

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the third quarter and nine months ended 30 September 2019

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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, Far East H-REIT took a 30% stake in a joint venture 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 9 hotels and 4 SRs located in Singapore. For the Sentosa hotel development project, the temporary occupancy permit (“TOP”) for the first phase, comprising Village Hotel Sentosa (“VHS”) and The Outpost Hotel Sentosa (“TOH”) was obtained on 31 October 2018. VHS and TOH has commenced hotel operations from 1 April 2019. The TOP for the final phase comprising The Barracks Hotel Sentosa and two retail blocks, was obtained on 26 September 2019.

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 at least 90% of its taxable income. 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 third quarter and nine months ended 30 September 2019
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

		Far East H-REIT					
Note	3Q 2019	3Q 2018	Better / (Worse)	YTD Sep 2019	YTD Sep 2018	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	25,330	24,971	1.4	70,104	68,173	2.8	
Retail and office revenue	5,545	5,538	0.1	16,496	16,586	(0.5)	
Gross revenue	30,875	30,509	1.2	86,600	84,759	2.2	
Property tax	(1,840)	(1,893)	2.8	(5,532)	(5,620)	1.6	
Property insurance	(27)	(29)	6.9	(84)	(86)	2.3	
MCST contribution	(67)	(41)	(63.4)	(175)	(123)	(42.3)	
Retail and office expenses	(764)	(741)	(3.1)	(2,208)	(2,142)	(3.1)	
Property manager fees	(119)	(119)	-	(357)	(357)	-	
Property expenses	(2,817)	(2,823)	0.2	(8,356)	(8,328)	(0.3)	
Net property income	28,058	27,686	1.3	78,244	76,431	2.4	
REIT Manager's fees	(3,160)	(3,127)	(1.1)	(9,177)	(8,884)	(3.3)	
Trustee's fees	(83)	(82)	(1.2)	(246)	(238)	(3.4)	
Other trust expenses	(469)	(251)	(86.9)	(1,152)	(698)	(65.0)	
Interest and other income	233	190	22.6	685	520	31.7	
Finance expenses	(7,353)	(7,380)	0.4	(22,463)	(19,254)	(16.7)	
Net income before joint venture's results	17,226	17,036	1.1	45,891	47,877	(4.1)	
Share of results of joint venture	(357)	(145)	>(100.0)	(4,447)	(215)	>(100.0)	
Net income before tax and fair value changes	16,869	16,891	(0.1)	41,444	47,662	(13.0)	
Fair value change in derivative financial instruments	(466)	673	>(100.0)	(2,159)	2,937	>(100.0)	
Total return for the period before income tax	16,403	17,564	(6.6)	39,285	50,599	(22.4)	
Income tax expense	(30)	(15)	>(100.0)	(64)	(39)	(64.1)	
Total return for the period	16,373	17,549	(6.7)	39,221	50,560	(22.4)	
<u>Distribution Statement</u>							
Total return for the period	16,373	17,549	(6.7)	39,221	50,560	(22.4)	
Net tax adjustments	4,023	2,546	58.0	16,034	6,147	>100.0	
Rollover adjustment	-	-	-	129	(6)	>100.0	
Income available for distribution	20,396	20,095	1.5	55,384	56,701	(2.3)	
Comprising:							
- Taxable income	20,249	20,023	1.1	55,069	56,512	(2.6)	
- Tax-exempt income	147	72	>100.0	315	189	66.7	
Total available for distribution	20,396	20,095	1.5	55,384	56,701	(2.3)	

