
Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the fourth quarter and year ended 31 December 2016

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
6	Earnings per Stapled Security and Distribution per Stapled Security	15
7	Net asset value 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 & 15	Segmental Information	20 - 21
16	Breakdown of Gross Revenue and Net Income	21
17	Breakdown of Annual Distributions	21
18	Confirmation pursuant to Rule 704(13) of the Listing Manual	21

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

INTRODUCTION

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

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

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

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

Hotels		Serviced Residences (SRs)	
OHS	Oasia Hotel Novena	RH	Regency House
OPH	Orchard Parade Hotel	VRCQ	Village Residence Clarke Quay
RHS	Rendezvous Hotel Singapore	VRH	Village Residence Hougang
TES	The Elizabeth Hotel	VRRQ	Village Residence Robertson Quay
TQH	The Quincy Hotel		
VHAC	Village Hotel Albert Court		
VHB	Village Hotel Bugis		
VHC	Village Hotel Changi		

Far East H-BT is currently dormant. Accordingly, the financial information of Far East H-BT has not been presented.

Distribution Policy

Far East H-REIT’s distribution policy is to distribute 100% of Far East H-REIT’s taxable income for the period from 27 August 2012 to 31 December 2013 and at least 90% of its taxable income thereafter.

Far East H-BT remains dormant as at the date of this report. In the event that Far East H-BT becomes active and profitable, Far East H-BT’s distribution policy will be to distribute as much of its income as practicable, and the determination to distribute and the quantum of distributions to be made by Far East H-BT will be determined by the Trustee-Manager’s Board at its sole discretion.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year.
1(a)(i) Statements of Total Return of Far East H-REIT and Far East H-Trust

		Far East H-REIT					
Note	4Q 2016	4Q 2015	Better / (Worse)	FY 2016	FY 2015	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	21,802	23,072	(5.5)	85,988	90,952	(5.5)	
	5,731	5,779	(0.8)	23,067	23,665	(2.5)	
	27,533	28,851	(4.6)	109,055	114,617	(4.9)	
	(1,773)	(1,756)	(1.0)	(7,457)	(7,754)	3.8	
	(31)	(31)	-	(121)	(133)	9.0	
	(34)	(16)	(112.5)	(85)	(65)	(30.8)	
	(725)	(648)	(11.9)	(2,593)	(2,511)	(3.3)	
	(111)	(111)	-	(444)	(444)	-	
	-	-	-	-	(53)	NM	
	(2,674)	(2,562)	(4.4)	(10,700)	(10,960)	2.4	
	24,859	26,289	(5.4)	98,355	103,657	(5.1)	
	(2,889)	(2,977)	3.0	(11,487)	(11,779)	2.5	
	(78)	(80)	2.5	(313)	(316)	0.9	
	(186)	(258)	27.9	(809)	(1,005)	19.5	
	(3,153)	(3,315)	4.9	(12,609)	(13,100)	3.7	
	(4,813)	(5,254)	8.4	(19,817)	(20,415)	2.9	
	(4,813)	(5,254)	8.4	(19,817)	(20,415)	2.9	
	(13)	(44)	70.5	(41)	(84)	51.2	
	16,880	17,676	(4.5)	65,888	70,058	(6.0)	
	4,286	596	NM	(6,332)	4,931	NM	
	(29,475)	(41,764)	29.4	(29,475)	(41,764)	29.4	
	(25,189)	(41,168)	38.8	(35,807)	(36,833)	2.8	
	(8,309)	(23,492)	64.6	30,081	33,225	(9.5)	
	(4)	(1)	NM	(13)	(1)	NM	
	(8,313)	(23,493)	64.6	30,068	33,224	(9.5)	
<u>Distribution Statement</u>							
	(8,313)	(23,493)	64.6	30,068	33,224	(9.5)	
	28,124	44,140	(36.3)	47,515	48,886	(2.8)	
	354	-	NM	560	110	NM	
	20,165	20,647	(2.3)	78,143	82,220	(5.0)	
	20,148	20,641	(2.4)	78,080	82,214	(5.0)	
	17	6	183.3	63	6	NM	
	20,165	20,647	(2.3)	78,143	82,220	(5.0)	

