



Far East Hospitality Trust

Unaudited Financial Statements Announcement

For the third quarter and nine months ended 30 September 2015

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

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

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

Far East H-REIT has a portfolio of 12 Singapore properties consisting of 8 hotels and 4 serviced residences:

Hotels		Serviced Residences (SRs)	
OHS	Oasia Hotel	RH	Regency House
OPH	Orchard Parade Hotel	VRCQ	Village Residence Clarke Quay
RHS	Rendezvous Hotel Singapore	VRH	Village Residence Hougang
TES	The Elizabeth Hotel	VRRQ	Village Residence Robertson Quay
TQH	The Quincy Hotel		
VHAC	Village Hotel Albert Court		
VHB	Village Hotel Bugis		
VHC	Village Hotel Changi		

Far East H-BT is currently dormant. Accordingly, the financial information of Far East H-BT has not been presented.

Distribution Policy

Far East H-REIT’s distribution policy is to distribute 100% of Far East H-REIT’s taxable income for the period from 27 August 2012 to 31 December 2013 and at least 90% of its taxable income thereafter.

Far East H-BT remains dormant as at the date of this report. In the event that Far East H-BT becomes active and profitable, Far East H-BT’s distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by Far East H-BT will be determined by the Trustee-Manager’s Board at its sole discretion.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
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

	Far East H-REIT					
	3Q 2015 S\$'000	3Q 2014 S\$'000	Better / (Worse) %	Nine Months 2015 S\$'000	Nine Months 2014 S\$'000	Better / (Worse) %
Master lease rental	23,570	25,285	(6.8)	67,880	73,985	(8.3)
Retail and office revenue	6,085	5,862	3.8	17,886	17,454	2.5
Gross revenue	29,655	31,147	(4.8)	85,766	91,439	(6.2)
Property tax	(1,926)	(2,077)	7.3	(5,998)	(6,290)	4.6
Property insurance	(34)	(45)	24.4	(102)	(136)	25.0
MCST contribution	(16)	(14)	(14.3)	(49)	(41)	(19.5)
Retail and office expenses	(655)	(688)	4.8	(1,863)	(2,118)	12.0
Property manager fees	(111)	(140)	20.7	(333)	(414)	19.6
Other property expenses	(19)	6	N.M.	(53)	(66)	19.7
Property expenses	(2,761)	(2,958)	6.7	(8,398)	(9,065)	7.4
Net property income	26,894	28,189	(4.6)	77,368	82,374	(6.1)
REIT Manager's fees	(3,002)	(3,047)	1.5	(8,802)	(8,985)	2.0
Trustee's fees	(80)	(80)	-	(236)	(237)	0.4
Other trust expenses ^(a)	(250)	(875)	71.4	(747)	(1,372)	45.6
REIT and BT level expenses	(3,332)	(4,002)	16.7	(9,785)	(10,594)	7.6
Interest expense	(5,184)	(4,297)	(20.6)	(15,161)	(12,737)	(19.0)
Total finance costs ^(b)	(5,184)	(4,297)	(20.6)	(15,161)	(12,737)	(19.0)
Share of results of joint venture	(40)	-	N.M.	(40)	-	N.M.
Net income before tax and fair value changes	18,338	19,890	(7.8)	52,382	59,043	(11.3)
Fair value change in interest rate swap ^(c)	2,778	3,979	(30.2)	4,335	297	N.M.
Total fair value changes	2,778	3,979	(30.2)	4,335	297	N.M.
Total return for the period before income tax	21,116	23,869	(11.5)	56,717	59,340	(4.4)
Income tax expense	-	-	-	-	-	-
Total return for the period after income tax	21,116	23,869	(11.5)	56,717	59,340	(4.4)

