



Far East Hospitality Trust

Unaudited Financial Statements Announcement

For the second quarter and six months ended 30 June 2015

Far East Hospitality Trust (“Far East H-Trust” or the “Stapled Group”) is a hospitality stapled group comprising Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”) and Far East Hospitality Business Trust (“Far East H-BT”). Far East H-REIT and Far East H-BT are managed by FEO Hospitality Asset Management Pte. Ltd. (“REIT Manager”) and FEO Hospitality Trust Management Pte. Ltd. (“Trustee-Manager”), respectively.

Far East H-REIT is a Singapore-based real estate investment trust established principally to invest on a long-term basis, in a diversified portfolio of income-producing hospitality-related real estate in Singapore.

Stapled Securities in Far East H-Trust commenced trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 August 2012.

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

Hotels		Serviced Residences (SRs)	
OHS	Oasia Hotel	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 second quarter and six months ended 30 June 2015
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year.
1(a)(i) Statements of Total Return of Far East H-REIT and Far East H-Trust

	Far East H-REIT					
	2Q 2015 S\$'000	2Q 2014 S\$'000	Better / (Worse) %	1H 2015 S\$'000	1H 2014 S\$'000	Better / (Worse) %
Master lease rental	22,825	23,765	(4.0)	44,310	48,700	(9.0)
Retail and office revenue	5,921	5,858	1.1	11,801	11,592	1.8
Gross revenue	28,746	29,623	(3.0)	56,111	60,292	(6.9)
Property tax	(2,018)	(2,106)	4.2	(4,072)	(4,213)	3.3
Property insurance	(36)	(46)	21.7	(68)	(91)	25.3
MCST contribution	(17)	(13)	(30.8)	(33)	(27)	(22.2)
Retail and office expenses	(543)	(663)	18.1	(1,208)	(1,430)	15.5
Property manager fees	(111)	(140)	20.7	(222)	(274)	19.0
Other property expenses	(34)	(64)	46.9	(34)	(72)	52.8
Property expenses	(2,759)	(3,032)	9.0	(5,637)	(6,107)	7.7
Net property income	25,987	26,591	(2.3)	50,474	54,185	(6.8)
REIT Manager's fees	(2,941)	(2,959)	0.6	(5,800)	(5,938)	2.3
Trustee's fees	(78)	(79)	1.3	(156)	(157)	0.6
Other trust expenses	(220)	(318)	30.8	(497)	(497)	—
REIT and BT level expenses	(3,239)	(3,356)	3.5	(6,453)	(6,592)	2.1
Interest expense	(4,971)	(4,248)	(17.0)	(9,977)	(8,440)	(18.2)
Total finance costs ^(a)	(4,971)	(4,248)	(17.0)	(9,977)	(8,440)	(18.2)
Net income before tax and fair value changes	17,777	18,987	(6.4)	34,044	39,153	(13.0)
Fair value change in interest rate swap ^(b)	(1,545)	(3,859)	60.0	1,557	(3,682)	N.M.
Total fair value changes	(1,545)	(3,859)	60.0	1,557	(3,682)	N.M.
Total return for the period before income tax	16,232	15,128	7.3	35,601	35,471	0.4
Income tax expense	—	—	—	—	—	—
Total return for the period after income tax	16,232	15,128	7.3	35,601	35,471	0.4

