
Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the quarter and nine months ended 30 September 2016

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Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

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:

Hotels		Serviced Residences (SRs)	
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 third quarter and nine months ended 30 September 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

		Far East H-REIT					
Note	3Q 2016	3Q 2015	Better / (Worse)	9M 2016	9M 2015	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	22,177	23,570	(5.9)	64,186	67,880	(5.4)	
	5,842	6,085	(4.0)	17,336	17,886	(3.1)	
	28,019	29,655	(5.5)	81,522	85,766	(4.9)	
	(1,848)	(1,926)	4.0	(5,684)	(5,998)	5.2	
	(30)	(34)	11.8	(90)	(102)	11.8	
	(17)	(16)	(6.3)	(51)	(49)	(4.0)	
	(666)	(655)	(1.7)	(1,868)	(1,863)	(0.3)	
	(111)	(111)	-	(333)	(333)	-	
	-	(19)	NM	-	(53)	NM	
	(2,672)	(2,761)	3.2	(8,026)	(8,398)	4.4	
	25,347	26,894	(5.8)	73,496	77,368	(5.0)	
	(2,914)	(3,002)	2.9	(8,598)	(8,802)	2.3	
	(79)	(80)	1.3	(235)	(236)	0.4	
	(184)	(250)	26.4	(623)	(747)	16.6	
	(3,177)	(3,332)	4.7	(9,456)	(9,785)	3.4	
	(4,848)	(5,184)	6.5	(15,004)	(15,161)	1.0	
	(4,848)	(5,184)	6.5	(15,004)	(15,161)	1.0	
	(11)	(40)	72.5	(28)	(40)	30.0	
	17,311	18,338	(5.6)	49,008	52,382	(6.4)	
	(1,918)	2,778	NM	(10,618)	4,335	NM	
	(1,918)	2,778	NM	(10,618)	4,335	NM	
	15,393	21,116	(27.1)	38,390	56,717	(32.3)	
	(3)	-	NM	(9)	-	NM	
	15,390	21,116	(27.1)	38,381	56,717	(32.3)	
<u>Distribution Statement</u>							
	15,390	21,116	(27.1)	38,381	56,717	(32.3)	
	4,873	339	NM	19,391	4,746	NM	
	-	110	NM	206	110	87.3	
	20,263	21,565	(6.0)	57,978	61,573	(5.8)	
	20,245	21,565	(6.1)	57,932	61,573	(5.9)	
	18	-	NM	46	-	NM	
	20,263	21,565	(6.0)	57,978	61,573	(5.8)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

		Far East H-TRUST					
Note	3Q 2016	3Q 2015	Better /	9M 2016	9M 2015	Better /	
	S\$'000	S\$'000	(Worse)	S\$'000	S\$'000	(Worse)	
			%			%	
	22,177	23,570	(5.9)	64,186	67,880	(5.4)	
	5,842	6,085	(4.0)	17,336	17,886	(3.1)	
	28,019	29,655	(5.5)	81,522	85,766	(4.9)	
	(1,848)	(1,926)	4.0	(5,684)	(5,998)	5.2	
	(30)	(34)	11.8	(90)	(102)	11.8	
	(17)	(16)	(6.3)	(51)	(49)	(4.0)	
	(666)	(655)	(1.7)	(1,868)	(1,863)	(0.3)	
	(111)	(111)	-	(333)	(333)	-	
	-	(19)	NM	-	(53)	NM	
	(2,672)	(2,761)	3.2	(8,026)	(8,398)	4.4	
	25,347	26,894	(5.8)	73,496	77,368	(5.0)	
	(2,914)	(3,002)	2.9	(8,598)	(8,802)	2.3	
	(79)	(80)	1.3	(235)	(236)	0.4	
	(184)	(250)	26.4	(623)	(748)	16.7	
	(3,177)	(3,332)	4.7	(9,456)	(9,786)	3.4	
	(4,848)	(5,184)	6.5	(15,004)	(15,161)	1.0	
	(4,848)	(5,184)	6.5	(15,004)	(15,161)	1.0	
(a)	(11)	(40)	72.5	(28)	(40)	30.0	
	17,311	18,338	(5.6)	49,008	52,381	(6.4)	
(b)	(1,918)	2,778	NM	(10,618)	4,335	NM	
	(1,918)	2,778	NM	(10,618)	4,335	NM	
	15,393	21,116	(27.1)	38,390	56,716	(32.3)	
	(3)	-	NM	(9)	-	NM	
	15,390	21,116	(27.1)	38,381	56,716	(32.3)	
<u>Distribution Statement</u>							
	15,390	21,116	(27.1)	38,381	56,716	(32.3)	
(c)	4,873	339	NM	19,391	4,746	NM	
(d)	-	110	NM	206	110	87.3	
	20,263	21,565	(6.0)	57,978	61,572	(5.8)	
Comprising:							
	20,245	21,565	(6.1)	57,932	61,572	(5.9)	
	18	-	NM	46	-	NM	
	20,263	21,565	(6.0)	57,978	61,572	(5.8)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

