

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the second quarter and six months ended 30 June 2018

TABLE OF CONTENTS

Item No.	Description	Page No.
-	Introduction	2
1(a)(i)	Statements of Total Return & Distribution Statement	3 – 5
1(b)(i)	Balance Sheets	6 – 7
1(b)(ii)	Aggregate Amounts of Borrowings	7
1(c)	Consolidated Cash Flow Statements	8 – 10
1(d)(i)	Statements of Changes in Stapled Securityholders' Funds	10 – 13
1(d)(ii)	Details of Changes in Issued and Issuable Stapled Securities	14
2 & 3	Audit Statement	14
4 & 5	Changes in Accounting Policies	14 – 15
6	Earnings per Stapled Security and Distribution per Stapled Security	15
7	Net Asset Value / Net Tangible Asset per Stapled Security	15
8	Review of Performance	16 – 17
9	Variance Between Forecast and the Actual Results	17
10	Outlook and Prospects	18
11 & 12	Distributions	18 – 19
13	General Mandate Relating to Interested Person Transactions	19
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	19
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	20

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

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 with initial portfolio of 11 properties comprising 7 hotels and 4 serviced residences (“SRs”) located in Singapore. In August 2013, Far East H-REIT acquired Rendezvous Hotel Singapore.

In September 2014, Far East H-REIT took a 30% stake in a joint venture to develop a new hotel site located at Artillery Avenue, Sentosa with Far East Organization Centre Pte. Ltd., a member of Far East Organization.

On 2 April 2018, Far East H-REIT completed the acquisition of Oasia Hotel Downtown, bringing its portfolio to 13 operating properties consisting of 9 hotels and 4 SRs located in Singapore, and the Sentosa hotel development project.

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 policy is to distribute at least 90% of its taxable income. Since its listing, Far East H-REIT has distributed 100% of its taxable income.

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 second quarter and six months ended 30 June 2018
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	2Q 2018	2Q 2017	Better / (Worse)	1H 2018	1H 2017	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	22,978	20,110	14.3	43,202	39,160	10.3	
	5,548	5,766	(3.8)	11,048	11,491	(3.9)	
	28,526	25,876	10.2	54,250	50,651	7.1	
	(1,938)	(1,847)	(4.9)	(3,727)	(3,709)	(0.5)	
	(29)	(33)	12.1	(57)	(64)	10.9	
	(41)	(34)	(20.6)	(82)	(68)	(20.6)	
	(661)	(699)	5.4	(1,401)	(1,310)	(6.9)	
	(119)	(113)	(5.3)	(238)	(226)	(5.3)	
	(2,788)	(2,726)	(2.3)	(5,505)	(5,377)	(2.4)	
	25,738	23,150	11.2	48,745	45,274	7.7	
	(3,023)	(2,788)	(8.4)	(5,757)	(5,514)	(4.4)	
	(81)	(77)	(5.2)	(157)	(153)	(2.6)	
	(153)	(342)	55.3	(446)	(555)	19.6	
	(6,531)	(4,808)	(35.8)	(11,544)	(9,869)	(17.0)	
	15,950	15,135	5.4	30,841	29,183	5.7	
(a)	(24)	(42)	42.9	(70)	(61)	(14.8)	
	15,926	15,093	5.5	30,771	29,122	5.7	
(b)	871	(2,787)	>100.0	2,264	(5,540)	>100.0	
	16,797	12,306	36.5	33,035	23,582	40.1	
	(12)	(3)	>(100.0)	(24)	(6)	>(100.0)	
	16,785	12,303	36.4	33,011	23,576	40.0	
<u>Distribution Statement</u>							
	16,785	12,303	36.4	33,011	23,576	40.0	
(c)	2,176	5,626	(61.3)	3,601	11,284	(68.1)	
(d)	-	-	-	(6)	-	NM	
	18,961	17,929	5.8	36,606	34,860	5.0	
	18,901	17,915	5.5	36,489	34,834	4.8	
	60	14	>100.0	117	26	>100.0	
	18,961	17,929	5.8	36,606	34,860	5.0	

