



2Q 2015

Results Presentation

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6 August 2015

## Results Highlights



# Executive Summary – Performance vs LY

	2Q 2015	2Q 2014	Variance	1H 2015	1H 2014	Variance
	\$	\$	%	\$	\$	%
Gross Revenue (\$'000)	28,746	29,623	(3.0)	56,111	60,292	(6.9)
Net Property Income (\$'000)	25,987	26,591	(2.3)	50,474	54,185	(6.8)
Income Available for Distribution (\$'000)	20,803	22,063	(5.7)	40,007	45,184	(11.5)
Distribution per Stapled Security (cents)	1.16	1.24	(6.5)	2.23	2.54	(12.2)

- **Gross revenue in 2Q 2015 was 3.0% lower year-on-year at \$28.7 million primarily due to the decrease in revenue from the hotels and serviced residences.**
- **The higher short-term interest rates during the quarter gave rise to an increase in finance costs, contributing to the lower income available for distribution.**
- **Distribution per stapled security (“DPS”) was 1.16 cents in 2Q 2015.**



# Financial Results From 1 April to 30 June 2015

	2Q 2015	2Q 2014	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	22,825	23,765	(940)	(4.0)
Retail and office revenue	5,921	5,858	63	1.1
<b>Gross revenue</b>	<b>28,746</b>	<b>29,623</b>	<b>(877)</b>	<b>(3.0)</b>
Property tax	(2,018)	(2,106)	88	4.2
Property insurance	(36)	(46)	10	21.7
MCST contribution	(17)	(13)	(4)	(30.8)
Retail and office expenses	(543)	(663)	120	18.1
Property manager fees	(111)	(140)	29	20.7
Other property expenses	(34)	(64)	30	46.9
<b>Property expenses</b>	<b>(2,759)</b>	<b>(3,032)</b>	<b>273</b>	<b>9.0</b>
<b>Net property income</b>	<b>25,987</b>	<b>26,591</b>	<b>(604)</b>	<b>(2.3)</b>
REIT Manager's fees	(2,941)	(2,959)	18	0.6
Trustee's fees	(78)	(79)	1	1.3
Other trust expenses	(220)	(318)	98	30.8
<b>Trust level expenses</b>	<b>(3,239)</b>	<b>(3,356)</b>	<b>117</b>	<b>3.5</b>
<b>Total finance costs</b>	<b>(4,971)</b>	<b>(4,248)</b>	<b>(723)</b>	<b>(17.0)</b>
<b>Net income before tax and fair value changes</b>	<b>17,777</b>	<b>18,987</b>	<b>(1,210)</b>	<b>(6.4)</b>
Fair value change in interest rate swap	(1,545)	(3,859)	2,314	60.0
<b>Total return for the period before income tax</b>	<b>16,232</b>	<b>15,128</b>	<b>1,104</b>	<b>7.3</b>



# Statement of Distribution to Stapled Securityholders

	2Q 2015	2Q 2014	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
<b>Total return for the period before income tax</b>	<b>16,232</b>	<b>15,128</b>	<b>1,104</b>	<b>7.3</b>
Income tax expense	-	-	-	-
<b>Total return for the period after income tax</b>	<b>16,232</b>	<b>15,128</b>	<b>1,104</b>	<b>7.3</b>
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	2,647	2,662	(15)	(0.6)
Amortisation of debt upfront cost	190	204	(14)	(6.9)
Trustee's fees	78	79	(1)	(1.3)
Other Adjustment	111	131	(20)	(15.3)
Fair value change in interest rate swap	1,545	3,859	(2,314)	(60.0)
Net tax adjustment	4,571	6,935	(2,364)	(34.1)
<b>Income available for distribution</b>	<b>20,803</b>	<b>22,063</b>	<b>(1,260)</b>	<b>(5.7)</b>



# Financial Results From 1 January to 30 June 2015

	1H 2015	1H 2014	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
Master lease rental	44,310	48,700	(4,390)	(9.0)
Retail and office revenue	11,801	11,592	209	1.8
<b>Gross revenue</b>	<b>56,111</b>	<b>60,292</b>	<b>(4,181)</b>	<b>(6.9)</b>
Property tax	(4,072)	(4,213)	141	3.3
Property insurance	(68)	(91)	23	25.3
MCST contribution	(33)	(27)	(6)	(22.2)
Retail and office expenses	(1,208)	(1,430)	222	15.5
Property manager fees	(222)	(274)	52	19.0
Other property expenses	(34)	(72)	38	52.8
<b>Property expenses</b>	<b>(5,637)</b>	<b>(6,107)</b>	<b>470</b>	<b>7.7</b>
<b>Net property income</b>	<b>50,474</b>	<b>54,185</b>	<b>(3,711)</b>	<b>(6.8)</b>
REIT Manager's fees	(5,800)	(5,938)	138	2.3
Trustee's fees	(156)	(157)	1	0.6
Other trust expenses	(498)	(498)	-	-
<b>Trust level expenses</b>	<b>(6,454)</b>	<b>(6,593)</b>	<b>139</b>	<b>2.1</b>
<b>Total finance costs</b>	<b>(9,977)</b>	<b>(8,440)</b>	<b>(1,537)</b>	<b>(18.2)</b>
<b>Net income before tax and fair value changes</b>	<b>34,043</b>	<b>39,152</b>	<b>(5,109)</b>	<b>(13.0)</b>
Fair value change in interest rate swap	1,557	(3,682)	N.M.	N.M.
<b>Total return for the period before income tax</b>	<b>35,600</b>	<b>35,470</b>	<b>130</b>	<b>0.4</b>



# Statement of Distribution to Stapled Securityholders

	1H 2015	1H 2014	Variance	Better/(Worse)
	S\$'000	S\$'000	S\$'000	%
<b>Total return for the period before income tax</b>	<b>35,600</b>	<b>35,470</b>	<b>130</b>	<b>0.4</b>
Income tax expense	-	-	-	-
<b>Total return for the period after income tax</b>	<b>35,600</b>	<b>35,470</b>	<b>130</b>	<b>0.4</b>
Add/(less) non tax deductible/(chargeable) items :				
REIT Manager's fees paid/payable in Stapled Securities	5,220	5,344	(124)	(2.3)
Amortisation of debt upfront cost	378	404	(26)	(6.4)
Trustee's fees	156	157	(1)	(0.6)
Other Adjustment	210	127	83	65.4
Fair value change in interest rate swap	(1,557)	3,682	N.M.	N.M.
Net tax adjustment	4,407	9,714	(5,307)	(54.6)
<b>Income available for distribution</b>	<b>40,007</b>	<b>45,184</b>	<b>(5,177)</b>	<b>(11.5)</b>



