

**Far East Hospitality Trust**  
**Unaudited Financial Statements Announcement**  
**For the half-year ended 30 June 2020**

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**

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**INTRODUCTION**

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

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

Stapled Securities in Far East H-Trust commenced trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 August 2012 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 9 hotels and 4 SRs located in Singapore. For the Sentosa hotel development project, the temporary occupancy permit (“TOP”) for the first phase, comprising Village Hotel Sentosa (“VHS”) and The Outpost Hotel Sentosa (“TOH”) was obtained on 31 October 2018. VHS and TOH has commenced hotel operations from 1 April 2019. The TOP for the final phase comprising The Barracks Hotel Sentosa (“TBH”) and two retail blocks, was obtained on 26 September 2019. TBH has commenced hotel operations from 1 December 2019.

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 till 31 December 2019.

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 half-year ended 30 June 2020**
**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		
	1H 2020 S\$'000	1H 2019 S\$'000	Better / (Worse) %	1H 2020 S\$'000	1H 2019 S\$'000	Better / (Worse) %
	34,689	44,774	(22.5)	34,689	44,774	(22.5)
	9,581	10,951	(12.5)	9,581	10,951	(12.5)
	<b>44,270</b>	<b>55,725</b>	<b>(20.6)</b>	<b>44,270</b>	<b>55,725</b>	<b>(20.6)</b>
	(3,633)	(3,692)	1.6	(3,633)	(3,692)	1.6
	(54)	(57)	5.3	(54)	(57)	5.3
	(180)	(108)	(66.7)	(180)	(108)	(66.7)
	(1,561)	(1,444)	(8.1)	(1,561)	(1,444)	(8.1)
	(238)	(238)	–	(238)	(238)	–
	<b>(5,666)</b>	<b>(5,539)</b>	<b>(2.3)</b>	<b>(5,666)</b>	<b>(5,539)</b>	<b>(2.3)</b>
	<b>38,604</b>	<b>50,186</b>	<b>(23.1)</b>	<b>38,604</b>	<b>50,186</b>	<b>(23.1)</b>
	(4,784)	(6,017)	20.5	(4,784)	(6,017)	20.5
	(164)	(163)	(0.6)	(164)	(163)	(0.6)
	(326)	(705)	53.8	(325)	(683)	52.4
	370	452	(18.1)	370	452	(18.1)
	(12,866)	(15,110)	14.9	(12,866)	(15,110)	14.9
	<b>20,834</b>	<b>28,643</b>	<b>(27.3)</b>	<b>20,835</b>	<b>28,665</b>	<b>(27.3)</b>
	(2,523)	(4,090)	38.3	(2,523)	(4,090)	38.3
	<b>18,311</b>	<b>24,553</b>	<b>(25.4)</b>	<b>18,312</b>	<b>24,575</b>	<b>(25.5)</b>
	(9,381)	(1,693)	>(100.0)	(9,381)	(1,693)	>(100.0)
	<b>8,930</b>	<b>22,860</b>	<b>(60.9)</b>	<b>8,931</b>	<b>22,882</b>	<b>(61.0)</b>
	(55)	(34)	(61.8)	(55)	(34)	(61.8)
	<b>8,875</b>	<b>22,826</b>	<b>(61.1)</b>	<b>8,876</b>	<b>22,848</b>	<b>(61.2)</b>
<b><u>Distribution Statement</u></b>						
	<b>8,875</b>	<b>22,826</b>	<b>(61.1)</b>	<b>8,876</b>	<b>22,848</b>	<b>(61.2)</b>
	16,663	12,011	38.7	16,663	12,011	38.7
	151	129	17.1	151	129	17.1
	<b>25,689</b>	<b>34,966</b>	<b>(26.5)</b>	<b>25,690</b>	<b>34,988</b>	<b>(26.6)</b>
Comprising:						
	25,423	34,798	(26.9)	25,424	34,820	(27.0)
	266	168	58.3	266	168	58.3
	<b>25,689</b>	<b>34,966</b>	<b>(26.5)</b>	<b>25,690</b>	<b>34,988</b>	<b>(26.6)</b>

