



Far East Hospitality Trust

Unaudited Financial Statements Announcement

For the second quarter and six months ended 30 June 2014

Far East Hospitality Trust (“Far East H-Trust” or the “Stapled Group”) is a hospitality stapled group 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-REIT and Far East H-BT are managed by FEO Hospitality Asset Management Pte. Ltd. (“REIT Manager”) and FEO Hospitality Trust Management Pte. Ltd. (“Trustee-Manager”), respectively.

Far East H-REIT is a Singapore-based real estate investment trust established principally to invest on a long-term basis, in a diversified portfolio of income-producing hospitality-related real estate in Singapore.

Stapled Securities in Far East H-Trust commenced trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 August 2012.

Far East H-REIT has a portfolio of 12 Singapore properties consisting of 8 hotels and 4 serviced residences:

Hotels		Serviced Residences (SRs)	
OHS	Oasia Hotel	RH	Regency House
OPH	Orchard Parade Hotel	VRCQ	Village Residence Clarke Quay
RHS	Rendezvous Hotel Singapore	VRH	Village Residence Hougang
TES	The Elizabeth Hotel	VRRQ	Village Residence Robertson Quay
TQH	The Quincy Hotel		
VHAC	Village Hotel Albert Court		
VHB	Village Hotel Bugis		
VHC	Village Hotel Changi		

Far East H-BT is currently dormant. Accordingly, the financial information of Far East H-BT has not been presented.

Distribution Policy

Far East H-REIT’s distribution policy is to distribute 100% of Far East H-REIT’s taxable income for the period from 27 August 2012 to 31 December 2013 and at least 90% of its taxable income thereafter.

Far East H-BT remains dormant as at the date of this report. In the event that Far East H-BT becomes active and profitable, Far East H-BT’s distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by Far East H-BT will be determined by the Trustee-Manager’s Board at its sole discretion.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year.
1(a)(i) Statements of Total Return of Far East H-REIT and Far East H-Trust

	Far East H-REIT					
	2Q 2014 ^(a) S\$'000	2Q 2013 S\$'000	Change + / (-) %	1H 2014 ^(a) S\$'000	1H 2013 S\$'000	Change + / (-) %
Master lease rental	23,765	24,719	(3.8)	48,700	48,190	1.1
Retail and office revenue	5,858	4,614	27.0	11,592	9,253	25.3
Gross revenue	29,623	29,333	1.0	60,292	57,443	5.0
Property tax	(2,106)	(1,783)	(18.1)	(4,213)	(3,476)	(21.2)
Property insurance	(46)	(18)	(155.6)	(91)	(35)	(160.0)
MCST contribution	(13)	(11)	(18.2)	(27)	(23)	(17.4)
Retail and office expenses	(663)	(471)	(40.8)	(1,430)	(768)	(86.2)
Property manager fees	(140)	(113)	(23.9)	(274)	(233)	(17.6)
Other property expenses	(64)	(2)	(3,150.0)	(72)	(11)	(554.5)
Property expenses	(3,032)	(2,398)	(26.4)	(6,107)	(4,546)	(34.3)
Net property income	26,591	26,935	(1.3)	54,185	52,897	2.4
REIT Manager's fees	(2,959)	(2,733)	(8.3)	(5,938)	(5,413)	(9.7)
Trustee's fees	(79)	(70)	(12.9)	(157)	(139)	(12.9)
Other trust expenses	(318)	(64)	(396.9)	(497)	(224)	(121.9)
REIT and BT level expenses	(3,356)	(2,867)	(17.1)	(6,592)	(5,776)	(14.1)
Interest expense	(4,248)	(2,910)	(46.0)	(8,440)	(6,642)	(27.1)
Total finance costs	(4,248)	(2,910)	(46.0)	(8,440)	(6,642)	(27.1)
Net income before tax and fair value changes	18,987	21,158	(10.3)	39,153	40,479	(3.3)
Fair value change in interest rate swap ^(b)	(3,859)	9,736	N.M.	(3,682)	9,597	N.M.
Total fair value changes	(3,859)	9,736	N.M.	(3,682)	9,597	N.M.
Total return for the period before income tax	15,128	30,894	(51.0)	35,471	50,076	(29.2)
Income tax expense	—	—	—	—	—	—
Total return for the period after income tax	15,128	30,894	(51.0)	35,471	50,076	(29.2)

