



## Presentation at 7<sup>th</sup> Annual General Meeting

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17 April 2019

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# Agenda

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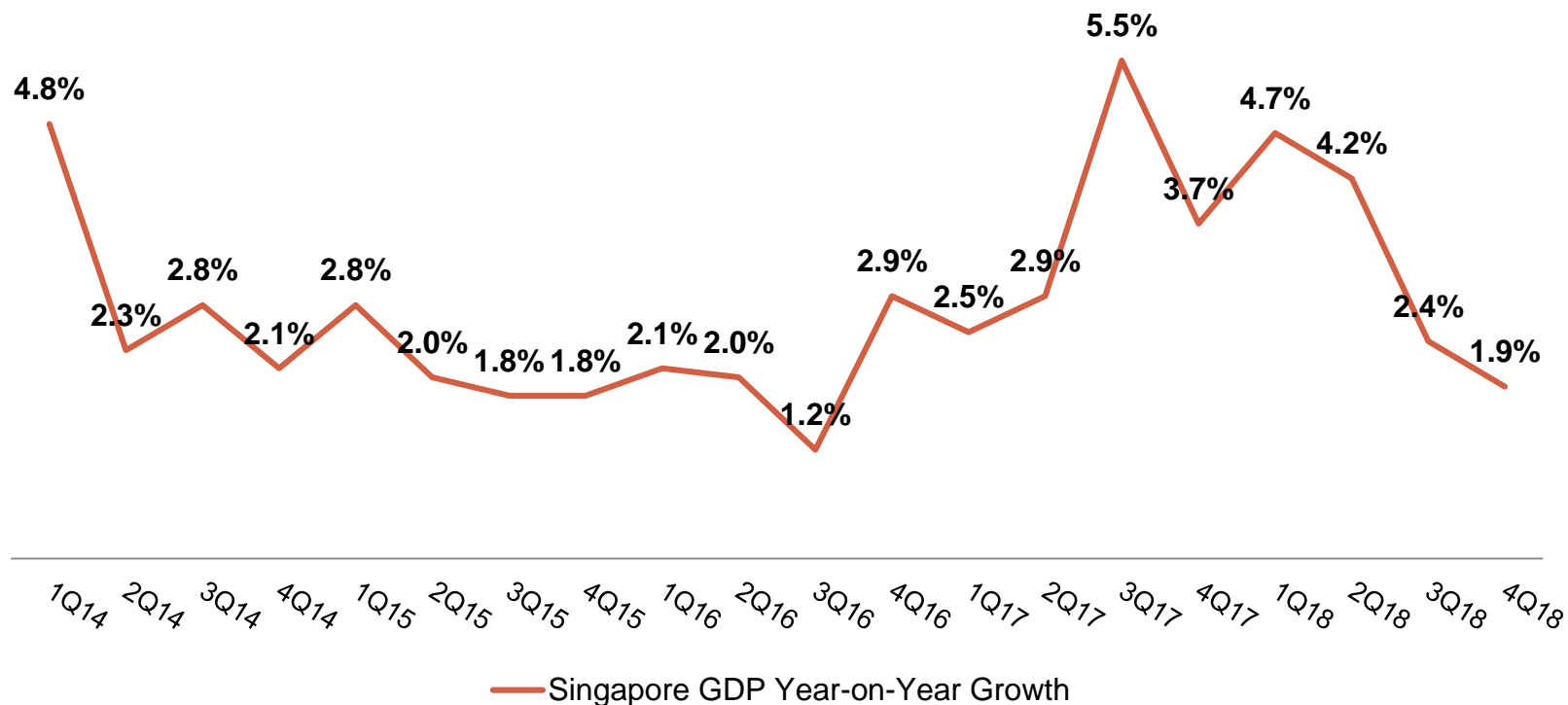


## Year in Review



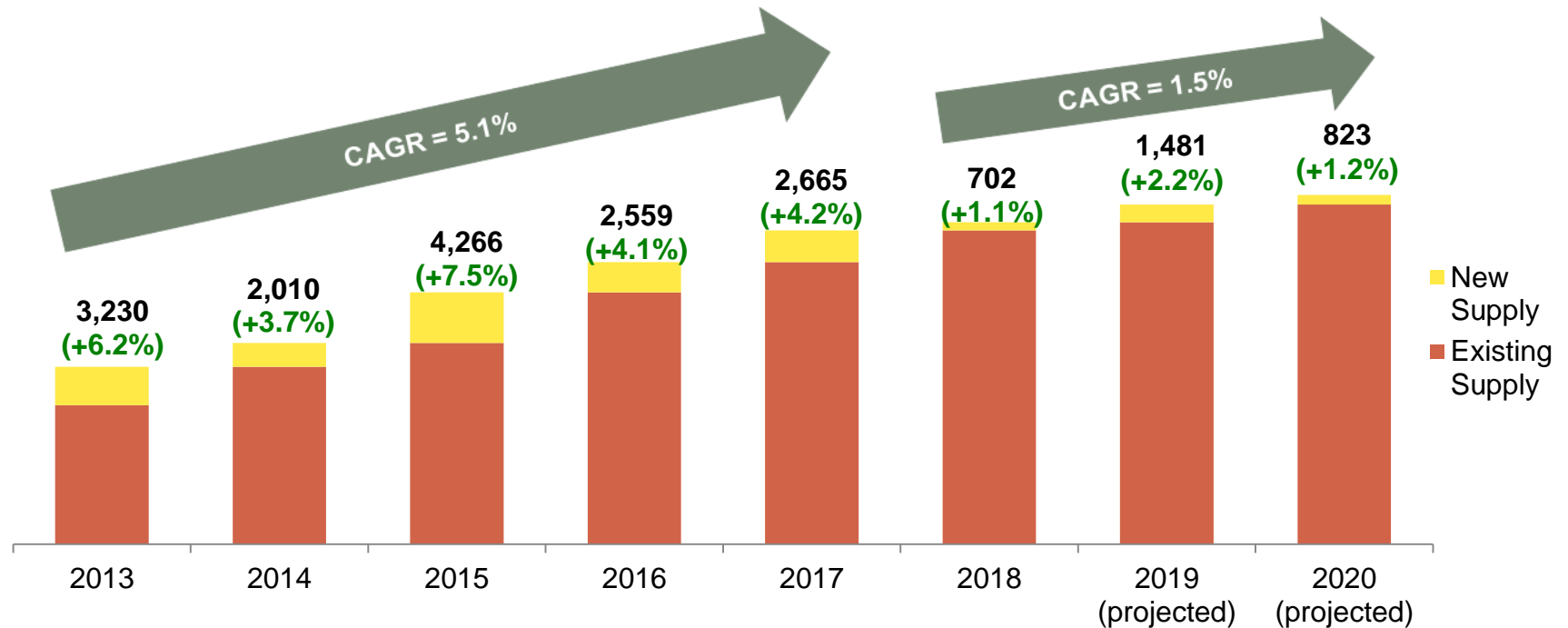
# Executive Summary – Operating Environment (2014 – 2018)