# Details of Distribution

For Period From 1 April to 30 June 2015

<b>Distribution per Stapled Security</b>	1.16 cents
<b>Ex-Date</b>	14 August 2015
<b>Books Closure Date</b>	18 August 2015
<b>Distribution Payment Date</b>	10 September 2015





## Portfolio Performance



## ▪ **Singapore Economy**

### 2Q 2015

- Singapore economy grew by 1.7% year-on-year in 2Q 2015
- On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted 4.6% year-on-year, compared to the 4.2% expansion in the preceding quarter

## ▪ **Singapore Hospitality Market**

### April – May 2015

- According to Singapore Tourism Board (“STB”), revenue per available room (“RevPAR”) across all hotel segments decreased by 6.7% year-on-year
- RevPAR of Upscale and Mid-tier hotels decreased by 4.1% and 3.4% year-on-year respectively

Sources :

Ministry of Trade and Industry, “Singapore’s GDP Growth Moderated in the Second Quarter of 2015”, 14 July 2015

Singapore Tourism Board, Hotel Statistics (Preliminary), 7 April 2015



# Portfolio Performance – Key Highlights for 2Q 2015

## Hotels

- **The average occupancy of the hotels was 6.6pp higher year-on-year in 2Q 2015. The average daily rate (“ADR”) was 9.6% lower year-on-year** as the influx of new hotel rooms as well as the softer demand in the market put pressure on rates. The contribution from CommunicAsia and SEA Games was moderate.
- **Revenue per available room (“RevPAR”) was \$147 in 2Q 2015, 2.1% lower year-on-year.**

## Serviced Residences

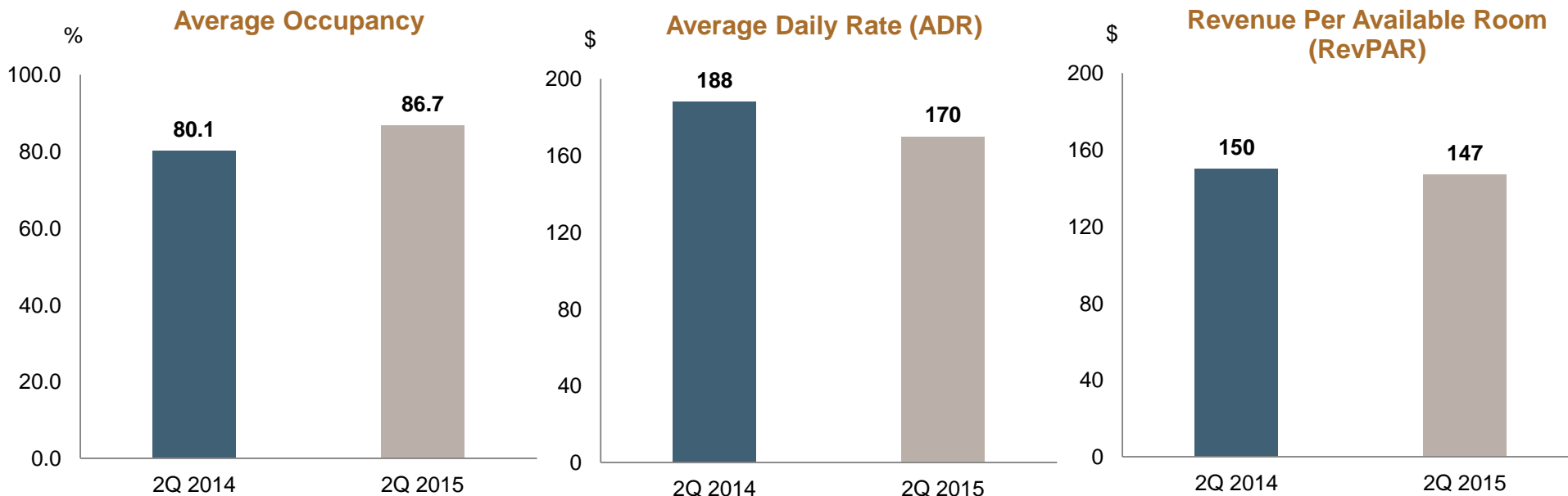
- **The average occupancy for the serviced residences was 89.3%, 2.1pp above last year, and the ADR was 7.3% lower year-on-year.** In line with the soft rental property market, demand for serviced residence accommodation remained weak in 2Q 2015, and rates were lowered to drive occupancy.
- **Revenue per available serviced residence unit (“RevPAU”) was \$207 in 2Q 2015, a decrease of 5.1% year-on-year.**

## Excluded Commercial Premises

- **The excluded commercial premises (i.e. retail and office spaces) continued to provide stability to the portfolio, with revenue growing 1.1% year-on-year to \$5.9 million in 2Q 2015.** The increase was due to both an improvement in occupancy and rates. The contribution from the excluded commercial premises formed 20.6% of the gross revenue of Far East H-Trust during the quarter.