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014

	Far East H-Trust					
	2Q 2014 ^(a)	2Q 2013	Change + / (-)	1H 2014 ^(a)	1H 2013	Change + / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental	23,765	24,719	(3.8)	48,700	48,190	1.1
Retail and office revenue	5,858	4,614	27.0	11,592	9,253	25.3
Gross revenue	29,623	29,333	1.0	60,292	57,443	5.0
Property tax	(2,106)	(1,783)	(18.1)	(4,213)	(3,476)	(21.2)
Property insurance	(46)	(18)	(155.6)	(91)	(35)	(160.0)
MCST contribution	(13)	(11)	(18.2)	(27)	(23)	(17.4)
Retail and office expenses	(663)	(471)	(40.8)	(1,430)	(768)	(86.2)
Property manager fees	(140)	(113)	(23.9)	(274)	(233)	(17.6)
Other property expenses	(64)	(2)	(3,150.0)	(72)	(11)	(554.5)
Property expenses	(3,032)	(2,398)	(26.4)	(6,107)	(4,546)	(34.3)
Net property income	26,591	26,935	(1.3)	54,185	52,897	2.4
REIT Manager's fees	(2,959)	(2,733)	(8.3)	(5,938)	(5,413)	(9.7)
Trustee's fees	(79)	(70)	(12.9)	(157)	(139)	(12.9)
Other trust expenses	(318)	(66)	(381.8)	(498)	(226)	(119.9)
REIT and BT level expenses	(3,356)	(2,869)	(17.0)	(6,593)	(5,778)	(14.1)
Interest expense ^(b)	(4,248)	(2,910)	(46.0)	(8,440)	(6,642)	(27.1)
Total finance costs	(4,248)	(2,910)	(46.0)	(8,440)	(6,642)	(27.1)
Net income before tax and fair value changes	18,987	21,156	(10.3)	39,152	40,477	(3.3)
Fair value change in interest rate swap ^(c)	(3,859)	9,736	N.M.	(3,682)	9,597	N.M.
Total fair value changes	(3,859)	9,736	N.M.	(3,682)	9,597	N.M.
Total return for the period before income tax	15,128	30,892	(51.0)	35,470	50,074	(29.2)
Income tax expense	—	—	—	—	—	—
Total return for the period after income tax	15,128	30,892	(51.0)	35,470	50,074	(29.2)

Footnotes:

N.M. – Not Meaningful

- (a) The acquisition of Rendezvous Grand Hotel Singapore and Rendezvous Gallery (collectively the "Rendezvous Property") was completed on 1 August 2013. Rendezvous Grand Hotel Singapore has been renamed as Rendezvous Hotel Singapore ("RHS") on 13 January 2014. Rendezvous Property's results for the quarter from 1 April 2014 to 30 June 2014 and first half from 1 January 2014 to 30 June 2014 have been included in the 2014 second quarter and first half results of Far East H-REIT and Far East H-Trust respectively.
- (b) The higher Finance costs in 2Q 2014 and 1H 2014 were due to additional loan drawn down in relation to the acquisition of RHS which was absent in the corresponding periods last year.
- (c) This relates to unrealised differences arising from fair valuation of interest rate swaps.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(a)(ii) Distribution Statements

	Far East H-REIT					
	2Q 2014 ^(a) S\$'000	2Q 2013 S\$'000	Change + / (-) %	1H 2014 ^(a) S\$'000	1H 2013 S\$'000	Change + / (-) %
Total return after tax	15,128	30,894	(51.0)	35,471	50,076	(29.2)
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(b)	2,662	2,186	21.8	5,344	4,330	23.4
- Trustee's fees	79	70	12.9	157	139	12.9
- Amortisation of debt upfront cost	204	170	20.0	404	338	19.5
- Amortisation of realised interest rate swap cost	—	(409)	N.M.	—	—	—
- Fair value change in interest rate swap	3,859	(9,736)	N.M.	3,682	(9,597)	N.M.
- Other adjustments ^(c)	131	17	670.6	127	42	202.4
Net tax adjustment	6,935	(7,702)	N.M.	9,714	(4,748)	N.M.
Income available for distribution	22,063	23,192	(4.9)	45,185	45,328	(0.3)