Sluggish economic growth before significant pick-up in 2H 2017 and a subsequent decline



# Executive Summary – Hotel Industry Operating Environment

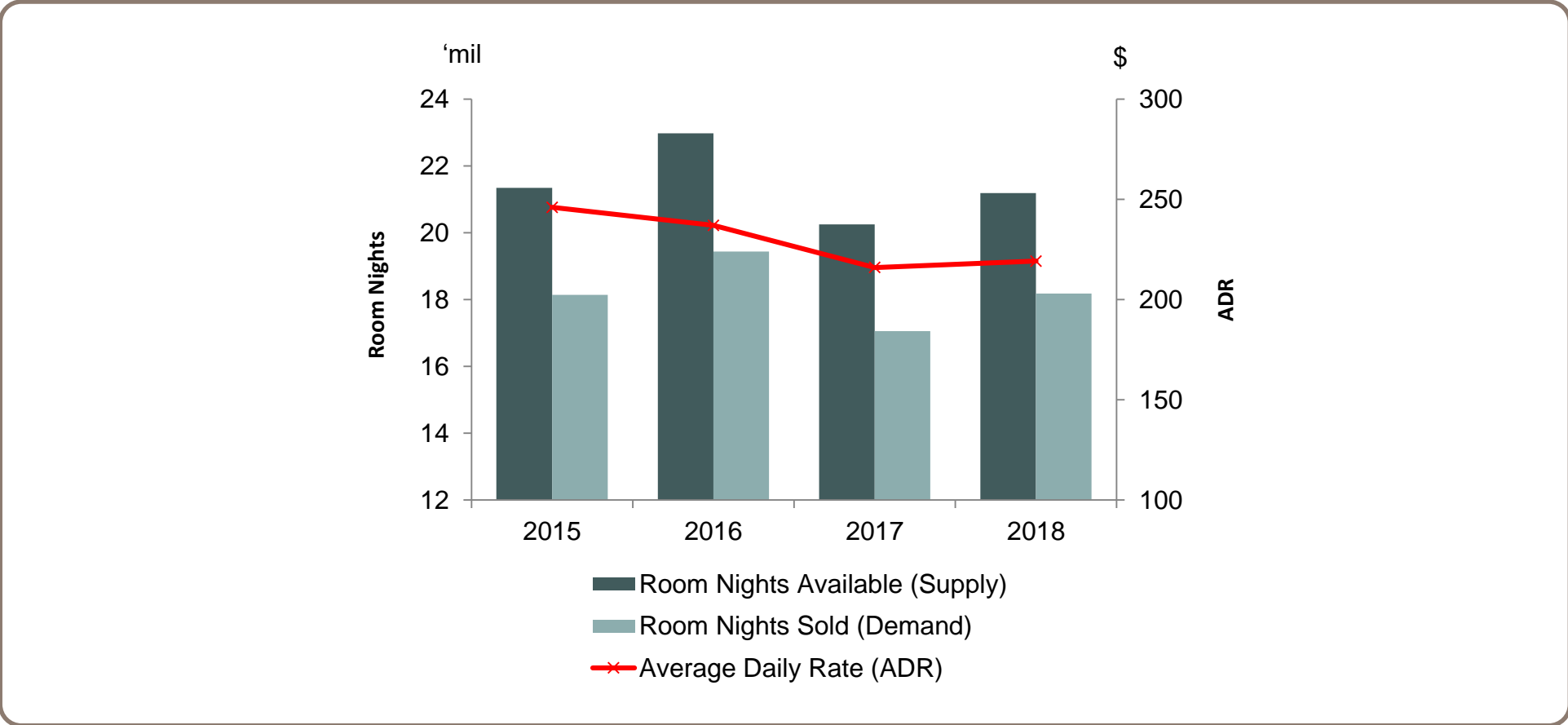
New hotel room supply registered a more moderate increase of 1.1% in 2018, as compared to a compound annual growth of 5.1% between 2013 to 2017. Supply is expected to increase by 2.2% in 2019 and 1.2% in 2020.