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		Far East H-Trust					
Note	3Q 2019	3Q 2018	Better / (Worse)	YTD Sep 2019	YTD Sep 2018	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	25,330	24,971	1.4	70,104	68,173	2.8	
	5,545	5,538	0.1	16,496	16,586	(0.5)	
	30,875	30,509	1.2	86,600	84,759	2.2	
	(1,840)	(1,893)	2.8	(5,532)	(5,620)	1.6	
	(27)	(29)	6.9	(84)	(86)	2.3	
	(67)	(41)	(63.4)	(175)	(123)	(42.3)	
(a)	(764)	(741)	(3.1)	(2,208)	(2,142)	(3.1)	
	(119)	(119)	-	(357)	(357)	-	
	(2,817)	(2,823)	0.2	(8,356)	(8,328)	(0.3)	
	28,058	27,686	1.3	78,244	76,431	2.4	
	(3,160)	(3,127)	(1.1)	(9,177)	(8,884)	(3.3)	
	(83)	(82)	(1.2)	(246)	(238)	(3.4)	
	(469)	(252)	(86.1)	(1,174)	(700)	(67.7)	
	233	190	22.6	685	520	31.7	
	(7,353)	(7,380)	0.4	(22,463)	(19,254)	(16.7)	
	17,226	17,035	1.1	45,869	47,875	(4.2)	
(b)	(357)	(145)	>(100.0)	(4,447)	(215)	>(100.0)	
	16,869	16,890	(0.1)	41,422	47,660	(13.1)	
(c)	(466)	673	>(100.0)	(2,159)	2,937	>(100.0)	
	16,403	17,563	(6.6)	39,263	50,597	(22.4)	
	(30)	(15)	>(100.0)	(64)	(39)	(64.1)	
	16,373	17,548	(6.7)	39,199	50,558	(22.5)	
<u>Distribution Statement</u>							
	16,373	17,548	(6.7)	39,199	50,558	(22.5)	
(d)	4,023	2,546	58.0	16,034	6,147	>100.0	
(e)	-	-	-	129	(6)	>100.0	
	20,396	20,094	1.5	55,362	56,699	(2.4)	
Comprising:							
	20,249	20,022	1.1	55,047	56,510	(2.6)	
	147	72	>100.0	315	189	66.7	
	20,396	20,094	1.5	55,362	56,699	(2.4)	

Notes:

NM – Not meaningful

- (a) Retail and office expenses included impairment losses on trade receivables of S\$182,000 (3Q 2018: S\$39,000).
- (b) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results. This arose mainly from the pre-opening expenses and finance costs incurred on the borrowings in relation to the development of Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa which were previously capitalised whilst the properties were under development and are now being expensed upon obtaining temporary occupation permit.

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- (c) 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.
- (d) Included in the net tax adjustments are the following:

	Note	3Q 2019 S\$'000	3Q 2018 S\$'000	Better / (Worse) %	YTD Sep 2019 S\$'000	YTD Sep 2018 S\$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	(i)	2,844	2,814	1.1	8,259	7,995	3.3
- Trustee's fees		83	82	1.2	246	238	3.4
- Amortisation of debt-related transaction cost		154	167	(7.8)	517	500	3.4
- Fair value change in derivative financial instruments		466	(673)	>100.0	2,159	(2,937)	>100.0
- Share of results of joint venture		357	145	>100.0	4,447	215	>100.0
- Other items		119	11	>100.0	406	136	>100.0
Net tax adjustments		4,023	2,546	58.0	16,034	6,147	>100.0

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (e) The rollover adjustment for YTD Sep 2019 and YTD Sep 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 2017 and 2016 respectively.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 September 2019
Far East H-REIT and Far East H-Trust**

	Note	As at 30 September 2019			As at 31 December 2018		
		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	(a)	2,635,234	2,635,234	–	2,633,500	2,633,500	–
Joint venture	(b)	9,909	9,909	–	14,356	14,356	–
Total non-current assets		2,645,143	2,645,143	–	2,647,856	2,647,856	–
Current assets							
Cash and cash equivalents		4,937	4,937	–	12,837	12,837	–
Prepayments		40	40	–	71	71	–
Trade and other receivables	(c)	40,940	40,940	30	38,516	38,516	30
Derivative financial assets	(d)	–	–	–	371	371	–
Total current assets		45,917	45,917	30	51,795	51,795	30
Total assets		2,691,060	2,691,060	30	2,699,651	2,699,651	30
Current liabilities							
Trade and other payables		3,797	3,795	32	4,108	4,128	10
Borrowings	(e)	125,292	125,292	–	152,598	152,598	–
Accruals		8,071	8,070	1	7,909	7,908	1
Derivative financial liabilities	(d)	120	120	–	–	–	–
Rental deposits		3,795	3,795	–	2,926	2,926	–
Deferred income		90	90	–	90	90	–
Income tax payable		65	65	–	54	54	–
Total current liabilities		141,230	141,227	33	167,685	167,704	11
Non-current liabilities							
Borrowings	(e)	875,568	875,568	–	875,269	875,269	–
Derivative financial liabilities	(d)	3,704	3,704	–	2,037	2,037	–
Rental deposits		5,052	5,052	–	5,950	5,950	–
Deferred income		1,074	1,074	–	1,141	1,141	–
Total non-current liabilities		885,398	885,398	–	884,397	884,397	–
Total liabilities		1,026,628	1,026,625	33	1,052,082	1,052,101	11
Net assets		1,664,432	1,664,435	(3)	1,647,569	1,647,550	19
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,664,435	1,664,435	–	1,647,550	1,647,550	–
Unitholders' funds of Far East H-BT		(3)	–	(3)	19	–	19
		1,664,432	1,664,435	(3)	1,647,569	1,647,550	19

