Far East Hospitality Trust

Unaudited Financial Statements Announcement

For the fourth quarter and financial year ended 31 December 2015

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 fourth quarter and financial year ended 31 December 2015

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

	Note	Far East H-REIT					
		4Q 2015	**4Q 2014**	**Better / (Worse)**	**FY 2015**	**FY 2014**	**Better / (Worse)**
		S$'000	S$'000	%	S$'000	S$'000	%
Master lease rental		23,072	24,501	(5.8)	90,952	98,486	(7.6)
Retail and office revenue		5,779	5,779	-	23,665	23,233	1.9
Gross revenue		**28,851**	**30,280**	**(4.7)**	**114,617**	**121,719**	**(5.8)**
Property tax		(1,756)	(1,724)	(1.9)	(7,754)	(8,014)	3.2
Property insurance		(31)	(33)	6.1	(133)	(169)	21.3
MCST contribution		(16)	(17)	5.9	(65)	(58)	(12.1)
Retail and office expenses		(648)	(718)	9.7	(2,511)	(2,836)	11.5
Property manager fees		(111)	(136)	18.4	(444)	(550)	19.3
Other property expenses		–	–	–	(53)	(66)	19.7
Property expenses		**(2,562)**	**(2,628)**	**2.5**	**(10,960)**	**(11,693)**	**6.3**
Net property income		**26,289**	**27,652**	**(4.9)**	**103,657**	**110,026**	**(5.8)**
REIT Manager's fees		(2,977)	(3,032)	1.8	(11,779)	(12,017)	2.0
Trustee's fees		(80)	(79)	(1.3)	(316)	(316)	–
Other trust expenses	(a)	(258)	(44)	NM	(1,005)	(1,416)	29.0
REIT and BT level expenses		**(3,315)**	**(3,155)**	**(5.1)**	**(13,100)**	**(13,749)**	**4.7**
Interest expense		(5,254)	(4,755)	(10.5)	(20,415)	(17,492)	(16.7)
Total finance costs	(b)	**(5,254)**	**(4,755)**	**(10.5)**	**(20,415)**	**(17,492)**	**(16.7)**
Share of results of joint venture	(c)	(44)	(1)	NM	(84)	(1)	NM
Net income before tax and fair value changes		**17,676**	**19,741**	**(10.5)**	**70,058**	**78,784**	**(11.1)**
Fair value change in derivative financial instruments	(d)	596	(1,053)	NM	4,931	(756)	NM
Fair value change in investment properties	(e)	(41,764)	(6,686)	NM	(41,764)	(6,686)	NM
Total fair value changes		**(41,168)**	**(7,739)**	**NM**	**(36,833)**	**(7,442)**	**NM**
Total return for the period before income tax		(23,492)	12,002	NM	33,225	71,342	(53.4)
Income tax expense		(1)	–	NM	(1)	–	NM
Total return for the period		**(23,493)**	**12,002**	**NM**	**33,224**	**71,342**	**(53.4)**
<u>Distribution Statement</u>							
Total return for the period		**(23,493)**	**12,002**	**NM**	**33,224**	**71,342**	**(53.4)**
Net tax adjustments	(f)	44,140	10,856	NM	48,886	20,153	NM
Rollover adjustment	(g)	–	–	–	110	–	NM
Income available for distribution		**20,647**	**22,858**	**(9.7)**	**82,220**	**91,495**	**(10.1)**
Comprising:							
- Taxable income		20,641	22,858	(9.7)	82,214	91,495	(10.1)
- Tax-exempt income		6	–	NM	6	–	NM
Total available for distribution		**20,647**	**22,858**	**(9.7)**	**82,220**	**91,495**	**(10.1)**

