

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the first quarter ended 31 March 2019

TABLE OF CONTENTS

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

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

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 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 distribution 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 first quarter ended 31 March 2019
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

Note	Far East H-Trust			Far East H-REIT		
	1Q 2019 S\$'000	1Q 2018 S\$'000	Better / (Worse) %	1Q 2019 S\$'000	1Q 2018 S\$'000	Better / (Worse) %
Master lease rental	22,319	20,224	10.4	22,319	20,224	10.4
Retail and office revenue	5,471	5,500	(0.5)	5,471	5,500	(0.5)
Gross revenue	27,790	25,724	8.0	27,790	25,724	8.0
Property tax	(1,856)	(1,789)	(3.7)	(1,856)	(1,789)	(3.7)
Property insurance	(28)	(28)	-	(28)	(28)	-
MCST contribution	(41)	(41)	-	(41)	(41)	-
Retail and office expenses	(675)	(740)	8.8	(675)	(740)	8.8
Property manager fees	(119)	(119)	-	(119)	(119)	-
Property expenses	(2,719)	(2,717)	(0.1)	(2,719)	(2,717)	(0.1)
Net property income	25,071	23,007	9.0	25,071	23,007	9.0
REIT Manager's fees	(2,997)	(2,734)	(9.6)	(2,997)	(2,734)	(9.6)
Trustee's fees	(81)	(75)	(8.0)	(81)	(75)	(8.0)
Other trust expenses	(370)	(294)	(25.9)	(370)	(294)	(25.9)
Interest and other income	220	141	56.0	220	141	56.0
Finance expenses	(7,658)	(5,154)	(48.6)	(7,658)	(5,154)	(48.6)
Net income before joint venture's results	14,185	14,891	(4.7)	14,185	14,891	(4.7)
Share of results of joint venture	(2,435)	(46)	>(100.0)	(2,435)	(46)	>(100.0)
Net income before tax and fair value changes	11,750	14,845	(20.8)	11,750	14,845	(20.8)
Fair value change in derivative financial instruments	1,083	1,393	(22.3)	1,083	1,393	(22.3)
Total return for the period before income tax	12,833	16,238	(21.0)	12,833	16,238	(21.0)
Income tax expense	(16)	(12)	(33.3)	(16)	(12)	(33.3)
Total return for the period	12,817	16,226	(21.0)	12,817	16,226	(21.0)
Distribution Statement						
Total return for the period	12,817	16,226	(21.0)	12,817	16,226	(21.0)
Net tax adjustments	4,481	1,425	>100.0	4,481	1,425	>100.0
Rollover adjustment	129	(6)	>100.0	129	(6)	>100.0
Income available for distribution	17,427	17,645	(1.2)	17,427	17,645	(1.2)
Comprising:						
- Taxable income	17,348	17,588	(1.4)	17,348	17,588	(1.4)
- Tax-exempt income	79	57	38.6	79	57	38.6
Total available for distribution	17,427	17,645	(1.2)	17,427	17,645	(1.2)

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

Notes:

NM – Not meaningful

- (a) Retail and office expenses included impairment losses on trade receivables of S\$146,000 (1Q 2018: S\$142,000).
- (b) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results. This arose mainly from the pre-opening expenses and finance costs incurred on the borrowings in relation to the development of Village Hotel at Sentosa and The Outpost Hotel at Sentosa which were previously capitalised whilst the properties were under development and are now being expensed upon obtaining temporary occupation permit on 31 October 2018.
- (c) 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.
- (d) Included in the net tax adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	1Q 2019	1Q 2018	Better / (Worse)	1Q 2019	1Q 2018	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	2,697	2,461	9.6	2,697	2,461	9.6
- Trustee's fees	81	75	8.0	81	75	8.0
- Amortisation of debt-related transaction cost	210	130	61.5	210	130	61.5
- Fair value change in derivative financial instruments	(1,083)	(1,393)	22.3	(1,083)	(1,393)	22.3
- Share of results of joint venture	2,435	46	>100.0	2,435	46	>100.0
- Other items	141	106	33.0	141	106	33.0
Net tax adjustments	4,481	1,425	>100.0	4,481	1,425	>100.0

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (e) The rollover adjustment for 1Q 2019 and 1Q 2018 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 2017 and 2016 respectively.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 31 March 2019
 Far East H-REIT and Far East H-Trust**

