
Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the first quarter ended 31 March 2017

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Introduction	2
1(a)(i)	Statements of Total Return & Distribution Statement	3 - 4
1(b)(i)	Balance Sheets	5 - 6
1(b)(ii)	Aggregate Amounts of Borrowings	6
1(c)	Consolidated Cash Flow Statements	7 - 8
1(d)(i)	Statements of Changes in Stapled Securityholders' Funds	8 - 9
1(d)(ii)	Details of Changes in Issued and Issuable Stapled Securities	10
2 & 3	Audit Statement	10
4 & 5	Changes in Accounting Policies	10
6	Earnings per Stapled Security and Distribution per Stapled Security	11
7	Net asset value per stapled security	11
8	Review of Performance	12
9	Variance Between Forecast and the Actual Results	13
10	Outlook and Prospects	13
11 & 12	Distributions	13 - 14
13	General Mandate Relating to Interested Person Transactions	14
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	15
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	15

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

INTRODUCTION

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)	
OHN	Oasia Hotel Novena	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 first quarter ended 31 March 2017
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-TRUST			Far East H-REIT		
		1Q 2017	1Q 2016	Better / (Worse)	1Q 2017	1Q 2016	Better / (Worse)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental		19,050	21,609	(11.8)	19,050	21,609	(11.8)
Retail and office revenue		5,725	5,756	(0.5)	5,725	5,756	(0.5)
Gross revenue		24,775	27,365	(9.5)	24,775	27,365	(9.5)
Property tax		(1,862)	(1,934)	3.7	(1,862)	(1,934)	3.7
Property insurance		(31)	(30)	(3.3)	(31)	(30)	(3.3)
MCST contribution		(34)	(16)	NM	(34)	(16)	NM
Retail and office expenses		(611)	(595)	(2.7)	(611)	(595)	(2.7)
Property manager fees		(113)	(111)	(1.8)	(113)	(111)	(1.8)
Property expenses		(2,651)	(2,686)	1.3	(2,651)	(2,686)	1.3
Net property income		22,124	24,679	(10.4)	22,124	24,679	(10.4)
REIT Manager's fees		(2,726)	(2,870)	5.0	(2,726)	(2,870)	5.0
Trustee's fees		(76)	(78)	2.6	(76)	(78)	2.6
Other trust expenses		(213)	(237)	10.1	(213)	(237)	10.1
REIT and BT level expenses		(3,015)	(3,185)	5.3	(3,015)	(3,185)	5.3
Interest expense		(5,061)	(5,181)	2.3	(5,061)	(5,181)	2.3
Total finance costs		(5,061)	(5,181)	2.3	(5,061)	(5,181)	2.3
Share of results of joint venture	(a)	(19)	(6)	NM	(19)	(6)	NM
Net income before tax and fair value changes		14,029	16,307	(14.0)	14,029	16,307	(14.0)
Fair value change in derivative financial instruments	(b)	(2,753)	(7,486)	63.2	(2,753)	(7,486)	63.2
Total fair value changes		(2,753)	(7,486)	63.2	(2,753)	(7,486)	63.2
Total return for the period before income tax		11,276	8,821	27.8	11,276	8,821	27.8
Income tax expense		(3)	(4)	25.0	(3)	(4)	25.0
Total return for the period		11,273	8,817	27.9	11,273	8,817	27.9
Distribution Statement							
Total return for the period		11,273	8,817	27.9	11,273	8,817	27.9
Net tax adjustments	(c)	5,658	10,421	(45.7)	5,658	10,421	(45.7)
Rollover adjustment	(d)	-	206	NM	-	206	NM
Income available for distribution		16,931	19,444	(12.9)	16,931	19,444	(12.9)
Comprising:							
- Taxable income		16,919	19,427	(12.9)	16,919	19,427	(12.9)
- Tax-exempt income		12	17	(29.4)	12	17	(29.4)
Total available for distribution		16,931	19,444	(12.9)	16,931	19,444	(12.9)

