

FAR EAST HOSPITALITY TRUST REPORTS 3Q 2017 INCOME AVAILABLE FOR DISTRIBUTION OF \$19.2 MILLION

Highlights

- Gross revenue decreased 2.0% to \$27.5 million in 3Q 2017
- Net property income decreased 2.3% to \$24.8 million
- Demand for hotel accommodation was stronger, reversing the declining RevPAR trend of the first two quarters

Singapore, 2 November 2017 – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$27.5 million and net property income of \$24.8 million in the quarter ended 30 September 2017 (“3Q 2017”). Income available for distribution was \$19.2 million translating to a distribution per Stapled Security of 1.03 cents.

In the first nine months of 2017 (“YTD Sep 2017”), Far East H-Trust achieved gross revenue of \$78.1 million. Net property income and income available for distribution were \$70.0 million and \$54.0 million respectively. On a Stapled Security basis, the distribution was 2.93 cents.

Summary of Results

(\$'000)	3Q 2017	3Q 2016	Variance (%)	YTD Sep 2017	YTD Sep 2016	Variance (%)
Gross Revenue	27,456	28,019	(2.0)	78,107	81,522	(4.2)
Net Property Income	24,765	25,347	(2.3)	70,039	73,496	(4.7)
Income Available for Distribution	19,169	20,263	(5.4)	54,028	57,978	(6.8)
Distribution per Stapled Security (“DPS”) (cents)	1.03	1.12	(8.0)	2.93	3.21	(8.7)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “While the rest of the year is likely to remain challenging due to the increased hotel supply coupled with a continuing soft corporate demand, we expect the situation to improve in the near future. We will continue with our asset enhancement initiatives and to drive the performance of our portfolio through accretive investments.”

Review of Performance

	3Q 2017		3Q 2016		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.4	89.0	88.4	90.0	1.0pp	(1.0pp)
Average Daily Rate (\$)	159	221	161	226	(0.7%)	(2.3%)
RevPAR / RevPAU (\$)	143	196	142	203	0.4%	(3.4%)

	YTD Sep 2017		YTD Sep 2016		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	88.2	80.6	87.2	86.8	1.0pp	(6.1pp)
Average Daily Rate (\$)	155	221	160	222	(2.9%)	(0.5%)
RevPAR / RevPAU (\$)	137	178	140	193	(1.8%)	(7.5%)

Hotels

While the operating environment for hotels remained competitive, the demand for hotel accommodation strengthened in 3Q 2017. The hotel portfolio's average occupancy improved by 1.0pp while the average daily rate ("ADR") declined marginally by 0.7%, compared to 3Q 2016. Revenue per available room ("RevPAR") for the hotel portfolio correspondingly increased by 0.4% to \$143.

For YTD Sep 2017, the average occupancy of the hotels was 88.2% and the average daily rate was \$155. RevPAR was 1.8% lower at \$137 as compared to YTD Sep 2016, due to the tightening of corporate spending and large increase of hotel supply entering the market which suppressed room rates.

Serviced Residences

While the serviced residences ("SR") portfolio continued to be impacted by downward pressure on ADR, the occupancy gap that impacted trading in the first two quarters was closed in 3Q 2017. The average occupancy and ADR in 3Q 2017 were 1.0pp and 2.3% lower year-on-year respectively. As a result, the revenue per available unit ("RevPAU") of the SR portfolio declined 3.4% to \$196 in 3Q 2017.

While there has been a marked improvement in the performance of the SR portfolio quarter-on-quarter, the portfolio continued to be challenged by the overall softness in corporate demand, particularly from project groups. The average occupancy was 6.1pp lower in YTD Sep 2017, and ADR dropped fractionally by 0.5% year-on-year. RevPAU declined 7.5% year-on-year to \$178 as at year-to-date September 2017.

Commercial Premises

Revenue from the retail and office spaces which are not covered by the master leases declined 4.5% year-on-year to \$5.6 million in 3Q 2017 due to lower occupancy and a marginal decrease in rental rates. Over the nine-month period, revenue from the retail and office spaces declined by 1.5% to \$17.1 million.

Capital Management

As at 30 September 2017, Far East H-Trust's gearing ratio was 32.1%, the weighted average cost of debt was approximately 2.5% per annum and the weighted average debt-to-maturity was 3.3 years.

Outlook

The operating environment is expected to remain competitive. Despite visitor arrivals growing by 4.0% in the first eight months of 2017, the corporate segment is anticipated to remain soft.

In addition, the growth of hotel supply will continue to outstrip demand in 2017. However, new hotel supply is expected to ease off in 2018 with the completion of most of the new hotels under development.

The REIT Manager continues to drive the performance of the assets and selectively upgrade its existing properties to ensure their competitiveness. The refurbishment of the guest rooms and club lounge at Orchard Parade Hotel is progressing well and on track for completion in 2Q 2018.

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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.