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Notes:

- (a) The increase in investment properties was mainly attributable to the asset enhancement works carried out at Orchard Rendezvous Hotel, Village Hotel Bugis and Village Hotel Albert Court.
- (b) This relates to the 30% joint venture interest in FIPL.
- (c) This includes a shareholders' loan and accrued interest due from FIPL of S\$29.8 million. The amount is used to finance the development of a hotel site located at Artillery Avenue, Sentosa. Final Phase of the development has obtained temporary occupation permit on 26 September 2019. Village Hotel Sentosa and The Outpost Hotel Sentosa have commenced hotel operations in April 2019.
- (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) In March 2019, a new facility was drawn down to early refinanced S\$100.0 million term loan due in August 2019. The total borrowings as at 30 September 2019 of S\$1,000.9 million was S\$27.0 million lower compared to balances as at 31 December 2018 mainly due to a net repayment of revolving credit facility ("RCF") of S\$27.3 million during the year from the cash retained from Distribution Reinvestment Plan ("DRP") participation by Stapled Securityholders and surplus cash at bank.

The current borrowings relate to a term loan of S\$100.0 million due to mature in April 2020 and RCF of S\$25.3 million which is payable on demand. The \$100.0 million term loan due to mature in April 2020 has been extended in October 2019 ahead of its maturity in April 2020. As at 30 September 2019, Far East H-REIT has undrawn and uncommitted RCF of S\$274.7 million with 4 banks to fulfill its liabilities as and when they fall due. Please refer to the details of aggregate amount of borrowings in section 1(b)(ii).

1(b)(ii) Aggregate Amounts of Borrowings as at 30 September 2019

	As at 30 September 2019		As at 31 December 2018	
	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	125,292	125,292	152,598	152,598
Amounts repayable after one year	875,568	875,568	875,269	875,269
	1,000,860	1,000,860	1,027,867	1,027,867

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 30 September 2019 are as follows:

- Unsecured term loan facilities of S\$977.9 million; and
- S\$300.0 million of uncommitted RCF.

On 25 March 2019, DBS Trustee Limited in its capacity as trustee of Far East H-REIT entered into S\$125.0 million facility agreement, which comprise of S\$100.0 million 5-year term loan facility and S\$25.0 million uncommitted RCF, for early refinancing of term loan of S\$100.0 million due in August 2019.

On 9 October 2019, a 2-year \$100.0 million term loan due to mature in April 2020 was extended to a 2.5-year \$60.0 million term loan and 5-year \$40.0 million term loan ahead of its maturity. There are no other term loans maturing this year and next year.

The weighted average cost of debt was approximately 2.9% per annum. The weighted average debt-to-maturity was extended from 3.2 years in September 2019 to 3.5 years taking into account the extended tenor.

Gearing as of 30 September 2019 was 39.6% (2018: 40.1%).

