FAR EAST HOSPITALITY TRUST

Presentation at 6th Annual General Meeting

23 April 2018

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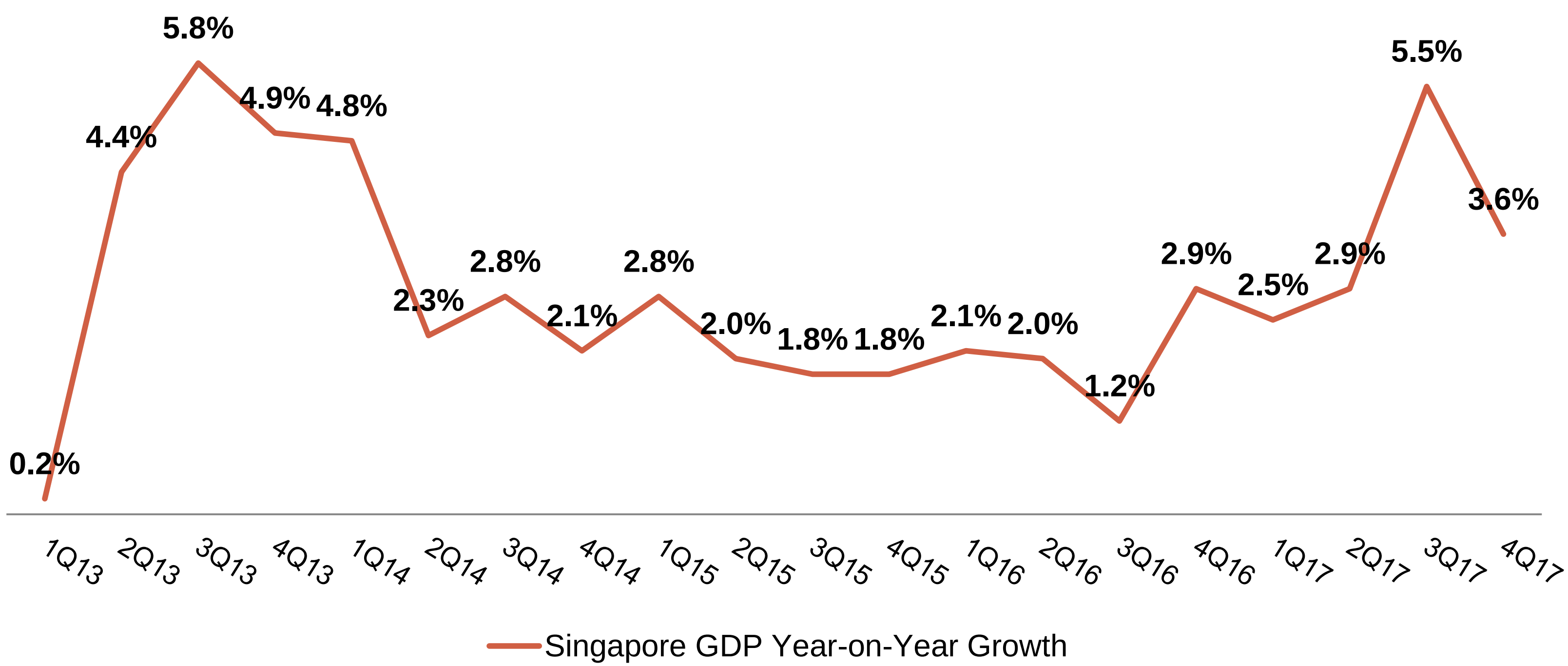
Agenda

Year in Review

FAR EAST HOSPITALITY TRUST

Executive Summary – Operating Environment (2013 – 2017)

