



Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the quarter ended 31 March 2013

Far East Hospitality Trust ("Far East H-Trust" or the "Stapled Group") is a hospitality stapled group comprising Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") and Far East Hospitality Business Trust ("Far East H-BT"). Far East H-REIT and Far East H-BT are managed by FEO Hospitality Asset Management Pte. Ltd. ("REIT Manager") and FEO Hospitality Trust Management Pte. Ltd. ("Trustee-Manager"), respectively.

Far East H-REIT is a Singapore-based real estate investment trust established principally to invest on a long-term basis, in a diversified portfolio of income-producing hospitality-related real estate in Singapore.

Stapled Securities in Far East H-Trust commenced trading on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 27 August 2012.

Far East H-REIT has a portfolio of 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 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 2013

1(a) **Income statements together with comparatives for corresponding periods in immediately preceding financial year.**

1(a)(i) **Statements of Total Return of Far East H-REIT and Far East H-Trust
Statement of Comprehensive Income of Far East H-BT**

	Note	1Q 2013 Far East H-Trust ^(a) \$'000	1Q 2013 Far East H-REIT ^(a) \$'000	1Q 2013 Far East H-BT ^(a) \$'000
Master lease rental		23,471	23,471	—
Retail and office revenue		4,639	4,639	—
Gross revenue		28,110	28,110	—
Property tax		(1,693)	(1,693)	—
Property insurance		(17)	(17)	—
MCST contribution		(12)	(12)	—
Retail and office expenses		(297)	(297)	—
Property manager fees		(120)	(120)	—
Other property expenses		(9)	(9)	—
Property expenses		(2,148)	(2,148)	—
Net property income		25,962	25,962	—
REIT Manager's fees		(2,680)	(2,680)	—
Trustee's fees		(69)	(69)	—
Other trust expenses		(160)	(160)	#
REIT and BT level expenses		(2,909)	(2,909)	#
Interest expense		(2,914)	(2,914)	—
Realised interest rate swap cost		(818)	(818)	—
Total finance costs		(3,732)	(3,732)	—
Net income before tax and fair value changes		19,321	19,321	#
Fair value change in interest rate swaps	(b)	(139)	(139)	—
Total fair value change		(139)	(139)	—
Total return for the period before income tax		19,182	19,182	#
Income tax expense		—	—	—
Total return for the period after income tax		19,182	19,182	#
Other comprehensive income for the period, net of income tax				—
Total comprehensive income for the period				#

Less than \$1,000

Footnotes:

- (a) No comparative statements of total return and statement of comprehensive income have been prepared as Far East H-Trust was constituted on 1 August 2012.
- (b) This relates to unrealised differences arising from fair valuation of interest rate swaps.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

1(a)(ii) Distribution Statements

	Note	1Q 2013 Far East H-Trust ^(a) \$'000	1Q 2013 Far East H-REIT ^(a) \$'000
Total return after income tax		19,182	19,182
Add/(Less) Non tax deductible/(tax chargeable) items:			
- REIT Manager's fees paid/payable in Stapled Securities	(b)	2,144	2,144
- Trustee's fees		69	69
- Amortisation of debt upfront cost		168	168
- Amortisation of realised interest rate swap cost	(c)	409	409
- Fair value change in interest rate swaps		139	139
- Other adjustment	(d)	25	25
Net tax adjustment		<u>2,954</u>	<u>2,954</u>
Income available for distribution		<u>22,136</u>	<u>22,136</u>

Footnotes:

- (a) No comparative distribution statements have been prepared as Far East H-Trust was constituted on 1 August 2012.
- (b) This represents 80% of the REIT Manager's fees being paid in Stapled Securities.
- (c) Realised interest rate swap cost is amortised over two quarters i.e. 1Q and 2Q 2013.
- (d) This relates to the initial rating fees and non-tax deductible professional fees.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

1(b) Balance Sheets
1(b)(i) Balance Sheets as at 31 March 2013

	Note	As at 31 March 2013			As at 31 December 2012		
		Far East H-Trust	Far East H-REIT	Far East H-BT	Far East H-Trust	Far East H-REIT	Far East H-BT
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets							
Investment properties		2,158,458	2,158,458	—	2,158,400	2,158,400	—
Current assets							
Cash and cash equivalents		31,459	31,459	—	35,658	35,658	—
Prepayments		68	68	—	76	76	—
Trade and other receivables		17,785	17,785	30	20,896	20,896	30
Total current assets		49,312	49,312	30	56,630	56,630	30
Total assets		2,207,770	2,207,770	30	2,215,030	2,215,030	30
Current liabilities							
Trade and other payables		2,321	2,351	—	1,480	1,510	—
Accruals	(a)	6,361	6,359	2	2,202	2,200	2
Interest rate swaps	(b)	1,982	1,982	—	1,843	1,843	—
Rental deposits		1,831	1,831	—	1,989	1,989	—
Deferred income		156	156	—	162	162	—
Total current liabilities		12,651	12,679	2	7,676	7,704	2
Non-current liabilities							
Borrowings		647,425	647,425	—	647,257	647,257	—
Rental deposits		5,345	5,345	—	5,435	5,435	—
Deferred income		1,674	1,674	—	1,728	1,728	—
Total non-current liabilities		654,444	654,444	—	654,420	654,420	—
Total liabilities		667,095	667,123	2	662,096	662,124	2
Net assets		1,540,675	1,540,647	28	1,552,934	1,552,906	28
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,540,647	1,540,647	—	1,552,906	1,552,906	—
Unitholders' funds of Far East H-BT		28	—	28	28	—	28
		1,540,675	1,540,647	28	1,552,934	1,552,906	28

