
Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the third quarter and nine months ended 30 September 2017

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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:

Hotels		Serviced Residences (SRs)	
OHN	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 2017
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year
1(a)(i) Statements of Total Return and Distribution Statement of Far East H-REIT and Far East H-Trust

		Far East H-REIT					
Note	3Q 2017	3Q 2016	Better / (Worse)	YTD Sep 2017	YTD Sep 2016	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	21,874	22,177	(1.4)	61,034	64,186	(4.9)	
	5,582	5,842	(4.5)	17,073	17,336	(1.5)	
	27,456	28,019	(2.0)	78,107	81,522	(4.2)	
	(1,815)	(1,848)	1.8	(5,524)	(5,684)	2.8	
	(29)	(30)	3.3	(93)	(90)	(3.3)	
	(33)	(17)	(94.1)	(101)	(51)	(98.0)	
	(700)	(666)	(5.1)	(2,010)	(1,868)	(7.6)	
	(114)	(111)	(2.7)	(340)	(333)	(2.1)	
	(2,691)	(2,672)	(0.7)	(8,068)	(8,026)	(0.5)	
	24,765	25,347	(2.3)	70,039	73,496	(4.7)	
	(2,869)	(2,914)	1.5	(8,383)	(8,598)	2.5	
	(80)	(79)	(1.3)	(233)	(235)	0.9	
	(579)	(184)	>(100.0)	(1,134)	(623)	(82.0)	
	(3,528)	(3,177)	(11.0)	(9,750)	(9,456)	(3.1)	
	(4,920)	(4,848)	(1.5)	(14,789)	(15,004)	1.4	
	(4,920)	(4,848)	(1.5)	(14,789)	(15,004)	1.4	
	(43)	(11)	>(100.0)	(104)	(28)	>(100.0)	
	16,274	17,311	(6.0)	45,396	49,008	(7.4)	
	921	(1,918)	>100.0	(4,619)	(10,618)	56.5	
	921	(1,918)	>100.0	(4,619)	(10,618)	56.5	
	17,195	15,393	11.7	40,777	38,390	6.2	
	(3)	(3)	-	(9)	(9)	-	
	17,192	15,390	11.7	40,768	38,381	6.2	
Distribution Statement							
	17,192	15,390	11.7	40,768	38,381	6.2	
	1,977	4,873	(59.4)	13,261	19,391	(31.6)	
	-	-	-	-	206	100.0	
	19,169	20,263	(5.4)	54,029	57,978	(6.8)	
	19,155	20,245	(5.4)	53,989	57,932	(6.8)	
	14	18	(22.2)	40	46	(13.0)	
	19,169	20,263	(5.4)	54,029	57,978	(6.8)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