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

		Far East H-Trust					
Note	2Q 2018	2Q 2017	Better / (Worse)	1H 2018	1H 2017	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	22,978	20,110	14.3	43,202	39,160	10.3	
	5,548	5,766	(3.8)	11,048	11,491	(3.9)	
	28,526	25,876	10.2	54,250	50,651	7.1	
	(1,938)	(1,847)	(4.9)	(3,727)	(3,709)	(0.5)	
	(29)	(33)	12.1	(57)	(64)	10.9	
	(41)	(34)	(20.6)	(82)	(68)	(20.6)	
	(661)	(699)	5.4	(1,401)	(1,310)	(6.9)	
	(119)	(113)	(5.3)	(238)	(226)	(5.3)	
	(2,788)	(2,726)	(2.3)	(5,505)	(5,377)	(2.4)	
	25,738	23,150	11.2	48,745	45,274	7.7	
	(3,023)	(2,788)	(8.4)	(5,757)	(5,514)	(4.4)	
	(81)	(77)	(5.2)	(157)	(153)	(2.6)	
	(154)	(343)	55.1	(447)	(556)	19.6	
	(6,531)	(4,808)	(35.8)	(11,544)	(9,869)	(17.0)	
	15,949	15,134	5.4	30,840	29,182	5.7	
(a)	(24)	(42)	42.9	(70)	(61)	(14.8)	
	15,925	15,092	5.5	30,770	29,121	5.7	
(b)	871	(2,787)	>100.0	2,264	(5,540)	>100.0	
	16,796	12,305	36.5	33,034	23,581	40.1	
	(12)	(3)	>(100.0)	(24)	(6)	>(100.0)	
	16,784	12,302	36.4	33,010	23,575	40.0	
<u>Distribution Statement</u>							
	16,784	12,302	36.4	33,010	23,575	40.0	
(c)	2,176	5,626	(61.3)	3,601	11,284	(68.1)	
(d)	-	-	-	(6)	-	NM	
	18,960	17,928	5.8	36,605	34,859	5.0	
	18,900	17,914	5.5	36,488	34,833	4.8	
	60	14	>100.0	117	26	>100.0	
	18,960	17,928	5.8	36,605	34,859	5.0	

Notes:

NM – 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.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

(c) Included in the net tax adjustments are the following:

	Note	2Q 2018 S\$'000	2Q 2017 S\$'000	Better / (Worse) %	1H 2018 S\$'000	1H 2017 S\$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	(i)	2,720	2,510	8.4	5,181	4,963	4.4
- Trustee's fees		81	77	5.2	157	153	2.6
- Amortisation of debt-related transaction cost		203	131	55.0	333	405	(17.8)
- Fair value change in derivative financial instruments		(871)	2,787	>(100.0)	(2,264)	5,540	>(100.0)
- Share of results of joint venture		24	42	(42.9)	70	61	14.8
- Other items		19	79	(75.9)	124	162	(23.5)
Net tax adjustments		2,176	5,626	(61.3)	3,601	11,284	(68.1)

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (d) For 1H 2018, the rollover adjustment relates 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 2016.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 June 2018
Far East H-REIT and Far East H-Trust**