Footnotes:

- (a) Included withholding tax on distribution to Stapled Securityholders of \$4.0 million payable to the Comptroller of Income Tax. This amount was paid in April 2013.
- (b) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (c) The Balance Sheet of Far East H-Trust is the Balance Sheet of the Stapled Group which comprises Far East H-REIT and Far East H-BT.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

1(b)(ii) Aggregate Amount of Borrowings as at 31 March 2013

	As at 31 March 2013		As at 31 December 2012	
	Far East H-Trust \$'000	Far East H-REIT \$'000	Far East H-Trust \$'000	Far East H-REIT \$'000
<u>Unsecured</u>				
Amount repayable in one year or less, or on demand	—	—	—	—
Amount repayable after one year	647,425	647,425	647,257	647,257
	647,425	647,425	647,257	647,257

Details of borrowings and collateral:

The borrowings are unsecured term loan facilities of \$650 million provided by three 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.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

1(c) Consolidated Cash Flow Statements

	1Q 2013 Far East H-Trust^(a) \$'000	1Q 2013 Far East H-REIT^(a) \$'000	1Q 2013 Far East H-BT^(a) \$'000
Cash flows from operating activities			
Total return before income tax	19,182	19,182	#
Adjustments for:			
Finance costs	3,732	3,732	—
Fair value change in interest rate swap	139	139	—
REIT Manager's fees issuable in Stapled Securities	2,144	2,144	—
Operating profit before working capital changes	25,197	25,197	#
Changes in working capital			
Trade and other receivables	3,119	3,119	—
Trade and other payables	5,000	5,000	#
Rental deposits	(308)	(308)	—
Cash flows generated from operating activities	33,008	33,008	—
Cash flows from investing activity			
Capital expenditure on investment properties	(58)	(58)	—
Cash flows used in investing activity	(58)	(58)	—
Cash flow from financing activities			
Finance costs paid	(3,564)	(3,564)	—
Distribution to Stapled Securityholders	(33,585)	(33,585)	—
Cash flows used in financing activities	(37,149)	(37,149)	—
Net decrease in cash and cash equivalents	(4,199)	(4,199)	—
Cash and cash equivalents at beginning of the period	35,658	35,658	—
Cash and cash equivalents at end of the period	31,459	31,459	—

Less than \$1,000

Footnotes:

- (a) No comparative cash flow statements have been prepared as Far East H-Trust was constituted on 1 August 2012.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

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

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue \$'000	Accumulated profit \$'000	Total ^(a) \$'000	Units in issue \$'000	Accumulated loss \$'000	Total ^(a) \$'000	Total ^(a) \$'000
Balance at 1 January 2013	1,483,367	69,539	1,552,906	30	(2)	28	1,552,934
Operations							
Increase/ (decrease) in net assets resulting from operations	–	19,182	19,182	–	#	#	19,182
	–	19,182	19,182	–	#	#	19,182
Unitholders' transactions							
- Payment of REIT Manager's fees ^(b)	2,144	–	2,144	–	–	–	2,144
- Distribution to Stapled Securityholders ^(c)	–	(33,585)	(33,585)	–	–	–	(33,585)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,144	(33,585)	(31,441)	–	–	–	(31,441)
Balance at 31 March 2013	1,485,511	55,136	1,540,647	30	(2)	28	1,540,675

Less than \$1,000

Footnotes:

- (a) No comparative figures have been prepared as Far East H-Trust was constituted on 1 August 2012.
- (b) This represent the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 1Q 2013. The Stapled Securities are issued within 30 days from quarter end.
- (c) Distribution to Stapled Securityholders relates to period from 27 August 2012 to 31 December 2012.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

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

	1Q 2013 Far East H-Trust ^(a) No. of Stapled Securities
Stapled Securities in issue at 1 January 2013	1,603,888,000
New Stapled Securities issued	
- As payment of REIT Manager's fees	3,055,895
Total issued Stapled Securities	<u>1,606,943,895</u>
Stapled Securities to be issued:	
- As payment of REIT Manager's fees (b)	1,825,044
Total issued and issuable Stapled Securities	<u><u>1,608,768,939</u></u>

Footnotes:

- (a) No comparative figures have been prepared as Far East H-Trust was constituted on 1 August 2012.
 (b) This represents 80% of the REIT Manager's fees for 1Q 2013 to be paid in Stapled Securities.

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 period ended 31 December 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.