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015

	Far East H-Trust					
	2Q 2015	2Q 2014	Better / (Worse)	1H 2015	1H 2014	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental	22,825	23,765	(4.0)	44,310	48,700	(9.0)
Retail and office revenue	5,921	5,858	1.1	11,801	11,592	1.8
Gross revenue	28,746	29,623	(3.0)	56,111	60,292	(6.9)
Property tax	(2,018)	(2,106)	4.2	(4,072)	(4,213)	3.3
Property insurance	(36)	(46)	21.7	(68)	(91)	25.3
MCST contribution	(17)	(13)	(30.8)	(33)	(27)	(22.2)
Retail and office expenses	(543)	(663)	18.1	(1,208)	(1,430)	15.5
Property manager fees	(111)	(140)	20.7	(222)	(274)	19.0
Other property expenses	(34)	(64)	46.9	(34)	(72)	52.8
Property expenses	(2,759)	(3,032)	9.0	(5,637)	(6,107)	7.7
Net property income	25,987	26,591	(2.3)	50,474	54,185	(6.8)
REIT Manager's fees	(2,941)	(2,959)	0.6	(5,800)	(5,938)	2.3
Trustee's fees	(78)	(79)	1.3	(156)	(157)	0.6
Other trust expenses	(220)	(318)	30.8	(498)	(498)	—
REIT and BT level expenses	(3,239)	(3,356)	3.5	(6,454)	(6,593)	2.1
Interest expense	(4,971)	(4,248)	(17.0)	(9,977)	(8,440)	(18.2)
Total finance costs ^(a)	(4,971)	(4,248)	(17.0)	(9,977)	(8,440)	(18.2)
Net income before tax and fair value changes	17,777	18,987	(6.4)	34,043	39,152	(13.0)
Fair value change in interest rate swap ^(b)	(1,545)	(3,859)	60.0	1,557	(3,682)	N.M.
Total fair value changes	(1,545)	(3,859)	60.0	1,557	(3,682)	N.M.
Total return for the period before income tax	16,232	15,128	7.3	35,600	35,470	0.4
Income tax expense	—	—	—	—	—	—
Total return for the period after income tax	16,232	15,128	7.3	35,600	35,470	0.4

Footnotes:

N.M. – Not Meaningful

- (a) The increase in finance costs in the current quarter and first half 2015 was mainly due to higher interest rate as compared to the same period last year. As at 30 June 2015, 60% of Far East H-REIT's debt portfolio was secured at fixed interest rates and the remaining 40% at floating interest rates. The latter was impacted by the increase in short term interest rate.
- (b) This relates to unrealised differences arising from fair valuation of interest rate swaps.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
1(a)(ii) Distribution Statements

	Far East H-REIT					
	2Q 2015 S\$'000	2Q 2014 S\$'000	Better / (Worse) %	1H 2015 S\$'000	1H 2014 S\$'000	Better / (Worse) %
Total return after tax	16,232	15,128	7.3	35,601	35,471	0.4
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(a)	2,647	2,662	(0.6)	5,220	5,344	(2.3)
- Trustee's fees	78	79	(1.3)	156	157	(0.6)
- Amortisation of debt upfront cost	190	204	(6.9)	378	404	(6.4)
- Fair value change in interest rate swap	1,545	3,859	(60.0)	(1,557)	3,682	N.M.
- Other adjustments ^(b)	111	131	(15.3)	210	127	65.4
Net tax adjustment	4,571	6,935	(34.1)	4,407	9,714	(54.6)
Income available for distribution	20,803	22,063	(5.7)	40,008	45,185	(11.5)

	Far East H-TRUST					
	2Q 2015 S\$'000	2Q 2014 S\$'000	Better / (Worse) %	1H 2015 S\$'000	1H 2014 S\$'000	Better / (Worse) %
Total return after tax	16,232	15,128	7.3	35,600	35,470	0.4
Add/(Less) Non tax deductible/(tax chargeable) items:						
- REIT Manager's fees paid/payable in Stapled Securities ^(a)	2,647	2,662	(0.6)	5,220	5,344	(2.3)
- Trustee's fees	78	79	(1.3)	156	157	(0.6)
- Amortisation of debt upfront cost	190	204	(6.9)	378	404	(6.4)
- Fair value change in interest rate swap	1,545	3,859	(60.0)	(1,557)	3,682	N.M.
- Other adjustments ^(b)	111	131	(15.3)	210	127	65.4
Net tax adjustment	4,571	6,935	(34.1)	4,407	9,714	(54.6)
Income available for distribution	20,803	22,063	(5.7)	40,007	45,184	(11.5)

Footnotes:

N.M. – Not Meaningful

- (a) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (b) This relates to Moody's annual rating fees, non-tax deductible professional fee, finance cost for Project Sentosa, deferred income and amortization of rental deposits.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 June 2015
 Far East H-REIT and Far East H-Trust**