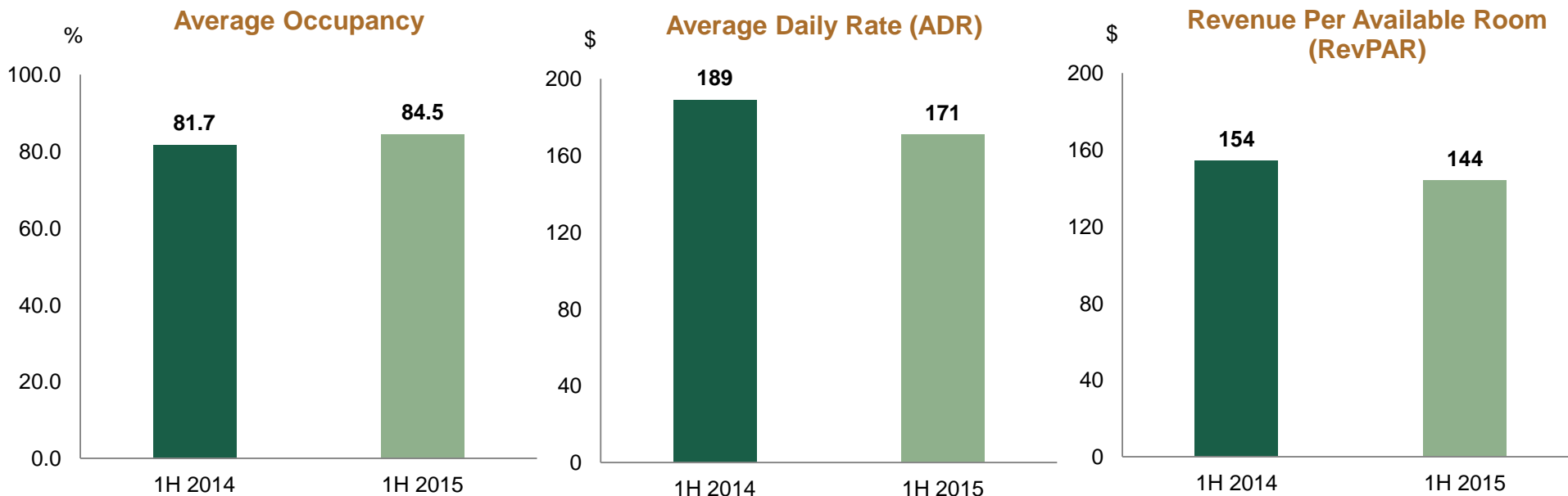
# Portfolio Performance 2Q 2015 - Hotels



	2Q 2014	2Q 2015	Variance
Average Occupancy (%)	80.1%	86.7%	6.6pp
ADR (\$)	188	170	(9.6%)
RevPAR(\$)	150	147	(2.1%)



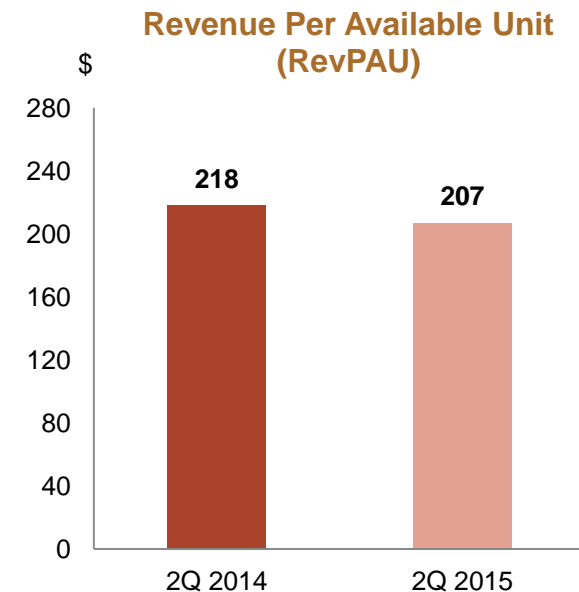
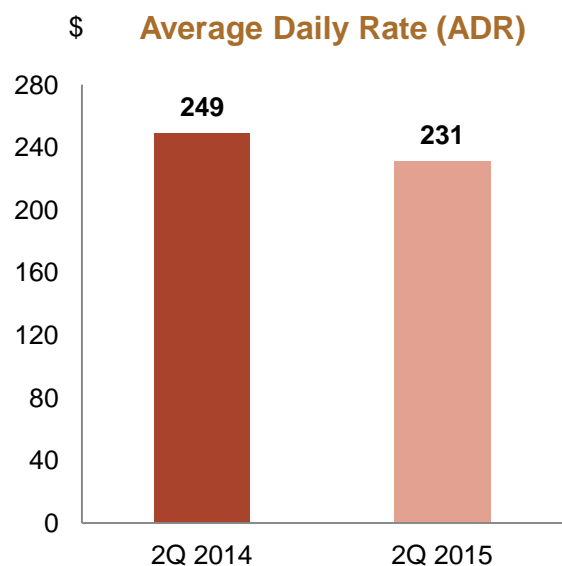
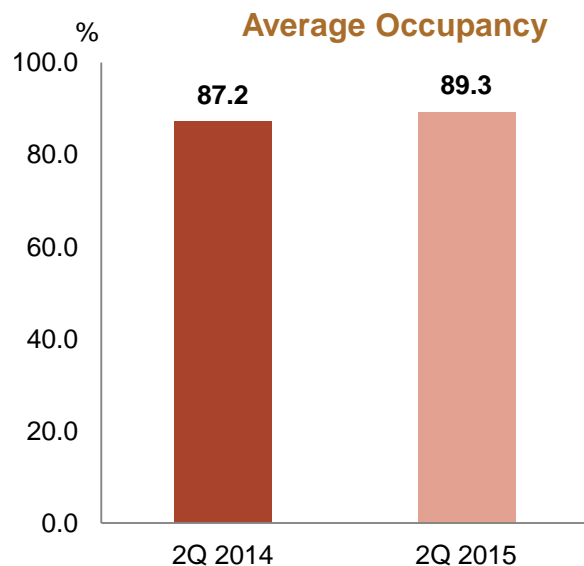
# Portfolio Performance 1H 2015 - Hotels



	1H 2014	1H 2015	Variance
Average Occupancy (%)	81.7%	84.5%	2.8pp
ADR (\$)	189	171	(9.8%)
RevPAR(\$)	154	144	(6.7%)