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**
**Notes:**

NM – Not meaningful

- (a) Singapore Government provided property tax rebate assistance by transferring of resources from the government to the landlord meets the definition of a government grant under SFRS(I) 1-20<sup>1</sup>. As such, the grant income received from Singapore Government in the form of property tax rebate is deducted in the reporting of the grant expense. Rental rebates beyond the mandated pass through of property tax rebates extended to retail and office tenants treated as a reduction to gross revenue. These are part of the measures to help affected tenants who need more time and support to recover from the impact of COVID-19. The additional rental rebate in excess of the property tax remission from the Government is treated as a reduction to the gross revenue.
- (b) Retail and office expenses included impairment losses on trade receivables of S\$527,000 (1H 2019: S\$314,000).
- (c) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results. This arose mainly from depreciation expense on land and buildings and finance costs incurred on the borrowings in relation to the development of Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa which were previously capitalised whilst the properties were under development and are now being expensed upon obtaining temporary occupation permit.
- (d) 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.
- (e) Included in the net tax adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	1H 2020	1H 2019	Better / (Worse)	1H 2020	1H 2019	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	4,306	5,415	(20.5)	4,306	5,415	(20.5)
- Trustee's fees	164	163	0.6	164	163	0.6
- Amortisation of debt-related transaction cost	313	362	(13.5)	313	362	(13.5)
- Fair value change in derivative financial instruments	9,381	1,693	>100.0	9,381	1,693	>100.0
- Share of results of joint venture	2,523	4,090	(38.3)	2,523	4,090	(38.3)
- Other items	(24)	288	>(100.0)	(24)	288	>(100.0)
<b>Net tax adjustments</b>	<b>16,663</b>	<b>12,011</b>	<b>38.7</b>	<b>16,663</b>	<b>12,011</b>	<b>38.7</b>

**Notes:**

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (f) The rollover adjustment for 1H 2020 and 1H 2019 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 2018 and 2017 respectively.
- (g) Please refer to section 8(a) for details of income available for distribution after retention.

<sup>1</sup> In accordance to ISCA Financial Reporting Bulletin 5: COVID-19 Government Relief Measures: Accounting for Singapore property tax rebate from the perspective of the landlord and the tenant issued in April 2020

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**
**1(b) Balance Sheets**
**1(b)(i) Balance Sheets as at 30 June 2020  
 Far East H-REIT and Far East H-Trust**

	Note	As at 30 June 2020			As at 31 December 2019		
		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
<b>Non-current assets</b>							
Investment properties	(a)	2,646,582	2,646,582	–	2,645,700	2,645,700	–
Joint venture	(b)	5,503	5,503	–	8,027	8,027	–
<b>Total non-current assets</b>		<b>2,652,085</b>	<b>2,652,085</b>	<b>–</b>	<b>2,653,727</b>	<b>2,653,727</b>	<b>–</b>
<b>Current assets</b>							
Cash and cash equivalents		3,408	3,408	–	5,838	5,838	–
Prepayments		4	4	–	14	14	–
Trade and other receivables	(c) (d)	43,502	43,502	30	39,966	39,966	30
<b>Total current assets</b>		<b>46,914</b>	<b>46,914</b>	<b>30</b>	<b>45,818</b>	<b>45,818</b>	<b>30</b>
<b>Total assets</b>		<b>2,698,999</b>	<b>2,698,999</b>	<b>30</b>	<b>2,699,545</b>	<b>2,699,545</b>	<b>30</b>
<b>Current liabilities</b>							
Trade and other payables	(d)	5,470	5,466	34	3,668	3,665	33
Borrowings	(e)	137,821	137,821	–	16,500	16,500	–
Accruals		4,456	4,455	1	7,518	7,517	1
Derivative financial liabilities	(f)	2,091	2,091	–	108	108	–
Rental deposits		3,055	3,055	–	3,284	3,284	–
Deferred income		90	90	–	90	90	–
Income tax payable		55	55	–	96	96	–
<b>Total current liabilities</b>		<b>153,038</b>	<b>153,033</b>	<b>35</b>	<b>31,264</b>	<b>31,260</b>	<b>34</b>
<b>Non-current liabilities</b>							
Borrowings	(e)	851,006	851,006	–	975,694	975,694	–
Derivative financial liabilities	(f)	12,278	12,278	–	4,881	4,881	–
Rental deposits		5,728	5,728	–	5,408	5,408	–
Deferred income		1,006	1,006	–	1,051	1,051	–
<b>Total non-current liabilities</b>		<b>870,018</b>	<b>870,018</b>	<b>–</b>	<b>987,034</b>	<b>987,034</b>	<b>–</b>
<b>Total liabilities</b>		<b>1,023,056</b>	<b>1,023,051</b>	<b>35</b>	<b>1,018,298</b>	<b>1,018,294</b>	<b>34</b>
<b>Net assets / (liabilities)</b>		<b>1,675,943</b>	<b>1,675,948</b>	<b>(5)</b>	<b>1,681,247</b>	<b>1,681,251</b>	<b>(4)</b>
Represented by:							
<b>Unitholders' funds</b>							
Unitholders' funds of Far East H-REIT		1,675,948	1,675,948	–	1,681,251	1,681,251	–
Unitholders' funds of Far East H-BT		(5)	–	(5)	(4)	–	(4)
		<b>1,675,943</b>	<b>1,675,948</b>	<b>(5)</b>	<b>1,681,247</b>	<b>1,681,251</b>	<b>(4)</b>

