



2Q 2013 Results Presentation

7 August 2013

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## Results Highlights





## **Executive Summary - Performance**

	Actual 2Q 2013 \$	Forecast 2Q 2013 \$	Variance %	Actual 1H 2013 \$	Forecast 1H 2013 \$	Variance %
Gross Revenue (\$'000)	29,333	31,838	-7.9	57,443	61,174	-6.1
NPI (\$'000)	26,935	28,909	-6.8	52,897	55,315	-4.4
Income Available for Distribution (\$'000)	23,190	24,179	-4.1	45,326	45,876	-1.2
DPS (cents)	1.43	1.50	-4.7	2.81	2.84	-1.1

	Actual 2Q 2013 \$	Actual 1Q 2013 \$	Variance %
Gross Revenue (\$'000)	29,333	28,110	4.4
NPI (\$'000)	26,935	25,962	3.7
Income Available for Distribution (\$'000)	23,190	22,136	4.8
DPS (cents)	1.43	1.38	3.6

- Continued decrease in room rates resulted in a 7.9% shortfall to forecast Gross Revenue.
- Through efficient management of expenses, the shortfall in Income Available for Distribution for forecast narrowed to 4.1%.



## Financial Results From 1 April 2013 to 30 June 2013

	2Q 13 Actual	2Q 13 Forecast	Variance 2Q	Variance 2Q
	S\$'000	S\$'000	S\$'000	%
Master lease rental	24,719	27,473	(2,754)	-10.0
Retail and office revenue	4,614	4,365	249	+5.7
Gross revenue	29,333	31,838	(2,505)	-7.9
Property tax	(1,783)	(1,869)	86	+4.6
Property insurance	(18)	(38)	20	+52.6
MCST contribution	(11)	(12)	1	+8.3
Retail and office expenses	(471)	(919)	448	+48.7
Property manager fees	(113)	(91)	(22)	-24.2
Other property expenses	(2)	-	(2)	N.M.
Property expenses	(2,398)	(2,929)	531	+18.1
Net property income	26,935	28,909	(1,974)	-6.8
REIT Manager's fees	(2,733)	(2,742)	9	+0.3
Trustee's fees	(70)	(107)	37	+34.6
Other trust expenses	(66)	(260)	194	+74.6
REIT level expenses	(2,869)	(3,109)	240	+7.7
Interest expense	(2,910)	(4,087)	1,177	+28.8
Total finance costs	(2,910)	(4,087)	1,177	+28.8
Net income before tax and fair value changes	21,156	21,713	(557)	-2.6
Fair value change in interest rate swap	9,736	-	9,736	N.M.
Total return for the period before income tax	30,892	21,713	9,179	+42.3



## Statement of Distribution to Stapled Securityholders

	Actual	Forecast	Variance	Variance
	S\$'000	S\$'000	S\$'000	%
Total return for the period before income tax	30,892	21,713	9,179	+42.3
Income tax expense	-	-	-	-
Total return for the period after income tax	30,8942	21,713	9,179	+42.3
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in stapled securities	2,186	2,194	(8)	-0.4
Amortisation of debt upfront cost	170	165	5	+3.0
Trustee's fees	70	107	(37)	-34.6
Other Adjustment	17	-	17	N.M.
Amortisation of realised interest rate swap cost	(409)	-	(409)	N.M.
Fair value change in interest rate swap	(9,736)	-	(9,736)	N.M.
Net tax adjustment	(7,702)	2,466	(10,168)	N.M.
Income available for distribution	23,190	24,179	(987)	-4.1