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

	Far East H-Trust					
	3Q 2015 S\$'000	3Q 2014 S\$'000	Better / (Worse) %	Nine Months 2015 S\$'000	Nine Months 2014 S\$'000	Better / (Worse) %
Master lease rental	23,570	25,285	(6.8)	67,880	73,985	(8.3)
Retail and office revenue	6,085	5,862	3.8	17,886	17,454	2.5
Gross revenue	29,655	31,147	(4.8)	85,766	91,439	(6.2)
Property tax	(1,926)	(2,077)	7.3	(5,998)	(6,290)	4.6
Property insurance	(34)	(45)	24.4	(102)	(136)	25.0
MCST contribution	(16)	(14)	(14.3)	(49)	(41)	(19.5)
Retail and office expenses	(655)	(688)	4.8	(1,863)	(2,118)	12.0
Property manager fees	(111)	(140)	20.7	(333)	(414)	19.6
Other property expenses	(19)	6	N.M.	(53)	(66)	19.7
Property expenses	(2,761)	(2,958)	6.7	(8,398)	(9,065)	7.4
Net property income	26,894	28,189	(4.6)	77,368	82,374	(6.1)
REIT Manager's fees	(3,002)	(3,047)	1.5	(8,802)	(8,985)	2.0
Trustee's fees	(80)	(80)	-	(236)	(237)	0.4
Other trust expenses ^(a)	(250)	(875)	71.4	(748)	(1,373)	45.5
REIT and BT level expenses	(3,332)	(4,002)	16.7	(9,786)	(10,595)	7.6
Interest expense	(5,184)	(4,297)	(20.6)	(15,161)	(12,737)	(19.0)
Total finance costs ^(b)	(5,184)	(4,297)	(20.6)	(15,161)	(12,737)	(19.0)
Share of results of joint venture	(40)	-	N.M.	(40)	-	N.M.
Net income before tax and fair value changes	18,338	19,890	(7.8)	52,381	59,042	(11.3)
Fair value change in interest rate swap ^(c)	2,778	3,979	(30.2)	4,335	297	N.M.
Total fair value changes	2,778	3,979	(30.2)	4,335	297	N.M.
Total return for the period before income tax	21,116	23,869	(11.5)	56,716	59,339	(4.4)
Income tax expense	-	-	-	-	-	-
Total return for the period after income tax	21,116	23,869	(11.5)	56,716	59,339	(4.4)

Footnotes:

N.M. – Not Meaningful

- (a) The higher other trust expenses in the prior year mainly relate to professional fees for legal and advisory work done in relation to the investment in Fontaine Investment Pte Ltd ("FIPL"),
- (b) The increase in finance costs in the current quarter and nine months 2015 was mainly due to higher interest rate as compared to the same period last year. As at 30 September 2015, 60% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 40% at floating interest rates. The latter was impacted by the increase in short term interest rate.
- (c) This relates to unrealised differences arising from fair valuation of interest rate swaps.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
1(a)(ii) Distribution Statements

Far East H-REIT						
	3Q 2015	3Q 2014	Better / (Worse)	Nine Months 2015	Nine Months 2014	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return after tax	21,116	23,869	(11.5)	56,717	59,340	(4.4)
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(a)	2,701	2,743	(1.5)	7,921	8,087	(2.1)
- Trustee's fees	80	80	-	236	237	(0.4)
- Amortisation of debt upfront cost	186	205	(9.3)	564	609	(7.4)
- Fair value change in interest rate swap	(2,778)	(3,979)	30.2	(4,335)	(297)	N.M.
- Share of results of joint venture	40	-	N.M.	40	-	N.M.
- Other adjustments ^(b)	110	534	(79.4)	320	661	(51.6)
Net tax adjustment	339	(417)	N.M.	4,746	9,297	(49.0)
Rollover adjustment ^(c)	110	-	N.M.	110	-	N.M.
Income available for distribution	21,565	23,452	(8.0)	61,573	68,637	(10.3)