	Note	As at 30 June 2018			As at 31 December 2017		
		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	(a)	2,601,659	2,601,659	–	2,380,800	2,380,800	–
Joint venture	(b)	16,373	16,373	–	16,443	16,443	–
Derivative financial assets	(d)	1,593	1,593	–	288	288	–
Total non-current assets		2,619,625	2,619,625	–	2,397,531	2,397,531	–
Current assets							
Cash and cash equivalents		11,372	11,372	–	3,910	3,910	–
Prepayments		4	4	–	99	99	–
Trade and other receivables	(c)	37,610	37,610	30	36,408	36,408	30
Total current assets		48,986	48,986	30	40,417	40,417	30
Total assets		2,668,611	2,668,611	30	2,437,948	2,437,948	30
Current liabilities							
Trade and other payables		3,037	3,058	9	3,621	3,643	8
Borrowings	(e)	150,951	150,951	–	248,986	248,986	–
Accruals		5,893	5,892	1	6,658	6,657	1
Derivative financial liabilities	(d)	39	39	–	204	204	–
Rental deposits		2,566	2,566	–	2,363	2,363	–
Deferred income		90	90	–	90	90	–
Income tax payable		24	24	–	19	19	–
Total current liabilities		162,600	162,620	10	261,941	261,962	9
Non-current liabilities							
Borrowings	(e)	875,545	875,545	–	548,879	548,879	–
Derivative financial liabilities	(d)	–	–	–	794	794	–
Rental deposits		6,355	6,355	–	6,389	6,389	–
Deferred income		1,187	1,187	–	1,231	1,231	–
Total non-current liabilities		883,087	883,087	–	557,293	557,293	–
Total liabilities		1,045,687	1,045,707	10	819,234	819,255	9
Net assets		1,622,924	1,622,904	20	1,618,714	1,618,693	21
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,622,904	1,622,904	–	1,618,693	1,618,693	–
Unitholders' funds of Far East H-BT		20	–	20	21	–	21
		1,622,924	1,622,904	20	1,618,714	1,618,693	21

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

Notes:

- (a) The increase in investment properties was mainly attributable to the acquisition of Oasia Hotel Downtown of S\$219.1 million (including related transaction costs) which was completed on 2 April 2018.
- (b) This relates to the 30% joint venture interest in FIPL.
- (c) This includes a shareholders' loan and accrued interest due from FIPL of S\$26.5 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 drawdown of term loan facility of \$195.7 million and revolving credit facility ("RCF") of S\$19.3 million in 2Q 2018 to partially fund the acquisition of Oasia Hotel Downtown. The current borrowings relate to term loans of S\$100.0 million due to mature in December 2018 and RCF of S\$51.0 million which is payable on demand. The REIT Manager has received commitment from lenders to refinance the term loan of S\$100 million ahead of its maturity in December 2018. Please refer to the details of aggregate amount of borrowings in section 1(b)(ii).

1(b)(ii) Aggregate Amounts of Borrowings as at 30 June 2018

	As at 30 June 2018		As at 31 December 2017	
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	150,951	150,951	248,986	248,986
Amounts repayable after one year	875,545	875,545	548,879	548,879
	1,026,496	1,026,496	797,865	797,865

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 30 June 2018 are as follows:

- Unsecured term loan facilities of S\$977.9 million; and
- S\$300.0 million of uncommitted RCF.

DBS Trustee Limited in its capacity as trustee of Far East H-REIT entered into the following facility agreements and amendment and restatement agreement during the period:

- S\$95.7 million and S\$167.2 million on 28 March 2018 with two institutional banks to part finance the acquisition of Oasia Hotel Downtown and early refinancing of term loan of S\$67.2 million due in August 2018;
- S\$65.0 million on 12 April 2018 to early refinancing of term loan of S\$65.0 million due in August 2018; and
- S\$100.0 million multi-currency RCF on 13 April 2018.

The weighted average cost of debt was approximately 2.5% per annum and the weighted average debt to maturity was extended to 3.3 years from 2.7 years on 31 March 2018.