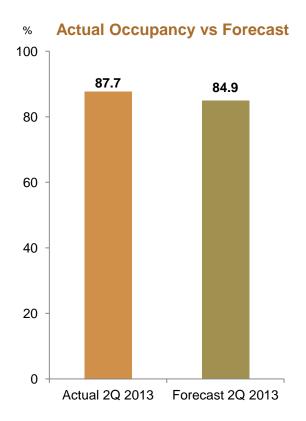


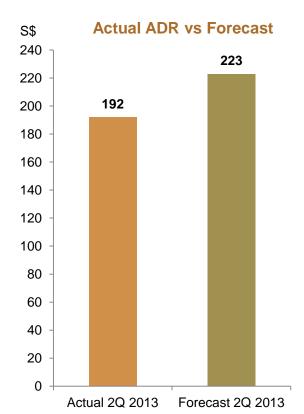
### Portfolio Performance

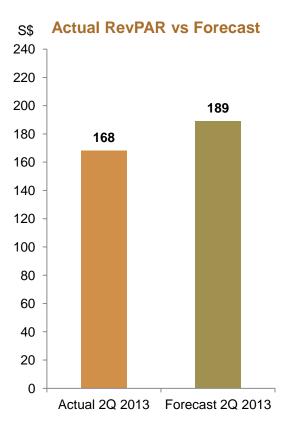




## Summary of Portfolio Performance - Hotels



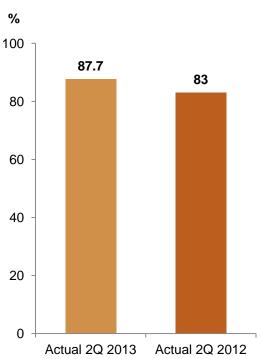




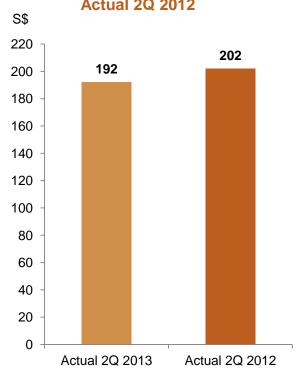


## Summary of Portfolio Performance - Hotels

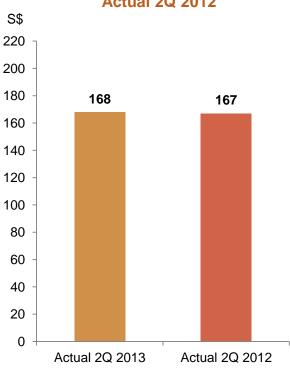
Actual 2Q 213 Occupancy vs Actual 2Q 2012