Notes:

NM – Not Meaningful

- (a) Share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results.
- (b) This relates to unrealised differences arising from the change in fair value of interest rate swaps.
- (c) Included in the net tax adjustments are the following:

	Note	3Q 2016	3Q 2015	Better /	9M 2016	9M 2015	Better /
		S\$'000	S\$'000	(Worse)	S\$'000	S\$'000	(Worse)
				%			%
- REIT Manager's fees paid/payable in Stapled Securities	(i)	2,623	2,701	(2.9)	7,739	7,921	(2.3)
- Trustee's fees		79	80	(1.3)	235	236	(0.4)
- Amortisation of debt upfront cost		171	186	(8.1)	511	564	(9.4)
- Fair value change in derivative financial instruments		1,918	(2,778)	NM	10,618	(4,335)	NM
- Share of results of joint venture		11	40	(72.5)	28	40	(30.0)
- Other adjustments	(ii)	71	110	(35.5)	260	320	(18.8)
Net tax adjustments		4,873	339	NM	19,391	4,746	NM

Notes:

NM – Not Meaningful

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (ii) This mainly relates to Moody's annual rating fees, non-tax deductible professional fee, finance cost for Project Sentosa, deferred income and amortization of rental deposits.
- (d) 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 2014 for 9M 2016 and Year of Assessment 2013 for 9M 2015.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 September 2016
Far East H-REIT and Far East H-Trust**

	Note	As at 30 September 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
Non-current assets							
Investment properties		2,446,716	2,446,716	–	2,439,300	2,439,300	–
Investment in joint venture	(a)	16,598	16,598	–	15,515	15,515	–
Current assets							
Cash and cash equivalents		13,686	13,686	–	25,381	25,381	–
Prepayments		18	18	–	93	93	–
Trade and other receivables	(b)	33,682	33,682	30	30,510	30,510	30
Interest rate swaps	(c)	–	–	–	10,265	10,265	–
Total current assets		47,386	47,386	30	66,249	66,249	30
Total assets		2,510,700	2,510,700	30	2,521,064	2,521,064	30
Current liabilities							
Trade and other payables		2,473	2,497	6	2,797	2,822	5
Accruals		3,529	3,529	–	6,948	6,947	1
Interest rate swaps	(c)	352	352	–	–	–	–
Borrowings	(d)	291,765	291,765	–	36,900	36,900	–
Rental deposits		3,086	3,086	–	3,097	3,097	–
Deferred income		90	90	–	90	90	–
Income tax payable		9	9	–	1	1	–
Total current liabilities		301,304	301,328	6	49,833	49,857	6
Non-current liabilities							
Borrowings	(d)	530,881	530,881	–	780,134	780,134	–
Rental deposits		5,705	5,705	–	5,801	5,801	–
Deferred income		1,344	1,344	–	1,412	1,412	–
Total non-current liabilities		537,930	537,930	–	787,347	787,347	–
Total liabilities		839,234	839,258	6	837,180	837,204	6
Net assets		1,671,466	1,671,442	24	1,683,884	1,683,860	24
<u>Represented by:</u>							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,671,442	1,671,442	–	1,683,860	1,683,860	–
Unitholders' funds of Far East H-BT		24	–	24	24	–	24
		1,671,466	1,671,442	24	1,683,884	1,683,860	24

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

Notes:

- (a) This relates to the 30% joint venture interest in FIPL. In July 2016, Far East H-REIT subscribed for its share of the additional S\$1.1 million paid-up capital in FIPL by way of capitalising the shareholders' loan.
- (b) This includes shareholders' loan to FIPL of S\$25.6 million. The amount is used to finance the development of a new hotel site located at Artillery Avenue, Sentosa.
- (c) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (d) Movements in borrowings were due to reclassification of S\$250 million term loan from non-current liabilities to current liabilities as the maturity date of these term loans were less than one year. An additional S\$5.1 million loan was drawn from the revolving credit facility to finance the shareholders' loan to FIPL.

