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## FAR EAST H-TRUST CLOSSES FY 2013 WITH DISTRIBUTION PER STAPLED SECURITY OF 5.64 CENTS

### Highlights:

- 4Q 2013 DPS of 1.42 cents, marginally higher than 3Q 2013, despite challenging operating environment
- Softer hotel performance balanced by the more stable serviced residences and commercial spaces
- All debt maturing beyond 2016 at fixed interest rates
- Operating environment to remain competitive in 2014, with some uplift expected from better economic growth and biennial events

**Singapore, 12 February 2014** – Far East Hospitality Trust (“Far East H-Trust”) has posted gross revenue of \$33.6 million and net property income of \$30.5 million for the quarter ended 31 December 2013 (“4Q 2013”). This represents a variance of -3.0% and -2.4% from the forecast respectively. The income available for distribution for 4Q 2013 was \$25.1 million, 2.2% below forecast. Correspondingly, the distribution per stapled security (“DPS”) was 1.42 cents. For the full year ended 31 December 2013 (“FY 2013”), the DPS of 5.64 cents translates into an annualized yield of 6.7%<sup>1</sup>.

### Summary of Results

	4Q 2013 Actual	4Q 2013 Forecast	Variance (%)	FY 2013 Actual	FY 2013 Forecast	Variance (%)
Gross Revenue (\$'000)	33,564	34,611	(3.0)	122,478	130,504	(6.2)
Net Property Income (\$'000)	30,463	31,213	(2.4)	111,878	118,006	(5.2)
Income Available for Distribution (\$'000)	25,072	25,645	(2.2)	94,599	97,666	(3.1)
Distribution per Stapled Security <sup>1</sup> (“DPS”) (cents)	1.42	1.45	(2.1)	5.64	5.82	(3.1)

<sup>1</sup>Based on the closing price of \$0.84 on 31 December 2013

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “In spite of the challenges in the macroeconomic and operating environments, the average occupancy of our hotels and serviced residences remained high. The weaker results of our hotels were balanced by that of our serviced residences and retail and office spaces, which continued to turn in sustainable performances for our portfolio.”

### Review of Performance

	4Q 2013 Actual			4Q 2013 Forecast			Variance		
	Hotels (excl. RHS)	All Hotels	SRs	Hotels (excl. RHS)	All Hotels	SRs	Hotels (excl. RHS)	All Hotels	SRs
Avg Occupancy (%)	85.4	86.0	89.5	84.9	84.6	90.0	0.5 pp	1.4 pp	(0.5 pp)
Avg Daily Rate (\$)	193.0	193.7	252.8	214.3	212.6	248.3	(9.9%)	(8.9%)	+1.8%
RevPAR / RevPAU (\$)	164.8	166.6	226.3	181.8	179.9	223.4	(9.4%)	(7.4%)	+1.3%

	FY 2013 Actual			FY 2013 Forecast			Variance		
	Hotels (excl. RHS)	All Hotels	SRs	Hotels (excl. RHS)	All Hotels	SRs	Hotels (excl. RHS)	All Hotels	SRs
Avg Occupancy (%)	86.3	86.4	89.0	84.9	84.8	90.0	1.4 pp	1.6 pp	(1.0 pp)
Avg Daily Rate (\$)	191.4	191.9	255.0	216.0	215.2	250.3	(11.4%)	(10.8%)	+1.8%
RevPAR / RevPAU (\$)	165.2	165.7	226.9	183.3	182.4	225.2	(9.9%)	(9.2%)	+0.8%

### Hotels

In 2013, the hospitality industry saw a 6.4% increase in new room supply<sup>2</sup>, which was matched by the 6.7% growth in tourist arrivals<sup>3</sup>. As such, upscale and mid-tier hotels in Singapore maintained high occupancies of 86% and 87% respectively<sup>4</sup>.

In line with this trend, the average occupancy for Far East H-Trust’s hotels, including Rendezvous Hotel Singapore (“RHS”), remained high at 86.0% or 1.4 pp above the 4Q 2013 forecast. The average daily rate (“ADR”) of \$193.7 was 8.9% below forecast. As such, the average revenue per available room (“RevPAR”) for the quarter was \$166.6, 7.4% below forecast.

<sup>2</sup> Far East H-Trust compilation

<sup>3</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 24 Jan 2014

<sup>4</sup> Singapore Tourism Board, Hotel Statistics (Preliminary), 27 Jan 2014

For FY 2013, the average occupancy was 86.4%, or 1.6 pp above forecast. The ADR of \$191.9 was 10.8% below forecast, however, as a result of industry-wide challenges including price competition, subdued business travel spending and slower leisure traffic from some regional markets, due to the depreciation of their currencies.

