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# 4Q / FY 2019 Results Presentation

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14 February 2020

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## 4Q 2019 & FY 2019 Results Highlights



# Executive Summary for 4Q 2019 – Performance vs LY

	4Q 2019	4Q 2018	Variance
	S\$'000	S\$'000	%
Gross Revenue	28,946	28,919	0.1
Net Property Income	26,070	26,324	(1.0)
Income Available for Distribution	18,781	19,097	(1.7)
Distribution per Stapled Security (cents)	0.95	1.00	(5.0)

- **Gross Revenue for 4Q 2019 was S\$28.9 million, marginally higher year-on-year by 0.1%.**
- **Net Property Income was 1.0% lower year-on-year.**
- **Income Available for Distribution was S\$18.8 million, 1.7% lower year-on-year. This translates into a Distribution per Stapled Security (“DPS”) of 0.95 Singapore cents, with an enlarged base.**



# Executive Summary for FY 2019 – Performance vs LY

	FY 2019	FY 2018	Variance
	S\$'000	S\$'000	%
Gross Revenue	115,546	113,678	1.6
Net Property Income	104,314	102,755	1.5
Income Available for Distribution	73,893	75,363	(2.0)
Distribution per Stapled Security (cents)	3.81	4.00	(4.8)

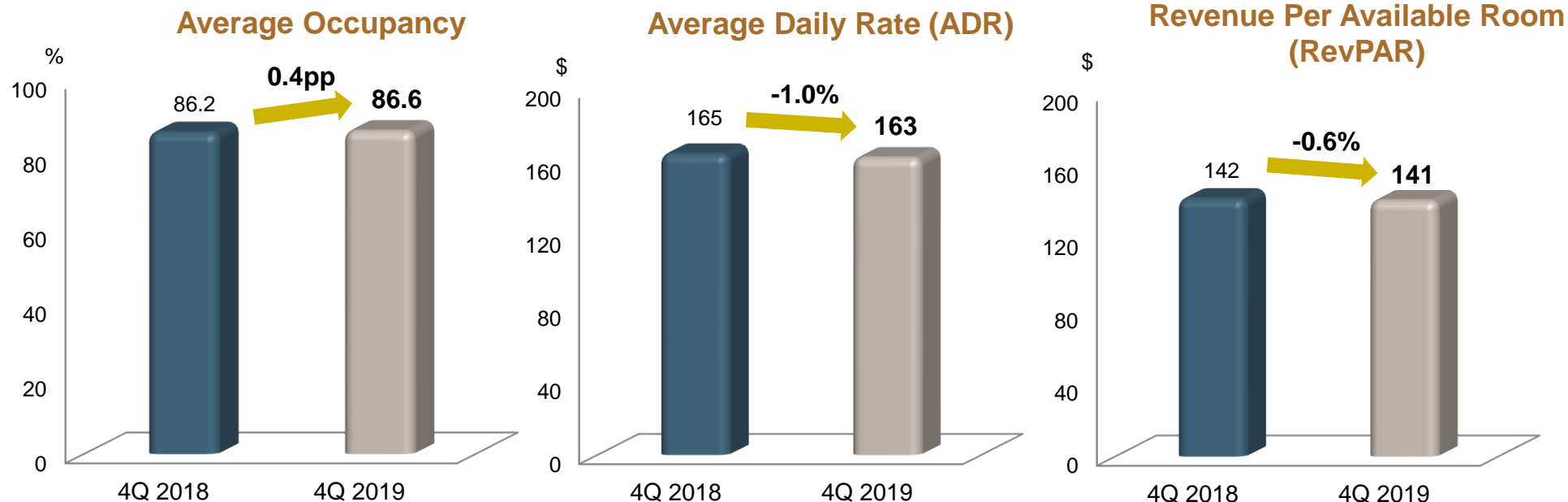
- **Gross Revenue for FY 2019 was S\$115.5 million, an increase of 1.6% year-on-year, driven by growth in Master Lease Rental for the hotels and serviced residences of 2.2%. Retail and Office Revenue decreased by 0.7% year-on-year.**
- **Net Property Income was 1.5% higher year-on-year.**
- **Income Available for Distribution was S\$73.9 million, 2.0% lower year-on-year and DPS was 3.81 Singapore cents, on an enlarged basis.**



## Portfolio Performance



# Portfolio Performance 4Q 2019 – Hotels

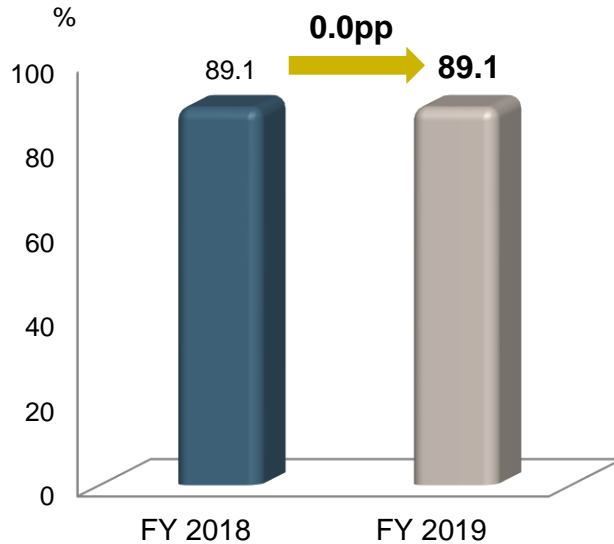


- The average occupancy of the hotels remained healthy at 86.6% in 4Q 2019, 0.4pp higher year-on-year.
- The average daily rate (“ADR”) was 1.0% lower year-on-year at S\$163, mainly attributed to lower contribution from the corporate segment and a greater composition of leisure business.
- As a result, revenue per available room (“RevPAR”) was marginally lower year-on-year by 0.6% at S\$141.