Far East H-TRUST						
	3Q 2015	3Q 2014	Better / (Worse)	Nine Months 2015	Nine Months 2014	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return after tax	21,116	23,869	(11.5)	56,716	59,339	(4.4)
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(a)	2,701	2,743	(1.5)	7,921	8,087	(2.1)
- Trustee's fees	80	80	-	236	237	(0.4)
- Amortisation of debt upfront cost	186	205	(9.3)	564	609	(7.4)
- Fair value change in interest rate swap	(2,778)	(3,979)	30.2	(4,335)	(297)	N.M.
- Share of results of joint venture	40	-	N.M.	40	-	N.M.
- Other adjustments ^(b)	110	534	(79.4)	320	661	(51.6)
Net tax adjustment	339	(417)	N.M.	4,746	9,297	(49.0)
Rollover adjustment ^(c)	110	-	N.M.	110	-	N.M.
Income available for distribution	21,565	23,452	(8.0)	61,572	68,636	(10.3)

Footnotes:

N.M. – Not Meaningful

(a) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.

(b) This relates to Moody's annual rating fees, non-tax deductible professional fee, finance cost for Project Sentosa, deferred income and amortization of rental deposits. In the prior year, professional fee included the legal and advisory work done in relation to the investment in FIPL.

(c) This is the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Years of Assessment 2013.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 September 2015
 Far East H-REIT and Far East H-Trust**

	Note	As at 30 September 2015			As at 31 December 2014		
		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		2,480,541	2,480,541	–	2,476,100	2,476,100	–
Investment in joint venture	(a)	15,559	15,559	–	15,599	15,599	–
Current assets							
Cash and cash equivalents		23,162	23,162	–	20,845	20,845	–
Prepayments		8	8	–	120	120	–
Trade and other receivables		9,052	9,052	30	19,256	19,256	30
Interest rate swaps	(b)	9,670	9,670	–	5,334	5,334	–
Total current assets		41,892	41,892	30	45,555	45,555	30
Total assets		2,537,992	2,537,992	30	2,537,254	2,537,254	30
Current liabilities							
Trade and other payables		2,700	2,725	5	3,284	3,309	5
Borrowings	(c)	15,600	15,600	–	115,530	115,530	–
Accruals		3,193	3,190	3	4,262	4,260	2
Rental deposits		2,187	2,187	–	1,907	1,907	–
Deferred income		90	90	–	90	90	–
Total current liabilities		23,770	23,792	8	125,073	125,096	7
Non-current liabilities							
Borrowings		779,963	779,963	–	679,644	679,644	–
Rental deposits		6,663	6,663	–	6,992	6,992	–
Deferred income		1,434	1,434	–	1,502	1,502	–
Total non-current liabilities		788,060	788,060	–	688,138	688,138	–
Total liabilities		811,830	811,852	8	813,211	813,234	7
Net assets		1,726,162	1,726,140	22	1,724,043	1,724,020	23
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,726,140	1,726,140	–	1,724,020	1,724,020	–
Unitholders' funds of Far East H-BT		22	–	22	23	–	23
		1,726,162	1,726,140	22	1,724,043	1,724,020	23

Footnote:

- (a) This represents Far East H-REIT's 30% equity stake in FIPL.
- (b) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (c) This represents S\$15.6 million loan drawn from the existing revolving credit facilities ("RCF") to finance Far East H-REIT's 30% equity stake in FIPL.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

1(b)(ii) Aggregate Amounts of Borrowings as at 30 September 2015

	As at 30 September 2015		As at 31 December 2014	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	15,600	15,600	115,530	115,530
Amounts repayable after one year	779,963	779,963	679,644	679,644
	795,563	795,563	795,174	795,174

Details of borrowings and collateral:

The borrowings are unsecured term loan facilities of S\$782.15 million provided by four financial institutions, with staggered debt maturities of three-year, four-year, five-year and seven-year terms. The three-year term loan of S\$100 million due in August 2015 has been refinanced with a seven-year term loan. The weighted average debt maturity is 3.6 years.

Far East H-REIT has in place S\$100 million of uncommitted RCF. In September 2014, S\$15.6 million was drawn from the RCF to finance Far East H-REIT's 30% equity stake in FIPL.

Total borrowing carried at amortised cost as at 30 September 2015 was S\$795.6 million and RCF of S\$84.4 million remains undrawn.

