FAR EAST HOSPITALITY TRUST

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FAR EAST H-TRUST REPORTS FY 2017 INCOME AVAILABLE FOR DISTRIBUTION OF $72.0 MILLION

Highlights:

- Hotel occupancy remains healthy despite influx of new supply in 4Q; serviced residences continue to be impacted by muted demand
- Orchard Parade Hotel renovation on track for completion by 2Q 2018
- Hotel operating environment expected to stabilise; MICE and biennial events to provide some uplift

Singapore, 15 February 2017 – Far East Hospitality Trust ("Far East H-Trust") recorded gross revenue of $25.7 million for the quarter ended 31 December 2017 ("4Q 2017"). Net property income was $23.1 million and income available for distribution was $18.2 million. Distribution per Stapled Security for the quarter was 0.97 cents.

For the full year ended 31 December 2017 ("FY 2017"), gross revenue was $103.8 million. Net property income was $93.2 million and income available for distribution was $72.0 million. On a per Stapled Security basis, the distribution was 3.90 cents.

Summary of Results

($'000)	4Q 2017	4Q 2016	Variance (%)	FY 2017	FY 2016	Variance (%)
Gross Revenue	25,718	27,533	(6.6)	103,825	109,055	(4.8)
Net Property Income	23,114	24,859	(7.0)	93,154	98,355	(5.3)
Income Available for Distribution	18,205	20,164	(9.7)	72,013	78,142	(7.8)
Distribution per Stapled Security ("DPS") (cents)	0.97	1.12	(13.4)	3.90	4.33	(9.9)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, "Notwithstanding the influx of new hotels in 4Q 2017, the average occupancy of our hotel portfolio remained healthy. Our serviced residences, in comparison, were more impacted, as demand from the corporate segment remained subdued.

The operating environment is expected to improve going forward as the supply of new hotel rooms tapers off. Having upgraded some of our properties in the past few years, we are better positioned to benefit from a recovery of the sector."

Review of Performance

	4Q 2017		4Q 2016		Better / (Worse)	
	Hotels	**Serviced Residences**	**Hotels**	**Serviced Residences**	**Hotels**	**Serviced Residences**
Average Occupancy (%)	85.4	78.2	86.5	79.7	(1.1pp)	(1.6pp)
Average Daily Rate ($)	155	213	157	220	(1.1%)	(3.5%)
RevPAR / RevPAU ($)	132	166	136	176	(2.4%)	(5.5%)

	FY 2017		FY 2016		Better / (Worse)	
	Hotels	**Serviced Residences**	**Hotels**	**Serviced Residences**	**Hotels**	**Serviced Residences**
Average Occupancy (%)	87.5	80.0	87.0	85.0	0.5pp	(5.0pp)
Average Daily Rate ($)	155	219	159	222	(2.5%)	(1.3%)
RevPAR / RevPAU ($)	136	175	139	189	(1.9%)	(7.1%)

Hotels

The average occupancy of the hotels remained healthy at 85.4% in 4Q 2017, decreasing marginally by 1.1pp. The average daily rate ("ADR") was 1.1% lower year-on-year, partly due to a higher contribution from the leisure segment. As a result, revenue per available room ("RevPAR") for the hotel portfolio decreased 2.4% to $132.

For FY 2017, the average occupancy of the hotels was 0.5pp higher year-on-year at 87.5% and the ADR decreased 2.5%, as demand for hotel accommodation, particularly from the corporate segment, was generally soft. In addition, the supply of new hotels put downward pressure on rates. As a result, RevPAR was lower by 1.9% at $136.

Serviced Residences

The serviced residences ("SRs") continued to be challenged in 4Q 2017, although showing an improvement over the first half of 2017. Demand from the corporate segment remained lukewarm, although there was growth from some industries. The average occupancy was 1.6pp lower at 78.2%, and the average daily rate was a decrease of 3.5%. Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio declined 5.5% year-on-year to $166 in 4Q 2017.

On a full year basis, the average occupancy of the SRs was 5.0pp lower than the preceding year at 80.0%. ADR and RevPAU were 1.3% and 7.1% lower respectively, as a pick-up in leisure bookings was not able to offset the lack of demand from corporate accounts and project groups.

REIT Commercial Premises

Revenue from the retail and office spaces declined 1.9% in 4Q 2017, due to slightly lower occupancy and rental rates.

For FY 2017, revenue from the retail and office spaces was 1.6% lower as a result of a slight decline in rental rates.

Capital Management

As at 31 December 2017, our total debt stood at $$799.2 million, of which 41.6% was secured at fixed interest rates. The aggregate leverage was 34.4%, and the average cost of debt was about 2.5%. The weighted average debt to maturity was 3.0 years.

To date, Far East H-REIT has received commitment to refinance $65 million and $67.2 million of borrowings due in August 2018 with five and seven-year term loans respectively. The REIT Manager is also assessing refinancing options for the $100 million loans due in December 2018.

Outlook

The operating environment for hotels is expected to stabilise, with major MICE and biennial events providing some uplift in 2018.

On the supply front, about 750 new rooms are projected to be added to the market in 2018, representing an increase of 1.1% over the previous year[1]. The hotel industry is likely to remain competitive over the next few quarters as the new hotels seek to gain a foothold.

The outlook for the serviced residences remains subdued. The performance of Far East H-Trust's serviced residences, driven mainly by the corporate segment, is expected to remain soft.

With the expected improvement in the tourism sector, the REIT Manager continues to pursue opportunities for future income and capital growth. The refurbishment of the guest rooms and club lounge at Orchard Parade Hotel is on track and due to complete by 2Q 2018. In addition, the REIT has also entered into a conditional sale and purchase agreement for the proposed acquisition of Oasia Hotel Downtown. The proposed acquisition is conditional on the approval of Stapled Securityholders at the Extraordinary General Meeting, and is expected to complete on 2 April 2018.

\- End –

[1] CBRE report issued as at February 2018 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 $2.38 billion as at 31 December 2017. In addition, Far East H-Trust has a 30.0% stake in a joint venture for the development of a hotel project located on Sentosa. 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 31 December 2017.

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.

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