	Note	Far East H-TRUST					
		4Q 2015	**4Q 2014**	**Better / (Worse)**	**FY 2015**	**FY 2014**	**Better / (Worse)**
		S$'000	S$'000	%	S$'000	S$'000	%
Master lease rental		23,072	24,501	(5.8)	90,952	98,486	(7.6)
Retail and office revenue		5,779	5,779	-	23,665	23,233	1.9
Gross revenue		**28,851**	**30,280**	**(4.7)**	**114,617**	**121,719**	**(5.8)**
Property tax		(1,756)	(1,724)	(1.9)	(7,754)	(8,014)	3.2
Property insurance		(31)	(33)	6.1	(133)	(169)	21.3
MCST contribution		(16)	(17)	5.9	(65)	(58)	(12.1)
Retail and office expenses		(648)	(718)	9.7	(2,511)	(2,836)	11.5
Property manager fees		(111)	(136)	18.4	(444)	(550)	19.3
Other property expenses		–	–	–	(53)	(66)	19.7
Property expenses		**(2,562)**	**(2,628)**	**2.5**	**(10,960)**	**(11,693)**	**6.3**
Net property income		**26,289**	**27,652**	**(4.9)**	**103,657**	**110,026**	**(5.8)**
REIT Manager's fees		(2,977)	(3,032)	1.8	(11,779)	(12,017)	2.0
Trustee's fees		(80)	(79)	(1.3)	(316)	(316)	–
Other trust expenses	(a)	(256)	(44)	NM	(1,004)	(1,417)	29.1
REIT and BT level expenses		**(3,313)**	**(3,155)**	**(5.0)**	**(13,099)**	**(13,750)**	**4.7**
Interest expense		(5,254)	(4,755)	(10.5)	(20,415)	(17,492)	(16.7)
Total finance costs	(b)	**(5,254)**	**(4,755)**	**(10.5)**	**(20,415)**	**(17,492)**	**(16.7)**
Share of results of joint venture	(c)	(44)	(1)	NM	(84)	(1)	NM
Net income before tax and fair value changes		**17,678**	**19,741**	**(10.5)**	**70,059**	**78,783**	**(11.1)**
Fair value change in derivative financial instruments	(d)	596	(1,053)	NM	4,931	(756)	NM
Fair value change in investment properties	(e)	(41,764)	(6,686)	NM	(41,764)	(6,686)	NM
Total fair value changes		**(41,168)**	**(7,739)**	**NM**	**(36,833)**	**(7,442)**	**NM**
Total return for the period before income tax		(23,490)	12,002	NM	33,226	71,341	(53.4)
Income tax expense		(1)	–	NM	(1)	–	NM
Total return for the period		**(23,491)**	**12,002**	**NM**	**33,225**	**71,341**	**(53.4)**
<u>**Distribution Statement**</u>							
Total return for the period		**(23,491)**	**12,002**	**NM**	**33,225**	**71,341**	**(53.4)**
Net tax adjustments	(f)	44,140	10,856	NM	48,886	20,153	NM
Rollover adjustment	(g)	–	–	–	110	–	NM
Income available for distribution		**20,649**	**22,858**	**(9.7)**	**82,221**	**91,494**	**(10.1)**
Comprising:							
- Taxable income		20,643	22,858	(9.7)	82,215	91,494	(10.1)
- Tax-exempt income		6	–	NM	6	–	NM
Total available for distribution		**20,649**	**22,858**	**(9.7)**	**82,221**	**91,494**	**(10.1)**

Notes:

NM – Not Meaningful

(a) The higher other trust expenses in FY 2014 were mainly due to professional fees for legal and advisory work done in relation to the investment in a joint venture company, Fontaine Investment Pte Ltd ("FIPL"), completed in 3Q 2014. Adjustment of the accrued professional fees no longer required was made in 4Q 2014 upon finalization of the transaction. Hence the lower other trust expenses as compared to 4Q 2015.

(b) The increase in finance costs in the current quarter and FY 2015 were mainly due to higher interest rate as compared to the same period last year. As at 31 December 2015, 59% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 41% at floating interest rates. The latter was impacted by the increase in short term interest rate.

(c) Share of results of joint venture relates to the equity accounting of FIPL's results.

(d) This relates to unrealised differences arising from the change in fair value of interest rate swaps.

(e) This relates to independent valuations of the 8 Hotels and 4 Serviced Residences undertaken by Knight Frank Pte Ltd and CBRE Pte Ltd respectively on 31 December 2015. The fair value change in investment properties of S$41.8 million which has been recognised in the Statement of Total Return of Far East H-REIT has no impact on the income available for distribution to holders of Stapled Securities.

(f) Included in the net tax adjustments are the following:

	Note	4Q 2015 S$'000	4Q 2014 S$'000	Better / (Worse) %	FY 2015 S$'000	FY 2014 S$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	(i)	2,680	2,728	(1.8)	10,601	10,815	(2.0)
- Trustee's fees		80	79	1.3	316	316	–
- Amortisation of debt upfront cost		171	346	(50.6)	735	955	(23.0)
- Fair value change in derivative financial instruments		(596)	1,053	NM	(4,931)	756	NM
- Fair value change in investment properties		41,764	6,686	NM	41,764	6,686	NM
- Professional and finance cost incurred in relation to the investment in joint venture		107	(147)	NM	291	391	(25.6)
- Share of results of joint venture		44	1	NM	84	1	NM
- Other adjustments	(ii)	(110)	110	NM	26	233	(88.8)
Net tax adjustments		**44,140**	**10,856**	**NM**	**48,886**	**20,153**	**NM**

Notes:

NM – Not Meaningful

(i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.