	Far East H-TRUST					
	2Q 2014 ^(a) S\$'000	2Q 2013 S\$'000	Change + / (-) %	1H 2014 ^(a) S\$'000	1H 2013 S\$'000	Change + / (-) %
Total return after tax	15,128	30,892	(51.0)	35,470	50,074	(29.2)
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(b)	2,662	2,186	21.8	5,344	4,330	23.4
- Trustee's fees	79	70	12.9	157	139	12.9
- Amortisation of debt upfront cost	204	170	20.0	404	338	19.5
- Amortisation of realised interest rate swap cost	—	(409)	N.M.	—	—	—
- Fair value change in interest rate swap	3,859	(9,736)	N.M.	3,682	(9,597)	N.M.
- Other adjustments ^(c)	131	17	670.6	127	42	202.4
Net tax adjustment	6,935	(7,702)	N.M.	9,714	(4,748)	N.M.
Income available for distribution	22,063	23,190	(4.9)	45,184	45,326	(0.3)

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014

Footnotes:

N.M. – Not Meaningful

- (a) The acquisition of Rendezvous Grand Hotel Singapore and Rendezvous Gallery (collectively the “Rendezvous Property”) was completed on 1 August 2013. Rendezvous Grand Hotel Singapore has been renamed as Rendezvous Hotel Singapore (“RHS”) on 13 January 2014. Rendezvous Property’s results for the quarter from 1 April 2014 to 30 June 2014 and first half from 1 January 2014 to 30 June 2014 have been included in the 2014 second quarter and first half results of Far East H-REIT and Far East H-Trust respectively.
- (b) This represents REIT Manager’s fees payable/paid in Stapled Securities of 90% in the current quarter and 80% in the corresponding quarter last year.
- (c) This relates to the initial rating fees, non-tax deductible professional fee, deferred income and amortization of rental deposits.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 June 2014
 Far East H-REIT and Far East H-Trust**

	Note	As at 30 June 2014			As at 31 December 2013		
		Far East H-Trust	Far East H-REIT	Far East H-BT	Far East H-Trust	Far East H-REIT	Far East H-BT
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets							
Investment properties		2,478,799	2,478,799	—	2,474,700	2,474,700	—
Current assets							
Cash and cash equivalents		18,802	18,802	—	29,108	29,108	—
Prepayments		81	81	—	149	149	—
Trade and other receivables		24,381	24,381	30	21,818	21,818	30
Interest rate swaps	(a)	2,408	2,408	—	6,090	6,090	—
Total current assets		45,672	45,672	30	57,165	57,165	30
Total assets		2,524,471	2,524,471	30	2,531,865	2,531,865	30
Current liabilities							
Trade and other payables		2,845	2,870	5	4,420	4,445	5
Accruals		3,034	3,032	2	2,348	2,347	1
Rental deposits		2,120	2,120	—	2,243	2,243	—
Deferred income		90	90	—	90	90	—
Total current liabilities		8,089	8,112	7	9,101	9,125	6
Non-current liabilities							
Borrowings		779,888	779,888	—	779,484	779,484	—
Rental deposits		6,857	6,857	—	6,364	6,364	—
Deferred income		1,547	1,547	—	1,592	1,592	—
Total non-current liabilities		788,292	788,292	—	787,440	787,440	—
Total liabilities		796,381	796,404	7	796,541	796,565	6
Net assets		1,728,090	1,728,067	23	1,735,324	1,735,300	24
<u>Represented by:</u>							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,728,067	1,728,067	—	1,735,300	1,735,300	—
Unitholders' funds of Far East H-BT		23	—	23	24	—	24
		1,728,090	1,728,067	23	1,735,324	1,735,300	24

Footnote:

(a) This relates to the fair value of interest rate swaps used to hedge interest rate risk.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014

1(b)(ii) Aggregate Amounts of Borrowings as at 30 June 2014

	As at 30 June 2014		As at 31 December 2013	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	—	—	—	—
Amounts repayable after one year	779,888	779,888	779,484	779,484
	779,888	779,888	779,484	779,484

Details of borrowings and collateral:

The borrowings are unsecured term loan facilities of S\$782.15 million provided by four financial institutions, with staggered debt maturities of three-year, five-year and seven-year terms.

