

FAR EAST H-TRUST REPORTS 2Q 2017 INCOME AVAILABLE FOR DISTRIBUTION OF \$17.9 MILLION

Highlights:

- Gross revenue decreases 1.0% to \$25.9 million in 2Q 2017, compared to a decline of 9.5% in the previous quarter
- Net property income decreases 1.4% to \$23.2 million
- Operating environment to remain competitive in the subsequent quarters before demand and supply balance out

Singapore, 4 August 2017 – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$25.9 million and net property income of \$23.2 million in the quarter ended 30 June 2017 (“2Q 2017”). Income available for distribution was \$17.9 million. On a per Stapled Security basis, the distribution was 0.97 cents.

For the first half of 2017 (“1H 2017”), gross revenue was \$50.7 million and net property income was \$45.3 million. Income available for distribution was \$34.9 million, or 1.90 cents per Stapled Security.

Summary of Results

(\$'000)	2Q 2017	2Q 2016	Variance (%)	1H 2017	1H 2016	Variance (%)
Gross Revenue	25,876	26,138	(1.0)	50,651	53,503	(5.3)
Net Property Income	23,150	23,470	(1.4)	45,274	48,149	(6.0)
Income Available for Distribution	17,928	18,271	(1.9)	34,859	37,715	(7.6)
Distribution per Stapled Security (“DPS”) (cents)	0.97	1.01	(4.0)	1.90	2.09	(9.1)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “The hospitality operating environment showed some improvement in 2Q 2017 compared to the previous quarter, although still slightly softer than the same period last year. Demand was stronger in the leisure segment, and we expect the next few quarters to follow a similar trend.

As we continue to drive the performance of our assets, the retail and office premises provide a stable source of revenue to our portfolio. Our financial position also puts us in good stead to make yield-accretive investments to grow the Trust.”

Review of Performance

	2Q 2017		2Q 2016		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	87.1	81.5	85.3	86.0	1.9pp	(4.5pp)
Average Daily Rate (\$)	154	217	160	218	(3.4%)	(0.6%)
RevPAR / RevPAU (\$)	134	177	136	187	(1.3%)	(5.7%)

	1H 2017		1H 2016		Better / (Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	87.6	76.4	86.6	85.1	1.0pp	(8.7pp)
Average Daily Rate (\$)	153	222	160	220	(4.1%)	0.5%
RevPAR / RevPAU (\$)	134	169	138	188	(3.0%)	(9.8%)

Hotels

Demand for hotel accommodation was firmer in 2Q 2017 compared to the previous quarter, although the increased supply of hotel rooms and soft corporate demand continued to put downward pressure on room rates. To offset this market-wide trend, there was a shift towards the leisure segment, which increased the average occupancy of the hotel portfolio by 1.9pp but resulted in a 3.4% decrease in the average daily rate (“ADR”). Correspondingly, revenue per available room (“RevPAR”) for the hotel portfolio decreased 1.3% to \$134.

For 1H 2017, unlike last year, where hotels in Singapore benefited from major events such as the Singapore Airshow and Food & Hotel Asia, there were no major city-wide events. Average occupancy increased 1.0pp against a 4.1% decline in ADR. As a result, RevPAR was down 3.0% at \$134 against 1H 2016.

Serviced Residences

The serviced residence (“SR”) portfolio continued to be impacted by the slowdown in corporate demand, particularly from project groups in 2Q 2017. The average occupancy and ADR in 2Q 2017 were 4.5pp and 0.6% lower year-on-year respectively. As a result, revenue per available unit (“RevPAU”) of the SR portfolio declined 5.7% year-on-year to \$177 in 2Q 2017.

For 1H 2017, while there was an improvement in the performance of the SRs quarter-on-quarter, the portfolio continued to be challenged by the overall softness in corporate demand, particularly from project groups. The average occupancy was 8.7pp lower in 1H

2017, and ADR grew fractionally by 0.5% year-on-year. As a result, RevPAU declined 9.8% year-on-year to \$169 in 1H 2017.

Excluded Commercial Premises

Revenue from the retail and office spaces was relatively stable at \$5.8 million.

Capital Management

As at 30 June 2017, Far East H-Trust's gearing ratio was 32.8% and weighted average debt maturity was 3.4 years.

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

The operating environment is expected to remain competitive in the next few quarters as demand for accommodation from the corporate segment continues to be soft. Far East H-Trust's serviced residences, which mainly serve corporations, are expected to be impacted to a larger extent compared to the hotels.

The increase in hotel supply (projected at 2,850 new rooms¹, or an increase of 4.5%) is set to outpace demand in 2017. The REIT Manager expects the demand-supply dynamics to improve in 2018, as the supply of new hotel rooms tapers off. Since 2014, no new sites for hotel development have been introduced in the Government Land Sales programmes.

To ensure its portfolio's competitiveness, the REIT Manager continues to drive the performance of the assets and selectively upgrade its existing properties. The refurbishment of the guest rooms and club lounge at Orchard Parade Hotel is currently underway.

Far East H-Trust should also benefit from developments in the tourism industry and expansion of airport infrastructure to grow Singapore's status as an air hub.

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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”).

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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.

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