(ii) This relates to Moody's annual rating fees, non-tax deductible professional fee, finance cost for Project Sentosa, deferred income and amortization of rental deposits. In the prior year, professional fee included the legal and advisory work done in relation to the investment in FIPL.

(g) This is the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Years of Assessment 2013.

1(b) Balance Sheets

1(b)(i) Balance Sheets as at 31 December 2015
Far East H-REIT and Far East H-Trust

	Note	As at 31 December 2015 Far East H-Trust	Far East H-REIT	Far East H-BT	As at 31 December 2014 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	(a)	2,439,300	2,439,300	–	2,476,100	2,476,100	–
Investment in joint venture	(b)	15,515	15,515	–	15,599	15,599	–
Current assets							
Cash and cash equivalents		25,381	25,381	–	20,845	20,845	–
Prepayments		93	93	–	120	120	–
Trade and other receivables	(c)	30,510	30,510	30	19,256	19,256	30
Derivative financial assets	(d)	10,265	10,265	–	5,334	5,334	–
Total current assets		**66,249**	**66,249**	**30**	**45,555**	**45,555**	**30**
Total assets		**2,521,064**	**2,521,064**	**30**	**2,537,254**	**2,537,254**	**30**
Current liabilities							
Trade and other payables		2,797	2,822	5	3,284	3,309	5
Borrowings	(e)	36,900	36,900	–	115,530	115,530	–
Accruals		6,948	6,947	1	4,262	4,260	2
Rental deposits		3,097	3,097	–	1,907	1,907	–
Deferred income		90	90	–	90	90	–
Income tax payable		1	1	–	–	–	–
Total current liabilities		**49,833**	**49,857**	**6**	**125,073**	**125,096**	**7**
Non-current liabilities							
Borrowings		780,134	780,134	–	679,644	679,644	–
Rental deposits		5,801	5,801	–	6,992	6,992	–
Deferred income		1,412	1,412	–	1,502	1,502	–
Total non-current liabilities		**787,347**	**787,347**	**–**	**688,138**	**688,138**	**–**
Total liabilities		**837,180**	**837,204**	**6**	**813,211**	**813,234**	**7**
Net assets		**1,683,884**	**1,683,860**	**24**	**1,724,043**	**1,724,020**	**23**
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,683,860	1,683,860	–	1,724,020	1,724,020	–
Unitholders' funds of Far East H-BT		24	–	24	23	–	23
		1,683,884	**1,683,860**	**24**	**1,724,043**	**1,724,020**	**23**

Notes:

(a) Independent valuations of the 8 Hotels and 4 Serviced Residences were undertaken by Knight Frank Pte Ltd and CBRE Pte Ltd respectively on 31 December 2015 and fair value change in investment properties of S$41.8 million has been recognised in the Statement of Total Return.

(b) This relates to the 30% joint venture interest in FIPL.

(c) This includes shareholders' loan to FIPL of S$21.3 million. The amount is used to finance the development of a new hotel site located at Artillery Avenue, Sentosa.

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

(e) Movement in borrowings under current liabilities was due mainly to (1) S$100 million term loan due in August 2015 has been refinanced and reclassified to non-current liabilities; (2) S$21.3 million drawn down from revolving credit facility ("RCF") to finance the shareholders' loan to FIPL.

1(b)(ii) Aggregate Amounts of Borrowings as at 31 December 2015

	As at 31 December 2015		As at 31 December 2014	
	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	36,900	36,900	115,530	115,530
Amounts repayable after one year	780,134	780,134	679,644	679,644
	817,034	**817,034**	**795,174**	**795,174**

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 four-year, five-year and seven-year terms. The term loan of S$100 million due in August 2015 has been refinanced with a seven-year term loan. The weighted average debt maturity is 3.3 years.

Far East H-REIT has in place S$100 million of uncommitted RCF. In November 2015, S$21.3 million was drawn down from RCF to finance the shareholders' loan to FIPL. As at 31 December 2015, RCF of S$63.1 million remains undrawn.

As at 31 December 2015, total borrowing carried at amortised cost and gearing were S$817.0 million and 32.5% respectively.