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

Notes:

NM – Not Meaningful

- (a) Share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results.
- (b) This relates to net change in fair value of interest rate swaps entered into to hedge against the interest rate exposure of Far East H-REIT.
- (c) Included in the net tax adjustments are the following:

Note	FAR EAST H-TRUST			FAR EAST H-REIT		
	1Q 2017	1Q 2016	Better / (Worse)	1Q 2017	1Q 2016	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	(i) 2,453	2,583	(5.0)	2,453	2,583	(5.0)
- Trustee's fees	76	78	(2.6)	76	78	(2.6)
- Amortisation of debt upfront cost	274	170	61.2	274	170	61.2
- Fair value change in derivative financial instruments	2,753	7,486	(63.2)	2,753	7,486	(63.2)
- Share of results of joint venture	19	6	NM	19	6	NM
- Other adjustments	(ii) 83	98	(15.3)	83	98	(15.3)
Net tax adjustments	5,658	10,421	(45.7)	5,658	10,421	(45.7)

Notes:

NM – Not Meaningful

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (ii) This mainly relates to Moody's annual rating fees, non-tax deductible professional fee, finance cost for Project Sentosa, deferred income and amortization of rental deposits.
- (d) In 1Q 2016, the amount relates to 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 2014.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 31 March 2017
 Far East H-REIT and Far East H-Trust**

	Note	As at 31 March 2017			As at 31 December 2016		
		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		2,418,713	2,418,713	–	2,417,900	2,417,900	–
Investment in joint venture	(a)	16,565	16,565	–	16,584	16,584	–
Total non-current assets		2,435,278	2,435,278	–	2,434,484	2,434,484	–
Current assets							
Cash and cash equivalents		6,558	6,558	–	15,385	15,385	–
Prepayments		26	26	–	40	40	–
Trade and other receivables	(b)	34,325	34,325	30	34,712	34,712	30
Interest rate swaps	(c)	1,180	1,180	–	3,933	3,933	–
Total current assets		42,089	42,089	30	54,070	54,070	30
Total assets		2,477,367	2,477,367	30	2,488,554	2,488,554	30
Current liabilities							
Trade and other payables		1,733	1,757	6	1,934	1,958	6
Accruals		3,765	3,764	1	7,811	7,810	1
Borrowings	(d)	42,000	42,000	–	291,830	291,830	–
Rental deposits		3,065	3,065	–	2,695	2,695	–
Deferred income		90	90	–	90	90	–
Income tax payable		3	3	–	13	13	–
Total current liabilities		50,656	50,679	7	304,373	304,396	7
Non-current liabilities							
Borrowings	(d)	780,468	780,468	–	530,987	530,987	–
Rental deposits		5,851	5,851	–	6,298	6,298	–
Deferred income		1,299	1,299	–	1,321	1,321	–
Total non-current liabilities		787,618	787,618	–	538,606	538,606	–
Total liabilities		838,274	838,297	7	842,979	843,002	7
Net assets		1,639,093	1,639,070	23	1,645,575	1,645,552	23
<u>Represented by:</u>							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,639,070	1,639,070	–	1,645,552	1,645,552	–
Unitholders' funds of Far East H-BT		23	–	23	23	–	23
		1,639,093	1,638,070	23	1,645,575	1,645,552	23

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

Notes:

- (a) This relates to the 30% joint venture interest in FIPL.
- (b) This includes shareholders' loan to FIPL of S\$25.9 million and interest accrued to-date. The amount is used to finance the development of a new hotel site located at Artillery Avenue, Sentosa.
- (c) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (d) Movements in borrowings were due to reclassification of S\$250 million term loans from current liabilities to non-current liabilities as these term loans have been refinanced in March 2017.