Actual 2Q 2013 ADR vs Actual 2Q 2012

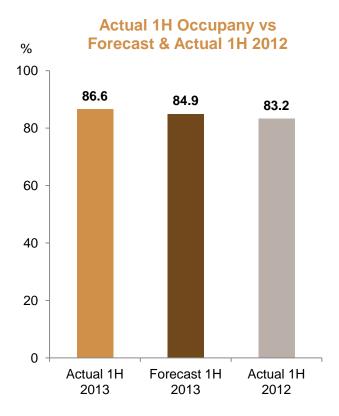


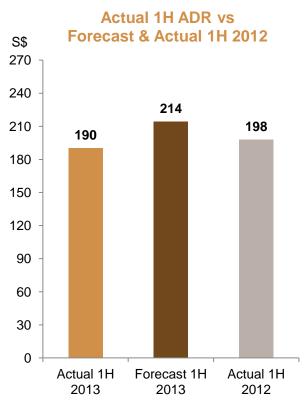
Actual 2Q 2013 RevPAR vs Actual 2Q 2012

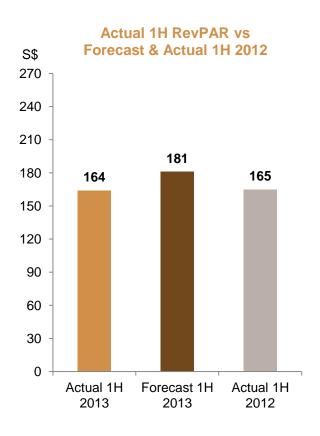




## Summary of Portfolio Performance - Hotels

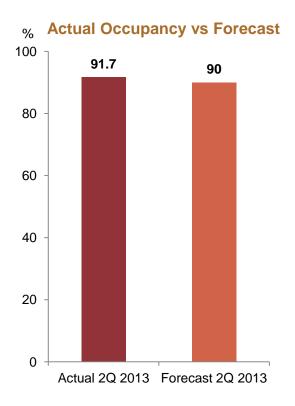


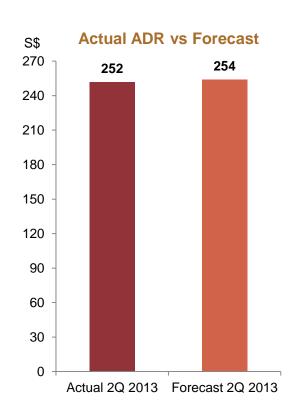


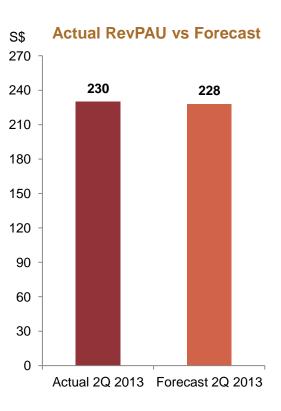




## Summary of Portfolio Performance – Serviced Residences

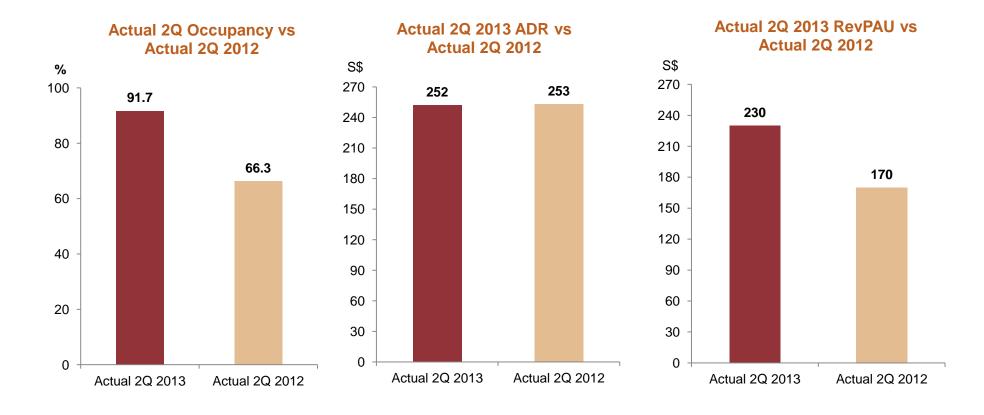






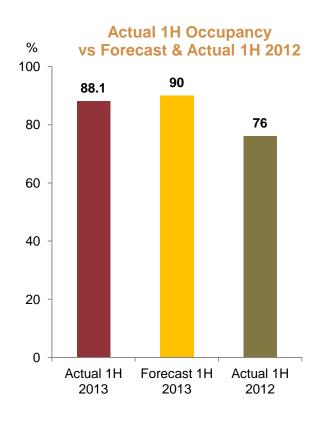


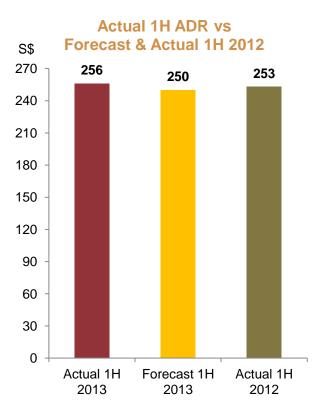
## Summary of Portfolio Performance – Serviced Residences