Far East H-REIT has put in place S\$75 million of uncommitted revolving credit facilities which remain unutilised as at the date of this report.

Gearing as at 30 June 2014 was 30.9%.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
**1(c) Consolidated Cash Flow Statements
Far East H-REIT and Far East H-Trust**

	Far East H-REIT					
	2Q 2014	2Q 2013	Change + / (-)	1H 2014	1H 2013	Change + / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Cash flows from operating activities						
Total return before income tax	15,128	30,894	(51.0)	35,471	50,076	(29.2)
Adjustments for:						
Finance costs	4,248	2,910	46.0	8,440	6,642	27.1
Fair value change in interest rate swaps	3,859	(9,736)	N.M.	3,682	(9,597)	N.M.
REIT Manager's fees issuable in Stapled Securities	2,662	2,186	21.8	5,344	4,330	23.4
Deferred income recognised	(23)	(85)	72.9	(45)	(85)	47.1
Operating profit before working capital changes	25,874	26,169	(1.1)	52,892	51,366	3.0
Changes in working capital						
Trade and other receivables	(886)	(678)	(30.7)	(2,495)	2,441	N.M.
Trade and other payables	(873)	(5,240)	83.4	(1,097)	(240)	(357.1)
Rental deposits	276	140	97.1	333	(168)	N.M.
Cash flows generated from operating activities	24,391	20,391	19.6	49,633	53,399	(7.1)
Cash flows from investing activity						
Capital expenditure on investment properties ^(a)	(2,348)	(151)	(1,455.0)	(4,099)	(209)	(1,861.2)
Cash flows used in investing activity	(2,348)	(151)	(1,455.0)	(4,099)	(209)	(1,861.2)
Cash flows from financing activities						
Finance costs paid	(2,996)	(2,637)	(13.6)	(7,792)	(6,201)	(25.7)
Issue cost capitalised	—	2	N.M.	—	2	N.M.
Distribution to Stapled Securityholders ^(b)	(22,986)	(22,201)	(3.5)	(48,048)	(55,786)	13.9
Cash flows used in financing activities	(25,982)	(24,836)	(4.6)	(55,840)	(61,985)	9.9
Net decrease in cash and cash equivalents	(3,939)	(4,596)	14.3	(10,306)	(8,795)	(17.2)
Cash and cash equivalents at beginning of the period	22,741	31,459	(27.7)	29,108	35,658	(18.4)
Cash and cash equivalents at end of the period	18,802	26,863	(30.0)	18,802	26,863	(30.0)

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014

	Far East H-Trust					
	2Q 2014	2Q 2013	Change + / (-)	1H 2014	1H 2013	Change + / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Cash flows from operating activities						
Total return before income tax	15,128	30,892	(51.0)	35,470	50,074	(29.2)
Adjustments for:						
Finance costs	4,248	2,910	46.0	8,440	6,642	27.1
Fair value change in interest rate swaps	3,859	(9,736)	N.M.	3,682	(9,597)	N.M.
REIT Manager's fees issuable in Stapled Securities	2,662	2,186	21.8	5,344	4,330	23.4
Deferred income recognised	(23)	(85)	72.9	(45)	(85)	47.1
Operating profit before working capital changes	25,874	26,167	(1.1)	52,891	51,364	3.0
Changes in working capital						
Trade and other receivables	(886)	(678)	(30.7)	(2,495)	2,441	N.M.
Trade and other payables	(873)	(5,236)	83.3	(1,096)	(236)	(364.4)
Rental deposits	276	140	97.1	333	(168)	N.M.
Cash flows generated from operating activities	24,391	20,393	19.6	49,633	53,401	(7.1)
Cash flows from investing activity						
Capital expenditure on investment properties ^(a)	(2,348)	(151)	(1,455.0)	(4,099)	(209)	(1,861.2)
Cash flows used in investing activity	(2,348)	(151)	(1,455.0)	(4,099)	(209)	(1,861.2)
Cash flows from financing activities						
Finance costs paid	(2,996)	(2,637)	(13.6)	(7,792)	(6,201)	(25.7)
Issue cost capitalised	—	—	—	—	—	—
Distribution to Stapled Securityholders ^(b)	(22,986)	(22,201)	(3.5)	(48,048)	(55,786)	13.9
Cash flows used in financing activities	(25,982)	(24,838)	(4.6)	(55,840)	(61,987)	9.9
Net decrease in cash and cash equivalents	(3,939)	(4,596)	14.3	(10,306)	(8,795)	(17.2)
Cash and cash equivalents at beginning of the period	22,741	31,459	(27.7)	29,108	35,658	(18.4)
Cash and cash equivalents at end of the period	18,802	26,863	(30.0)	18,802	26,863	(30.0)