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

		Far East H-TRUST					
Note		4Q 2016	4Q 2015	Better / (Worse)	FY 2016	FY 2015	Better / (Worse)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Master lease rental	21,802	23,072	(5.5)	85,988	90,952	(5.5)
	Retail and office revenue	5,731	5,779	(0.8)	23,067	23,665	(2.5)
	Gross revenue	27,533	28,851	(4.6)	109,055	114,617	(4.9)
	Property tax	(1,773)	(1,756)	(1.0)	(7,457)	(7,754)	3.8
	Property insurance	(31)	(31)	-	(121)	(133)	9.0
	MCST contribution	(34)	(16)	(112.5)	(85)	(65)	(30.8)
	Retail and office expenses	(725)	(648)	(11.9)	(2,593)	(2,511)	(3.3)
	Property manager fees	(111)	(111)	-	(444)	(444)	-
	Other property expenses	-	-	-	-	(53)	NM
	Property expenses	(2,674)	(2,562)	(4.4)	(10,700)	(10,960)	2.4
	Net property income	24,859	26,289	(5.4)	98,355	103,657	(5.1)
	REIT Manager's fees	(2,889)	(2,977)	3.0	(11,487)	(11,779)	2.5
	Trustee's fees	(78)	(80)	2.5	(313)	(316)	0.9
	Other trust expenses	(187)	(256)	27.0	(810)	(1,004)	19.3
	REIT and BT level expenses	(3,154)	(3,313)	4.8	(12,610)	(13,099)	3.7
	Interest expense	(4,813)	(5,254)	8.4	(19,817)	(20,415)	2.9
	Total finance costs	(4,813)	(5,254)	8.4	(19,817)	(20,415)	2.9
	Share of results of joint venture (a)	(13)	(44)	70.5	(41)	(84)	51.2
	Net income before tax and fair value changes	16,879	17,678	(4.5)	65,887	70,059	(6.0)
	Fair value change in derivative financial instruments (b)	4,286	596	NM	(6,332)	4,931	NM
	Fair value change in investment properties (c)	(29,475)	(41,764)	29.4	(29,475)	(41,764)	29.4
	Total fair value changes	(25,189)	(41,168)	38.8	(35,807)	(36,833)	2.8
	Total return for the period before income tax	(8,310)	(23,490)	64.6	30,080	33,226	(9.5)
	Income tax expense	(4)	(1)	NM	(13)	(1)	NM
	Total return for the period	(8,314)	(23,491)	64.6	30,067	33,225	(9.5)
	Distribution Statement						
	Total return for the period	(8,314)	(23,491)	64.6	30,067	33,225	(9.5)
	Net tax adjustments (d)	28,124	44,140	(36.3)	47,515	48,886	(2.8)
	Rollover adjustment (e)	354	-	NM	560	110	NM
	Income available for distribution	20,164	20,649	(2.3)	78,142	82,221	(5.0)
	Comprising:						
	- Taxable income	20,147	20,643	(2.4)	78,079	82,215	(5.0)
	- Tax-exempt income	17	6	183.3	63	6	NM
	Total available for distribution	20,164	20,649	(2.3)	78,142	82,221	(5.0)

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

Notes:

NM – Not Meaningful

- (a) Share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results.
- (b) This relates to unrealised differences arising from the change in fair value of interest rate swaps.
- (c) This relates to independent valuations of the 8 Hotels and 4 Serviced Residences undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd respectively on 31 December 2016. The fair value change in investment properties of S\$29.5 million which has been recognised in the Statement of Total Return of Far East H-REIT has no impact on the income available for distribution to holders of Stapled Securities.
- (d) Included in the net tax adjustments are the following:

	Note	4Q 2016 S\$'000	4Q 2015 S\$'000	Better / (Worse) %	FY 2016 S\$'000	FY 2015 S\$'000	Better / (Worse) %
- REIT Manager's Fees paid/payable in Stapled Securities	(i)	2,600	2,680	(3.0)	10,339	10,601	(2.5)
- Trustee's fees		78	80	(2.5)	313	316	(0.9)
- Amortisation of debt upfront cost		171	171	-	682	735	(7.2)
- Fair value change in derivative financial instruments		(4,286)	(596)	NM	6,332	(4,931)	NM
- Fair value change in investment properties		29,475	41,764	(29.4)	29,475	41,764	(29.4)
- Finance cost and professional fee incurred in relation to the investment in joint venture		44	107	(58.9)	230	291	(21.0)
- Share of results of joint venture		13	44	(70.5)	41	84	(51.2)
- Other adjustments	(ii)	29	(110)	NM	103	26	NM
Net tax adjustments		28,124	44,140	(36.3)	47,515	48,886	(2.8)

