

## FAR EAST H-TRUST POSTS 1Q 2015 INCOME AVAILABLE FOR DISTRIBUTION OF \$19.2 MILLION

### Highlights:

- Gross revenue at \$27.4 million mainly due to softer demand for accommodation, in line with fall in visitor arrivals and uncertain economy
- Near-term headwinds may remain, with potential improvement in visitor arrivals from MICE activities, sports tourism and new attractions

**Singapore, 29 April 2015** – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$27.4 million. For the quarter ended 31 March 2015 (“1Q 2015”), net property income was \$24.5 million and income available for distribution was \$19.2 million. Distribution per stapled security (“DPS”) was 1.07 cents.

### Summary of Results

	1Q 2015	1Q 2014	Variance (%)
Gross Revenue (\$'000)	27,365	30,669	(10.8)
Net Property Income (\$'000)	24,487	27,594	(11.3)
Income Available for Distribution (\$'000)	19,203	23,121	(16.9)
Distribution per Stapled Security (“DPS”) (cents)	1.07	1.30	(17.7)

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “The hospitality industry experienced softer demand as a result of the fall in international visitor arrivals this quarter. The sluggish economic environment has affected corporate travel, while the strong Singapore Dollar has slowed arrivals from regional markets. The staging of some of the major MICE and sports events, as well as the opening of a few new attractions later this year would help.”

## Review of Performance

	1Q 2015		1Q 2014		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	82.3	85.8	83.4	87.3	(1.0pp)	(1.5pp)
Average Daily Rate (\$)	171	240	190	254	(9.9%)	(5.5%)
RevPAR / RevPAU (\$)	141	206	159	221	(11.0%)	(7.1%)

### Hotels

The average occupancy in 1Q 2015 was 1.0pp below last year while the average daily rate (“ADR”) was 9.9% lower. The Singapore Airshow which took place in February 2014 helped to lift the ADR in 1Q 2014. In addition, the hotel portfolio experienced less demand from the higher-yielding corporate segment. As a result, the average revenue per available room (“RevPAR”) declined 11.0% from \$159 achieved in 1Q 2014 to \$141 this quarter.

### Serviced Residences

The average occupancy for the serviced residences was 85.8%, which was 1.5pp below last year and the ADR was 5.5% lower. The serviced residence portfolio experienced a reduction in bookings from project groups. Lower rates were introduced to address the decline in occupancy and to widen the target market. As a result, the 1Q 2015 revenue per available unit (“RevPAU”) was \$206 or 7.1% lower than the \$221 attained in the same quarter last year.

### Excluded Commercial Premises

The revenue from the excluded commercial premises was \$5.9 million in 1Q 2015, an increase of 2.5% over the same period last year. The increase was due to both an improvement in occupancy and rates.

### Capital Management

As at 31 March 2015, 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 2.5% per annum and the weighted average debt to maturity is 3.2 years.

## Outlook

The uncertain global economic environment and the relative strength of the Singapore Dollar<sup>1</sup> continue to weigh on the sector. Visitor arrivals to Singapore for the first two months of 2015 remained weak, registering a fall of 5.5% year-on-year, following on the heels of a 3.1% decline in 2014<sup>2</sup>. The Singapore Tourism Board (“STB”) has moderated its forecast for 2015, expecting visitor arrivals to remain flat or to grow modestly by up to 3% to 15.5 million<sup>3</sup>.

On the supply front, approximately 3,300 new hotel rooms are expected to come on-stream in 2015<sup>4</sup>. With this increase in room supply coupled with the soft demand, competition within the Singapore hospitality market is expected to remain intense.

In its efforts to boost tourism, STB has announced several initiatives which include a two-year \$35 million partnership between itself and the Changi Airport Group in a joint marketing programme to grow visitor arrivals and passenger movements. Further, STB will be launching a \$20 million global marketing campaign in May 2015, targeted at key growth markets such as Indonesia, China, India, Korea and Japan.

To generate greater awareness of Singapore as an attractive MICE destination, STB will increase its marketing investment by 35%. For 2015, STB has secured five new large-scale events<sup>5</sup> which are expected to bring in more than 24,000 business delegates<sup>6</sup>.

Later in the year, the industry can expect to benefit from the opening of new attractions such as the National Gallery Singapore and major events such as the 2015 Southeast Asian Games and FINA Swimming World Cup 2015.

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<sup>1</sup> Singapore Tourism Board, Tourism Industry Conference 2015 - Speech by Mr S Iswaran, Second Minister for Home Affairs and Trade and Industry

<sup>2</sup> STB International Visitor Arrivals Statistics, as at 7 April 2015

<sup>3</sup> Same as footnote 1

<sup>4</sup> CBRE report issued as at March 2015 and Far East H-Trust's compilation

<sup>5</sup> These include: Oriflame Diamond Conference 2015, BestWorld Convention 2015, USANA Asia & Pacific Convention 2015, Forever Living Global Rally 2015, and Jeunesse Global Expo Unite Annual World Conference

<sup>6</sup> Same as footnote 1

**For more information, please contact:**

Gregory Sim

Head of Investor Relations

Tel: +65 6833 6677

Email:gregorysim@fareast.com.sg

Denise Wong

Assistant Manager,

Investor Relations & Asset Management

Tel: +65 6833 6607

Email: denisewong@fareast.com.sg

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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 \$2.48 billion as at 31 December 2014. 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”).

## **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.

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