	Note	As at 31 March 2019			As at 31 December 2018		
		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)	2,633,845	2,633,845	–	2,633,500	2,633,500	–
Joint venture	(b)	11,921	11,921	–	14,356	14,356	–
Derivative financial assets	(d)	142	142	–	–	–	–
Total non-current assets		2,645,908	2,645,908	–	2,647,856	2,647,856	–
Current assets							
Cash and cash equivalents		6,685	6,685	–	12,837	12,837	–
Prepayments		46	46	–	71	71	–
Trade and other receivables	(c)	39,660	39,660	30	38,516	38,516	30
Derivative financial assets	(d)	285	285	–	371	371	–
Total current assets		46,676	46,676	30	51,795	51,795	30
Total assets		2,692,584	2,692,584	30	2,699,651	2,699,651	30
Current liabilities							
Trade and other payables		3,916	3,936	10	4,108	4,128	10
Borrowings	(e)	40,265	40,265	–	152,598	152,598	–
Accruals		6,060	6,059	1	7,909	7,908	1
Rental deposits		3,306	3,306	–	2,926	2,926	–
Deferred income		90	90	–	90	90	–
Income tax payable		70	70	–	54	54	–
Total current liabilities		53,707	53,726	11	167,685	167,704	11
Non-current liabilities							
Borrowings	(e)	975,233	975,233	–	875,269	875,269	–
Derivative financial liabilities	(d)	1,009	1,009	–	2,037	2,037	–
Rental deposits		5,410	5,410	–	5,950	5,950	–
Deferred income		1,119	1,119	–	1,141	1,141	–
Total non-current liabilities		982,771	982,771	–	884,397	884,397	–
Total liabilities		1,036,478	1,036,497	11	1,052,082	1,052,101	11
Net assets		1,656,106	1,656,087	19	1,647,569	1,647,550	19
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,656,087	1,656,087	–	1,647,550	1,647,550	–
Unitholders' funds of Far East H-BT		19	–	19	19	–	19
		1,656,106	1,656,087	19	1,647,569	1,647,550	19

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

Notes:

- (a) The increase in investment properties was mainly attributable to the asset enhancement works carried out at Orchard Rendezvous Hotel.
- (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\$28.8 million. The amount is used to finance the development of a new hotel site located at Artillery Avenue, Sentosa. Phase One of the development has obtained temporary occupation permit on 31 October 2018. Village Hotel at Sentosa and The Outpost Hotel at Sentosa have opened in April 2019.
- (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 mainly due to the transfer of S\$100.0 million term loan from current liabilities to non-current liabilities as this loan has been early refinanced to a new 5-year term loan in March 2019 ahead of its maturity in August 2019. In addition, there were net repayment of revolving credit facility ("RCF") of S\$12.4 million during the year from the cash retained from Distribution Reinvestment Plan ("DRP") participation by Stapled Securityholders and surplus cash at bank. As at 31 March 2019, Far East H-REIT has undrawn and uncommitted RCF of S\$259.7 million with 4 banks to fulfill its liabilities as and when they fall due. Please refer to the details of aggregate amount of borrowings in section 1(b)(ii).

1(b)(ii) Aggregate Amounts of Borrowings as at 31 March 2019

	As at 31 March 2019		As at 31 December 2018	
	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	40,265	40,265	152,598	152,598
Amounts repayable after one year	975,233	975,233	875,269	875,269
	1,015,498	1,015,498	1,027,867	1,027,867

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 31 March 2019 are as follows:

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

On 25 March 2019, DBS Trustee Limited in its capacity as trustee of Far East H-REIT entered into S\$125.0 million facility agreement, which comprise of S\$100.0 million term loan facility and S\$25.0 million uncommitted RCF, to early refinancing of term loan of S\$100.0 million due in August 2019. There are no other term loans maturing this year.

The weighted average cost of debt was approximately 2.9% per annum. The weighted average debt-to-maturity was extended from 2.7 years in March 2018 to 3.6 years.

Gearing as of 31 March 2019 was 39.9% (2018: 40.1%).

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019
**1(c) Consolidated Cash Flow Statements
Far East H-REIT and Far East H-Trust**