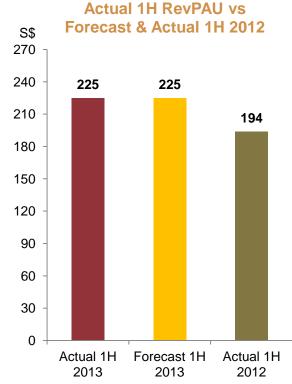




## Summary of Portfolio Performance – Serviced Residences



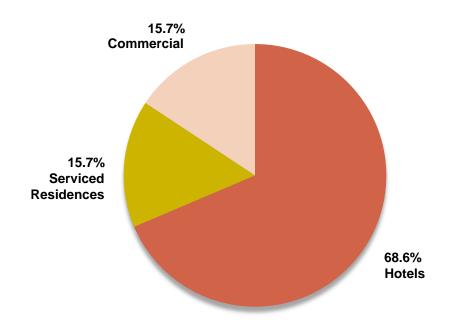






## Breakdown of Gross Revenue – Total Portfolio

### **Actual 2Q 2013**

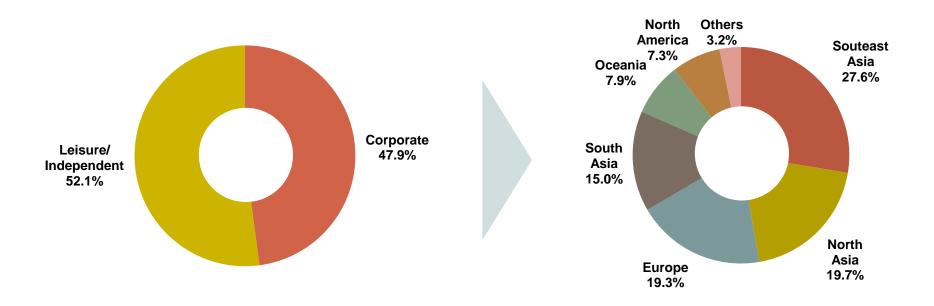




## Market Segmentation 2Q 2013 - Hotels



### **Hotels (by Region)**



- The Corporate share of the hotel business remained the same since 1Q 2013.
- In terms of guest profile by region, South Asia showed the most significant growth, with the proportion increasing from 10.9% to 15.0% between 1Q 2013 and 2Q 2013.



## Market Segmentation 2Q 2013 – Serviced Residences

### **Serviced Residences (by Revenue)**

### **Serviced Residences (by Industry)**



- The Corporate segment registered a 2.5pp increase compared to 1Q 2013.
- Guest profile by industry remained relatively unchanged for the Serviced Residences.



## Singapore Economic & Tourism Outlook





### Market Environment

### Singapore Economy

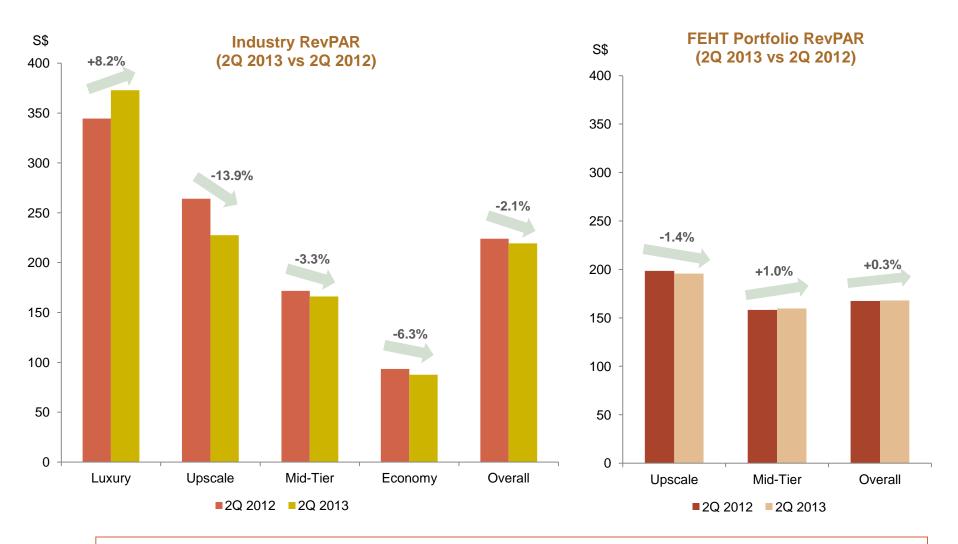
- The Singapore economy expanded by 0.2% y-o-y in 1Q 2013 and 1.5% q-o-q.
- Advanced estimates by Ministry of Trade and Industry shows a GDP growth of 3.7% y-o-y for 2Q 2013.
- Overall GDP growth forecast for 2013 remains between 1% to 3%.