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

		Far East H-REIT			
Note	3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	16,403	17,564	39,285	50,599	
Adjustments for:					
Interest and other income	(233)	(190)	(685)	(520)	
Finance expenses	7,353	7,380	22,463	19,254	
Fair value change in derivative financial instruments	466	(673)	2,159	(2,937)	
REIT Manager's fees issued/issuable in Stapled Securities	2,844	2,814	8,259	7,995	
Share of results of joint venture	357	145	4,447	215	
Impairment losses on trade receivables	182	39	496	302	
Operating profit before working capital changes	27,372	27,079	76,424	74,908	
Changes in working capital					
Trade and other receivables	(413)	(282)	(1,164)	(1,296)	
Trade and other payables	609	808	(541)	74	
Rental deposits	(4)	8	(96)	134	
Income tax paid	-	-	(54)	(19)	
Cash flows generated from operating activities	27,564	27,613	74,569	73,801	
Cash flows from investing activities					
Capital expenditure on investment properties (a)	(1,048)	(839)	(1,714)	(3,231)	
Acquisition of investment property	-	(15)	-	(217,514)	
Loan to joint venture (b)	-	-	(1,200)	-	
Interest received	-	-	-	8	
Cash flows used in investing activities	(1,048)	(854)	(2,914)	(220,737)	
Cash flows from financing activities					
Proceeds from borrowings (b)	8,700	9,000	109,900	380,895	
Finance costs paid	(5,444)	(7,726)	(21,615)	(20,758)	
Repayment of borrowings (b)	(15,245)	(11,500)	(137,245)	(153,650)	
Distribution to Stapled Securityholders (c)	(16,996)	(18,878)	(30,595)	(54,434)	
Cash flows (used in) / from financing activities	(28,985)	(29,104)	(79,555)	152,053	
Net (decrease) / increase in cash and cash equivalents	(2,469)	(2,345)	(7,900)	5,117	
Cash and cash equivalents at beginning of the period	7,406	11,372	12,837	3,910	
Cash and cash equivalents at end of the period	4,937	9,027	4,937	9,027	

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	Note	Far East H-Trust			
		3Q 2019 S\$'000	3Q 2018 S\$'000	YTD Sep 2019 S\$'000	YTD Sep 2018 S\$'000
Cash flows from operating activities					
Total return before income tax		16,403	17,563	39,263	50,597
Adjustments for:					
Interest and other income		(233)	(190)	(685)	(520)
Finance expenses		7,353	7,380	22,463	19,254
Fair value change in derivative financial instruments		466	(673)	2,159	(2,937)
REIT Manager's fees issued/issuable in Stapled Securities		2,844	2,814	8,259	7,995
Share of results of joint venture		357	145	4,447	215
Impairment losses on trade receivables		182	39	496	302
Operating profit before working capital changes		27,372	27,078	76,402	74,906
Changes in working capital					
Trade and other receivables		(413)	(282)	(1,164)	(1,296)
Trade and other payables		609	809	(519)	76
Rental deposits		(4)	8	(96)	134
Income tax paid		–	–	(54)	(19)
Cash flows generated from operating activities		27,564	27,613	74,569	73,801
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(1,048)	(839)	(1,714)	(3,231)
Acquisition of investment property		–	(15)	–	(217,514)
Loan to joint venture	(b)	–	–	(1,200)	–
Interest received		–	–	–	8
Cash flows used in investing activities		(1,048)	(854)	(2,914)	(220,737)
Cash flows from financing activities					
Proceeds from borrowings	(b)	8,700	9,000	109,900	380,895
Finance costs paid		(5,444)	(7,726)	(21,615)	(20,758)
Repayment of borrowings	(b)	(15,245)	(11,500)	(137,245)	(153,650)
Distribution to Stapled Securityholders	(c)	(16,996)	(18,878)	(30,595)	(54,434)
Cash flows (used in) / from financing activities		(28,985)	(29,104)	(79,555)	152,053
Net (decrease) / increase in cash and cash equivalents		(2,469)	(2,345)	(7,900)	5,117
Cash and cash equivalents at beginning of the period		7,406	11,372	12,837	3,910
Cash and cash equivalents at end of the period		4,937	9,027	4,937	9,027

Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Rendezvous Hotel, Village Hotel Bugis and Village Hotel Albert Court.
- (b) Proceeds from borrowings were mainly from drawdown of term loan of S\$100.0 million and RCF of S\$1.2 million to early refinance term loan of S\$100.0 million due to mature in August 2019 and on-lend to FIPL respectively. Repayment of borrowings included repayment of RCF from cash retained from proceeds of DRP

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- (c) Far East Hospitality Trust has reintroduced the DRP in February 2019. It provides eligible Stapled Securityholders with the option to receive their distribution, either in the form of stapled securities or cash or a combination of both.