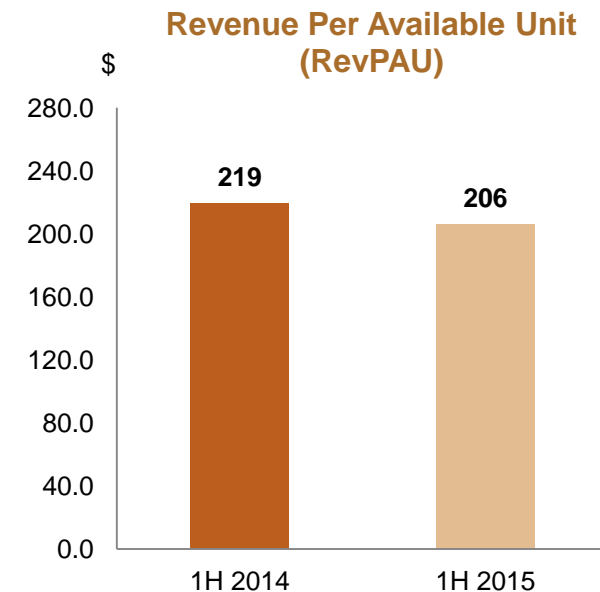
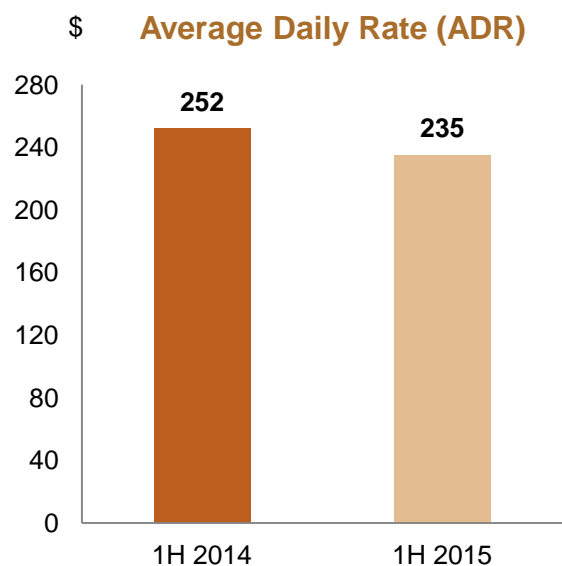
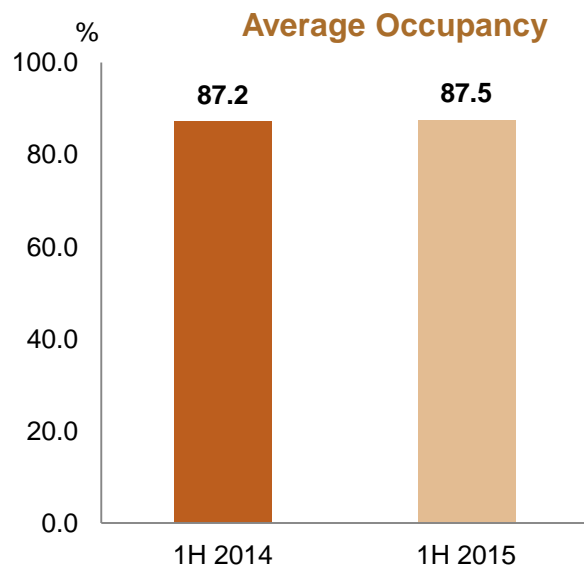
# Portfolio Performance 2Q 2015 – Serviced Residences



	2Q 2014	2Q 2015	Variance
Average Occupancy (%)	87.2%	89.3%	2.1pp
ADR (\$)	249	231	(7.3%)
RevPAU (\$)	218	207	(5.1%)



# Portfolio Performance 1H 2015 – Serviced Residences

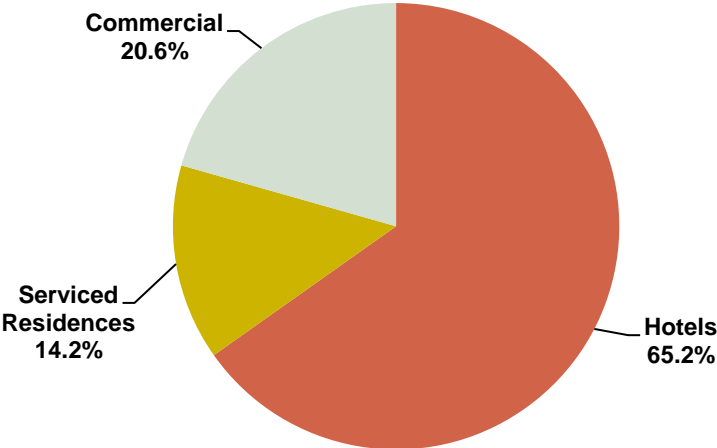


	1H 2014	1H 2015	Variance
Average Occupancy (%)	87.2%	87.5%	0.3pp
ADR (\$)	252	235	(6.4%)
RevPAU (\$)	219	206	(6.1%)