### Singapore Hospitality Market

- According to STB, RevPAR across all hotel segments decreased by 2.1% y-o-y for 2Q 2013. RevPAR of Upscale hotels decreased by 13.9% and Mid-tier hotels by 3.3% during this period, as a result of lower ADRs.
- For 1H 2013, visitor arrivals grew by 7.5% over the same period last year.
- STB expects visitor arrivals to increase by 2.8% to 7.6% in 2013.



## Industry & Portfolio RevPAR Comparison (2013 vs 2012)

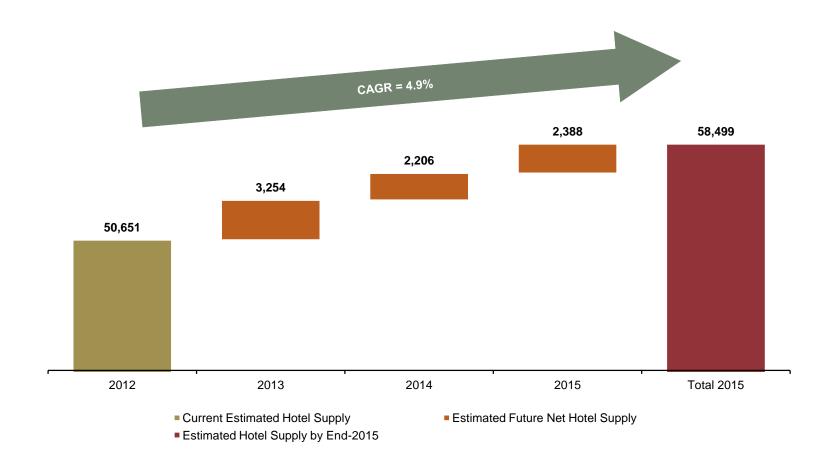


Far East H-Trust's portfolio showed more resilience as compared to the industry



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## Hotel Room Supply in Singapore

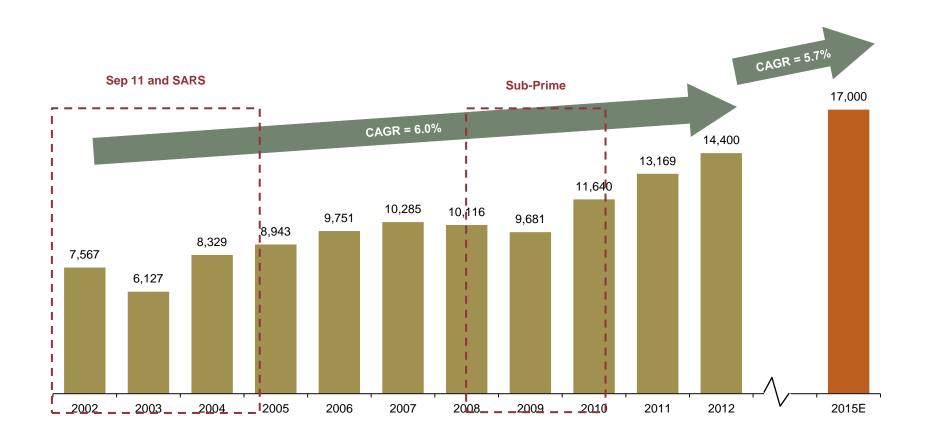


Hotel supply is expected to increase by 4.9% p.a.