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**
**Notes:**

- (a) The increase in investment properties was mainly attributable to the asset enhancement works carried out at Village Hotel Changi, Orchard Rendezvous Hotel and Village Hotel Albert Court. The carrying amounts of the investment properties were based on (i) independent valuation as at 31 December 2019 appraised by Savills Valuation And Professional Services (S) Pte Ltd or Knight Frank Pte Ltd and (ii) capital expenditure capitalised during the half-year. Investment properties are to be valued by independent professional valuers at least once a year in accordance with the current accounting practice. The outbreak of the Novel Coronavirus ("COVID-19") has negatively impacted the hospitality and tourism sector. This has affected the financial performance of the hotels and SRs. Given that the COVID-19 situation is still evolving, significant market uncertainty exists. The carrying amounts of the investment properties recorded in the Balance Sheet determined by reference to fair values at 31 December 2019, and conditions prevailing at that point in time may have changed by the date of this report.
- (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\$30.4 million. The amount is used to finance the development of a hotel site located at Artillery Avenue, Sentosa. Final Phase of the development has obtained temporary occupation permit on 26 September 2019. Village Hotel Sentosa and The Outpost Hotel Sentosa have commenced hotel operations in April 2019. The Barracks Hotel Sentosa has commenced hotel operations in December 2019.
- (d) Trade and other receivables include grant receivables (property tax rebate) from Singapore Government and trade and other payables include grant payables (related rental rebate) recognised in accordance with the principles of FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance*.
- (e) The total borrowings as at 30 June 2020 of S\$998.8 million was S\$3.4 million lower compared to balances as at 31 December 2019 mainly due to a net repayment of revolving credit facility ("RCF") of S\$3.7 million during the period mainly from the surplus cash at bank. The current borrowings relate to term loan of S\$125.0 million due to mature in March 2021 and RCF of S\$12.9 million which is payable on demand. For the term loan due to mature in March 2021, the REIT Manager is working with its lenders to assess refinancing options for the term loan. As at 30 June 2020, Far East H-REIT has undrawn and uncommitted RCF of S\$287.1 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).
- (f) This relates to the fair value of interest rate swap contracts entered to hedge against interest rate risk exposure of Far East H-REIT.

**1(b)(ii) Aggregate Amounts of Borrowings as at 30 June 2020**

	As at 30 June 2020		As at 31 December 2019	
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000
<b>Unsecured</b>				
Amounts repayable in one year or less, or on demand	137,821	137,821	16,500	16,500
Amounts repayable after one year	851,006	851,006	975,694	975,694
	<b>988,827</b>	<b>988,827</b>	<b>992,194</b>	<b>992,194</b>

**Details of borrowings and collateral:**

The total facilities of Far East H-REIT as at 30 June 2020 are as follows:

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

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**

On 9 October 2019, a 2-year S\$100.0 million term loan due to mature in April 2020 was extended to a 2.5-year S\$60.0 million term loan and 5-year S\$40.0 million term loan ahead of its maturity. There are no other term loans maturing in year 2020.

The weighted average cost of debt was approximately 2.5% per annum. The weighted average debt-to-maturity was 2.8 years taking into account the extended tenor.