	Note	As at 30 June 2015			As at 31 December 2014		
		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		2,479,814	2,479,814	–	2,476,100	2,476,100	–
Investment in joint venture	(a)	15,599	15,599	–	15,599	15,599	–
Current assets							
Cash and cash equivalents		16,774	16,774	–	20,845	20,845	–
Prepayments		28	28	–	120	120	–
Trade and other receivables		17,868	17,868	30	19,256	19,256	30
Interest rate swaps	(b)	6,891	6,891	–	5,334	5,334	–
Total current assets		41,561	41,561	30	45,555	45,555	30
Total assets		2,536,974	2,536,974	30	2,537,254	2,537,254	30
Current liabilities							
Trade and other payables		2,321	2,346	5	3,284	3,309	5
Borrowings	(c)	115,583	115,583	–	115,530	115,530	–
Accruals		5,504	5,501	3	4,262	4,260	2
Rental deposits		1,902	1,902	–	1,907	1,907	–
Deferred income		90	90	–	90	90	–
Total current liabilities		125,400	125,422	8	125,073	125,096	7
Non-current liabilities							
Borrowings		679,969	679,969	–	679,644	679,644	–
Rental deposits		7,102	7,102	–	6,992	6,992	–
Deferred income		1,457	1,457	–	1,502	1,502	–
Total non-current liabilities		688,528	688,528	–	688,138	688,138	–
Total liabilities		813,928	813,950	8	813,211	813,234	7
Net assets		1,723,046	1,723,024	22	1,724,043	1,724,020	23
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,723,024	1,723,024	–	1,724,020	1,724,020	–
Unitholders' funds of Far East H-BT		22	–	22	23	–	23
		1,723,046	1,723,024	22	1,724,043	1,724,020	23

Footnote:

- (a) This represents 30% stake in Fontaine Investment Pte Ltd that Far East H-REIT acquired on 22 September 2014.
- (b) This relates to the fair value of interest rate swaps used to hedge interest rate risk.
- (c) This represents S\$15.6 million loan drawn from the existing revolving credit facility to fund Far East H-REIT's 30% equity share in Fontaine Investment Pte. Ltd. and S\$100 million term loan that is maturing in August 2015.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015

1(b)(ii) Aggregate Amounts of Borrowings as at 30 June 2015

	As at 30 June 2015		As at 31 December 2014	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	115,583	115,583	115,530	115,530
Amounts repayable after one year	679,969	679,969	679,644	679,644
	795,552	795,552	795,174	795,174

Details of borrowings and collateral:

The borrowings are unsecured term loan facilities of S\$782.15 million provided by four financial institutions, with staggered debt maturities of three-year, four-year, five-year and seven-year terms. The three-year term loan of S\$100 million is maturing in August 2015, and will be refinanced.

Far East H-REIT has in place S\$100 million of uncommitted revolving credit facilities ("RCF"). On 22 September 2014, S\$15.6 million was drawn from the RCF to finance the injection of Far East H-REIT's 30% equity share in Fontaine Investment Pte Ltd.

Total borrowing carried at amortised cost as at 30 June 2015 was S\$795.6 million and RCF of S\$84.4 million remains undrawn.

Gearing as at 30 June 2015 was 31.4%.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
**1(c) Consolidated Cash Flow Statements
Far East H-REIT and Far East H-Trust**

	Far East H-REIT					
	2Q 2015 S\$'000	2Q 2014 S\$'000	Better / (Worse) %	1H 2015 S\$'000	1H 2014 S\$'000	Better / (Worse) %
Cash flows from operating activities						
Total return before income tax	16,232	15,128	7.3	35,601	35,471	0.4
Adjustments for:						
Finance costs	4,971	4,248	17.0	9,977	8,440	18.2
Fair value change in interest rate swaps	1,545	3,859	(60.0)	(1,557)	3,682	N.M.
REIT Manager's fees issuable in Stapled Securities	2,647	2,662	(0.6)	5,220	5,344	(2.3)
Deferred income recognised	(23)	(23)	-	(45)	(45)	-
Operating profit before working capital changes	25,372	25,874	(1.9)	49,196	52,892	(7.0)
Changes in working capital						
Trade and other receivables	(1,006)	(886)	(13.5)	1,480	(2,495)	N.M.
Trade and other payables	(449)	(873)	48.6	(1,117)	(1,097)	(1.8)
Rental deposits	5	276	(98.2)	68	333	(79.6)
Cash flows generated from operating activities	23,922	24,391	(1.9)	49,627	49,633	(0.0)
Cash flows from investing activity						
Capital expenditure on investment properties ^(a)	(1,047)	(2,348)	55.4	(3,714)	(4,099)	9.4
Cash flows used in investing activity	(1,047)	(2,348)	55.4	(3,714)	(4,099)	9.4
Cash flows from financing activities						
Finance costs paid	(2,212)	(2,996)	26.2	(8,167)	(7,792)	(4.8)
Distribution to Stapled Securityholders ^(b)	(19,059)	(22,986)	17.1	(41,817)	(48,048)	13.0
Cash flows used in financing activities	(21,271)	(25,982)	18.1	(49,984)	(55,840)	10.5
Net increase/(decrease) in cash and cash equivalents	1,604	(3,939)	N.M.	(4,071)	(10,306)	60.5
Cash and cash equivalents at beginning of the period	15,170	22,741	(33.3)	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period	16,774	18,802	(10.8)	16,774	18,802	(10.8)