Footnotes:

N.M. – Not Meaningful

(a) Capital expenditure incurred in 2014 mainly relates to asset enhancements carried out at Village Hotel Albert Court, Village Hotel Changi and Regency House.

(b) Distribution to Stapled Securityholders in 2Q 2014 relates to the quarter from 1 January 2014 to 31 March 2014, paid on 13 June 2014. In the prior period, the distribution was for the quarter from 1 January 2013 to 31 March 2013, paid on 14 June 2013.

Distribution to Stapled Securityholders in 1H 2014 relates to the period from 1 October 2013 to 31 March 2014. In the prior period, the distribution was for the period from 27 August 2012 to 31 March 2013.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 2014 to 30 June 2014

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 April 2014	1,633,197	100,066	1,733,263	28	(5)	23	1,733,286
Operations							
Increase in net assets resulting from operations	–	15,128	15,128	–	#	#	15,128
	–	15,128	15,128	–	#	#	15,128
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,662	–	2,662	–	–	–	2,662
- Distribution to Stapled Securityholders ^(b)	–	(22,986)	(22,986)	–	–	–	(22,986)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,662	(22,986)	(20,324)	–	–	–	(20,324)
Balance at 30 June 2014	1,635,859	92,208	1,728,067	28	(5)	23	1,728,090

Footnotes:

Less than \$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 2Q 2014. The Stapled Securities are issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 January 2014 to 31 March 2014, paid on 13 June 2014.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 2013 to 30 June 2013

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 April 2013	1,485,511	55,136	1,540,647	30	(2)	28	1,540,675
Operations							
Increase/ (decrease) in net assets resulting from operations	-	30,894	30,894	-	(2)	(2)	30,892
	-	30,894	30,894	-	(2)	(2)	30,892
Unitholders' transactions							
- Issue of stapled securities							
- Payment of REIT Manager's fees ^(a)	2,186	-	2,186	-	-	-	2,186
- Issue cost capitalized	2	-	2	(2)	-	(2)	-
- Distribution to Stapled Securityholders ^(b)	-	(22,201)	(22,201)	-	-	-	(22,201)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,188	(22,201)	(20,013)	(2)	-	(2)	(20,015)
Balance at 30 June 2013	1,487,699	63,829	1,551,528	28	(4)	24	1,551,552

Footnotes:

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the quarter from 1 April 2013 to 30 June 2013. The Stapled Securities are issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 January 2013 to 31 March 2013, paid on 14 June 2013.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2014 to 30 June 2014

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2014	1,630,515	104,785	1,735,300	28	(4)	24	1,735,324
Operations							
Increase in net assets resulting from operations	–	35,471	35,471	–	(1)	(1)	35,470
	–	35,471	35,471	–	(1)	(1)	35,470
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	5,344	–	5,344	–	–	–	5,344
- Distribution to Stapled Securityholders ^(b)	–	(48,048)	(48,048)	–	–	–	(48,048)
Net increase/(decrease) in net assets resulting from unitholders' transactions	5,344	(48,048)	(42,704)	–	–	–	(42,704)
Balance at 30 June 2014	1,635,859	92,208	1,728,067	28	(5)	23	1,728,090