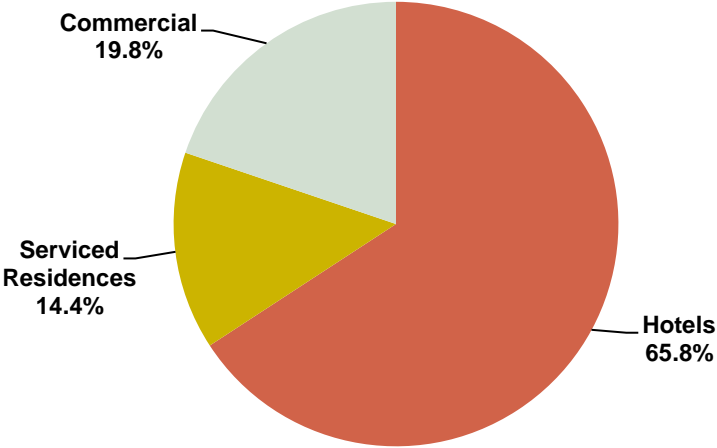


# Breakdown of Gross Revenue – Total Portfolio

2Q 2015



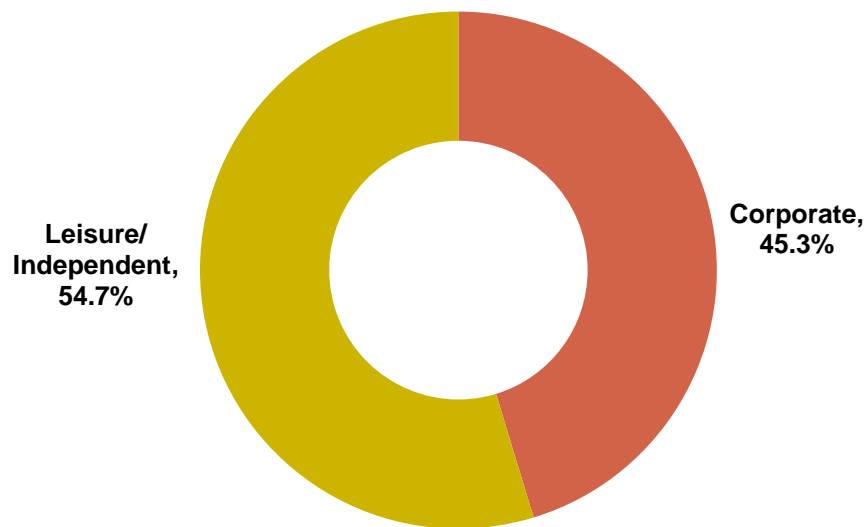
2Q 2014



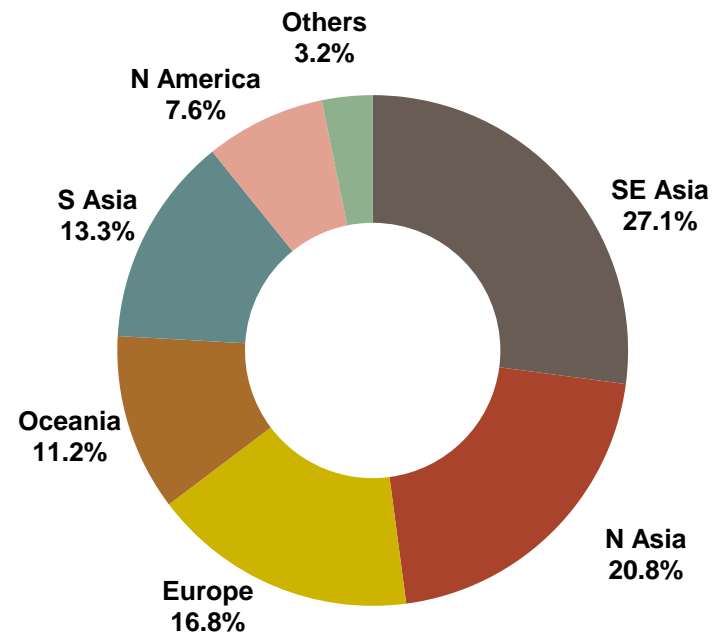


# Market Segmentation 2Q 2015 - Hotels

## Hotels (by Revenue)



## Hotels (by Region)

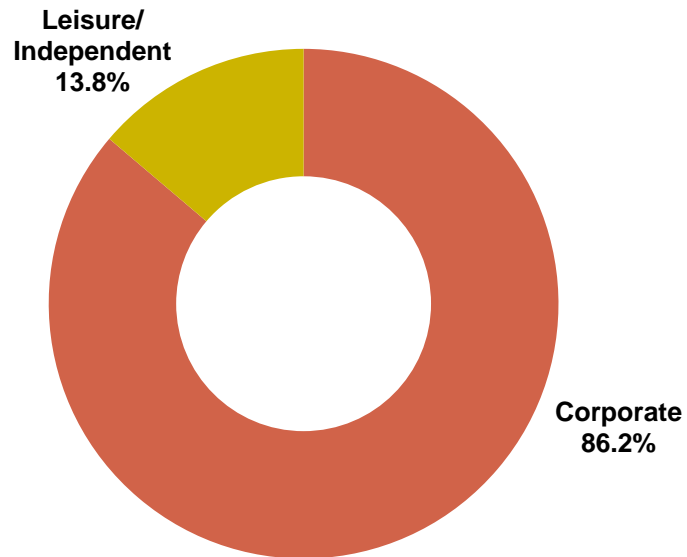


- Corporate segment contributed 45.3% of 2Q 2015 hotel revenue compared to 41.6% in 2Q 2014
- Contribution from Europe declined year-on-year in 2Q 2015, partially mitigated by growth from Oceania

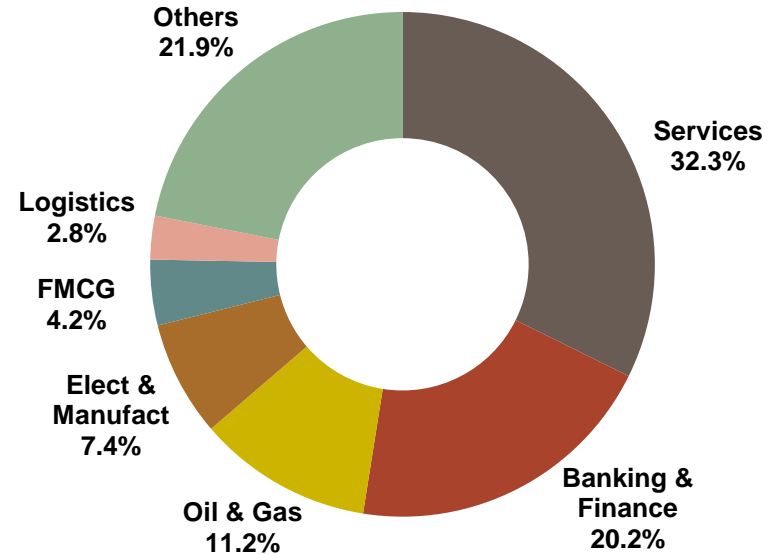


# Market Segmentation 2Q 2015 – Serviced Residences

Serviced Residences (by Revenue)



Serviced Residences (by Industry)



- Corporate segment contributed 86.2% of revenue for Serviced Residences in 2Q 2015, up from 84.0% in the preceding year
- Revenue contribution from Banking & Finance and Oil & Gas decreased year-on-year, partially mitigated by a growth in revenue from Services and Others