1(b)(ii) Aggregate Amounts of Borrowings as at 31 March 2017

	As at 31 March 2017		As at 31 December 2016	
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	42,000	42,000	291,830	291,830
Amounts repayable after one year	780,468	780,468	530,987	530,987
	822,468	822,468	822,817	822,817

Details of borrowings and collateral:

The total facilities of Far East H-REIT are as follows:

- Unsecured term loan facilities of S\$782.2 million
- S\$100 million of uncommitted revolving credit facilities ("RCF")

S\$250 million term loans expiring in August 2017 have been refinanced into four and seven-year term loans in March 2017 with the same lenders. Total borrowings carried at amortised cost as of the reporting date was S\$822.5 million and RCF of S\$58 million remains undrawn.

The weighted average cost of debt was at approximately 2.5% per annum and the weighted average debt to maturity was 3.6 years.

Gearing as of 31 March 2017 was 32.3%.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

Note	Far East H-Trust			Far East H-REIT		
	1Q 2017 S\$'000	1Q 2016 S\$'000	Better / (Worse) %	1Q 2017 S\$'000	1Q 2016 S\$'000	Better / (Worse) %
Cash flows from operating activities						
Total return before income tax	11,276	8,821	27.8	11,276	8,821	27.8
Adjustments for:						
Finance costs	5,061	5,181	(2.3)	5,061	5,181	(2.3)
Fair value change in derivative financial instruments	2,753	7,486	(63.2)	2,753	7,486	(63.2)
REIT Manager's fees issued/issuable in Stapled Securities	2,453	2,583	(5.0)	2,453	2,583	(5.0)
Share of results of joint venture	19	6	NM	19	6	NM
Deferred income recognised	(22)	(22)	-	(22)	(22)	-
Operating profit before working capital changes	21,540	24,055	(10.5)	21,540	24,055	(10.5)
Changes in working capital						
Trade and other receivables	501	313	60.1	501	313	60.1
Trade and other payables	(1,385)	964	NM	(1,385)	964	NM
Rental deposits	(98)	(284)	65.5	(98)	(284)	65.5
Income tax paid	(13)	-	NM	(13)	-	NM
Cash flows generated from operating activities	20,545	25,048	(18.0)	20,545	25,048	(18.0)
Cash flows from investing activities						
Capital expenditure on investment properties	(813)	(2,293)	64.5	(813)	(2,293)	64.5
Loan to a joint venture company	-	(2,700)	NM	-	(2,700)	NM
Cash flows used in investing activities	(813)	(4,993)	83.7	(813)	(4,993)	83.7
Cash flows from financing activities						
Proceeds from borrowings	250,000	2,700	NM	250,000	2,700	NM
Finance costs paid	(8,351)	(8,436)	1.0	(8,351)	(8,436)	1.0
Repayment of borrowings	(250,000)	-	NM	(250,000)	-	NM
Distribution to Stapled Securityholders	(20,208)	(20,979)	3.7	(20,208)	(20,979)	3.7
Cash flows used in financing activities	(28,559)	(26,715)	(6.9)	(28,559)	(26,715)	(6.9)
Net (decrease)/increase in cash and cash equivalents	(8,827)	(6,660)	(32.5)	(8,827)	(6,660)	(32.5)
Cash and cash equivalents at beginning of the period	15,385	25,381	(39.4)	15,385	25,381	(39.4)
Cash and cash equivalents at end of the period	6,558	18,721	(65.0)	6,558	18,721	(65.0)

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

Notes:

N.M. – Not Meaningful

- (a) Capital expenditure incurred mainly relates to electrical work and replacement of equipment in various hotels, work at hotel room in Orchard Parade Hotel and replacement of kitchen fan, air-conditioning and air filter system for ECP units.
- (b) In 1Q 2017, \$250 million term loans maturing in August 2017 have been refinanced with the same lenders.
- (c) Distribution to Stapled Securityholders in 1Q 2017 relates to the quarter from 1 October 2016 to 31 December 2016, paid on 27 March 2017. In the prior period, the distribution was for the quarter from 1 October 2015 to 31 December 2015, paid on 29 March 2016.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2017 to 31 March 2017

