

## FAR EAST H-TRUST REPORTS 3Q 2014 INCOME AVAILABLE FOR DISTRIBUTION OF \$23.5 MILLION

### Highlights:

- Gross revenue and net property income of \$31.1 million and \$28.2 million in 3Q 2014 respectively
- Distribution per stapled security (“DPS”) was 1.32 cents, an increase from 1.24 cents in 2Q 2014
- Joint venture in Sentosa hotel development and asset enhancement initiatives to drive longer term growth

**Singapore, 7 November 2014** – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$31.1 million and net property income of \$28.2 million for the quarter ended 30 September 2014 (“3Q 2014”). Income available for distribution was \$23.5 million, an improvement of 6.3% from the previous quarter and a decrease of 3.1% year-on-year. This translates into a DPS of 1.32 cents in 3Q 2014, up from 1.24 cents in the preceding quarter and lower than 1.41 cents in 3Q 2013.

### Summary of Results

	3Q 2014 <sup>1</sup>	3Q 2013	Variance (%)	9M 2014 <sup>1</sup>	9M 2013	Variance (%)
Gross Revenue (\$'000)	31,147	31,472	(1.0)	91,439	88,915	2.8
Net Property Income (\$'000)	28,189	28,518	(1.2)	82,374	81,415	1.2
Income Available for Distribution (\$'000)	23,452	24,198	(3.1)	68,636	69,525	(1.3)
Distribution per Stapled Security (“DPS”) (cents) <sup>2</sup>	1.32	1.41	(6.4)	3.86	4.22	(8.5)

<sup>1</sup>The acquisition of Rendezvous Grand Hotel (renamed “Rendezvous Hotel Singapore” (“RHS”) and Rendezvous Gallery (collectively “Rendezvous Property”) was completed on 1 August 2013. The results of Rendezvous Property for the period of 1 July to 30 September 2014 and 1 January to 30 September 2014 have been included in the 3Q 2014 and 9M 2014 results respectively.

<sup>2</sup>On 1 August 2013, 148,304,059 new stapled securities were issued to STC International Holdings Pte. Ltd. (a wholly-owned subsidiary of The Straits Trading Company Limited) and Golden Development Private Limited (a member of Far East Organization group of companies) as part of the acquisition cost of Rendezvous Property.

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “While the travel and leisure industry was challenging in the last quarter, our properties managed to maintain high occupancies, registering year-on-year increases. The steady income from our serviced residences and commercial spaces helped to cushion the softer performance of the hotels.”

### Review of Performance

	3Q 2014		3Q 2013		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Avg Occupancy (%)	87.1	92.2	86.3	90.2	0.8pp	2.0pp
Avg Daily Rate (\$)	183	250	193	254	(4.8%)	(1.9%)
RevPAR / RevPAU (\$)	160	230	166	229	(3.9%)	0.3%

	9M 2014		9M 2013		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Avg Occupancy (%)	83.5	88.9	86.5	88.8	(2.9pp)	0.1pp
Avg Daily Rate (\$)	187	251	191	255	(2.0%)	(1.5%)
RevPAR / RevPAU (\$)	156	223	165	226	(5.3%)	(1.4%)

### Hotels

The average occupancy of the hotel portfolio was 87.1% in 3Q 2014 and 83.5% for the nine months ended 30 September 2014 (“9M 2014”). While the increase in average occupancy in 3Q 2014 was an improvement over the average occupancy in the two preceding quarters, the softer performance in the first half of 2014 lowered the average occupancy for 9M 2014.

The average daily rate (“ADR”) of the hotel portfolio was \$183 in 3Q 2014, a decrease of 4.8% year-on-year. Given the more challenging environment, the hotels took in more group business to boost occupancy. For 9M 2014, the ADR declined 2.0% year-on-year to \$187, mainly due to the intensified competition.

As the increase in occupancy was unable to compensate for the decline in ADR, the revenue per available room (“RevPAR”) in 3Q 2014 was \$160, 3.9% lower year-on-year. For 9M 2014, the RevPAR was \$156, a decrease of 5.3% year-on-year.

### Serviced Residences

For the serviced residence (“SR”) portfolio, the revenue per available unit (“RevPAU”) of \$230 in 3Q 2014 was a marginal increase of 0.3% year-on-year due to a 2.0pp increase in occupancy. The larger contribution from longer stay business at the SRs helped to improve the occupancy to compensate for the drop in rates.

For 9M 2014, RevPAU declined 1.4% year-on-year to \$223. This was mainly due to the weaker RevPAU performance in 2Q 2014, despite the comparatively stronger RevPAU performances in the first and third quarters of 2014.

### Excluded Commercial Premises

The excluded commercial premises (i.e. retail and office spaces) continued to provide a steady stream of income, with revenue of \$5.9 million and \$17.5 million in 3Q 2014 and 9M 2014 respectively. These represent a year-on-year increase of 16.8% and 22.3% respectively.

### Capital Management

As at 30 September 2014, Far East H-Trust’s financial position remained stable amidst the uncertain interest rate environment, with 60% of its debt portfolio, or all of its debt maturing beyond 2016, secured at fixed interest rates. The average cost of debt is approximately 2.2% per annum and the weighted average debt to maturity is 2.5 years.

### **Outlook**

Based on the latest statistics from the Singapore Tourism Board, international visitor arrivals to Singapore decreased 3.3% year-on-year for the first eight months of 2014<sup>1</sup>. This was due mainly to the decline in Chinese arrivals which saw a contraction of 29.2% for the same period year-on-year. Inbound international visitor arrivals over the coming months could continue to remain soft in light of the uncertain economic environment and the strong Singapore currency.

Taking into consideration the abovementioned and with more than 1,500 new rooms opened in the first nine months of 2014 and approximately 3,000 new rooms expected to come on-stream in 2015<sup>2</sup>, the operating environment for the Singapore hospitality market is expected to remain challenging in the near term.

The longer term outlook for the tourism sector however remains positive as Singapore continues to strengthen its position as the regional hub for business and as a leisure destination. The enhancement of the tourism landscape and infrastructure, such as the

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<sup>1</sup> STB International Visitor Arrivals Statistics, as at 13 October 2014

<sup>2</sup> Jones Lang LaSalle report issued as at March 2014 and Far East H-Trust’s compilation

opening of the Singapore Sports Hub and various new attractions is expected to further improve Singapore's attractiveness for both business and leisure travelers.

On 22 September 2014, Far East H-Trust announced its participation in the development of a new \$443.8m hotel project on Sentosa together with Far East Organization Centre Pte. Ltd., a member of its Sponsor, Far East Organization. Far East H-Trust will hold a 30% stake in the development and this will be fully funded by debt. The development is expected to be completed in 2018 and Far East H-Trust will be working closely with the Sponsor during the development phase.

On the asset enhancement initiatives front, soft refurbishment of 303 rooms at Village Hotel Changi has been completed. Refurbishment of 41 studio apartments at Regency House has also been completed. These asset enhancement works will enable the properties to be positioned more competitively going forward.

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**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 2012 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.