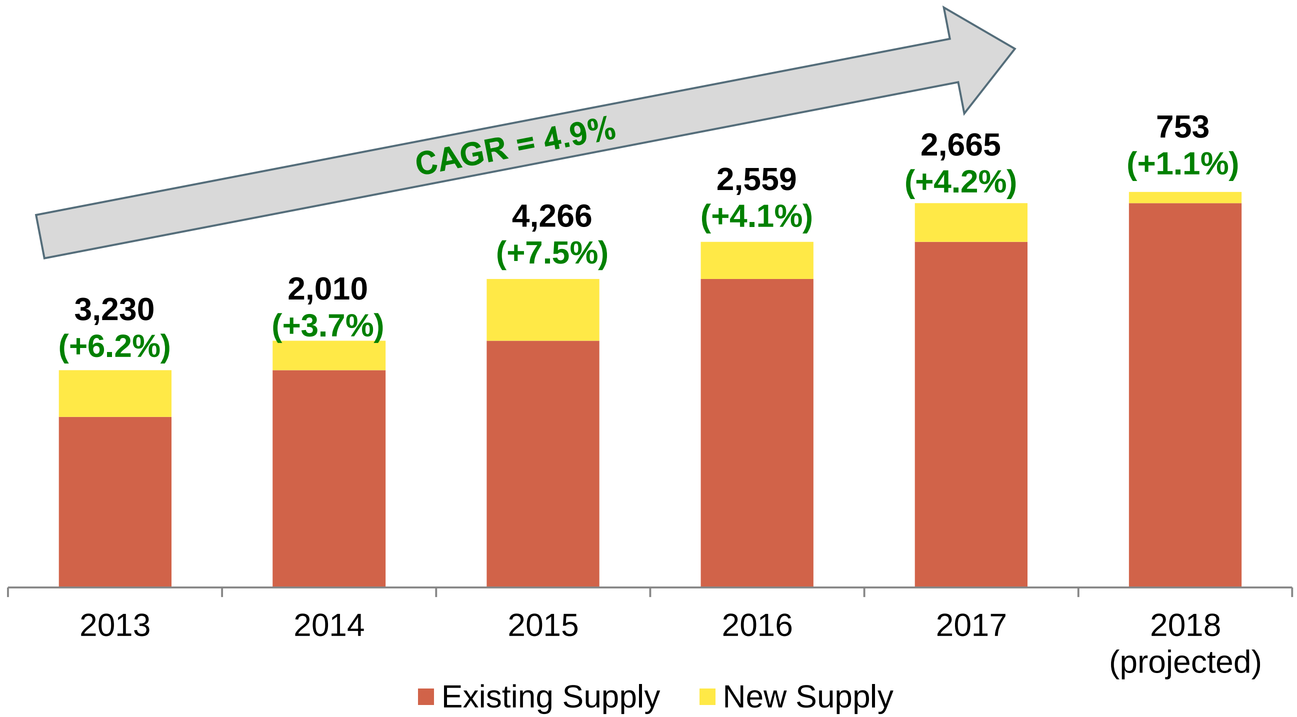
Sluggish economic growth before pick-up in 2H 2017



Sources : Ministry of Trade and Industry

Executive Summary – Hotel Industry Operating Environment

Growth in hotel supply exceeded growth in visitor arrivals

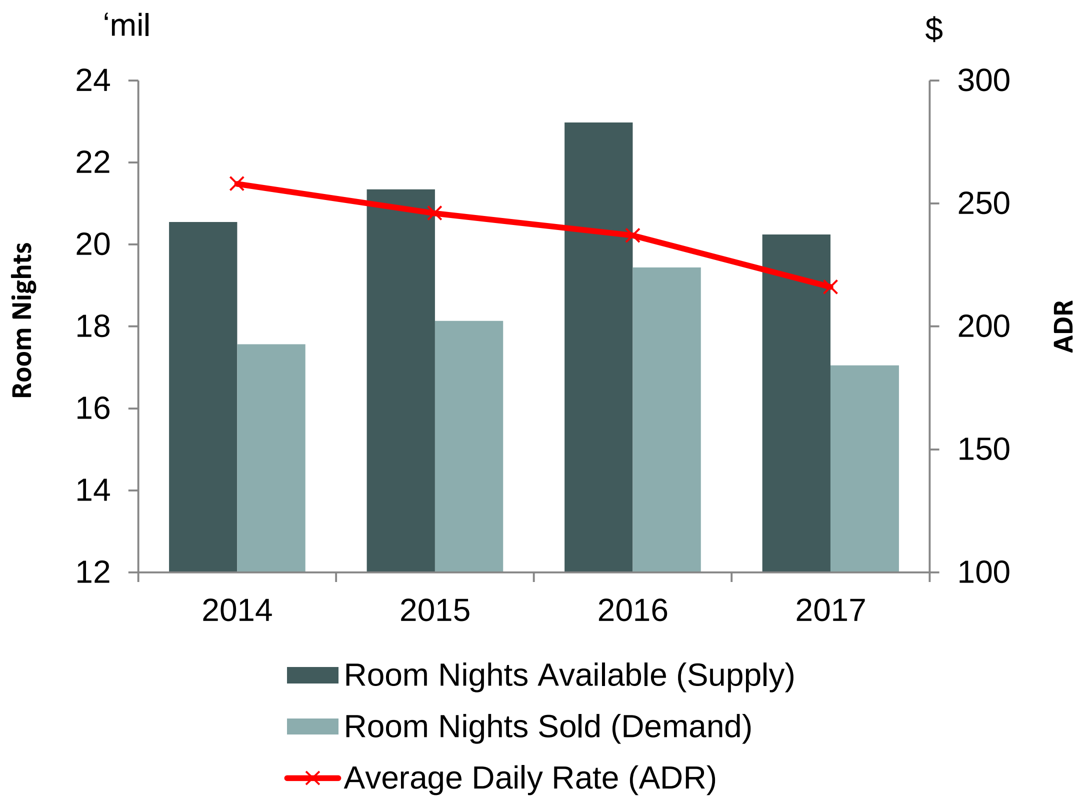


The CAGR of international visitor arrivals into Singapore was 2.9% for the same period

Source : CBRE report issued as at February 2018 and Far East H-Trust compilation
Singapore Tourism Board