1(b)(ii) Aggregate Amounts of Borrowings as at 30 September 2016

	As at 30 September 2016		As at 31 December 2015	
	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	291,765	291,765	36,900	36,900
Amounts repayable after one year	530,881	530,881	780,134	780,134
	822,646	822,646	817,034	817,034

Details of borrowings and collateral:

The total facilities of 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")

Of the S\$782.2 million unsecured term loan, S\$250 million were reclassified from non-current liabilities to current liabilities in 3Q 2016 as the maturity date of these term loans as at the period end was less than one year.

Total borrowing carried at amortised cost as of the reporting date was S\$823 million and RCF of S\$58 million remains undrawn. The weighted average cost of debt was approximately 2.5% per annum and the weighted average debt to maturity was 2.6 years.

Gearing as of 30 September 2016 was 32.8%.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

		Far East H-REIT					
Note	3Q 2016	3Q 2015	Better / (Worse)	9M 2016	9M 2015	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Cash flows from operating activities							
Total return before income tax	15,393	21,116	(27.1)	38,390	56,717	(32.3)	
Adjustments for:							
Finance costs	4,848	5,184	(6.5)	15,004	15,161	(1.0)	
Fair value change in derivative financial instruments	1,918	(2,778)	NM	10,618	(4,335)	NM	
REIT Manager's fees issued/issuable in Stapled Securities	2,623	2,701	(2.9)	7,739	7,921	(2.3)	
Share of results of joint venture	11	40	(72.5)	28	40	(30.0)	
Deferred income recognised	(23)	(22)	(4.5)	(68)	(67)	(1.5)	
Operating profit before working capital changes	24,770	26,241	(5.6)	71,711	75,437	(4.9)	
Changes in working capital							
Trade and other receivables	(225)	8,835	NM	1,236	10,316	(88.0)	
Trade and other payables	-	448	NM	(509)	(669)	23.9	
Rental deposits	(65)	(173)	62.4	(169)	(106)	(59.4)	
Income tax paid	(1)	-	NM	(1)	-	NM	
Cash flows generated from operating activities	24,479	35,351	(30.8)	72,268	84,978	(15.0)	
Cash flows from investing activities							
Capital expenditure on investment properties	(2,145)	(727)	NM	(7,416)	(4,441)	(67.0)	
Loan to a joint venture company	-	-	NM	(5,100)	-	NM	
Cash flows used in investing activities	(2,145)	(727)	NM	(12,516)	(4,441)	NM	
Cash flows from financing activities							
Proceeds from borrowings	-	100,000	NM	5,100	100,000	(94.9)	
Finance costs paid	(7,964)	(7,535)	(5.7)	(18,009)	(15,702)	(14.7)	
Repayment of borrowings	-	(100,000)	NM	-	(100,000)	NM	
Distribution to Stapled Securityholders	(18,165)	(20,701)	12.3	(58,538)	(62,518)	6.4	
Cash flows used in financing activities	(26,129)	(28,236)	7.5	(71,447)	(78,220)	8.7	
Net (decrease)/increase in cash and cash equivalents	(3,795)	6,388	NM	(11,695)	2,317	NM	
Cash and cash equivalents at beginning of the period	17,481	16,774	4.2	25,381	20,845	21.8	
Cash and cash equivalents at end of the period	13,686	23,162	(40.9)	13,686	23,162	(40.9)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