1(c) Consolidated Cash Flow Statements
Far East H-REIT and Far East H-Trust

	Note	Far East H-REIT					
		4Q 2015 S$'000	4Q 2014 S$'000	Better / (Worse) %	FY 2015 S$'000	FY 2014 S$'000	Better / (Worse) %
Cash flows from operating activities							
Total return before income tax		(23,492)	12,002	NM	33,225	71,342	(53.4)
Adjustments for:							
Finance costs		5,254	4,755	10.5	20,415	17,492	16.7
Fair value change in derivative financial instruments		(596)	1,053	NM	(4,931)	756	NM
Fair value change in investment properties		41,764	6,686	NM	41,764	6,686	NM
REIT Manager's fees issued/issuable in Stapled Securities		2,680	2,728	(1.8)	10,601	10,815	(2.0)
Share of results of joint venture		44	1	NM	84	1	NM
Deferred income recognised		(23)	(22)	(4.5)	(90)	(90)	–
Operating profit before working capital changes		25,631	27,203	(5.8)	101,068	107,002	(5.5)
Changes in working capital							
Trade and other receivables		(178)	652	NM	10,138	2,591	NM
Trade and other payables		23	1,496	(98.5)	(646)	(253)	NM
Rental deposits		167	–	NM	61	218	(72.0)
Cash flows generated from operating activities		**25,643**	**29,351**	**(12.6)**	**110,621**	**109,558**	**1.0**
Cash flows from investing activities							
Capital expenditure on investment properties [(a)]	(a)	(523)	(1,590)	67.1	(4,964)	(8,086)	38.6
Investment in joint venture		–	–	–	–	(15,600)	NM
Loan to a joint venture		(21,300)	–	NM	(21,300)	–	NM
Cash flows used in investing activities		**(21,823)**	**(1,590)**	**NM**	**(26,264)**	**(23,686)**	**(10.9)**
Cash flows from financing activities							
Proceeds from borrowings	(b)	21,300	200,000	(89.4)	121,300	215,600	(43.7)
Finance costs paid		(1,434)	(4,712)	69.6	(17,136)	(16,298)	(5.1)
Repayment of borrowings	(b)	–	(200,000)	NM	(100,000)	(200,000)	50.0
Distribution to Stapled Securityholders	(c)	(21,467)	(23,425)	8.4	(83,985)	(93,437)	10.1
Cash flows used in financing activities		**(1,601)**	**(28,137)**	**94.3**	**(79,821)**	**(94,135)**	**15.2**
Net increase/(decrease) in cash and cash equivalents		2,219	(376)	NM	4,536	(8,263)	NM
Cash and cash equivalents at beginning of the period		23,162	21,221	9.1	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period		**25,381**	**20,845**	**21.8**	**25,381**	**20,845**	**21.8**

	Note	Far East H-TRUST					
		4Q 2015 S$'000	4Q 2014 S$'000	Better / (Worse) %	FY 2015 S$'000	FY 2014 S$'000	Better / (Worse) %
Cash flows from operating activities							
Total return before income tax		(23,490)	12,002	NM	33,226	71,341	(53.4)
Adjustments for:							
Finance costs		5,254	4,755	10.5	20,415	17,492	16.7
Fair value change in derivative financial instruments		(596)	1,053	NM	(4,931)	756	NM
Fair value change in investment properties		41,764	6,686	NM	41,764	6,686	NM
REIT Manager's fees issued/issuable in Stapled Securities		2,680	2,728	(1.8)	10,601	10,815	(2.0)
Share of results of joint venture		44	1	NM	84	1	NM
Deferred income recognised		(23)	(22)	(4.5)	(90)	(90)	–
Operating profit before working capital changes		25,633	27,203	(5.8)	101,069	107,001	(5.5)
Changes in working capital							
Trade and other receivables		(178)	652	NM	10,138	2,591	NM
Trade and other payables		21	1,496	(98.6)	(647)	(252)	NM
Rental deposits		167	–	NM	61	218	(72.0)
Cash flows generated from operating activities		**25,643**	**29,351**	**(12.6)**	**110,621**	**109,558**	**1.0**
Cash flows from investing activities							
Capital expenditure on investment properties [(a)]	(a)	(523)	(1,590)	67.1	(4,964)	(8,086)	38.6
Investment in joint venture	(b)	–	–	–	–	(15,600)	NM
Loan to a joint venture company	(b)	(21,300)	–	NM	(21,300)	–	NM
Cash flows used in investing activities		**(21,823)**	**(1,590)**	**NM**	**(26,264)**	**(23,686)**	**(10.9)**
Cash flows from financing activities							
Proceed from borrowings	(b)	21,300	200,000	(89.4)	121,300	215,600	(43.7)
Finance costs paid		(1,434)	(4,712)	69.6	(17,136)	(16,298)	(5.1)
Repayment of borrowings	(b)	–	(200,000)	NM	(100,000)	(200,000)	50.0
Distribution to Stapled Securityholders	(c)	(21,467)	(23,425)	8.4	(83,985)	(93,437)	10.1
Cash flows used in financing activities		**(1,601)**	**(28,137)**	**94.3**	**(79,821)**	**(94,135)**	**15.2**
Net increase/(decrease) in cash and cash equivalents		2,219	(376)	NM	4,536	(8,263)	NM
Cash and cash equivalents at beginning of the period		23,162	21,221	9.1	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period		**25,381**	**20,845**	**21.8**	**25,381**	**20,845**	**21.8**

Notes:

N.M. – Not Meaningful

(a) Capital expenditure incurred in FY 2015 mainly relates to asset enhancement work carried out at Village Hotel Albert Court, Village Hotel Changi and Village Residence Robertson Quay.

