

**Issuer:** FEO Hospitality Asset Management Pte. Ltd.

**Security:** Far East Hospitality Trust

**Meeting details:**

Date: 17 April 2017

Time: 14:30H

Venue: Antica Ballroom, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905

**Company Description**

Far East Hospitality Trust is a real estate investment trust. It owns and operates hotels and serviced residences. Far East Hospitality Trust was launched in 2012, and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=Q5T](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=Q5T))

**Q1.** At the IPO in August 2012, the initial portfolio comprised 11 properties consisting of seven hotels and four serviced residences in Singapore, with a total of 2,531 hotel rooms and service residence units. Rendezvous Grand Hotel Singapore and Rendezvous Gallery were acquired in August 2013. The REIT is also a partner in the hotel development project on Sentosa.

- a) **Other than on-going asset enhancement, can the REIT manager provide shareholders with an update on its “value adding acquisition” strategy to drive growth (page 5 – Growth strategies)?**
- b) **Has the REIT manager evaluated the Rights of First Refusal (ROFR) properties and which of the eight ROFR properties would be most attractive to the REIT?**
- c) **Following the asset enhancement of Central Square (Village Residence Clarke Quay), Regency House and Orchard Parade Hotel, has the REIT manager estimated the net value creation and the ROI of the AEI?**

**Q2.** The Monetary Authority of Singapore has revised the Property Funds Appendix of the Code on Collective Investment Schemes with effect from 1 January 2016 such that the aggregate leverage should not exceed 45% of the fund's deposited property. The REIT's aggregate leverage is at 32.1% (as at 31 December 2016), little changed from the aggregate leverage of 32.5% last year.

In Note 17 (page 124 - Financial risk management (Capital management)), it was stated that there have been “no substantial changes in the Far East H-REIT's and Stapled Group's approach to capital management for the year ended 31 December 2016 and 2015”.

- a) **With the change of the aggregate leverage to 45%, has the REIT manager reviewed the REIT's current capital management policy?**
- b) **Is the REIT inclined to, or in a position to, increase its aggregate leverage to a level nearer to the 45% limit set by the Property Fund Appendix?**

**Q3.** As disclosed in Note 9 (page 118 - Borrowings), the REIT's borrowings are “made up of unsecured term loan facilities and revolving credit facilities”. The unsecured term loan facilities are provided by four financial institutions while the revolving credit facilities are provided by three financial institutions, the latter being fully repayable on demand.

- a) **Given the size and the nature of the REIT's portfolio, does it make sense for the REIT to obtain other sources of funding, such as bonds, perpetual securities or medium term note?**
- b) **Following the refinancing of S\$250 million of borrowings with four and seven-year loans at the start of 2017, what is the current weighted average debt to maturity? Does the REIT manager have a targeted range for the weighted average debt maturity?**
- c) **Following the refinancing, what is the average cost of debt?**