Gearing as of 30 June 2018 was 40.3%.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018
**1(c) Consolidated Cash Flow Statements
Far East H-REIT and Far East H-Trust**

		Far East H-REIT			
Note	2Q 2018	2Q 2017	1H 2018	1H 2017	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	16,797	12,306	33,035	23,582	
Adjustments for:					
Finance expenses (net)	6,531	4,808	11,544	9,869	
Fair value change in derivative financial instruments	(871)	2,787	(2,264)	5,540	
REIT Manager's fees issued/issuable in Stapled Securities	2,720	2,510	5,181	4,963	
Share of results of joint venture	24	42	70	61	
Deferred income recognised	22	(23)	–	(45)	
Operating profit before working capital changes	25,223	22,430	47,566	43,970	
Changes in working capital					
Trade and other receivables	6,573	(1,730)	(751)	(1,229)	
Trade and other payables	126	1,586	(734)	201	
Rental deposits	154	33	126	(65)	
Income tax paid	(19)	–	(19)	(13)	
Cash flows generated from operating activities	32,057	22,319	46,188	42,864	
Cash flows from investing activities					
Capital expenditure on investment properties (a)	(1,903)	(510)	(2,392)	(1,323)	
Acquisition of investment properties (b)	(217,499)	–	(217,499)	–	
Interest received	–	–	8	–	
Cash flows used in investing activities	(219,402)	(510)	(219,883)	(1,323)	
Cash flows from financing activities					
Proceeds from borrowings (c)	357,151	–	371,895	250,000	
Finance costs paid	(5,273)	(1,548)	(13,032)	(9,899)	
Repayment of borrowings (c)	(142,150)	–	(142,150)	(250,000)	
Distribution to Stapled Securityholders (d)	(17,543)	(5,057)	(35,556)	(25,265)	
Cash flows generated from / (used in) financing activities	192,185	(6,605)	181,157	(35,164)	
Net increase in cash and cash equivalents	4,840	15,204	7,462	6,377	
Cash and cash equivalents at beginning of the period	6,532	6,558	3,910	15,385	
Cash and cash equivalents at end of the period	11,372	21,762	11,372	21,762	

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

	Note	Far East H-Trust			
		2Q 2018	2Q 2017	1H 2018	1H 2017
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		16,796	12,305	33,034	23,581
Adjustments for:					
Finance expenses (net)		6,531	4,808	11,544	9,869
Fair value change in derivative financial instruments		(871)	2,787	(2,264)	5,540
REIT Manager's fees issued/issuable in Stapled Securities		2,720	2,510	5,181	4,963
Share of results of joint venture		24	42	70	61
Deferred income recognised		22	(23)	–	(45)
Operating profit before working capital changes		25,222	22,429	47,565	43,969
Changes in working capital					
Trade and other receivables		6,573	(1,730)	(751)	(1,229)
Trade and other payables		127	1,587	(738)	202
Rental deposits		154	33	126	(65)
Income tax paid		(19)	–	(19)	(13)
Cash flows generated from operating activities		32,057	22,319	46,188	42,864
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(1,903)	(510)	(2,392)	(1,323)
Acquisition of investment properties	(b)	(217,499)	–	(217,499)	–
Interest received		–	–	8	–
Cash flows used in investing activities		(219,402)	(510)	(219,883)	(1,323)
Cash flows from financing activities					
Proceeds from borrowings	(c)	357,151	–	371,895	250,000
Finance costs paid		(5,273)	(1,548)	(13,032)	(9,899)
Repayment of borrowings	(c)	(142,150)	–	(142,150)	(250,000)
Distribution to Stapled Securityholders	(d)	(17,543)	(5,057)	(35,556)	(25,265)
Cash flows generated from / (used in) financing activities		192,185	(6,605)	181,157	(35,164)
Net increase/(decrease) in cash and cash equivalents		4,840	15,204	7,462	6,377
Cash and cash equivalents at beginning of the period		6,532	6,558	3,910	15,385
Cash and cash equivalents at end of the period		11,372	21,762	11,372	21,762

Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Parade Hotel, The Elizabeth Hotel and Village Hotel Bugis.
- (b) Acquisition of investment properties relates to the acquisition of Oasia Hotel Downtown which was completed on 2 April 2018.
- (c) The term loans of \$327.9 million and revolving credit facility of \$29.3 were drawdown during the quarter to part finance the acquisition of Oasia Hotel Downtown and early refinanced term loans of \$132.2 million due to mature in August 2018.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

(d) The distribution to Stapled Securityholders in 2Q 2018 relates to the financial period from 1 January 2018 to 31 March 2018, which was paid in cash on 12 June 2018. In the corresponding period, distribution reinvestment plan (“DRP”) was applied to the distribution for the period from 1 January 2017 to 31 March 2017. The distribution to Stapled Securityholders in 2Q 2017 related to the cash distribution for the financial period from 1 January 2017 to 31 March 2017, which was paid on 27 June 2017.