The year-on-year growth rate of international visitor arrivals into Singapore in FY 2018 was 6.2%

# Executive Summary – Hotel Industry Operating Environment

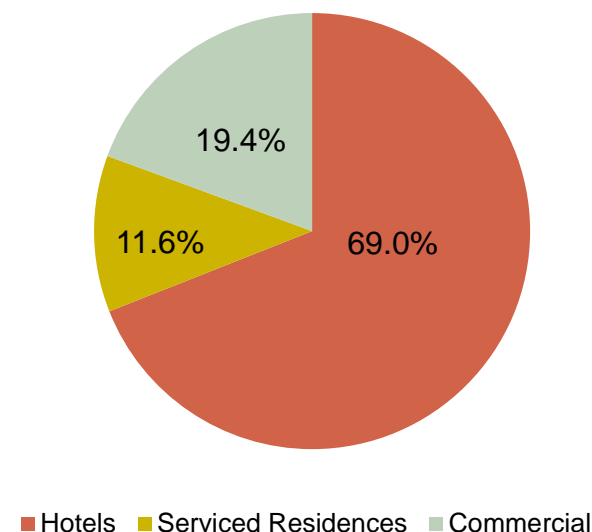
**ADR in FY 2018 was marginally higher year-on-year, as paid occupancy also increased by 1.6pp to 85.8%.**



# Executive Summary – Far East H-Trust Performance (FY 2017 – FY 2018)

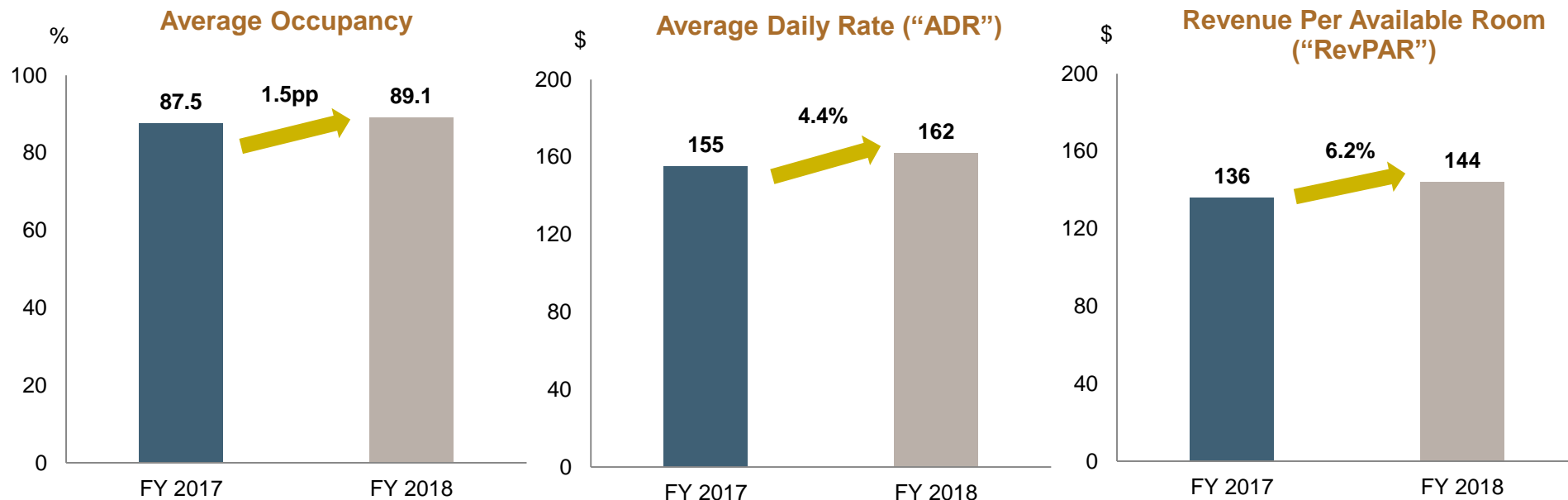
	FY 2018 S\$'000	FY 2017 S\$'000	Variance %
Gross Revenue	113,678	103,825	9.5
Net Property Income	102,755	93,154	10.3
Income Available for Distribution	75,363	72,013	4.7
Distribution per Stapled Security (cents)	4.00	3.90	2.6

**Actual FY 2018  
Breakdown by Revenue**





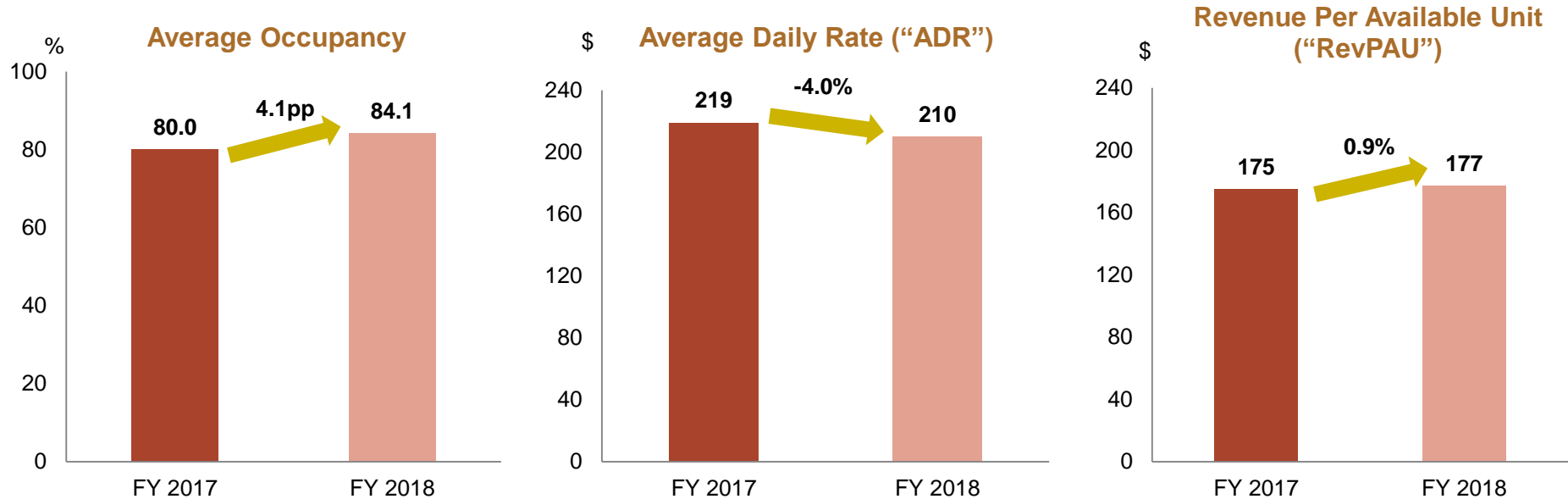
# Portfolio Performance FY 2018 - Hotels



- Revenue per available room (“RevPAR”) of the hotel portfolio grew 6.2% to S\$144 due to an increase in both occupancy and average daily rate (“ADR”) of 1.5pp and 4.4% respectively.
- The overall improvement was partly attributed to the uplift from major biennial MICE events in 2018, e.g. Singapore Airshow in February and Food & Hotel Asia (“FHA”) in April.