Notes:

NM – Not Meaningful

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (ii) This mainly relates to Moody's annual rating fees, non-tax deductible professional fee, deferred income and amortization of rental deposits.
- (e) This is the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Years of Assessment 2014 and 2015 for FY 2016 and Year of Assessment 2013 for FY 2015.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 31 December 2016
 Far East H-REIT and Far East H-Trust**

	As at 31 December 2016			As at 31 December 2015		
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-BT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-BT S\$'000
Non-current assets						
Investment properties	2,417,900	2,417,900	-	2,439,300	2,439,300	-
Investment in joint venture (a)	16,584	16,584	-	15,515	15,515	-
Current assets						
Cash and cash equivalents	15,385	15,385	-	25,381	25,381	-
Prepayments	40	40	-	93	93	-
Trade and other receivables (b)	34,712	34,712	30	30,510	30,510	30
Derivative financial assets (c)	3,933	3,933	-	10,265	10,265	-
Total current assets	54,070	54,070	30	66,249	66,249	30
Total assets	2,488,554	2,488,554	30	2,521,064	2,521,064	30
Current liabilities						
Trade and other payables	1,934	1,958	6	2,797	2,822	5
Accruals	7,811	7,810	1	6,948	6,947	1
Borrowings (d)	291,830	291,830	-	36,900	36,900	-
Rental deposits	2,695	2,695	-	3,097	3,097	-
Deferred income	90	90	-	90	90	-
Income tax payable	13	13	-	1	1	-
Total current liabilities	304,373	304,396	7	49,833	49,857	6
Non-current liabilities						
Borrowings (d)	530,987	530,987	-	780,134	780,134	-
Rental deposits	6,298	6,298	-	5,801	5,801	-
Deferred income	1,321	1,321	-	1,412	1,412	-
Total non-current liabilities	538,606	538,606	-	787,347	787,347	-
Total liabilities	842,979	843,002	7	837,180	837,204	6
Net assets	1,645,575	1,645,552	23	1,683,884	1,683,860	24
Represented by:						
Unitholders' funds						
Unitholders' funds of Far East H-REIT	1,645,552	1,645,552	-	1,683,860	1,683,860	-
Unitholders' funds of Far East H-BT	23	-	23	24	-	24
	1,645,575	1,645,552	23	1,683,884	1,683,860	24

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

Notes:

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

1(b)(ii) Aggregate Amounts of Borrowings as at 31 December 2016

	As at 31 December 2016		As at 31 December 2015	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	291,830	291,830	36,900	36,900
Amounts repayable after one year	530,987	530,987	780,134	780,134
	822,817	822,817	817,034	817,034

Details of borrowings and collateral:

The total facilities of Far East H-REIT are as follows:

- Unsecured term loan facilities of S\$782.2 million
- S\$100 million of uncommitted revolving credit facilities ("RCF")

Of the S\$782.2 million unsecured term loan, S\$250 million were reclassified from non-current liabilities to current liabilities as the maturity date of these term loans as at the period end was less than one year. These loans were refinanced with the same lender and documentations have been completed in January 2017. The drawdown from these facilities are expected in March 2017 to prepay the expiring loans ahead of their maturity.

Total borrowing carried at amortised cost as of the reporting date was S\$823 million and RCF of S\$58 million remains undrawn. The weighted average cost of debt was approximately 2.5% per annum and the weighted average debt to maturity was 2.3 years.

Gearing as of 31 December 2016 was 32.1%.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