Executive Summary – Hotel Industry Operating Environment

Supply of accommodation outpaced demand, impacting ADR

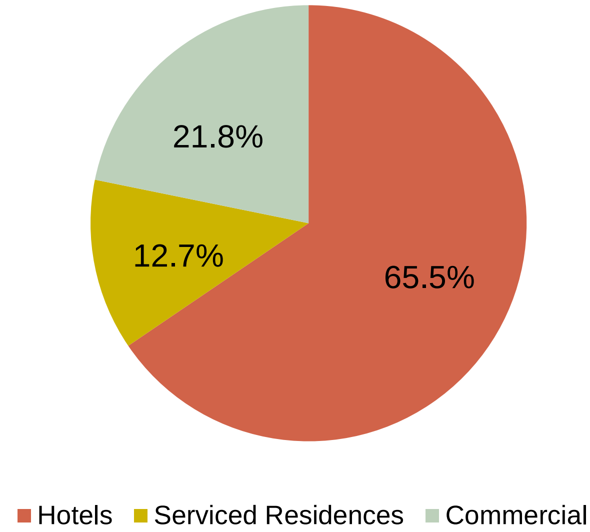


Sources : Ministry of Trade and Industry
Singapore Tourism Board Hotel Statistics

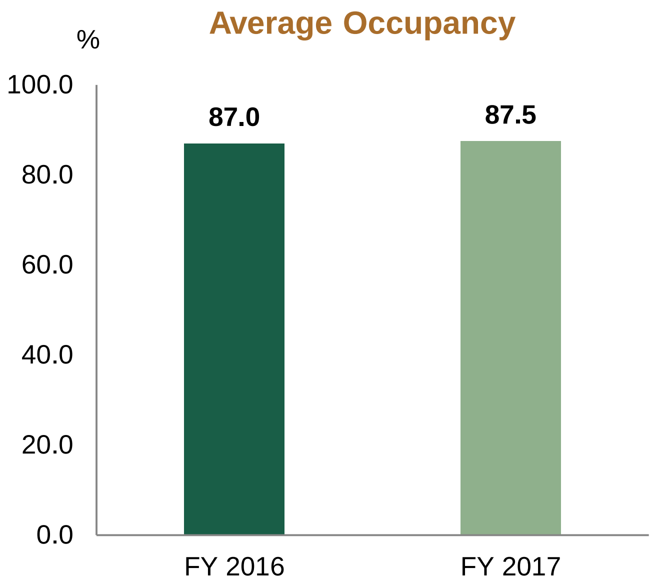
Executive Summary – Far East H-Trust Performance (FY 2016 – FY 2017)

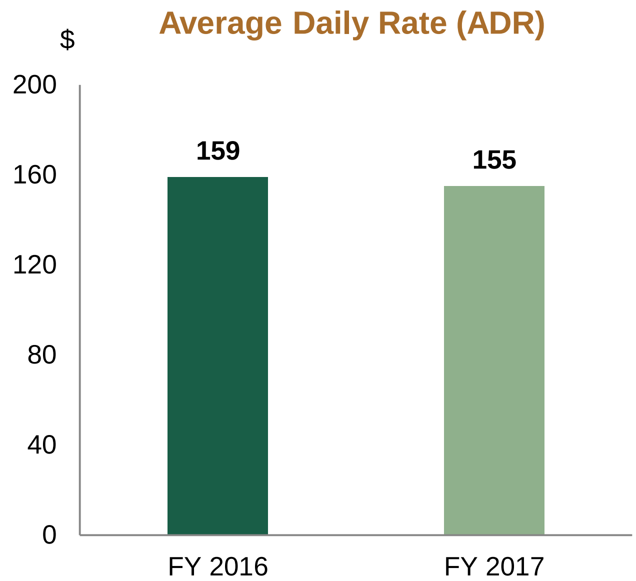
	FY 2017 $	FY 2016 $	Variance %
Gross Revenue ($'000)	103,825	109,055	(4.8)
Net Property Income ($'000)	93,154	98,355	(5.3)
Income Available for Distribution ($'000)	72,013	78,142	(7.8)
Distribution per Stapled Security (cents)	3.90	4.33	(9.9)