	Note	Far East H-Trust		Far East H-REIT	
		1Q 2019	1Q 2018	1Q 2019	1Q 2018
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		12,833	16,238	12,833	16,238
Adjustments for:					
Interest and other income		(220)	(141)	(220)	(141)
Finance expenses		7,658	5,154	7,658	5,154
Fair value change in derivative financial instruments		(1,083)	(1,393)	(1,083)	(1,393)
REIT Manager's fees issued/issuable in Stapled Securities		2,697	2,461	2,697	2,461
Share of results of joint venture		2,435	46	2,435	46
Impairment losses on trade receivables		146	142	146	142
Deferred income recognised		–	(22)	–	(22)
Operating profit before working capital changes		24,446	22,485	24,446	22,485
Changes in working capital					
Trade and other receivables		(542)	(7,466)	(542)	(7,466)
Trade and other payables		2	(860)	2	(860)
Rental deposits		(182)	(28)	(182)	(28)
Cash flows generated from operating activities		23,744	14,131	23,744	14,131
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(284)	(489)	(284)	(489)
Loan to joint venture	(b)	(600)	–	(600)	–
Interest received		–	8	–	8
Cash flows used in investing activities		(884)	(481)	(884)	(481)
Cash flows from financing activities					
Proceeds from borrowings	(b)	100,600	14,744	100,600	14,744
Finance costs paid		(9,635)	(7,759)	(9,635)	(7,759)
Repayment of borrowings	(b)	(113,000)	–	(113,000)	–
Distribution to Stapled Securityholders	(c)	(6,977)	(18,013)	(6,977)	(18,013)
Cash flows used in from financing activities		(29,012)	(11,028)	(29,012)	(11,028)
Net (decrease) / increase in cash and cash equivalents		(6,152)	2,622	(6,152)	2,622
Cash and cash equivalents at beginning of the period		12,837	3,910	12,837	3,910
Cash and cash equivalents at end of the period		6,685	6,532	6,685	6,532

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019
Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Rendezvous Hotel.
- (b) The term loan of S\$100.0 million and revolving credit facility of S\$0.6 million were drawdown during the year mainly to early refinance term loan of S\$100.0 million due to mature in August 2019 and on-lend to FIPL respectively.
- (c) Far East Hospitality Trust has reintroduced the DRP and apply to distribution for the period from 1 October 2018 to 31 December 2018. 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 1Q 2019 relates to the financial period from 1 October 2018 to 31 December 2018, which was paid in cash on 28 March 2019. In the corresponding period, the distribution for the financial period from 1 October 2017 to 31 December 2017 was paid on 26 March 2018.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2019 to 31 March 2019

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2019	1,707,432	(59,882)	1,647,550	28	(9)	19	1,647,569
Operations							
Increase in net assets resulting from operations	-	12,817	12,817	-	-	-	12,817
	-	12,817	12,817	-	-	-	12,817
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,697	-	2,697	-	-	-	2,697
- Distribution reinvestment plan ^(b)	11,773	-	11,773	-	-	-	11,773
Distribution to Stapled Securityholders ^(c)	-	(18,750)	(18,750)	-	-	-	(18,750)
Net increase/(decrease) in net assets resulting from unitholders' transactions	14,470	(18,750)	(4,280)	-	-	-	(4,280)
Balance at 31 March 2019	1,721,902	(65,815)	1,656,087	28	(9)	19	1,656,106

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 1Q 2019. 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 2020.
- (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 October 2018 to 31 December 2018 in stapled securities on 28 March 2019.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 October 2018 to 31 December 2018, which was paid on 28 March 2019.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 31 March 2018

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated loss 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							
Decrease in net assets resulting from operations	-	16,226	16,226	-	-	-	16,226
	-	16,226	16,226	-	-	-	16,226
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,461	-	2,461	-	-	-	2,461
Distribution to Stapled Securityholders ^(b)	-	(18,013)	(18,013)	-	-	-	(18,013)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,461	(18,013)	(15,552)	-	-	-	(15,552)
Balance at 31 March 2018	1,697,552	(78,185)	1,619,367	28	(7)	21	1,619,388

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 1Q 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 on 26 April 2019.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 October 2017 to 31 December 2017, which was paid on 26 March 2018.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

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

	Far East H-TRUST	
	1Q 2019	1Q 2018
	No. of Stapled Securities '000	No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,872,012	1,854,701
Issuance of Stapled Securities:		
- REIT Manager's fees	2,996	2,360
- Distribution Reinvestment Plan	18,630	–
Stapled Securities in issue	1,893,638	1,857,061
Stapled Securities to be issued:		
- REIT Manager's fees – Base fees	2,622	2,305
- REIT Manager's fees – Performance fees (a)	7,395	5,878
Stapled Securities in issue and to be issued at end of period	1,903,655	1,865,244

Footnotes:

- (a) 1,318,355 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2019 to 31 March 2019 are not entitled to 1Q 2019 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 2018.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

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 2018 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2019. 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 31 March 2019

	Far East H-Trust	
	1Q 2019	1Q 2018
Weighted average number of Stapled Securities ('000)	1,874,904	1,856,301
Basic EPS (cents)	0.68	0.87
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,884,920	1,857,470
Diluted EPS (cents)	0.68	0.87
Number of Stapled Securities in issue at end of period ('000)	1,893,638	1,857,061
Number of Stapled Securities to be issued before Books Closure Date ('000)	8,699	9,246
Total number of Stapled Securities entitled to distribution ('000)	1,902,337	1,866,307
DPS (cents)	0.91	0.94

⁽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.