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015

	Far East H-Trust					
	2Q 2015	2Q 2014	Better / (Worse) %	1H 2015	1H 2014	Better / (Worse) %
	S\$'000	S\$'000		S\$'000	S\$'000	
Cash flows from operating activities						
Total return before income tax	16,232	15,128	7.3	35,600	35,470	0.4
Adjustments for:						
Finance costs	4,971	4,248	17.0	9,977	8,440	18.2
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Trade and other payables	(449)	(873)	48.6	(1,116)	(1,096)	(1.8)
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Cash flows used in financing activities	(21,271)	(25,982)	18.1	(49,984)	(55,840)	10.5
Net increase/(decrease) in cash and cash equivalents	1,604	(3,939)	N.M.	(4,071)	(10,306)	60.5
Cash and cash equivalents at beginning of the period	15,170	22,741	(33.3)	20,845	29,108	(28.4)
Cash and cash equivalents at end of the period	16,774	18,802	(10.8)	16,774	18,802	(10.8)

Footnotes:

N.M. – Not Meaningful

(a) Capital expenditure incurred in 2015 mainly relates to asset enhancement work carried out at Village Hotel Albert Court, Village Hotel Changi, Village Residence Robertson Quay, Orchard Parade Hotel and The Elizabeth Hotel.

(b) Distribution to Stapled Securityholders in 2Q 2015 relates to the quarter from 1 January 2015 to 31 March 2015, paid on 3 June 2015. In the prior period, the distribution was for the quarter from 1 January 2014 to 31 March 2014, paid on 13 June 2014.

Distribution to Stapled Securityholders in 1H 2015 relates to the period from 1 October 2014 to 31 March 2015. In the prior period, the distribution was for the period from 1 October 2013 to 31 March 2014.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 2015 to 30 June 2015

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 April 2015	1,643,903	79,301	1,723,204	28	(6)	22	1,723,226
Operations							
Increase in net assets resulting from operations	–	16,232	16,232	–	#	#	16,232
	–	16,232	16,232	–	#	#	16,232
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,647	–	2,647	–	–	–	2,647
- Distribution to Stapled Securityholders ^(b)	–	(19,059)	(19,059)	–	–	–	(19,059)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,647	(19,059)	(16,412)	–	–	–	(16,412)
Balance at 30 June 2015	1,646,550	76,474	1,723,024	28	(6)	22	1,723,046

Footnotes:

Less than S\$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 2Q 2015. The Stapled Securities are issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 January 2015 to 31 March 2015, paid on 3 June 2015.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 2014 to 30 June 2014

	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 2014	1,633,197	100,066	1,733,263	28	(5)	23	1,733,286
Operations							
Increase in net assets resulting from operations	–	15,128	15,128	–	#	#	15,128
	–	15,128	15,128	–	#	#	15,128
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,662	–	2,662	–	–	–	2,662
- Distribution to Stapled Securityholders ^(b)	–	(22,986)	(22,986)	–	–	–	(22,986)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,662	(22,986)	(20,324)	–	–	–	(20,324)
Balance at 30 June 2014	1,635,859	92,208	1,728,067	28	(5)	23	1,728,090

Footnotes:

Less than S\$1,000

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the 2Q 2014. The Stapled Securities were issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 January 2014 to 31 March 2014, paid on 13 June 2014.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2015 to 30 June 2015