		Far East H-TRUST					
Note	3Q 2016	3Q 2015	Better / (Worse)	9M 2016	9M 2015	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Cash flows from operating activities							
Total return before income tax	15,393	21,116	(27.1)	38,390	56,716	(32.3)	
Adjustments for:							
Finance costs	4,848	5,184	(6.5)	15,004	15,161	(1.0)	
Fair value change in derivative financial instruments	1,918	(2,778)	NM	10,618	(4,335)	NM	
REIT Manager's fees issued/issuable in Stapled Securities	2,623	2,701	(2.9)	7,739	7,921	(2.3)	
Share of results of joint venture	11	40	(72.5)	28	40	(30.0)	
Deferred income recognised	(23)	(22)	(4.5)	(68)	(67)	(1.5)	
Operating profit before working capital changes	24,770	26,241	(5.6)	71,711	75,436	(4.9)	
Changes in working capital							
Trade and other receivables	(225)	8,835	NM	1,236	10,316	(88.0)	
Trade and other payables	-	448	NM	(509)	(668)	23.8	
Rental deposits	(65)	(173)	62.4	(169)	(106)	(59.4)	
Income tax paid	(1)	-	NM	(1)	-	NM	
Cash flows generated from operating activities	24,479	35,351	(30.8)	72,268	84,978	(15.0)	
Cash flows from investing activities							
Capital expenditure on investment properties	(2,145)	(727)	NM	(7,416)	(4,441)	(67.0)	
Loan to a joint venture company	-	-	NM	(5,100)	-	NM	
Cash flows used in investing activities	(2,145)	(727)	NM	(12,516)	(4,441)	NM	
Cash flows from financing activities							
Proceed from borrowings	-	100,000	NM	5,100	100,000	(94.9)	
Finance costs paid	(7,964)	(7,535)	(5.7)	(18,009)	(15,702)	(14.7)	
Repayment of borrowings	-	(100,000)	NM	-	(100,000)	NM	
Distribution to Stapled Securityholders	(18,165)	(20,701)	12.3	(58,538)	(62,518)	6.4	
Cash flows used in financing activities	(26,129)	(28,236)	7.5	(71,447)	(78,220)	8.7	
Net (decrease)/increase in cash and cash equivalents	(3,795)	6,388	NM	(11,695)	2,317	NM	
Cash and cash equivalents at beginning of the period	17,481	16,774	4.2	25,381	20,845	21.8	
Cash and cash equivalents at end of the period	13,686	23,162	(40.9)	13,686	23,162	(40.9)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016
Notes:

N.M. – Not Meaningful

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Parade Hotel, Village Residence Clarke Quay and Regency House.
- (b) This relates to loan drawn from RCF to finance 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 3Q 2016 relates to the quarter from 1 April 2016 to 30 June 2016, paid on 1 September 2016. In the prior period, the distribution was for the quarter from 1 April 2015 to 30 June 2015, paid on 10 September 2015.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2016 to 30 September 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
Balance at 1 Jul 2016	1,657,047	14,547	1,671,594	28	(4)	24	1,671,618
Operations							
Increase in net assets resulting from operations	-	15,390	15,390	-	-	-	15,390
	-	15,390	15,390	-	-	-	15,390
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,623	-	2,623	-	-	-	2,623
- Distribution to Stapled Securityholders ^(b)	-	(18,165)	(18,165)	-	-	-	(18,165)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,623	(18,165)	(15,542)	-	-	-	(15,542)
Balance at 30 September 2016	1,659,670	11,772	1,671,442	28	(4)	24	1,671,466

Notes:

Less than \$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 3Q 2016. The Stapled Securities are issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 April 2016 to 30 June 2016, paid on 1 September 2016.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

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

Notes:

Less than S\$1,000

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the 3Q 2015. The Stapled Securities were 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 2016
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2016 to 30 September 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
Balance at 1 January 2016	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884
Operations							
Increase in net assets resulting from operations	–	38,381	38,381	–	#	#	38,381
	–	38,381	38,381	–	#	#	38,381
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	7,739	–	7,739	–	–	–	7,739
- Distribution to Stapled Securityholders ^(b)	–	(58,538)	(58,538)	–	–	–	(58,538)
Net increase/(decrease) in net assets resulting from unitholders' transactions	7,739	(58,538)	(50,799)	–	–	–	(50,799)
Balance at 30 September 2016	1,659,670	11,772	1,671,442	28	(4)	24	1,671,466

Notes:

Less than \$1,000

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2016 to 30 September 2016. The Stapled Securities are issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2015 to 30 June 2016.