		Far East H-REIT					
Note	4Q 2016	4Q 2015	Better / (Worse)	FY 2016	FY 2015	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Cash flows from operating activities							
Total return before income tax	(8,309)	(23,492)	64.6	30,081	33,225	(9.5)	
Adjustments for:							
Finance costs	4,813	5,254	(8.4)	19,817	20,415	(2.9)	
Fair value change in derivative financial instruments	(4,286)	(596)	NM	6,332	(4,931)	NM	
Fair value change in investment properties	29,475	41,764	(29.4)	29,475	41,764	(29.4)	
REIT Manager's fees issued/issuable in Stapled Securities	2,600	2,680	(3.0)	10,339	10,601	(2.5)	
Share of results of joint venture	13	44	(70.5)	41	84	(51.2)	
Deferred income recognised	(22)	(23)	4.3	(90)	(90)	-	
Operating profit before working capital changes	24,284	25,631	(5.3)	95,995	101,068	(5.0)	
Changes in working capital							
Trade and other receivables	(962)	(178)	NM	274	10,138	(97.3)	
Trade and other payables	247	23	NM	(262)	(646)	59.6	
Rental deposits	181	167	8.4	12	61	(80.3)	
Income tax paid	-	-	-	(1)	-	NM	
Cash flows generated from operating activities	23,750	25,643	(7.4)	96,018	110,621	(13.2)	
Cash flows from investing activities							
Capital expenditure on investment properties	(659)	(523)	(26.0)	(8,075)	(4,964)	(62.7)	
Loan to a joint venture company	-	(21,300)	NM	(5,100)	(21,300)	76.1	
Cash flows used in investing activities	(659)	(21,823)	(97.0)	(13,175)	(26,264)	49.8	
Cash flows from financing activities							
Proceeds from borrowings	-	21,300	NM	5,100	121,300	(95.8)	
Finance costs paid	(1,215)	(1,434)	15.3	(19,224)	(17,136)	(12.2)	
Repayment of borrowings	-	-	-	-	(100,000)	NM	
Distribution to Stapled Securityholders	(20,177)	(21,467)	6.0	(78,715)	(83,985)	6.3	
Cash flows used in financing activities	(21,392)	(1,601)	NM	(92,839)	(79,821)	(16.3)	
Net increase /(decrease) in cash and cash equivalents	1,699	2,219	(23.4)	(9,996)	4,536	NM	
Cash and cash equivalents at beginning of the period	13,686	23,162	(40.9)	25,381	20,845	21.8	
Cash and cash equivalents at end of the period	15,385	25,381	(39.4)	15,385	25,381	(39.4)	

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

Far East H-TRUST						
Note	4Q 2016 S\$'000	4Q 2015 S\$'000	Better / (Worse) %	FY 2016 S\$'000	FY 2015 S\$'000	Better / (Worse) %
Cash flows from operating activities						
Total return before income tax	(8,310)	(23,490)	64.6	30,080	33,226	(9.5)
Adjustments for:						
Finance costs	4,813	5,254	(8.4)	19,817	20,415	(2.9)
Fair value change in derivative financial instruments	(4,286)	(596)	NM	6,332	(4,931)	NM
Fair value change in investment properties	29,475	41,764	(29.4)	29,475	41,764	(29.4)
REIT Manager's fees issued/issuable in Stapled Securities	2,600	2,680	(3.0)	10,339	10,601	(2.5)
Share of results of joint venture	13	44	(70.5)	41	84	(51.2)
Deferred income recognised	(22)	(23)	4.3	(90)	(90)	-
Operating profit before working capital changes	24,283	25,633	(5.3)	95,994	101,069	(5.0)
Changes in working capital						
Trade and other receivables	(962)	(178)	NM	274	10,138	(97.3)
Trade and other payables	248	21	NM	(261)	(647)	59.6
Rental deposits	181	167	8.4	12	61	(80.3)
Income tax paid	-	-	-	(1)	-	NM
Cash flows generated from operating activities	23,750	25,643	(7.4)	96,018	110,621	(13.2)
Cash flows from investing activities						
Capital expenditure on investment properties	(659)	(523)	(26.0)	(8,075)	(4,964)	(62.7)
Loan to a joint venture company	-	(21,300)	NM	(5,100)	(21,300)	76.1
Cash flows used in investing activities	(659)	(21,823)	(97.0)	(13,175)	(26,264)	49.8
Cash flows from financing activities						
Proceeds from borrowings	-	21,300	NM	5,100	121,300	(95.8)
Finance costs paid	(1,215)	(1,434)	15.3	(19,224)	(17,136)	(12.2)
Repayment of borrowings	-	-	-	-	(100,000)	NM
Distribution to Stapled Securityholders	(20,177)	(21,467)	6.0	(78,715)	(83,985)	6.3
Cash flows used in financing activities	(21,392)	(1,601)	NM	(92,839)	(79,821)	(16.3)
Net increase/(decrease) in cash and cash equivalents	1,699	2,219	(23.4)	(9,996)	4,536	NM
Cash and cash equivalents at beginning of the period	13,686	23,162	(40.9)	25,381	20,845	21.8
Cash and cash equivalents at end of the period	15,385	25,381	(39.4)	15,385	25,381	(39.4)