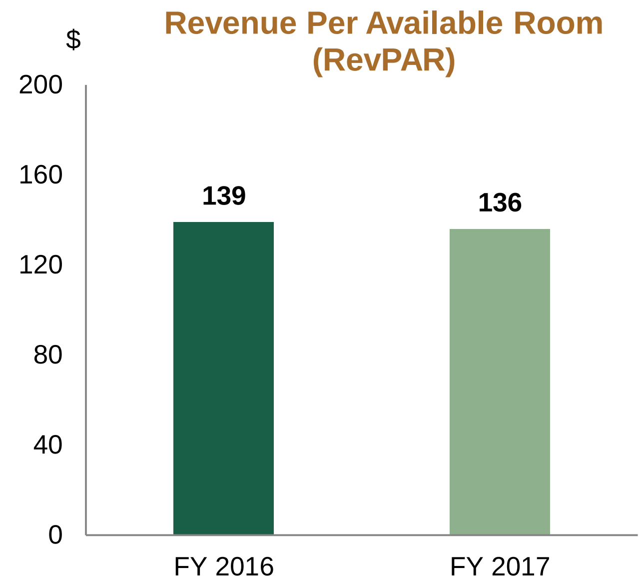
Actual FY 2017
Breakdown by Revenue



Portfolio Performance FY 2017 - Hotels

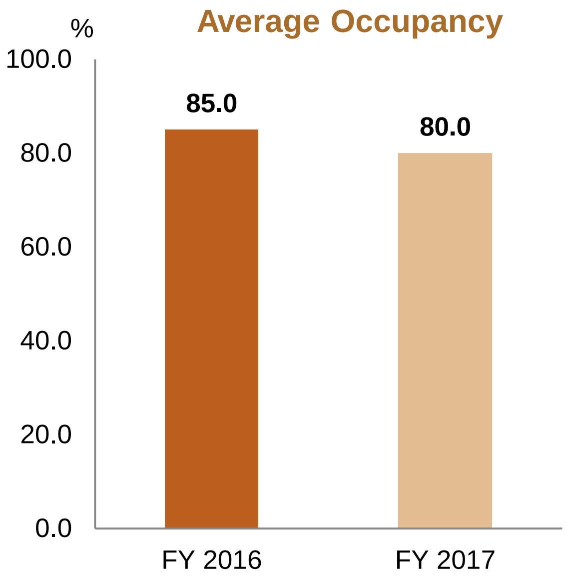


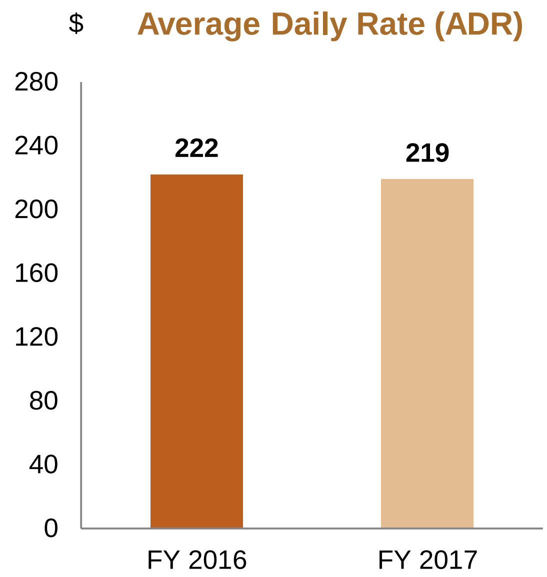


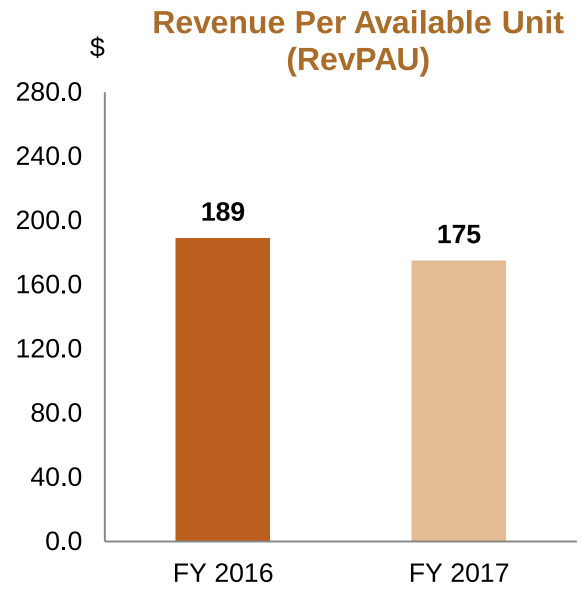


- **Occupancy increased 0.5pp to 87.5% and ADR decreased 2.5% to $155.**
- Demand for hotel accommodation, particularly from the corporate segment, was generally soft. The supply of new hotels also continued to put downward pressure on rates.
- **Revenue per Available Room (“RevPAR”) declined 1.9% to $136 in FY 2017.**