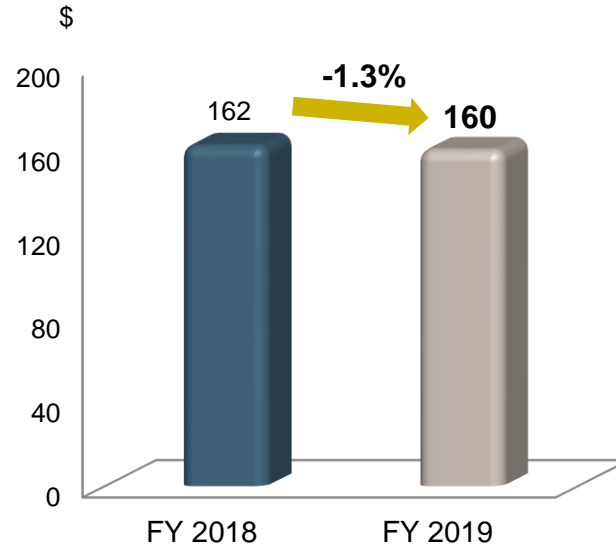


# Portfolio Performance FY 2019 – Hotels

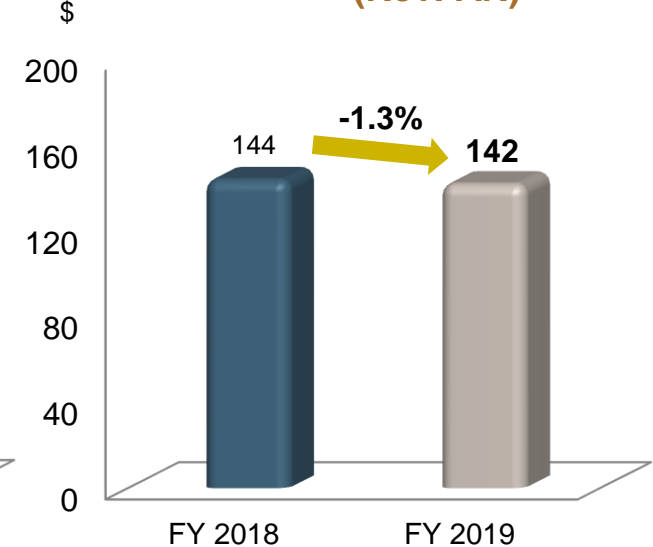
### Average Occupancy



### Average Daily Rate (ADR)



### Revenue Per Available Room (RevPAR)



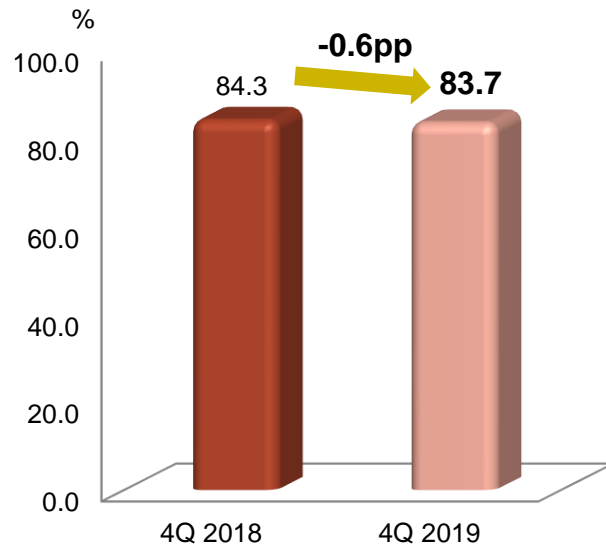
- Average occupancy of the hotels remained healthy at 89.1% in FY 2019, coming in at the same level year-on-year.
- ADR decreased 1.3% to S\$160, due mainly to higher contribution from the leisure segment at lower room rates as compared to the corporate segment.
- As a result, RevPAR for the hotel portfolio declined by 1.3% to S\$142.



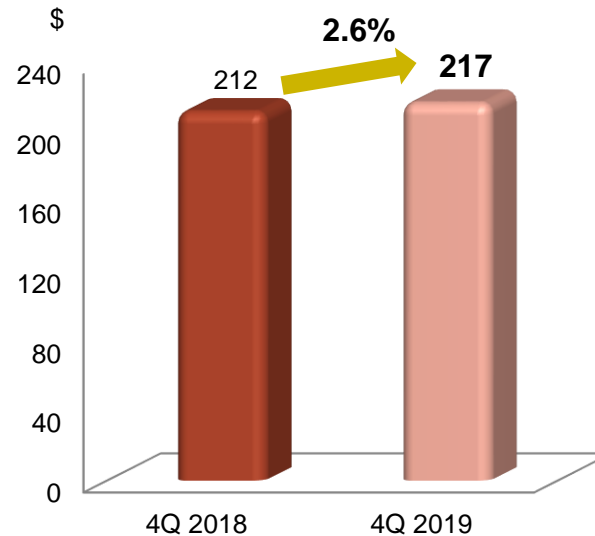


# Portfolio Performance 4Q 2019 – Serviced Residences

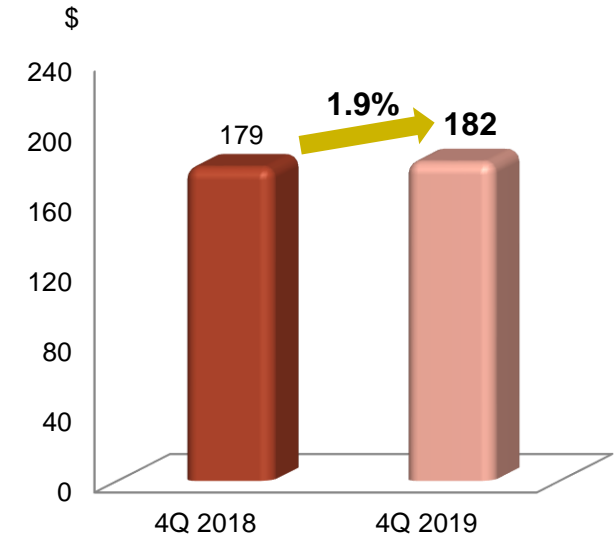
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Unit (RevPAU)

