

FAR EAST HOSPITALITY TRUST REPORTS 1Q 2019 INCOME AVAILABLE FOR DISTRIBUTION OF S\$17.4 MILLION

Highlights:

- Gross revenue increases 8.0% to S\$27.8 million in 1Q 2019
- Net property income increases 9.0% to S\$25.1 million
- Proportion of fixed rate borrowings increases to 69.5%

Singapore, 25 April 2019 – Far East Hospitality Trust (“Far East H-Trust”) posted a 8.0% increase in gross revenue to S\$27.8 million for the quarter ended 31 March 2019 (“1Q 2019”). Net property income was 9.0% higher at S\$25.1 million, boosted by additional contribution from Oasia Hotel Downtown. Income available for distribution was S\$17.4 million translating to a Distribution per Stapled Security of 0.91 cents, with an enlarged base.

Summary of Results

(S\$'000)	1Q 2019	1Q 2018	Variance (%)
Gross Revenue	27,790	25,724	8.0
Net Property Income	25,071	23,007	9.0
Income Available for Distribution	17,427	17,645	(1.2)
Distribution per Stapled Security (“DPS”) (cents)	0.91	0.94	(3.2)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “The hotels and serviced residences in our portfolio recorded a slight improvement in the average rate. The hotels continued to achieve high occupancies, although corporate demand was relatively softer as compared to the same period last year given the absence of major events such as the biennial Singapore Airshow. The increase in hotel room supply is expected to be moderate in the near future, providing some stability to facilitate a recovery in the sector.”

Review of Performance

	1Q 2019		1Q 2018		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.2	80.2	89.6	81.3	(0.4pp)	(1.1pp)
Average Daily Rate (S\$)	157	217	155	214	1.1%	1.3%
RevPAR / RevPAU (S\$)	140	174	139	174	0.7%	0.0%

Hotels

The hotels continued to enjoy high occupancies, fuelled by rising visitor traffic to Singapore. Contribution from the corporate segment was lower in the quarter as there were fewer major events, and as companies continued to exercise prudence in their business travel spending.

The average occupancy of the hotel portfolio was marginally lower year-on-year by 0.4pp at 89.2%. The average daily rate (“ADR”) was 1.1% higher at S\$157. As a result, revenue per available room (“RevPAR”) improved by 0.7% to S\$140.

Serviced Residences

The performance of the serviced residences (“SRs”) was more stable, and although demand from the corporate segment remained subdued, there was growth from some industries and other market segments, which helped to relieve downward pressure on ADR.

The average occupancy of the SR portfolio decreased 1.1pp to 80.2%. ADR was higher by 1.3%. As a result, revenue per available unit (“RevPAU”) of the SR portfolio was flat year-on-year at S\$174.

REIT Commercial Premises

Revenue from the retail and office spaces declined 0.5% year-on-year to \$5.5 million in 1Q 2019, due to lower rental rates.

Capital Management

As at 31 March 2019, total debt stood at S\$1,018.2 million and aggregate leverage was 39.9%. The average cost of debt had increased from 2.5% to 2.9% compared to the same period last year, mainly as a result of extending the weighted average debt to maturity from 2.7 to 3.6 years, and increasing the proportion of fixed rate borrowings from 40.8% to 69.5%.

In March 2019, a term loan of S\$100 million due to mature in August 2019 was refinanced. There are no other term loans maturing this year.

Outlook

International visitor arrivals to Singapore in the first two months of the year had showed a 2% increase and is forecasted to grow by 1% to 4% in 2019¹.

Hotel supply is expected to increase by 2.2%² with 1,481 new rooms projected to open during the year, a slower pace as compared to the past few years.

While there may be some volatility in the near-term given the subdued corporate demand due to global macroeconomic concerns, the REIT Manager is positive about the medium-term prospects of the industry. This is supported by the government's recently announced plans to drive quality tourism by rejuvenating existing offerings and implementing new developments. The REIT Manager will continue to enhance the quality of its portfolio and implement strategies to improve the performance of the properties.

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¹ Singapore Tourism Board, Actual and Forecasted Visitor Arrivals, as at 13 February 2019

² Savills report issued as at February 2019 and Far East H-Trust 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 S\$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.