Source: CBRE, Far East H-Trust Research

## Historical and Forecast Visitor Arrivals in Singapore



- Visitor arrivals are projected to grow by 5.7% p.a., exceeding the increase in hotel room supply.
- For Jan Jun 2013, visitor arrivals grew by 7.5% as compared to the same period last year.



Source: STB

### **Asset Enhancement Initiatives**



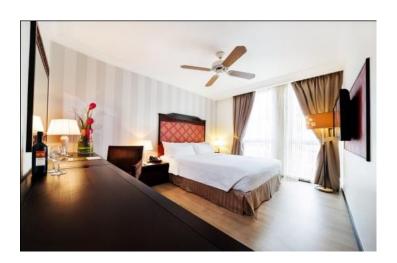


## Afte

## Asset Enhancement Initiatives – Planned Refurbishments

#### **Hotel & Serviced Residences**





Albert Court Village Hotel (nka Village Hotel Albert Court)

Planned upgrade of 135 Superior and Deluxe Rooms



Before

## Afte

## Asset Enhancement Initiatives – Planned Refurbishments

### **Hotel & Serviced Residences**





**Regency House** 

Planned upgrade of 41 Studio Apartments.



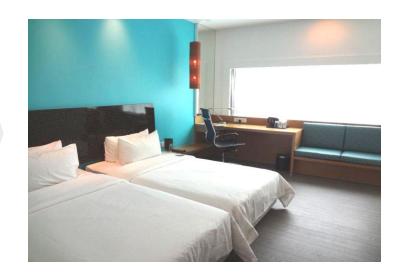
Before

## Afte

## Asset Enhancement Initiatives – Planned Refurbishments

### **Hotel & Serviced Residences**





Changi Village Hotel (nka Village Hotel Changi)

Soft refurbishment of 201 rooms



Before

## Capital Management





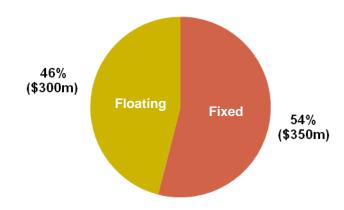
## Capital Management

Total Debt	S\$650m
Revolving Facility	S\$75 m
Gearing Ratio	29.3%
Net Debt / EBITDA	6.4x
Unencombered Asset as % Total Asset	100%
Proportion of Floating Rate	46%
Proportion of Secured Debt	0%
Weighted Average Debt Maturity	3.5 years
Interest Coverage	9.1x
Average Cost of Debt	2.2%

### **Debt Maturity Profile**



### **Interest Rate Profile**





## **Details of Distribution**





# Details of Distribution For Period From 1 Apr to 31 Jul 2013

Advance Distribution per Stapled Security	Estimated 1.9 cents **
Ex-Date	18 Jul 2013
Book Closure Date	22 Jul 2013
Distribution Payment Date	11 Sep 2013

 $<sup>^{\</sup>star\star}$  Represents 100% of income available for distribution for the period



## Outlook & Prospects





## Outlook & Prospects

For the balance of the financial year and barring unforessen circumstances, we expect the portfolio's performance to remain modest.

The current macro operating environment remains largely uncertain. In addition, tighter corporate spending and an increase in supply continue to compress the average room rates in Singapore. These also impact the demand for meeting room space for corporate events while the tight labour market has put pressure on cost containment.

The REIT Manager will proactively manage its portfolio to position Far East H-REIT to meet the challenges ahead as well as to seek yield accretive acquisition opportunities in the hospitality industry.



