

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the second quarter and six months ended 30 June 2019

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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 of 9 hotels and 4 SRs located in Singapore, and the Sentosa hotel development project.

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

Distribution Policy

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

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

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019
1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year
1(a)(i) Statements of Total Return and Distribution Statement of Far East H-REIT and Far East H-Trust

		Far East H-REIT					
Note	2Q 2019	2Q 2018	Better / (Worse)	1H 2019	1H 2018	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	22,455	22,978	(2.3)	44,774	43,202	3.6	
	5,480	5,548	(1.2)	10,951	11,048	(0.9)	
	27,935	28,526	(2.1)	55,725	54,250	2.7	
	(1,836)	(1,938)	5.3	(3,692)	(3,727)	0.9	
	(29)	(29)	-	(57)	(57)	-	
	(67)	(41)	(63.4)	(108)	(82)	(31.7)	
(a)	(769)	(661)	(16.3)	(1,444)	(1,401)	(3.1)	
	(119)	(119)	-	(238)	(238)	-	
	(2,820)	(2,788)	(1.1)	(5,539)	(5,505)	(0.6)	
	25,115	25,738	(2.4)	50,186	48,745	3.0	
	(3,020)	(3,023)	0.1	(6,017)	(5,757)	(4.5)	
	(82)	(81)	(1.2)	(163)	(157)	(3.8)	
	(313)	(153)	>(100.0)	(683)	(446)	(53.1)	
	232	189	22.8	452	330	37.0	
	(7,452)	(6,720)	(10.9)	(15,110)	(11,874)	(27.3)	
	14,480	15,950	(9.2)	28,665	30,841	(7.1)	
(b)	(1,655)	(24)	>(100.0)	(4,090)	(70)	>(100.0)	
	12,825	15,926	(19.5)	24,575	30,771	(20.1)	
(c)	(2,776)	871	>(100.0)	(1,693)	2,264	>(100.0)	
	10,049	16,797	(40.2)	22,882	33,035	(30.7)	
	(18)	(12)	(50.0)	(34)	(24)	(41.7)	
	10,031	16,785	(40.2)	22,848	33,011	(30.8)	
Distribution Statement							
	10,031	16,785	(40.2)	22,848	33,011	(30.8)	
(d)	7,545	2,176	>100.0	12,011	3,601	>100.0	
(e)	-	-	-	129	(6)	>100.0	
	17,576	18,961	(7.3)	34,988	36,606	(4.4)	
Comprising:							
- Taxable income	17,487	18,901	(7.5)	34,820	36,489	(4.6)	
- Tax-exempt income	89	60	48.3	168	117	43.6	
	17,576	18,961	(7.3)	34,988	36,606	(4.4)	

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		Far East H-Trust					
Note	2Q 2019	2Q 2018	Better /	1H 2019	1H 2018	Better /	
	S\$'000	S\$'000	(Worse)	S\$'000	S\$'000	(Worse)	
			%			%	
	22,455	22,978	(2.3)	44,774	43,202	3.6	
	5,480	5,548	(1.2)	10,951	11,048	(0.9)	
	27,935	28,526	(2.1)	55,725	54,250	2.7	
	(1,836)	(1,938)	5.3	(3,692)	(3,727)	0.9	
	(29)	(29)	-	(57)	(57)	-	
	(67)	(41)	(63.4)	(108)	(82)	(31.7)	
(a)	(769)	(661)	(16.3)	(1,444)	(1,401)	(3.1)	
	(119)	(119)	-	(238)	(238)	-	
	(2,820)	(2,788)	(1.1)	(5,539)	(5,505)	(0.6)	
	25,115	25,738	(2.4)	50,186	48,745	3.0	
	(3,020)	(3,023)	0.1	(6,017)	(5,757)	(4.5)	
	(82)	(81)	(1.2)	(163)	(157)	(3.8)	
	(335)	(154)	>(100.0)	(705)	(447)	(57.7)	
	232	189	22.8	452	330	37.0	
	(7,452)	(6,720)	(10.9)	(15,110)	(11,874)	(27.3)	
	14,458	15,949	(9.3)	28,643	30,840	(7.1)	
(b)	(1,655)	(24)	>(100.0)	(4,090)	(70)	>(100.0)	
	12,803	15,925	(19.6)	24,553	30,770	(20.2)	
(c)	(2,776)	871	>(100.0)	(1,693)	2,264	>(100.0)	
	10,027	16,796	(40.3)	22,860	33,034	(30.8)	
	(18)	(12)	(50.0)	(34)	(24)	(41.7)	
	10,009	16,784	(40.4)	22,826	33,010	(30.9)	
<u>Distribution Statement</u>							
	10,009	16,784	(40.4)	22,826	33,010	(30.9)	
(d)	7,545	2,176	>100.0	12,011	3,601	>100.0	
(e)	-	-		129	(6)	>100.0	
	17,554	18,960	(7.4)	34,966	36,605	(4.5)	
Comprising:							
	17,465	18,900	(7.6)	34,798	36,488	(4.6)	
	89	60	48.3	168	117	43.6	
	17,554	18,960	(7.4)	34,966	36,605	(4.5)	