1(d)(i) Statements of Changes in Stapled Securityholders’ Funds for the period from 1 April 2018 to 30 June 2018

	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 April 2018	1,697,552	(78,185)	1,619,367	28	(7)	21	1,619,388
Operations							
Increase in net assets resulting from operations	-	16,785	16,785	-	(1)	(1)	16,784
	-	16,785	16,785	-	(1)	(1)	16,784
Unitholders’ transactions							
Issuance of Stapled Securities:							
- REIT Manager’s fees ^(a)	2,720	-	2,720	-	-	-	2,720
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(17,543)	(17,543)	-	-	-	(17,543)
Net increase/(decrease) in net assets resulting from unitholders’ transactions	4,295	(17,543)	(13,248)	-	-	-	(13,248)
Balance at 30 June 2018	1,701,847	(78,943)	1,622,904	28	(8)	20	1,622,924

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 2Q 2018. 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 in April 2019.
- (b) This represents the Stapled Securities issued to REIT Manager for satisfaction of acquisition fee in relation to the acquisition of Oasia Hotel Downtown.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 January 2018 to 31 March 2018, which was paid on 12 June 2018.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 2017 to 30 June 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 April 2017	1,664,723	(25,653)	1,639,070	28	(5)	23	1,639,093
Operations							
Increase in net assets resulting from operations	–	12,303	12,303	–	(1)	(1)	12,302
	–	12,303	12,303	–	(1)	(1)	12,302
Unitholders' transactions							
Issuance of Stapled Securities:							
REIT Manager's fees ^(a)	2,510	–	2,510	–	–	–	2,510
Distribution to Stapled Securityholders ^(b)	–	(16,862)	(16,862)	–	–	–	(16,862)
Distribution reinvestment plan ^(c)	11,805	–	11,805	–	–	–	11,805
Net increase/(decrease) in net assets resulting from unitholders' transactions	14,315	(16,862)	(2,547)	–	–	–	(2,547)
Balance at 30 June 2017	1,679,038	(30,212)	1,648,826	28	(6)	22	1,648,848

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 2Q 2017. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2017 were issued on 26 April 2018.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 January 2017 to 31 March 2017, paid on 27 June 2017.
- (c) 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 31 March 2017 in stapled securities on 27 June 2017.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 30 June 2018

	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 2018	1,695,091	(76,398)	1,618,693	28	(7)	21	1,618,714
Operations							
Increase in net assets resulting from operations	-	33,011	33,011	-	(1)	(1)	33,010
	-	33,011	33,011	-	(1)	(1)	33,010
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	5,181	-	5,181	-	-	-	5,181
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(35,556)	(35,556)	-	-	-	(35,556)
Net increase/(decrease) in net assets resulting from unitholders' transactions	6,756	(35,556)	(28,800)	-	-	-	(28,800)
Balance at 30 June 2018	1,701,847	(78,943)	1,622,904	28	(8)	20	1,622,924

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2018 to 30 June 2018. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2018 will be issued in April 2019.
- (b) This represents the Stapled Securities issued to REIT Manager for satisfaction of acquisition fee in relation to the acquisition of Oasia Hotel Downtown.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2017 to 31 March 2018.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2017 to 30 June 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	-	23,576	23,576	-	(1)	(1)	23,575
	-	23,576	23,576	-	(1)	(1)	23,575
Unitholders' transactions							
Issuance of Stapled Securities:							
REIT Manager's fees ^(a)	4,963	-	4,963	-	-	-	4,963
Distribution to Stapled Securityholders ^(b)	-	(37,070)	(37,070)	-	-	-	(37,070)
Distribution reinvestment plan ^(c)	11,805	-	11,805	-	-	-	11,805
Net increase/(decrease) in net assets resulting from unitholders' transactions	16,768	(37,070)	(20,302)	-	-	-	(20,302)
Balance at 30 June 2017	1,679,038	(30,212)	1,648,826	28	(6)	22	1,648,848