		Far East H-TRUST					
Note	3Q 2017 S\$'000	3Q 2016 S\$'000	Better / (Worse) %	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	Better / (Worse) %	
	21,874	22,177	(1.4)	61,034	64,186	(4.9)	
	5,582	5,842	(4.5)	17,073	17,336	(1.5)	
	27,456	28,019	(2.0)	78,107	81,522	(4.2)	
	(1,815)	(1,848)	1.8	(5,524)	(5,684)	2.8	
	(29)	(30)	3.3	(93)	(90)	(3.3)	
	(33)	(17)	(94.1)	(101)	(51)	(98.0)	
	(700)	(666)	(5.1)	(2,010)	(1,868)	(7.6)	
	(114)	(111)	(2.7)	(340)	(333)	(2.1)	
	(2,691)	(2,672)	(0.7)	(8,068)	(8,026)	(0.5)	
	24,765	25,347	(2.3)	70,039	73,496	(4.7)	
	(2,869)	(2,914)	1.5	(8,383)	(8,598)	2.5	
	(80)	(79)	(1.3)	(233)	(235)	0.9	
	(579)	(184)	>(100.0)	(1,135)	(623)	(82.2)	
	(3,528)	(3,177)	(11.0)	(9,751)	(9,456)	(3.1)	
	(4,920)	(4,848)	(1.5)	(14,789)	(15,004)	1.4	
	(4,920)	(4,848)	(1.5)	(14,789)	(15,004)	1.4	
(a)	(43)	(11)	>(100.0)	(104)	(28)	>(100.0)	
	16,274	17,311	(6.0)	45,395	49,008	(7.4)	
(b)	921	(1,918)	>100.0	(4,619)	(10,618)	56.5	
	921	(1,918)	>100.0	(4,619)	(10,618)	56.5	
	17,195	15,393	11.7	40,776	38,390	6.2	
	(3)	(3)	-	(9)	(9)	-	
	17,192	15,390	11.7	40,767	38,381	6.2	
Distribution Statement							
	17,192	15,390	11.7	40,767	38,381	6.2	
(c)	1,977	4,873	(59.4)	13,261	19,391	(31.6)	
(d)	-	-	-	-	206	(100.0)	
	19,169	20,263	(5.4)	54,028	57,978	(6.8)	
Comprising:							
	19,155	20,245	(5.4)	53,988	57,932	(6.8)	
	14	18	(22.2)	40	46	(13.0)	
	19,169	20,263	(5.4)	54,028	57,978	(6.8)	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

Notes:

N.M. – Not Meaningful

- (a) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results.
- (b) This relates to net change in fair value of interest rate swap contracts entered to hedge against the interest rate exposure of Far East H-REIT. This is a non-tax chargeable / deductible item and has no impact on the taxable income and distributable income to the Stapled Securityholders.
- (c) Included in the net tax adjustments are the following:

Note	3Q 2017 S\$'000	3Q 2016 S\$'000	Better / (Worse) %	YTD Sep 2017 S\$'000	YTD Sep 2016 S\$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	2,582	2,623	(1.6)	7,545	7,739	(2.5)
- Trustee's fees	80	79	1.3	233	235	(0.9)
- Amortisation of debt upfront cost	133	171	(22.2)	538	511	5.3
- Fair value change in derivative financial instruments	(921)	1,918	>(100.0)	4,619	10,618	(56.5)
- Share of results of joint venture	43	11	>100.0	104	28	>100.0
- Other adjustments	60	71	(15.5)	222	260	(14.6)
Net tax adjustments	1,977	4,873	(59.4)	13,261	19,391	(31.7)

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (d) For YTD Sep 2016, the rollover adjustment related to the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2014.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 September 2017
 Far East H-REIT and Far East H-Trust**

	Note	As at 30 September 2017			As at 31 December 2016		
		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		2,420,471	2,420,471	–	2,417,900	2,417,900	–
Investment in joint venture	(a)	16,479	16,479	–	16,584	16,584	–
Total non-current assets		2,436,950	2,436,950	–	2,434,484	2,434,484	–
Current assets							
Cash and cash equivalents	(b)	2,856	2,856	–	15,385	15,385	–
Prepayments		41	41	–	40	40	–
Trade and other receivables	(c)	36,219	36,219	30	34,712	34,712	30
Derivative financial assets	(d)	–	–	–	3,933	3,933	–
Total current assets		39,116	39,116	30	54,070	54,070	30
Total assets		2,476,066	2,476,066	30	2,488,554	2,488,554	30
Current liabilities							
Trade and other payables		4,143	4,166	7	1,934	1,958	6
Borrowings	(e)	147,040	147,040	–	291,830	291,830	–
Accruals		3,669	3,668	1	7,811	7,810	1
Derivative financial liabilities	(d)	685	685	–	–	–	–
Rental deposits		2,524	2,524	–	2,695	2,695	–
Deferred income		90	90	–	90	90	–
Income tax payable		8	8	–	13	13	–
Total current liabilities		158,159	158,181	8	304,373	304,396	7
Non-current liabilities							
Borrowings	(e)	648,692	648,692	–	530,987	530,987	–
Rental deposits		6,185	6,185	–	6,298	6,298	–
Deferred income		1,254	1,254	–	1,321	1,321	–
Total non-current liabilities		656,131	656,131	–	538,606	538,606	–
Total liabilities		814,290	814,312	8	842,979	843,002	7
Net assets		1,661,776	1,661,754	22	1,645,575	1,645,552	23
<u>Represented by:</u>							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,661,754	1,661,754	–	1,645,552	1,645,552	–
Unitholders' funds of Far East H-BT		22	–	22	23	–	23
		1,661,776	1,661,754	22	1,645,575	1,645,552	23

