

FAR EAST H-TRUST REPORTS DISTRIBUTABLE INCOME OF \$20.1 MILLION IN 3Q 2018, RESULTING IN IMPROVED DPS OF 1.05 CENTS

Highlights:

- Income Available for Distribution increases 4.8% year-on-year in 3Q 2018
- Distribution per Stapled Security improves 1.9% year-on-year
- Hotel performance registers another quarter of growth

Singapore, 30 October 2018 – Far East Hospitality Trust (“Far East H-Trust”) posted a 11.1% increase in gross revenue to \$30.5 million for the quarter ended 30 September 2018 (“3Q 2018”). Net property income was 11.8 % higher at \$27.7 million and income available for distribution was 4.8% higher at \$20.1 million. Distribution per Stapled Security (“DPS”) for the quarter was 1.9% higher at 1.05 cents.

In the first nine months of 2018 (“YTD Sep 2018”), Far East H-Trust achieved gross revenue of \$84.8 million, higher year-on-year by 8.5%. Net property income was 9.1% higher at \$76.4 million. Income available for distribution was \$56.7 million and DPS was 2.4% higher year-on-year at 3.00 cents.

Summary of Results

(\$'000)	3Q 2018	3Q 2017	Variance (%)	YTD Sep 2018	YTD Sep 2017	Variance (%)
Gross Revenue	30,509	27,456	11.1	84,759	78,107	8.5
Net Property Income	27,686	24,765	11.8	76,431	70,039	9.1
Income Available for Distribution	20,094	19,169	4.8	56,699	54,028	4.9
Distribution per Stapled Security (“DPS”) (cents)	1.05	1.03	1.9	3.00	2.93	2.4

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “We achieved another quarter of growth for our hospitality portfolio and our distribution income. The improved environment in the hotel sector has enabled our properties to perform better. The portfolio also received a lift from Oasia Hotel Downtown which was acquired earlier this year. We will continue to enhance our properties so as to improve the overall performance.”

Review of Performance

	3Q 2018		3Q 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	90.7	87.2	89.4	89.0	1.3pp	(1.8pp)
Average Daily Rate (\$)	168	213	159	221	5.1%	(3.4%)
RevPAR / RevPAU (\$)	152	186	143	196	6.6%	(5.4%)

	YTD Sep 2018		YTD Sep 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	90.1	84.0	88.2	80.6	1.8pp	3.4pp
Average Daily Rate (\$)	161	210	155	221	3.7%	(5.2%)
RevPAR / RevPAU (\$)	145	176	137	178	5.8%	(1.2%)

Hotels

The hotels showed a year-on-year improvement in performance in 3Q 2018. Revenue per available room (“RevPAR”) of the hotel portfolio grew 6.6% year-on-year to S\$152 in 3Q 2018 with ADR growing by 5.1% over 3Q 2017. In addition to the positive impact of adding Oasia Hotel Downtown to the portfolio and the improvement in performance by the recently renovated and rebranded Orchard Rendezvous Hotel (formerly known as Orchard Parade Hotel), there has been an uptick in overall market demand on the broader front.

For YTD September 2018, average occupancy increased 1.8pp and ADR increased 3.7%. Correspondingly, RevPAR was up 5.8% year-on-year at \$145.

Serviced Residences

While the serviced residences (“SRs”) portfolio continued to face downward pressure on ADR, the occupancy gap that impacted trading in the first two quarters was narrowed in 3Q 2018. The average occupancy and ADR in 3Q 2018 were 1.8pp and 3.4% lower year-on-year respectively. As a result, revenue per available unit (“RevPAU”) of the SR portfolio declined 5.4% to S\$186 in 3Q 2018.

While there has been an improvement in the performance of the SRs quarter-on-quarter, the portfolio continued to be challenged by the softness in corporate demand. The average occupancy of the SRs improved 3.4pp year-on-year for YTD September 2018 while the ADR was 5.2% lower. Correspondingly, RevPAU of the SR portfolio declined 1.2% year-on-year to S\$176 for YTD September 2018.

REIT Commercial Premises

Revenue from the retail and office spaces was relatively stable year-on-year at \$5.5 million for 3Q 2018, with a marginal decline of 0.8%.

Over the nine-month period, revenue from the retail and office spaces had declined 2.9% year-on-year to \$16.6 million.

Capital Management

As at 30 September 2018, total debt was \$1,026.4 million, of which 54.3% was secured at fixed interest rates. The aggregate leverage was 40.4%, and the weighted average debt to maturity was 3.1 years. The average cost of debt was about 2.6%.

The REIT Manager is finalising the loan documentation to refinance the term loan of S\$100 million ahead of its maturity in December 2018.

Outlook

The operating environment for hotels in Singapore continues to trend in a positive direction. With visitor arrivals growing by 7.5% year-on-year in the first eight months of 2018¹, and a more moderate increase in new hotel room supply of 1.1% this year², the dynamics in the sector have become more positive. Nonetheless, corporate travel demand is subject to wider global and economic factors.

The outlook for Far East H-Trust's serviced residences remains subdued as the long-stay market continues to be impacted by room rate pressure from corporate accounts, a tight foreign labour policy and a greater availability of home-sharing options.

With the improvement in the tourism sector, the REIT Manager continues to proactively explore opportunities for growth, whilst still focused on enhancing the existing properties to strengthen the portfolio's competitiveness.

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¹ Singapore Tourism Board, Visitor Arrivals Statistics

² Far East H-Trust's compilation

For more information, please contact:

Charissa Liu

Assistant Manager, Investor Relations & Asset Management

Tel: +65 6833 6607

Email: charissaliu@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 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 60.6% owned by Far East Organisation Pte. Ltd. as at 31 December 2017.

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.