Gearing as at 30 September 2015 was 31.4%.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

	Far East H-REIT					
	3Q 2015 S\$'000	3Q 2014 S\$'000	Better / (Worse) %	Nine Months 2015 S\$'000	Nine Months 2014 S\$'000	Better / (Worse) %
Cash flows from operating activities						
Total return before income tax	21,116	23,869	(11.5)	56,717	59,340	(4.4)
Adjustments for:						
Finance costs	5,184	4,297	20.6	15,161	12,737	19.0
Fair value change in interest rate swaps	(2,778)	(3,979)	(30.2)	(4,335)	(297)	N.M.
REIT Manager's fees issuable in Stapled Securities	2,701	2,743	(1.5)	7,921	8,087	(2.1)
Share of results of joint venture	40	-	N.M.	40	-	N.M.
Deferred income recognised	(22)	(22)	-	(67)	(67)	-
Operating profit before working capital changes	26,241	26,908	(2.5)	75,437	79,800	(5.5)
Changes in working capital						
Trade and other receivables	8,835	4,434	99.3	10,316	1,939	N.M.
Trade and other payables	448	(653)	N.M.	(669)	(1,750)	61.8
Rental deposits	(173)	(115)	(50.4)	(106)	218	N.M.
Cash flows generated from operating activities	35,351	30,574	15.6	84,978	80,207	5.9
Cash flows from investing activity						
Capital expenditure on investment properties ^(a)	(727)	(2,397)	69.7	(4,441)	(6,496)	31.6
Investment in joint venture	-	(15,600)	N.M.	-	(15,600)	N.M.
Cash flows used in investing activity	(727)	(17,997)	96.0	(4,441)	(22,096)	79.9
Cash flows from financing activities						
Proceed from borrowings ^(b)	100,000	15,600	N.M.	100,000	15,600	N.M.
Finance costs paid	(7,535)	(3,794)	(98.6)	(15,702)	(11,586)	(35.5)
Repayment of borrowings ^(b)	(100,000)	-	N.M.	(100,000)	-	N.M.
Distribution to Stapled Securityholders ^(c)	(20,701)	(21,964)	5.8	(62,518)	(70,012)	10.7
Cash flows used in financing activities	(28,236)	(10,158)	N.M.	(78,220)	(65,998)	(18.5)
Net increase/(decrease) in cash and cash equivalents	6,388	2,419	N.M.	2,317	(7,887)	N.M.
Cash and cash equivalents at beginning of the period	16,774	18,802	(10.8)	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period	23,162	21,221	9.1	23,162	21,221	9.1

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

Far East H-Trust						
	3Q 2015	3Q 2014	Better / (Worse) %	Nine Months 2015	Nine Months 2014	Better / (Worse) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Cash flows from operating activities						
Total return before income tax	21,116	23,869	(11.5)	56,716	59,339	(4.4)
Adjustments for:						
Finance costs	5,184	4,297	20.6	15,161	12,737	19.0
Fair value change in interest rate swaps	(2,778)	(3,979)	(30.2)	(4,335)	(297)	N.M.
REIT Manager's fees issuable in Stapled Securities	2,701	2,743	(1.5)	7,921	8,087	(2.1)
Share of results of joint venture	40	-	N.M.	40	-	N.M.
Deferred income recognised	(22)	(22)	-	(67)	(67)	-
Operating profit before working capital changes	26,241	26,908	(2.5)	75,436	79,799	(5.5)
Changes in working capital						
Trade and other receivables	8,835	4,434	99.3	10,316	1,939	N.M.
Trade and other payables	448	(653)	N.M.	(668)	(1,749)	61.8
Rental deposits	(173)	(115)	(50.4)	(106)	218	N.M.
Cash flows generated from operating activities	35,351	30,574	15.6	84,978	80,207	5.9
Cash flows from investing activity						
Capital expenditure on investment properties ^(a)	(727)	(2,397)	69.7	(4,441)	(6,496)	31.6
Investment in joint venture	-	(15,600)	N.M.	-	(15,600)	N.M.
Cash flows used in investing activity	(727)	(17,997)	96.0	(4,441)	(22,096)	79.9
Cash flows from financing activities						
Proceeds from borrowings ^(b)	100,000	15,600	N.M.	100,000	15,600	N.M.
Finance costs paid	(7,535)	(3,794)	(98.6)	(15,702)	(11,586)	(35.5)
Repayment of borrowings ^(b)	(100,000)	-	N.M.	(100,000)	-	N.M.
Distribution to Stapled Securityholders ^(c)	(20,701)	(21,964)	5.8	(62,518)	(70,012)	10.7
Cash flows used in financing activities	(28,236)	(10,158)	N.M.	(78,220)	(65,998)	(18.5)
Net increase/(decrease) in cash and cash equivalents	6,388	2,419	N.M.	2,317	(7,887)	N.M.
Cash and cash equivalents at beginning of the period	16,774	18,802	(10.8)	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period	23,162	21,221	9.1	23,162	21,221	9.1