(b) This relates to loan drawn down from RCF to finance shareholders' loan to FIPL.
The S$100 million term loan due in August 2015 has been refinanced with a 7-Year term loan. In the prior year, proceed from RCF was used to finance the 30% joint venture interest in FIPL.

(c) Distribution to Stapled Securityholders in 4Q 2015 relates to the quarter from 1 July 2015 to 30 September 2015, paid on 7 December 2015. In the prior period, the distribution was for the quarter from 1 July 2014 to 30 September 2014, paid on 10 December 2014.
Distribution to Stapled Securityholders in FY 2015 relates to the period from 1 October 2014 to 30 September 2015. In the prior period, the distribution was for the period from 1 October 2013 to 30 September 2014.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2015 to 31 December 2015

	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 October 2015	**1,649,251**	**76,889**	**1,726,140**	**28**	**(6)**	**22**	**1,726,162**
Operations							
(Decrease)/Increase in net assets resulting from operations	–	(23,493)	(23,493)	–	2	2	(23,491)
	–	(23,493)	(23,493)	–	2	2	(23,491)
Unitholders' transactions							
- Payment of REIT Manager's fees [(a)]	2,680	–	2,680	–	–	–	2,680
- Distribution to Stapled Securityholders [(b)]	–	(21,467)	(21,467)	–	–	–	(21,467)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,680	(21,467)	(18,787)	–	–	–	(18,787)
Balance at 31 December 2015	**1,651,931**	**31,929**	**1,683,860**	**28**	**(4)**	**24**	**1,683,884**

Notes:

(a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 4Q 2015. The Stapled Securities are issued within 30 days from quarter end.

(b) Distribution to Stapled Securityholders relates to the quarter from 1 July 2015 to 30 September 2015, paid on 7 December 2015.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2014 to 31 December 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 October 2014	**1,638,602**	**94,113**	**1,732,715**	**28**	**(5)**	**23**	**1,732,738**
Operations							
Increase in net assets resulting from operations	–	12,002	12,002	–	#	#	12,002
	–	12,002	12,002	–	#	#	12,002
Unitholders' transactions							
- Payment of REIT Manager's fees [(a)]	2,728	–	2,728	–	–	–	2,728
- Distribution to Stapled Securityholders [(b)]	–	(23,425)	(23,425)	–	–	–	(23,425)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,728	(23,425)	(20,697)	–	–	–	(20,697)
Balance at 31 December 2014	**1,641,330**	**82,690**	**1,724,020**	**28**	**(5)**	**23**	**1,724,043**

Notes:

Less than S$1,000

(a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the 4Q 2014. The Stapled Securities were issued within 30 days from quarter end.

(b) Distribution to Stapled Securityholders relates to the quarter from 1 July 2014 to 30 September 2014, paid on 10 December 2014.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2015 to 31 December 2015

	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 2015	**1,641,330**	**82,690**	**1,724,020**	**28**	**(5)**	**23**	**1,724,043**
Operations							
Increase in net assets resulting from operations	–	33,224	33,224	–	1	1	33,225
	–	33,224	33,224	–	1	1	33,225
Unitholders' transactions							
- Payment of REIT Manager's fees [(a)]	10,601	–	10,601	–	–	–	10,601
- Distribution to Stapled Securityholders [(b)]	–	(83,985)	(83,985)	–	–	–	(83,985)
Net increase/(decrease) in net assets resulting from unitholders' transactions	10,601	(83,985)	(73,384)	–	–	–	(73,384)
Balance at 31 December 2015	**1,651,931**	**31,929**	**1,683,860**	**28**	**(4)**	**24**	**1,683,884**

Notes:

(a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2015 to 31 December 2015. The Stapled Securities are issued within 30 days from the quarter end.