There has been no change in the accounting policies and methods of computation adopted by the 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 2012 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2013. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 31 March 2013

Note	1Q 2013 Far East H-Trust ^(a)
Weighted average number of Stapled Securities in issue	1,605,959,218
Total return for the period after tax (\$)	19,182,000
EPS based on weighted average number of Stapled Securities in issue (cents)	1.19
Total number of issued and issuable Stapled Securities at end of period	1,608,768,939
Distribution to Stapled Securityholders (\$)	22,136,000
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.38

Diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the financial period.

Footnotes:

(a) No comparative figures have been prepared as Far East H-Trust was constituted on 1 August 2012.

7 Net asset value (“NAV”) per stapled security:-

	1Q 2013 Far East H-Trust ^(a)
Total number of issued and issuable Stapled Securities at end of period	1,608,768,939
Net asset value per Stapled Security (cents)	<u>95.77</u>

Footnotes:

(a) No comparative figures have been prepared as Far East H-Trust was constituted on 1 August 2012.

(b) The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 March 2013 is 1,608,768,939, comprising :

- (i) 1,606,943,895 Stapled Securities in issue and issuable as at 31 December 2012 and
- (ii) 1,825,044 Stapled Securities to be issued to the REIT Manager, in consideration of 80% of the REIT Manager’s fees payable for 1Q 2013.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

8 A review of the performance for period ended 31 March 2013

Please refer to Section 9 for a review of Far East H-Trust's results for 1Q 2013 against the forecast as disclosed in the prospectus.

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

	Far East H-Trust 1Q 2013		
	Actual	Forecast ⁽¹⁾	Inc / (Dec)
			%
Gross revenue (\$'000)	28,110	29,335	(4.2)
Net property income (\$'000)	25,962	26,406	(1.7)
Income available for distribution (\$'000)	22,136	21,697	2.0
Distribution per Stapled Security (cents)	1.38	1.34	3.0

(1) The forecast figures are derived from the full year projection for 2013 as disclosed in the Far East H-Trust's Initial Public Offering Prospectus of 16 August 2012

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

Gross Revenue for 1Q 2013 was \$28.1 million, a decrease of \$1.2 million or 4.2% as compared to the forecast.

The overall occupancy for the Hotels was higher than 1Q forecast. However, average room rates came under some pressure in view of the softer market in 1Q 2013. This resulted in an average revenue per available room ("RevPAR") of \$160.7, about 7.1% lower than the forecast RevPAR of \$173.0.

The demand for the Serviced Residences has picked up, with occupancy improving 5.4pp compared to the previous quarter to 84.6%. However, demand remains soft as macro-economic uncertainty has not dissipated and companies continue to be tentative in their commitments. Consequently, the revenue per available serviced residence unit ("RevPAU") was \$218.6 for the period under review compared to the \$220.9 RevPAU that was forecast in the prospectus, or 1.0% lower.

The rental revenue from the commercial spaces in the Hotels and Serviced Residences was stronger than forecast, helping to offset the lower room revenue in these properties.

Although gross revenue came in 4.2% below forecast, **Net Property Income** was slightly better at 1.7% below forecast at \$26.0 million as a result of lower operating expenses.

The **Income Available for Distribution** of \$22.1 million was 2.0% higher than forecast. The better performance was mainly attributable to active management of finance cost and other trust expenses.

Distribution per Stapled Security was 1.38 cents, an increase of 0.04 cents or 3.0% above forecast.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

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.

The Singapore Tourism Board expects visitor arrivals to increase by 2.8% to 7.6% this year. However, the market and the operating environment continue to be challenging with new entrants and a tight labor market.

To position Far East H-Trust to meet both the opportunities and the challenges of the hospitality industry, the REIT Manager will continue to proactively manage its portfolio of assets to improve the properties' operational performance and tap on the expected tourism growth. In addition, property enhancement initiatives will continue to be carried out at selected Hotels and Serviced Residences to improve their competitiveness and the overall guest experience.

As announced on 15 April 2013, Far East H-Trust has entered into a conditional sale and purchase agreement with The Straits Trading Company Limited to acquire Rendezvous Grand Hotel Singapore and Rendezvous Gallery. A circular will be to be issued to Stapled Securityholders in due course, together with a notice of an extraordinary general meeting to be held.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Name of distribution	Distribution for the period from 1 January 2013 to 31 March 2013
Distribution type	Taxable income
Distribution rate per stapled security	1.38 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 exempted 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	14 June 2013
Books closure date	16 May 2013
Stapled Securityholders must complete and return Form A or Form B, as applicable	4 June 2013

Corresponding period of the preceding financial period

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

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

Not applicable.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

- 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. 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.

- 15. Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of FEO Hospitality Asset Management Pte Ltd (as manager of Far East Hospitality Real Estate Investment Trust) (the "REIT Manager") and FEO Hospitality Trust Management Pte Ltd (as trustee-manager of Far East Hospitality Business Trust) (the "Trustee-Manager"), hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the REIT Manager and the Trustee-Manager which may render the unaudited financial results of Far East Hospitality Trusts for the quarter ended 31 March 2013 to be false and misleading in any material respect.

By Order of the Board

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

By Order of the Board

Jill Chay Suet Yee
Company Secretary
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
8 May 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 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

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2013

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.