Footnotes:

N.M. – Not Meaningful

- (a) Capital expenditure incurred in 2015 mainly relates to asset enhancement work carried out at Village Hotel Albert Court, Village Hotel Changi and Village Residence Robertson Quay
- (b) The S\$100 million term loan due in August 2015 has been refinanced with a seven-year term loan. In the prior year, the proceed from RCF was used to finance Far East H-REIT's 30% equity stake in FIPL.
- (c) Distribution to Stapled Securityholders in 3Q 2015 relates to the quarter from 1 April 2015 to 30 June 2015, paid on 10 September 2015. In the prior period, the distribution was for the quarter from 1 April 2014 to 30 June 2014, paid on 12 September 2014.
- Distribution to Stapled Securityholders in nine months 2015 relates to the period from 1 October 2014 to 30 June 2015. In the prior period, the distribution was for the period from 1 October 2013 to 30 June 2014.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2015 to 30 September 2015

	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 July 2015	1,646,550	76,474	1,723,024	28	(6)	22	1,723,046
Operations							
Increase in net assets resulting from operations	-	21,116	21,116	-	#	-	21,116
	-	21,116	21,116	-	#	-	21,116
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,701	-	2,701	-	-	-	2,701
- Distribution to Stapled Securityholders ^(b)	-	(20,701)	(20,701)	-	-	-	(20,701)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,701	(20,701)	(18,000)	-	-	-	(18,000)
Balance at 30 September 2015	1,649,251	76,889	1,726,140	28	(6)	22	1,726,162

Footnotes:

Less than S\$1,000

(a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 3Q 2015. The Stapled Securities are issued within 30 days from quarter end.

(b) Distribution to Stapled Securityholders relates to the quarter from 1 April 2015 to 30 June 2015, paid on 10 September 2015.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2014 to 30 September 2014

	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 July 2014	1,635,859	92,208	1,728,067	28	(5)	23	1,728,090
Operations							
Increase in net assets resulting from operations	–	23,869	23,869	–	#	#	23,869
	–	23,869	23,869	–	#	#	23,869
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,743	–	2,743	–	–	–	2,743
- Distribution to Stapled Securityholders ^(b)	–	(21,964)	(21,964)	–	–	–	(21,964)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,743	(21,964)	(19,221)	–	–	–	(19,221)
Balance at 30 September 2014	1,638,602	94,113	1,732,715	28	(5)	23	1,732,738

Footnotes:

Less than S\$1,000

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the 3Q 2014. The Stapled Securities were issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 April 2014 to 30 June 2014, paid on 12 September 2014.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2015 to 30 September 2015