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2017 to 30 June 2017. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2017 were issued on 26 April 2018.
- (b) Distribution to Stapled Securityholders relates to the period from 1 October 2016 to 31 March 2017.
- (c) 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 31 March 2017 in stapled securities on 27 June 2017.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

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

	Far East H-TRUST			
	2Q 2018 No. of Stapled Securities '000	2Q 2017 No. of Stapled Securities '000	1H 2018 No. of Stapled Securities '000	1H 2017 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,857,061	1,804,323	1,854,701	1,801,415
Issuance of Stapled Securities:				
- REIT Manager's fees	7,014	8,834	9,374	11,742
- REIT Manager's Acquisition fees	2,233	-	2,233	-
- Distribution Reinvestment Plan	-	19,836	-	19,836
Stapled Securities in issue	1,866,308	1,832,993	1,866,308	1,832,993
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,840	2,486	2,840	2,486
- REIT Manager's fees – Performance fees (a)	2,778	2,417	2,778	2,417
Stapled Securities in issue and to be issued at end of period	1,871,926	1,837,896	1,871,926	1,837,896

Footnotes:

- (a) 2,778,411 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2018 to 30 June 2018 are not entitled to 2Q 2018 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 2017.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

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 2017 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2018. 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 June 2018

	Far East H-Trust			
	2Q 2018	2Q 2017	1H 2018	1H 2017
Weighted average number of Stapled Securities ('000)	1,864,332	1,811,505	1,860,338	1,807,468
Basic EPS (cents)	0.90	0.68	1.77	1.30
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,867,110	1,813,922	1,863,116	1,809,885
Diluted EPS (cents)	0.90	0.68	1.77	1.30
Number of Stapled Securities in issue at end of period ('000)	1,866,308	1,832,993	1,866,308	1,832,993
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,840	2,486	2,840	2,486
Total number of Stapled Securities entitled to distribution ('000)	1,869,148	1,835,479	1,869,148	1,835,479
DPS (cents)	1.01	0.97	1.95	1.90

⁽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

	Far East H-Trust	
	30 June 2018	31 December 2017
Stapled Securities in issue and to be issued at end of period ('000)	1,871,926	1,861,770
NAV / NTA per Stapled Security (cents)	86.70	86.94

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

8 A review of the performance for the quarter ended 30 June 2018
8(a) Statement of net income and distribution of Far East Hospitality Trust

	2Q 2018	2Q 2017	Better / (Worse)	1H 2018	1H 2017	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	28,526	25,876	10.2	54,250	50,651	7.1
Net property income	25,738	23,150	11.2	48,745	45,274	7.7
Income available for distribution	18,960	17,928	5.8	36,605	34,859	5.0
Distribution per Stapled Security (cents)	1.01	0.97	4.1	1.95	1.90	2.6

8(b) Review of the performance of first quarter ended 30 June 2018
2Q 2018 vs 2Q 2017

Gross revenue grew 10.2% to \$28.5 million in 2Q 2018 due mainly to the addition of Oasia Hotel Downtown to the portfolio as well as an increase in master lease rental from the hotels.

The hotels showed a year-on-year improvement in performance in 2Q 2018. In addition, there was some uplift from major events such as Food & Hotel Asia in April and CommunicAsia in June. Revenue per available room ("RevPAR") of the hotel portfolio grew 6.9% to S\$143 in 2Q 2018 due to an increase in average occupancy and average daily rate ("ADR") of 2.7pp and 3.7% respectively.