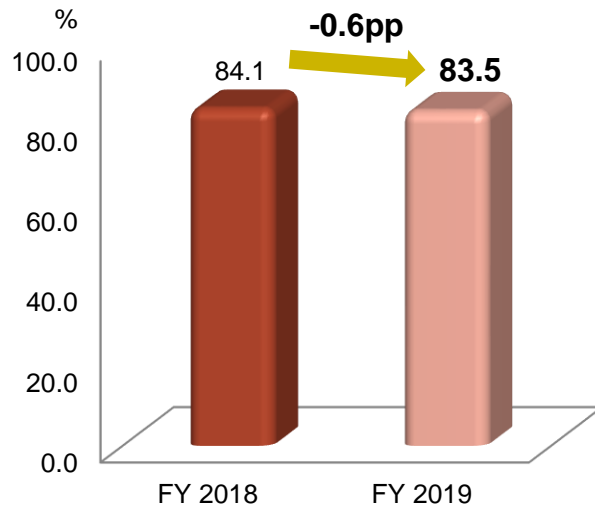


- The serviced residences (“SRs”) showed another quarter of stable year-on-year improvement, partly attributed to the continued growth in shorter-stay bookings at higher room rates.
- For the quarter, the average occupancy of the SRs was 83.7%, 0.6pp lower year-on-year.
- ADR grew by 2.6% to S\$217, and correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew by 1.9% year-on-year to S\$182.

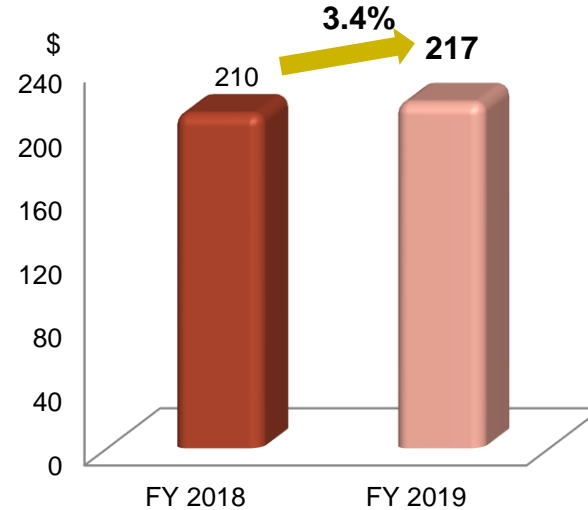


# Portfolio Performance FY 2019 – Serviced Residences

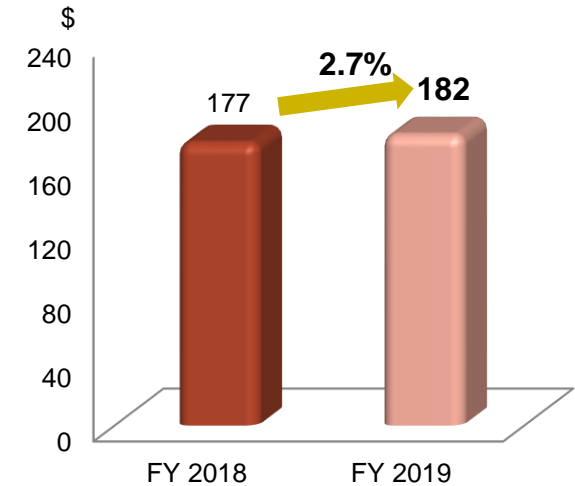
## Average Occupancy



## Average Daily Rate (ADR)



## Revenue Per Available Unit (RevPAU)

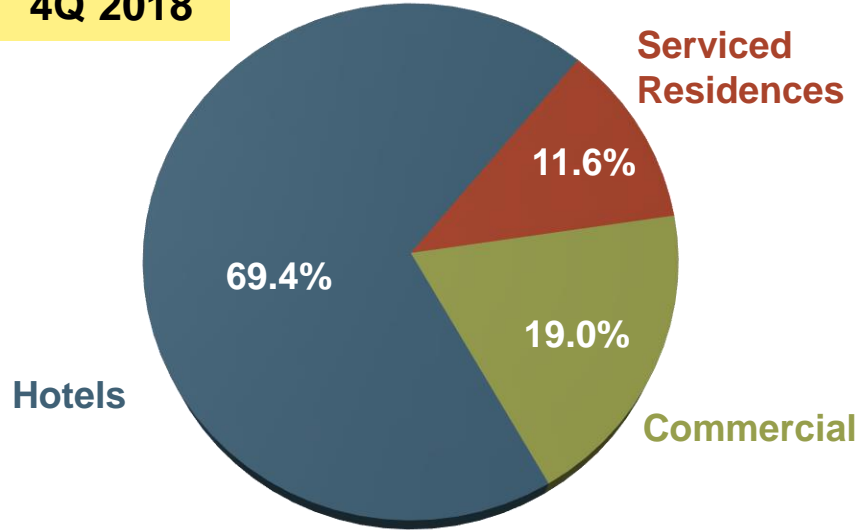


- There was an overall year-on-year improvement in performance of the SR portfolio in FY 2019, bolstered by the growth in shorter-stay bookings at higher room rates.
- While average occupancy was marginally lower year-on-year by 0.6pp at 83.5%, the ADR was 3.4% higher at S\$217.
- As a result, the RevPAU of the SR portfolio grew 2.7% to S\$182 in FY 2019.