## Capital Management

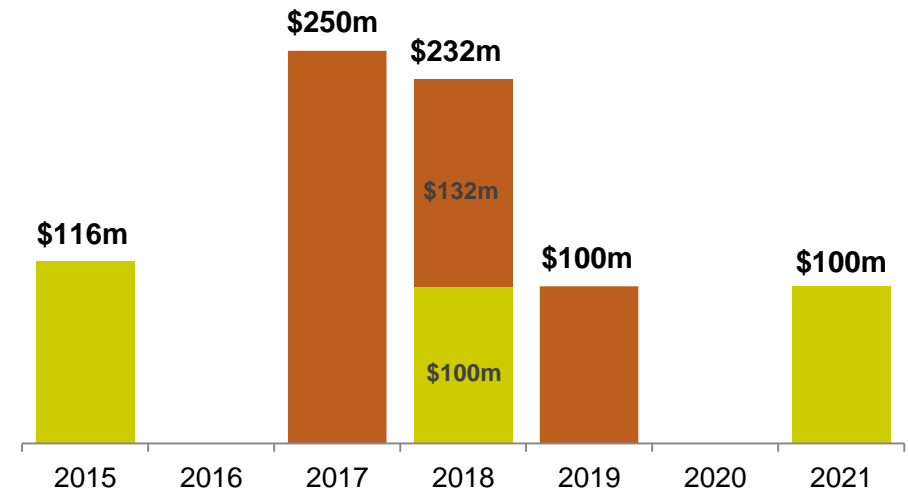


# Capital Management

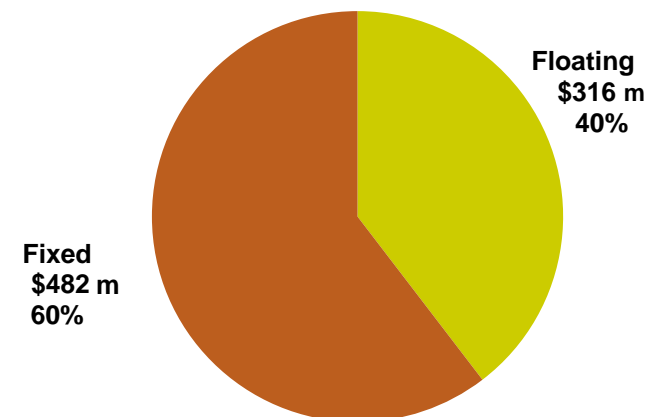
As at 30 June 2015

Total debt	\$798 m
Available revolving facility	\$84 m
Gearing ratio	31.4%
Unencumbered asset as % total asset	100%
Proportion of fixed rate	60%
Weighted average debt maturity	3.0 years
Average cost of debt	2.5%

Debt Maturity Profile



Interest Rate Profile



## Asset Enhancement



# 2015 Asset Enhancement Plan

## Village Residence Robertson Quay

Creation of  
outdoor  
refreshment area

Targeted to  
complete by  
3Q 2015

## Village Hotel Changi

Soft  
refurbishment of  
club & suite  
rooms and  
meeting areas

Targeted to  
complete by  
4Q 2015

## Village Residence Clarke Quay

Refurbishment of  
serviced offices,  
lobby and  
common areas

Targeted to  
complete by  
4Q 2015

## Regency House

Refurbishment of  
2 and 3-bedroom  
units

Targeted to  
complete by  
1Q 2016



# Asset Enhancement Initiatives – Ongoing refurbishments

## Village Residence Robertson Quay



**Leveling of walkway and  
creation of outdoor  
refreshment area**





# Asset Enhancement Initiatives – Ongoing refurbishments

## Regency House

before



after



Refurbishment of 2 and 3 bedroom apartments (living area)





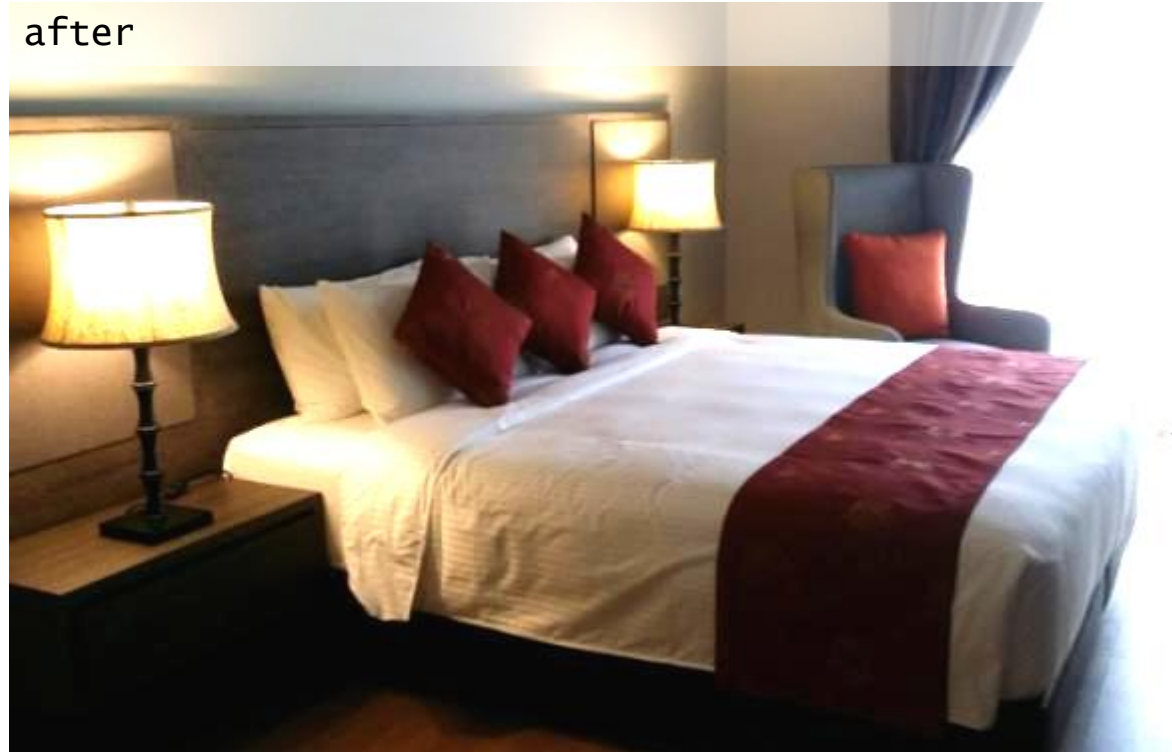
# Asset Enhancement Initiatives – Ongoing refurbishments