	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 2017	1,662,270	(16,718)	1,645,552	28	(5)	23	1,645,575
Operations							
Increase in net assets resulting from operations	-	11,273	11,273	-	-	-	11,273
	-	11,273	11,273	-	-	-	11,273
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,453	-	2,453	-	-	-	2,453
- Distribution to Stapled Securityholders ^(b)	-	(20,208)	(20,208)	-	-	-	(20,208)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,453	(20,208)	(17,755)	-	-	-	(17,755)
Balance at 31 March 2017	1,664,723	(25,653)	1,639,070	28	(5)	23	1,639,093

Notes:

Less than \$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 1Q 2017.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 October 2016 to 31 December 2016, paid on 27 March 2017.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2016 to 31 March 2016

	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 2016	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884
Operations							
Increase in net assets resulting from operations	–	8,817	8,817	–	#	#	8,817
	–	8,817	8,817	–	#	#	8,817
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,583	–	2,583	–	–	–	2,583
- Distribution to Stapled Securityholders ^(b)	–	(20,979)	(20,979)	–	–	–	(20,979)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,583	(20,979)	(18,396)	–	–	–	(18,396)
Balance at 31 March 2016	1,654,514	19,767	1,674,281	28	(4)	24	1,674,305

Notes:

Less than S\$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 1Q 2016.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 October 2015 to 31 December 2015, paid on 29 March 2016.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

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

	1Q 2017 Far East H-Trust No. of Stapled Securities '000	1Q 2016 Far East H-Trust No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,801,415	1,788,925
New Stapled Securities issued		
- As payment of REIT Manager's fee	2,908	4,151
Total issued Stapled Securities	1,804,323	1,793,076
Stapled Securities to be issued:		
- As payment of REIT Manager's fee (Base fee)	2,795	2,678
- As payment of REIT Manager's fee (Performance fee) ^(a)	7,383	1,404
Total issued and issuable Stapled Securities at end of period	1,814,501	1,797,158

Footnote

(a) In the current quarter, 1,343,796 Stapled Securities to be issued are not entitled to 1Q 2017 distribution. In the same quarter last year, the Stapled Securities to be issued were not entitled to 1Q 2016 distribution.

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 2016.

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 2016 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2017. 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.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 31 March 2017

	1Q 2017 Far East H-Trust	1Q 2016 Far East H-Trust
Weighted average number of Stapled Securities in issue ('000)	1,803,386	1,791,844
Total return for the period after tax (S\$'000)	11,273	8,817
EPS based on weighted average number of Stapled Securities in issue (cents)	0.63	0.49
Total number of issued and issuable Stapled Securities at end of period ('000)	1,813,157	1,795,754
Distribution to Stapled Securityholders (S\$'000)	16,931	19,444
DPS based on the total number of Stapled Securities entitled to distribution (cents)	0.93	1.08

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 March 2017 Far East H-Trust	31 December 2016 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period ('000)	1,814,501	1,810,362
Net asset value per Stapled Security (cents)	90.33	90.90

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 March 2017 was 1,814,500,789 comprising:

- (i) 1,810,361,880 Stapled Securities issued and issuable as at 31 December 2016; and
- (ii) 4,138,909 Stapled Securities issued and issuable to REIT Manager, in consideration of 90% of the REIT Manager's fee payable for the period from 1 January 2017 to 31 March 2017.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

8 A review of the performance for the quarter ended 31 March 2017
8(a) Statement of net income and distribution of Far East Hospitality Trust

	1Q 2017	1Q 2016	Better / (Worse)	
				%
Gross revenue (S\$'000)	24,775	27,365	(2,590)	(9.5)
Net property income (S\$'000)	22,124	24,679	(2,555)	(10.4)
Income available for distribution (S\$'000)	16,931	19,444	(2,513)	(12.9)
Distribution per Stapled Security (cents)	0.93	1.08	(0.15)	(13.9)

8(b) Review of the performance of first quarter ended 31 March 2017
1Q 2017 vs 1Q 2016

Gross revenue fell 9.5% year-on-year to S\$24.8 million in 1Q 2017, mainly due to a decrease in master lease rental.