Footnotes:

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2014 to 30 June 2014. The Stapled Securities are issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2013 to 31 March 2014.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2013 to 30 June 2013

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2013	1,483,367	69,539	1,552,906	30	(2)	28	1,552,934
Operations							
Increase/ (decrease) in net assets resulting from operations	-	50,076	50,076	-	(2)	(2)	50,074
	-	50,076	50,076	-	(2)	(2)	50,074
Unitholders' transactions							
- Issue of stapled securities							
- Payment of REIT Manager's fees ^(a)	4,330	-	4,330	-	-	-	4,330
- Issue cost capitalized	2	-	2	(2)	-	(2)	-
- Distribution to Stapled Securityholders ^(b)	-	(55,786)	(55,786)	-	-	-	(55,786)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,332	(55,786)	(51,454)	(2)	-	(2)	(51,456)
Balance at 30 June 2013	1,487,699	63,829	1,551,528	28	(4)	24	1,551,552

Footnotes:

- (c) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2013 to 30 June 2013. The Stapled Securities are issued within 30 days from the quarter end.
- (d) Distribution to Stapled Securityholders relates to period from 27 August 2012 to 31 March 2013.

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1(d)(ii) Details of Changes in Issued and Issuable Stapled Securities

	2Q 2014 Far East H-Trust No. of Stapled Securities	2Q 2013 Far East H-Trust No. of Stapled Securities
Stapled Securities in issue at 1 April	1,764,918,878	1,606,943,895
New Stapled Securities issued		
- As payment of REIT Manager's fees	3,299,238	1,825,044
Total issued Stapled Securities	1,768,218,116	1,608,768,939
Stapled Securities to be issued:		
- As payment of REIT Manager's fees	3,055,226	2,273,492
Total issued and issuable Stapled Securities at 30 June	1,771,273,342	1,611,042,431

2 Whether the figures have been audited or reviewed and in accordance with which standard (eg. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the financial year ended 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There has been no change in the accounting policies and methods of computation adopted by Far East H-REIT, Far East H-BT and the Stapled Group for the current reporting period compared with the audited financial statements as at 31 December 2013 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2014. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

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6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 June 2014

	2Q 2014 Far East H- Trust	2Q 2013 Far East H- Trust	1H 2014 Far East H- Trust	1H 2013 Far East H- Trust
Weighted average number of Stapled Securities in issue	1,767,166,710	1,608,187,332	1,765,563,931	1,607,079,430
Total return for the period after tax (S\$)	15,128,000	30,892,000	35,470,000	50,074,000
EPS based on weighted average number of Stapled Securities in issue (cents)	0.86	1.92	2.01	3.12
Total number of issued and issuable Stapled Securities at end of period	1,771,273,342	1,611,042,431	1,771,273,342	1,611,042,431
Distribution to Stapled Securityholders (S\$)	22,063,000	23,190,000	45,184,000	45,326,000
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.24	1.43	2.54	2.81

Diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the financial period.

7 Net asset value (“NAV”) per stapled security:-

	30 June 2014 Far East H-Trust	30 June 2013 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period	1,771,273,342	1,611,042,431
Net asset value per Stapled Security (cents)	97.56	96.31

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 30 June 2014 is 1,771,273,342 comprising:

- (i) 1,764,918,878 Stapled Securities in issue and issuable as at 31 December 2013; and
- (ii) 6,354,464 Stapled Securities issuable to the REIT Manager, in consideration of 90% of the REIT Manager’s fees payable for the period from 1 January 2014 to 30 June 2014.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2014
8 A review of the performance for the quarter ended 30 June 2014
8(a) Statement of net income and distribution of Far East Hospitality Trust

	2Q 2014	2Q 2013	Change +/- (-)		1H 2014	1H 2013	Change +/- (-)	
				%				%
Gross revenue (S\$'000)	29,623	29,333	290	1.0	60,292	57,443	2,849	5.0
Net property income (S\$'000)	26,591	26,935	(344)	(1.3)	54,185	52,897	1,288	2.4
Income available for distribution (S\$'000)	22,063	23,190	(1,127)	(4.9)	45,184	45,326	(142)	(0.3)
Distribution per Stapled Security (cents)	1.24	1.43	(0.19)	(13.3)	2.54	2.81	(0.27)	(9.6)

