

FAR EAST H-TRUST CLOSES FY 2014 WITH INCOME AVAILABLE FOR DISTRIBUTION OF \$91.5 MILLION

Highlights:

- Gross revenue at \$30.3 million in 4Q 2014 and \$121.7 million in FY 2014 as retail and office revenue cushions the softer performance of hotels and serviced residences
- Operating environment to remain challenging with increased supply of hotel rooms and rate competition despite potential recovery in visitor arrivals from new tourism attractions and international events in 2015
- Refinanced \$200 million borrowings due in August 2015, extended weighted average debt to maturity to 3.5 years

Singapore, 11 February 2015 – Far East Hospitality Trust (“Far East H-Trust”) recorded gross revenue of \$30.3 million and net property income of \$27.7 million for the quarter ended 31 December 2014 (“4Q 2014”). Income available for distribution was \$22.9 million and distribution per stapled security (“DPS”) was 1.28 cents.

For the full year ended 31 December 2014 (“FY 2014”), gross revenue was \$121.7 million and net property income was \$110.0 million. Income available for distribution was \$91.5 million, which translates into a distribution per stapled security (“DPS”) of 5.14 cents for FY 2014 or a yield of 6.3%¹.

Summary of Results

	4Q 2014	4Q 2013	Variance (%)	FY 2014	FY 2013 ¹	Variance (%)
Gross Revenue (\$'000)	30,280	33,564	(9.8)	121,719	122,478	(0.6)
Net Property Income (\$'000)	27,652	30,463	(9.2)	110,026	111,878	(1.7)
Income Available for Distribution (\$'000)	22,858	25,072	(8.8)	91,494	94,597	(3.3)
Distribution per Stapled Security (“DPS”) (cents) ²	1.28	1.42	(9.9)	5.14	5.64	(8.9)

¹The 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 August to 31 December 2013 have been included in the FY 2013 results.

²On 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.

¹ Based on the closing price of \$0.81 on 31 December 2014

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “2014 was a challenging year as the demand for corporate and leisure travel was impacted by a confluence of macroeconomic, regional and market factors. The softer performance of our hotels and serviced residences was cushioned by the growth in revenue from our retail and office spaces.

While the operating environment remains competitive, the hospitality sector may potentially benefit from new international events and the opening of some attractions this year.”

Review of Performance

	4Q 2014		4Q 2013		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	82.4	83.2	86.0	89.5	(3.6pp)	(6.3pp)
Average Daily Rate (S\$)	186	250	193	253	(4.0%)	(0.8%)
RevPAR / RevPAU (S\$)	153	208	166	226	(8.0%)	(7.8%)

	FY 2014		FY 2013		Change +/-	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	83.3	87.5	86.4	89.0	(3.1pp)	(1.5pp)
Average Daily Rate (S\$)	187	251	191	254	(2.5%)	(1.4%)
RevPAR / RevPAU (S\$)	155	219	165	226	(6.0%)	(3.1%)

Hotels

The average occupancy of the hotel portfolio was 82.4% in 4Q 2014 and 83.3% in FY 2014. The average daily rate (“ADR”) was \$186 in 4Q 2014 and \$187 in FY 2014, a year-on-year decrease of 4.0% and 2.5% respectively. Rates were softer in 4Q 2014 as a result of the weaker corporate business and an increase in hotel room supply which restrained the ability to grow the ADR. On a full-year basis, a host of factors including the regulation on outbound travel in China, regional currency dynamics, aviation mishaps, and geopolitical events negatively affected the visitor arrivals into Singapore. This decline in visitorship to Singapore coupled with an increase in supply of hotel rooms placed competitive pressure on both occupancy and ADR.

As a result, revenue per available room (“RevPAR”) decreased 8.0% year-on-year to \$153 in 4Q 2014 and 6.0% year-on-year to \$155 in FY 2014.

Serviced Residences

For the serviced residence (“SR”) portfolio, the average occupancy was 83.2% in 4Q 2014 and 87.5% in FY 2014. The 6.3pp year-on-year decrease in average occupancy was largely due to the completion of the renovation of the studio units at Regency House, as the property built up its long-stay customer base. For FY 2014, the ADR of \$251 was 1.4% lower as a decrease in project groups resulted in a greater dependence on individual stays.

Consequently, revenue per available serviced residence unit (“RevPAU”) decreased 7.8% year-on-year to \$208 in 4Q 2014 and decreased 3.1% year-on-year to \$219 in FY 2014.

Excluded Commercial Premises

Revenue from the excluded commercial premises (i.e. retail and office spaces) grew 4.8% year-on-year to \$5.8 million in 4Q 2014 and rose 17.4% year-on-year to \$23.2 million in FY 2014. The better performance of the excluded commercial premises cushioned the softer contribution from the hotels and serviced residences.

Valuation of Investment Properties

Following the revaluation of Far East H-Trust’s investment properties on 31 December 2014 by independent valuers, the portfolio of 8 hotels and 4 serviced residences has been valued at approximately \$2.48 billion. The net asset value per stapled security was 96.97 cents.

Capital Management

As part of its proactive approach towards capital management, Far East H-Trust has completed the refinancing of \$200 million borrowings ahead of its maturity in August 2015. Discussions on refinancing the remaining \$100 million borrowings due in August 2015 have commenced and will be concluded ahead of its maturity.

As at 31 December 2014, Far East H-Trust’s financial position remained stable amidst the uncertain interest rate environment, with 60% of its debt portfolio secured at fixed interest rates. The average cost of debt is approximately 2.2% per annum and the weighted average debt to maturity is 3.5 years.

Outlook

According to the Singapore Tourism Board (“STB”), international visitor arrivals to Singapore had fallen 3.4% year-on-year for the first eleven months of 2014². Main contributing factors include the sharp decrease in arrivals from China which saw a contraction of 25.7% during this period³, and the strong Singapore currency which has affected leisure traffic from some regional countries. While there seemed to be some moderation in the decline in the Chinese arrivals in the recent months⁴, it may take a while before visitorship from China returns to its previous level.

The softness in corporate travel amidst the uncertain economic environment could continue to weigh on the demand for accommodation. This weakness could be partially mitigated by the hosting of major events such as 2015 Southeast Asian Games and Interpol World 2015, the opening of new and diverse attractions such as Singapore Pinacothèque de Paris and the National Gallery Singapore, and possible improvement in the visitorship from China.

An estimated 3,000 new hotel rooms are expected to come on-stream in 2015⁵. The upcoming new hotel room supply alongside the potential softness in demand are likely to perpetuate the competitive landscape and compress room rates.

The longer term outlook of the hospitality market remains positive. This is underpinned by the Singapore government’s continuous efforts to maintain Singapore as the preferred destination for business and leisure travellers. A key tenet of such efforts is enhancing the Singapore tourism landscape to broaden and enrich the experience of visitors. This includes renewing and rejuvenating existing tourism offerings such as the development of the Mandai region into an integrated wildlife precinct, and the major facelift for Sentosa to become an attractive lifestyle destination for both local and foreign visitors. In addition, the strengthening of the tourism infrastructures and sharpening of the industry competitiveness through capabilities upgrading in support of the development of the tourism sector are expected to further entrench Singapore as a key business centre and MICE destination.

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² STB International Visitor Arrivals Statistics, as at 8 January 2015

³ Same as footnote 1

⁴ Same as footnote 1

⁵ Jones Lang LaSalle report issued as at March 2014 and Far East H-Trust’s compilation

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

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.

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.