

FAR EAST H-TRUST REPORTS 1Q 2017 INCOME AVAILABLE FOR DISTRIBUTION OF \$16.9 MILLION

Highlights:

- Soft corporate demand and intense market competition impacted gross revenue, which fell by 9.5% to \$24.8 million
- Debt profile strengthened with \$250 million loans refinanced ahead of maturity
- Near-term outlook remains muted; continue to focus on asset enhancement to improve competitiveness of portfolio

Singapore, 12 May 2017 – Far East Hospitality Trust (“Far East H-Trust”) registered gross revenue of \$24.8 million and net property income of \$22.1 million in the quarter ended 31 March 2017 (“1Q 2017”). Income available for distribution was \$16.9 million. On a per Stapled Security basis, the distribution was 0.93 cents.

Summary of Results

(\$'000)	1Q 2017	1Q 2016	Variance (%)
Gross Revenue	24,775	27,365	(9.5)
Net Property Income	22,124	24,679	(10.4)
Income Available for Distribution	16,931	19,444	(12.9)
Distribution per Stapled Security (“DPS”) (cents)	0.93	1.08	(13.9)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “Market demand was exceptionally weak at the start of the year. Softness in the corporate segment impacted our performance as macroeconomic concerns weighed on business travel, especially at our serviced residences, which predominantly serve corporations.

To stay competitive, we will continue to refresh our properties and seek new avenues for growth. At the same time, we will also maintain a proactive approach in capital management, ensuring a strong debt position and financial flexibility to grow the Trust.”

Review of Performance

	1Q 2017		1Q 2016		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	88.1	71.2	88.0	84.3	0.1pp	(13.1pp)
Average Daily Rate (\$)	152	227	160	223	(4.7%)	1.8%
RevPAR / RevPAU (\$)	134	162	141	188	(4.6%)	(14.0%)

Hotels

Our hotels continued to face pressure from companies exercising prudence in their business travel spending in 1Q 2017, but demand for hotel accommodation from leisure travellers remained healthy. Heightened competition as a result of the new hotel supply also put pressure on rates, which declined by 4.7%. Consequently, the revenue per available room (“RevPAR”) of the hotel portfolio decreased 4.6% to \$134 despite the average occupancy remaining stable at 88.1%.

Serviced Residences

Demand for serviced residences (“SRs”) was especially weak in 1Q 2017, as there were fewer project and training groups coming to Singapore given the slowdown in corporate activities. These groups typically provide the base for our business. As a result, the average occupancy of the SRs declined to 71.2% in 1Q 2017. Revenue per available unit (“RevPAU”) for 1Q 2017 fell 14.0% to \$162 as an increase in rates was not able to offset the fall in occupancy. Demand picked up towards the later part of 1Q 2017.

Asset Enhancement

In 2017, the guest rooms and club lounge of Orchard Parade Hotel will be refurbished as part of the third phase of asset enhancement in this property. The public areas, including the reception, lobby, lobby bar, swimming pool and function rooms, were renovated in 2016.

Excluded Commercial Premises

Revenue from the retail and office spaces was relatively stable at \$5.7 million.

Capital Management

As at 31 March 2017, the REIT Manager had refinanced \$250 million of its term loans into four and seven-year loans ahead of their maturity. The refinancing extended Far East H-Trust’s weighted average debt to maturity from 2.3 years to 3.6 years, strengthening its debt profile.

71% of Far East H-Trust's debt remained secured at fixed interest rates, and the average cost of debt was approximately 2.5% per annum.

Outlook

While international visitor arrivals to Singapore are forecasted to show flat to slight growth in 2017, demand from corporate travellers, a significant source of our revenue, is expected to remain soft.

Hotel supply is forecasted to outweigh demand in 2017, as another 3,200 new rooms¹ (representing an increase of about 5.1%) are projected to open during the year. Supply is expected to even out in 2018. Since 2014, no new sites for hotel development have been introduced in the Government Land Sales programmes.

While the operating environment is expected to remain competitive in the near term, the REIT Manager is positive of the medium term outlook given the government's plans and marketing initiatives to attract more tourists, as well as investment to improve air connectivity and airport capacity. 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 CBRE report issued as at January 2017 and Far East H-Trust's 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 12 properties totaling 2,829 hotel rooms and serviced residence units valued at approximately \$2.42 billion as at 31 December 2016. 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 61.0% 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.