Notes:

NM – Not meaningful

- (a) Retail and office expenses included impairment losses on trade receivables of S\$168,000 (2Q 2018: S\$121,000).
- (b) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results. This arose mainly from the pre-opening expenses and finance costs incurred on the borrowings in relation to the development of Village Hotel Sentosa and The Outpost Hotel Sentosa which were previously capitalised whilst the properties were under development and are now being expensed upon obtaining temporary occupation permit on 31 October 2018.

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- (c) This relates to net change in fair value of interest rate swap contracts entered to hedge against the interest rate exposure of Far East H-REIT. This is a non-tax chargeable / deductible item and has no impact on the taxable income and distributable income to the Stapled Securityholders.
- (d) Included in the net tax adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	2Q 2019	2Q 2018	Better / (Worse)	1H 2019	1H 2018	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	2,718	2,720	(0.1)	5,415	5,181	4.5
- Trustee's fees	82	81	1.2	163	157	3.8
- Amortisation of debt-related transaction cost	152	203	(25.1)	362	333	8.7
- Fair value change in derivative financial instruments	2,776	(871)	>100.0	1,693	(2,264)	>100.0
- Share of results of joint venture	1,655	24	>100.0	4,090	70	>100.0
- Other items	162	19	>100.0	288	124	>100.0
Net tax adjustments	7,545	2,176	>100.0	12,011	3,601	>100.0

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (e) The rollover adjustment for 1H 2019 and 1H 2018 relates to the difference between the taxable income previously distributed and the quantum finally agreed with the Inland Revenue Authority of Singapore ("IRAS") for the Year of Assessment 2017 and 2016 respectively.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019
1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 30 June 2019
Far East H-REIT and Far East H-Trust**

	Note	As at 30 June 2019			As at 31 December 2018		
		Far East H-Trust	Far East H-REIT	Far East H-BT	Far East H-Trust	Far East H-REIT	Far East H-BT
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets							
Investment properties	(a)	2,634,249	2,634,249	–	2,633,500	2,633,500	–
Joint venture	(b)	10,266	10,266	–	14,356	14,356	–
Total non-current assets		2,644,515	2,644,515	–	2,647,856	2,647,856	–
Current assets							
Cash and cash equivalents		7,406	7,406	–	12,837	12,837	–
Prepayments		4	4	–	71	71	–
Trade and other receivables	(c)	40,746	40,746	30	38,516	38,516	30
Derivative financial assets	(d)	110	110	–	371	371	–
Total current assets		48,266	48,266	30	51,795	51,795	30
Total assets		2,692,781	2,692,781	30	2,699,651	2,699,651	30
Current liabilities							
Trade and other payables		3,409	3,428	11	4,108	4,128	10
Borrowings	(e)	131,823	131,823	–	152,598	152,598	–
Accruals		6,393	6,371	22	7,909	7,908	1
Derivative financial liabilities	(d)	79	79	–	–	–	–
Rental deposits		3,420	3,420	–	2,926	2,926	–
Deferred income		90	90	–	90	90	–
Income tax payable		34	34	–	54	54	–
Total current liabilities		145,248	145,245	33	167,685	167,704	11
Non-current liabilities							
Borrowings	(e)	875,427	875,427	–	875,269	875,269	–
Derivative financial liabilities	(d)	3,389	3,389	–	2,037	2,037	–
Rental deposits		5,409	5,409	–	5,950	5,950	–
Deferred income		1,097	1,097	–	1,141	1,141	–
Total non-current liabilities		885,322	885,322	–	884,397	884,397	–
Total liabilities		1,030,570	1,030,567	33	1,052,082	1,052,101	11
Net assets		1,662,211	1,662,214	(3)	1,647,569	1,647,550	19
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,662,214	1,662,214	–	1,647,550	1,647,550	–
Unitholders' funds of Far East H-BT		(3)	–	(3)	19	–	19
		1,662,211	1,662,214	(3)	1,647,569	1,647,550	19