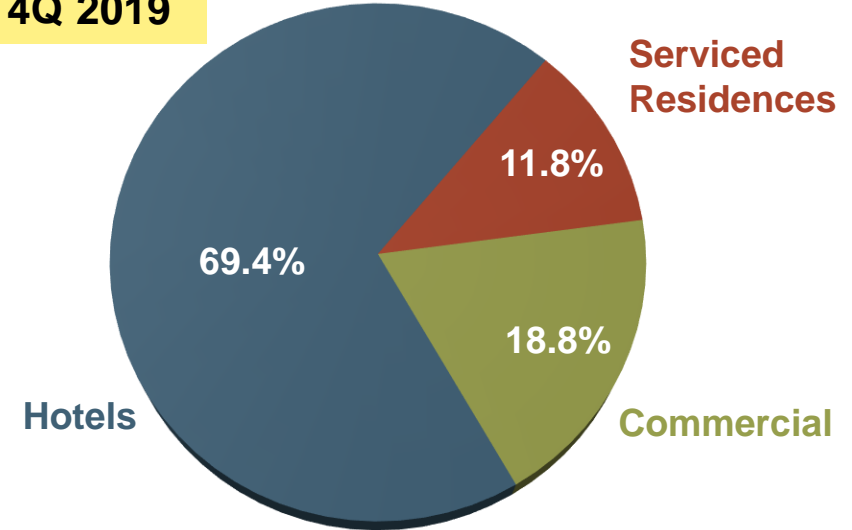


# Breakdown of Gross Revenue – Total Portfolio

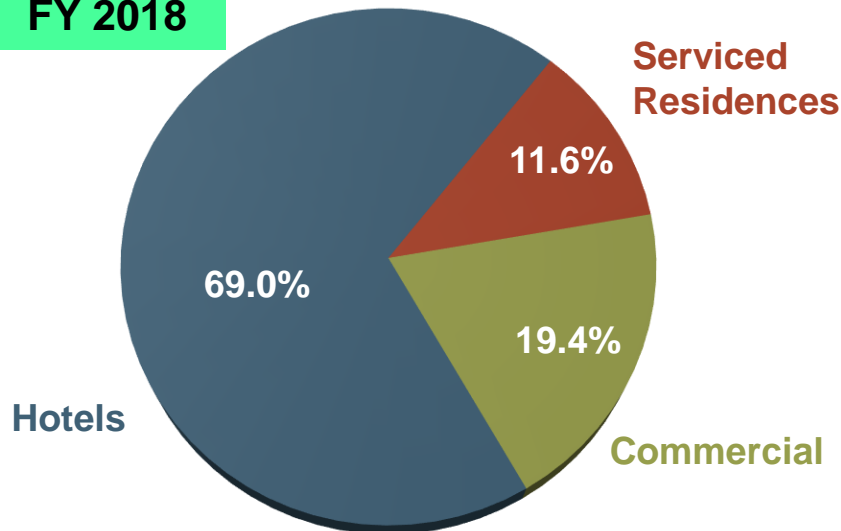
4Q 2018



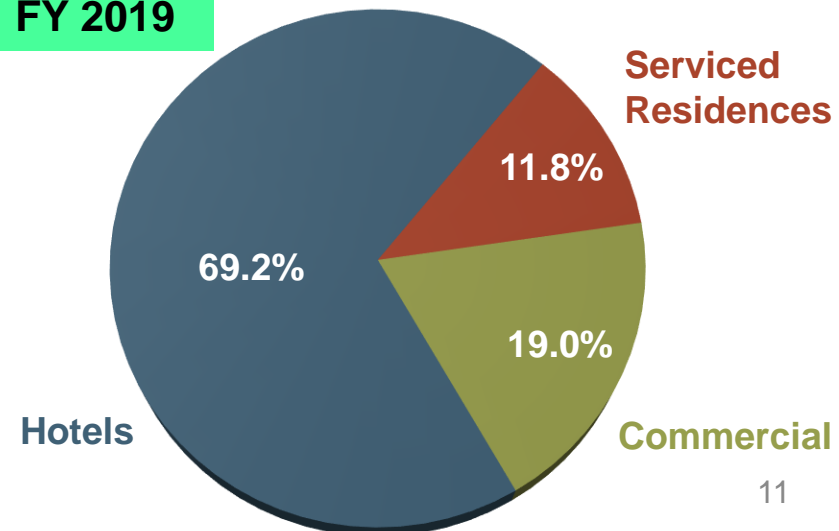
4Q 2019



FY 2018

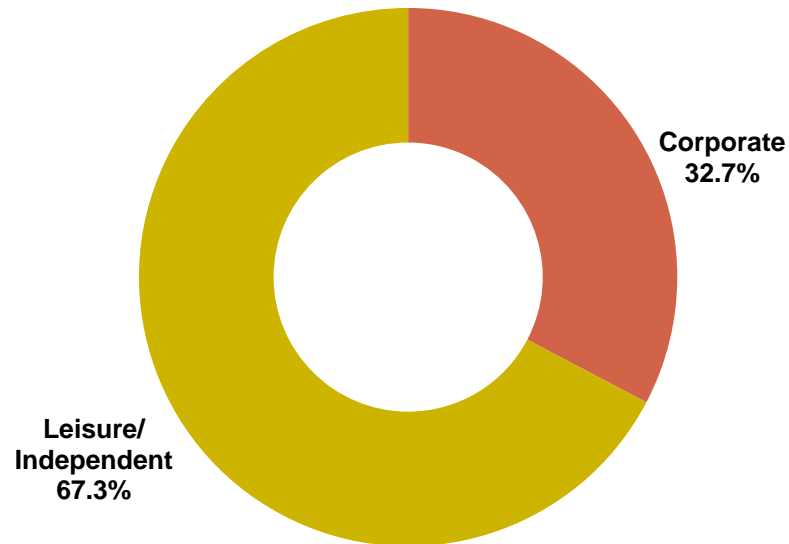


FY 2019

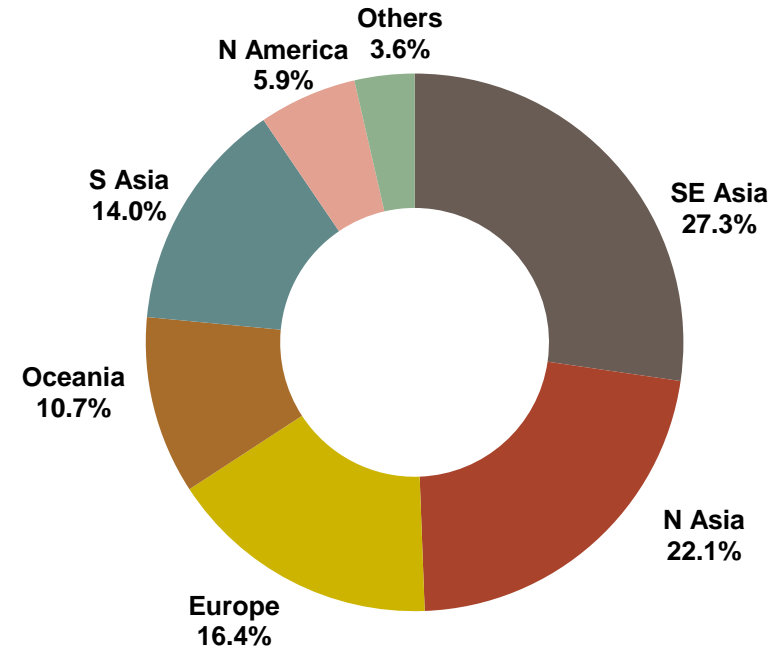


# Market Segmentation 4Q 2019 – Hotels

Hotels (by Revenue)



Hotels (by Region)

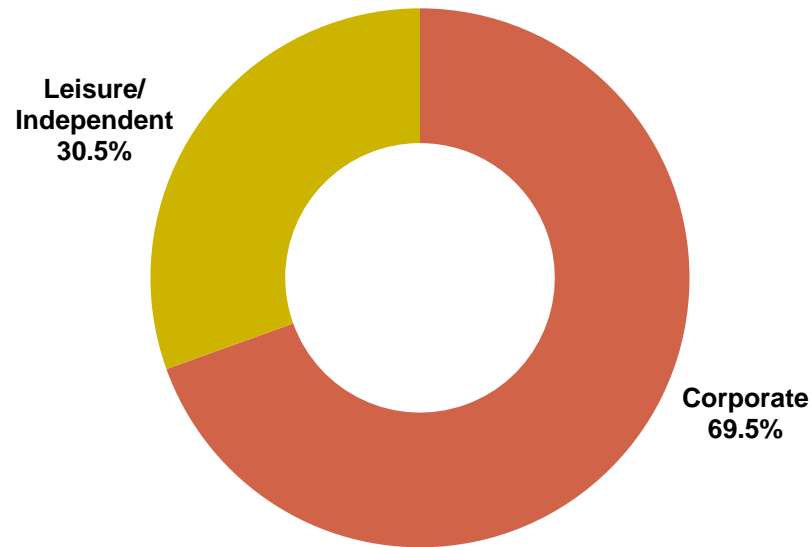


- The corporate segment contributed 32.7% to the overall hotel revenue. The contribution from the leisure segment has increased from 66.9% a year ago to 67.3%.
