

Far East Hospitality Trust**Financial Statements Announcement****For the financial period from 1 August 2012 (date of constitution) to 31 December 2012**

Far East Hospitality Trust (“Far East H-Trust”) 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 with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate in Singapore, used primarily for hospitality and/or hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

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-Trust has a portfolio of 11 properties consisting of 7 hotels, namely Albert Court Village Hotel, Changi Village Hotel, The Elizabeth Hotel, Landmark Village Hotel, Oasia Hotel, Orchard Parade Hotel, and The Quincy Hotel (the “Hotels”); and 4 serviced residences, namely Central Square Village Residences, Hougang Village Residences, Regency House and Riverside Village Residences (the “Serviced Residences”, and together with the Hotels, the “Properties”). The Properties are located in Singapore.

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 listing date. 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.

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1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year.
1(a)(i) Consolidated Statement of Total Return (1 August 2012 to 31 December 2012)

Far East H-REIT was constituted on 1 August 2012 and was inactive since the date of constitution till 26 August 2012. The Consolidated Statement of Total Return primarily comprises operational results of Far East H-REIT commencing from its date of listing on 27 August 2012.

		Far East H-Trust
		1-Aug-12 to 31-Dec-12 (a)
		S\$'000
Master lease rental		35,910
Retail and office revenue		6,306
Gross revenue		42,216
Property tax		(2,354)
Property insurance		(53)
MCST contribution		(16)
Retail and office expenses		(863)
Property manager fees		(147)
Property expenses		(3,433)
Net property income		38,783
REIT Manager's fees		(3,831)
Trustee's fees		(98)
Other trust expenses	(b)	(12,706)
REIT level expenses		(16,635)
Amortisation of debt upfront cost		(237)
Interest expense		(3,840)
Total finance costs		(4,077)
Net income before tax and fair value changes		18,071
Fair value change in investment properties	(c)	53,309
Fair value change in derivative financial instruments	(d)	(1,843)
Total return for the period before income tax		69,537
Income tax expense		--
Total return for the period after income tax		69,537

Footnotes:

- (a) No comparative consolidated statement of total return has been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012. Accordingly, the results of Far East H-Trust are for the period from 27 August 2012 to 31 December 2012. There was no activity from the date of constitution, 1 August 2012 to 26 August 2012.
- (b) Other trust expenses include one-off non-capitalised issuance costs and recurring expenses such as annual listing fees, registry fees, audit and tax advisory fees, valuation fees, legal fees, costs associated with the preparation of annual reports, investor communications costs and other miscellaneous costs.
- (c) This relates to unrealised gain on revaluation of the investment properties as at 31 December 2012.
- (d) This relates to unrealised differences arising from fair valuation of interest rate swaps.

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1(a)(ii) Distribution Statement

	Far East H-Trust
	1-Aug-12 to 31-Dec-12 (a)
	S\$'000
Total return after income tax	69,537
Net tax adjustments (Note A)	(35,891)
Income available for distribution	33,646
Distribution to Stapled Securityholders	33,646
Note A: tax adjustments relate to the following non-tax deductible items:	
REIT Manager's fees issuable in units (b)	3,065
Amortisation of debt upfront cost	237
Trustee's fees	98
Issuance costs not deductible (c)	12,175
Fair value change in derivative financial instruments	1,843
Fair value change in investment properties	(53,309)
Net tax adjustments	(35,891)

Footnotes:

- (a) No comparative distribution statement has been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.
- (b) This represents 80% of the REIT Manager's fees being paid in units.
- (c) One-off non-capitalised issuance costs incurred at listing.