	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 2015	1,641,330	82,690	1,724,020	28	(5)	23	1,724,043
Operations							
Increase in net assets resulting from operations	–	56,717	56,717	–	(1)	(1)	56,716
	–	56,717	56,717	–	(1)	(1)	56,716
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	7,921	–	7,921	–	–	–	7,921
- Distribution to Stapled Securityholders ^(b)	–	(62,518)	(62,518)	–	–	–	(62,518)
Net increase/(decrease) in net assets resulting from unitholders' transactions	7,921	(62,518)	(54,597)	–	–	–	(54,597)
Balance at 30 September 2015	1,649,251	76,889	1,726,140	28	(6)	22	1,726,162

Footnotes:

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2015 to 30 September 2015. The Stapled Securities are issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2014 to 30 June 2015.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2014 to 30 September 2014

	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 2014	1,630,515	104,785	1,735,300	28	(4)	24	1,735,324
Operations							
Increase in net assets resulting from operations	–	59,340	59,340	–	(1)	(1)	59,339
	–	59,340	59,340	–	(1)	(1)	59,339
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	8,087	–	8,087	–	–	–	8,087
- Distribution to Stapled Securityholders ^(b)	–	(70,012)	(70,012)	–	–	–	(70,012)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,087	(70,012)	(61,925)	–	–	–	(61,925)
Balance at 30 September 2014	1,638,602	94,113	1,732,715	28	(5)	23	1,732,738

Footnotes:

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the period from 1 January 2014 to 30 September 2014. The Stapled Securities were issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2013 to 30 June 2014.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

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

	3Q 2015 Far East H- Trust No. of Stapled Securities	3Q 2014 Far East H- Trust No. of Stapled Securities	Nine Months 2015 Far East H- Trust No. of Stapled Securities	Nine Months 2014 Far East H- Trust No. of Stapled Securities
Stapled Securities in issue at beginning of period	1,781,203,769	1,768,218,116	1,774,635,716	1,761,935,839
New Stapled Securities issued				
- As payment of REIT Manager's fees	3,379,852	3,055,226	9,947,905	9,337,503
Total issued Stapled Securities	1,784,583,621	1,771,273,342	1,784,583,621	1,771,273,342
Stapled Securities to be issued:				
- As payment of REIT Manager's fees	4,340,983	3,362,374	4,340,983	3,362,374
Total issued and issuable Stapled Securities at end of period	1,788,924,604	1,774,635,716	1,788,924,604	1,774,635,716

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 2014.

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 2014 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2015. 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 third quarter and nine months ended 30 September 2015

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 September 2015

	3Q 2015 Far East H- Trust	3Q 2014 Far East H- Trust	Nine Months 2015 Far East H- Trust	Nine Months 2014 Far East H- Trust
Weighted average number of Stapled Securities in issue	1,783,543,667	1,770,310,282	1,780,250,822	1,767,151,801
Total return for the period after tax (S\$)	21,116,000	23,869,000	56,716,000	59,339,000
EPS based on weighted average number of Stapled Securities in issue (cents)	1.18	1.35	3.19	3.36
Total number of issued and issuable Stapled Securities at end of period	1,788,924,604	1,774,635,716	1,788,924,604	1,774,635,716
Distribution to Stapled Securityholders (S\$)	21,565,000	23,452,000	61,572,000	68,636,000
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.20	1.32	3.43	3.86

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

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

	30 September 2015 Far East H-Trust	31 December 2014 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period	1,788,924,604	1,778,001,248
Net asset value per Stapled Security (cents)	96.49	96.97

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 30 September 2015 is 1,788,924,604 comprising:

- (i) 1,778,001,248 Stapled Securities in issue and issuable as at 31 December 2014; and
- (ii) 10,923,356 Stapled Securities issued and issuable to the REIT Manager, in consideration of 90% of the REIT Manager’s fees payable for the period from 1 January 2015 to 30 September 2015.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

8 A review of the performance for the quarter ended 30 September 2015
8(a) Statement of net income and distribution of Far East Hospitality Trust