Gearing as of 30 June 2020 was 39.2% (2019: 39.2%). Interest coverage ratio<sup>2</sup> as at 30 June 2020 was 2.7x.

**1(c) Consolidated Cash Flow Statements  
 Far East H-REIT and Far East H-Trust**

	Note	Far East H-Trust		Far East H-REIT	
		1H 2020	1H 2019	1H 2020	1H 2019
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>					
Total return before income tax		8,930	22,860	8,931	22,882
Adjustments for:					
Interest and other income		(370)	(452)	(370)	(452)
Finance expenses		12,866	15,110	12,866	15,110
Fair value change in derivative financial instruments		9,381	1,693	9,381	1,693
REIT Manager's fees issued/issuable in Stapled Securities		4,306	5,415	4,306	5,415
Share of results of joint venture		2,523	4,090	2,523	4,090
Impairment losses on trade receivables		527	314	527	314
Operating profit before working capital changes		38,163	49,030	38,164	49,052
Changes in working capital					
Trade and other receivables		(3,727)	(751)	(3,727)	(751)
Trade and other payables		712	(1,128)	711	(1,150)
Rental deposits		46	(92)	46	(92)
Income tax paid		(96)	(54)	(96)	(54)
<b>Cash flows generated from operating activities</b>		<b>35,098</b>	<b>47,005</b>	<b>35,098</b>	<b>47,005</b>
<b>Cash flows from investing activities</b>					
Capital expenditure on investment properties	(a)	(1,846)	(666)	(1,846)	(666)
Loan to joint venture		–	(1,200)	–	(1,200)
<b>Cash flows used in investing activities</b>		<b>(1,846)</b>	<b>(1,866)</b>	<b>(1,846)</b>	<b>(1,866)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	(b)	17,400	101,200	17,400	101,200
Finance costs paid		(13,547)	(16,171)	(13,547)	(16,171)
Repayment of borrowings	(b)	(21,050)	(122,000)	(21,050)	(122,000)
Distribution to Stapled Securityholders	(c)	(18,485)	(13,599)	(18,485)	(13,599)
<b>Cash flows used in financing activities</b>		<b>(35,682)</b>	<b>(50,570)</b>	<b>(35,682)</b>	<b>(50,570)</b>

<sup>2</sup> Interest coverage ratio is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees per the formula prescribed by paragraph 1.2(f), Appendix 6 of the Code on Collective Investment Schemes.

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**

Net decrease in cash and cash equivalents	(2,430)	(5,431)	(2,430)	(5,431)
Cash and cash equivalents at beginning of the period	5,838	12,837	5,838	12,837
<b>Cash and cash equivalents at end of the period</b>	<b>3,408</b>	<b>7,406</b>	<b>3,408</b>	<b>7,406</b>

**Notes:**

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Village Hotel Changi, Orchard Rendezvous Hotel and Village Hotel Albert Court.
- (b) Proceeds from borrowings were from drawdown of RCF of S\$17.4 million to fund working capital. Repayment of borrowings included repayment of RCF from surplus cash at bank.
- (c) The distribution to Stapled Securityholders in 1H 2020 relates to the cash distribution for the financial period from 1 October 2019 to 31 December 2019, which was paid on 27 March 2020. In the corresponding period, distribution reinvestment plan ("DRP") was applied to the distribution for the financial period from 1 October 2018 to 31 March 2019. The distribution to Stapled Securityholders for the financial period from 1 October 2018 to 31 December 2018 and 1 January 2019 to 31 March 2019 was paid on 28 March 2019 and 12 June 2019 respectively.

