

*For Immediate Release*

## **FAR EAST H-TRUST ACHIEVES HIGHER THAN FORECAST DISTRIBUTABLE INCOME**

- **Distributable income exceeded forecast by 4.5%**
- **Distribution of 2.09 cents per Stapled Security higher than the 2.00 cents forecast for the first reporting period of 27 August 2012 to 31 December 2012**
- **Annualised distribution yield of 5.7% based on 5 February 2013 closing share price of S\$1.05 or 6.5% based on IPO price of S\$0.93**

**Singapore, 6 February 2013** – FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”), as manager of Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”), and FEO Hospitality Trust Management Pte. Ltd. (the “Business Trust Manager”), as trustee-manager of Far East Hospitality Business Trust (“Far East H-BT”), is pleased to announce that the Income Available for Distribution of Far East Hospitality Trust (“Far East H-Trust”) of S\$33.6 million exceeded forecast by 4.5% for its first reporting period from its date of listing on 27 August 2012 to 31 December 2012 (“Forecast Period”).

Its Distribution per Stapled Security of 2.09 cents was 4.5% higher than forecast<sup>1</sup>. This translates into an annualised distribution yield of 5.7% based on 5 February 2013 closing share price of S\$1.05 or 6.5% based on initial public offering (“IPO”) price of S\$0.93.

### **Summary of results**

	<b>Period from 27 August 2012 to 31 December 2012</b>		
	Actual	Forecast <sup>1</sup>	Variance (%)
Gross Revenue (S\$'000)	42,216	42,529	(0.7)
Net Property Income (S\$'000)	38,783	38,694	0.2
Income Available for Distribution (S\$'000)	33,646	32,172	4.5
Distribution per Stapled Security (cents)	2.09	2.00	4.5

On the results, Gerald Lee, Chief Executive Officer of the REIT Manager said “Far East H-Trust has started on a solid footing with this set of results that reflects our Trust’s resilience despite the tentative economic climate over the last two quarters in 2012. The higher distributable income generated has enabled us to deliver a distribution better than forecast to our Stapled Securityholders.”

<sup>1</sup> The forecast figures are derived by pro-rating the forecast disclosed in the Prospectus for the period from 27 August 2012 to 31 December 2012, after taking into consideration the respective master lease arrangement.

## Review of Performance

Far East H-Trust recorded Gross Revenue of S\$42.2 million during the Forecast Period, which was 0.7% lower than the projected S\$42.5 million. This was mainly due to the softer performance of its Serviced Residences, which were affected by macro uncertainties in 2H2012 when major companies held back in the face of the European debt crisis and the US “Fiscal Cliff”. Revenue per available serviced residence unit (“RevPAU”) was S\$204 for FY2012 compared to S\$216 that was forecast in the Prospectus.

Overall, the Hotels performed better than forecast. While there was some pressure on average room rates, resulting in the average revenue per available room (“RevPAR”) of \$171 versus the forecast of \$174, higher revenue from the commercial spaces, and the meetings and banquet business helped to offset the lower room revenue.

Net Property Income was 0.2% higher than forecast at S\$38.8 million as a result of lower operating expenses.

Active management of finance costs and other Trust expenses further enabled Far East H-Trust to deliver Income Available for Distribution of S\$33.6 million, which was 4.5% above forecast.

## Outlook

As a Singapore-focused hotel and serviced residence hospitality trust, Far East H-Trust remains well-placed to benefit from the growth of Singapore’s hospitality market as the country remains as a highly regarded destination for business and leisure.

The Singapore Tourism Board has a target of 17 million tourist arrivals by 2015<sup>2</sup>. The strength of the economies in the Asia-Pacific region is expected to continue to support the growth in visitors from these source markets. Rising disposal incomes in these countries would generate more leisure traffic, while economic expansion in the region would generate more business travel. The share of business travelers as a percentage of total visitors to Singapore is expected to increase from 34.4% in 2011 to 40.1% by 2015<sup>3</sup>.

Mr Lee commented, “We are progressively executing our asset enhancement programmes on selected properties in a staged manner to capitalise on the expected growth in the tourism industry. We are also actively managing our assets, and these efforts are fundamental to our objective of generating better performance and returns from our portfolio so as to deliver value to our Stapled Securityholders. We will also seek accretive growth by acquiring third party properties with good potential, in addition to Sponsor properties, to expand Far East H-Trust’s portfolio.”

Refurbishment works are currently undertaken at Landmark Village Hotel and Orchard Parade Hotel. Far East H-Trust will also be commencing refurbishment and asset enhancement works on Albert Court Village Hotel, Changi Village Hotel and Regency House this year.

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<sup>2</sup> Source: STB, Tourism Performance Report – Quarter Four and Full Year 2011, Tourism Sector Performance for 2011.

<sup>3</sup> Source: Prospectus, Business Monitor International

On the acquisitions front, in November 2012<sup>4</sup>, Far East H-Trust announced that it has entered, together with a unit of Far East Organization group, into non-binding memorandum of understanding with The Straits Trading Company Limited to acquire Rendezvous Grand Hotel Singapore and its retail component Rendezvous Gallery Singapore. Negotiations and due diligence are still ongoing and there is no assurance that the transaction will proceed. The Managers will provide further details in subsequent announcements in accordance with the Listing Rules at appropriate times.

### **Distribution Books Closure Date and Payment Date**

The Books Closure Date is 18 February 2013 and payment to Stapled Securityholders of the distribution of 2.09 Singapore cents per Stapled Security will be made on 21 March 2013.

The issue managers for the initial public offering and listing of Far East Hospitality Trust are DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the "**Issue Managers**"). The Issue Managers assume no responsibility for the contents of this announcement.

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### **ABOUT FAR EAST HOSPITALITY TRUST ("Far East H-Trust")**

FEHT is the first and only Singapore-Focused Hotel and Serviced Residence Hospitality Trust. Comprising an Initial Portfolio of 11 properties totaling 2,531 hotel rooms and serviced residence units valued at approximately S\$2.14 billion, it is Singapore's largest diversified hospitality portfolio by asset value. Managed by FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. and sponsored by members of Far East Organization, Far East H-Trust seeks to provide Stapled Securityholders with regular, stable and growing distributions on a quarterly basis.

### **ABOUT THE MANAGERS**

Far East H-REIT is managed by FEO Hospitality Asset Management Pte Ltd, which is 67.0% owned by FEO Asset Management Pte Ltd ("FAMPL") which is a wholly-owned subsidiary of Far East Organization Centre Pte Ltd ("FEOC"), and 33.0% owned by Far East Orchard Limited ("Far East Orchard"), which as at the date of this press release is 59.8% owned by Far East Organisation Pte Ltd ("FEOPL"). Far East H-BT is managed by FEO Hospitality Trust Management Pte Ltd, which is 67.0% owned by FAMPL, which is a wholly-owned subsidiary of FEOC, and 33.0% owned by Far East Orchard, which as at the date of

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<sup>4</sup> Refer to SGXNet announcement on 26 November 2012



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this press release is 59.8% owned by FEOPL. FEOC, FEOPL and Far East Orchard are all members of the Sponsor.

The key financial objectives of the Managers are to deliver regular and stable distributions to the holders of the Stapled Securities and to achieve long-term growth in distributions per Stapled Security and in the net asset value per Stapled Security, while maintaining an appropriate capital structure.

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