The distribution to Stapled Securityholders in 3Q 2019 relates to the cash distribution for the financial period from 1 April 2019 to 30 June 2019, which was paid on 13 September 2019. In the corresponding period, the distribution for the financial period from 1 April 2018 to 30 June 2018 was paid on 14 September 2018. No DRP was applied to the distribution for the financial period from 1 April 2018 to 30 June 2018.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2019 to 30 September 2019

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 July 2019	1,735,309	(73,095)	1,662,214	28	(31)	(3)	1,662,211
Operations							
Increase in net assets resulting from operations	-	16,373	16,373	-	-	-	16,373
	-	16,373	16,373	-	-	-	16,373
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,844	-	2,844	-	-	-	2,844
- Distribution reinvestment plan ^(b)	491	-	491	-	-	-	491
Distribution to Stapled Securityholders ^(c)	-	(17,487)	(17,487)	-	-	-	(17,487)
Net increase/(decrease) in net assets resulting from unitholders' transactions	3,335	(17,487)	(14,152)	-	-	-	(14,152)
Balance at 30 September 2019	1,738,644	(74,209)	1,664,435	28	(31)	(3)	1,664,432

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 3Q 2019. 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 2020.
- (b) Under the DRP, new stapled securities have been issued to eligible stapled securityholders who have opted to receive their distribution entitlement for the period from 1 April 2019 to 30 June 2019 in stapled securities on 13 September 2019.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 April 2019 to 30 June 2019, which was paid on 13 September 2019.

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1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2018 to 30 September 2018

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 July 2018	1,701,847	(78,943)	1,622,904	28	(8)	20	1,622,924
Operations							
Decrease in net assets resulting from operations	-	17,549	17,549	-	(1)	(1)	17,548
	-	17,549	17,549	-	(1)	(1)	17,548
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,814	-	2,814	-	-	-	2,814
Distribution to Stapled Securityholders ^(b)	-	(18,878)	(18,878)	-	-	-	(18,878)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,814	(18,878)	(16,064)	-	-	-	(16,064)
Balance at 30 September 2018	1,704,661	(80,272)	1,624,389	28	(9)	19	1,624,408

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 3Q 2018. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2018 were issued on 26 April 2019.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 April 2018 to 30 September 2018, which was paid on 14 September 2018.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2019 to 30 September 2019

	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 2019	1,707,432	(59,882)	1,647,550	28	(9)	19	1,647,569
Operations							
Increase in net assets resulting from operations	-	39,221	39,221	-	(22)	(22)	39,199
	-	39,221	39,221	-	(22)	(22)	39,199
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	8,259	-	8,259	-	-	-	8,259
- Distribution reinvestment plan ^(b)	22,953	-	22,953	-	-	-	22,953
Distribution to Stapled Securityholders ^(c)	-	(53,548)	(53,548)	-	-	-	(53,548)
Net increase/(decrease) in net assets resulting from unitholders' transactions	31,212	(53,548)	(22,336)	-	-	-	(22,336)
Balance at 30 September 2019	1,738,644	(74,209)	1,664,435	28	(31)	(3)	1,664,432

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2019 to 30 September 2019. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2019 will be issued in April 2020.
- (b) Under the DRP, new stapled securities have been issued to eligible stapled securityholders who have opted to receive their distribution entitlement for the period from 1 October 2018 to 30 June 2019 in stapled securities on 28 March 2019, 12 June 2019 and 13 September 2019 respectively.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2018 to 30 June 2019.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 30 September 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	-	50,560	50,560	-	(2)	(2)	50,558
	-	50,560	50,560	-	(2)	(2)	50,558
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	7,995	-	7,995	-	-	-	7,995
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(54,434)	(54,434)	-	-	-	(54,434)
Net increase/(decrease) in net assets resulting from unitholders' transactions	9,570	(54,434)	(44,864)	-	-	-	(44,864)
Balance at 30 September 2018	1,704,661	(80,272)	1,624,389	28	(9)	19	1,624,408

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2018 to 30 September 2018. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2018 were issued on 26 April 2019.
- (b) This represents the Stapled Securities issued to REIT Manager for satisfaction of acquisition fee in relation to the acquisition of Oasia Hotel Downtown.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2017 to 30 June 2018.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019

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

	Far East H-TRUST			
	3Q 2019 No. of Stapled Securities '000	3Q 2018 No. of Stapled Securities '000	YTD Sep 2019 No. of Stapled Securities '000	YTD Sep 2018 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,918,901	1,866,308	1,872,012	1,854,701
Issuance of Stapled Securities:				
- REIT Manager's fees	2,736	2,840	14,431	12,214
- REIT Manager's Acquisition fees	-	-	-	2,233
- Distribution Reinvestment Plan	741	-	35,935	-
Stapled Securities in issue	1,922,378	1,869,148	1,922,378	1,869,148
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,688	2,864	2,688	2,864
- REIT Manager's fees – Performance fees (a)	4,129	4,336	4,129	4,336
Stapled Securities in issue and to be issued at end of period	1,929,195	1,876,348	1,929,195	1,876,348