**1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2020 to 30 June 2020**

	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
<b>Balance at 1 January 2020</b>	<b>1,754,311</b>	<b>(73,060)</b>	<b>1,681,251</b>	<b>28</b>	<b>(32)</b>	<b>(4)</b>	<b>1,681,247</b>
<b>Operations</b>							
Increase in net assets resulting from operations	-	8,876	8,876	-	(1)	(1)	8,875
	-	8,876	8,876	-	(1)	(1)	8,875
<b>Unitholders' transactions</b>							
Issuance of Stapled Securities:							
- REIT Manager's fees <sup>(a)</sup>	4,306	-	4,306	-	-	-	4,306
Distribution to Stapled Securityholders <sup>(b)</sup>	-	(18,485)	(18,485)	-	-	-	(18,485)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,306	(18,485)	(14,179)	-	-	-	(14,179)
<b>Balance at 30 June 2020</b>	<b>1,758,617</b>	<b>(82,669)</b>	<b>1,675,948</b>	<b>28</b>	<b>(33)</b>	<b>(5)</b>	<b>1,675,943</b>

**Notes:**

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2020 to 30 June 2020. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2020 will be issued in April 2021.
- (b) Distribution to Stapled Securityholders relates to financial period from 1 October 2019 to 31 December 2019.



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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**


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**1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2019 to 30 June 2019**

	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
<b>Balance at 1 January 2019</b>	<b>1,707,432</b>	<b>(54,882)</b>	<b>1,647,550</b>	<b>28</b>	<b>(9)</b>	<b>19</b>	<b>1,647,569</b>
<b>Operations</b>							
Increase in net assets resulting from operations	-	22,848	22,848	-	(22)	(22)	22,826
	-	22,848	22,848	-	(22)	(22)	22,826
<b>Unitholders' transactions</b>							
Issuance of Stapled Securities:							
- REIT Manager's fees <sup>(a)</sup>	5,415	-	5,415	-	-	-	5,415
- Distribution reinvestment plan <sup>(b)</sup>	22,462	-	22,462	-	-	-	22,462
Distribution to Stapled Securityholders <sup>(c)</sup>	-	(36,061)	(36,061)	-	-	-	(36,061)
Net increase/(decrease) in net assets resulting from unitholders' transactions	27,877	(36,061)	(8,184)	-	-	-	(8,184)
<b>Balance at 30 June 2019</b>	<b>1,735,309</b>	<b>(73,095)</b>	<b>1,662,214</b>	<b>28</b>	<b>(31)</b>	<b>(3)</b>	<b>1,662,211</b>

**Notes:**

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2019 to 30 June 2019. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2019 were issued on 27 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 March 2019 in stapled securities on 28 March 2019 and 12 June 2019.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2018 to 31 March 2019.

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

	Far East H-Trust	
	1H 2020 No. of Stapled Securities '000	1H 2019 No. of Stapled Securities '000
<b>Stapled Securities in issue at beginning of period</b>	<b>1,943,251</b>	<b>1,872,012</b>
Issuance of Stapled Securities:		
- REIT Manager's fees	11,888	11,695
- Distribution Reinvestment Plan	-	35,194
<b>Stapled Securities in issue</b>	<b>1,955,139</b>	<b>1,918,901</b>
Stapled Securities to be issued:		
- REIT Manager's fees – Base fees	3,248	2,736
- REIT Manager's fees – Performance fees (a)	1,771	2,726
<b>Stapled Securities in issue and to be issued at end of period</b>	<b>1,960,158</b>	<b>1,924,363</b>

**Footnotes:**

(a) 1,770,758 Stapled Securities to be issued in April 2021 to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2020 to 30 June 2020 are not entitled to 1H 2020 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 2019.

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**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 2019 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2020. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

**6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 June 2020**

	Far East H-Trust	
	1H 2020	1H 2019
Weighted average number of Stapled Securities ('000)	1,948,713	1,889,234
Basic EPS (cents)	0.46	1.21
Weighted average number of Stapled Securities ('000) <sup>(1)</sup>	1,953,732	1,891,960
Diluted EPS (cents)	0.45	1.21
Number of Stapled Securities in issue at end of period ('000)	1,955,139	1,918,901
Number of Stapled Securities to be issued before Books Closure Date ('000)	3,248	2,736
Total number of Stapled Securities entitled to distribution ('000)	1,958,387	1,921,637
DPS after retention <sup>(2)</sup> (cents)	1.03	1.82

<sup>(1)</sup> 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.

<sup>(2)</sup> S\$ 5.3 million of income available for distribution was retained due to COVID-19 uncertainties.