Note: FY 2018 figures include Oasia Hotel Downtown as part of the portfolio (w.e.f. Apr 2018)

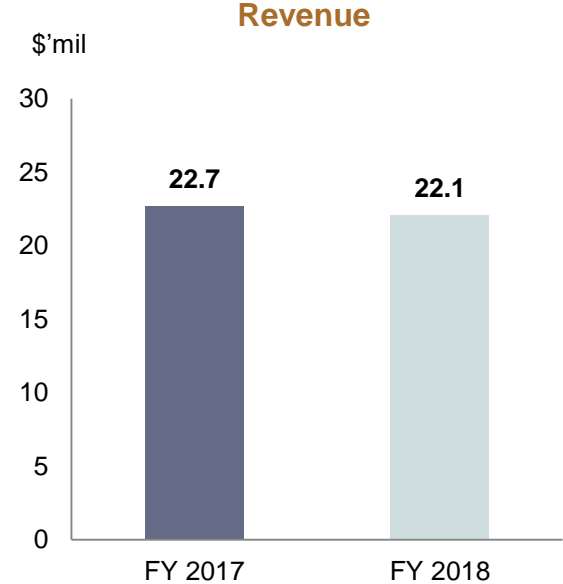
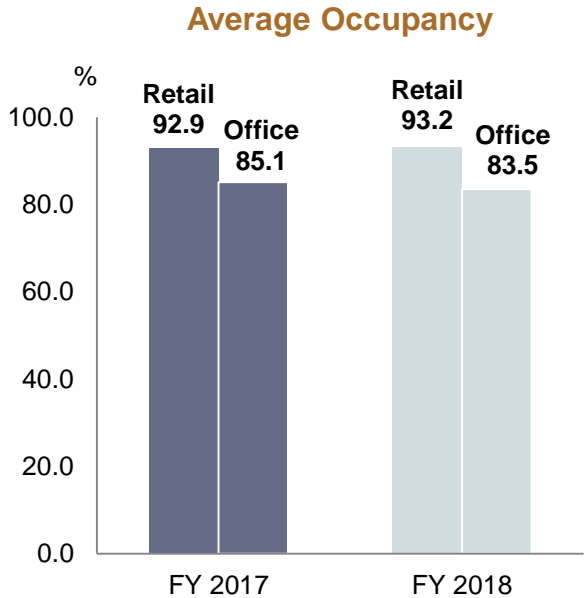
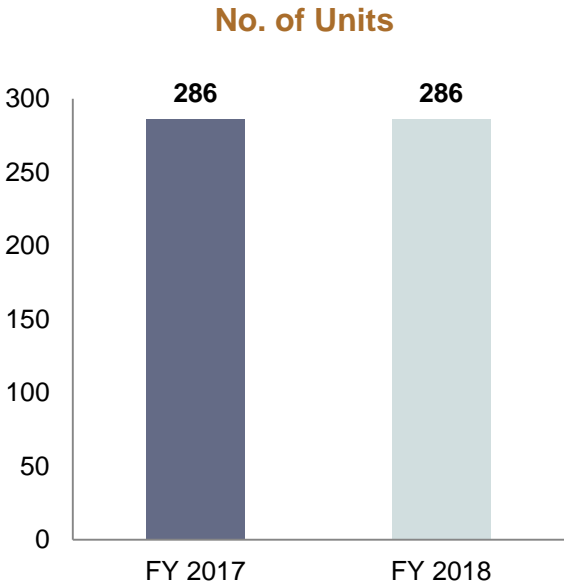
# Portfolio Performance FY 2018 – Serviced Residences



- **There was a slight improvement in the performance of the SRs year-on-year in FY 2018. Average occupancy for the SRs improved 4.1pp to 84.1% while the average daily rate ("ADR") was 4.0% lower at S\$210.**
- **Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio increased marginally by 0.9% year-on-year to S\$177.**



# Portfolio Performance FY 2018 – Retail & Office

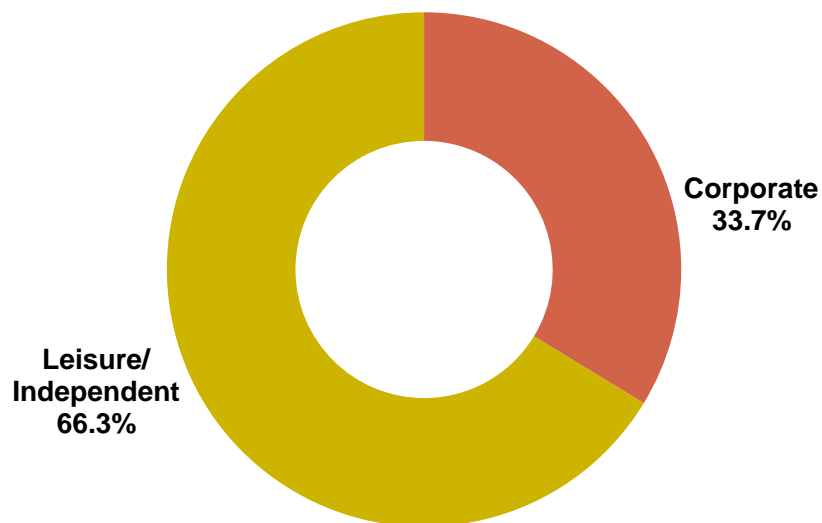


- Revenue from the retail and office spaces decreased 2.7% mainly due to a decline in rental rates (1.9% lower year-on-year). Average occupancy had decreased marginally by 0.4pp.