- The proportions of revenue contribution from North Asia, South Asia, North America and Oceania have increased, with South East Asia and North Asia remaining as the top two contributors.

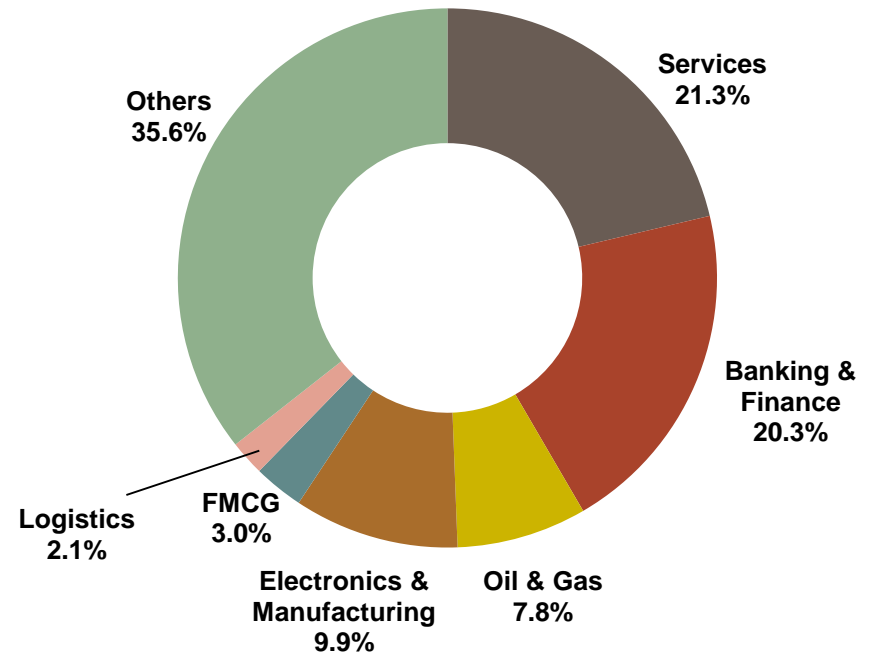


# Market Segmentation 4Q 2019 – Serviced Residences

## Serviced Residences (by Revenue)



## Serviced Residences (by Industry)



- Revenue contribution by the Corporate segment was 69.5% in 4Q 2019. The growth in contribution by the Leisure segment from 26.7% to 30.5% was partly attributed to a growth in shorter stay bookings at higher room rates.
- The Services industries delivered a year-on-year increase in percentage revenue contribution for the quarter.



