

FAR EAST H-TRUST REPORTS DISTRIBUTABLE INCOME OF \$17.6 MILLION IN 1Q 2018, RESULTING IN IMPROVED DPS OF 0.94 CENTS

Highlights:

- Performance of hotels stabilises; demand for serviced residences remains soft
- Distribution per Stapled Security improves 1.1%
- Oasia Hotel Downtown added to portfolio on 2 April 2018

Singapore, 26 April 2018 – Far East Hospitality Trust (“Far East H-Trust”) posted a 3.8% increase in gross revenue to \$25.7 million for the quarter ended 31 March 2018 (“1Q 2018”). Net property income and income available for distribution were higher at \$23.0 million and \$17.6 million respectively. Distribution per Stapled Security (“DPS”) for the quarter was 1.1% higher at 0.94 cents.

Summary of Results

(\$'000)	1Q 2018	1Q 2017	Variance (%)
Gross Revenue	25,724	24,775	3.8
Net Property Income	23,007	22,124	4.0
Income Available for Distribution	17,645	16,931	4.2
Distribution per Stapled Security (cents)	0.94	0.93	1.1

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “We started the year on firmer footing, achieving healthy growth in the revenue of our hospitality portfolio. Demand for hotel accommodation was encouraging, from both corporate and leisure segments, and we expect the performance of the hotel portfolio to balance out the softer outlook of the serviced residences.

Having completed the renovation at Orchard Parade Hotel ahead of schedule, we are now able to operate with full inventory. We are also looking forward to the contribution from Oasia Hotel Downtown, which has just been added to the portfolio.”

Review of Performance

	1Q 2018		1Q 2017		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	89.6	81.3	88.1	71.2	1.5pp	10.1pp
Average Daily Rate (\$)	155	214	152	227	1.6%	(5.8%)
RevPAR / RevPAU (\$)	139	174	134	162	3.3%	7.6%

Hotels

Revenue per available room (“RevPAR”) of the hotel portfolio grew 3.3% to \$139 in 1Q 2018 due to an increase in average occupancy and average daily rate (“ADR”) of 1.5pp and 1.6% respectively. Despite the ongoing room renovation at Orchard Parade Hotel, the performance of the hotel portfolio improved due to a pick-up in overall demand. In addition, there was some uplift from the biennial Singapore Airshow in February 2018.

Serviced Residences

The serviced residences (“SRs”) showed a year-on-year improvement in performance in 1Q 2018. The average occupancy of the SRs improved 10.1pp and the ADR was 5.8% lower. Correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew 7.6% to \$174 in 1Q 2018. Although there was an increase in group bookings, corporate demand remained subdued.

REIT Commercial Premises

Revenue from the retail and office spaces declined 3.9% year-on-year to \$5.5 million in 1Q 2018 mainly due to lower rental rates.

Capital Management

As at 31 March 2018, the total debt was \$813.9 million, of which 40.8% was secured at fixed interest rates. The aggregate leverage was 35.1%, and the weighted average debt to maturity was 2.7 years. The average cost of debt remained at about 2.5%.

The REIT Manager has refinanced \$65.0 million and \$67.2 million of borrowings ahead of their maturity in August 2018 with new five and seven-year term loans respectively. These term loans were drawn down in April 2018.

The REIT Manager has also entered into \$150.0 million of interest rate swap contracts in April 2018. Together with the new loans drawn down for the acquisition of Oasia Hotel Downtown, the proportion of fixed rate borrowings would increase to about 47.1%.

Outlook

Far East H-Trust's performance is expected to stabilise, largely due to improvement in the hotel portfolio.

The Singapore Tourism Board forecasts international tourist arrivals to grow 1% to 4% in 2018. Compared to the previous years, when new hotel supply grew at a compounded annual growth rate of about 4.9%¹, the increase of 1.1% (or 750 rooms)² in 2018 is significantly lower. As such, demand and supply is expected to balance out.

Major MICE and biennial events should provide some uplift to the performance of the hotel portfolio, which generates two-thirds of the REIT's revenue. In addition, the completion of the renovation of Orchard Parade Hotel as well as the acquisition of Oasia Hotel Downtown will contribute positively to the REIT's performance.

Demand for SRs, on the other hand, is expected to lag behind that of hotels. As corporate and relocation activities remain muted, the operating environment for SRs continues to be competitive in the near term.

The operating environment for retail and office leasing is also competitive, as companies exercise prudence in their cost management.

- End -

¹ For the period 2013 to 2017

² CBRE report issued as at February 2018 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 13 properties totaling 3,143 hotel rooms and serviced residence units valued at approximately \$2.59 billion as at 2 April 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 60.6% owned by Far East Organisation Pte. Ltd. as at the date of this press release.

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.