(b) Distribution to Stapled Securityholders relates to period from 1 October 2014 to 30 September 2015.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2014 to 31 December 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/(decrease) in net assets resulting from operations	–	71,342	71,342	–	(1)	(1)	71,341
	–	71,342	71,342	–	(1)	(1)	71,341
Unitholders' transactions							
- Payment of REIT Manager's fees [(a)]	10,815	–	10,815	–	–	–	10,815
- Distribution to Stapled Securityholders [(b)]	–	(93,437)	(93,437)	–	–	–	(93,437)
Net increase/(decrease) in net assets resulting from unitholders' transactions	10,815	(93,437)	(82,622)	–	–	–	(82,622)
Balance at 31 December 2014	**1,641,330**	**82,690**	**1,724,020**	**28**	**(5)**	**23**	**1,724,043**

Notes:

(a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the period from 1 January 2014 to 31 December 2014. The Stapled Securities were issued within 30 days from the quarter end.

(b) Distribution to Stapled Securityholders relates to period from 1 October 2013 to 30 September 2014.

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

	4Q 2015 Far East H-Trust No. of Stapled Securities '000	4Q 2014 Far East H-Trust No. of Stapled Securities '000	FY 2015 Far East H-Trust No. of Stapled Securities '000	FY 2014 Far East H-Trust No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	**1,784,584**	**1,771,273**	**1,774,636**	**1,761,935**
New Stapled Securities issued				
- As payment of REIT Manager's fees	4,341	3,362	14,289	12,700
Total issued Stapled Securities	**1,788,925**	**1,774,635**	**1,788,925**	**1,774,635**
Stapled Securities to be issued:				
- As payment of REIT Manager's fees	4,151	3,366	4,151	3,366
Total issued and issuable Stapled Securities at end of period	**1,793,076**	**1,778,001**	**1,793,076**	**1,778,001**

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 2014.

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 2014 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2015. 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.

6 Earnings per Stapled Security ("EPS") and Distribution per Stapled Security ("DPS") for the financial period ended 31 December 2015

	4Q 2015 Far East H-Trust	4Q 2014 Far East H-Trust	FY 2015 Far East H-Trust	FY 2014 Far East H-Trust
Weighted average number of Stapled Securities in issue ('000)	1,787,589	1,773,576	1,782,090	1,768,762
Total return for the period after tax (S$'000)	(23,491)	12,002	33,225	71,341
EPS based on weighted average number of Stapled Securities in issue (cents)	(1.31)	0.68	1.86	4.03
Total number of issued and issuable Stapled Securities at end of period ('000)	1,793,076	1,778,001	1,793,076	1,778,001
Distribution to Stapled Securityholders (S$'000)	20,649	22,858	82,221	91,494
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.17	1.28	4.60	5.14

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:-

	31 December 2015 Far East H-Trust	31 December 2014 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period ('000)	1,793,076	1,778,001
Net asset value per Stapled Security (cents)	93.91	96.97

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 December 2015 is 1,793,075,778 comprising:

(i) 1,778,001,248 Stapled Securities in issue and issuable as at 31 December 2014; and

(ii) 15,074,530 Stapled Securities issued and issuable to the REIT Manager, in consideration of 90% of the REIT Manager's fees payable for the period from 1 January 2015 to 31 December 2015.

8 A review of the performance for the quarter ended 31 December 2015

8(a) **Statement of net income and distribution of Far East Hospitality Trust**

	4Q 2015	4Q 2014	Better / (Worse)		FY 2015	FY 2014	Better / (Worse)	
				%				%
Gross revenue (S$'000)	28,851	30,280	(1,429)	(4.7)	114,617	121,719	(7,102)	(5.8)
Net property income (S$'000)	26,289	27,652	(1,363)	(4.9)	103,657	110,026	(6,369)	(5.8)
Income available for distribution (S$'000)	20,649	22,858	(2,209)	(9.7)	82,221	91,494	(9,273)	(10.1)
Distribution per Stapled Security (cents)	1.17	1.28	(0.11)	(8.6)	4.60	5.14	(0.54)	(10.5)

8(b) **Review of the performance of fourth quarter and financial year ended 31 December 2015**

4Q 2015 vs 4Q 2014

Gross revenue of S$28.9 million in 4Q 2015 was a decrease of 4.7% compared to S$30.3 million in 4Q 2014, due to the lower revenue contribution from the hotels and serviced residences.

The operating environment for the hotels remained challenging, as the uncertain global economic climate weighed on the demand for corporate travel. The operating landscape was made more competitive by the supply of new hotel rooms into the market. Consequently, the revenue per available room ("RevPAR") of the hotel portfolio fell 4.4% year-on-year to S$146, mainly due to a 7.6% year-on-year decrease in the average daily rate ("ADR"). The lower ADR was partially mitigated by a 2.9pp year-on-year improvement in the average occupancy.

