

FAR EAST H-TRUST POSTS 2Q 2015 INCOME AVAILABLE FOR DISTRIBUTION OF \$20.8 MILLION

Highlights:

- Gross revenue at \$28.7 million and net property income at \$26.0 million
- Stable occupancies and improvement in performance at some properties despite challenging operating environment
- Outlook remains competitive, with potential pick-up in demand from major sporting events and new attractions

Singapore, 6 August 2015 – Far East Hospitality Trust (“Far East H-Trust”) posted gross revenue of \$28.7 million and net property income of \$26.0 million for the quarter ended 30 June 2015 (“2Q 2015”). Income available for distribution was \$20.8 million, equivalent to a distribution per stapled security (“DPS”) of 1.16 cents.

Summary of Results

(\$'000)	2Q 2015	2Q 2014	Variance (%)	1H 2015	1H 2014	Variance (%)
Gross Revenue	28,746	29,623	(3.0)	56,111	60,292	(6.9)
Net Property Income	25,987	26,591	(2.3)	50,474	54,185	(6.8)
Income Available for Distribution	20,803	22,063	(5.7)	40,007	45,184	(11.5)
Distribution per Stapled Security (“DPS”) (cents)	1.16	1.24	(6.5)	2.23	2.54	(12.2)

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “Demand for accommodation in the second quarter was muted, as companies remained prudent in their corporate travel expenditure, and as leisure travellers from some major markets were affected by the relatively strong Singapore Dollar. Despite the challenging operating environment, we were able to achieve relatively healthy occupancies albeit at lower rates, and an improvement in performance at some properties.

In the near future, we expect the outlook for the hospitality sector to remain subdued, although there could be some uplift from major events and the opening of new attractions in Singapore. We will continue to progressively enhance some of our assets to stay competitive.”

Review of Performance

	2Q 2015		2Q 2014		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	86.7	89.3	80.1	87.2	6.6pp	2.1pp
Average Daily Rate (\$)	170	231	188	249	(9.6%)	(7.3%)
RevPAR / RevPAU (\$)	147	207	150	218	(2.1%)	(5.1%)

	1H 2015		1H 2014		Better/(Worse)	
	Hotels	Serviced Residences	Hotels	Serviced Residences	Hotels	Serviced Residences
Average Occupancy (%)	84.5	87.5	81.7	87.2	2.8pp	0.3pp
Average Daily Rate (\$)	171	235	189	252	(9.8%)	(6.4%)
RevPAR / RevPAU (\$)	144	206	154	219	(6.7%)	(6.1%)

Hotels

The average occupancy of the hotel portfolio was 6.6pp higher year-on-year in 2Q 2015. The average daily rate ("ADR") was 9.6% lower year-on-year as the influx of new hotel rooms as well as the softer demand in the market put pressure on rates. The contribution from CommunicAsia and SEA Games was moderate. As a result, the average revenue per available room ("RevPAR") declined 2.1% from \$150 achieved in 2Q 2014.

The average occupancy of the hotel portfolio was 2.8pp higher for the six months ended June 2015 ("1H 2015") while the average daily rate ("ADR") was 9.8% lower year-on-year. Heightened competition, as a result of the new supply, coupled with the softer demand in the market, put pressure on rates. As a result, the RevPAR declined 6.7% from \$154 achieved in 1H 2014.

Serviced Residences

The average occupancy of the serviced residences ("SR") was 89.3% in 2Q 2015, which was 2.1pp higher than the same quarter last year, and the ADR was 7.3% lower. In line with the soft rental property market, demand for SR accommodation remained weak in 2Q 2015, and rates were lowered to drive occupancy. As a result, revenue per available unit ("RevPAU") for the reporting quarter fell by 5.1% to \$207 in 2Q 2015.

The average occupancy of the SR was 87.5% in 1H 2015, which was marginally higher year-on-year. ADR, however, fell 6.4% as a more flexible rate strategy was adopted to

address a decrease in bookings from project groups. As a result, RevPAU for the period fell by 6.1% to \$206 in 1H 2015.

Excluded Commercial Premises

The retail and office spaces continued to provide stability to the portfolio in 2Q 2015, with revenue of \$5.9 million, or an increase of 1.1% over the same quarter last year. For 1H 2015, the revenue was \$11.8 million, an increase of 1.8% year-on-year, due to both an improvement in occupancy and rental rates. The contribution from the excluded commercial premises formed 20.6% and 21.0% of the gross revenue of Far East H-Trust in 2Q 2015 and 1H 2015 respectively.

Capital Management

Rated Baa2 by Moody's, Far East H-Trust's financial position remained stable amidst the uncertain interest rate environment, with 60% of its debt portfolio secured at fixed interest rates. As at 30 June 2015, the average cost of debt is approximately 2.5% per annum and the weighted average debt to maturity is 3.0 years.

Outlook

The Singapore tourism sector continues to face headwinds as the global economic environment remains uncertain and visitor arrivals show little signs of recovery. For the first five months of 2015, international visitor arrivals to Singapore fell 4.1% year-on-year¹. The Singapore Tourism Board ("STB") is expecting a flat to modest growth of between 0% and 3% for visitor arrivals in 2015².

With an uncertain global economic environment and a relatively strong Singapore dollar, softness in both corporate and leisure travel demand may persist. Coupled with a supply of approximately 4,300 new hotel rooms this year³, the operating environment is expected to remain competitive.

To drive tourism, the STB has launched a S\$20 million global marketing campaign, reaching out to key markets such as Indonesia, China, India, Korea and Japan. Together with Singapore Airlines and the Changi Airport Group ("CAG"), STB has also entered into a S\$20 million partnership to boost the Singapore experience to leisure, business and MICE audiences in more than 15 markets worldwide over the course of two years. CAG statistics have shown some initial signs of improvement, with air traffic between Singapore and two of its major travel markets, China and Thailand, recovering year-on-year for the twelve months ended May 2015⁴.

¹ STB International Visitor Arrivals Statistics, as at 12 July 2015

² Singapore Tourism Board, Tourism Industry Conference 2015 - Speech by Mr S Iswaran, Second Minister for Home Affairs and Trade and Industry

³ CBRE report issued as at March 2015 and Far East H-Trust's compilation

⁴ The Business Times, "Air traffic between Singapore and China, Thailand recovering", 29 June 2015

Marquee sporting events lined up over the next twelve months, such as the FINA Swimming World Cup and World Rugby Sevens Series, are expected to provide some uplift. Ongoing efforts to rejuvenate existing attractions such as the Singapore Botanic Gardens and Sentosa, and the opening of new attractions, such as the National Gallery Singapore, will further enhance Singapore's attractiveness as a tourist destination.

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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 \$2.48 billion as at 31 December 2014. 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 59.8% 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.

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