
Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the first quarter ended 31 March 2018

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 – 11
6	Earnings per Stapled Security and Distribution per Stapled Security	11
7	Net asset value / Net tangible asset 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	14 – 15
13	General Mandate Relating to Interested Person Transactions	15
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	15
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	16

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

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 with initial portfolio of 11 properties comprising 7 hotels and 4 serviced residences (“SRs”) located in Singapore. In August 2013, Far East H-REIT acquired Rendezvous Hotel Singapore.

In September 2014, a joint venture agreement was entered to develop a new hotel site located at Artillery Avenue, Sentosa with Far East Organization Centre Pte. Ltd., a member of Far East Organization.

On 2 April 2018, Far East H-REIT completed the acquisition of Oasia Hotel Downtown, bringing its portfolio to 13 properties consisting of 9 hotels and 4 SRs located in Singapore and a 30% stake in joint venture for the hotel development located in Sentosa.

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. Since its listing, Far East H-REIT has distributed 100% of its taxable income.

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 2018
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year
1(a)(i) Statements of Total Return and Distribution Statement of Far East H-REIT and Far East H-Trust

Note	Far East H-Trust			Far East H-REIT		
	1Q 2018	1Q 2017	Better / (Worse)	1Q 2018	1Q 2017	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental	20,224	19,050	6.2	20,224	19,050	6.2
Retail and office revenue	5,500	5,725	(3.9)	5,500	5,725	(3.9)
Gross revenue	25,724	24,775	3.8	25,724	24,775	3.8
Property tax	(1,789)	(1,862)	3.9	(1,789)	(1,862)	3.9
Property insurance	(28)	(31)	9.7	(28)	(31)	9.7
MCST contribution	(41)	(34)	(20.6)	(41)	(34)	(20.6)
Retail and office expenses	(740)	(611)	(21.1)	(740)	(611)	(21.1)
Property manager fees	(119)	(113)	(5.3)	(119)	(113)	(5.3)
Property expenses	(2,717)	(2,651)	(2.5)	(2,717)	(2,651)	(2.5)
Net property income	23,007	22,124	4.0	23,007	22,124	4.0
REIT Manager's fees	(2,734)	(2,726)	(0.3)	(2,734)	(2,726)	(0.3)
Trustee's fees	(75)	(76)	1.3	(75)	(76)	1.3
Other trust expenses	(294)	(213)	(38.0)	(294)	(213)	(38.0)
Finance expenses (net)	(5,013)	(5,061)	0.9	(5,013)	(5,061)	0.9
Net income before joint venture's results	14,891	14,048	6.0	14,891	14,048	6.0
Share of results of joint venture (a)	(46)	(19)	>(100.0)	(46)	(19)	>(100.0)
Net income before tax and fair value changes	14,845	14,029	5.8	14,845	14,029	5.8
Fair value change in derivative financial instruments (b)	1,393	(2,753)	>100.0	1,393	(2,753)	>100.0
Total return for the period before income tax	16,238	11,276	44.0	16,238	11,276	44.0
Income tax expense	(12)	(3)	>(100.0)	(12)	(3)	>(100.0)
Total return for the period	16,226	11,273	43.9	16,226	11,273	43.9
Distribution Statement						
Total return for the period	16,226	11,273	43.9	16,226	11,273	43.9
Net tax adjustments (c)	1,425	5,658	(74.8)	1,425	5,658	(74.8)
Rollover adjustment (d)	(6)	-	NM	(6)	-	NM
Income available for distribution	17,645	16,931	4.2	17,645	16,931	4.2
Comprising:						
- Taxable income	17,588	16,919	4.0	17,588	16,919	4.0
- Tax-exempt income	57	12	>100.0	57	12	>100.0
Total available for distribution	17,645	16,931	4.2	17,645	16,931	4.2

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

Notes:

NM – Not meaningful

- (a) The 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 swap contracts entered to hedge against the interest rate exposure of Far East H-REIT. This is a non-tax chargeable / deductible item and has no impact on the taxable income and distributable income to the Stapled Securityholders.
- (c) Included in the net tax adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	1Q 2018	1Q 2017	Better / (Worse)	1Q 2018	1Q 2017	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	2,461	2,453	0.3	2,461	2,453	0.3
- Trustee's fees	75	76	(1.3)	75	76	(1.3)
- Amortisation of debt-related transaction cost	130	274	(52.6)	130	274	(52.6)
- Fair value change in derivative financial instruments	(1,393)	2,753	>(100.0)	(1,393)	2,753	>(100.0)
- Share of results of joint venture	46	19	>100.0	46	19	>100.0
- Other items	106	83	27.7	106	83	27.7
Net tax adjustments	1,425	5,658	(74.8)	1,425	5,658	(74.8)