Demand for serviced residence ("SR") accommodation continued to remain weak during the quarter mainly due to lower corporate travel budgets and weaker demand from project groups, especially from sectors which have slowed down, such as Oil & Gas. As a result, the average occupancy and ADR of the SR portfolio declined 0.6pp and 12.8% year-on-year respectively, pushing the revenue per available unit ("RevPAU") down by 13.5% year-on-year to S$180.

The retail and office spaces continued to provide stability to the portfolio in 4Q 2015. Revenue held steady at S$5.8 million. Contribution from the retail and office spaces formed 20.0% of the gross revenue of Far East H-Trust in 4Q 2015.

A snapshot of the hotel and SR performance in 4Q 2015 is set out below.

	4Q 2015		4Q 2014		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	85.3	82.6	82.4	83.2	2.9pp	(0.6pp)
Average Daily Rate (S$)	171	218	186	250	(7.6%)	(12.8%)
RevPAR / RevPAU (S$)	146	180	153	208	(4.4%)	(13.5%)

The net property income was S$26.3 million or 4.9% lower than the corresponding quarter last year. Property expenses were 2.5% lower year-on-year. The lower net property income was attributable to the decline in hotel and SR revenue.

The income available for distribution was S$20.6 million, or 9.7% lower than the corresponding quarter last year. In addition to the softer hotel and SR performance, the lower income available for distribution was partly due to the increase in finance costs, which was S$0.5 million or 10.5% higher year-on-year, as short term interest rates had risen considerably in 4Q 2015 as compared to the corresponding quarter last year. As at 31 December 2015, 59% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 41% on floating interest rates. Consequently, distribution per stapled security for 4Q 2015 was 1.17 cents as compared to 1.28 cents in 4Q 2014.

FY 2015 vs FY 2014

Gross revenue for FY 2015 was S$114.6 million, a decrease of 5.8% year-on-year due to the lower revenue contribution from the hotels and serviced residences.

For FY 2015, despite a 2.2pp year-on-year increase in average occupancy, RevPAR for the hotel portfolio declined 5.8% year-on-year to S$146. The soft RevPAR performance was mainly due to the weak corporate demand amidst the uncertain economic climate and competitive pressure from the new supply of hotel rooms in the market. Further exacerbating the effects of these factors was the relatively strong Singapore dollar which affected visitor arrivals from key source markets in the region. While events such as SEA Games 2015 had some positive effect on the overall demand for hotel accommodation, it was partly diluted by the absence of major biennial exhibitions during the year.

Primarily due to the weaker demand from project groups and lower corporate travel budgets, demand for SR accommodation was soft during the year. ADR was affected while occupancy held steady at a healthy level. As a result, RevPAU for the SR portfolio declined by 8.8% year-on-year to S$200 in FY 2015.

Revenue from the retail and office spaces registered a year-on-year increase of 1.9% to S$23.7 million in FY 2015, mainly due to an improvement in rental rates. Contribution from the retail and office spaces formed 20.6% of the gross revenue of Far East H-Trust for the full year of 2015.

A snapshot of the Hotels and SR performance in FY 2015 is set out below.

	FY 2015		FY 2014		Better / (Worse)	
	Hotels	**SR**	**Hotels**	**SR**	**Hotels**	**SRs**
Average Occupancy (%)	85.4	87.0	83.3	87.5	2.2pp	(0.5pp)
Average Daily Rate (S$)	171	230	187	251	(8.3%)	(8.3%)
RevPAR / RevPAU (S$)	146	200	155	219	(5.8%)	(8.8%)

The net property income was S$103.7 million or 5.8% lower than FY 2014. Property expenses were 6.3% lower year-on-year, which reduced the lower gross revenue's impact on profits.

For FY 2015, income available for distribution was S$82.2 million, or 10.1% lower year-on-year. The lower income available for distribution was also partly due to the increase in finance costs, which was S$2.9 million or 16.7% higher year-on-year, as short term interest rates had risen considerably during the year. As at 31 December 2015, 59% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 41% on floating interest rates. Distribution per stapled security was 4.60 cents for FY 2015 as compared to 5.14 cents for FY 2014.

9 Variance between forecast and the actual results

No forecast has been disclosed.

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.

Based on the latest data from the Singapore Tourism Board ("STB"), international visitor arrivals to Singapore was fairly flat with a slight 0.4% increase year-on-year for the first eleven months of 2015. While there was a strong recovery in Chinese arrivals, which increased by 21.2% year-on-year, visitorship from key source markets such as Indonesia and Malaysia fell[1].

