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**Far East Hospitality Trust**  
**Unaudited Financial Statements Announcement**  
**For the quarter ended 31 March 2016**

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**


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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.

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

Hotel		Serviced Residences (SR)	
OHS	Oasia Hotel Novena	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 quarter ended 31 March 2016**
**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**

Note	Far East H-TRUST			Far East H-REIT		
	1Q 2016	1Q 2015	Better / (Worse)	1Q 2016	1Q 2015	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental	21,609	21,485	0.6	21,609	21,485	0.6
Retail and office revenue	5,756	5,880	(2.1)	5,756	5,880	(2.1)
<b>Gross revenue</b>	<b>27,365</b>	<b>27,365</b>	<b>-</b>	<b>27,365</b>	<b>27,365</b>	<b>-</b>
Property tax	(1,934)	(2,054)	5.8	(1,934)	(2,054)	5.8
Property insurance	(30)	(32)	6.3	(30)	(32)	6.3
MCST contribution	(16)	(16)	-	(16)	(16)	-
Retail and office expenses	(595)	(665)	10.5	(595)	(665)	10.5
Property manager fees	(111)	(111)	-	(111)	(111)	-
<b>Property expenses</b>	<b>(2,686)</b>	<b>(2,878)</b>	<b>6.7</b>	<b>(2,686)</b>	<b>(2,878)</b>	<b>6.7</b>
<b>Net property income</b>	<b>24,679</b>	<b>24,487</b>	<b>0.8</b>	<b>24,679</b>	<b>24,487</b>	<b>0.8</b>
REIT Manager's fees	(2,870)	(2,859)	(0.4)	(2,870)	(2,859)	(0.4)
Trustee's fees	(78)	(78)	-	(78)	(78)	-
Other trust expenses	(237)	(278)	14.7	(237)	(277)	14.4
<b>REIT and BT level expenses</b>	<b>(3,185)</b>	<b>(3,215)</b>	<b>0.9</b>	<b>(3,185)</b>	<b>(3,214)</b>	<b>0.9</b>
Interest expense	(5,181)	(5,006)	(3.5)	(5,181)	(5,006)	(3.5)
<b>Total finance costs</b>	<b>(5,181)</b>	<b>(5,006)</b>	<b>(3.5)</b>	<b>(5,181)</b>	<b>(5,006)</b>	<b>(3.5)</b>
Share of results of joint venture	(6)	-	NM	(6)	-	NM
<b>Net income before tax and fair value changes</b>	<b>16,307</b>	<b>16,266</b>	<b>0.3</b>	<b>16,307</b>	<b>16,267</b>	<b>0.2</b>
Fair value change in derivative financial instruments	(7,486)	3,102	NM	(7,486)	3,102	NM
<b>Total fair value changes</b>	<b>(7,486)</b>	<b>3,102</b>	<b>NM</b>	<b>(7,486)</b>	<b>3,102</b>	<b>NM</b>
Total return for the period before income tax	8,821	19,368	(54.5)	8,821	19,369	(54.5)
Income tax expense	(4)	-	NM	(4)	-	NM
<b>Total return for the period</b>	<b>8,817</b>	<b>19,368</b>	<b>(54.5)</b>	<b>8,817</b>	<b>19,369</b>	<b>(54.5)</b>
<b>Distribution Statement</b>						
<b>Total return for the period</b>	<b>8,817</b>	<b>19,368</b>	<b>(54.5)</b>	<b>8,817</b>	<b>19,369</b>	<b>(54.5)</b>
Net tax adjustments	10,421	(165)	NM	10,421	(165)	NM
Rollover adjustment	206	-	NM	206	-	NM
<b>Income available for distribution</b>	<b>19,444</b>	<b>19,203</b>	<b>1.3</b>	<b>19,444</b>	<b>19,204</b>	<b>1.2</b>
Comprising:						
- Taxable income	19,427	19,203	1.2	19,427	19,204	1.2
- Tax-exempt income	17	-	NM	17	-	NM
<b>Total available for distribution</b>	<b>19,444</b>	<b>19,203</b>	<b>1.3</b>	<b>19,444</b>	<b>19,204</b>	<b>1.2</b>