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

	Far East H-Trust	
	30 June 2020	31 December 2019
Stapled Securities in issue and to be issued at end of period ('000)	1,960,158	1,950,919
NAV / NTA per Stapled Security (cents)	85.50	86.18

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**8 A review of the performance for the half-year ended 30 June 2020**
**8(a) Statement of net income and distribution of Far East Hospitality Trust**

	<b>1H 2020</b>	<b>1H 2019</b>	<b>Better / (Worse)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	44,270	55,725	(20.6)
Net property income	38,604	50,186	(23.1)
Net property income margin	87.2%	90.1%	-2.9pp
Income available for distribution	25,689	34,966	(26.5)
Income available for distribution after retention	20,171	34,966	(42.3)
Distribution amount available per Stapled Security (cents)	1.29	1.82	(29.1)
DPS after retention (cents)	1.03	1.82	(43.4)

**8(b) Review of the performance of half-year ended 30 June 2020**
**1H 2020 vs 1H 2019**

Gross revenue for 1H 2020 was S\$44.3 million, lower year-on-year by 20.6% due to the negative impact of the COVID-19 pandemic. The relatively high fixed rent component of the master lease rental provided downside protection to the gross revenue.

Average occupancy of the hotels was impacted most at the start of the pandemic but picked up in subsequent months as the hotels secured business from companies that required their Malaysian workers to stay in Singapore during the Movement Control Order and from government agencies for isolation purposes. Average occupancy of 77.6% for 1H 2020 was -11.1pp below same time last year. ADR decreased 34.7% to S\$102, due to severe travel restrictions on traditional sources of business, and reliance on lower-rated business opportunities available during this period. As a result, RevPAR for the hotel portfolio declined by 42.9% to S\$79.

The COVID-19 pandemic has also affected the 1H 2020 performance of the SRs, although a steady base of long leases helped to maintain the occupancy and provide a revenue buffer for the portfolio. While average occupancy was higher year-on-year by 1.7pp at 82.7%, the ADR was 6.6% lower at S\$200. As a result, the RevPAU of the SR portfolio fell 4.7% to S\$166 in 1H 2020.

A snapshot of the hotel and SR performance in 1H 2020 is set out below.

	<b>1H 2020</b>		<b>1H 2019</b>		<b>Better / (Worse)</b>	
	<b>Hotels</b>	<b>SRs</b>	<b>Hotels</b>	<b>SRs</b>	<b>Hotels</b>	<b>SRs</b>
Average Occupancy (%)	77.6	82.7	88.7	81.0	(11.1pp)	1.7pp
Average Daily Rate (S\$)	102	200	156	214	(34.7%)	(6.6%)
RevPAR / RevPAU (S\$)	79	166	138	174	(42.9%)	(4.7%)

Revenue from the retail and office spaces decreased by 12.5% year-on-year to S\$9.6 million in 1H 2020.

The COVID-19 pandemic has a negative impact to the businesses of the retail and office tenants. Most were required to suspend their business operations during the Circuit Breaker period. Far East H-Trust has extended rental rebates beyond the mandated pass through of property tax rebates to retail and office tenants who need more time and support to recover from the impact of COVID-19.

Net property income was lower by 23.1% at S\$38.6 million. REIT Manager's fees was lower by 20.5% year-on-year mainly due to changes resulting from a review of the management fee structure. Finance costs were lower

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by 14.9% year-on-year to S\$12.9 million mainly due to net repayment of RCF from surplus cash at bank and lower interest rates compared to previous year. Other trust expenses were lower by S\$0.4 million as there was no DRP processing cost in 1H 2020.

Income available for distribution after retention was S\$20.2 million, 42.3% lower year-on-year. 1H 2020 DPS after retention was 1.03 Singapore cents or 43.4% lower year-on-year.

**9 Variance between forecast and the actual results**

No forecast has been disclosed.

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

The Singapore hospitality industry will continue to be impacted by travel restrictions and concerns over the spread of COVID-19. The properties in the Far East H-Trust portfolio will not be spared, although the serviced residences, with a higher proportion of long leases, will be more resilient than the hotels.

A mitigating factor for Far East H-Trust is a relatively high fixed rent component in the master leases covering all the properties in the portfolio, providing a downside protection for the gross revenue of the Trust.