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1(b) Balance Sheet
1(b)(i) Balance Sheet as at 31 December 2012

	Far East H-Trust	Far East H-REIT	Far East H-BT
	31/12/12 (a)	31/12/12 (a)	31/12/12 (a)
	S\$'000	S\$'000	S\$'000
Non-current assets			
Investment properties	2,158,400	2,158,400	-
Current assets			
Cash and cash equivalents	35,658	35,658	-
Prepayments	76	76	-
Trade and other receivables	20,896	20,896	30
Total current assets	56,630	56,630	30
Total assets	2,215,030	2,215,030	30
Current liabilities			
Accruals	2,202	2,200	2
Trade payables	1,218	1,218	-
Other payables	262	292	-
Derivative financial liabilities (b)	1,843	1,843	-
Rental deposits	1,989	1,989	-
Deferred income	162	162	-
Total current liabilities	7,676	7,704	2
Non-current liabilities			
Borrowings	647,257	647,257	-
Rental deposits	5,435	5,435	-
Deferred income	1,728	1,728	-
Total non-current liabilities	654,420	654,420	-
Total liabilities	662,096	662,124	2
Net assets	1,552,934	1,552,906	28
Stapled Securityholders' funds	1,552,934	1,552,906	28

Footnotes:

- (a) No comparative balance sheet has been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.
- (b) Derivative financial liabilities relate to the fair value of interest rate swaps used to hedge interest rate risk.

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1(b)(ii) Aggregate Amount of Borrowings (as at 31 December 2012)

	Far East H-Trust	
	31/12/12	
	Secured	Unsecured
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	-	-
Amount repayable after one year	-	647,257

Details of borrowings and collateral:

The borrowings are unsecured and are term loan facilities amounting to \$650 million from 3 financial institutions, with staggered debt maturities of three-year, five-year and seven-year terms.

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

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1(c) Consolidated Cash Flow Statement (1 August 2012 to 31 December 2012)

	Far East H-Trust (a)
	S\$'000
Operating activities	
Total return before tax	69,537
Adjustments for:	
Finance costs	4,077
Fair value change in derivative financial instruments	1,843
Fair value change in investment properties	(53,309)
REIT Manager's fees issuable in Stapled Securities	3,065
Operating profit before working capital changes	25,213
Changes in working capital	
Trade and other receivables	(20,972)
Trade and other payables	3,585
Rental deposits	9,314
Cash flows generated from operating activities	17,140
Investing activity	
Acquisition of investment properties	(1,269,785)
Cash flows used in investing activity	(1,269,785)
Financing activities	
Proceeds from borrowings, net of debt upfront cost	647,020
Finance costs paid	(3,743)
Issuance of new Stapled Securities upon initial public listing (b)	656,310
Issue expenses	(11,284)
Cash flows from financing activities	1,288,303
Net increase in cash and cash equivalents	35,658
Cash and cash equivalents at beginning of the period	--
Cash and cash equivalents at end of the period	35,658

Footnotes:

- (a) No comparative consolidated cash flow statement has been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.
- (b) On listing date, 1,603,887,999 stapled securities in Far East H-Trust were issued at \$0.93 each to the public, cornerstone investor and certain members of the Sponsor in part satisfaction of the purchase consideration of the properties. The amount of S\$656.31 million was proceeds received from cornerstone investors and the public.

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1(d)(i) Consolidated Statement of Changes in Stapled Securityholders' Funds

	Far East H-Trust
	1-Aug-12 to 31-Dec-12 (a)
	S\$'000
Balance at beginning of period	--
Issuance of new Stapled Securities upon initial public listing	1,491,616
Issue expenses	(11,284)
Net increase in net assets	1,480,332
Stapled Securities to be issued as payment of REIT Manager's fees	3,065
Accumulated profit	69,537
Stapled Securityholders' funds at end of period	1,552,934

Footnotes:

(a) No comparative figures have been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.

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

	Far East H-Trust
	1-Aug-12 to 31-Dec-12 (a)
	No. of Units
Issued Stapled Securities at date of constitution	1
Issue of new Stapled Securities on listing date	1,603,887,999
Total issued units	1,603,888,000
Stapled Securities to be issued:	
As payment of REIT Manager's fees (b)	3,055,895
Total issued and issuable Stapled Securities	1,606,943,895

Footnotes:

(a) No comparative figures have been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.