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (d) The rollover adjustment for 1Q 2018 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 Year of Assessment 2016.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 31 March 2018
Far East H-REIT and Far East H-Trust**

	Note	As at 31 March 2018			As at 31 December 2017		
		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		2,382,125	2,382,125	–	2,380,800	2,380,800	–
Joint venture	(a)	16,397	16,397	–	16,443	16,443	–
Derivative financial assets	(d)	836	836	–	288	288	–
Total non-current assets		2,399,358	2,399,358	–	2,397,531	2,397,531	–
Current assets							
Cash and cash equivalents		6,532	6,532	–	3,910	3,910	–
Prepayments	(b)	6,855	6,855	–	99	99	–
Trade and other receivables	(c)	37,111	37,111	30	36,408	36,408	30
Total current assets		50,498	50,498	30	40,417	40,417	30
Total assets		2,449,856	2,449,856	30	2,437,948	2,437,948	30
Current liabilities							
Trade and other payables		3,772	3,793	9	3,621	3,643	8
Borrowings	(e)	263,785	263,785	–	248,986	248,986	–
Accruals		3,728	3,728	–	6,658	6,657	1
Derivative financial liabilities	(d)	153	153	–	204	204	–
Rental deposits		2,188	2,188	–	2,363	2,363	–
Deferred income		90	90	–	90	90	–
Income tax payable		31	31	–	19	19	–
Total current liabilities		273,747	273,768	9	261,941	261,962	9
Non-current liabilities							
Borrowings	(e)	548,955	548,955	–	548,879	548,879	–
Derivative financial liabilities	(d)	–	–	–	794	794	–
Rental deposits		6,557	6,557	–	6,389	6,389	–
Deferred income		1,209	1,209	–	1,231	1,231	–
Total non-current liabilities		556,721	556,721	–	557,293	557,293	–
Total liabilities		830,468	830,489	9	819,234	819,255	9
Net assets		1,619,388	1,619,367	21	1,618,714	1,618,693	21
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,619,367	1,619,367	–	1,618,693	1,618,693	–
Unitholders' funds of Far East H-BT		21	–	21	21	–	21
		1,619,388	1,619,367	21	1,618,714	1,618,693	21

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

Notes:

- (a) This relates to the 30% joint venture interest in FIPL.
- (b) Prepayment included transaction costs of S\$6.8 million in relation to the acquisition of Oasia Hotel Downtown which was completed on 2 April 2018. These costs will be transferred to and capitalised as cost of investment properties in the next quarter.
- (c) This includes a shareholders' loan and accrued interest due from FIPL of S\$26.4 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 swap contracts entered to hedge against interest rate risk exposure of Far East H-REIT.
- (e) The net movement in borrowings was due to the drawdown of revolving credit facility ("RCF") of S\$14.7 million during the quarter. The current borrowings relate to term loans of S\$232.2 million due to mature in August and December 2018 and RCF of S\$31.7 million which is payable on demand. Far East H-REIT has refinanced the term loan of S\$67.2 million to a seven-year term loan on 28 March 2018 and S\$65.0 million to a five-year term loan on 12 April 2018. Both term loans amounting to S\$132.2 million was drawdown in April 2018 to early prepay the expiring term loans. For the term loan of S\$100.0 million due to mature in December 2018, the REIT Manager is working with its lenders to assess refinancing options. Please refer to the details of aggregate amount of borrowings in section 1(b)(ii).

1(b)(ii) Aggregate Amounts of Borrowings as at 31 March 2018

	As at 31 March 2018		As at 31 December 2017	
	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	263,785	263,785	248,986	248,986
Amounts repayable after one year	548,955	548,955	548,879	548,879
	812,740	812,740	797,865	797,865

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 31 March 2018 are as follows:

- Unsecured term loan facilities of S\$1,045.1 million (including a new term loan of S\$67.2 million to refinance the existing term loan of S\$67.2 million); and
- S\$200.0 million of uncommitted RCF.

On 28 March 2018, DBS Trustee Limited in its capacity as trustee of Far East H-REIT entered into S\$95.7 million and S\$167.2 million facility agreements to part finance the acquisition of Oasia Hotel Downtown and early refinancing of term loan of S\$67.2 million due in August 2018.

The weighted average cost of debt was approximately 2.5% per annum and the weighted average debt-to-maturity was 2.7 years.

Gearing as of 31 March 2018 was 35.1% (31 December 2017: 34.4%).