	3Q 2015	3Q 2014	Better / (Worse)		Nine Months 2015	Nine Months 2014	Better / (Worse)	
				%				%
Gross revenue (S\$'000)	29,655	31,147	(1,492)	(4.8)	85,766	91,439	(5,673)	(6.2)
Net property income (S\$'000)	26,894	28,189	(1,295)	(4.6)	77,368	82,374	(5,006)	(6.1)
Income available for distribution (S\$'000)	21,565	23,452	(1,887)	(8.0)	61,572	68,636	(7,064)	(10.3)
Distribution per Stapled Security (cents)	1.20	1.32	(0.12)	(9.1)	3.43	3.86	(0.43)	(11.1)

8(b) Review of the performance of second quarter and six months ended 30 September 2015
3Q 2015 vs 3Q 2014

Gross revenue of S\$29.7 million in 3Q 2015 is a decrease of 4.8% compared to S\$31.1 million in 3Q 2014, due to reduced revenue contribution from the hotels and serviced residences.

The operating environment for the hotels had remained challenging amidst the softness in corporate travel demand impacted by the uncertain global economic climate. This was further exacerbated by the weak leisure demand due in part to the relatively strong Singapore currency and the haze which has persisted since August 2015. While the occupancy rate of the hotel portfolio held steady at 87.4% in 3Q 2015, the average daily rate ("ADR") declined 6.0%, pushing the revenue per available room ("RevPAR") down by 5.6%.

Due to lower corporate travel budgets and weaker demand from project groups, demand for serviced residences ("SR") accommodation continued to remain weak during the quarter. Hence, average occupancy and ADR of the SR portfolio in 3Q 2015 were 2.0pp and 7.2% lower respectively year-on-year. As a result, revenue per available unit ("RevPAU") for the SR portfolio declined 9.2% year-on-year to S\$209 in 3Q 2015.

The retail and office spaces continued to provide stability to the portfolio in 3Q 2015, with revenue of S\$6.1 million, or an increase of 3.8% over the corresponding quarter last year. Contribution from the retail and office spaces formed 20.5% of the gross revenue of Far East H-Trust in 3Q 2015.

A snapshot of the hotel and SR performance in 3Q 2015 is set out below.

	3Q 2015		3Q 2014		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	87.4	90.2	87.1	92.2	0.3pp	(2.0)pp
Average Daily Rate (S\$)	172	232	183	249	(6.0%)	(7.2%)
RevPAR / RevPAU (S\$)	151	209	160	230	(5.6%)	(9.2%)

The net property income was S\$26.9 million or 4.6% lower than the corresponding quarter last year. Property expenses were 6.7% lower year-on-year. The lower net property income was attributable to the decline in hotel and SR revenue.

The income available for distribution was S\$21.6 million, or 8.0% lower than the corresponding quarter last year. In addition to the softer hotel and SR performance, the lower income available for distribution was partly due to the increase in finance costs, which was S\$0.9 million or 20.6% higher year-on-year, as short term interest

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

rates had risen considerably in 3Q 2015 as compared to last year. 60% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 40% on floating interest rates. Consequently, distribution per stapled security was 1.20 cents or 9.1% lower year-on-year.

Nine Months 2015 vs Nine Months 2014

Gross revenue for the first nine months of 2015 was S\$85.8 million, a decrease of 6.2% over the corresponding period last year due to the reduced revenue contribution from the hotels and serviced residences.

RevPAR for the hotel portfolio decreased 6.3% year-on-year to S\$146 for the first nine months of 2015. The weak economic climate, competitive pressure from the new supply of hotel rooms in the market, and the slowdown in arrivals from neighboring countries had impacted the operating performance of the hotel portfolio. While there may be positive effect on the demand for hotel accommodation from events such as the SEA Games 2015, the effect was to some extent diluted by the subdued visitorship during the first six months of 2015.

Demand for SR accommodation was soft due primarily to the weaker demand from project groups and lower corporate travel budgets. ADR was affected while occupancy was maintained at a healthy level. Consequently, RevPAU for the SR portfolio for the first nine months of 2015 declined by 7.3% year-on-year to S\$207.