(b) This represents 80% of the REIT Manager's fees being paid in Stapled Securities.

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- 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.**

Far East H-Trust has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as disclosed in its prospectus dated 16 August 2012.

- 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.**

Not applicable.

- 6 Earnings per Stapled Security unit ("EPU") and Distribution per Stapled Security unit ("DPU") for the financial period ended 31 December 2012**

	Far East H-Trust
	1-Aug-12 to 31-Dec-12 (a)
Weighted average number of Stapled Securities in issue	1,603,888,000
Total return for the period after tax (S\$'000) (b)	69,537
EPU based on weighted average number of Stapled Securities in issue (cents)	4.34
Total number of issued and issuable Stapled Securities at end of period (c)	1,606,943,895
Distribution to Stapled Securityholders (S\$'000) (d)	33,646
DPU based on the total number of Stapled Securities entitled to distribution (cents)	2.09

Footnotes:

(a) No comparative figures have been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.

(b) As shown in 1(a)(i).

(c) As shown in 1(d)(ii).

(d) As shown in 1(a)(ii).

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7 Net asset value (“NAV”) per unit:-

	Far East H-Trust
	1-Aug-12 to 31-Dec-12 (a)
NAV per Stapled Security (\$)	0.97

Footnotes:

- (a) No comparative figures have been prepared as Far East H-Trust was listed on SGX-ST on 27 August 2012.
- (b) The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 December 2012 is 1,606,943,895, comprising :
 - (i) 1,603,888,000 Stapled Securities in issue as at 31 December 2012 and
 - (ii) 3,055,895 Stapled Securities to be issued to the REIT Manager, in consideration of 80% of the REIT Manager’s fees payable for the period from 27 August 2012 to 31 December 2012.

8 A review of the performance for period ended 31 December 2012

Please refer to Section 9 for a review of Far East H-Trust’s results for the period from 27 August 2012 to 31 December 2012 against the forecast as disclosed in the prospectus.

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9 Variance between forecast and the actual results
9(a) Statement of Net Income and Distribution (Actual vs Forecast)

	Far East H-Trust 1-Aug-2012 to 31-Dec-12		
	Actual (a)	Forecast (b)	Inc /(Dec)
	S\$'000	S\$'000	%
Gross revenue	42,216	42,529	(0.7)
Net property income	38,783	38,694	0.2
Income available for distribution	33,646	32,172	4.5

Footnote:

- (a) The actual results are from 27 August 2012 to 31 December 2012 as Far East H-Trust was listed on SGX-ST on 27 August 2012.
- (b) The forecast as disclosed in the prospectus has been pro-rated, where appropriate for the period from 27 August 2012 to 31 December 2012, after taking into consideration the respective master lease arrangement.

9(b) A review of the performance (Actual vs Forecast)

Far East H-Trust recorded **Gross Revenue** of S\$42.2 million during the Forecast Period, which was 0.7% lower than the projected S\$42.5 million. This was mainly due to the softer performance of its Serviced Residences, which were affected by macro uncertainties in 2H2012 when major companies held back in the face of the European debt crisis and the US "Fiscal Cliff". Revenue per available serviced residence unit ("RevPAU") was S\$204 for FY2012 compared to S\$216 that was forecast in the Prospectus.

Overall, the Hotels performed better than forecast. While there was some pressure on average room rates, resulting in the average revenue per available room ("RevPAR") of \$171 versus the forecast of \$174, higher revenue from the commercial spaces, and the meetings and banquet business helped to offset the lower room revenue.

Net Property Income was 0.2% higher than forecast at S\$38.8 million as a result of lower operating expenses.

Active management of finance costs and other Trust expenses further enabled Far East H-Trust to deliver **Income Available for Distribution** of S\$33.6 million, which was 4.5% above forecast.

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

As a Singapore-focused hotel and serviced residence hospitality trust, Far East H-Trust remains well-placed to benefit from the growth of Singapore's hospitality market as the country remains as a highly regarded destination for business and leisure.