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

Notes:

- (a) This relates to the 30% joint venture interest in FIPL.
- (b) Cash and cash equivalents as at 30 September 2017 of S\$2.8 million was S\$12.5 million lower compared to balances as at 31 December 2016 mainly due to the repayment of revolving credit facility of S\$27.0 million, and partially offset by the cash retained from the 1Q 2017 and 2Q 2017 distribution reinvestment plan (“DRP”).
- (c) This includes a shareholders’ loan and accrued interest due from FIPL of S\$26.1 million. The amount is used to finance the development of a new hotel site located at Artillery Avenue, Sentosa.
- (d) This relates to the fair value of interest rate swap contracts entered to hedge against interest rate risk exposure of Far East H-REIT.
- (e) The net movement in borrowings was due to the repayment of revolving credit facility of S\$27.0 million in 3Q 2017. The current borrowings relate to term loans of S\$132.2 million due to mature in August 2018 and revolving credit facility of S\$15.0 million which is payable on demand. The REIT Manager is currently working with its lenders to assess the refinancing options for these term loans.

1(b)(ii) Aggregate Amounts of Borrowings as at 30 September 2017

	As at 30 September 2017		As at 31 December 2016	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Unsecured</u>				
Amounts repayable in one year or less, or on demand	147,040	147,040	291,830	291,830
Amounts repayable after one year	648,692	648,692	530,987	530,987
	795,732	795,732	822,817	822,817

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\$100.0 million of uncommitted revolving credit facilities (“RCF”)

The weighted average cost of debt was approximately 2.5% per annum and the weighted average debt-to-maturity was 3.3 years.

Gearing as of 30 September 2017 was 32.1% (31 December 2016: 32.1%).

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

		Far East H-REIT			
Note	3Q 2017	3Q 2016	YTD Sep 2017	YTD Sep 2016	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	17,195	15,393	40,777	38,390	
Adjustments for:					
Finance costs	4,920	4,848	14,789	15,004	
Fair value change in derivative financial instruments	(921)	1,918	4,619	10,618	
REIT Manager's fees issued/issuable in Stapled Securities	2,582	2,623	7,545	7,739	
Share of results of joint venture	43	11	104	28	
Deferred income recognised	(22)	(23)	(67)	(68)	
Operating profit before working capital changes	23,797	24,770	67,767	71,711	
Changes in working capital					
Trade and other receivables	61	(225)	(1,167)	1,236	
Trade and other payables	728	-	929	(509)	
Rental deposits	(282)	(65)	(347)	(169)	
Income tax paid	-	(1)	(14)	(1)	
Cash flows generated from operating activities	24,304	24,479	67,168	72,268	
Cash flows from investing activities					
Capital expenditure on investment properties (a)	(1,248)	(2,145)	(2,571)	(7,416)	
Loan to a joint venture company	-	-	-	(5,100)	
Cash flows used in investing activities	(1,248)	(2,145)	(2,571)	(12,516)	
Cash flows from financing activities					
Proceeds from borrowings (b)	-	-	250,000	5,100	
Finance costs paid	(8,116)	(7,964)	(18,015)	(18,009)	
Repayment of borrowings (b)	(27,000)	-	(277,000)	-	
Distribution to Stapled Securityholders (c)	(6,846)	(18,165)	(32,111)	(58,538)	
Cash flows used in financing activities	(41,962)	(26,129)	(77,126)	(71,447)	
Net decrease in cash and cash equivalents	(18,906)	(3,795)	(12,529)	(11,695)	
Cash and cash equivalents at beginning of the period	21,762	17,481	15,385	25,381	
Cash and cash equivalents at end of the period	2,856	13,686	2,856	13,686	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