## Capital Management

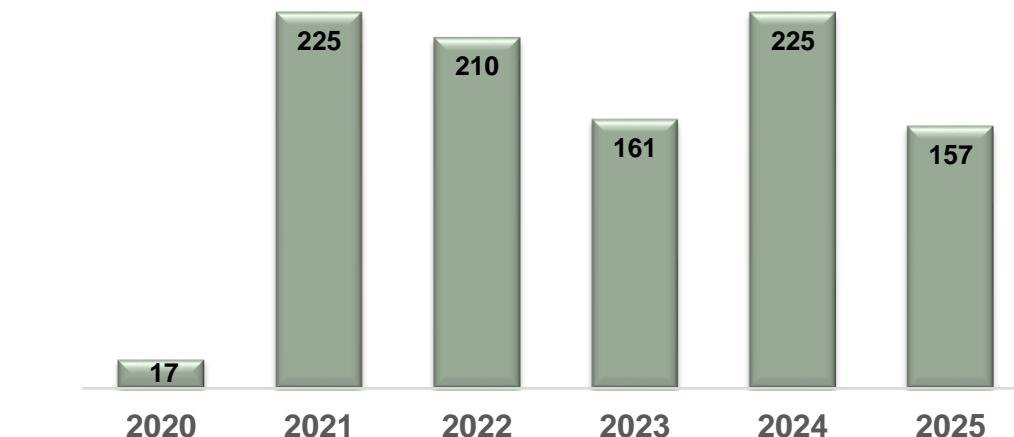


# Capital Management

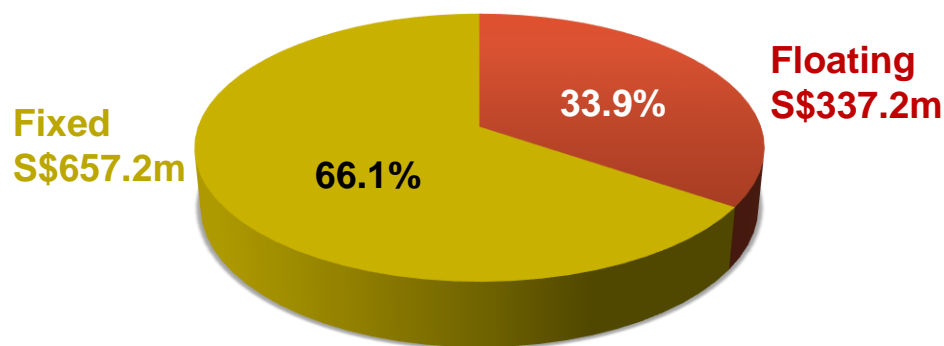
As at 31 December 2019

<b>Total debt</b>	S\$994.4m
<b>Available revolving facility</b>	S\$283.5m
<b>Gearing ratio</b>	39.2%
<b>Unencumbered asset as % total asset</b>	100%
<b>Proportion of fixed rate</b>	66.1%
<b>Weighted average debt maturity</b>	3.3 years
<b>Average cost of debt</b>	2.9%

Debt Maturity Profile (figures in S\$million)



Interest Rate Profile



- The Distribution Reinvestment Plan (“DRP”) was applied for the past 4 quarters’ distributions, retaining cash of S\$35.8 million and bringing gearing down from 40.1% to 39.2%.
- In October 2019, a 2-year S\$100 million term loan due to mature in April 2020 was extended to a 2.5-year S\$60 million term loan and 5-year S\$40 million term loan ahead of its maturity. There are no other term loans maturing this year. The weighted average debt-to-maturity was 3.3 years taking into account the extended tenor.