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**


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**Footnotes:**

NM denotes Not Meaningful

- (a) The increase in finance costs in the current quarter was mainly due to higher interest rate as compared to the same quarter last year. As of the quarter end, 64.8% of Far East H-REIT's debt portfolio was secured at fixed interest rates and the remaining 35.2% at floating interest rates which was impacted by variation in short term interest rate.
- (b) Share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results.
- (c) This relates to unrealised differences arising from the change in fair value of interest rate swaps.
- (d) Included in the net tax adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	1Q 2016	1Q 2015	Better / (Worse)	1Q 2016	1Q 2015	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	(i) 2,583	2,573	0.4	2,583	2,573	0.4
- Trustee's fees	78	78	-	78	78	-
- Amortisation of debt upfront cost	170	188	(9.6)	170	188	(9.6)
- Fair value change in derivative financial instruments	7,486	(3,102)	NM	7,486	(3,102)	NM
- Share of results of joint venture	6	-	NM	6	-	NM
- Other adjustments	(ii) 98	98	-	98	98	-
<b>Net tax adjustments</b>	<b>10,421</b>	<b>(165)</b>	<b>NM</b>	<b>10,421</b>	<b>(165)</b>	<b>NM</b>

**Notes:**

NM denotes Not Meaningful

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities. REIT Manager's fee comprises base fee and performance fee. Effective from 1 January 2016, in line with revision made to paragraph 2.2 of Appendix 6 of the Code on Collective Investment Schemes, performance fee payable to the REIT Manager will be crystallised once a year, at the end of each financial year.
- (ii) This relates to Moody's annual rating fees, finance cost arising from loan used to finance Far East H-REIT's 30% interest in FIPL, deferred income and finance cost arising from re-measuring of non-current rental deposits.
- (e) This is the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore for the Years of Assessment 2014.

**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**
**1(b) Balance Sheets**
**1(b)(i) Balance Sheets as at 31 March 2016  
 Far East H-REIT and Far East H-Trust**

	Note	As at 31 March 2016			As at 31 December 2015		
		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
<b>Non-current assets</b>							
Investment properties		2,441,593	2,441,593	–	2,439,300	2,439,300	–
Investment in joint venture	(a)	15,509	15,509	–	15,515	15,515	–
<b>Current assets</b>							
Cash and cash equivalents		18,721	18,721	–	25,381	25,381	–
Prepayments		68	68	–	93	93	–
Trade and other receivables		33,060	33,060	30	30,510	30,510	30
Interest rate swaps	(b)	2,780	2,780	–	10,265	10,265	–
<b>Total current assets</b>		<b>54,629</b>	<b>54,629</b>	<b>30</b>	<b>66,249</b>	<b>66,249</b>	<b>30</b>
<b>Total assets</b>		<b>2,511,731</b>	<b>2,511,731</b>	<b>30</b>	<b>2,521,064</b>	<b>2,521,064</b>	<b>30</b>
<b>Current liabilities</b>							
Trade and other payables		3,954	3,978	6	2,797	2,822	5
Accruals		3,449	3,449	–	6,948	6,947	1
Borrowings	(c)	39,600	39,600	–	36,900	36,900	–
Rental deposits		3,134	3,134	–	3,097	3,097	–
Deferred income		90	90	–	90	90	–
Income tax payable		5	5	–	1	1	–
<b>Total current liabilities</b>		<b>50,232</b>	<b>50,256</b>	<b>6</b>	<b>49,833</b>	<b>49,857</b>	<b>6</b>
<b>Non-current liabilities</b>							
Borrowings		780,304	780,304	–	780,134	780,134	–
Rental deposits		5,500	5,500	–	5,801	5,801	–
Deferred income		1,390	1,390	–	1,412	1,412	–
<b>Total non-current liabilities</b>		<b>787,194</b>	<b>787,194</b>	<b>–</b>	<b>787,347</b>	<b>787,347</b>	<b>–</b>
<b>Total liabilities</b>		<b>837,426</b>	<b>837,450</b>	<b>6</b>	<b>837,180</b>	<b>837,204</b>	<b>6</b>
<b>Net assets</b>		<b>1,674,305</b>	<b>1,674,281</b>	<b>24</b>	<b>1,683,884</b>	<b>1,683,860</b>	<b>24</b>
<u>Represented by:</u>							
<b>Unitholders' funds</b>							
Unitholders' funds of Far East H-REIT		1,674,281	1,674,281	–	1,683,860	1,683,860	–
Unitholders' funds of Far East H-BT		24	–	24	24	–	24
		<b>1,674,305</b>	<b>1,674,281</b>	<b>24</b>	<b>1,683,884</b>	<b>1,683,860</b>	<b>24</b>