The serviced residence ("SR") portfolio continued to face softness in corporate demand in 2Q 2018. While the average occupancy of the SRs improved 2.0pp, the ADR was 6.8% lower year-on-year. As a result, revenue per available unit ("RevPAU") of the SR portfolio fell 4.5% to S\$168 in 2Q 2018.

A snapshot of the hotel and SR performance in 2Q 2018 is set out below.

	2Q 2018		2Q 2017		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.8	83.5	87.1	81.5	2.7pp	2.0pp
Average Daily Rate (S\$)	160	202	154	217	3.7%	(6.8%)
RevPAR / RevPAU (S\$)	143	168	134	177	6.9%	(4.5%)

Revenue from the retail and office spaces declined 3.8% year-on-year to S\$5.5 million in 2Q 2018.

Net property income was higher by 11.2% at S\$25.7 million. Finance costs had increased 35.8% year-on-year to S\$6.5 million because of the additional loan drawn down to fund the acquisition of Oasia Hotel Downtown.

Income available for distribution was S\$19.0 million or 5.8% higher year-on-year. Distribution per Stapled Security was 4.1% higher at 1.01 Singapore cents.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

1H 2018 vs 1H 2017

Gross revenue for 1H 2018 was S\$54.3 million, an increase of 7.1% year-on-year, due mainly to the addition of Oasia Hotel Downtown to the portfolio as well as an increase in master lease rental from the hotels.

The hotels showed a year-on-year improvement in performance in 1H 2018. Revenue per available room ("RevPAR") of the hotel portfolio grew 5.2% to S\$141 in 1H 2018 due to an increase in average occupancy and average daily rate ("ADR") of 2.1pp and 2.8% respectively.

The SRs showed a year-on-year improvement in performance in 1H 2018. The average occupancy of the SRs improved 6.0pp, however, the ADR was 6.1% lower. Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio grew 1.2% to S\$171 in 1H 2018.

A snapshot of the hotel and SR performance in 1H 2018 is set out below.

	1H 2018		1H 2017		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.7	82.4	87.6	76.4	2.1pp	6.0pp
Average Daily Rate (S\$)	157	208	153	222	2.8%	(6.1%)
RevPAR / RevPAU (S\$)	141	171	134	169	5.2%	1.2%

Revenue from the retail and office spaces declined 3.9% year-on-year to S\$11.0 million in 1H 2018.

Net property income was higher by 7.7% at S\$48.7 million. Finance costs had increased 17% year-on-year to S\$11.5 million because of the additional loan drawn down to fund the acquisition of Oasia Hotel Downtown.

Income available for distribution was S\$36.6 million or 5% higher year-on-year. Distribution per Stapled Security was 2.6% higher at 1.95 Singapore cents.

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 for hotels in Singapore shows signs of stabilisation. The Singapore Tourism Board has forecasted total international visitor arrivals to grow 1% to 4% in 2018. As compared to the last few years, when hotel supply grew faster than demand at a compounded annual growth rate of 4.9%¹, room supply is projected to increase more moderately at 1.2% for 2018². However, the hotel environment remains competitive as companies continue to be cautious with their corporate travel expenditure.

Far East H-Trust's serviced residences, which mainly serve corporations, are expected to experience a continued lag in demand, as corporate and relocation activities remain subdued. To ensure the portfolio's competitiveness, the REIT Manager will continue to focus on driving the performance of each property, and improving the value of its offerings.

¹ For the period 2013 to 2017

² CBRE data & Far East H-Trust's compilation

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2018 to 30 June 2018
Distribution type	Taxable income
Distribution per stapled security	1.01 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 September 2018
Books closure date	8 August 2018
Stapled Securityholders must complete and return Form A or Form B, as applicable	29 August 2018

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2017 to 30 June 2017
Distribution type	Taxable income
Distribution per stapled security	0.97 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 distribution 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 these interim financial statement of Far East Hospitality Trust to be false or misleading in any material respect.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2018

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)
31 July 2018

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
31 July 2018

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.