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2015	1,641,330	82,690	1,724,020	28	(5)	23	1,724,043
Operations							
Increase in net assets resulting from operations	–	35,601	35,601	–	(1)	(1)	35,600
	–	35,601	35,601	–	(1)	(1)	35,600
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	5,220	–	5,220	–	–	–	5,220
- Distribution to Stapled Securityholders ^(b)	–	(41,817)	(41,817)	–	–	–	(41,817)
Net increase/(decrease) in net assets resulting from unitholders' transactions	5,220	(41,817)	(36,597)	–	–	–	(36,597)
Balance at 30 June 2015	1,646,550	76,474	1,723,024	28	(6)	22	1,723,046

Footnotes:

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2015 to 30 June 2015. The Stapled Securities are issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2014 to 31 March 2015.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2015
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2014 to 30 June 2014

	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 2014	1,630,515	104,785	1,735,300	28	(4)	24	1,735,324
Operations							
Increase in net assets resulting from operations	–	35,471	35,471	–	(1)	(1)	35,470
	–	35,471	35,471	–	(1)	(1)	35,470
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	5,344	–	5,344	–	–	–	5,344
- Distribution to Stapled Securityholders ^(b)	–	(48,048)	(48,048)	–	–	–	(48,048)
Net increase/(decrease) in net assets resulting from unitholders' transactions	5,344	(48,048)	(42,704)	–	–	–	(42,704)
Balance at 30 June 2014	1,635,859	92,208	1,728,067	28	(5)	23	1,728,090

Footnotes:

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the period from 1 January 2014 to 30 June 2014. The Stapled Securities were issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2013 to 31 March 2014.

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

	2Q 2015 Far East H- Trust No. of Stapled Securities	2Q 2014 Far East H- Trust No. of Stapled Securities	1H 2015 Far East H- Trust No. of Stapled Securities	1H 2014 Far East H- Trust No. of Stapled Securities
Stapled Securities in issue at beginning of period	1,778,001,248	1,764,918,878	1,774,635,716	1,761,935,839
New Stapled Securities issued				
- As payment of REIT Manager's fees	3,202,521	3,299,238	6,568,053	6,282,277
Total issued Stapled Securities	1,781,203,769	1,768,218,116	1,781,203,769	1,768,218,116
Stapled Securities to be issued:				
- As payment of REIT Manager's fees	3,379,852	3,055,226	3,379,852	3,055,226
Total issued and issuable Stapled Securities at end of period	1,784,583,621	1,771,273,342	1,784,583,621	1,771,273,342

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 2014.

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 2014 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2015. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

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6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 June 2015

	2Q 2015 Far East H- Trust	2Q 2014 Far East H- Trust	1H 2015 Far East H- Trust	1H 2014 Far East H- Trust
Weighted average number of Stapled Securities in issue	1,780,218,378	1,767,166,710	1,778,595,303	1,765,563,931
Total return for the period after tax (S\$)	16,232,000	15,128,000	35,600,000	35,470,000
EPS based on weighted average number of Stapled Securities in issue (cents)	0.91	0.86	2.00	2.01
Total number of issued and issuable Stapled Securities at end of period	1,784,583,621	1,771,273,342	1,784,583,621	1,771,273,342
Distribution to Stapled Securityholders (S\$)	20,803,000	22,063,000	40,007,000	45,184,000
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.16	1.24	2.23	2.54

Diluted EPS is the same as the basic EPS as there are no dilutive instruments in issue during the financial period.

7 Net asset value (“NAV”) per stapled security:-

	30 June 2015 Far East H-Trust	31 December 2014 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period	1,784,583,621	1,778,001,248
Net asset value per Stapled Security (cents)	96.55	96.97

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 30 June 2015 is 1,784,583,621 comprising:

- (i) 1,778,001,248 Stapled Securities in issue and issuable as at 31 December 2014; and
- (ii) 6,582,373 Stapled Securities issuable to the REIT Manager, in consideration of 90% of the REIT Manager’s fees payable for the period from 1 January 2015 to 30 June 2015.