**Footnote:**

- (a) This relates to the 30% joint venture interest in FIPL.
- (b) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (c) Increase in borrowings under current liabilities was due to additional S\$2.7 million loan drawn down from revolving credit facility ("RCF") to finance the shareholders' loan to FIPL.

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**


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**1(b)(ii) Aggregate Amounts of Borrowings as at 31 March 2016**

	As at 31 March 2016		As at 31 December 2015	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-Trust
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Unsecured</b>				
Amounts repayable in one year or less, or on demand (RCF)	39,600	39,600	36,900	36,900
Amounts repayable after one year (Term Loan)	780,304	780,304	780,134	780,134
<b>Total borrowings at amortised cost</b>	<b>819,904</b>	<b>819,904</b>	<b>817,034</b>	<b>817,034</b>

**Details of borrowings and collateral:**

The total facilities granted to Far East H-REIT are as follows:

- Unsecured term loan facilities of S\$782.2 million
- S\$100 million of uncommitted revolving credit facilities ("RCF")

In January 2016, an additional S\$2.7 million was drawn down from the RCF to finance the shareholders' loan in FIPL. As at 31 March 2016, RCF of S\$60.4 million remains undrawn.

As at 31 March 2016, 64.8% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 35.2% on floating interest rates. The average cost of debt is approximately 2.6% and the weighted average debt to maturity is 3.0 years.

**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**
**1(c) Consolidated Cash Flow Statements  
Far East H-REIT and Far East H-Trust**

	Note	Far East H-TRUST			Far East H-REIT		
		1Q 2016	1Q 2015	Better / (Worse)	1Q 2016	1Q 2015	Better / (Worse)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Cash flows from operating activities</b>							
Total return before income tax		8,821	19,368	(54.5)	8,821	19,369	(54.5)
Adjustments for:							
Finance costs		5,181	5,006	3.5	5,181	5,006	3.5
Fair value change in derivative financial instruments		7,486	(3,102)	NM	7,486	(3,102)	NM
REIT Manager's fees issuable in Stapled Securities		2,583	2,573	0.4	2,583	2,573	0.4
Share of results of joint venture		6	-	NM	6	-	NM
Deferred income recognised		(22)	(22)	-	(22)	(22)	-
Operating profit before working capital changes		24,055	23,823	1.0	24,055	23,824	1.0
Changes in working capital							
Trade and other receivables		313	2,487	(87.4)	313	2,487	(87.4)
Trade and other payables		964	(667)	NM	964	(668)	NM
Rental deposits		(284)	62	NM	(284)	62	NM
<b>Cash flows generated from operating activities</b>		<b>25,048</b>	<b>25,705</b>	<b>(2.6)</b>	<b>25,048</b>	<b>25,705</b>	<b>(2.6)</b>
<b>Cash flows from investing activities</b>							
Capital expenditure on investment properties	(a)	(2,293)	(2,667)	14.0	(2,293)	(2,667)	14.0
Loan to a joint venture	(b)	(2,700)	-	-	(2,700)	-	-
<b>Cash flows used in investing activities</b>		<b>(4,993)</b>	<b>(2,667)</b>	<b>(87.2)</b>	<b>(4,993)</b>	<b>(2,667)</b>	<b>(87.2)</b>
<b>Cash flows from financing activities</b>							
Proceed from borrowings	(b)	2,700	-	NM	2,700	-	NM
Finance costs paid		(8,436)	(5,955)	(41.7)	(8,436)	(5,955)	(41.7)
Distribution to Stapled Security holders	(c)	(20,979)	(22,758)	7.8	(20,979)	(22,758)	7.8
<b>Cash flows used in financing activities</b>		<b>(26,715)</b>	<b>(28,713)</b>	<b>7.0</b>	<b>(26,715)</b>	<b>(28,713)</b>	<b>7.0</b>
Net decrease in cash and cash equivalents		(6,660)	(5,675)	(17.4)	(6,660)	(5,675)	(17.4)
Cash and cash equivalents at beginning of the period		25,381	20,845	21.8	25,381	20,845	21.8
<b>Cash and cash equivalents at end of the period</b>		<b>18,721</b>	<b>15,170</b>	<b>23.4</b>	<b>18,721</b>	<b>15,170</b>	<b>23.4</b>