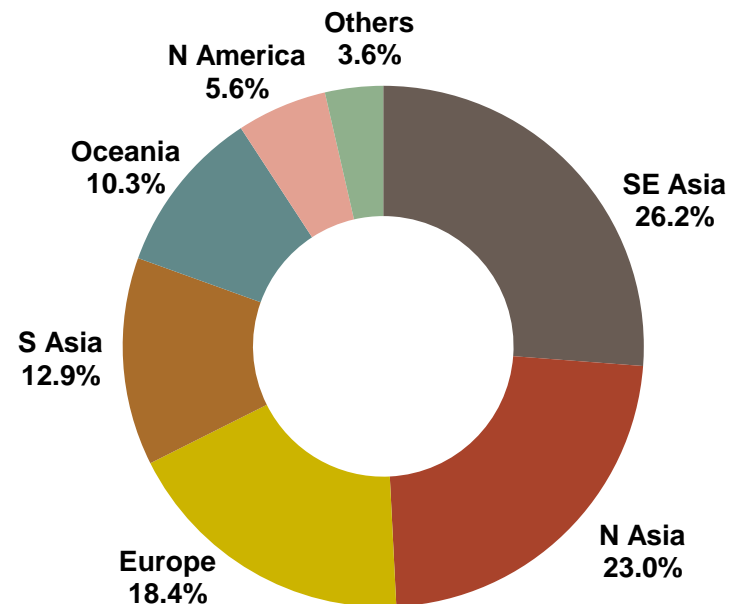


# Market Segmentation FY 2018 - Hotels

## Hotels (by Revenue)



## Hotels (by Region)

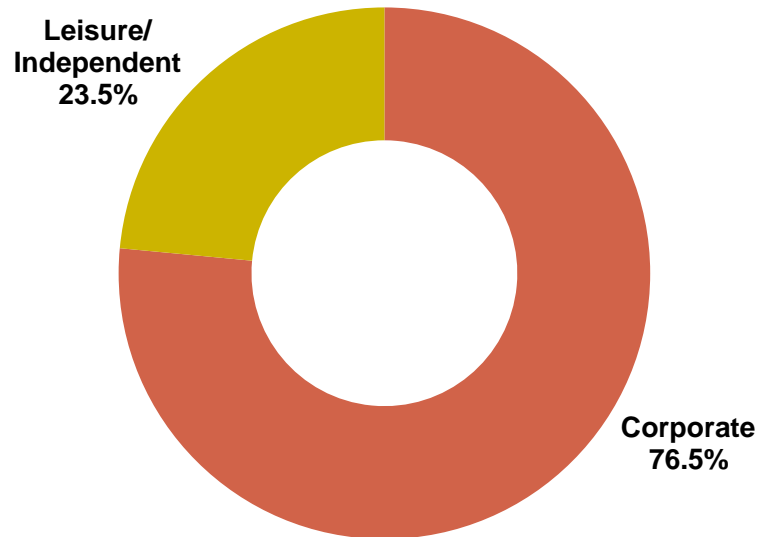


- Leisure segment contributed 66.3% of hotel revenue in FY 2018, compared to 64.9% a year ago, reflecting the growth in visitor arrivals from regional markets.
- South East Asia and North Asia remained the top two contributors in FY 2018, giving rise to 26.2% and 23.0% of hotel room revenue in FY 2018 respectively.

