

FAR EAST H-TRUST POSTS 2Q 2014 INCOME AVAILABLE FOR DISTRIBUTION OF \$22.1 MILLION

Highlights:

- Gross revenue of \$29.6 million in 2Q 2014 amidst challenging operating environment
- Net property income of \$26.6 million in 2Q 2014 and \$54.2 million in 1H 2014
- Refurbishment of properties to better weather near term challenges

Singapore, 5 August 2014 – Against a challenging operating environment, Far East Hospitality Trust (“Far East H-Trust”) registered a 1.0% year-on-year (“y-o-y”) increase in gross revenue to \$29.6 million for the quarter ended 30 June 2014 (“2Q 2014”), mainly due to the contribution from Rendezvous Hotel Singapore which was acquired in August 2013. Net property income for the quarter decreased 1.3% y-o-y to \$26.6 million and income available for distribution declined 4.9% y-o-y to \$22.1 million. With an enlarged stapled security base¹, distribution per stapled security (“DPS”) for 2Q 2014 was 1.24 cents.

Summary of Results

	2Q 2014*	2Q 2013	Variance (%)	1H 2014*	1H 2013	Variance (%)
Gross Revenue (\$'000)	29,623	29,333	1.0	60,292	57,443	5.0
Net Property Income (\$'000)	26,591	26,935	(1.3)	54,185	52,897	2.4
Income Available for Distribution (\$'000)	22,063	23,190	(4.9)	45,184	45,326	(0.3)
Distribution per Stapled Security (“DPS”) (cents)	1.24	1.43	(13.3)	2.54	2.81	(9.6)

**The results of Rendezvous Hotel Singapore (“RHS”) and Rendezvous Gallery (collectively “Rendezvous Property”) for the period of 1 April to 30 June 2014 and 1 January to 30 June 2014 have been included in the 2Q 2014 and 1H 2014 results respectively.*

¹148,304,059 new stapled securities were issued to STC International Holdings Pte. Ltd. (a wholly-owned subsidiary of The Straits Trading Company Limited) and Golden Development Private Limited (a member of Far East Organization group of companies) as part of the acquisition cost of Rendezvous Hotel Singapore and Rendezvous Gallery on 1 August 2013.

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “The occupancies at our hotels and serviced residences were affected by the weak macroeconomic environment and adverse factors impacting leisure travel in 2Q 2014. Our overall performance was partly mitigated by the improved income from our retail and office spaces.

We believe that the renovation of our properties will place us in a better position to weather the near term challenges of the operating environment. The refurbishment of 136 rooms at Village Hotel Albert Court has been completed and the asset enhancement works for Village Hotel Changi and Regency House are expected to complete in the coming months.”

Review of Performance

	2Q 2014		2Q 2013		Change +/-	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Avg Occupancy (%)	80.1	87.2	87.7	92.6	(7.6pp)	(5.4pp)
Avg Daily Rate (\$)	188	249	191	249	(2.0%)	0.3%
RevPAR / RevPAU (\$)	150	218	168	230	(10.5%)	(5.5%)

	1H 2014		1H 2013		Change +/-	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Avg Occupancy (%)	81.7	87.2	86.6	88.6	(4.9pp)	(1.3pp)
Avg Daily Rate (\$)	189	252	190	253	(0.4%)	(0.8%)
RevPAR / RevPAU (\$)	154	219	164	224	(6.0%)	(2.3%)

Hotels

The average occupancy of the hotel portfolio was 80.1% and 81.7% in 2Q 2014 and for the half year ended 30 June 2014 (“1H 2014”) respectively. The y-o-y decline in occupancy mirrored the trend in the Singapore market, where companies continued to restrain their travel spending as a result of the lingering macroeconomic uncertainties. Leisure travel demand was also impacted by regional events. In particular, arrivals from China, Singapore’s second largest visitor market, was affected by the imposition of a new restriction by the Chinese Government on shopping tours and a decline in demand for Singapore-Malaysia-Thailand tour packages. For the first five months of 2014, visitor arrivals from China fell by 27.4% year-on-year.

The average daily rate (“ADR”) of the hotel portfolio was \$188 in 2Q 2014, 2.0% lower than the preceding year. Room rates for the quarter were generally lower as the market

continued to experience the effects of price competition, which arose from the enlarged hotel room inventory as well as the slower demand for travel.

On a half year basis, the ADR was \$189, compared to \$190 achieved in the same period last year. The stronger demand in 1Q 2014 offered the opportunity to optimize room rates. This partially offset the lower rates in the second quarter.