		Far East H-TRUST			
Note	3Q 2017	3Q 2016	YTD Sep 2017	YTD Sep 2016	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	17,195	15,393	40,776	38,390	
Adjustments for:					
Finance costs	4,920	4,848	14,789	15,004	
Fair value change in derivative financial instruments	(921)	1,918	4,619	10,618	
REIT Manager's fees issued/issuable in Stapled Securities	2,582	2,623	7,545	7,739	
Share of results of joint venture	43	11	104	28	
Deferred income recognised	(22)	(23)	(67)	(68)	
Operating profit before working capital changes	23,797	24,770	67,766	71,711	
Changes in working capital					
Trade and other receivables	61	(225)	(1,167)	1,236	
Trade and other payables	728	-	930	(509)	
Rental deposits	(282)	(65)	(347)	(169)	
Income tax paid	-	(1)	(14)	(1)	
Cash flows generated from operating activities	24,304	24,479	67,168	72,268	
Cash flows from investing activities					
Capital expenditure on investment properties	(1,248)	(2,145)	(2,571)	(7,416)	
Loan to a joint venture company	-	-	-	(5,100)	
Cash flows used in investing activities	(1,248)	(2,145)	(2,571)	(12,516)	
Cash flows from financing activities					
Proceed from borrowings	-	-	250,000	5,100	
Finance costs paid	(8,116)	(7,964)	(18,015)	(18,009)	
Repayment of borrowings	(27,000)	-	(277,000)	-	
Distribution to Stapled Securityholders	(6,846)	(18,165)	(32,111)	(58,538)	
Cash flows used in financing activities	(41,962)	(26,129)	(77,126)	(71,447)	
Net decrease in cash and cash equivalents	(18,906)	(3,795)	(12,529)	(11,695)	
Cash and cash equivalents at beginning of the period	21,762	17,481	15,385	25,381	
Cash and cash equivalents at end of the period	2,856	13,686	2,856	13,686	

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Parade Hotel, Regency House, Village Hotel Bugis, Village Hotel Changi, and Village Hotel Albert Court.
- (b) In March 2017, S\$250.0 million of term loans were refinanced with the same lenders and S\$27.0 million drawn from the revolving credit facility were repaid during 3Q 2017.
- (c) Far East Hospitality Trust has established and implemented the DRP in May 2017. It provides eligible Stapled Securityholders with the option to receive their distribution, either in the form of stapled securities or cash or a combination of both.

The distribution to Stapled Securityholders in 3Q 2017 relates to the distribution paid in cash in respect of the financial period from 1 April 2017 to 30 June 2017, which was paid on 20 September 2017. In the corresponding period, the distribution paid in cash was in respect of the financial period from 1 April 2016 to 30 June 2016, which was paid on 1 September 2016.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2017 to 30 September 2017

	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 2017	1,679,038	(30,212)	1,648,826	28	(6)	22	1,648,848
Operations							
Increase in net assets resulting from operations	-	17,192	17,192	-	#	#	17,192
	-	17,192	17,192	-	#	#	17,192
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,582	-	2,582	-	-	-	2,582
- Distribution reinvestment plan ^(b)	10,958	-	10,958	-	-	-	10,958
Distribution to Stapled Securityholders ^(c)	-	(17,804)	(17,804)	-	-	-	(17,804)
Net increase/(decrease) in net assets resulting from unitholders' transactions	13,540	(17,804)	(4,264)	-	-	-	(4,264)
Balance at 30 September 2017	1,692,578	(30,824)	1,661,754	28	(6)	22	1,661,776