## Asset Enhancement Initiatives





# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

**Orchard Rendezvous Hotel**  
(Completed in January 2020)

**Upgrading of Office Podium – Main Lobby**



After



Before



# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

**Orchard Rendezvous Hotel**  
(Completed in January 2020)

**Upgrading of Office Podium – Main Lobby**



**After**



**Before**



# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

**Orchard Rendezvous Hotel**  
(Completed in January 2020)

**Upgrading of Office Podium – Lift Lobby and Corridor**



**After**



**Before**



# Asset Enhancement Initiatives – Orchard Rendezvous Hotel

**Orchard Rendezvous Hotel**  
(Completed in December 2019)

**Façade Enhancement**



After



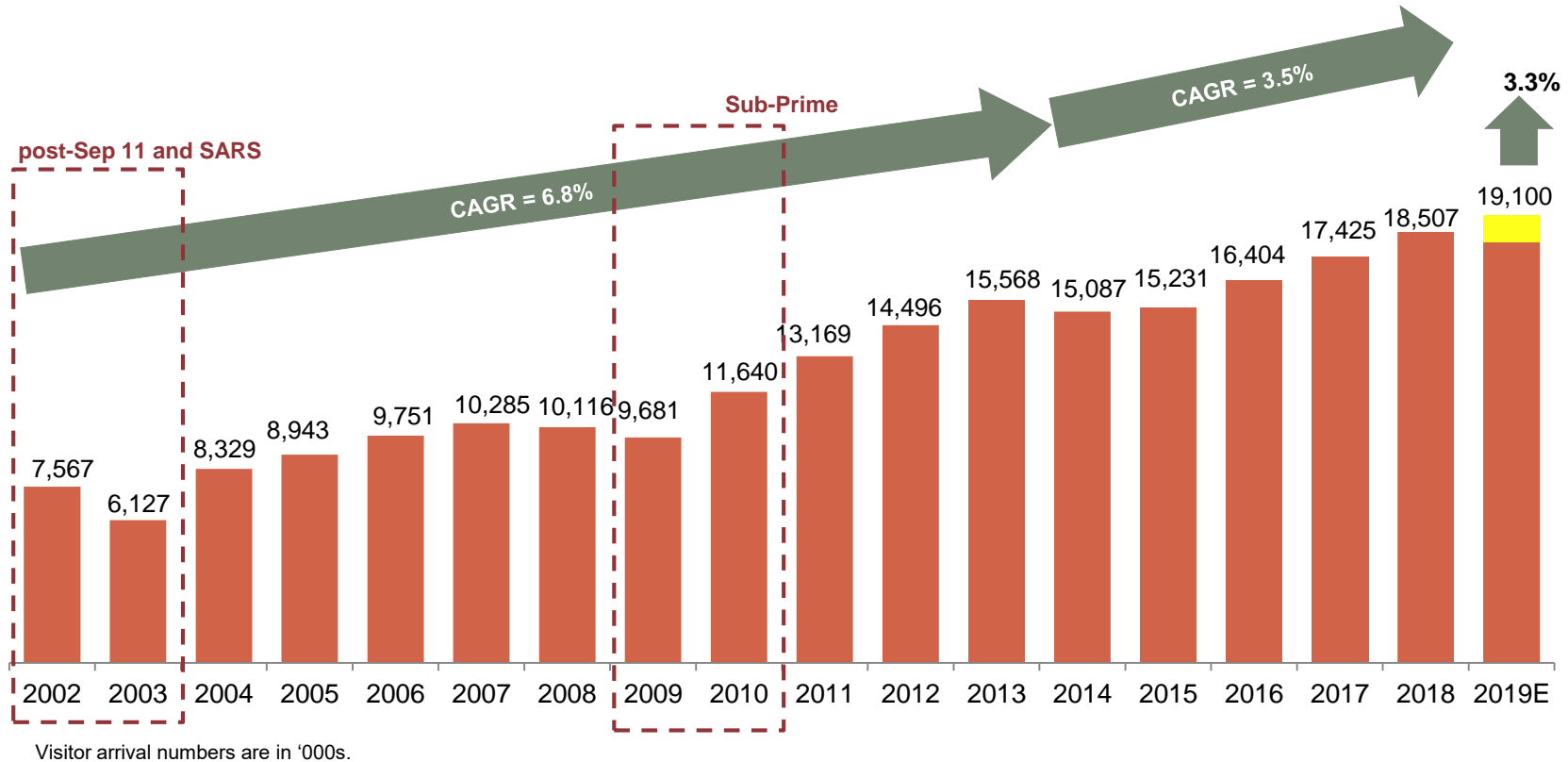
Before



## Industry Outlook & Prospects



# Historical Visitor Arrivals in Singapore

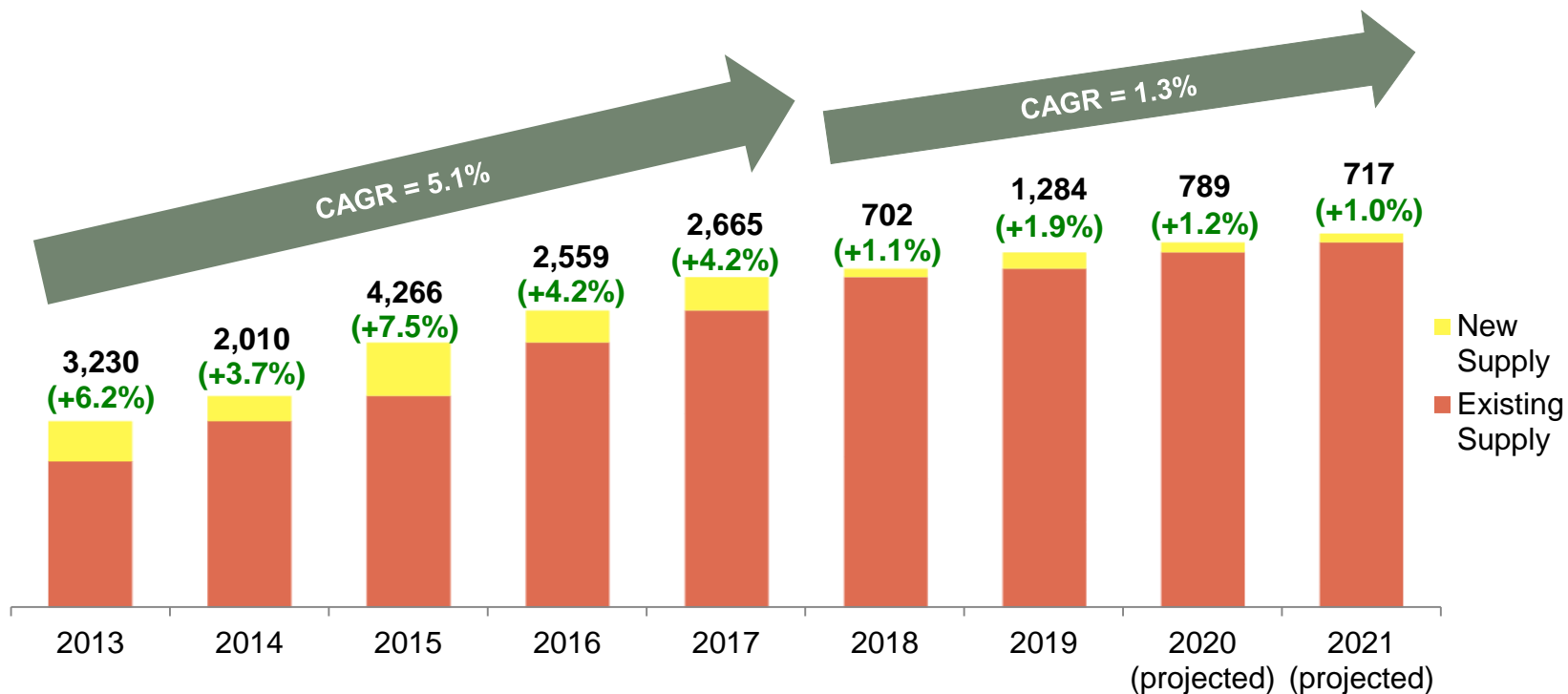


- Visitor arrivals had grown at a CAGR of 3.5% between 2014 to 2018. In 2018 alone, arrivals had increased by 6.2% year-on-year.
- In 2019, the growth of visitor arrivals was 3.3% year-on-year to 19.1 million visitors.