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
Notes:

N.M. – Not Meaningful

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Parade Hotel, Village Residence Clarke Quay and Regency House.
- (b) This relates to loan drawn from RCF to finance shareholders' loan to FIPL in connection with the development of a new hotel site located at Artillery Avenue, Sentosa.
- (c) Distribution to Stapled Securityholders in 4Q 2016 relates to the quarter from 1 July 2016 to 30 September 2016, paid on 14 December 2016. In the prior period, the distribution was for the quarter from 1 July 2015 to 30 September 2015, paid on 7 December 2015.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2016 to 31 December 2016

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated Profit/(loss) S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 October 2016	1,659,670	11,772	1,671,442	28	(4)	24	1,671,466
Operations							
Increase in net assets resulting from operations	-	(8,313)	(8,313)	-	(1)	(1)	(8,314)
	-	(8,313)	(8,313)	-	(1)	(1)	(8,314)
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,600	-	2,600	-	-	-	2,600
- Distribution to Stapled Securityholders ^(b)	-	(20,177)	(20,177)	-	-	-	(20,177)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,600	(20,177)	(17,577)	-	-	-	(17,577)
Balance at 31 December 2016	1,662,270	(16,718)	1,645,552	28	(5)	23	1,645,575

Notes:

Less than \$1,000

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the management fee incurred for the 4Q 2016. The Stapled Securities are issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 July 2016 to 30 September 2016, paid on 14 December 2016.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2015 to 31 December 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 October 2015	1,649,251	76,889	1,726,140	28	(6)	22	1,726,162
Operations							
Increase in net assets resulting from operations	–	(23,493)	(23,493)	–	2	2	(23,491)
	–	(23,493)	(23,493)	–	2	2	(23,491)
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	2,680	–	2,680	–	–	–	2,680
- Distribution to Stapled Securityholders ^(b)	–	(21,467)	(21,467)	–	–	–	(21,467)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,680	(21,467)	(18,787)	–	–	–	(18,787)
Balance at 31 December 2015	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884

Notes:

Less than S\$1,000

- (a) This represents the Stapled Securities issued as partial satisfaction of the management fee incurred for the 4Q 2015. The Stapled Securities were issued within 30 days from quarter end.
- (b) Distribution to Stapled Securityholders relates to the quarter from 1 July 2015 to 30 September 2015, paid on 7 December 2015.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2016 to 31 December 2016

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2016	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884
Operations							
Increase in net assets resulting from operations	–	30,068	30,068	–	(1)	(1)	30,067
	–	30,068	30,068	–	(1)	(1)	30,067
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	10,339	–	10,339	–	–	–	10,339
- Distribution to Stapled Securityholders ^(b)	–	(78,715)	(78,715)	–	–	–	(78,715)
Net increase/(decrease) in net assets resulting from unitholders' transactions	10,339	(78,715)	(68,376)	–	–	–	(68,376)
Balance at 31 December 2016	1,662,270	(16,718)	1,645,552	28	(5)	23	1,645,575

Notes:

Less than \$1,000

- (a) This represents the Stapled Securities issued and issuable as partial satisfaction of the management fee incurred for the period from 1 January 2016 to 31 December 2016. The Stapled Securities are issued within 30 days from the quarter end.
- (b) Distribution to Stapled Securityholders relates to period from 1 October 2015 to 30 September 2016.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2015 to 31 December 2015

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2015	1,641,330	82,690	1,724,020	28	(5)	23	1,724,043
Operations							
Increase/(decrease) in net assets resulting from operations	–	33,224	33,224	–	1	1	33,225
	–	33,224	33,224	–	1	1	33,225
Unitholders' transactions							
- Payment of REIT Manager's fees ^(a)	10,601	–	10,601	–	–	–	10,601
- Distribution to Stapled Securityholders ^(b)	–	(83,985)	(83,985)	–	–	–	(83,985)
Net increase/(decrease) in net assets resulting from unitholders' transactions	10,601	(83,985)	(73,384)	–	–	–	(73,384)
Balance at 31 December 2015	1,651,931	31,929	1,683,860	28	(4)	24	1,683,884