Footnotes:

- (a) 4,128,967 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2019 to 30 September 2019 are not entitled to 3Q 2019 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 2018.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019

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 2018 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2019. 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 30 September 2019

	Far East H-Trust			
	3Q 2019	3Q 2018	YTD Sep 2019	YTD Sep 2018
Weighted average number of Stapled Securities ('000)	1,921,039	1,868,345	1,899,952	1,863,037
Basic EPS (cents)	0.85	0.94	2.06	2.71
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,927,855	1,872,682	1,906,768	1,867,374
Diluted EPS (cents)	0.85	0.94	2.06	2.71
Number of Stapled Securities in issue at end of period ('000)	1,922,378	1,869,148	1,922,378	1,869,148
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,688	2,864	2,688	2,864
Total number of Stapled Securities entitled to distribution ('000)	1,925,066	1,872,012	1,925,066	1,872,012
DPS (cents)	1.04	1.05	2.86	3.00

⁽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.

7 Net Asset Value (“NAV”) / Net Tangible Asset (“NTA”) per Stapled Security

	Far East H-Trust	
	30 September 2019	31 December 2018
Stapled Securities in issue and to be issued at end of period ('000)	1,929,195	1,881,085
NAV / NTA per Stapled Security (cents)	86.28	87.59

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2019
8 A review of the performance for the quarter ended 30 September 2019
8(a) Statement of net income and distribution of Far East Hospitality Trust

	3Q 2019	3Q 2018	Better / (Worse)	YTD Sep 2019	YTD Sep 2018	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	30,875	30,509	1.2	86,600	84,759	2.2
Net property income	28,058	27,686	1.3	78,244	76,431	2.4
Net property income margin	90.9%	90.7%	0.2pp	90.4%	90.2%	0.2pp
Income available for distribution	20,396	20,094	1.5	55,362	56,699	(2.4)
Distribution per Stapled Security (cents)	1.04	1.05	(1.0)	2.86	3.00	(4.7)

8(b) Review of the performance of first quarter ended 30 September 2019
3Q 2019 vs 3Q 2018

Gross revenue rose 1.2% year-on-year to S\$30.9 million in 3Q 2019. The increase in revenue contribution came from all three components of the portfolio, i.e. hotels, serviced residences and commercial spaces.

There was an improvement in the year-on-year performance of the hotel portfolio in 3Q 2019, compared to the first half of the year. This was partly brought about by stronger traffic this year during the peak leisure travel season. Average occupancy of the hotels moved up to 92.3% in 3Q 2019, a 1.6pp increase year-on-year. The average daily rate ("ADR") was 2.0% lower year-on-year at S\$164, mainly attributed to lower contribution from the corporate segment and a greater composition of lower-rated leisure business. As a result, revenue per available room ("RevPAR") remained flat year-on-year at S\$152.

The serviced residences ("SRs") recorded a continued improvement in performance this quarter. There was a growth in shorter-stay bookings at higher room rates. For the quarter, the average occupancy of the SRs increased 1.0pp to 88.2%, and ADR was higher by 4.4% at S\$222. Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio grew 5.7% year-on-year to S\$196.

A snapshot of the hotel and SR performance in 3Q 2019 is set out below.

	3Q 2019		3Q 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	92.3	88.2	90.7	87.2	1.6pp	1.0pp
Average Daily Rate (S\$)	164	222	168	213	(2.0%)	4.4%
RevPAR / RevPAU (S\$)	152	196	152	186	0.0%	5.7%

Revenue from the retail and office spaces increased marginally by 0.1% year-on-year to S\$5.5 million in 3Q 2019.

Net property income was higher by 1.3% at S\$28.1 million. Finance costs were lower by 0.4% year-on-year. Other trust expenses were higher by 86.1% at S\$0.5 million mainly due to DRP processing cost.

Income available for distribution was S\$20.4 million, 1.5% higher year-on-year. This translates into a distribution per Stapled Security of 1.04 Singapore cents, with an enlarged base largely as a result of the implementation of the Distribution Reinvestment Plan in the last three quarters, as compared to 1.05 Singapore cents in the preceding year.