Revenue from the retail and office spaces registered a year-on-year increase of 2.5% to S\$17.9 million for the first nine months of 2015 which was due in part to improvement in the occupancies and rental rates. Contribution from the retail and office spaces formed 20.8% of the gross revenue of Far East H-Trust in 3Q 2015.

A snapshot of the Hotels and SR performance in Nine Months 2015 is set out below.

	Nine Months 2015		Nine Months 2014		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	85.5	88.4	83.5	88.9	1.9pp	(0.5)pp
Average Daily Rate (S\$)	171	234	187	251	(8.5%)	(6.8%)
RevPAR / RevPAU (S\$)	146	207	156	223	(6.3%)	(7.3%)

The net property income was S\$77.4 million or 6.1% lower than the corresponding period last year. Property expenses were 7.4% lower year-on-year, which reduced the lower gross revenue's impact on profits.

The income available for distribution was S\$61.6 million, or 10.3% lower than the corresponding period last year. The lower income available for distribution was also partly due to the increase in finance costs, which was S\$2.4 million or 19.0% higher year-on-year, as the short term interest rates had risen considerably in the first nine months of 2015. 60% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 40% on floating interest rates. Consequently, distribution per stapled security was 3.43 cents or 11.1% lower year-on-year.

9 Variance between forecast and the actual results

No forecast has been disclosed.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

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.

For the first eight months of 2015, international visitor arrivals to Singapore declined 0.6% year-on-year¹. However, there are some signs of recovery in the visitor arrivals with positive year-on-year growth in visitor arrivals in recent months based on latest statistics from the Singapore Tourism Board (“STB”). Travellers from some regional countries such as China registered healthy growth in July and August 2015. For the full year, STB expects Singapore to remain on track to receive 15.1 million to 15.5 million visitors² in 2015 in spite of the subdued visitorship during the first six months of 2015³.

The operating environment may however remain competitive with the supply of new hotel rooms alongside the softness in both corporate and leisure demand amidst the uncertain global economic climate and the relatively strong Singapore currency. The prolonged outbreak of the haze may also weigh on the demand from the leisure travellers.

Continuing efforts by the government and industry players to strengthen Singapore as a choice travel destination are expected to benefit inbound tourism moving forward. Over the next twelve months, major events such as the Singapore Airshow, Food & Hotel Asia, and World Rugby Sevens Series will provide an uplift. Ongoing efforts to rejuvenate existing attractions such as Sentosa including its new Cable Car Sky Network and upcoming Family Entertainment Centre, and the opening of new attractions, such as the National Gallery Singapore, are likely to further enhance Singapore’s attractiveness as a tourist destination.

Rated Baa2 by Moody’s, Far East H-Trust’s financial position remained stable amidst the uncertain interest rate environment, with 60% of its debt portfolio secured at fixed interest rates. As at 30 September 2015, the average cost of debt is approximately 2.5% per annum and the weighted average debt to maturity is 3.6 years.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2015 to 30 September 2015
Distribution type	Taxable income
Distribution per stapled security	1.20 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</p>

¹ STB International Visitor Arrivals Statistics, as at 9 October 2015

² Refers to STB’s original forecast for visitor arrivals for 2015, representing a flat to modest growth of between 0% and 3% over 2014

³ Source: <http://business.asiaone.com/news/singapore-keeps-2015-tourism-forecast-brushing-weak-first-half>

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

rate of 17%.

Date paid/payable	7 December 2015
Books closure date	12 November 2015
Stapled Securityholders must complete and return Form A or Form B, as applicable	23 November 2015

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2014 to 30 September 2014
Distribution type	Taxable income
Distribution per stapled security	1.32 cents

Tax rate

Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.

All other investors received their distributions after deduction of tax at the rate of 17%.

Date paid/payable	10 December 2014
Books closure date	17 November 2014
Stapled Securityholders must complete and return Form A or Form B, as applicable	26 November 2014

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

Not applicable.

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

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2015

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 8 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 Trust for the quarter ended 30 September 2015 to be false and misleading in any material respect.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
03 November 2015

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
03 November 2015

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.