Notes:

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

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016
1(d)(ii) Details of Changes in Issued and Issuable Stapled Securities

	4Q 2016 Far East H- Trust No. of Stapled Securities '000	4Q 2015 Far East H- Trust No. of Stapled Securities '000	FY 2016 Far East H- Trust No. of Stapled Securities '000	FY 2015 Far East H- Trust No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,798,559	1,784,584	1,788,925	1,774,636
New Stapled Securities issued				
- As payment of REIT Manager's fees	2,856	4,341	12,490	14,289
Total issued Stapled Securities	1,801,415	1,788,925	1,801,415	1,788,925
Stapled Securities to be issued:				
- As payment of REIT Manager's fees – Base fees	2,908	2,685	2,908	2,685
- As payment of REIT Manager's fees – Performance fees ^(a)	6,039	1,466	6,039	1,466
Total issued and issuable Stapled Securities at end of period	1,810,362	1,793,076	1,810,362	1,793,076

Footnote

(a) Stapled Securities to be issued as payment of REIT Manager's fees – Performance fee is not entitled to 4Q 2016 distribution.

2 Whether the figures have been audited or reviewed and in accordance with which standard (eg. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard)

The figures have neither been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the financial year ended 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There has been no change in the accounting policies and methods of computation adopted by Far East H-REIT, Far East H-BT and the Stapled Group for the current reporting period compared with the audited financial statements as at 31 December 2015 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2016. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 31 December 2016

	4Q 2016 Far East H- Trust	4Q 2015 Far East H- Trust	FY 2016 Far East H- Trust	FY 2015 Far East H- Trust
Weighted average number of Stapled Securities in issue ('000)	1,800,577	1,787,589	1,796,295	1,782,090
Total return for the period after tax (S\$'000)	(8,314)	(23,491)	30,067	33,225
EPS based on weighted average number of Stapled Securities in issue (cents)	(0.46)	(1.31)	1.67	1.86
Total number of issued and issuable Stapled Securities at end of period ('000)	1,810,362	1,793,076	1,810,362	1,793,076
Distribution to Stapled Securityholders (S\$'000)	20,164	20,649	78,142	82,221
DPS based on the total number of Stapled Securities entitled to distribution (cents)	1.12	1.17	4.33	4.60

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:-

	31 December 2016 Far East H-Trust	31 December 2015 Far East H-Trust
Total number of issued and issuable Stapled Securities at end of period ('000)	1,810,362	1,793,076
Net asset value per Stapled Security (cents)	90.90	93.91

Footnotes:

The number of Stapled Securities used for computation of actual NAV per Stapled Security as at 31 December 2016 is 1,810,361,880 comprising:

- (i) 1,793,075,778 Stapled Securities in issue and issuable as at 31 December 2015; and
- (ii) 17,286,102 Stapled Securities issued and issuable to REIT Manager, in consideration of 90% of the REIT Manager's fees payable – base fees for the period from 1 January 2016 to 31 December 2016.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

8 A review of the performance for the quarter ended 31 December 2016
8(a) Statement of net income and distribution of Far East Hospitality Trust

	4Q 2016	4Q 2015	Better / (Worse)		FY 2016	FY 2015	Better / (Worse)	
				%				%
Gross revenue (S\$'000)	27,533	28,851	(1,318)	(4.6)	109,055	114,617	(5,562)	(4.9)
Net property income (S\$'000)	24,859	26,289	(1,430)	(5.4)	98,355	103,657	(5,302)	(5.1)
Income available for distribution (S\$'000)	20,164	20,649	(485)	(2.3)	78,142	82,221	(4,079)	(5.0)
Distribution per Stapled Security (cents)	1.12	1.17	(0.05)	(4.3)	4.33	4.60	(0.27)	(5.9)

8(b) Review of the performance of fourth quarter and twelve months ended 31 December 2016
4Q 2016 vs 4Q 2015

Gross revenue of S\$27.5 million in 4Q 2016 was a decrease of 4.6% compared to S\$28.9 million in 4Q 2015, due to reduced revenue contribution from the hotels and serviced residences ("SRs") and marginally softer performance of the retail and office spaces.