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018
**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 2018	1Q 2017	1Q 2018	1Q 2017
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		16,238	11,276	16,238	11,276
Adjustments for:					
Finance expenses (net)		5,013	5,061	5,013	5,061
Fair value change in derivative financial instruments		(1,393)	2,753	(1,393)	2,753
REIT Manager's fees issued/issuable in Stapled Securities		2,461	2,453	2,461	2,453
Share of results of joint venture		46	19	46	19
Deferred income recognised		(22)	(22)	(22)	(22)
Operating profit before working capital changes		22,343	21,540	22,343	21,540
Changes in working capital					
Trade and other receivables		(7,324)	501	(7,324)	501
Trade and other payables		(860)	(1,385)	(860)	(1,385)
Rental deposits		(28)	(98)	(28)	(98)
Income tax paid		–	(13)	–	(13)
Cash flows generated from operating activities		14,131	20,545	14,131	20,545
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(489)	(813)	(489)	(813)
Interest received		8	–	8	–
Cash flows used in investing activities		(481)	(813)	(481)	(813)
Cash flows from financing activities					
Proceeds from borrowings	(b)	14,744	250,000	14,744	250,000
Finance costs paid		(7,759)	(8,351)	(7,759)	(8,351)
Repayment of borrowings		–	(250,000)	–	(250,000)
Distribution to Stapled Securityholders	(c)	(18,013)	(20,208)	(18,013)	(20,208)
Cash flows used in financing activities		(11,028)	(28,559)	(11,028)	(28,559)
Net increase/(decrease) in cash and cash equivalents		2,622	(8,827)	2,622	(8,827)
Cash and cash equivalents at beginning of the period		3,910	15,385	3,910	15,385
Cash and cash equivalents at end of the period		6,532	6,558	6,532	6,558

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018
Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Parade Hotel and Village Hotel Bugis.
- (b) In March 2018, S\$14.7 million was drawn down from revolving credit facility.
- (c) The distribution to Stapled Securityholders in 1Q 2018 relates to the financial period from 1 October 2017 to 31 December 2017, which was paid in cash on 26 March 2018. In the corresponding period, the distribution was for the financial period from 1 October 2016 to 31 December 2016, which was paid in cash on 27 March 2017.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 31 March 2018

	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 2018	1,695,091	(76,398)	1,618,693	28	(7)	21	1,618,714
Operations							
Increase in net assets resulting from operations	-	16,226	16,226	-	-	-	16,226
	-	16,226	16,226	-	-	-	16,226
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,461	-	2,461	-	-	-	2,461
Distribution to Stapled Securityholders ^(b)	-	(18,013)	(18,013)	-	-	-	(18,013)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,461	(18,013)	(15,552)	-	-	-	(15,552)
Balance at 31 March 2018	1,697,552	(78,185)	1,619,367	28	(7)	21	1,619,388

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 1Q 2018. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee will be issued in April 2019.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 October 2017 to 31 December 2017, which was paid on 26 March 2018.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018
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							
Issuance of Stapled Securities:							
- 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:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 1Q 2017. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2016 were issued on 27 April 2017.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 October 2016 to 31 December 2016, which was paid on 27 March 2017.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

1(d)(ii) Details of Changes in Stapled Securities

	Far East H-Trust	
	1Q 2018 No. of Stapled Securities '000	1Q 2017 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,854,701	1,801,415
Issuance of Stapled Securities:		
- REIT Manager's fees	2,360	2,908
Stapled Securities in issue	1,857,061	1,804,323
Stapled Securities to be issued:		
- REIT Manager's fees – Base fees	2,305	2,795
- REIT Manager's fees – Performance fees	5,878	7,383
Stapled Securities in issue and to be issued at end of period	1,865,244	1,814,501

Footnotes:

The number of Stapled Securities as at 31 March 2018 is 1,865,243,807 comprising:

- (i) 1,861,770,027 Stapled Securities in issue and to be issued as at 31 December 2017;
- (ii) 2,304,566 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's base fees for the period from 1 January 2018 to 31 March 2018; and
- (iii) 1,169,214 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2018 to 31 March 2018.
 These Stapled Securities to be issued as payment of REIT Manager's performance fees are not entitled to 1Q 2018 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 2017.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

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 2017 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2018. 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 March 2018

	Far East H-Trust	
	1Q 2018	1Q 2017
Weighted average number of Stapled Securities ('000)	1,856,301	1,803,386
Basic EPS (cents)	0.87	0.63
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,857,470	1,804,730
Diluted EPS (cents)	0.87	0.62
Number of Stapled Securities in issue at end of period ('000)	1,857,061	1,804,323
Number of Stapled Securities to be issued before Books Closure Date ('000)	9,246	8,834
Total number of Stapled Securities entitled to distribution ('000)	1,866,307	1,813,157
DPS (cents)	0.94	0.93

⁽¹⁾ The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued to the REIT Manager as partial payment of the REIT Manager's management fee incurred for the period.