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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/(decrease) 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

Notes:

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

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

	3Q 2016 Far East H- Trust No. of Stapled Securities '000	3Q 2015 Far East H- Trust No. of Stapled Securities '000	9M 2016 Far East H- Trust No. of Stapled Securities '000	9M 2015 Far East H- Trust No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,795,754	1,781,204	1,788,925	1,774,636
New Stapled Securities issued				
- As payment of REIT Manager's fees	2,805	3,380	9,634	9,948
Total issued Stapled Securities	1,798,559	1,784,584	1,798,559	1,784,584
Stapled Securities to be issued:				
- As payment of REIT Manager's fees – Base fees	2,856	2,785	2,856	2,785
- As payment of REIT Manager's fees – Performance fees ^(a)	4,418	1,555	4,418	1,556
Total issued and issuable Stapled Securities at end of period	1,805,833	1,788,924	1,805,833	1,788,925

Footnote

(a) Stapled Securities to be issued as payment of REIT Manager's fees – Performance fee is not entitled to 3Q 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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6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 September 2016

	3Q 2016 Far East H- Trust	3Q 2015 Far East H- Trust	9M 2016 Far East H- Trust	9M 2015 Far East H- Trust
Weighted average number of Stapled Securities in issue ('000)	1,797,735	1,783,544	1,794,860	1,780,251
Total return for the period after tax (S\$'000)	15,390	21,116	38,381	56,716
EPS based on weighted average number of Stapled Securities in issue (cents)	0.86	1.18	2.14	3.19
Total number of issued and issuable Stapled Securities at end of period ('000)	1,801,415	1,788,925	1,801,415	1,788,925
Distribution to Stapled Securityholders (S\$'000)	20,263	21,565	57,978	61,572
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.12	1.20	3.21	3.43

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 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)	1,801,415	1,793,076
Net asset value per Stapled Security (cents)	92.79	93.91

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 30 September 2016 is 1,801,414,756 comprising:

- (i) 1,793,075,778 Stapled Securities in issue and issuable as at 31 December 2015; and
- (ii) 8,338,978 Stapled Securities issued and issuable to REIT Manager, in consideration of 90% of the REIT Manager's fees payable – base fees for the period from 1 January 2016 to 30 September 2016.

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8 A review of the performance for the quarter ended 30 September 2016
8(a) Statement of net income and distribution of Far East Hospitality Trust

	3Q 2016	3Q 2015	Better / (Worse)		9M 2016	9M 2015	Better / (Worse)	
				%				%
Gross revenue (S\$'000)	28,019	29,655	(1,636)	(5.5)	81,522	85,766	(4,244)	(4.9)
Net property income (S\$'000)	25,347	26,894	(1,547)	(5.8)	73,496	77,368	(3,872)	(5.0)
Income available for distribution (S\$'000)	20,263	21,565	(1,302)	(6.0)	57,978	61,572	(3,594)	(5.8)
Distribution per Stapled Security (cents)	1.12	1.20	(0.08)	(6.7)	3.21	3.43	(0.22)	(6.4)

8(b) Review of the performance of third quarter and nine months ended 30 September 2016
3Q 2016 vs 3Q 2015

Gross revenue of S\$28.0 million in 3Q 2016 was a decrease of 5.5% compared to S\$29.7 million in 3Q 2015, due to reduced revenue contribution from the hotels and serviced residences (SRs) and softer performance of the retail and office spaces

The operating environment for the hotels remained competitive amidst the softness in corporate travel demand, as a result of the uncertain global economic climate. The increase of about 2,500 new hotel rooms in 2016 also put pressure on rates. As a result, the hotel portfolio's average daily rate ("ADR") declined by 6.9% year-on-year despite registering an increase of 1.0pp in average occupancy. Consequently, the hotel portfolio's revenue per available room ("RevPAR") recorded a year-on-year decrease of 5.8% to S\$142.

For the SRs, the demand from the corporate segment remained soft as a whole. Regency House, however, was able to increase its revenue and contribution from the corporate segment as the renovation had helped to better position the property. As a portfolio, the average occupancy of the SRs continued to be healthy at 90.0% while the ADR declined 2.5% to S\$226. The revenue per available unit ("RevPAU") of the SR portfolio declined 2.7% year-on-year to S\$203 in 3Q 2016.