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8 A review of the performance for the quarter ended 30 June 2015
8(a) Statement of net income and distribution of Far East Hospitality Trust

	2Q 2015	2Q 2014	Better / (Worse)		1H 2015	1H 2014	Better / (Worse)	
				%				%
Gross revenue (S\$'000)	28,746	29,623	(877)	(3.0)	56,111	60,292	(4,181)	(6.9)
Net property income (S\$'000)	25,987	26,591	(604)	(2.3)	50,474	54,185	(3,711)	(6.8)
Income available for distribution (S\$'000)	20,803	22,063	(1,260)	(5.7)	40,007	45,184	(5,177)	(11.5)
Distribution per Stapled Security (cents)	1.16	1.24	(0.08)	(6.5)	2.23	2.54	(0.31)	(12.2)

8(b) Review of the performance of second quarter and six months ended 30 June 2015
2Q 2015 vs 2Q 2014

Gross revenue of S\$28.7 million for 2Q 2015 was 3.0% lower compared to the corresponding quarter last year primarily due to the lower revenue from the hotels and serviced residences.

The average occupancy of the hotel portfolio was 6.6pp higher year-on-year in 2Q 2015. The average daily rate ("ADR") was 9.6% lower year-on-year as the influx of new hotel rooms as well as the softer demand in the market put pressure on rates. The contribution from CommunicAsia and SEA Games was moderate. As a result, the average revenue per available room ("RevPAR") declined 2.1% from S\$150 achieved in 2Q 2014.

The average occupancy of the serviced residences ("SR") was 89.3% in 2Q 2015, which was 2.1pp higher than the same quarter last year, and the ADR was 7.3% lower. In line with the soft rental property market, demand for SR accommodation remained weak in 2Q 2015, and rates were lowered to drive occupancy. As a result, revenue per available unit ("RevPAU") for the reporting quarter fell by 5.1% to S\$207 in 2Q 2015.

The retail and office spaces continued to provide stability to the portfolio in 2Q 2015, with revenue of S\$5.9 million, or an increase of 1.1% over the same quarter last year. The increase was due to both an improvement in occupancy and rental rates. The contribution from the excluded commercial premises formed 20.6% of the gross revenue of Far East H-Trust in 2Q 2015.

A snapshot of the hotel and SR performance in 2Q 2015 is set out below.

	2Q 2015		2Q 2014		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	86.7	89.3	80.1	87.2	6.6pp	2.1pp
Average Daily Rate (S\$)	170	231	188	249	(9.6%)	(7.3%)
RevPAR / RevPAU (S\$)	147	207	150	218	(2.1%)	(5.1%)

The net property income was S\$26.0 million or 2.3% lower than the corresponding quarter last year. Property expenses were 9.0% lower year-on-year. The lower net property income was attributable to the decline in hotel and SR revenue.

The income available for distribution was S\$20.8 million, or 5.7% lower than the corresponding quarter last year. In addition to the weaker hotel and SR performance, the lower income available for distribution was partly due to the increase in finance costs, which was S\$0.7 million or 17.0% higher year-on-year, as short term interest rates had risen considerably in 2Q 2015 as compared to last year. 60% of Far East H-REIT's debt

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portfolio was secured at fixed interest rates and the remaining 40% on floating interest rates. Consequently, distribution per stapled security was 1.16 cents or 6.5% lower than last year.

1H 2015 vs 1H 2014

Gross revenue of S\$56.1 million for 1H 2015 was 6.9% lower than the S\$60.3 million recorded in the corresponding period last year.

The average occupancy of the hotel portfolio was 2.8pp higher for the six months ended June 2015 ("1H 2015") while the average daily rate ("ADR") was 9.8% lower year-on-year. Heightened competition, as a result of the new supply, coupled with the softer demand in the market, put pressure on rates. As a result, the RevPAR declined 6.7% from S\$154 achieved in 1H 2014.

The average occupancy of the SR was 87.5% in 1H 2015, which was marginally higher year-on-year. ADR, however, fell 6.4% as a more flexible rate strategy was adopted to address a decrease in bookings from project groups. As a result, RevPAU for the period fell by 6.1% to S\$206 in 1H 2015.

The revenue from the excluded commercial premises was S\$11.8 million in 1H 2015, an increase of 1.8% over the same period last year. The increase was due to both an improvement in occupancy and rental rates. The contribution from the excluded commercial premises formed 21.0% of the gross revenue of Far East H-Trust in 2Q 2015.