7 Net Asset Value (“NAV”) / Net Tangible Asset (“NTA”) per Stapled Security

	Far East H-Trust	
	31 March 2019	31 December 2018
Stapled Securities in issue and to be issued at end of period ('000)	1,903,655	1,881,085
NAV / NTA per Stapled Security (cents)	87.00	87.59

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

8 A review of the performance for the quarter ended 31 March 2019
8(a) Statement of net income and distribution of Far East Hospitality Trust

	1Q 2019 S\$'000	1Q 2018 S\$'000	Better / (Worse) %
Gross revenue	27,790	25,724	8.0
Net property income	25,071	23,007	9.0
Net property income margin	90.2%	89.4%	0.8pp
Income available for distribution	17,427	17,645	(1.2)
Distribution per Stapled Security (cents)	0.91	0.94	(3.2)

8(b) Review of the performance of first quarter ended 31 March 2019
1Q 2019 vs 1Q 2018

Gross revenue grew 8.0% to S\$27.8 million in 1Q 2019 as compared to S\$25.7 million in 1Q 2018, mainly due to an increase in master lease rental from the hotels.

The hotels continued to enjoy high occupancies, fuelled by rising visitor traffic to Singapore. Contribution from the corporate segment was lower in the quarter as there were fewer major events, and as companies continued to exercise prudence in their business travel spending.

The average occupancy of the hotel portfolio was marginally lower year-on-year by 0.4pp at 89.2%. The average daily rate ("ADR") was 1.1% higher at S\$157. As a result, revenue per available room ("RevPAR") improved by 0.7% to S\$140.

The performance of the serviced residences ("SRs") was more stable, and although demand from the corporate segment remained subdued, there was growth from some industries and other market segments, which helped to relieve downward pressure on ADR.

The average occupancy of the SR portfolio decreased 1.1pp to 80.2%. ADR was higher by 1.3%. As a result, revenue per available unit ("RevPAU") of the SR portfolio was flat year-on-year at S\$174.

A snapshot of the hotel and SR performance in 1Q 2019 is set out below.

	1Q 2019		1Q 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.2	80.2	89.6	81.3	(0.4pp)	(1.1pp)
Average Daily Rate (S\$)	157	217	155	214	1.1%	1.3%
RevPAR / RevPAU (S\$)	140	174	139	174	0.7%	0.0%

Revenue from the retail and office spaces declined 0.5% year-on-year to S\$5.5 million in 1Q 2019, due to lower rental rates.

Net property income was higher by 9.0% at S\$25.1 million, boosted by additional contribution from Oasia Hotel Downtown ("OHD"). Finance costs had increased mainly due to the additional loan drawn down to fund the acquisition of OHD, and higher short term interest rates.

Income available for distribution was S\$17.4 million or 1.2% lower year-on-year. Distribution per Stapled Security was 3.2% lower at 0.91 Singapore cents, with an enlarged base.

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

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.

International visitor arrivals to Singapore in the first two months of the year had showed a 2% increase and is forecasted to grow by 1% to 4% in 2019¹.

Hotel supply is expected to increase by 2.2%² with 1,481 new rooms projected to open during the year, a slower pace as compared to the past few years.

While there may be some volatility in the near-term given the subdued corporate demand due to global macroeconomic concerns, the REIT Manager is positive about the medium-term prospects of the industry. This is supported by the government's recently announced plans to drive quality tourism by rejuvenating existing offerings and implementing new developments. The REIT Manager will continue to enhance the quality of its portfolio and implement strategies to improve the performance of the properties.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 January 2019 to 31 March 2019
Distribution type	Taxable income
Distribution per stapled security	0.91 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	12 June 2019
Books closure date	6 May 2019
Stapled Securityholders must complete and return Form A or Form B, as applicable	24 May 2019

¹ Singapore Tourism Board, Actual and Forecasted Visitor Arrivals, as at 13 February 2019

² Savills report issued as at February 2019 and Far East H-Trust Compilation

Unaudited Financial Statements Announcement for the first quarter ended 31 March 2019

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 January 2018 to 31 March 2018
Distribution type	Taxable income
Distribution per stapled security	0.94 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 first quarter ended 31 March 2019

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)
25 April 2019

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
25 April 2019

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.