A snapshot of the hotel and SR performance in 3Q 2016 is set out below.

	3Q 2016		3Q 2015		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	88.4	90.0	87.4	90.2	1.0pp	(0.2pp)
Average Daily Rate (S\$)	161	226	172	232	(6.9%)	(2.5%)
RevPAR / RevPAU (S\$)	142	203	151	209	(5.8%)	(2.7%)

Revenue from the retail and office spaces declined 4.0% year-on-year to S\$5.8 million in 3Q 2016 due to lower occupancy and a marginal decrease in rental rates.

The net property income for 3Q2016 was S\$25.3 million, a decrease of 5.8% year-on-year, as the decrease in property expenses was not able to offset the lower gross revenue.

Finance costs of S\$4.8 million in 3Q 2016 was 6.5% lower year-on-year as the short term interest rates had declined considerably in 3Q 2016. 71% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 29% on floating interest rates.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

The income available for distribution was \$20.3 million, or 6.0% lower year-on-year. The distribution per Stapled Security for 3Q 2016 was 1.12 cents or 6.7% lower year-on-year.

9M 2016 vs 9M 2015

Gross revenue for the first nine months of 2016 was S\$81.5 million, a decrease of 4.9% over the corresponding period last year due to the reduced revenue contribution from the hotels and serviced residences and the commercial spaces.

The weak economic climate, which had led to softness in corporate travel demand, as well as competitive pressure from the new supply of hotel rooms in the market had continued to impact the operating performance of the hotel portfolio. This was despite the uplift from biennial events such as the Singapore Airshow and Food & Hotel Asia during the nine month period. Orchard Parade Hotel was also undergoing some asset enhancement during the reporting period. As a result, RevPAR for the hotel portfolio decreased 4.6% year-on-year to S\$140 for the first nine months of 2016.

Post asset enhancement works, Regency House had recorded better operating performance as the property was able to achieve higher revenue contribution from the corporate segment. However, demand for SR accommodation remained soft primarily due to a drop in project groups and lower corporate travel budgets. Consequently, RevPAU for the SR portfolio for the first nine months of 2016 declined by 6.7% year-on-year to S\$193.

A snapshot of the Hotels and SR performance in 9M 2016 is set out below.

	9M 2016		9M 2015		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	87.2	86.8	85.5	88.4	1.7pp	(1.7pp)
Average Daily Rate (S\$)	160	222	171	234	(6.5%)	(4.9%)
RevPAR / RevPAU (S\$)	140	193	146	207	(4.6%)	(6.7%)

Revenue from the retail and office spaces declined by 3.1% to S\$17.3 million due to a decrease in the average occupancy, while the portfolio's enjoyed a marginal growth in rental rate during the first nine months of 2016.

The net property income was S\$73.5 million or 5.0% lower year-on-year due to the reduced gross revenue recorded during the reporting period. Property expenses had declined 4.4% year-on-year due to lower property tax expense.

The income available for distribution was S\$58.0 million, or 5.8% lower year-on-year. The distribution per Stapled Security for 9M 2016 was 3.21 cents or 6.4% 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 2016

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.

While international visitor arrivals into Singapore grew in the first eight months of 2016, the increase was largely led by the demand from leisure travellers. Uncertainties in the macro environment weighed on the demand for corporate travel, impacting room rates across most hotel segments.

Going forward, demand from the leisure segment will continue to drive tourism in Singapore as companies remain prudent in their business travel spend. Coupled with the addition of about 2,500 new hotel rooms this year¹, the hospitality sector is expected to remain competitive.

The REIT Manager will continue to drive the performance of its existing portfolio, with a focus on the recently renovated properties.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2016 to 30 September 2016
Distribution type	Taxable income
Distribution per Stapled Security	1.12 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 rate of 17%.</p>
Date paid/payable	14 December 2016
Books closure date	18 November 2016
Stapled Securityholders must complete and return Form A or Form B, as applicable	29 November 2016

¹ CBRE report issued as at December 2015 and Far East H-Trust's compilation

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

Corresponding period of the preceding 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 rate of 17%.</p>
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

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 30 September 2016 to be false and misleading in any material respect.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2016

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.

By Order of the Board

By Order of the Board

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

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

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.