Tenants in the commercial spaces of Far East H-Trust are also affected by the economic slowdown and regulatory restrictions, and will require further rental rebate. The COVID-19 (Temporary Measures) (Amendment) Act ("Act") that was passed in Parliament on 5 June 2020 provides a rental relief framework for Small and Medium Enterprises ("SME"). The rental relief framework includes mandatory rental relief to be provided by landlords to eligible retail and office tenants. Details about the rental relief framework for SME under the Act are expected to be released in end July 2020.

The REIT Manager estimates that the rental reliefs extended to the affected tenants will affect Far East H-Trust's cashflow and income available for distribution for FY2020. As the COVID-19 pandemic remains uncertain, the REIT Manager has retained taxable income of S\$5.3 million in 1H 2020 to provide for further rental rebates and deferment in rental payments by tenants in the months ahead to help them tide over this challenging period. The eventual distribution of the retained amount will depend on the financial results of the full year ending 31 December 2020. Far East H-Trust intends to maintain its policy of distributing at least 90% of the REIT's taxable income.

With vaccine development making progress in various countries, we are hopeful that the hospitality sector can recover from this setback in 2021. Meanwhile, the REIT Manager will focus on optimising the performance of its portfolio, carrying out cost containment measures, and expediting asset enhancements to prepare for the eventual upturn.

**11 DISTRIBUTIONS**

**Current financial period**

<b>Any distribution declared for the current period?</b>	Yes
<b>Distribution period</b>	Distribution for the half-year from 1 January 2020 to 30 June 2020
<b>Distribution type</b>	Taxable income
<b>Distribution per stapled security</b>	1.03 cents

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<b>Tax rate</b>	<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 and foreign funds 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>
<b>Date paid/payable</b>	14 September 2020
<b>Record date</b>	11 August 2020
<b>Stapled Securityholders must complete and return Form A or Form B, as applicable</b>	28 August 2020

**Corresponding period of the preceding financial period**

<b>Any distribution declared for the current period?</b>	Yes
<b>Distribution period</b>	Distribution for the quarter from 1 January 2019 to 31 March 2019 Distribution for the quarter from 1 April 2019 to 30 June 2019
<b>Distribution type</b>	Taxable income
<b>Distribution per stapled security</b>	1.82 cents
<b>Tax rate</b>	<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.

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- 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.

The Board of Directors would like to highlight that the carrying amounts of the investment properties as at 30 June 2020 are based on the independent valuations as at 31 December 2019 and capital expenditure capitalised during the half-year, and have not taken into account any potential impact of the COVID-19 pandemic, which may be significant.

The outbreak of the COVID-19 has negatively impacted the hospitality and tourism sector and has affected the financial performance of the hotels and SRs. The COVID-19 situation is still fluid and evolving and has resulted in significant market uncertainty in the short term. There is a lack of visibility regarding future cash flows and insufficient market transactions available for benchmarking to adopt meaningful capitalisation rates and this has led to difficulties in obtaining appropriate property valuations.

After due consideration, the Boards of Directors are of the view that under these circumstances, it may be difficult to reasonably quantify any impact on the carrying amounts of the Far East H-Trust’s properties as some of the key assumptions used to derive valuations currently would be very subjective and arbitrary. The carrying amounts of investment properties as at 30 June 2020 are based on the independent valuations as at 31 December 2019, and conditions prevailing at that point in time may have changed by the date of this report. For illustrative purpose, the impact arising from a decline of every 1% in the valuation of the Far East H-Trust’s investment properties portfolio is as follows:

	<b>30 June 2020</b>	<b>Illustrative impact</b>	<b>Pro forma</b>
Carrying value of investment properties (S\$’million)	2,646.6	(26.5)	2,620.1
NAV / NTA per Stapled Security (cents)	85.50	(1.35)	84.15
Gearing	39.2%	0.3 pp	39.5%

The above illustration assumes that all other variables remain constant.

In line with the requirements of the Appendix 6 of the Code on Collective Investment Schemes, Far East H-Trust conducts property valuation on an annual basis and will continue with the current accounting practice of valuing investment properties at least once a year at the end of the financial year and any fair value gains or losses on investment properties will only be recorded in the full year results.

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2020**

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**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)  
30 July 2020

By Order of the Board

Gerald Lee Hwee Keong  
Chief Executive Officer  
FEO Hospitality Trust Management Pte. Ltd.  
(Company Registration No. 201210698W)  
30 July 2020

**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.