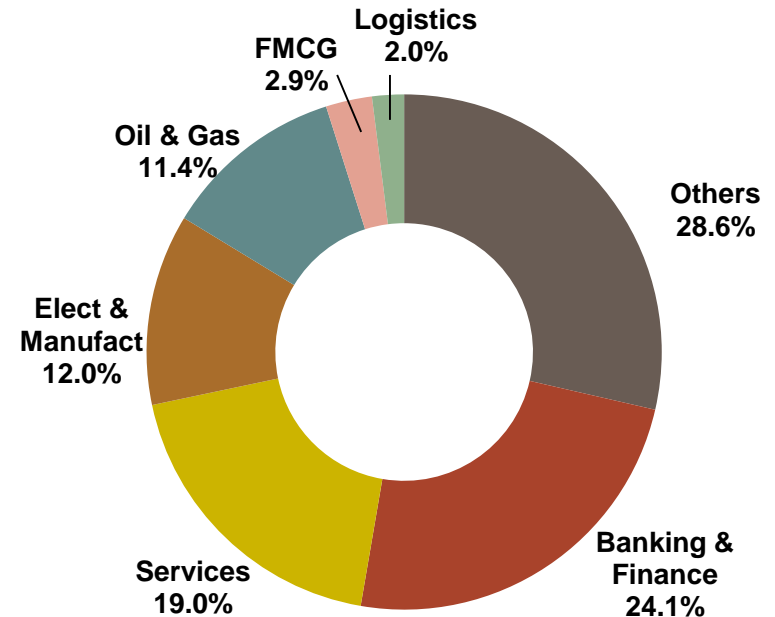


# Market Segmentation FY 2018 – Serviced Residences

## Serviced Residences (by Revenue)



## Serviced Residences (by Industry)



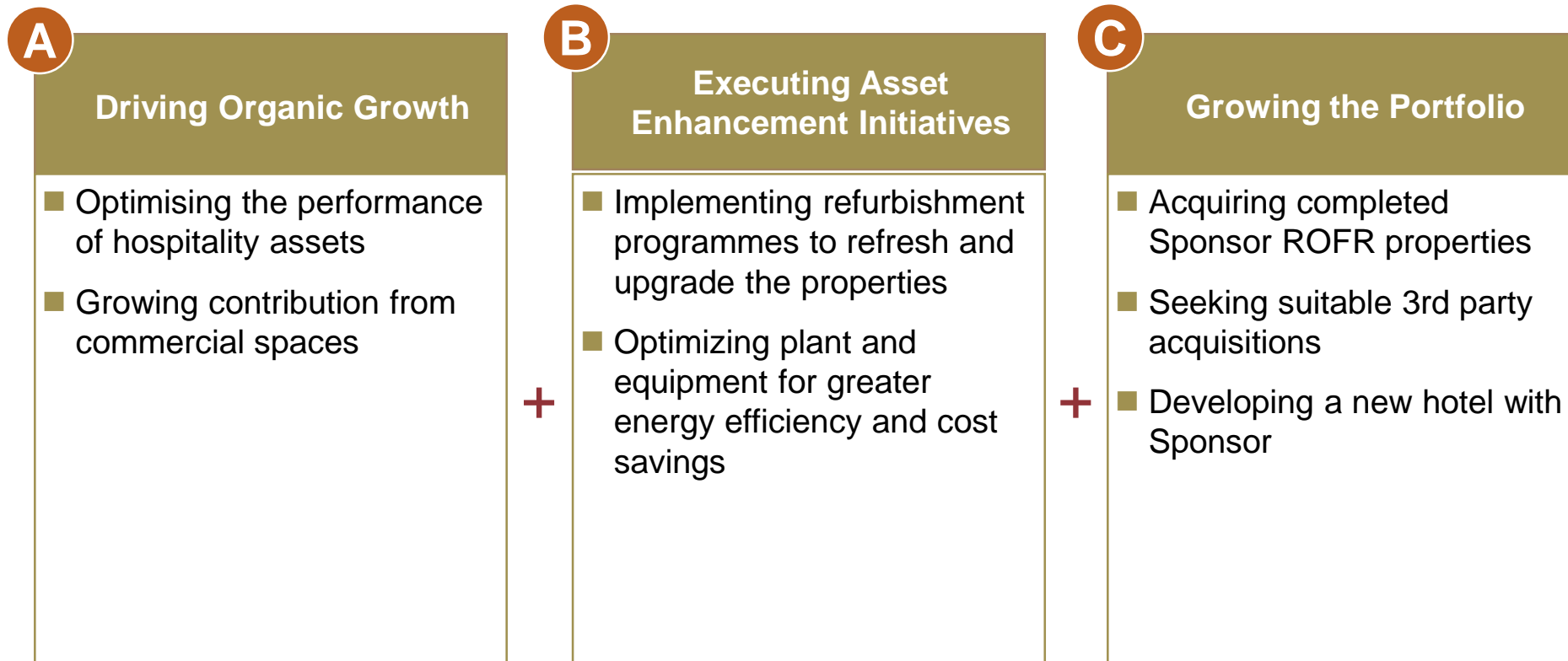
- **Corporate segment contributed 76.5% of revenue for serviced residences in FY 2018, compared with 77.6% a year ago. The shortfall in corporate business was partially offset by a continued growth in the long stay leisure segment, in particular, contribution from online channels.**
- **Growth in revenue contributions from the Banking & Finance and Electronics & Manufacturing sectors helped to partially offset the year-on-year decline in contribution from the Oil & Gas sector.**



## Growth Strategy



# Key Engines of Growth



**Key initiatives to drive both immediate and long-term growth**



## Asset Enhancement Initiatives





# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

## Orchard Rendezvous Hotel (Phase 1, completed in 2016)

Upgrading of swimming pool, pool deck, gym



Swimming pool

After



Before



# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

## Orchard Rendezvous 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 Rendezvous Hotel

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

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



Club guest room

After



Before



# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

## Orchard Rendezvous 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 Rendezvous Hotel

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

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



Club lounge

After



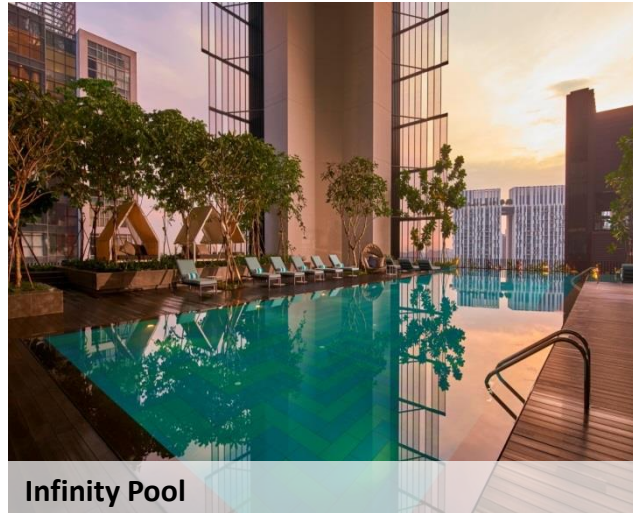
Before



# Investment



# Acquisition of Oasia Hotel Downtown – Completed on 2 April 2018

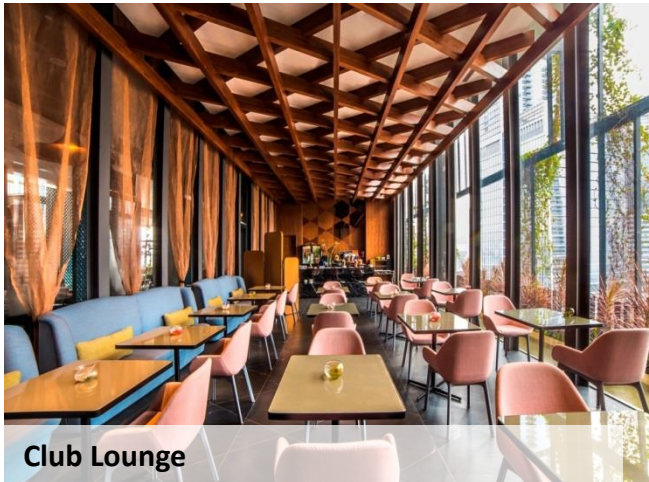


- 314-room upscale hotel located at 100 Peck Seah Street, in the Tanjong Pagar area of Singapore's CBD
- Purchase price of S\$210.0 million, or S\$668,789 per key
- Valued at S\$236.4 million as at 31 December 2018, reflecting outperformance against forecast
- 65 year-lease commencing from completion date of 2 April 2018<sup>(1)</sup>
- Vendor and master lessee is Far East SOHO Pte. Ltd.