8(b) Review of the performance of second quarter and six months ended 30 June 2014
2Q 2014 vs 2Q 2013

Gross Revenue in 2Q 2014 of S\$29.6 million was marginally higher than the S\$29.3 million achieved in the same period last year arising from additional revenue from RHS which was acquired on 1 August 2013. The performance of RHS was within expectation and has moderated the overall performance of the Hotel portfolio which was generally affected by the weaker Singapore operating environment and increased room supply.

Hotel portfolio average occupancy in 2Q 2014 of 80.1% came in 7.6pp below the 2Q 2013 occupancy rate of 87.7%. This decline in occupancy mirrored the trend in the Singapore market, where companies continued to restrain their travel spending and leisure travel demand was impacted by regional events. In particular, tourism to Singapore was affected by the slowdown in arrivals from China since the imposition of a new restriction by the Chinese Government on shopping tours and the decline in demand for Singapore-Malaysia-Thailand tour packages. For the first five months of 2014, visitor arrivals from China which formed the second largest visitor market fell by 27.4% year-on-year.

The 2Q 2014 average daily rate ("ADR") of S\$188 was 2.0% lower than the 2Q 2013 ADR of S\$191. The market continued to experience the effects of price competition, which arose from the enlarged hotel room inventory coupled with the slower demand.

The reduction in occupancy and ADR experienced in the Singapore market in 2Q 2014 resulted in a decline in the revenue per available room ("RevPAR"). The average hotel portfolio RevPAR was S\$150, a 10.5% decline against the 2Q 2013 RevPAR of S\$168.

For the serviced residence ("SR") portfolio, the average revenue per available unit ("RevPAU") of S\$218 in 2Q 2014 showed a negative year-on-year variance of 5.5% as a result of the weaker occupancy year-on-year. This was mainly due to a weaker flow of project groups at the SRs.

A snapshot of the Hotels and SRs performance in 2Q 2014 is set out below:

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

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The excluded commercial premises (i.e. retail and office spaces) continued to provide a steady income stream to the portfolio. The rental revenue for 2Q was S\$5.9 million, a 27.0% increase from S\$4.6 million recorded in 2Q 2013, mainly attributable to the contribution from Rendezvous Gallery acquired in August 2013.

Net property income for 2Q 2014 was S\$26.6 million, or 1.3% lower than the S\$26.9 million recorded in the corresponding quarter last year.

Income available for distribution for 2Q 2014 of S\$22.1 million was S\$1.1 million or 4.9% lower year-on-year. With an enlarged stapled security base, distribution per stapled security ("DPS") for 2Q 2014 was 1.24 cents, or 13.3% lower year-on-year, mainly due to the softer performance of the Hotels and SRs.

1H 2014 vs 1H 2013

Gross Revenue of S\$60.3 million in 1H 2014 was 5.0% higher than the S\$57.4 million recorded for the same period last year. This variance was due to the inclusion of revenue received from RHS as the acquisition occurred subsequent to 1H 2013.

1H 2014 average occupancy for the Hotel portfolio was 81.7%, 4.9pp lower than 1H 2013. The year-on-year change in Hotel portfolio ADR during 1H 2014 was a marginal decline of 0.4%. The stronger demand in 1Q 2014 offered opportunities to optimize rates which helped to offset the lower rates in the second quarter, bringing the ADR in 1H 2014 to S\$189 against S\$190 achieved in the same period last year.

The Hotel portfolio RevPAR in the first half of 2014 was S\$154 versus S\$164 achieved in the same period last year, a 6.0% decline. The main contributing factor was the decline in demand coupled with an increase in supply in the market which affected both the hotel portfolio's occupancy and ADR.

RevPAU of the SR portfolio in the first half of 2014 was S\$219, a decline of 2.3% against S\$224 recorded in the first half of last year. This was attributed to the stronger 1Q 2014 RevPAU which moderated the overall performance in 1H 2014 from the softer 2Q performance.