Portfolio Performance FY 2017 – Serviced Residences

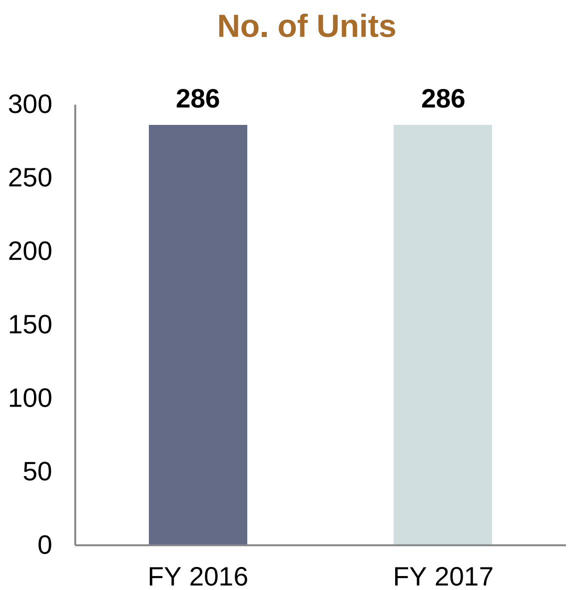


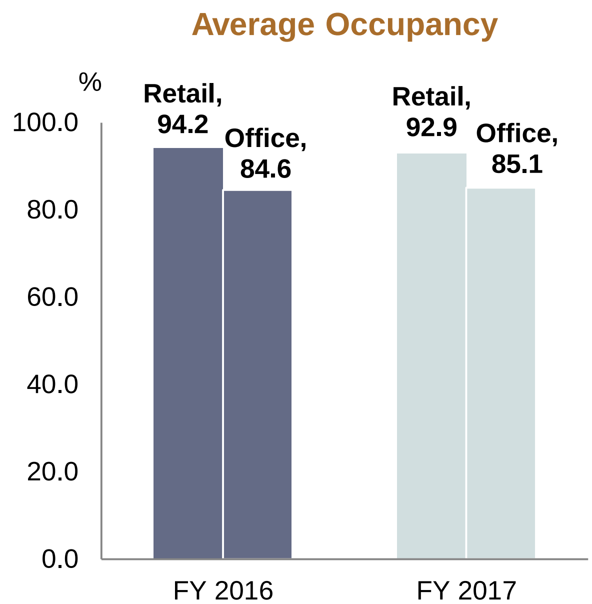


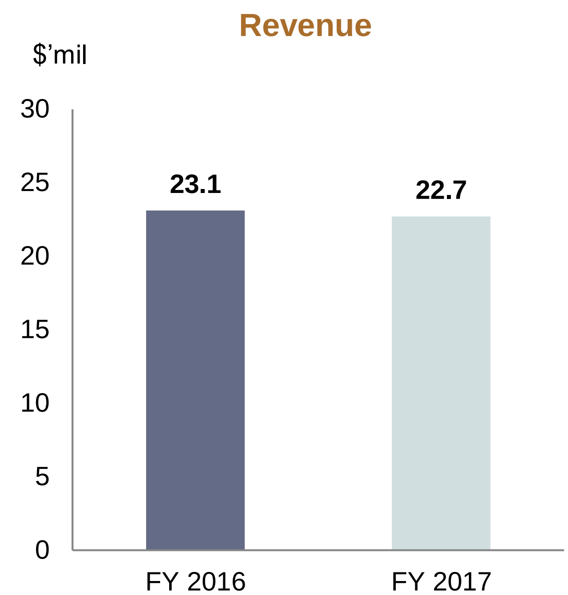


- **The average occupancy was 5.0pp lower at 80.0% and ADR was a 1.3% decrease at $219. Revenue per Available Unit ("RevPAU") was 7.1% lower at $175.**
- A pick-up in leisure bookings was not able to offset the lack of demand from corporate accounts and project groups.

