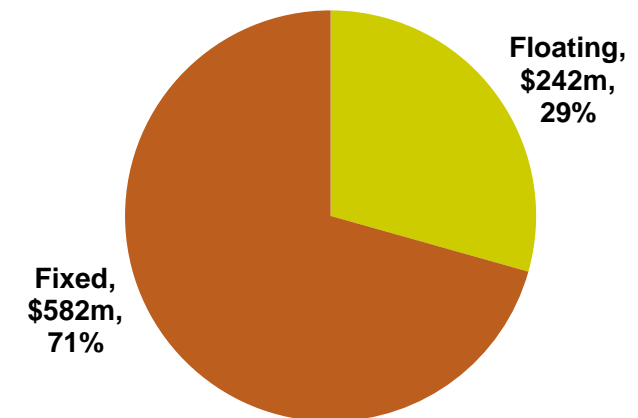
As at 31 December 2016

Total debt	\$824 m
Available revolving facility	\$58 m
Gearing ratio	32.1%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	71%
Weighted average debt maturity	2.3 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



Outlook



Outlook & Prospects

Outlook for 2017

- **Singapore economy expected to grow at modest pace of 1-3% in 2017¹**
- **Hospitality sector to remain competitive**
 - Companies to remain prudent due to uncertain economy
 - Operating environment to remain competitive with about 3,200 new hotel rooms in 2017²

Long-Term Outlook

- **Singapore as an attractive destination**
 - Rejuvenation of existing tourism offerings such as the Mandai precinct and Sentosa
 - Strengthening of tourism infrastructure and MICE capabilities
- **Greater connectivity within the region**
 - Opening of Terminal 4 at Changi Airport
 - Development of Project Jewel and Terminal 5
 - More flights to new and existing cities
 - ASEAN Open Skies - a single ASEAN Single Aviation Market
- **Hotel supply to moderate**
 - Hotel supply to taper in 2018
 - No new hotel sites since 2014

¹ "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent"", Ministry of Trade and Industry, 17 February 2017

² CBRE report issued as at January 2017



Thank You