## Regency House

before



after



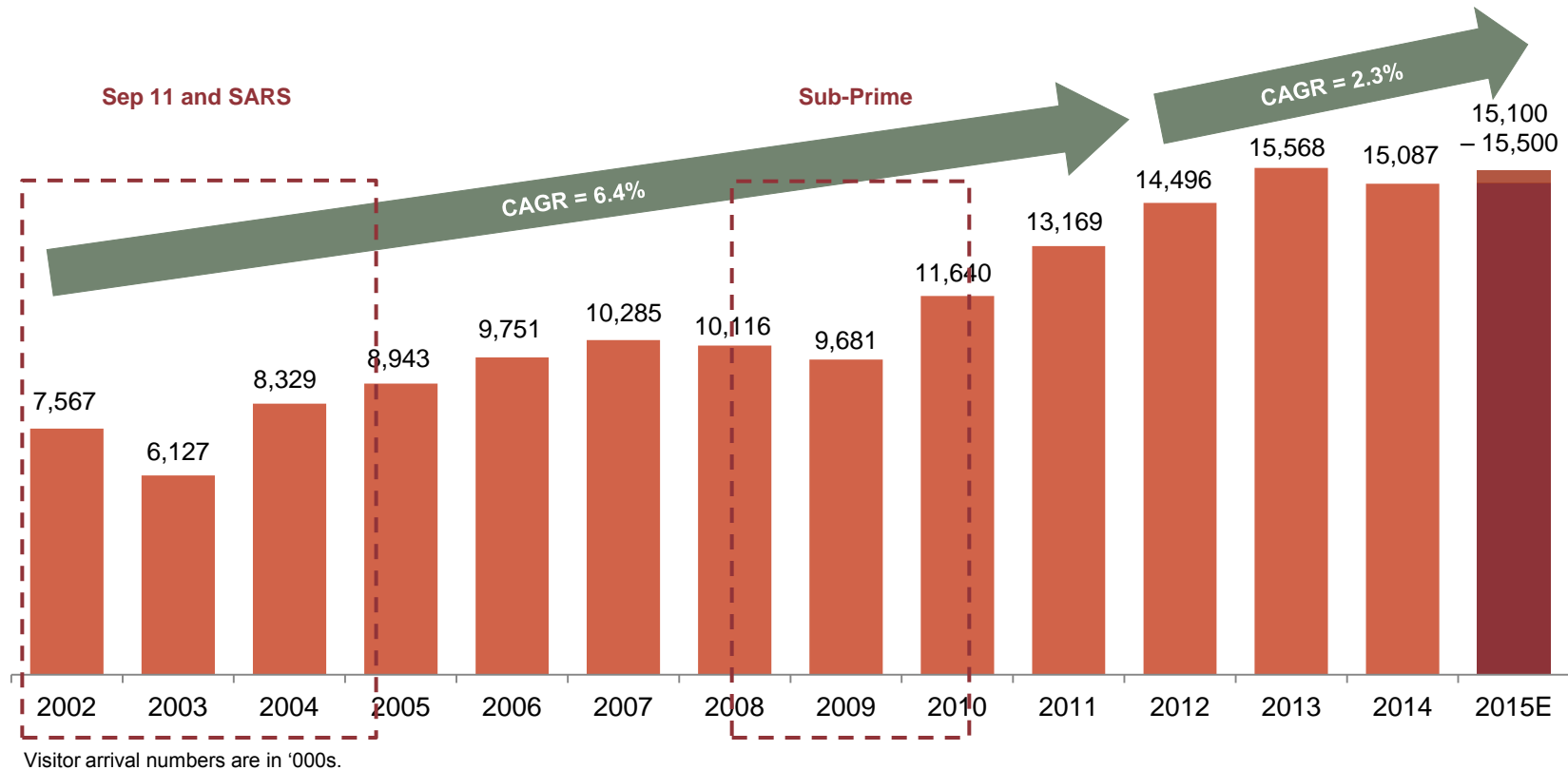
Refurbishment of 2 and 3 bedroom apartments (master bedroom)