Sources : Singapore Tourism Board (STB) International Visitor Arrivals, reported as at 11 February 2020



# Estimated Hotel Room Supply in Singapore



- New hotel room supply registered a more moderate increase of 1.9% in 2019, as compared to a compound annual growth of 5.1% between 2013 to 2017. Supply is expected to increase by 1.2% in 2020 and 1.0% in 2021.
- Since July 2014, the government had placed a moratorium on the release of new sites for hotel development, until January 2019, when the tender for the site at Club Street was awarded.

# Singapore as a MICE destination in 2020



*(FHA Food & Beverage  
from 31 March to 3 April)*



*(INTA's 142<sup>nd</sup> Annual  
Meeting from 25 to 29 April)*



*(103<sup>rd</sup> Lions Clubs  
International Convention  
from 26 to 30 June)*

**MICE calendar in 2020  
(selected sizeable  
events)**

**Industrial  
Transformation**  

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**ASIA-PACIFIC**

*(Industrial  
Transformation  
Asia-Pacific from  
20 to 22 October)*



**gamescom**

*(gamescom asia from  
15 to 18 October)*



*(FHA HoReCa from  
13 to 16 July)*





# Transformation of Tourism Landscape

## Sentosa-Brani Masterplan

Pulau Brani and Sentosa will be redeveloped and integrated, and the entire area would include new leisure, recreation and tourism offerings. The first phase (“Sentosa Sensoryscape”) is slated for completion in 2022\*.



**Revamp of Orchard Road**  
The Singapore government announced plans to transform the Orchard Road belt into a vibrant family-friendly lifestyle destination and garden oasis, offering more than just retail.

## Jurong Lake District tourism hub

New integrated tourism development to be set up at the Jurong Lake District by 2026\*, in line with the government’s plan to spread out its offerings across different parts of Singapore. This area will include attractions, hotels and other lifestyle offerings



**Mandai Makeover (2023\*)**  
Eco-tourism hub with eco-accommodation at Mandai nature precinct, integrating new attractions (Bird Park, Rainforest Park) with the Singapore Zoo, Night Safari & River Safari



\*Opening/Completion dates may be subject to change  
Images from Channelnewsasia, JLD.com, Today Online, The Straits Times, TNP.sg

# Outlook & Prospects

- **Concerns about ongoing COVID-19 virus outbreak would have a short-term impact on demand**
  - Diversified geographic mix of source markets is a mitigating factor for Far East H-Trust's hotels, with each market constituting less than a tenth of portfolio's revenue
  - Serviced residences are not significantly impacted by cancellations, as bulk of business is from long-staying corporate guests
  - Duration of current coronavirus could possibly mirror that of previous similar coronaviruses (e.g. SARS), in which case a recovery from mid-2020 onwards is probable
  
- **Singapore government and travel industry partners continue initiatives to drive demand**
  - In the short-term, the government plans to provide assistance to the industry to recover from the impact of the COVID-19 crisis
  - In the mid-term, rejuvenation of key tourist attractions such as Sentosa-Brani Masterplan, Mandai Makeover and the Jurong Lake District tourism hub will strengthen Singapore's tourism appeal
  
- **The REIT Manager will focus on optimising the performance of its portfolio, and expedite asset improvements and refurbishments to prepare for the eventual upturn in the sector**
  - In addition, we continue to explore suitable redevelopment opportunities for our properties, to extract greater yield and achieve better returns



# Details of Distribution

For Period From 1 October to 31 December 2019

<b>Distribution per Stapled Security</b>	0.95 cents
<b>Ex-Date</b>	21 February 2020
<b>Books Closure Date</b>	24 February 2020
<b>Distribution Payment Date</b>	27 March 2020



**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 Novena	Orchard Rendezvous Hotel	The Quincy Hotel	Rendezvous Hotel Singapore	Oasia Hotel Downtown	Total / Weighted Average
Market Segment	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / Upscale	Upscale	Upscale	Upscale	NA
Address	180 Albert Street, S'pore 189971	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	100 Peck Seah St, S'pore 079333	
Date of Completion	3 Oct 1994	30 Jan 1990 <sup>2</sup>	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 <sup>2</sup>	27 Nov 2008	5 June 2000 <sup>2</sup>	30 Dec 2015	
# of Rooms	210	380	256	393	428	388	108	298	314	2,775
Lease Tenure <sup>1</sup>	68 years	58 years	68 years	59 years	85 years	43 years	68 years	64 years	63 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	11,863	
Retail NLA (sq m)	1,003	805	583	1,166	NA	3,778	NA	2,799	NA	10,134
Office NLA (sq m)	NA	NA	NA	NA	NA	2,515	NA	NA	NA	2,515
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.	Far East Orchard Limited	Golden Development Private Limited	Serene Land Pte Ltd	Far East SOHO Pte Ltd	
Valuation (S\$ 'mil) <sup>1</sup>	127.8	205.8	163.7	232.7	330.0	431.2	82.0	284.1	245.0	2,102.3

<sup>1</sup> As at 31 December 2019

<sup>2</sup> 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**

	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 <sup>1</sup>	73 years	74 years	71 years	74 years	NA
GFA/Strata Area (sq m)	17,858	14,257	10,570	10,723	53,408
Retail NLA (sq m)	2,213	NA	1,179	539	3,931
Office NLA (sq m)	Office: 1,474 Serviced Office: 823	NA	NA	2,291	4,588
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	
Valuation (S\$ 'mil) <sup>1</sup>	205.9	62.0	105.3	170.2	543.4

<sup>1</sup> As at 31 December 2019

