

## FAR EAST H-TRUST POSTS 1Q 2016 INCOME AVAILABLE FOR DISTRIBUTION OF \$19.4 MILLION

### Highlights:

- Gross revenue stabilises at \$27.4 million in 1Q 2016
- Savings in expenses help lift income available for distribution
- Proportion of fixed-rate debt increased to 65% from 59%
- Operating environment remains competitive due to softness in corporate demand and supply of new hotels

**Singapore, 27 April 2016** – Far East Hospitality Trust (“Far East H-Trust”) reported gross revenue of \$27.4 million in the quarter ended 31 March 2016 (“1Q 2016”). Net property income increased by 0.8% to \$24.7 million and income available for distribution grew 1.3% year-on-year to \$19.4 million. On a per Stapled Security basis, distribution increased 0.9% year-on-year to 1.08 cents.

### Summary of Results

	1Q 2016	1Q 2015	Better / (Worse) (%)
Gross Revenue (\$'000)	27,365	27,365	-
Net Property Income (\$'000)	24,679	24,487	0.8
Income Available for Distribution (\$'000)	19,444	19,203	1.3
Distribution per Stapled Security (“DPS”) (cents)	1.08	1.07	0.9

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “Tourist arrivals into Singapore registered encouraging growth in the first two months of the year. While leisure traffic showed a healthy rebound, demand from the corporate segment was soft. We remain cautious given the weakness in the macro environment. We are also expecting more hotels to open this year. To stay competitive, we will continue to enhance our assets while seeking opportunities to grow the Trust.”

## Review of Performance

	1Q 2016		1Q 2015		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	88.0	84.3	82.3	85.8	5.7pp	(1.5pp)
Average Daily Rate (\$)	160	223	171	240	(6.4%)	(7.1%)
RevPAR / RevPAU (\$)	141	188	141	206	-	(8.7%)

### Hotels

The biennial Singapore Airshow provided some uplift in February 2016. However, the hospitality sector still faced the challenges posed by the supply of new hotels and the softness in demand from the corporate segment. As a result, the revenue per available room ("RevPAR") of the hotel portfolio was flat at \$141 despite a higher average occupancy achieved during the quarter.

### Serviced Residences

Demand for serviced residence ("SR") accommodation remained soft in 1Q 2016 due to weaker demand from project groups and lower corporate travel budgets. The 1Q 2016 revenue per available unit ("RevPAU") of the SR portfolio was \$188 or 8.7% lower than the corresponding quarter last year, pulled down by the weaker average daily rate ("ADR").

### Excluded Commercial Premises

Revenue from the retail and office spaces was marginally lower at \$5.8 million due to a decrease in the average occupancy, which was partially offset by a higher rental rate achieved during the quarter.

### Asset Enhancement Initiatives

On the asset enhancement front, the renovation at Central Square (Village Residence Clarke Quay) has completed on schedule. The serviced office space at Central Square was reconfigured to create 9 additional units, bringing it to a total of 61 serviced office units. In addition, all the serviced office units and public areas, including the main lobby, breakfast lounge and pantry, were upgraded.

The refurbishment of the two and three-bedroom apartments at Regency House is on track for completion in the second quarter of 2016. Upon completion of this phase, all the apartments at Regency House would have been upgraded. The studio apartments were renovated in 2014.

At Orchard Parade Hotel, the renovation of the swimming pool, pool deck, gym and function room are on track for completion in the second quarter of 2016. In addition, the next phase of renovation has commenced, with works being done at the reception, lobby bar and function rooms. This phase is targeted to complete by the second quarter of 2016.

### Capital Management

During the quarter ended 31 March 2016, \$50 million of Far East H-Trust's floating-rate debt was hedged, increasing the proportion of debt secured at fixed interest rates to 65% from 59%. As at 31 March 2016, the average cost of debt was approximately 2.6% per annum and the weighted average debt to maturity was 3.0 years.

### **Outlook**

According to the Singapore Tourism Board ("STB"), international visitor arrivals increased 12.3% year-on-year for the first two months of 2016, with growth in arrivals from key source markets such as China and Indonesia<sup>1</sup>.

For 2016, the STB is forecasting international visitor arrivals to be in the range of 15.2 million to 15.7 million, an increase of up to 3% year-on-year<sup>2</sup>. A stronger events calendar in 2016 and the marketing initiatives by the government agencies could contribute towards improving visitor traffic into Singapore.

The REIT Manager remains cautious given the uncertain economic environment which could affect demand from the corporate segment, and the new supply of about 2,700 new hotel rooms coming on-stream in 2016<sup>3</sup>.

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<sup>1</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 8 April 2016

<sup>2</sup> Singapore Tourism Board, Modest growth expected in 2016 amidst global uncertainties and increasing regional competition, 29 February 2016

<sup>3</sup> CBRE report issued as at December 2015 and Far East H-Trust's compilation

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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 \$2.44 billion as at 31 December 2015. 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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