## **Thank You**

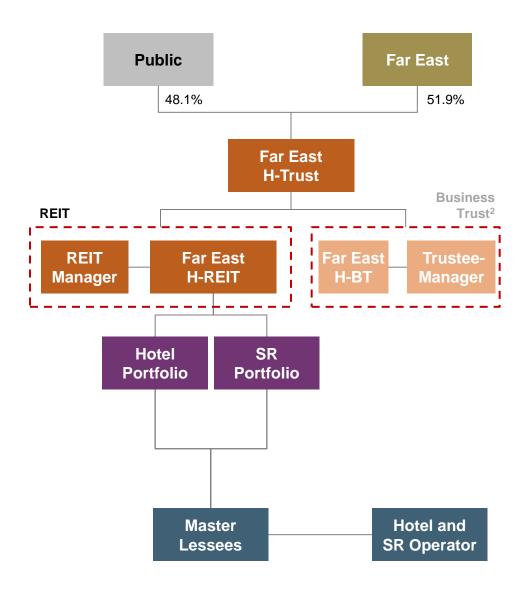


## Appendix





## Overview of Far East H-Trust





## Far East H-Trust Asset Portfolio Overview

#### Hotels















	Share I have the					The state of the state of		
	Albert Court Village Hotel	Changi Village Hotel	The Elizabeth Hotel	Landmark Village Hotel	Oasia Hotel	Orchard Parade Hotel	The Quincy Hotel	Total / Weighted Average
Market Segment	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / Upscale	Upscale	NA
Address	180 Albert Street, S'pore189971	1 Netheravon Road, S'pore 508502	24 Mount Elizabeth, S'pore 228518	290 Victoria Street, S'pore 188061	8 Sinaran Drive, S'pore 307470	1 Tanglin Road, S'pore 247905	22 Mount Elizabeth Road, S'pore 228517	
Date of Completion	3 Oct 1994	30 Jan 1990⁴	3 May 1993	19 Oct 1988	2 June 2011	20 June 1987 <sup>4</sup>	27 Nov 2008	
# of Rooms	210	380	256	393	428	388	108	2,163
Lease Tenure <sup>1</sup>	75 years	65 years	75 years	66 years	92 years	50 years	75 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	128,990
Retail NLA (sq m)	[1,002]	[778]	[595]	[1,164]	NA	[3,694]	NA	[7,233]
Office NLA (sq m)	NA	NA	NA	NA	NA	[2,509]	NA	[2,509]
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.	Orchard Parade Holdings Limited	Golden Development Private Limited	

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<sup>&</sup>lt;sup>1</sup> At Listing Date

<sup>&</sup>lt;sup>2</sup> As at 31 March 2012. Based on the average of Knight Frank's and Colliers' valuations

<sup>&</sup>lt;sup>3</sup> For Forecast Period 2012 from 1 July 2012 to 31 December 2012

<sup>&</sup>lt;sup>4</sup> Date of acquisition by Sponsor, as property was not developed by Sponsor Source: Prospectus

## Far East H-Trust Asset Portfolio Overview

#### **Serviced Residences**









Centra	al Square
Village	Residence

Hougang Village Residences

Riverside Village Residences

Regency House

Total / Weighted Average

	Village Residence	Residences	Village Residences	House	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>	80 years	81 years	78 years	81 years	NA
GFA/Strata Area (sq m)	17,858	14,635	10,592	10,723	53,808
Retail NLA (sq m)	[2,213]	NA	[1,179]	[539]	[3,931]
Office NLA (sq m)	Office: [1,474] Serviced Office: [696]	NA	NA	[2,322]	[4,492]
Master Lessee / Vendor	OPH Riverside Pte Ltd	Serene Land Pte Ltd	Riverland Pte Ltd	Oxley Hill Properties Pte Ltd	

<sup>3</sup> For Forecast Period 2012 from 1 July 2012 to 31 I Source: Prospectus

<sup>&</sup>lt;sup>1</sup> At Listing Date

<sup>&</sup>lt;sup>2</sup> As at 31 March 2012. Based on the average of Knight Frank's and Colliers' valuations <sup>3</sup> For Forecast Period 2012 from 1 July 2012 to 31 December 2012