Notes:

Less than S\$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 3Q 2017. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee will be issued after the year ending 31 December 2017.
- (b) Under the DRP, new Stapled Securities have been issued to eligible Stapled Securityholders who have opted to receive their distribution entitlement for the period from 1 April 2017 to 30 June 2017 in Stapled Securities on 20 September 2017.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 April 2017 to 30 June 2017, which was paid on 20 September 2017.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
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 July 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							
Issuance of Stapled Securities:							
- 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 S\$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 3Q 2016. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee were issued after the year ended 31 December 2016.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 April 2016 to 30 June 2016, which was paid on 1 September 2016.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2017 to 30 September 2017

	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 2017	1,662,270	(16,718)	1,645,552	28	(5)	23	1,645,575
Operations							
Increase in net assets resulting from operations	-	40,768	40,768	-	(1)	(1)	40,767
	-	40,768	40,768	-	(1)	(1)	40,767
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	7,545	-	7,545	-	-	-	7,545
- Distribution reinvestment plan ^(b)	22,763	-	22,763	-	-	-	22,763
Distribution to Stapled Securityholders ^(c)	-	(54,874)	(54,874)	-	-	-	(54,874)
Net increase/(decrease) in net assets resulting from unitholders' transactions	30,308	(54,874)	(24,566)	-	-	-	(24,566)
Balance at 30 September 2017	1,692,578	(30,824)	1,661,754	28	(6)	22	1,661,776

Notes:

Less than S\$1,000

- (a) This represents the Stapled Securities issued or to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2017 to 30 September 2017. The Stapled Securities relating to base management fee are issued or to be issued within 30 days from the quarter end. Stapled Securities relating to performance management fee will be issued after the year ending 31 December 2017.
- (b) Under the DRP, new Stapled Securities have been issued to eligible Stapled Securityholders who have opted to receive their distribution entitlement for the period from 1 January 2017 to 30 June 2017 in Stapled Securities on 27 June 2017 and 20 September 2017.
- (c) Distribution to Stapled Securityholders relates to period from 1 October 2016 to 30 June 2017.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
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/(decrease) in net assets resulting from operations	-	38,381	38,381	-	#	#	38,381
	-	38,381	38,381	-	#	#	38,381
Unitholders' transactions							
Issuance of Stapled Securities:							
- 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 S\$1,000

(a) This represents the Stapled Securities issued or to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2016 to 30 September 2016. The Stapled Securities relating to base management fee were issued within 30 days from the quarter end. Stapled Securities relating to performance management fee were issued after the year ended 31 December 2016.

(b) Distribution to Stapled Securityholders relates to period from 1 October 2015 to 30 June 2016.

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1(d)(ii) Details of Changes in Stapled Securities

	3Q 2017 Far East H- Trust No. of Stapled Securities '000	3Q 2016 Far East H- Trust No. of Stapled Securities '000	YTD Sep 2017 Far East H- Trust No. of Stapled Securities '000	YTD Sep 2016 Far East H- Trust No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,832,993	1,795,754	1,801,415	1,788,925
Issuance of Stapled Securities:				
- REIT Manager's fees	2,486	2,805	14,228	9,634
- Distribution reinvestment plan	16,697	-	36,533	-
Stapled Securities in issue	1,852,176	1,798,559	1,852,176	1,798,559
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,525	2,856	2,525	2,856
- REIT Manager's fees – Performance fees	3,766	4,418	3,766	4,418
Stapled Securities in issue and to be issued at end of period	1,858,467	1,805,833	1,858,467	1,805,833

Footnotes:

The number of Stapled Securities as at 30 September 2017 is 1,858,467,452 comprising:

- (i) 1,810,361,880 Stapled Securities in issue and to be issued as at 31 December 2016;
- (ii) 7,806,073 Stapled Securities issued and to be issued to REIT Manager as part satisfaction of the REIT Manager's base fees for the period from 1 January 2017 to 30 September 2017;
- (iii) 3,766,159 Stapled Securities issuable to the REIT Manager as part satisfaction of the REIT Manager's performance fee for the period from 1 January 2017 to 30 September 2017; and
- (iv) 36,533,340 Stapled Securities issued in respect of the Distribution Reinvestment Plan applied to the distribution for period from 1 January 2017 to 30 June 2017.