A snapshot of the Hotels and SR performance in 1H 2015 is set out below.

	1H 2015		1H 2014		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	84.5	87.5	81.7	87.2	2.8pp	0.3pp
Average Daily Rate (S\$)	171	235	189	252	(9.8%)	(6.4%)
RevPAR / RevPAU (S\$)	144	206	154	219	(6.7%)	(6.1%)

The net property income was S\$50.5 million or 6.8% lower than the corresponding period last year. Property expenses were 7.7% lower year-on-year, which reduced the lower gross revenue's impact on profits.

The income available for distribution was S\$40.0 million, or 11.5% lower than the corresponding period last year. The lower income available for distribution was also partly due to the increase in finance costs, which was S\$1.5 million or 18.2% higher year-on-year, as short term interest rates had risen considerably in 1H 2015. 60% of Far East H-REIT's debt portfolio was secured at fixed interest rates and the remaining 40% on floating interest rates. Consequently, distribution per stapled security was 2.23 cents or 12.2% lower than last year.

9 Variance between forecast and the actual results

No forecast has been disclosed.

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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 Singapore tourism sector continues to face headwinds as the global economic environment remains uncertain and visitor arrivals show little signs of recovery. For the first five months of 2015, international visitor arrivals to Singapore fell 4.1% year-on-year¹. The Singapore Tourism Board (“STB”) is expecting a flat to modest growth of between 0% and 3% for visitor arrivals in 2015².

With an uncertain global economic environment and a relatively strong Singapore dollar, softness in both corporate and leisure travel demand may persist. Coupled with a supply of approximately 4,300 new hotel rooms this year³, the operating environment is expected to remain competitive.

To drive tourism, the STB has launched a S\$20 million global marketing campaign, reaching out to key markets such as Indonesia, China, India, Korea and Japan. Together with Singapore Airlines and the Changi Airport Group (“CAG”), STB has also entered into a S\$20 million partnership to boost the Singapore experience to leisure, business and MICE audiences in more than 15 markets worldwide over the course of two years. CAG statistics have shown some initial signs of improvement, with air traffic between Singapore and two of its major travel markets, China and Thailand, recovering year-on-year for the twelve months ended May 2015⁴.

Marquee sporting events lined up over the next twelve months, such as the FINA Swimming World Cup and World Rugby Sevens Series, are expected to provide some uplift. Ongoing efforts to rejuvenate existing attractions such as the Singapore Botanic Gardens and Sentosa, and the opening of new attractions, such as the National Gallery Singapore, will further enhance Singapore’s attractiveness as a tourist destination.

Rated Baa2 by Moody’s, Far East H-Trust’s financial position remained stable amidst the uncertain interest rate environment, with 60% of its debt portfolio secured at fixed interest rates. As at 30 June 2015, the average cost of debt is approximately 2.5% per annum and the weighted average debt to maturity is 3.0 years.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2015 to 30 June 2015
Distribution type	Taxable income
Distribution per stapled security	1.16 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%.

¹ STB International Visitor Arrivals Statistics, as at 12 July 2015

² Singapore Tourism Board, Tourism Industry Conference 2015 - Speech by Mr S Iswaran, Second Minister for Home Affairs and Trade and Industry

³ CBRE report issued as at March 2015 and Far East H-Trust’s compilation

⁴ The Business Times, “Air traffic between Singapore and China, Thailand recovering”, 29 June 2015

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	All other investors received their distributions after deduction of tax at the rate of 17%.
Date paid/payable	10 September 2015
Books closure date	18 August 2015
Stapled Securityholders must complete and return Form A or Form B, as applicable	27 August 2015

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2014 to 30 June 2014
Distribution type	Taxable income
Distribution per stapled security	1.24 cents

Tax rate

Taxable income distribution

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 September 2014
Books closure date	13 August 2014
Stapled Securityholders must complete and return Form A or Form B, as applicable	27 August 2014

12 If no dividend has been declared/ recommended, a statement to that effect.

Not applicable.

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- 13 If the Group has obtained a general mandate from Stapled Securityholders for IPT, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

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

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Please refer to Section 8 for a review of the performance.

- 15. 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 June 2015 to be false and misleading in any material respect.

By Order of the Board

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
06 August 2015

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
06 August 2015

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.