

FAR EAST H-TRUST REPORTS FY 2018 INCOME AVAILABLE FOR DISTRIBUTION OF S\$75.4 MILLION

Highlights:

- Distribution per Stapled Security improves 3.1% year-on-year for 4Q 2018
- Hotel performance registers another quarter of growth
- Serviced Residences show year-on-year improvement in 4Q 2018

Singapore, 13 February 2019 – Far East Hospitality Trust (“Far East H-Trust”) posted a Distribution per Stapled Security (“DPS”) of 1.00 Singapore cents for the quarter ended 31 December 2018 (“4Q 2018”), 3.1% higher year-on-year. Gross revenue was 12.4% higher at S\$28.9 million and income available for distribution was 4.9% higher at S\$19.1 million.

For the full year ended 31 December 2018 (“FY 2018”), DPS was 2.6% higher at 4.00 Singapore cents. Gross revenue was 9.5% higher at S\$113.7 million and income available for distribution was 4.7% higher at S\$75.4 million.

Summary of Results

(S\$'000)	4Q 2018	4Q 2017	Variance (%)	FY 2018	FY 2017	Variance (%)
Gross Revenue	28,919	25,718	12.4	113,678	103,825	9.5
Net Property Income	26,324	23,114	13.9	102,755	93,154	10.3
Income Available for Distribution	19,097	18,205	4.9	75,363	72,013	4.7
Distribution per Stapled Security (“DPS”) (cents)	1.00	0.97	3.1	4.00	3.90	2.6

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “Far East H-Trust has achieved four consecutive quarters of year-on-year growth in DPS in FY 2018. This is attributed to overall improvement in the operating performance of our hotel portfolio, supported by a boost from the addition of Oasia Hotel Downtown and the completion of the renovation of Orchard Rendezvous Hotel. Besides the hotels, our serviced residences have also shown a turnaround in performance for the quarter.”

Review of Performance

	4Q 2018		4Q 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	86.2	84.3	85.4	78.2	0.8pp	6.1pp
Average Daily Rate (S\$)	165	212	155	213	6.5%	(0.3%)
RevPAR / RevPAU (S\$)	142	179	132	166	7.5%	7.5%

	FY 2018		FY 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.1	84.1	87.5	80.0	1.5pp	4.1pp
Average Daily Rate (S\$)	162	210	155	219	4.4%	(4.0%)
RevPAR / RevPAU (S\$)	144	177	136	175	6.2%	0.9%

Hotels

The hotels showed a year-on-year improvement in performance in 4Q 2018. Revenue per available room (“RevPAR”) of the hotel portfolio grew 7.5% year-on-year to S\$142 in 4Q 2018, with the average daily rate (“ADR”) growing by 6.5% and occupancy by 0.8pp. In addition to the positive impact of adding Oasia Hotel Downtown to the portfolio in April 2018 and the improvement in performance by the rebranded Orchard Rendezvous Hotel (formerly known as Orchard Parade Hotel), the hotels benefitted from an uptick in overall market demand.

For FY 2018, the hotels showed a year-on-year improvement in performance. RevPAR of the hotel portfolio grew 6.2% to S\$144 due to an increase in both occupancy and ADR of 1.5pp and 4.4% respectively.

Serviced Residences

The serviced residences (“SRs”) portfolio showed a healthy year-on-year occupancy growth of 6.1pp in 4Q 2018. ADR in 4Q 2018 was marginally lower year-on-year by 0.3%. As a result, revenue per available unit (“RevPAU”) of the SR portfolio grew 7.5% to S\$179 in 4Q 2018.

On a full year basis, there was a slight improvement in the performance of the SRs year-on-year. Average occupancy for the SRs improved 4.1pp to 84.1% while the ADR was 4.0% lower at S\$210. Correspondingly, RevPAU of the SR portfolio increased marginally by 0.9% year-on-year to S\$177.

REIT Commercial Premises

Revenue from the retail and office spaces declined 2.4% year-on-year to S\$5.5 million in 4Q 2018, due to lower rental rates.

For FY 2018, revenue from the retail and office spaces declined 2.7% year-on-year to S\$22.1 million, as a result of a decline in rental rates.

Capital Management

As at 31 December 2018, our total debt stood at S\$1,030.6 million, of which 63.8% was secured at fixed interest rates. During the quarter, the REIT Manager had entered into a new interest rate swap contract, effective in January 2019, which would increase the proportion of fixed rate borrowings to about 68.6%. The aggregate leverage was 40.1%, and the weighted average debt to maturity was 3.3 years. The average cost of debt was about 2.7%.

The REIT Manager has received commitment from the existing lender to refinance the term loan of S\$100 million ahead of its maturity in August 2019.

Outlook

The operating environment for hotels in Singapore continues to trend in a positive direction, benefitting from a better balance in demand and supply in the industry. There was a more moderate increase in new hotel rooms of 1.1% in 2018¹, as compared to a growth of 5.1% between 2013 to 2017². In 2019, room supply is expected to increase by 2.2%.³

Visitor arrivals had grown by 6.6% year-on-year in the first eleven months of 2018⁴. Contributing to this growth are developments such as the expansion of flight and cruise connectivities to key visitor markets and continued marketing and promotion efforts by the Singapore Tourism Board and the travel industry.

Nonetheless, with higher trade policy uncertainties and slowing economic growth in key markets, the hospitality sector could see a dampening in corporate demand. The serviced residences have shown signs of turning around but corporate demand is still expected to remain subdued.

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¹ Far East H-Trust's compilation

² CBRE Report Data

³ Far East H-Trust's compilation

⁴ Singapore Tourism Board, Visitor Arrivals Statistics

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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 \$2.63 billion as at 31 December 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 Organization Pte. Ltd. as at 31 December 2018.

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.