Given the uncertain global economic environment, corporate travel may continue to remain soft and weigh on the demand for accommodation. This alongside a new inventory of approximately 2,700[2] hotel rooms expected to come onstream in 2016 could further intensify the competitive landscape of the hospitality market, with pressures on both occupancy and room rates.

The impact of the oversupply of hotel rooms may be partially mitigated this year by a more active events calendar with the return of major biennial exhibitions (e.g. Singapore Airshow) and the hosting of new sporting and MICE events (e.g. World Rugby Sevens Series).

On the asset enhancement front, we are midway through our refurbishment of the two and three-bedroom apartments at Regency House. The studio apartments and breakfast lounge were completed last year. The full completion of this asset enhancement programme is expected by the second quarter of 2016.

In addition, the renovation programme for Orchard Parade Hotel has commenced in 4Q 2015, starting with works done to the swimming pool, pool deck and gym. The renovation is expected to complete by the second quarter of 2016.

At Central Square (Village Residence Clarke Quay), we have reconfigured the existing serviced office space to create 9 new serviced office units, bringing it to a total of 61 units. We have also refurbished all the serviced office units and upgraded the public areas, including the main lobby, breakfast lounge and pantry. The refurbishment is expected to complete by the first quarter of 2016.

[1] Singapore Tourism Board International Visitor Arrivals Statistics, as at 19 January 2016
[2] CBRE report issued as at December 2015 and Far East H-Trust's compilation

11 DISTRIBUTIONS

Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2015 to 31 December 2015
Distribution type	Taxable income
Distribution per stapled security	1.17 cents
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	29 March 2016
Books closure date	3 March 2016
Stapled Securityholders must complete and return Form A or Form B, as applicable	14 March 2016

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2014 to 31 December 2014
Distribution type	Taxable income
Distribution per stapled security	1.28 cents

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	18 March 2015
Books closure date	23 February 2015
Stapled Securityholders must complete and return Form A or Form B, as applicable	4 March 2015

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. Segment revenue and results of operating segments

(a) Operating segments for the year ended 31 December 2015

	Hotels and serviced residences	Retails and offices and others	Total
	S$'000	S$'000	S$'000
Gross revenue - external	90,952	23,665	114,617
Segment net property income	84,873	18,784	103,657
REIT Manager's fees			(11,779)
Trustee's fees			(316)
Other trust expenses			(1,004)
Finance costs			(20,415)
Net income before tax and fair value changes			70,143
Fair value change in investment properties	(52,789)	11,025	(41,764)
Fair value change in derivative financial instruments			4,931
Share of results of joint venture			(84)
Total return for the year before income tax			33,226
Income tax expense			(1)
Total return for the year after income tax before distribution			33,225

(b) Operating segments for the year ended 31 December 2014

	Hotels and serviced residences	Retails and offices and others	Total
	S$'000	S$'000	S$'000
Gross revenue - external	98,486	23,233	121,719
Segment net property income	92,243	17,783	110,026
REIT Manager's fees			(12,017)
Trustee's fees			(316)
Other trust expenses			(1,417)
Finance costs			(17,492)
Net income before tax and fair value changes			78,784
Fair value change in investment properties	(26,760)	20,074	(6,686)
Fair value change in derivative financial instruments			(756)
Share of results of joint venture			(1)
Total return for the year before income tax			71,341
Income tax expense			–
Total return for the year after income tax before distribution			71,341

15. 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.

16. Breakdown of gross revenue and net income

	FY 2015 S$'000	**FY 2014** S$'000	**Better / (Worse)** %
Gross revenue reported for first half year	56,111	60,292	(6.9)
Net income for first half year	35,600	35,470	0.4
Gross revenue reported for second half year	58,506	61,427	(4.8)
Net income for second half year	(2,375)	35,872	NM

17. Breakdown of annual distribution for the current full year and its previous full year is as follow:

In respect of the period	**2015** S$'000	**2014** S$'000
1 October 2014 to 31 December 2014	22,758	–
1 January 2015 to 31 March 2015	19,059	–
1 April 2015 to 30 June 2015	20,701	–
1 July 2015 to 30 September 2015	21,467	–
1 October 2013 to 31 December 2013	–	25,062
1 January 2014 to 31 March 2014	–	22,986
1 April 2014 to 30 June 2014	–	21,964
1 July 2014 to 30 September 2014	–	23,425
	83,985	**93,437**

18. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the REIT Manager and Trustee-Manager confirm that there is no person occupying managerial position in the REIT Manager and the Trustee-Manager, who is related to a director or the chief executive officer or a substantial shareholder of the REIT Manager or the Trustee-Manager of Far East H-Trust.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
24 February 2016

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
24 February 2016

Important Notice

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.