

FAR EAST H-TRUST POSTS 3Q 2016 INCOME AVAILABLE FOR DISTRIBUTION OF \$20.3 MILLION

Highlights:

- Healthy occupancies but lower rates in competitive environment result in lower gross revenue of \$28.0 million
- Distribution per Stapled Security lower than last year at 1.12 cents
- Outlook remains uncertain on prudent business travel spend and supply of new hotels

Singapore, 10 November 2016 – Far East Hospitality Trust (“Far East H-Trust”) reported gross revenue of \$28.0 million in the quarter ended 30 September 2016 (“3Q 2016”). Net property income and income available for distribution was \$25.3 million and \$20.3 million respectively. This translates to a distribution per Stapled Security of 1.12 cents.

For the first nine months of 2016 (“9M 2016”), gross revenue was \$81.5 million. Net property income and income available for distribution was \$73.5 million and \$58.0 million respectively. On a per Stapled Security basis, the distribution was 3.21 cents.

Summary of Results

(\$'000)	3Q 2016	3Q 2015	Variance (%)	9M 2016	9M 2015	Variance (%)
Gross Revenue	28,019	29,655	(5.5)	81,522	85,766	(4.9)
Net Property Income	25,347	26,894	(5.8)	73,496	77,368	(5.0)
Income Available for Distribution	20,263	21,565	(6.0)	57,978	61,572	(5.8)
Distribution per Stapled Security (“DPS”) (cents)	1.12	1.20	(6.7)	3.21	3.43	(6.4)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “The performance of our properties continued to be impacted by the softness in corporate demand and increase in room supply. In spite of the tougher operating environment, our properties managed to achieve high occupancies although average rates were affected. Having completed our asset enhancement programme for this year, we will focus on driving the performance of our portfolio.”

Review of Performance

	3Q 2016		3Q 2015		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	88.4	90.0	87.4	90.2	1.0pp	(0.2pp)
Average Daily Rate (\$)	161	226	172	232	(6.9%)	(2.5%)
RevPAR / RevPAU (\$)	142	203	151	209	(5.8%)	(2.7%)

	9M 2016		9M 2015		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	87.2	86.8	85.5	88.4	1.7pp	(1.7pp)
Average Daily Rate (\$)	160	222	171	234	(6.5%)	(4.9%)
RevPAR / RevPAU (\$)	140	193	146	207	(4.6%)	(6.7%)

Hotels

The operating environment for the hotels remained competitive amidst the softness in corporate travel demand, as a result of the uncertain global economic climate. The increase of about 2,500 new hotel rooms in 2016 also put pressure on rates. As a result, the hotel portfolio's average daily rate ("ADR") declined by 6.9% year-on-year despite registering an increase of 1.0pp in average occupancy. Consequently, the hotel portfolio's revenue per available room ("RevPAR") recorded a year-on-year decrease of 5.8% to \$142.

For 9M 2016, the average occupancy of the hotels was 87.2% and the average daily rate was \$160. RevPAR was 4.6% lower at \$140.

Serviced Residences

The demand for the serviced residences ("SRs") from the corporate segment remained soft as a whole. Regency House, however, was able to increase its revenue and contribution from the corporate segment as the renovation had helped to better position the property. As a portfolio, the average occupancy of the SRs continued to be healthy at 90.0% while the ADR declined 2.5% to \$226. The revenue per available unit ("RevPAU") of the SR portfolio declined 2.7% year-on-year to \$203 in 3Q 2016.

For 9M 2016, the average occupancy of the serviced residences was 86.8% and the average daily rate was \$222. RevPAU was 6.7% lower at \$193.

Asset Enhancement

The renovation of the common areas (reception, lobby bar, swimming pool, pool deck, gym and function rooms) of Orchard Parade Hotel was completed in 3Q 2016.

This follows from the completion of the refurbishment of the two and three-bedroom apartments at Regency House in 2Q 2016.

All the planned refurbishments for the year have been completed.

Excluded Commercial Premises

Revenue from the retail and office spaces declined 4.0% year-on-year to \$5.8 million in 3Q 2016 due to lower occupancy and a marginal decrease in rental rates.

For 9M 2016, revenue was 3.1% lower at \$17.3 million.

Capital Management

As at 30 September 2016, 71% of Far East H-Trust's debt was secured at fixed interest rates. The average cost of debt was approximately 2.5% per annum and the weighted average debt to maturity was 2.6 years. The REIT Manager has commenced discussions to refinance its \$250 million term loan that is maturing in 2017.

Outlook

While international visitor arrivals into Singapore grew in the first eight months of 2016, the increase was largely led by the demand from leisure travellers. Uncertainties in the macro environment weighed on the demand for corporate travel, impacting room rates across most hotel segments.

Going forward, demand from the leisure segment will continue to drive tourism in Singapore as companies remain prudent in their business travel spend. Coupled with the addition of about 2,500 new hotel rooms this year¹, the hospitality sector is expected to remain competitive.

The REIT Manager will continue to drive the performance of its existing portfolio, with a focus on the recently renovated properties.

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¹ CBRE report issued as at December 2015 and Far East H-Trust's compilation

For more information, please contact:

Denise Wong

Manager, Investor Relations & Asset Management

Tel: +65 6833 6607

Email: denisewong@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 12 properties totaling 2,829 hotel rooms and serviced residence units valued at approximately \$2.44 billion as at 31 December 2015. 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 (“FAMPL”) which is a wholly-owned subsidiary of Far East Organization Centre Pte Ltd (“FEOC”), and 33.0% owned by Far East Orchard Limited (“Far East Orchard”), which as at the date of this press release is 59.8% owned by Far East Organization Pte Ltd (“FEOPL”).

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.