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Notes:

- (a) The increase in investment properties was mainly attributable to the asset enhancement works carried out at Orchard Rendezvous Hotel, Village Hotel Bugis and Village Hotel Albert Court.
- (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\$29.6 million. The amount is used to finance the development of a hotel site located at Artillery Avenue, Sentosa. Phase One of the development has obtained temporary occupation permit on 31 October 2018. Village Hotel Sentosa and The Outpost Hotel Sentosa have opened in April 2019.
- (d) This relates to the fair value of interest rate swap contracts entered to hedge against interest rate risk exposure of Far East H-REIT.
- (e) In March 2019, a new facility was drawn down to early refinanced S\$100.0 million term loan due in August 2019. The total borrowings as at 30 June 2019 of S\$1,007.3 million was S\$20.6 million lower compared to balances as at 31 December 2018 mainly due to a net repayment of revolving credit facility ("RCF") of S\$20.8 million during the year from the cash retained from Distribution Reinvestment Plan ("DRP") participation by Stapled Securityholders and surplus cash at bank.

The current borrowings relate to term loan of S\$100.0 million due to mature in April 2020 and RCF of S\$31.9 million which is payable on demand. For the term loan due to mature in April 2020, the REIT Manager is working with its lenders to assess refinancing options for the term loan. As at 30 June 2019, Far East H-REIT has undrawn and uncommitted RCF of S\$268.1 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).

1(b)(ii) Aggregate Amounts of Borrowings as at 30 June 2019

	As at 30 June 2019		As at 31 December 2018	
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	131,823	131,823	152,598	152,598
Amounts repayable after one year	875,427	875,427	875,269	875,269
	1,007,250	1,007,250	1,027,867	1,027,867

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 30 June 2019 are as follows:

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

On 25 March 2019, DBS Trustee Limited in its capacity as trustee of Far East H-REIT entered into S\$125.0 million facility agreement, which comprise of S\$100.0 million 5-year term loan facility and S\$25.0 million uncommitted RCF, to early refinancing of term loan of S\$100.0 million due in August 2019. There are no other term loans maturing this year.

The weighted average cost of debt was approximately 2.9% per annum. The weighted average debt-to-maturity was extended from 3.3 years in June 2018 to 3.4 years.

Gearing as of 30 June 2019 was 39.8% (2018: 40.1%).

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019
**1(c) Consolidated Cash Flow Statements
 Far East H-REIT and Far East H-Trust**