On an industry level, the RevPAR of Far East H-Trust's upscale and mid-tier hotels outperformed the market with a year-on-year decline of 6.3% and 0.8%, compared with the industry's drop of 12.7% and 3.3% respectively.

#### Serviced Residences

The average occupancy of the serviced residences was 89.5%, 0.5pp lower than the 4Q 2013 forecast. The average daily rate for the quarter picked up to \$252.8, 1.8% above forecast. As a result, 4Q 2013 revenue per available serviced residence unit ("RevPAU") was \$226.3 or 1.3% higher than the forecast.

For FY 2013, the occupancy of the serviced residences was 89.0%, 1.0pp below forecast, and ADR was \$255.0 or 1.8% above forecast. Consequently, RevPAU was \$226.9 or 0.8% above forecast.

#### Excluded Commercial Premises

The excluded commercial premises (i.e. retail and office spaces for lease) continued to turn in a good, steady performance above the forecast. The rental revenue for 4Q 2013 was \$5.5 million, or 8.2% above forecast. For the full year, the revenue was \$19.8 million, 5.9% higher than forecast.

#### Valuation of Investment Properties

Following the revaluation of Far East H-Trust's investment properties on 31 December 2013 by independent valuers, the portfolio of 8 hotels and 4 serviced residences has been valued at approximately \$2.47 billion. A fair value gain of \$45.9 million was recognized in the Statement of Total Return of Far East H-REIT. As at 31 December 2013, Far East H-Trust's total asset value stood at \$2.53 billion and the net asset value per stapled security was 98.32 cents.

#### Capital Management

As at 31 December 2013, 62% of Far East H-Trust's debt portfolio, or all of Far East H-Trust's debt maturing beyond 2016 at fixed interest rates, , providing for stability in a rising interest rate environment. The cost of debt and weighted average debt to maturity remain at approximately 2.2% per annum and 3.3 years respectively. Cognisant of the imminent rise in interest rates, the REIT Manager will continue to adopt a prudent and proactive approach towards capital and risk management.

## **Outlook**

Visitor arrivals to Singapore grew 6.7% y-o-y to 15.5 million in 2013<sup>5</sup>. Growth in visitor arrivals is expected to continue in 2014 with the strengthening of the global economy.

In the course of 2014, approximately 3,100 new hotel rooms are expected to come on to the Singapore market<sup>6</sup>, a 5.9% increase in total hotel room inventory. The additional room supply is expected to be well absorbed by the rising demand from increased visitors and a stronger events calendar in 2014. This includes the staging of major biennial events such as the Singapore Airshow and the Food and Hotel Asia exhibition, and new tourism infrastructure such as the Singapore Sports Hub that will bring more world-class sporting events to Singapore.

Following the acquisition of the Rendezvous Hotel Singapore on 1 August 2013, Far East H-Trust has embarked on refurbishments of the reception area, lobby bar and club rooms to reposition it as an art-inspired hotel, in synchronisation with the character of the precinct. The refurbishments were completed and the hotel was re-launched in January 2014. Far East H-Trust will continue to optimise the value of its existing assets and try to improve their competitiveness by implementing asset enhancement initiatives in a holistic and progressive manner. For 2014, the REIT Manager has planned for renovations at The Elizabeth Hotel, Village Hotel Albert Court, Village Hotel Changi and Regency House.

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<sup>5</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 24 Jan 2014

<sup>6</sup> FEHT compilation

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

Far East H-Trust is the first and only Singapore-Focused Hotel and Serviced Residence Hospitality Trust listed on the Main Board of The Singapore Exchange Securities Trading Limited (“SGX-ST”). Comprising Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”) and Far East Hospitality Business Trust (“Far East H-BT”), Far East H-Trust was listed on the SGX-ST on 27 August 2013 and has a portfolio of 12 properties totaling 2,829 hotel rooms and serviced residence units valued at approximately \$2.47 billion as at 31 December 2013. Managed by FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. (collectively, the “Managers”) and sponsored by members of Far East Organization Group (the “Sponsor”), Far East H-Trust seeks to provide Stapled Securityholders with regular, stable and growing distributions on a quarterly basis. Far East H-Trust is listed on the FTSE ST Mid Cap Index.

## **ABOUT THE MANAGERS**

FEO Hospitality Asset Management Pte Ltd and FEO Hospitality Trust Management Pte Ltd are the managers of Far East H-REIT and Far East H-BT respectively. Both are 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 Organization Pte Ltd (“FEOPL”).

<p>The issue managers for the initial public offering and listing of Far East Hospitality Trust were 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 press release.</p>
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## **IMPORTANT NOTICE**

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers' current view of future events.

The value of the Stapled Securities and the income derived from them, if any, may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that investors and Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities. The past performance of Far East H-Trust is not necessarily indicative of the future performance of Far East H-Trust.