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

1H 2014 rental revenue from the excluded commercial premises (i.e. retail and office spaces) was S\$11.6 million, a 25.3% increase from S\$9.3 million recorded in 1H 2013. The increase was mainly contributed by Rendezvous Gallery acquired in August 2013. The excluded commercial premises continued to provide a steady income stream to the portfolio which helped to cushion the impact from the softer performance of the Hotels and SRs.

Net property income for 1H 2014 was S\$54.2 million, an increase of 2.4% over the S\$52.9 million recorded in the corresponding 1H 2013.

Income available for distribution for 1H 2014 of S\$45.2 million was S\$0.1 million or 0.3% lower year-on-year. Distribution per stapled security for 1H 2014 was 2.54 cents, or 9.6% lower year-on-year.

9 Variance between forecast and the actual results

No forecast has been disclosed.

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10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Although the expected supply of approximately 1,700¹ 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 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 campaign² 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 Airport³. 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 2014⁴ and the 2015 South-east Asian Games next year as well as the opening of the KidZania Singapore⁵ and National Gallery Singapore⁶ 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 use⁷.

With respect to the asset enhancement initiatives, the refurbishment of 136 rooms at Village Hotel Albert Court has been completed while the asset enhancement works for Village Hotel Changi and Regency House are expected to complete in the coming months. The refurbishments are expected to place Far East H-Trust in a better position to weather the near term challenges of the operating environment.

As at 30 June 2014, Far East H-Trust's financial position remained stable amidst a rising interest rate environment, 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.

¹ Jones Lang LaSalle report issued as at March 2014 and Far East H-Trust's compilation

² The Straits Times, "\$1-million drive to woo back Chinese tourists", 26 June 2014

³ Changi Airport Group's Press Release, "Changi Airport Group rolls out Growth and Assistance Incentive", 12 June 2014

⁴ The Straits Times, "Tennis: Singapore secures five-year hosting rights for season-ending WTA Championships", 8 May 2013

⁵ The Straits Times, "KidZania, a "city" run by kids, to open on Sentosa in 2015", 24 January 2013

⁶ The Business Times, "Home of SE Asian art, old and new", 4 April 2014

⁷ The Business Times, "URA policy may reduce demand for shophouses", 14 July 2014

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11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2014 to 30 June 2014
Distribution type	Taxable income
Distribution per stapled security	1.24 cents
Tax rate	<p><u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>
Date paid/payable	12 September 2014
Books closure date	13 August 2014
Stapled Securityholders must complete and return Form A or Form B, as applicable	27 August 2014

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2013 to 31 July 2013
Distribution type	Taxable income
Distribution per stapled security	1.90 cents

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Tax rate
Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.

All other investors received their distributions after deduction of tax at the rate of 17%.

Date paid/payable

11 September 2013

Books closure date

22 July 2013

Stapled Securityholders must complete and return Form A or Form B, as applicable

7 August 2013

In connection with the equity placement exercise, Far East H-Trust had paid, in lieu of the scheduled quarterly distribution, an advanced distribution of Far East H-REIT's distribution income for the period from 1 July 2013 to 31 July 2013 (prior to the date on which the placement of new units were issued).

12 If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from Stapled Securityholders for IPT, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Far East H-Trust did not obtain a general mandate from Stapled Securityholders for IPTs.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Please refer to Section 8 for a review of the performance.

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15. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of FEO Hospitality Asset Management Pte Ltd (as manager of Far East Hospitality Real Estate Investment Trust) (the "REIT Manager") and FEO Hospitality Trust Management Pte Ltd (as trustee-manager of Far East Hospitality Business Trust) (the "Trustee-Manager"), hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of Far East Hospitality Trust for the quarter ended 30 June 2014 to be false and misleading in any material respect.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
05 August 2014

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
05 August 2014

The issue managers for the initial public offering and listing of Far East Hospitality Trust are 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 announcement.

This announcement 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 master lease rental revenue, retail and office rental revenue, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the REIT Manager's and Trustee-Manager's current view on future events.

The value of Stapled Securities and the income derived from them, if any, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the REIT Manager, Trustee-Manager or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the REIT Manager and Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securitiesholders 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.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe 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.