

FAR EAST H-TRUST POSTS DISTRIBUTABLE INCOME OF \$24.2 MILLION FOR 3Q 2013

Highlights:

- Hotel occupancy at 86.2% exceeds 3Q 2013 forecast by 1.6pp; RevPAR 8.9% below forecast mainly due to stronger than anticipated price competition on room rates
- Serviced residences continue to enjoy high occupancy of 90.2%; commercial spaces deliver stable rental income
- Distribution per stapled security of 1.41 cents for 3Q 2013 and 4.22 cents for 9M 2013

Singapore, 8 November 2013 – Far East Hospitality Trust (“Far East H-Trust”) has posted distributable income of S\$24.2 million for the quarter ended 30 September 2013 (“3Q 2013”), a shortfall of 7.4% versus forecast, as Far East H-Trust’s hotels continued to face stronger than anticipated price pressure on room rates. The REIT Manager has declared a distribution per stapled security (“DPS”) of 1.41 cents for 3Q 2013, or 7.8% lower than forecast. For the nine months ended 30 September 2013 (“9M 2013”), Far East H-Trust registered distributable income of S\$69.5 million and DPS of 4.22 cents, 3.5% and 3.4% lower than forecast respectively.

Summary of Results

	3Q 2013 Actual	3Q 2013 Forecast ²	Variance (%)	9M 2013 Actual	9M 2013 Forecast	Variance (%)
Gross Revenue (S\$'000)	31,472	34,719	-9.4	88,915	95,893	-7.3
Net Property Income (S\$'000)	28,518	31,477	-9.4	81,415	86,793	-6.2
Income Available for Distribution (S\$'000)	24,198	26,144	-7.4	69,525	72,020	-3.5
Distribution per Stapled Security ¹ (“DPS”) (cents)	1.41	1.53	-7.8	4.22	4.37	-3.4

¹ In connection with the acquisition of the Rendezvous property, Far East H-Trust had made, in lieu of the scheduled quarterly-distribution, an advanced distribution of Far East H-Trust’s distributable income for the period from 1 April 2013 to 31 July 2013 (prior to the date on which the placement of new Stapled Securities were issued). The distribution was paid on 11 September 2013. Excluding the advanced distribution, the distribution for the two months from 1 August 2013 to 30 September 2013 of 0.94 cents, to be paid on 18 December 2013.

² The forecast figures were derived from the Far East H-Trust’s Initial Public Offering Prospectus of 16 August 2012 and the Circular for the acquisition of the Rendezvous property dated 15 May 2013. The acquisition of the Rendezvous property was completed on 1 August 2013. Rendezvous’ result for the period from 1 August 2013 and 30 September 2013 has been included in the third quarter results of Far East H-Trust.

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “3Q 2013 continued to be a challenging quarter as the hotels were affected by industry-wide price competition. The hospitality sector also felt the impact of a stronger Singapore Dollar, which resulted in fewer bookings from some key tourist markets, as well as subdued business travel spending. Our retail and office spaces enjoyed high occupancies and stable rentals, which mitigated the impact of the weaker than expected hotel performance.”

Review of Performance

	3Q 2013 Actual			3Q 2013 Forecast			Variance		
	All Hotels	Hotels (excl. RGHS)	SRs	All Hotels	Hotels (excl. RGHS)	SRs	All Hotels	Hotels (excl. RGHS)	SRs
Ave Occupancy (%)	86.2	86.7	90.2	84.6	84.9	90.0	1.6pp	1.8pp	0.2pp
Ave Daily Rate (\$)	193.8	192.7	254.4	216.8	219.1	261.9	-10.6%	-12.0%	-2.9%
RevPAR / RevPAU (\$)	167.1	167.1	229.5	183.4	186.0	235.7	-8.9%	-10.2%	-2.6%

Hotels

The average occupancy for all hotels, including Rendezvous Grand Hotel Singapore (“RGHS”), was 1.6pp above the 3Q 2013 forecast. The average daily rate (“ADR”), however, fell 10.6% below forecast. As such, the average revenue per available room (“RevPAR”) for the quarter was \$167.1, 8.9% below forecast.

Since the acquisition of RGHS and Rendezvous Gallery on August 1, 2013, the focus has been on ramping up the hotel occupancy and room rates by leveraging on the hotel operator’s central sales force. For the first two months since the acquisition, RGHS has performed in line with expectations. As a strategy to strengthen the hotel’s status as an icon within the business and cultural district, the REIT Manager is embarking on the repositioning of the property to an art-inspired hotel.

Serviced Residences

The average occupancy for serviced residences was on forecast. The average daily rate was 2.9% lower than forecast due to promotional rates to attract longer stays. As a result, 3Q 2013 revenue per available unit (“RevPAU”) was \$229.5, 2.6% below the forecast of \$235.7.

Excluded Commercial Premises

The rental revenue from the commercial space in the hotels and serviced residences in 3Q 2013 was \$5.0 million, 3.4% above forecast.

Capital Management

As of 30 September 2013, the REIT Manager has fixed the interest rate of approximately 51% of its \$132.15 million floating rate loan, which was taken up for the acquisition of the Rendezvous Grand Hotel Singapore and Rendezvous Gallery. Subsequent to the quarter end, the REIT Manager has fixed the interest rate for the balance of the loan.

As a result, 62% of the total loan portfolio has fixed interest rates. The expected composite interest cost is 2.3% per annum in the fourth quarter. The weighted average debt to maturity is 3.6 years.

Outlook

In 3Q 2013, the operating environment remained challenging due to higher than expected price competition from the new supply of hotels and tight corporate budgets. The hospitality sector also felt the impact of a stronger Singapore Dollar, which resulted in fewer bookings from key tourist markets such as Indonesia and Malaysia.

While the above factors may dampen current operating performance, the outlook is expected to improve in 2014. In the first half of next year, the industry will benefit from the staging of the biennial Singapore Airshow and the Food and Hotel Asia exhibition. In addition, the MICE industry will receive a boost from the reopening of the Suntec Convention and Exhibition Centre and the opening of the new Singapore Sports Hub.

To address the competition in the mid-tier/upscale hospitality sector, the hotel operator will focus on revenue management, growing the corporate segment and driving more direct bookings on its own website to improve yields.

The REIT Manager expects the operating environment to remain challenging for the rest of the financial year. It will continue to strengthen its portfolio through asset enhancement initiatives for selected properties. The REIT Manager plans to upgrade approximately 10% of the hotel rooms and serviced residence units in the portfolio in the next 12 months.

Far East H-Trust's retail and office spaces are expected to operate at high occupancy rates and provide a steady income stream to the portfolio. At the same time, the REIT Manager will also continue to seek acquisition opportunities to enhance returns to the Stapled Securityholders.

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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 2013 and has a portfolio of 12 properties totaling 2,829 hotel rooms and serviced residence units valued at approximately S\$2.43 billion as at 1 August 2013. 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 several indices including FTSE ST Mid Cap Index, Global Property Research (“GPR”) 250 Index and GPR 250 REIT 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”).

<p>The issue managers for the initial public offering and listing of Far East Hospitality Trust were DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the “Issue Managers”). The Issue Managers assume no responsibility for the contents of this press release.</p>
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