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YTD Sep 2019 vs YTD Sep 2018

Gross revenue for the first nine months of 2019 was S\$86.6 million, an increase of 2.2% year-on-year, due mainly to an increase in master lease rental from the hotels and serviced residences in the portfolio.

Compared to the same period last year, the hotel portfolio year-to-date did not benefit from major city-wide events in Singapore during the first half of 2019, and saw an overall lower volume of corporate travel amidst rising global trade tensions and economic uncertainties. This resulted in fewer opportunities to yield room rates. Nonetheless, there was a marked improvement in the overall performance of the hotels in 3Q 2019, after a slow first half of the year. Average occupancy for the first nine months of 2019 remained healthy at 89.9%, marginally lower by 0.2pp year-on-year. ADR was 1.3% lower at S\$159. RevPAR for the hotel portfolio was 1.5% lower year-on-year at S\$143 for YTD September 2019.

There was an overall year-on-year improvement in performance for the SRs as at YTD September 2019, a trend that has been maintained since the last quarter of 2018. While the average occupancy was marginally lower year-on-year at 83.5%, the ADR was 3.6% higher at S\$217. Correspondingly, RevPAU of the SR portfolio grew 3.0% to S\$181 for YTD September 2019.

A snapshot of the hotel and SR performance for YTD September 2019 is set out below.

	YTD Sep 2019		YTD Sep 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.9	83.5	90.1	84.0	(0.2pp)	(0.5pp)
Average Daily Rate (S\$)	159	217	161	210	(1.3%)	3.6%
RevPAR / RevPAU (S\$)	143	181	145	176	(1.5%)	3.0%

Over the nine-month period, revenue from the retail and office spaces was marginally lower year-on-year by 0.5% at S\$16.5 million.

Net property income was higher by 2.4% at S\$78.2 million. Finance costs had increased by 16.7% year-on-year to S\$22.5 million mainly due to additional loan drawn down to fund the acquisition of Oasia Hotel Downtown in April 2018 and higher interest rates compared to previous year. Other trust expenses were higher by 67.7% at S\$1.2 million mainly due to DRP processing cost.

Income available for distribution was S\$55.4 million, 2.4% lower year-on-year. Distribution per Stapled Security was 2.86 Singapore cents or 4.7% lower year-on-year, with an enlarged base.

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.

International visitor arrivals to Singapore increased 1.9% year-on-year for the first eight months of 2019¹, coming in at the lower end of the full-year forecast of 1% to 4% for the year². Demand for accommodation from the corporate segment is likely to remain soft, amidst expected weaker economic growth.

In terms of new supply, hotel rooms are anticipated to increase by 1.9% (1,284 rooms) in 2019, and 1.2% (789 rooms) in 2020³. This pace of growth is relatively moderate as compared to the increase over the last few years. The additional supply is expected to be well-absorbed by the projected growth in tourist arrivals.

¹ Singapore Tourism Board, Actual Visitor Arrivals, as at 8 October 2019

² Singapore Tourism Board, Forecasted Visitor Arrivals, as at 13 February 2019

³ Savills report issued as at February 2019 and Far East H-Trust's Compilation. The data does not account for closures of rooms for renovations and re-openings (e.g. re-opening of Swissotel The Stamford or Raffles Hotel rooms which had undergone refurbishment).

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The macroeconomic environment in Singapore and the wider Asia Pacific region have been impacted by mounting trade tensions and tightening fiscal conditions. Nonetheless, the REIT Manager remains positive about the medium-term prospects of the hospitality industry given the ongoing efforts and initiatives put forth by the Singapore government to drive demand, particularly to increase new flight connections and to grow the pipeline of conventions and exhibitions to be held in Singapore.

The REIT Manager continues to focus on the organic growth of its portfolio, improving the performance and competitiveness of its properties amidst a recovering hotel sector.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2019 to 30 September 2019
Distribution type	Taxable income
Distribution per stapled security	1.04 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 and foreign funds 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 December 2019
Books closure date	7 November 2019
Stapled Securityholders must complete and return Form A or Form B, as applicable	26 November 2019

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2018 to 30 September 2018
Distribution type	Taxable income
Distribution per stapled security	1.05 cents

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Tax rateTaxable 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%.

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 third quarter and nine months ended 30 September 2019

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 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)
30 October 2019

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
30 October 2019

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.