

## FAR EAST HOSPITALITY TRUST REPORTS 3Q 2019 INCOME AVAILABLE FOR DISTRIBUTION OF S\$20.4 MILLION

### Highlights:

- Gross revenue increases 1.2% in 3Q 2019
- Income available for distribution increases 1.5% in 3Q 2019
- Improved hotel performance in 3Q 2019 after a slow 1H 2019

**Singapore, 30 October 2019** – Far East Hospitality Trust (“Far East H-Trust”) posted a 1.2% increase in gross revenue to S\$30.9 million for the quarter ended 30 September 2019 (“3Q 2019”). Net property income was 1.3% higher at S\$28.1 million. Income available for distribution was S\$20.4 million translating to a Distribution per Stapled Security of 1.04 cents, with an enlarged base largely as a result of the implementation of the Distribution Reinvestment Plan in the last three quarters.

In the first nine months of 2019 (“YTD Sep 2019”), gross revenue was 2.2% higher at S\$86.6 million and net property income was 2.4% higher at S\$78.2 million. Income available for distribution was S\$55.4 million or 2.86 cents per Stapled Security.

### Summary of Results

(S\$'000)	3Q 2019	3Q 2018	Variance (%)	YTD Sep 2019	YTD Sep 2018	Variance (%)
Gross Revenue	30,875	30,509	1.2	86,600	84,759	2.2
Net Property Income	28,058	27,686	1.3	78,244	76,431	2.4
Income Available for Distribution	20,396	20,094	1.5	55,362	56,699	(2.4)
Distribution per Stapled Security (“DPS”) (cents)	1.04	1.05	(1.0)	2.86	3.00	(4.7)

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “We achieved an improved performance this quarter for our hotels and serviced residences, after experiencing weakness in the first half of the year. Despite facing relatively softer corporate demand amidst a weakened macroeconomic environment, we remain positive about the prospects of the hospitality sector. The plans by the Singapore government to further develop major tourist attractions and the more moderate pace of new hotel room supply over the next few years will offer opportunities for strengthening the performance of our portfolio.”

## Review of Performance

	3Q 2019		3Q 2018		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	92.3	88.2	90.7	87.2	1.6pp	1.0pp
Average Daily Rate (S\$)	164	222	168	213	(2.0%)	4.4%
RevPAR / RevPAU (S\$)	152	196	152	186	0.0%	5.7%

	YTD Sep 2019		YTD Sep 2018		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.9	83.5	90.1	84.0	(0.2pp)	(0.5pp)
Average Daily Rate (S\$)	159	217	161	210	(1.3%)	3.6%
RevPAR / RevPAU (S\$)	143	181	145	176	(1.5%)	3.0%

### Hotels

There was an improvement in the year-on-year performance of the hotel portfolio in 3Q 2019, compared to the first half of the year. This was partly brought about by stronger traffic this year during the peak leisure travel season. Average occupancy of the hotels moved up to 92.3% in 3Q 2019, a 1.6pp increase year-on-year. The average daily rate ("ADR") was 2.0% lower year-on-year at S\$164, mainly attributed to lower contribution from the corporate segment and a greater composition of lower-rated leisure business. As a result, revenue per available room ("RevPAR") remained flat year-on-year at S\$152.

Compared to the same period last year, the hotel portfolio year-to-date did not benefit from major city-wide events in Singapore during the first half of 2019, and saw an overall lower volume of corporate travel amidst rising global trade tensions and economic uncertainties. This resulted in fewer opportunities to yield room rates. Nonetheless, there was a marked improvement in the overall performance of the hotels in 3Q 2019, after a slow first half of the year. Average occupancy for the first nine months of 2019 remained healthy at 89.9%, marginally lower by 0.2pp year-on-year. ADR was 1.3% lower at S\$159. RevPAR for the hotel portfolio was 1.5% lower year-on-year at S\$143 for YTD September 2019.

### Serviced Residences

The serviced residences (“SRs”) recorded a continued improvement in performance this quarter. There was a growth in shorter-stay bookings at higher room rates. For the quarter, the average occupancy of the SRs increased 1.0pp to 88.2%, and ADR was higher by 4.4% at S\$222. Correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew 5.7% year-on-year to S\$196.

There was an overall year-on-year improvement in performance for the SRs as at YTD September 2019, a trend that has been maintained since the last quarter of 2018. While the average occupancy was marginally lower year-on-year at 83.5%, the ADR was 3.6% higher at S\$217. Correspondingly, RevPAU of the SR portfolio grew 3.0% to S\$181 for YTD September 2019.

### REIT Commercial Premises

Revenue from the retail and office spaces increased marginally by 0.1% year-on-year to S\$5.5 million in 3Q 2019.

Over the nine-month period, revenue from the retail and office spaces was marginally lower year-on-year by 0.5% at S\$16.5 million.

### Capital Management

As at 30 September 2019, total debt stood at S\$1,003.2 million, of which 65.5% was secured at fixed interest rates, up from 54.3% in the same period last year. The aggregate leverage was 39.6%, and the weighted average debt to maturity was 3.2 years. The average cost of debt was 2.9%.

In March 2019, a term loan of S\$100 million due to mature in August 2019 was refinanced. In October 2019, a 2-year \$100 million term loan due to mature in April 2020 was extended to a 2.5-year \$60 million term loan and 5-year \$40 million term loan ahead of its maturity. The weighted average debt-to-maturity was extended from 3.2 years to 3.5 years taking into account the extended tenor. There are no other term loans maturing this year and next year.

### **Outlook**

International visitor arrivals to Singapore increased 1.9% year-on-year for the first eight months of 2019<sup>1</sup>, coming in at the lower end of the full-year forecast of 1% to 4% for the year<sup>2</sup>. Demand for accommodation from the corporate segment is likely to remain soft, amidst expected weaker economic growth.

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<sup>1</sup> Singapore Tourism Board, Actual Visitor Arrivals, as at 8 October 2019

<sup>2</sup> Singapore Tourism Board, Forecasted Visitor Arrivals, as at 13 February 2019

In terms of new supply, hotel rooms are anticipated to increase by 1.9% (1,284 rooms) in 2019, and 1.2% (789 rooms) in 2020<sup>3</sup>. This pace of growth is relatively moderate as compared to the increase over the last few years. The additional supply is expected to be well-absorbed by the projected growth in tourist arrivals.

The macroeconomic environment in Singapore and the wider Asia Pacific region have been impacted by mounting trade tensions and tightening fiscal conditions. Nonetheless, the REIT Manager remains positive about the medium-term prospects of the hospitality industry given the ongoing efforts and initiatives put forth by the Singapore government to drive demand, particularly to increase new flight connections and to grow the pipeline of conventions and exhibitions to be held in Singapore.

The REIT Manager continues to focus on the organic growth of its portfolio, improving the performance and competitiveness of its properties amidst a recovering hotel sector.

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<sup>3</sup> Savills report issued as at February 2019 and Far East H-Trust's Compilation. The data does not account for closures of rooms for renovations and re-openings (e.g. re-opening of Swissotel The Stamford or Raffles Hotel rooms which had undergone refurbishment).

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**ABOUT FAR EAST HOSPITALITY TRUST (“Far East H-Trust”)**

Far East H-Trust is a 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.