Revenue contribution from the hotels in 4Q was lower year-on-year due mainly to the continued softness in corporate travel demand amidst the global economic uncertainties. The increase in the hotel supply further heightened the competition, which led to a compression in room rates. Due to the confluence of factors, the hotel portfolio's average daily rate ("ADR") declined by 8.6% year-on-year, while average occupancy increased 1.2pp. Consequently, the hotel portfolio's revenue per available room ("RevPAR") was a decrease of 7.3% year-on-year to S\$136.

For the SRs, although Regency House enjoyed an increase in revenue from the corporate segment after its renovation, demand from the corporate segment remained soft for the SR portfolio as a whole. The ADR of the SR portfolio increased 1.2% year-on-year to S\$220 in 4Q 2016 while the average occupancy was 2.9pp lower year-on-year. As a result, the revenue per available unit ("RevPAU") of the SR portfolio declined 2.3% year-on-year to S\$176 in 4Q 2016.

A snapshot of the hotel and SR performance in 4Q 2016 is set out below.

	4Q 2016		4Q 2015		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	86.5	79.7	85.3	82.6	1.2pp	(2.9pp)
Average Daily Rate (S\$)	157	220	171	218	(8.6%)	1.2%
RevPAR / RevPAU (S\$)	136	176	146	180	(7.3%)	(2.3%)

Revenue from the retail and office spaces at S\$5.7 million in 4Q 2016 was 0.8% lower year-on-year due to lower occupancy and a marginal increase in rental rates.

The net property income for 4Q2016 was S\$24.9 million, a decrease of 5.4% year-on-year.

Finance costs of S\$4.8 million in 4Q 2016 was 8.4% lower year-on-year as the short term interest rates had declined in 4Q 2016. 71% of Far East H-REIT's debt portfolio was secured at fixed interest rates with the remaining 29% on floating interest rates.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

The income available for distribution in 4Q 2016 was S\$20.2 million, or 2.3% lower year-on-year. The distribution per stapled security for 4Q 2016 was 1.12 cents or 4.3% lower year-on-year.

FY 2016 vs FY 2015

Gross revenue for the full year of 2016 was S\$109.1 million, a decrease of 4.9% year-on-year due to the reduced revenue contribution from the hotels and serviced residences and the commercial spaces.

The weak and uncertain economic climate and the new supply of hotel rooms impacted the operating performance of the hotel portfolio. This was despite the uplift from biennial events such as the Singapore Airshow and Food & Hotel Asia and a stronger events calendar during the year. RevPAR for the hotel portfolio decreased 5.3% year-on-year to S\$139.

Regency House delivered improved operating performance after the completion of the asset enhancement initiative. However, demand for SR accommodation in general remained soft, with a drop in project groups and lower corporate travel budgets. Consequently, RevPAU declined by 5.8% year-on-year to S\$189.

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

	FY 2016		FY 2015		Better / (Worse)	
	Hotels	SR	Hotels	SR	Hotels	SRs
Average Occupancy (%)	87.0	85.0	85.4	87.0	1.6pp	(2.0pp)
Average Daily Rate (S\$)	159	222	171	230	(7.0%)	(3.6%)
RevPAR / RevPAU (S\$)	139	189	146	200	(5.3%)	(5.8%)

Revenue from the retail and office spaces declined by 2.5% to S\$23.1 million due to a decrease in the average occupancy, although the portfolio's enjoyed a marginal growth in rental rate during the year.

The net property income was S\$98.3 million or 5.1% lower year-on-year due to the reduced gross revenue recorded during the reporting period. Property expenses were 2.4% lower year-on-year due to a large part to the reduced property tax expense.

The income available for distribution was S\$78.1 million, or 5.0% lower year-on-year. The distribution per stapled security for FY 2016 was 4.33 cents or 5.9% lower year-on-year.

9 Variance between forecast and the actual results

No forecast has been disclosed.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

10 Commentary on the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Ministry of Trade and Industry expects the Singapore economy to grow at a modest pace of 1% to 3% in 2017.

Growth in international visitor arrivals into Singapore slowed in the second half of 2016 despite a strong increase in the first half. Visitor days showed a similar decline in the latter part of the year. Growth in tourism is expected to remain subdued in 2017. The Singapore Tourism Board forecasts international visitor arrivals to be in the range of 16.4-16.7 million (0 to +2% year-on-year).