## Industry Outlook & Prospects



# Historical and Forecast Visitor Arrivals in Singapore

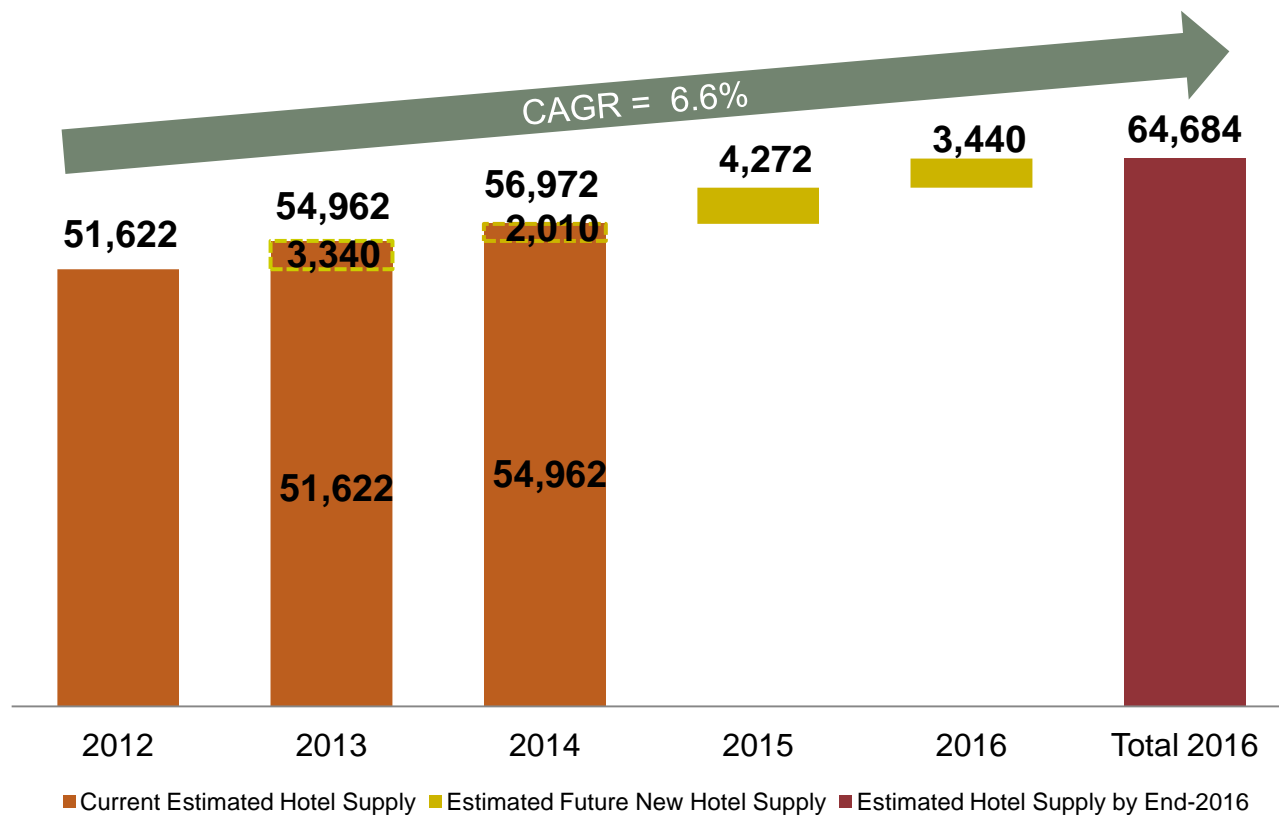


- **Visitor arrivals are projected to grow at a CAGR of up to 2.3% from 2012 to 2015**

Sources : IPO Prospectus dated 16 August 2012 (2002 to 2011 visitor arrivals)  
 Singapore Tourism Board, International Visitor Arrivals Statistics, 11 February 2015  
 Speech by Mr S Iswaran, Second Minister for Trade and Industry, 6 March 2015 (2015E visitor arrivals)



# Estimated Hotel Room Supply in Singapore



- **Hotel supply expected to increase at a CAGR of 6.6% from 2012 to 2016**
- **No hotel sites introduced in Government Land Sales (GLS) programme since 2014**
- **Urban Redevelopment Authority (URA) has tightened approvals for applications for new hotels, backpackers' hostels or boarding houses on sites that are not zoned for hotel use**

Note: The above chart does not take into account the following closures for renovations and re-openings:

- 30 out of 215-room The Singapore Resort and Spa Sentosa in 2014, expected to reopen in 2015 as Sofitel Singapore Sentosa Resort & Spa
- 223-room Gallery Hotel in 2014, expected to reopen in 2016 as 227-room Intercontinental Singapore Robertson Quay
- 262 out of 476-room Swissotel Merchant Court in 2015, expected to reopen in 2016

Sources : CBRE report issued as at March 2015 and Far East H-Trust's compilation  
 Urban Redevelopment Authority, Second Half 2014 Government Land Sales (GLS) Programme, 10 June 2014  
 Channel News Asia, New hotels cannot be built on non-designated sites: URA, 7 July 2014



# Major Sporting Events in 2015/2016



5-16 June 2015



Junior Championships: 25-30 August 2015  
World Cup: 3-4 October 2015



18-20 September 2015



23 October – 1 November 2015



3-9 December 2015



April 2016



# Transformation of Tourism Landscape – New & Upcoming Developments & Events



**Singapore Tourism Board, Changi Airport Group & Singapore Airlines**  
**\$20 mil partnership (2015)**

Boosting Singapore experience to leisure, business & MICE audiences in more than 15 markets



**National Gallery Singapore (4Q 2015\*)**  
The largest gallery to showcase Singaporean and Southeast Asian arts



**KidZania (2H 2015\*)**  
The World's fastest growing entertainment centre for children, opening at Sentosa Island



**Changi Terminal 4 (2017\*) & Project Jewel (2018\*)**  
Catering for greater air traffic and creating a unique airport hub experience



**Novena Health City (2018\*)**  
Integrating health services, research and education, commercial and leisure facilities



**Mandai Makeover (2020\*)**  
A wildlife and nature heritage project, integrating new attractions with the Singapore Zoo, Night Safari and River Safari

\*Opening Dates may be subject to change  
Images from Singapore Airlines, National Gallery, KidZania, Today Online, URA and Temasek

# Outlook & Prospects

- **Singapore GDP forecasted to grow by 2 – 4% from now to 2020<sup>1</sup>**
- **Competition in hospitality market expected to remain intense**
  - Supply of about 4,300 new hotel rooms<sup>2</sup>
  - Softness in corporate and leisure travel demand may persist
- **Potential growth in visitor arrivals**
  - Marquee sporting events such as the FINA Swimming World Cup and World Rugby Sevens Series
  - Attractions such as the National Gallery Singapore and Singapore Botanic Gardens
  - Singapore Tourism Board's ("STB") S\$20 million global marketing campaign, reaching out to key markets such as Indonesia, China, India, Korea and Japan
  - STB, Changi Airport Group and Singapore Airlines' S\$20 million joint partnership to boost the Singapore experience to leisure, business and MICE audiences in more than 15 markets worldwide

<sup>1</sup> The Business Times, "Singapore's GDP growth revised down to average 2-4% per year from now to 2020: MTI", 26 May 2015

<sup>2</sup>CBRE report issued as at March 2015 and Far East H-Trust's compilation



**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	Orchard Parade Hotel	The Quincy Hotel	Rendezvous Hotel & Gallery	Total / Weighted Average
Market Segment	Mid-tier	Mid-tier	Mid-tier	Mid-tier	Mid-tier / Upscale	Mid-tier / 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	
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>	
# of Rooms	210	380	256	393	428	388	108	298	2,461
Lease Tenure <sup>1</sup>	73 years	63 years	73 years	64 years	90 years	48 years	73 years	69 years	NA
GFA/Strata Area (sq m)	11,426	22,826	11,723	21,676	22,457	34,072	4,810	19,720	
Retail NLA (sq m)	1,003	778	583	1,164	NA	3,761	NA	2,824	10,113
Office NLA (sq m)	NA	NA	NA	NA	NA	2,509	NA	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	Serene Land Pte Ltd	
Valuation (S\$ 'mil) <sup>1</sup>	128.3	244.4	187.5	230.0	339.0	423.4	84.7	282.3	1,919.6

<sup>1</sup> As at 31 December 2014

<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
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>	78 years	79 years	76 years	79 years	NA
GFA/Strata Area (sq m)	17,858	8,598	10,570	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	2,307	4,477
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>	205.8	70.0	117.3	163.4	556.5

<sup>1</sup> As at 31 December 2014