**Footnotes:**

NM denotes Not Meaningful

- (a) Capital expenditure incurred in 1Q 2016 mainly relates to asset enhancement work carried out at Regency House, Orchard Parade Hotel and Village Residence Clarke Quay.
- (b) In January 2016, S\$2.7 million was drawn from RCF to finance the shareholders' loan to FIPL in connection with the development of a new hotel site located at Artillery Avenue, Sentosa.
- (c) Distribution to Stapled Securityholders in 1Q 2016 relates to the quarter from 1 October 2015 to 31 December 2015, paid on 29 March 2016. In the prior period, the distribution was for the period from 1 October 2014 to 31 December 2014, paid on 18 March 2015.

**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**
**1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2016 to 31 March 2016**

	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
<b>Balance at 1 January 2016</b>	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884
<b>Operations</b>							
Increase in net assets resulting from operations	–	8,817	8,817	–	#	#	8,817
	–	8,817	8,817	–	#	#	8,817
<b>Unitholders' transactions</b>							
- REIT Manager's fees payable in Stapled Securities <sup>(a)</sup>	2,583	–	2,583	–	–	–	2,583
- Distribution to Stapled Securityholders <sup>(b)</sup>	–	(20,979)	(20,979)	–	–	–	(20,979)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,583	(20,979)	(18,396)	–	–	–	(18,396)
<b>Balance at 31 March 2016</b>	<b>1,654,514</b>	<b>19,767</b>	<b>1,674,281</b>	<b>28</b>	<b>(4)</b>	<b>24</b>	<b>1,674,305</b>
<b>Balance at 1 January 2015</b>	1,641,330	82,690	1,724,020	28	(5)	23	1,724,043
<b>Operations</b>							
Increase in net assets resulting from operations	–	19,369	19,369	–	(1)	(1)	19,368
	–	19,369	19,369	–	(1)	(1)	19,368
<b>Unitholders' transactions</b>							
- Payment of REIT Manager's fees <sup>(c)</sup>	2,573	–	2,573	–	–	–	2,573
- Distribution to Stapled Securityholders <sup>(d)</sup>	–	(22,758)	(22,758)	–	–	–	(22,758)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,573	(22,758)	(20,185)	–	–	–	(20,185)
<b>Balance at 31 March 2015</b>	<b>1,643,903</b>	<b>79,301</b>	<b>1,723,204</b>	<b>28</b>	<b>(6)</b>	<b>22</b>	<b>1,723,226</b>



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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**

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**Footnotes:**

# Less than S\$1'000

- (a) This represents the Stapled Securities to be issued as part satisfaction of the management fee incurred in 1Q 2016. Effective from 1 January 2016, Stapled Securities are issued within 30 days from quarter end (in the case of base fee) or 30 days from the date of the audited accounts of the Far East H-Trust (in the case of performance fee).
- (b) Distribution to Stapled Securityholders in 1Q 2016 relates to the period from 1 October 2015 to 31 December 2015, paid on 29 March 2016.
- (c) This represents the Stapled Securities issued as part satisfaction of the management fee incurred in 1Q 2015. Stapled Securities were issued within 30 days from quarter end.
- (d) Distribution to Stapled Securityholders in 1Q 2015 relates to the period from 1 October 2014 to 31 December 2014, paid on 18 March 2015.