Our hotels continued to face pressure from companies exercising prudence in their business travel spending in 1Q 2017, but demand for hotel accommodation from leisure travellers remained healthy. Heightened competition as a result of the new hotel supply also put pressure on rates, which declined by 4.7%. Consequently, the revenue per available room ("RevPAR") of the hotel portfolio decreased 4.6% to S\$134 despite the average occupancy remaining stable at 88.1%.

Demand for serviced residences ("SRs") was especially weak in 1Q 2017, as there were fewer project and training groups coming to Singapore given the slowdown in corporate activities. These groups typically provide the base for our business. As a result, the average occupancy of the SRs declined to 71.2% in 1Q 2017. Revenue per available unit ("RevPAU") for 1Q 2017 fell 14.0% to S\$162 as an increase in rates was not able to offset the fall in occupancy. Demand picked up towards the later part of 1Q 2017.

Revenue from the retail and office spaces was relatively stable at S\$5.7 million.

A snapshot of the hotel and SR performance in 1Q 2017 is set out below.

	1Q 2017		1Q 2016		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	88.1	71.2	88.0	84.3	0.1pp	(13.1pp)
Average Daily Rate (S\$)	152	227	160	223	(4.7%)	1.8%
RevPAR / RevPAU (S\$)	134	162	141	188	(4.6%)	(14.0%)

Property expenses were 1.3% lower than the previous year, mainly due to lower property tax. Net property income for the quarter came in at S\$22.1 million, or 10.4% lower.

Finance costs were lower by 2.3%. In 1Q 2017, S\$250 million term loans expiring in August 2017 were refinanced ahead of maturity into four and seven-year term loans. Quarter-on-quarter, the average cost of debt remained unchanged at approximately 2.5%.

Income available for distribution for 1Q 2017 was S\$16.9 million, 12.9% lower year-on-year. This translates into a distribution per Stapled Security of 0.93 S cents, compared to 1.08 S cents in the preceding year.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

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.

While international visitor arrivals to Singapore are forecasted to show flat to slight growth in 2017, demand from corporate travellers, a significant source of our revenue, is expected to remain soft.

Hotel supply is forecasted to outweigh demand in 2017, as another 3,200 new rooms¹ (representing an increase of about 5.1%) are projected to open during the year. Supply is expected to even out in 2018. Since 2014, no new sites for hotel development have been introduced in the Government Land Sales programmes.

While the operating environment is expected to remain competitive in the near term, the REIT Manager is positive of the medium term outlook given the government's plans and marketing initiatives to attract more tourists, as well as investment to improve air connectivity and airport capacity.

The REIT Manager will continue to enhance the quality of its portfolio and implement strategies to improve the performance of the properties. In 2017, the guest rooms and club lounge of Orchard Parade Hotel will be refurbished as part of the third phase of asset enhancement in this property. The public areas, including the reception, lobby, lobby bar, swimming pool and function rooms, were renovated in 2016.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 January 2017 to 31 March 2017
Distribution type	Taxable income
Distribution per stapled security	0.93 cents
Tax rate	<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. 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	27 June 2017

¹ CBRE report issued as at January 2017 and Far East H-Trust's compilation

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

Books closure date 22 May 2017

Stapled Securityholders must complete and return Form A or Form B, as applicable 8 June 2017

Corresponding period of the preceding financial period

Any distribution declared for the current period? Yes
Distribution period Distribution for the quarter from 1 January 2016 to 31 March 2016

Distribution type Taxable income

Distribution per stapled security 1.08 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 31 May 2016

Books closure date 6 May 2016

Stapled Securityholders must complete and return Form A or Form B, as applicable 17 May 2016

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.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2017

14. 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 31 March 2017 to be false and misleading in any material respect.

15. Confirmation that the Issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The REIT Manager and Trustee-Manager confirm that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

By Order of the Board

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
12 May 2017

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
12 May 2017

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.