Portfolio Performance FY 2017 – Retail & Office

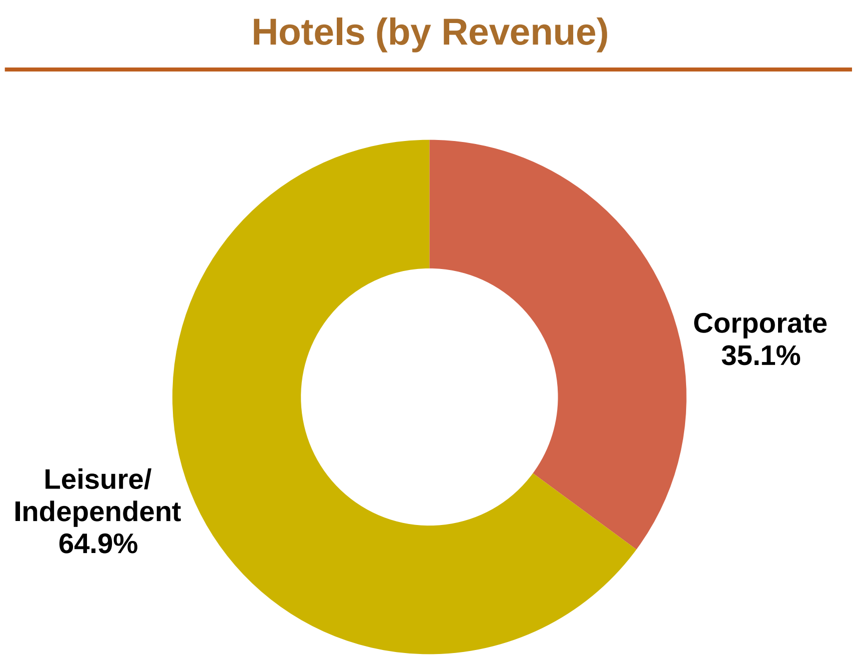


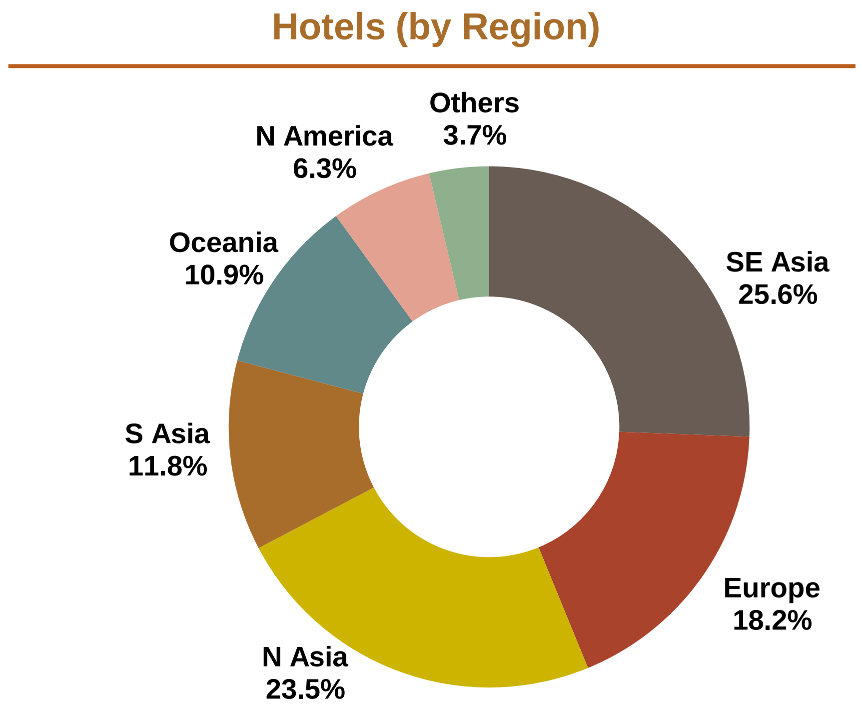




- **Revenue from the retail and office spaces decreased 1.6%** as a result of a slight decline in rental rates.

Market Segmentation FY 2017 - Hotels

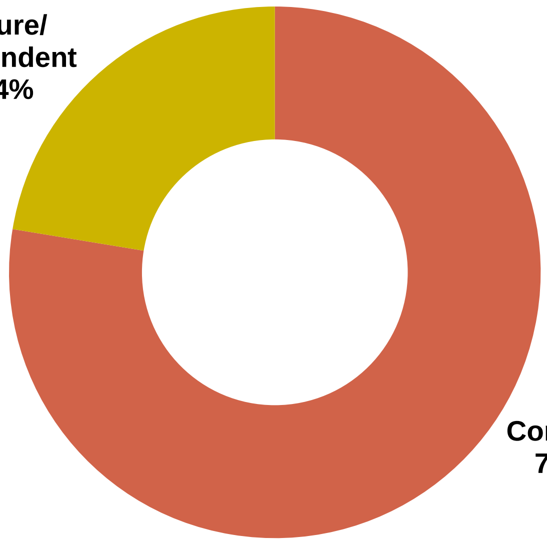




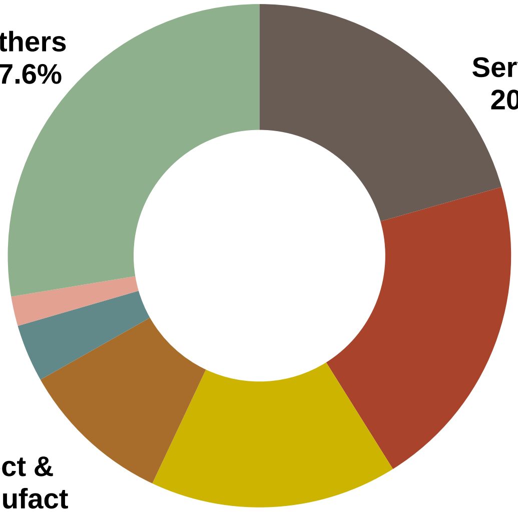
- Leisure segment contributed 64.9% of hotel revenue in FY 2017, compared to 62.4% a year ago.
- Revenue contribution from the top two regions, Southeast Asia and North Asia, increased year-on-year to 25.6% and 23.5% respectively.

Market Segmentation FY 2017 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 77.6% of revenue for serviced residences in FY 2017, compared with 84.5% a year ago.
- Growth in revenue contributions from Oil & Gas and Others (mainly online bookings) helped to partially offset the decline in Services.