(1) The Vendor 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

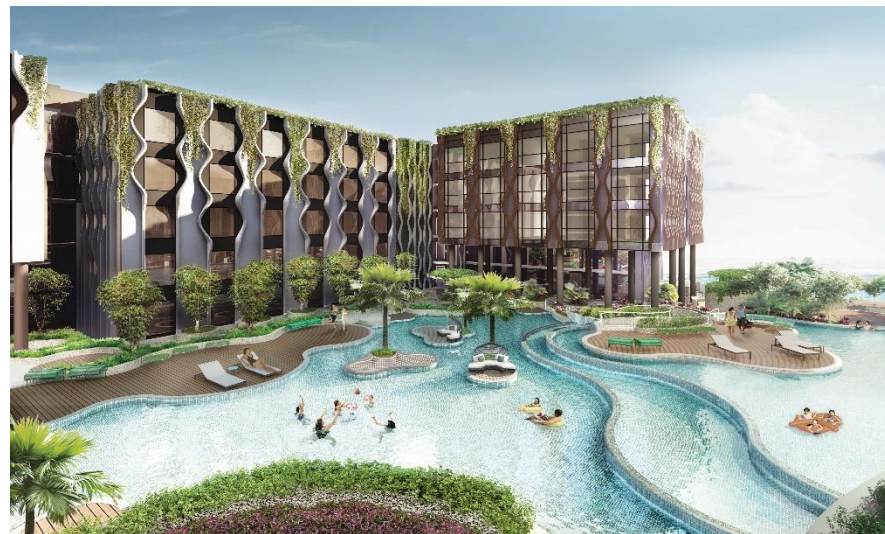


- Facilities include two restaurants and a bar, meeting rooms, a 24-hour gymnasium, a club lounge, infinity and rooftop pools, and a skyline pavilion
- Acquisition brought about better balance between Far East H-Trust (FEHT)'s mid-tier and upscale assets, and achieved greater diversification in terms of location
- Positive contribution from Oasia Hotel Downtown had provided a further boost to FEHT's results in 2018





# Hotel Development on Sentosa with Sponsor – Completion in 2019

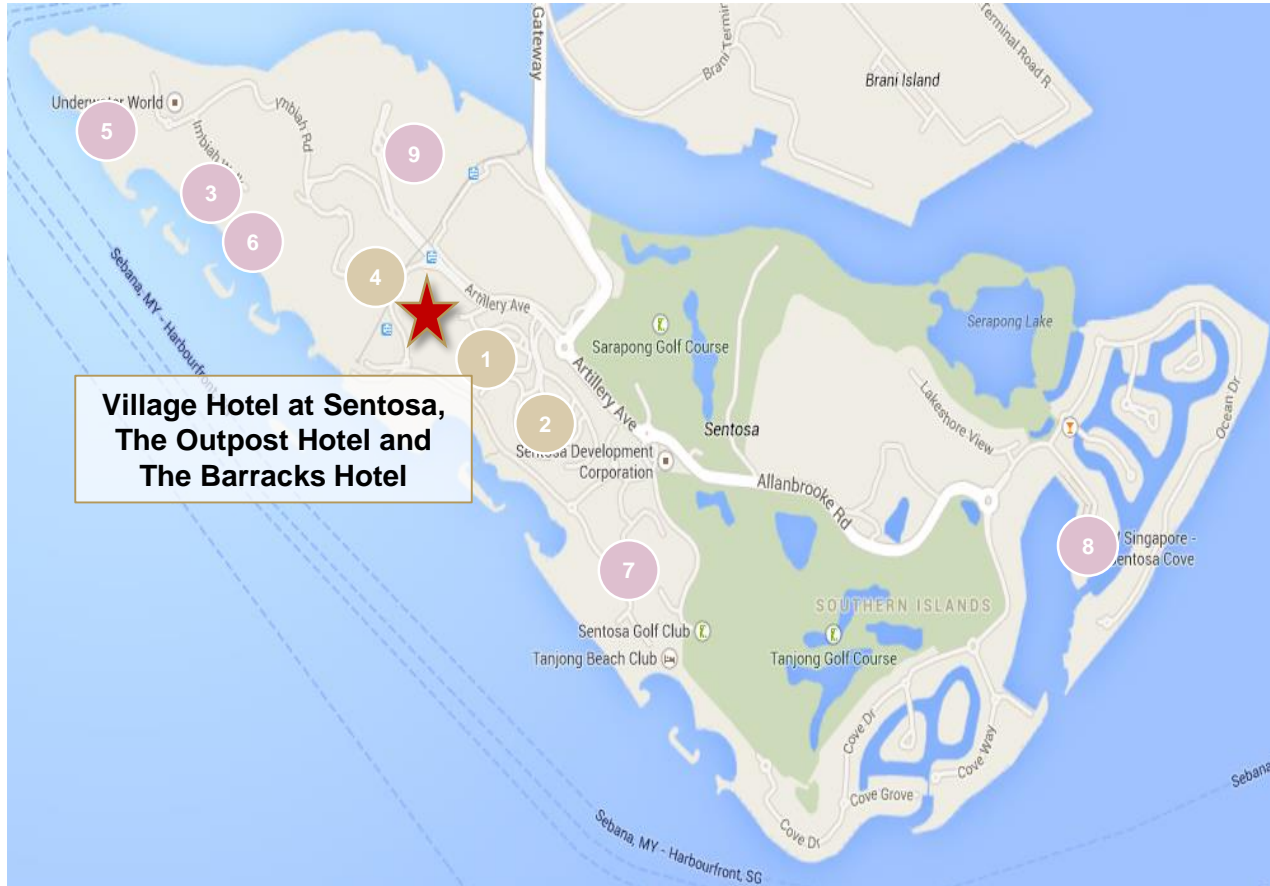


- A 30% stake in a joint venture with Far East Organization
- Integrated development comprising 3 hotels and 839 rooms – Village Hotel at Sentosa, The Outpost Hotel and The Barracks Hotel
- 60-year leasehold interest from 7 March 2014
- Far East H-REIT's agreed proportion of investment is approx \$133.1 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 – Village Hotel at Sentosa, The Outpost Hotel and The Barracks Hotel