Competition in the hospitality sector remains keen, as demand from the corporate segment continues to be soft amidst the uncertain economy. The addition of 3,200 new hotel rooms in 2017 will put pressure on room rates. The REIT Manager will continue to implement measures to improve the competitiveness of its portfolio.

The REIT Manager plans to refurbish the guest rooms at Orchard Parade Hotel this year, as part of the property's third phase of renovation. Orchard Parade Hotel's reception, lobby, lobby bar, swimming pool, pool deck, gym and function rooms were renovated in 2016.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2016 to 31 December 2016
Distribution type	Taxable income
Distribution per stapled security	1.12 Cents
Tax rate	<p><u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors received their distributions after deduction of tax at the rate of 17%.</p>
Date paid/payable	27 March 2017
Books closure date	2 March 2017
Stapled Securityholders must complete and return Form A or Form B, as applicable	13 March 2017

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2015 to 31 December 2015
Distribution type	Taxable income
Distribution per stapled security	1.17 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	29 March 2016
Books closure date	3 March 2016
Stapled Securityholders must complete and return Form A or Form B, as applicable	14 March 2016

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

Not applicable.

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

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

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

14. Segment revenue and results of operating segments
(a) Operating segments for the year ended 31 December 2016

	Hotels and serviced residences	Retails and offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue - external	85,988	23,067	109,055
Segment net property income	80,292	18,063	98,355
REIT Manager's fees			(11,487)
Trustee's fees			(313)
Other trust expenses			(810)
Finance costs			(19,817)
Net income before tax and fair value changes			65,928
Fair value change in investment properties	(22,822)	(6,653)	(29,475)
Fair value change in derivative financial instruments			(6,332)
Share of results of joint venture			(41)
Total return for the year before income tax			30,080
Income tax expense			(13)
Total return for the year after income tax before distribution			30,067

(b) Operating segments for the year ended 31 December 2015

	Hotels and serviced residences	Retails and offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue - external	90,952	23,665	114,617
Segment net property income	84,873	18,784	103,657
REIT Manager's fees			(11,779)
Trustee's fees			(316)
Other trust expenses			(1,004)
Finance costs			(20,415)
Net income before tax and fair value changes			70,143
Fair value change in investment properties	(52,789)	11,025	(41,764)
Fair value change in derivative financial instruments			4,931
Share of results of joint venture			(84)
Total return for the year before income tax			33,226
Income tax expense			(1)
Total return for the year after income tax before distribution			33,225

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

15. 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.

16. Breakdown of gross revenue and net income

	FY 2016 S\$'000	FY 2015 S\$'000	Better / (Worse) %
Gross revenue reported for first half year	53,503	56,111	(4.6)
Net income for first half year	22,991	35,600	(35.4)
Gross revenue reported for second half year	55,552	58,506	(5.0)
Net income for second half year	7,076	(2,375)	NM

17. Breakdown of annual distribution for the current full year and its previous full year is as follow:

In respect of the period	2016 S\$'000	2015 S\$'000
1 October 2015 to 31 December 2015	20,979	-
1 January 2016 to 31 March 2016	19,394	-
1 April 2016 to 30 June 2016	18,165	-
1 July 2016 to 30 September 2016	20,177	-
1 October 2014 to 31 December 2014	-	22,758
1 January 2015 to 31 March 2015	-	19,059
1 April 2015 to 30 June 2015	-	20,701
1 July 2015 to 30 September 2015	-	21,467
	78,715	83,985

18. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the REIT Manager and the Trustee-Manager confirm that there are no persons occupying managerial position in the REIT Manager and the Trustee-Manager who are related to a director or the chief executive officer or a substantial shareholder of the REIT Manager or of the Trustee-Manager respectively or a substantial stapled securityholder of Far East H-Trust.

By Order of the Board

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

By Order of the Board

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

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2016

Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of master lease rental revenue, retail and office rental revenue, changes in operating expenses (including employee wages, benefits and training costs), property expenses, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the REIT Manager's and Trustee-Manager's current view on future events.

The value of Stapled Securities and the income derived from them, if any, may fall or rise. Stapled Securities are not obligations of, deposits in, or guaranteed by, the REIT Manager, Trustee-Manager or any of its affiliates. An investment in Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the REIT Manager and Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securitiesholders 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.