The Singapore Tourism Board has a target of 17 million tourist arrivals by 2015¹. The strength of the economies in the Asia-Pacific region is expected to continue to support the growth in visitors from these source markets. Rising disposal incomes in these countries would generate more leisure traffic, while economic expansion in the region would generate more business travel. The share of business travelers as a percentage of total visitors to Singapore is expected to increase from 34.4% in 2011 to 40.1% by 2015².

Mr Lee commented, "We are progressively executing our asset enhancement programmes on selected properties in a staged manner to capitalise on the expected growth in the tourism industry. We are also actively managing our assets, and these efforts are fundamental to our objective of generating better performance and returns from our portfolio so as to deliver value to our Stapled Securityholders. We will also seek accretive growth by acquiring third party properties with good potential, in addition to Sponsor properties, to expand Far East H-Trust's portfolio."

Refurbishment works are currently undertaken at Landmark Village Hotel and Orchard Parade Hotel. Far East H-Trust will also be commencing refurbishment and asset enhancement works on Albert Court Village Hotel, Changi Village Hotel and Regency House this year.

On the acquisitions front, in November 2012³, Far East H-Trust announced that it has entered, together with a unit of Far East Organization group, into non-binding memorandum of understanding with The Straits Trading Company Limited to acquire Rendezvous Grand Hotel Singapore and its retail component Rendezvous Gallery Singapore. Negotiations and due diligence are still ongoing and there is no assurance that the transaction will proceed. The Managers will provide further details in subsequent announcements in accordance with the Listing Rules at appropriate times.

11 DISTRIBUTIONS**11(a) Current financial period**

Any distribution declared for the current period? Yes.

Name of distribution : Distribution for the period from 27 August 2012 to 31 December 2012

Distribution rate : 2.09 cents

11(b) Date paid/payable 21 March 2013

11(c) Books closure date 18 February 2013

11(d) Unitholders must complete and return Form A or Form B, as applicable 5 March 2013

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

Not applicable.

¹ Source: STB, Tourism Performance Report – Quarter Four and Full Year 2011, Tourism Sector Performance for 2011.

² Source: Prospectus, Business Monitor International

³ Refer to SGXNet announcement on 26 November 2012

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

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

- 14 Segmented revenue and results for operating segments**

	Hotels and serviced residences S\$'000	Retails and offices and others S\$'000	Total S\$'000
Gross revenue - external	35,910	6,306	42,216
Segment net property income	34,004	4,779	38,783
REIT Manager's fees			(3,831)
Trustee's fees			(98)
Other trust expenses			(12,706)
Finance costs			(4,077)
Net income before tax and fair value changes			18,071
Fair value change in investment properties	48,762	4,547	53,309
Fair value change in derivative financial instruments			(1,843)
Total return for the period before income tax			69,537
Income tax expense			-
Total return for the period after income tax before distribution			69,537

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

Please refer to Section 9 for a review of the performance.

- 16** There is no person occupying a managerial position in Far East H-REIT or Far East H-BT who is a relative of a Director or Chief Executive Officer or any Substantial Stapled Securityholders of Far East H-Trust, Far East H-REIT and Far East H-BT.

- 17. Use of proceeds**

Following the announcement made on 27 August 2012, proceeds from the initial public offering ("IPO") have been fully disbursed in accordance with the intended application of proceeds stated in the prospectus; except for \$12.2 million which was due to lower actual fees paid, spending on prospectus production, road show expenses and certain other expenses incurred in relation to the IPO. This amount will be used for asset enhancement purpose.

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By Order of the Board

Jill Chay Suet Yee
Company Secretary
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
6 February 2013

By Order of the Board

Jill Chay Suet Yee
Company Secretary
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
6 February 2013

The issue managers for the initial public offering and listing of Far East Hospitality Trust are DBS Bank Ltd, Goldman Sachs (Singapore) Pte and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (the "Issue Managers"). The Issue Managers assume no responsibility for the contents of this announcement.

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 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 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 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.