Stapled Securities to be issued as payment of REIT Manager's performance fees are not entitled to 3Q 2017 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 2016.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017
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 2016 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2017. 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.

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 September 2017

	3Q 2017 Far East H- Trust	3Q 2016 Far East H- Trust	YTD Sep 2017 Far East H- Trust	YTD Sep 2016 Far East H- Trust
Weighted average number of Stapled Securities ('000)	1,836,773	1,797,735	1,817,343	1,794,860
Basic EPS (cents)	0.94	0.86	2.24	2.14
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,839,935	1,801,487	1,822,026	1,796,877
Diluted EPS (cents)	0.93	0.85	2.24	2.14
Number of Stapled Securities in issue at end of period ('000)	1,852,176	1,798,559	1,852,176	1,798,559
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,525	2,856	2,525	2,856
Total number of Stapled Securities entitled to distribution ('000)	1,854,701	1,801,415	1,854,701	1,801,415
DPS (cents)	1.03	1.12	2.93	3.21

⁽¹⁾ The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued to the REIT Manager as partial payment of the REIT Manager's management fee incurred for the period.

7 Net asset value (“NAV”) / Net tangible asset (“NTA”) per stapled security

	30 September 2017 Far East H-Trust	31 December 2016 Far East H-Trust
Stapled Securities in issue and to be issued at end of period ('000)	1,858,467	1,810,362
NAV / NTA per Stapled Security (cents)	89.42	90.90

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

8 A review of the performance for the quarter ended 30 September 2017
8(a) Statement of net income and distribution of Far East Hospitality Trust

	3Q 2017 S\$'000	3Q 2016 S\$'000	Better / (Worse)		YTD Sep 2017	YTD Sep 2016	Better / (Worse)	
			S\$'000	%			S\$'000	%
Gross revenue	27,456	28,019	(563)	(2.0)	78,107	81,522	(3,415)	(4.2)
Net property income	24,765	25,347	(582)	(2.3)	70,039	73,496	(3,457)	(4.7)
Income available for distribution	19,169	20,263	(1,094)	(5.4)	54,028	57,978	(3,950)	(6.8)
Distribution per Stapled Security (cents)	1.03	1.12	(0.09)	(8.0)	2.93	3.21	(0.28)	(8.7)

8(b) Review of the performance of third quarter and nine months ended 30 September 2017
3Q 2017 vs 3Q 2016

Gross revenue declined 2.0% to S\$27.5 million in 3Q 2017 as compared to S\$28.0 million in 3Q 2016, due to lower master lease rental from the hotels and serviced residences ("SRs") and the softer performance of the retail and office spaces.

Demand for hotel accommodation was stronger in 3Q 2017 compared to the previous quarter, as a result of better contribution from the corporate segment. The hotel portfolio closed the gap in the average daily rate ("ADR") and increased overall occupancy by 1.0pp as compared to 3Q 2016. Correspondingly, revenue per available room ("RevPAR") for the hotel portfolio increased 0.4% to S\$143.

The SR portfolio continued to be impacted by downward pressure on ADR. However, the occupancy gap that impacted trading in the first two quarters was closed in 3Q 2017. The average occupancy and ADR in 3Q 2017 were 1.0pp and 2.3% lower year-on-year respectively. As a result, revenue per available unit ("RevPAU") of the SR portfolio declined 3.4% year-on-year to S\$196 in 3Q 2017.