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**


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

	1Q 2016 Far East H-Trust No. of Stapled Securities '000	1Q 2015 Far East H-Trust No. of Stapled Securities '000
<b>Stapled Securities in issue at 1 January</b>	1,788,925	1,774,636
New Stapled Securities issued		
- As payment of REIT Manager's fees	4,151	3,365
<b>Total issued Stapled Securities</b>	1,793,076	1,778,001
Stapled Securities to be issued:		
- As payment of REIT Manager's fees - Base fee	2,678	2,106
- As payment of REIT Manager's fees - Performance fee	1,404 <sup>(a)</sup>	1,097
<b>Total issued and issuable Stapled Securities at 31 March</b>	1,797,158	1,781,204

**Footnote**

(a) Stapled Securities to be issued as payment of REIT Manager's fees - Performance fee is not entitled to 1Q 2016 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 2015.

**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 2015 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2016. 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.

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**


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**6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 31 March 2016**

	1Q 2016 Far East H-Trust	1Q 2015 Far East H-Trust
Weighted average number of Stapled Securities in issue ('000)	1,791,844	1,776,954
Total return for the period after tax (S\$'000)	8,817	19,368
EPS based on weighted average number of Stapled Securities in issue (cents)	0.49	1.09
Total number of issued and issuable Stapled Securities at end of period ('000)	1,795,754	1,781,204
Distribution to Stapled Securityholders (S\$'000)	19,444	19,203
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.08	1.07

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:-**

	31 March 2016 Far East H-Trust	31 December 2015 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period ('000)	1,795,754	1,793,076
Net asset value per Stapled Security (cents)	93.24	93.91

**Footnotes:**

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 March 2016 is 1,795,753,959 comprising:

- (i) 1,793,075,778 Stapled Securities in issue and issuable as at 31 December 2015; and
- (ii) 2,678,181 Stapled Securities issuable to the REIT Manager, in consideration of 90% of the REIT Manager's fees payable for the period from 1 January 2016 to 31 March 2016.

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**8 A review of the performance for the quarter ended 31 March 2016**
**8(a) Statement of net income and distribution of Far East Hospitality Trust**

	1Q 2016	1Q 2015	Better / (Worse)	
				%
Gross revenue (S\$'000)	27,365	27,365	-	-
Net property income (S\$'000)	24,679	24,487	192	0.8
Income available for distribution (S\$'000)	19,444	19,203	241	1.3
Distribution per Stapled Security (cents)	1.08	1.07	0.01	0.9

**8(b) Review of the performance of first quarter ended 31 March 2016**
**1Q 2016 vs 1Q 2015**

Compared to the corresponding period last year, gross revenue for 1Q 2016 held steady at S\$27.4 million.

The biennial Singapore Airshow provided some uplift in February 2016. However, the hospitality sector still faced the challenges posed by the supply of new hotels and the softness in demand from the corporate segment. As a result, the revenue per available room ("RevPAR") of the hotel portfolio was flat at S\$141 despite a higher average occupancy achieved during the quarter.

Demand for SR accommodation remained soft in 1Q 2016 due to weaker demand from project groups and lower corporate travel budgets. The 1Q 2016 revenue per available unit ("RevPAU") of the SR portfolio was S\$188 or 8.7% lower than the corresponding quarter last year, pulled down by the weaker average daily rate ("ADR").

Revenue from the retail and office spaces was marginally lower at S\$5.8 million due to a decrease in the average occupancy, which was partially offset by a higher rental rate achieved during the quarter.

A snapshot of the hotel and SR performance in 1Q 2016 is set out below.

	1Q 2016		1Q 2015		Better / (Worse)	
	Hotel	SR	Hotel	SR	Hotel	SR
Average Occupancy (%)	88.0	84.3	82.3	85.8	5.7pp	(1.5pp)
Average Daily Rate (S\$)	160	223	171	240	(6.4%)	(7.1%)
RevPAR / RevPAU (S\$)	141	188	141	206	-	(8.7%)

There were savings in hospitality operating expenses, retail and office expenses and property tax. As a result, the net property income was S\$24.7 million or 0.8% higher than the corresponding quarter last year.