**Village Hotel at Sentosa,  
The Outpost Hotel and  
The Barracks 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



# Hotel Development on Sentosa with Sponsor – Village Hotel at Sentosa



**Opened in  
Apr 2019**



# Hotel Development on Sentosa with Sponsor – The Outpost Hotel



**Opened in  
Apr 2019**





# Hotel Development on Sentosa with Sponsor – The Barracks Hotel



**Expected  
Opening in  
4Q 2019**



# Artist Impression of Retail / F&B Spaces



**Expected  
Opening in  
2Q 2019**





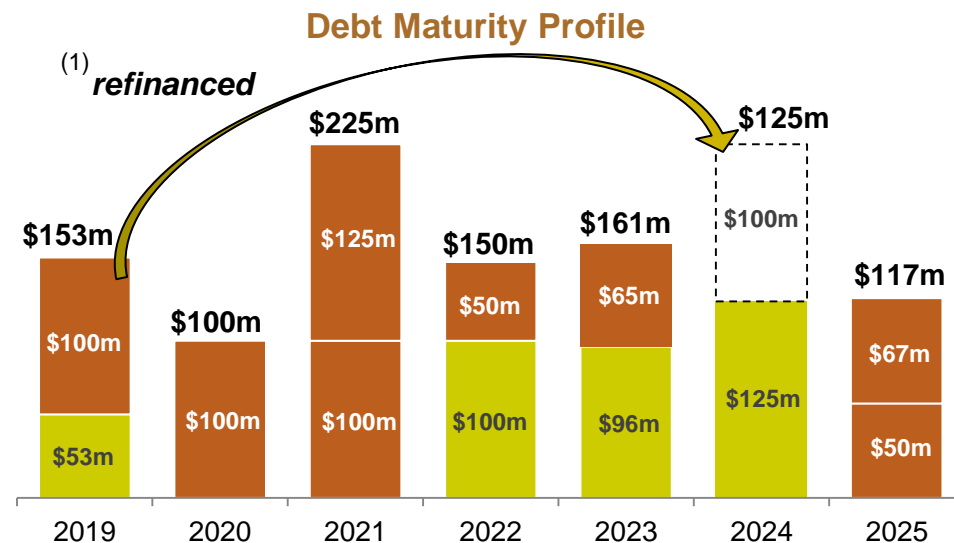
## Capital Management



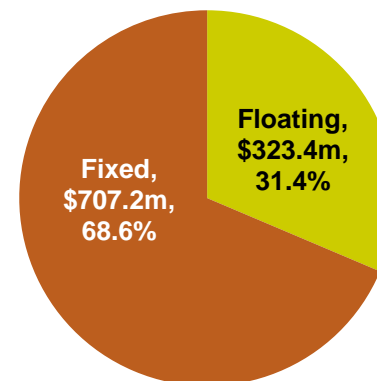
# Capital Management

As at 31 December 2018

<b>Total debt</b>	\$1,030.6m
<b>Available revolving facility</b>	\$247.3m
<b>Gearing ratio</b>	40.1%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate<sup>(2)</sup></b>	63.8%
<b>Weighted average debt maturity</b>	3.3 years
<b>Average cost of debt</b>	2.7%



**Interest Rate Profile**



Note:

- (1) Far East H-REIT has entered into a S\$125 million facility agreement on 25 March 2019 (including RCF of S\$25 million) with its existing lender to refinance the term loan of S\$100 million ahead of its maturity in August 2019.
- (2) The REIT Manager has entered into a new interest rate swap contract in December 2018, effective in January 2019. The proportion of fixed rate borrowings would increase from 63.8% to about 68.6%.



## Outlook



# Outlook & Prospects

## Outlook for 2019

- **Singapore's economic growth expected to come in slightly below the mid-point of the forecast range of 1.5% to 3.5%**<sup>1</sup>
- **Demand and supply for hotels to continue to balance out in 2019**
  - International visitor arrivals forecast for 2019 is 18.7 - 19.2 million (1 - 4% increase), whilst supply reflects addition of 1,481 new rooms into the market (2.2% increase)<sup>2</sup>.
- **Corporate demand remains subdued, influenced by higher trade policy uncertainties and slowing economic growth in key markets**

<sup>(1)</sup> MTI Maintains 2019 GDP Growth Forecast at "1.5 to 3.5 Per Cent", 15 February 2019

<sup>(2)</sup> Savills report issued as at February 2019 and Far East H-Trust compilation. Number of keys includes the Far East Hospitality development project on Sentosa, comprising 839 keys.

## Long-Term Outlook

- **Singapore as an attractive destination**
  - Rejuvenation of existing tourism offerings such as the Mandai precinct, Orchard Road, and Sentosa (*including development of Pulau Brani, collectively known as the Greater Southern Waterfront project*)
  - Upcoming tourism hub at Jurong Lake District
  - Strengthening of MICE capabilities
- **Greater connectivity within the region**
  - Increase in airport capacity due to recent openings of Terminal 4 and Jewel, and upcoming development of Terminal 5 (mid-2020s)
  - More flight connections to new and existing cities
  - Partnerships with cruise companies leading to increase in international fly-cruise visitors



**Thank You**