7 Net asset value (“NAV”) / Net tangible asset (“NTA”) per stapled security

	Far East H-Trust	
	31 March 2018	31 December 2017
Stapled Securities in issue and to be issued at end of period ('000)	1,865,244	1,861,770
NAV / NTA per Stapled Security (cents)	86.82	86.94

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

8 A review of the performance for the quarter ended 31 March 2018
8(a) Statement of net income and distribution of Far East Hospitality Trust

	1Q 2018	1Q 2017	Better / (Worse)
	S\$'000	S\$'000	%
Gross revenue	25,724	24,775	3.8
Net property income	23,007	22,124	4.0
Income available for distribution	17,645	16,931	4.2
Distribution per Stapled Security (cents)	0.94	0.93	1.1

8(b) Review of the performance of first quarter ended 31 March 2018
1Q 2018 vs 1Q 2017

Gross revenue grew 3.8% to \$25.7 million in 1Q 2018 mainly due to an increase in master lease rental from the hotels and SRs.

Revenue per available room ("RevPAR") of the hotel portfolio grew 3.3% to S\$139 in 1Q 2018 due to an increase in average occupancy and average daily rate ("ADR") of 1.5pp and 1.6% respectively. Despite the ongoing room renovation at Orchard Parade Hotel, the performance of the hotel portfolio improved due to a pick-up in overall demand. In addition, there was some uplift from the biennial Singapore Airshow in February 2018.

The SRs showed a year-on-year improvement in performance in 1Q 2018. The average occupancy of the SRs improved 10.1pp and the ADR was 5.8% lower. Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio grew 7.6% to S\$174 in 1Q 2018. Although there was an increase in group bookings, corporate demand remained subdued.

A snapshot of the hotel and SR performance in 1Q 2018 is set out below.

	1Q 2018		1Q 2017		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.6	81.3	88.1	71.2	1.5pp	10.1pp
Average Daily Rate (S\$)	155	214	152	227	1.6%	(5.8%)
RevPAR / RevPAU (S\$)	139	174	134	162	3.3%	7.6%

Revenue from the retail and office spaces declined 3.9% year-on-year to S\$5.5 million in 1Q 2018 mainly due to lower rental rates.

Net property income was higher by 4.0% at S\$23.0 million. Finance costs were stable year-on-year at about S\$5.0 million.

Income available for distribution was S\$17.6 million or 4.2% higher year-on-year. Distribution per Stapled Security was 1.1% higher at 0.94 Singapore cents.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

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.

Far East H-Trust's performance is expected to stabilise, largely due to improvement in the hotel portfolio.

The Singapore Tourism Board forecasts international tourist arrivals to grow 1% to 4% in 2018. Compared to the previous years, when new hotel supply grew at a compounded annual growth rate of about 4.9%¹, the increase of 1.1% (or 750 rooms)² in 2018 is significantly lower. As such, demand and supply is expected to balance out.

Major MICE and biennial events should provide some uplift to the performance of the hotel portfolio, which generates two-thirds of the REIT's revenue. In addition, the completion of the renovation of Orchard Parade Hotel as well as the acquisition of Oasia Hotel Downtown will contribute positively to the REIT's performance.

Demand for SRs, on the other hand, is expected to lag behind that of hotels. As corporate and relocation activities remain muted, the operating environment for SRs continues to be competitive in the near term.

The operating environment for retail and office leasing is also competitive, as companies exercise prudence in their cost management.

¹ For the period 2013 to 2017

² CBRE report issued as at February 2018 and Far East H-Trust's compilation

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 January 2018 to 31 March 2018
Distribution type	Taxable income
Distribution per stapled security	0.94 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	12 June 2018
Books closure date	7 May 2018
Stapled Securityholders must complete and return Form A or Form B, as applicable	24 May 2018

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

Corresponding period of the preceding 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	<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>

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

Not applicable.

13 If the Group has obtained a general mandate from Stapled Securityholders for interested person transactions ("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 IPT.

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 these interim financial statement of Far East Hospitality Trust to be false or misleading in any material respect.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2018

19 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 pursuant to Rule 720(1) of the Listing Manual.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
26 April 2018

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
26 April 2018

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 Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

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.