A snapshot of the hotel and SR performance in 3Q 2017 is set out below.

	3Q 2017		3Q 2016		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	89.4	89.0	88.4	90.0	1.0pp	(1.0pp)
Average Daily Rate (S\$)	159	221	161	226	(0.7%)	(2.3%)
RevPAR / RevPAU (S\$)	143	196	142	203	0.4%	(3.4%)

Revenue from the retail and office spaces declined 4.5% year-on-year to S\$5.6 million in 3Q 2017 due to lower occupancy and a marginal decrease in rental rates.

The net property income for 3Q2017 was S\$24.8 million, a decrease of 2.3% year-on-year.

Finance costs of S\$4.9 million in 3Q 2017 was marginally higher year-on-year as the short term interest rates moved up in 3Q 2017.

The income available for distribution was S\$19.2 million or 5.4% lower year-on-year. The distribution per stapled security for 3Q 2017 was 1.03 cents or 8.0% lower year-on-year.

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YTD Sep 2017 vs YTD Sep 2016

Gross revenue for the first nine months of 2017 was S\$78.1 million, a decrease of 4.2% over the corresponding period last year due to the lower revenue contribution from the hotels and serviced residences and the commercial spaces.

2017 has been a challenging year for the hotel market in Singapore with fewer events compared to same period in 2016, tightening of spending by corporate clients, and new hotel supply entering the market putting downward pressure on room rates. RevPAR for the hotel portfolio decreased 1.8% year-on-year to S\$137 for the first nine months of 2017.

While there has been an improvement in the performance of the SRs quarter-on-quarter, the portfolio continued to be challenged by the overall softness in corporate demand, particularly from project groups. The average occupancy was 6.1pp lower for the first nine months of 2017, and ADR dropped fractionally by 0.5% year-on-year. As a result, RevPAU declined 7.5% year-on-year to S\$178 as at YTD September 2017.

A snapshot of the Hotels and SR performance for YTD Sep 2017 is set out below.

	YTD Sep 2017		YTD Sep 2016		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	88.2	80.6	87.2	86.8	1.0pp	(6.1pp)
Average Daily Rate (S\$)	155	221	160	222	(2.9%)	(0.5%)
RevPAR / RevPAU (S\$)	137	178	140	193	(1.8%)	(7.5%)

Revenue from the retail and office spaces declined by 1.5% to S\$17.1 million.

The net property income was S\$70.0 million or 4.7% lower year-on-year due to the lower gross revenue contribution during the reporting period.

The income available for distribution was S\$54.0 million or 6.8% lower year-on-year. The distribution per stapled security for YTD Sep 2017 was 2.93 cents or 8.7% lower year-on-year.

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.

The operating environment is expected to remain competitive. Despite visitor arrivals growing by 4.0% in the first eight months of 2017, the corporate segment is anticipated to remain soft.

In addition, the growth of hotel supply will continue to outstrip demand in 2017. However, new hotel supply is expected to ease off in 2018 with the completion of most of the new hotels under development.

The REIT Manager continues to drive the performance of the assets and selectively upgrade its existing properties to ensure their competitiveness. The refurbishment of the guest rooms and club lounge at Orchard Parade Hotel is progressing well and on track for completion in 2Q 2018.

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 July 2017 to 30 September 2017
Distribution type	Taxable income
Distribution per stapled security	1.03 cents
Tax rate	<u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are 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	15 December 2017
Books closure date	10 November 2017
Stapled Securityholders must complete and return Form A or Form B, as applicable	29 November 2017

Unaudited Financial Statements Announcement for the third quarter and nine months ended 30 September 2017

Corresponding period of the preceding 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>

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 interested person transactions ("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 IPT.

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 2017

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 pursuant to Rule 720(1) of the Listing Manual.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
2 November 2017

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
2 November 2017

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.