Asset Enhancement Initiatives

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Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 1, completed in 2016)

Upgrading of swimming pool, pool deck, gym and meeting room


Swimming pool

After

Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 2, completed in 2016)

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

Reception

After

Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 2, completed in 2016)

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

Lobby bar

After

Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 2, completed in 2016)

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

Function room

After

Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 3, completed in 1Q 2018)

Refurbishment of Superior, Deluxe Plus and Club guest rooms, suites and club lounge

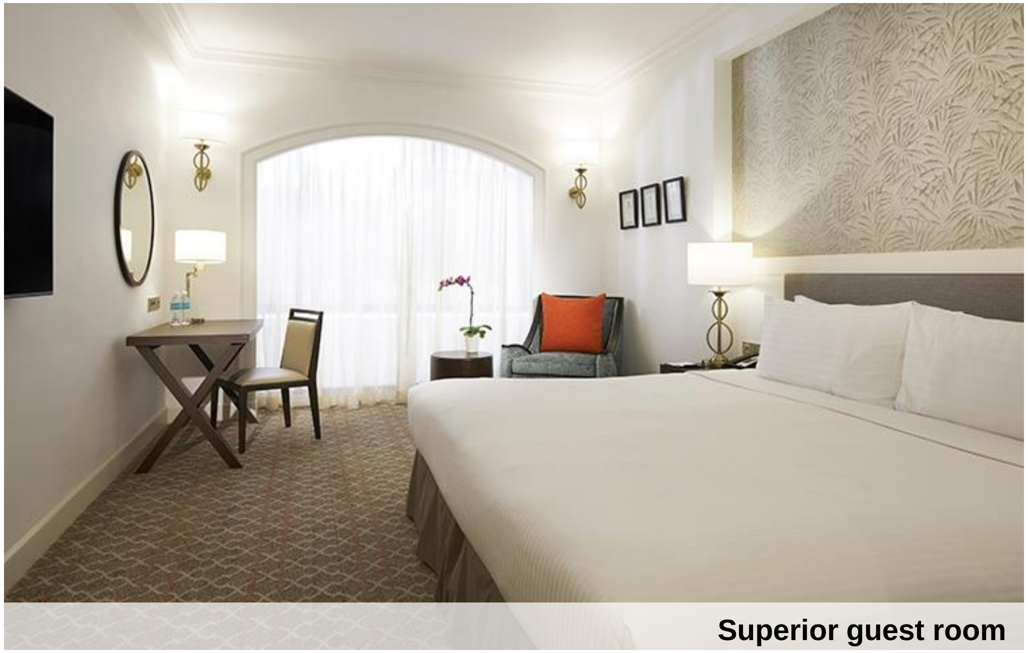
After

Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 3, completed in 1Q 2018)

Refurbishment of Superior, Deluxe Plus and Club guest rooms, suites and club lounge



Superior guest room

After

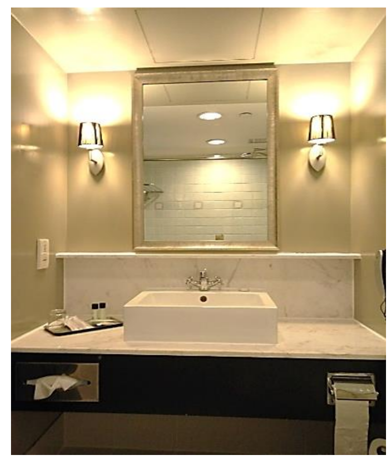
Before

Orchard Parade Hotel
(Phase 3, completed in 1Q 2018)

Refurbishment of Superior, Deluxe Plus and Club guest rooms, suites and club lounge

Bathroom of Club Suite

After



Before

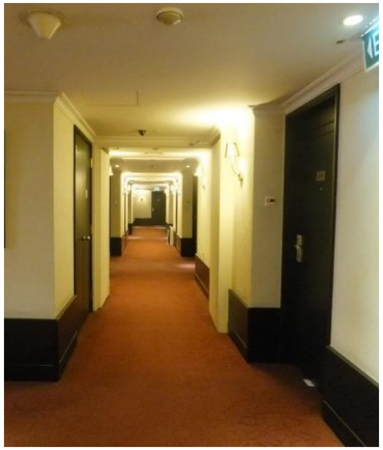
Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 3, completed in 1Q 2018)

Refurbishment of Superior, Deluxe Plus and Club guest rooms, suites and club lounge

Guest room corridor

After



Before

Asset Enhancement Initiatives – Orchard Parade Hotel

Orchard Parade Hotel
(Phase 3, completed in 1Q 2018)

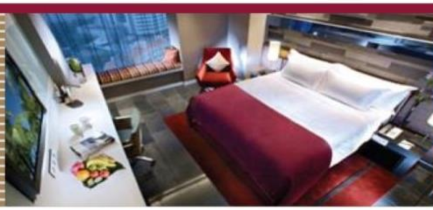
Refurbishment of Superior, Deluxe Plus and Club guest rooms, suites and club lounge

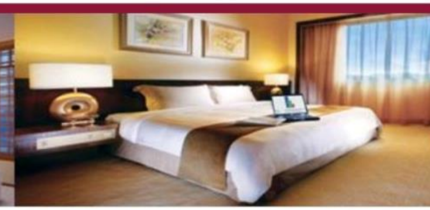
Club lounge

After

Before

Investment





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Acquisition of Oasia Hotel Downtown – Completed on 2 April 2018

Oasia Hotel Downtown


Infinity Pool


Deluxe room

- 314-room upscale hotel located at 100 Peck Seah Street, in the Tanjong Pagar area of Singapore's CBD
- Purchase consideration of $210.0 million, or $668,789 per key
- 65 year-lease commencing from completion date of 2 April 2018(1)
- Vendor and master lessee is Far East SOHO Pte. Ltd.