As a result of the confluence of factors outlined above, the revenue per available room (“RevPAR”) was \$150 and \$154 in 2Q 2014 and 1H 2014 respectively.

Serviced Residences

Similar to the hotel portfolio, there was slower demand for Serviced Residences (“SR”) in 2Q 2014. The lower occupancy was mainly due to a weaker flow of project groups during the quarter. As a result, the average revenue per available unit (“RevPAU”) of the SR portfolio was \$218 in 2Q 2014, a decrease of 5.5% y-o-y.

On a half year basis, RevPAU was \$219, compared with \$224 a year ago, as the stronger first quarter softened the decline in 2Q 2014.

Excluded Commercial Premises

The excluded commercial premises (i.e. retail and office spaces) continued to provide a steady income stream to the portfolio. The rental revenues for 2Q 2014 and 1H 2014 were \$5.9 million and \$11.6 million respectively. The y-o-y growth in revenue was largely attributable to the contribution from Rendezvous Gallery, acquired in August 2013.

Capital Management

As at 30 June 2014, Far East H-Trust’s financial position remained stable, with 62% of its debt portfolio, or all of its debt maturing beyond 2016, secured at fixed interest rates. The cost of debt and weighted average debt to maturity remained at approximately 2.2% per annum and 2.8 years respectively. As part of its ongoing proactive and prudent capital management efforts, the REIT Manager has commenced discussions to look into the refinancing of the loan facilities due in 2015, ahead of their maturity dates.

Outlook

Although the expected supply of approximately 1,700² new hotel rooms in 2014 is smaller as compared to 3,300 in 2013, the operating environment for the Singapore hospitality market is expected to remain relatively competitive. The reduced business travel spending amidst the protracted recovery of the global economy, and potential

² Jones Lang LaSalle report issued as at March 2014 and Far East H-Trust's compilation

weakness in visitor arrivals could continue to weigh on the accommodation demand in the near term.

For the first five months of 2014, international visitor arrivals to Singapore declined by 1.7% year-on-year to approximately 6.3 million due mainly to the significant decrease of 27.4% year-on-year in the visitor arrivals from China (the second largest source of visitors into Singapore). The Singapore Tourism Board (“STB”) and the Changi Airport Group (“CAG”), together with the other major tourism players, have launched a five-month marketing campaign³ to promote Singapore as a mono-destination to attract more Chinese visitors. In addition, CAG has announced the launch of a wide-ranging Growth and Assistance Incentive (“GAIN”) programme to be implemented over the coming year with the objective of strengthening of the airport’s hub status and anchoring Singapore as a major air gateway to and from the region through lowering the costs for airlines, boosting passenger traffic and improving operational efficiency at Changi Airport⁴. These initiatives are expected to benefit the Singapore tourism sector although it may take a while for these initiatives to gain traction.

Despite the near term challenges, the longer-term outlook for the Singapore tourism sector remains positive with the growing affluence in Asia and as the fundamentals for Singapore’s tourism sector continue to be strengthened. The enhanced tourism landscape and infrastructure which continue to broaden and enrich the experience of visitors will position Singapore competitively as an attractive destination for business and leisure travelers. New attractions such as the Singapore Sports Hub that will host the Women’s Tennis Association Championships for five consecutive years from 2014⁵ and the 2015 South-east Asian Games next year as well as the opening of the KidZania Singapore⁶ and National Gallery Singapore⁷ in 2015 are expected to draw tourists to Singapore. On the business travel front, STB continues to enhance Singapore’s competitiveness as a meetings, incentives, conventions and exhibition destination through offering quality content and venues.

The supply of new hotel room supply in the medium term may be moderated with no hotel sites on the second half 2014 Government Land Sale Programme and in light of the recent measures announced by the Urban Redevelopment Authority to tighten approvals for applications for new hotels, backpackers' hostels or boarding houses on sites that are not zoned or permitted for hotel use⁸.

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³ The Straits Times, “\$1-million drive to woo back Chinese tourists”, 26 June 2014

⁴ Changi Airport Group’s Press Release, “Changi Airport Group rolls out Growth and Assistance Incentive”, 12 June 2014

⁵ The Straits Times, “Tennis: Singapore secures five-year hosting rights for season-ending WTA Championships”, 8 May 2013

⁶ The Straits Times, “Kidzania, a “city” run by kids, to open on Sentosa in 2015”, 24 January 2013

⁷ The Business Times, “Home of SE Asian art, old and new”, 4 April 2014

⁸ The Business Times, “URA policy may reduce demand for shophouses”, 14 July 2014

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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 \$2.47 billion as at 31 December 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 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”).

<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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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.