Finance costs were S\$0.2 million or 3.5% higher year-on-year as the short term interest rates had risen from the corresponding quarter last year. During the quarter ended 31 March 2016, Far East H-REIT entered into an interest rate swap transaction for a notional amount of S\$50 million, increasing the proportion of debt secured at fixed interest rates to 65% from 59%.

The income available for distribution was S\$19.4 million, or 1.3% higher than the corresponding quarter last year. The distribution per Stapled Security for 1Q 2016 was 1.08 cents or 0.9% higher than the corresponding quarter last year.

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**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.**

According to the Singapore Tourism Board (“STB”), international visitor arrivals increased 12.3% year-on-year for the first two months of 2016, with growth in arrivals from key source markets such as China and Indonesia<sup>1</sup>.

For 2016, the STB is forecasting international visitor arrivals to be in the range of 15.2 million to 15.7 million, an increase of up to 3% year-on-year<sup>2</sup>. A stronger events calendar in 2016 and the marketing initiatives by the government agencies could contribute towards improving visitor traffic into Singapore.

The REIT Manager remains cautious given the uncertain economic environment which could affect demand from the corporate segment, and the new supply of about 2,700 new hotel rooms coming on-stream in 2016<sup>3</sup>.

On the asset enhancement front, the renovation at Central Square (Village Residence Clarke Quay) has completed on schedule. The serviced office space at Central Square was reconfigured to create 9 additional units, bringing it to a total of 61 serviced office units. In addition, all the serviced office units and public areas, including the main lobby, breakfast lounge and pantry, were upgraded.

The refurbishment of the two and three-bedroom apartments at Regency House is on track for completion in the second quarter of 2016. Upon completion of this phase, all the apartments at Regency House would have been upgraded. The studio apartments were renovated in 2014.

At Orchard Parade Hotel, the renovation of the swimming pool, pool deck, gym and function room are on track for completion in the second quarter of 2016. In addition, the next phase of renovation has commenced, with works being done to the reception, lobby bar and function rooms. This phase is targeted to complete by the second quarter of 2016.

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<sup>1</sup> Singapore Tourism Board, International Visitor Arrivals Statistics, 8 April 2016

<sup>2</sup> Singapore Tourism Board, Modest growth expected in 2016 amidst global uncertainties and increasing regional competition, 29 February 2016

<sup>3</sup> CBRE report issued as at December 2015 and Far East H-Trust’s compilation

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**11 DISTRIBUTIONS**
**Current financial period**

<b>Any distribution declared for the current period?</b>	Yes
<b>Distribution period</b>	Distribution for the quarter from 1 January 2016 to 31 March 2016
<b>Distribution type</b>	Taxable income
<b>Distribution per stapled security</b>	1.08 cents
<b>Tax rate</b>	<p><u>Taxable income distribution</u>            Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>
<b>Date paid/payable</b>	31 May 2016
<b>Books closure date</b>	6 May 2016
<b>Stapled Securityholders must complete and return Form A or Form B, as applicable</b>	17 May 2016

**Corresponding period of the preceding financial period**

<b>Any distribution declared for the current period?</b>	Yes
<b>Distribution period</b>	Distribution for the quarter from 1 January 2015 to 31 March 2015
<b>Distribution type</b>	Taxable income
<b>Distribution per stapled security</b>	1.07 cents

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<b>Tax rate</b>	<p><u>Taxable income distribution</u>          Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>
<b>Date paid/payable</b>	3 June 2015
<b>Books closure date</b>	8 May 2015
<b>Stapled Securityholders must complete and return Form A or Form B, as applicable</b>	19 May 2015

**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.**

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

**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 the unaudited financial results of Far East Hospitality Trust for the quarter ended 31 March 2016 to be false and misleading in any material respect.

**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 of the Listing Manual.

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**Unaudited Financial Statements Announcement for the quarter ended 31 March 2016**

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By Order of the Board

Gerald Lee Hwee Keong  
Chief Executive Officer  
FEO Hospitality Asset Management Pte. Ltd.  
(Company Registration No. 201102629K)  
27 April 2016

By Order of the Board

Gerald Lee Hwee Keong  
Chief Executive Officer  
FEO Hospitality Trust Management Pte. Ltd.  
(Company Registration No. 201210698W)  
27 April 2016

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**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 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.