(1) The Vendor currently owns a leasehold interest of 99 years commencing from 13 April 2011. As the leasehold tenure in the Property to be acquired by the REIT Trustee is in respect of a shorter leasehold period than the length of the leasehold title held by the Vendor, upon expiry of the leasehold tenure held by the REIT Trustee, the title to the Property will revert back to the Vendor.

Acquisition of Oasia Hotel Downtown – Completed on 2 April 2018


Club Reception


Skyline Pavilion


Club Lounge


Club Room

- Facilities include two restaurants and a bar, meeting rooms, a 24-hour gymnasium, a club lounge, infinity and rooftop pools, and a skyline pavilion
- Increased exposure to Singapore's upscale segment and growth in corporate contribution
- Diversify into a new locale

Hotel Development on Sentosa with Sponsor – Expected Completion 2019

- A 30% stake in a joint venture with Far East Organization
- Integrated development comprising 3 hotels and 839 rooms – Village Hotel, The Outpost Hotel and The Barracks Hotel
- 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

Hotel Development on Sentosa with Sponsor – Construction Progress

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

Note: Photos are as at February 2018

Hotel Development on Sentosa with Sponsor – Construction Progress

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

Note: Photos are as at February 2018

Capital Management

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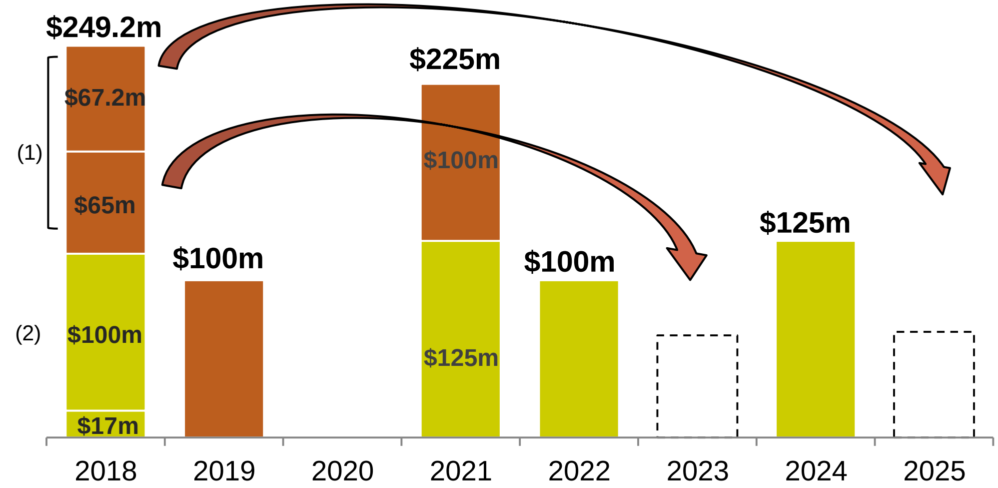
Capital Management

As at 31 December 2017

Total debt	$799.2m
Available revolving facility	$83m
Gearing ratio	34.4%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	41.6%
Weighted average debt maturity	3.0 years
Average cost of debt	2.5%

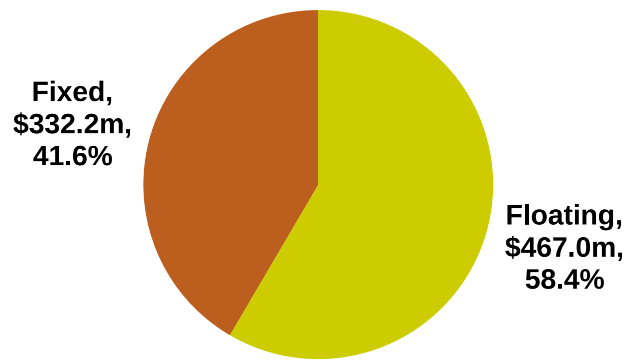
Debt Maturity Profile



(1) The REIT Manager has refinanced $65m and $67.2m term loans ahead of their maturity in August 2018 with new five and seven-year term loans respectively. These term loans were drawn down in April 2018.

(2) The REIT Manager is working with its lenders to assess refinancing options before the $100m term loan matures in December 2018.

Interest Rate Profile



Outlook

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Outlook & Prospects

Outlook for 2018

- **Singapore economic growth expected to come in slightly above the middle of the forecast range of 1.5% to 3.5%[1]**
- **Operating environment for hotels to stabilise, outlook for serviced residences to remain subdued**
  - Demand and supply for hotels to balance out in 2018
    - International visitor arrivals forecasted to increase by 1% to 4% in 2018
    - Supply to taper off with about 750 new rooms (1.1%) being added into the market in 2018[2]
  - Major MICE and biennial events to provide some uplift

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**
  - Recent 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

(1) "MTI Expects GDP Growth in 2018 to Moderate but Remain Firm, 14 February 2018
(2) CBRE report issued as at February 2018 and Far East H-Trust compilation

Thank You