

FAR EAST H-TRUST REPORTS FY 2016 INCOME AVAILABLE FOR DISTRIBUTION OF \$78.1 MILLION

Highlights:

- Distribution per Stapled Security at 1.12 cents in 4Q 2016 and 4.33 cents in FY 2016
- Healthy occupancies but lower rates in competitive environment result in lower gross revenue
- Hospitality sector to remain competitive due to supply pressure and soft corporate demand

Singapore, 22 February 2017 – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$27.5 million in the quarter ended 31 December 2016 (“4Q 2016”). Net property income and income available for distribution was \$24.9 million and \$20.2 million respectively. This translates to a distribution per Stapled Security of 1.12 cents.

For the full year ended 31 December 2016 (“FY 2016”), gross revenue was \$109.1 million and net property income was \$98.4 million. Income available for distribution was \$78.1 million, which translates into a distribution per Stapled Security of 4.33 cents or a yield of 7.2%¹.

Summary of Results

(\$'000)	4Q 2016	4Q 2015	Variance (%)	FY 2016	FY 2015	Variance (%)
Gross Revenue	27,533	28,851	(4.6)	109,055	114,617	(4.9)
Net Property Income	24,859	26,289	(5.4)	98,355	103,657	(5.1)
Income Available for Distribution	20,164	20,649	(2.3)	78,142	82,221	(5.0)
Distribution per Stapled Security (“DPS”) (cents)	1.12	1.17	(4.3)	4.33	4.60	(5.9)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “2016 was another challenging year for the hospitality sector as corporate travel remained soft, and as the market absorbed the supply of new hotel rooms. We will continue to implement strategies to capture a higher share of corporate bookings, while progressively upgrading our properties to improve their competitiveness and relevance to the needs of the travellers.”

¹ Based on the closing price of \$0.60 on 31 December 2016

Review of Performance

	4Q 2016		4Q 2015		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	86.5	79.7	85.3	82.6	1.2pp	(2.9pp)
Average Daily Rate (\$)	157	220	171	218	(8.6%)	1.2%
RevPAR / RevPAU (\$)	136	176	146	180	(7.3%)	(2.3%)

	FY 2016		FY 2015		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	87.0	85.0	85.4	87.0	1.6pp	(2.0pp)
Average Daily Rate (\$)	159	222	171	230	(7.0%)	(3.6%)
RevPAR / RevPAU (\$)	139	189	146	200	(5.3%)	(5.8%)

Hotels

Revenue contribution from the hotels in 4Q was lower year-on-year due mainly to the continued softness in corporate travel demand amidst the global economic uncertainties. The increase in the hotel supply further heightened the competition, which led to a compression in room rates. Due to the confluence of factors, the hotel portfolio's average daily rate ("ADR") declined by 8.6% year-on-year, while average occupancy increased 1.2pp. Consequently, the hotel portfolio's revenue per available room ("RevPAR") was a decrease of 7.3% year-on-year to \$136.

For FY 2016, the weak and uncertain economic climate and the new supply of hotel rooms impacted the operating performance of the hotel portfolio. This was despite the uplift from biennial events such as the Singapore Airshow and Food & Hotel Asia and a stronger events calendar during the year. RevPAR for the hotel portfolio decreased 5.3% year-on-year to \$139.

Serviced Residences

On the serviced residences ("SRs") front, although Regency House enjoyed an increase in revenue from the corporate segment after its renovation, demand from the corporate segment remained soft for the SR portfolio as a whole. The ADR of the SR portfolio increased 1.2% year-on-year to \$220 in 4Q 2016 while the average occupancy was 2.9pp lower year-on-year. As a result, the revenue per available unit ("RevPAU") of the SR portfolio declined 2.3% year-on-year to \$176 in 4Q 2016.

For FY 2016, Regency House delivered improved operating performance after the completion of the asset enhancement initiative. However, demand for SR accommodation in general remained soft, with a drop in project groups and lower corporate travel budgets. Consequently, RevPAU declined by 5.8% year-on-year to \$189.

Asset Enhancement

To improve the appeal and competitiveness of its portfolio, the REIT Manager plans to refurbish the guest rooms at Orchard Parade Hotel this year, as part of the property's third phase of renovation. Orchard Parade Hotel's reception, lobby, lobby bar, swimming pool, pool deck, gym and function rooms were renovated in 2016.

Excluded Commercial Premises

Revenue from the retail and office spaces in 4Q was 0.8% lower year-on-year at \$5.7 million due to lower occupancy, in spite of a marginal increase in rental rates.

For FY 2016, revenue decreased 2.5% due to a decrease in occupancy, despite a marginal growth in rental rates.

Capital Management

As at 31 December 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 2.3 years.

The REIT Manager has refinanced \$250 million of its term loans into four and seven-year loans. The documentation work was completed in January 2017, and the loans are expected to be drawn down in March 2017 to prepay the expiring loans ahead of their maturity.

Outlook

The Ministry of Trade and Industry expects the Singapore economy to grow at a modest pace of 1% to 3% in 2017².

Growth in international visitor arrivals into Singapore slowed in the second half of 2016 despite a strong increase in the first half. Visitor days showed a similar decline in the latter part of the year. Growth in tourism is expected to remain subdued in 2017. The Singapore Tourism Board forecasts international visitor arrivals to be in the range of 16.4-16.7 million (0 to +2% year-on-year).

² Ministry of Trade and Industry, "MTI Maintains 2017 GDP Growth Forecast at "1.0 to 3.0 Per Cent", 17 February 2017

Competition in the hospitality sector remains keen, as demand from the corporate segment continues to be soft amidst the uncertain economy. The addition of 3,200 new hotel rooms in 2017³ will put pressure on room rates. The REIT Manager will continue to implement measures to improve the competitiveness of its portfolio.

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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”).

³ CBRE report issued as at January 2017 and Far East H-Trust’s compilation

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.