

## FAR EAST H-TRUST REPORTS DISTRIBUTABLE INCOME OF \$19.0 MILLION IN 2Q 2018, RESULTING IN IMPROVED DPS OF 1.01 CENTS

### Highlights:

- Overall improvement in performance mainly due to hotel portfolio, particularly with greater contribution from Oasia Hotel Downtown, offsetting softer demand for serviced residences
- Gross revenue increases 10.2% year-on-year to \$28.5 million in 2Q 2018
- Distribution per Stapled Security improves 4.1% year-on-year
- In view of rising interest rate environment, proportion of fixed rate borrowings increases from 46.9% to 54.2%

**Singapore, 31 July 2018** – Far East Hospitality Trust (“Far East H-Trust”) posted a 10.2% increase in gross revenue to \$28.5 million for the quarter ended 30 June 2018 (“2Q 2018”). Net property income was 11.2% higher at \$25.7 million and income available for distribution was 5.8% higher at \$19.0 million. Distribution per Stapled Security (“DPS”) for the quarter was 4.1% higher at 1.01 cents.

For the first half of 2018 (“1H 2018”), gross revenue was 7.1% higher at \$54.3 million and net property income was 7.7% higher at \$48.7 million. Income available for distribution was \$36.6 million or 1.95 cents per Stapled Security.

### Summary of Results

(\$'000)	2Q 2018	2Q 2017	Variance (%)	1H 2018	1H 2017	Variance (%)
Gross Revenue	28,526	25,876	10.2	54,250	50,651	7.1
Net Property Income	25,738	23,150	11.2	48,745	45,274	7.7
Income Available for Distribution	18,960	17,928	5.8	36,605	34,859	5.0
Distribution per Stapled Security (“DPS”) (cents)	1.01	0.97	4.1	1.95	1.90	2.6

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “Our hotel portfolio registered another quarter of improved performance in 2Q 2018, and this balances out the comparatively softer demand faced by our serviced residences. Our most recent acquisition, Oasia Hotel Downtown, performed to expectations and its maiden contribution provided a further boost to our results.”

## Review of Performance

	2Q 2018		2Q 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.8	83.5	87.1	81.5	2.7pp	2.0pp
Average Daily Rate (\$)	160	202	154	217	3.7%	(6.8%)
RevPAR / RevPAU (\$)	143	168	134	177	6.9%	(4.5%)

	1H 2018		1H 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.7	82.4	87.6	76.4	2.1pp	6.0pp
Average Daily Rate (\$)	157	208	153	222	2.8%	(6.1%)
RevPAR / RevPAU (\$)	141	171	134	169	5.2%	1.2%

### Hotels

Revenue per available room (“RevPAR”) of the hotel portfolio grew 6.9% year-on-year to S\$143 in 2Q 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 2.7pp and 3.7% respectively. There was some uplift from major events such as Food & Hotel Asia in April and CommunicAsia in June, as well as the addition of Oasia Hotel Downtown to the portfolio.

For 1H 2018, average occupancy increased 2.1pp and ADR increased 2.8%. Correspondingly, RevPAR was up 5.2% at \$141 against 1H 2017.

### Serviced Residences

The serviced residence (“SR”) portfolio continued to face softness in corporate demand in 2Q 2018. While the average occupancy of the SRs improved 2.0pp, the ADR was 6.8% lower year-on-year. As a result, revenue per available unit (“RevPAU”) of the SR portfolio fell 4.5% to S\$168 in 2Q 2018.

For 1H 2018, the SRs showed a year-on-year improvement in performance. The average occupancy of the SRs improved 6.0pp, however the ADR was 6.1% lower. Correspondingly, RevPAU of the SR portfolio grew 1.2% to S\$171 in 1H 2018.

### REIT Commercial Premises

Revenue from the retail and office spaces declined 3.8% year-on-year to S\$5.5 million in 2Q 2018.

## Capital Management

As at 30 June 2018, the total debt was \$1,028.9 million, of which 46.9% was secured at fixed interest rates. The aggregate leverage was 40.3%, and the weighted average debt to maturity was 3.3 years. The average cost of debt remained at about 2.5%.

The REIT Manager has entered into new interest rate swap contracts in July 2018. The proportion of fixed rate borrowings will increase to 54.2%.

The REIT Manager has received commitment from lenders to refinance the term loan of \$100 million ahead of maturity in December 2018.

## **Outlook**

The operating environment for hotels in Singapore shows signs of stabilisation. The Singapore Tourism Board has forecasted total international visitor arrivals to grow 1% to 4% in 2018. As compared to the last few years, when hotel supply grew faster than demand at a compounded annual growth rate of 4.9%<sup>1</sup>, room supply is projected to increase more moderately at 1.2% for 2018<sup>2</sup>. However, the hotel environment remains competitive as companies continue to be cautious with their corporate travel expenditure.

Far East H-Trust's serviced residences, which mainly serve corporations, are expected to experience a continued lag in demand, as corporate and relocation activities remain subdued. To ensure the portfolio's competitiveness, the REIT Manager will continue to focus on driving the performance of each property, and improving the value of its offerings.

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<sup>1</sup> For the period 2013 to 2017

<sup>2</sup> CBRE data & 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 13 properties totaling 3,143 hotel rooms and serviced residence units valued at approximately \$2.59 billion as at 2 April 2018. 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., which is a wholly-owned subsidiary of Far East Organization Centre Pte. Ltd., and 33.0% owned by Far East Orchard Limited (“FEOR”). FEOR is 61.4% owned by Far East Organisation Pte. Ltd. as at the date of this press release.

## **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.