		Far East H-REIT			
	Note	2Q 2019	2Q 2018	1H 2019	1H 2018
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		10,049	16,797	22,882	33,035
Adjustments for:					
Interest and other income		(232)	(189)	(452)	(330)
Finance expenses		7,452	6,720	15,110	11,874
Fair value change in derivative financial instruments		2,776	(871)	1,693	(2,264)
REIT Manager's fees issued/issuable in Stapled Securities		2,718	2,720	5,415	5,181
Share of results of joint venture		1,655	24	4,090	70
Impairment losses on trade receivables		168	121	314	263
Deferred income recognised		–	22	–	–
Operating profit before working capital changes		24,586	25,344	49,052	47,829
Changes in working capital					
Trade and other receivables		(209)	6,452	(751)	(1,014)
Trade and other payables		(1,152)	126	(1,150)	(734)
Rental deposits		90	154	(92)	126
Income tax paid		(54)	(19)	(54)	(19)
Cash flows generated from operating activities		23,261	32,057	47,005	46,188
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(382)	(1,903)	(666)	(2,392)
Acquisition of investment property		–	(217,499)	–	(217,499)
Loan to joint venture	(b)	(600)	–	(1,200)	–
Interest received		–	–	–	8
Cash flows used in investing activities		(982)	(219,402)	(1,866)	(219,883)
Cash flows from financing activities					
Proceeds from borrowings	(b)	600	357,151	101,200	371,895
Finance costs paid		(6,536)	(5,273)	(16,171)	(13,032)
Repayment of borrowings	(b)	(9,000)	(142,150)	(122,000)	(142,150)
Distribution to Stapled Securityholders	(c)	(6,622)	(17,543)	(13,599)	(35,556)
Cash flows (used in) / from financing activities		(21,558)	192,185	(50,570)	181,157
Net (decrease) / increase in cash and cash equivalents		721	4,840	(5,431)	7,462
Cash and cash equivalents at beginning of the period		6,685	6,532	12,837	3,910
Cash and cash equivalents at end of the period		7,406	11,372	7,406	11,372

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	Note	Far East H-Trust			
		2Q 2019	2Q 2018	1H 2019	1H 2018
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		10,027	16,796	22,860	33,034
Adjustments for:					
Interest and other income		(232)	(189)	(452)	(330)
Finance expenses		7,452	6,720	15,110	11,874
Fair value change in derivative financial instruments		2,776	(871)	1,693	(2,264)
REIT Manager's fees issued/issuable in Stapled Securities		2,718	2,720	5,415	5,181
Share of results of joint venture		1,655	24	4,090	70
Impairment losses on trade receivables		168	121	314	263
Deferred income recognised		–	22	–	–
Operating profit before working capital changes		24,564	25,343	49,030	47,828
Changes in working capital					
Trade and other receivables		(209)	6,452	(751)	(1,014)
Trade and other payables		(1,130)	127	(1,128)	(733)
Rental deposits		90	154	(92)	126
Income tax paid		(54)	(19)	(54)	(19)
Cash flows generated from operating activities		23,261	32,057	47,005	46,188
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(382)	(1,903)	(666)	(2,392)
Acquisition of investment property		–	(217,499)	–	(217,499)
Loan to joint venture	(b)	(600)	–	(1,200)	–
Interest received		–	–	–	8
Cash flows used in investing activities		(982)	(219,402)	(1,866)	(219,883)
Cash flows from financing activities					
Proceeds from borrowings	(b)	600	357,151	101,200	371,895
Finance costs paid		(6,536)	(5,273)	(16,171)	(13,032)
Repayment of borrowings	(b)	(9,000)	(142,150)	(122,000)	(142,150)
Distribution to Stapled Securityholders	(c)	(6,622)	(17,543)	(13,599)	(35,556)
Cash flows (used in) / from financing activities		(21,558)	192,185	(50,570)	181,157
Net (decrease) / increase in cash and cash equivalents		721	4,840	(5,431)	7,462
Cash and cash equivalents at beginning of the period		6,685	6,532	12,837	3,910
Cash and cash equivalents at end of the period		7,406	11,372	7,406	11,372

Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Rendezvous Hotel, Village Hotel Bugis and Village Hotel Albert Court.
- (b) The term loan of S\$100.0 million and revolving credit facility of S\$1.2 million were drawdown during the year mainly to early refinance term loan of S\$100.0 million due to mature in August 2019 and on-lend to FIPL respectively.

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- (c) Far East Hospitality Trust has reintroduced the DRP in February 2019. It provides eligible Stapled Securityholders with the option to receive their distribution, either in the form of stapled securities or cash or a combination of both.

The distribution to Stapled Securityholders in 2Q 2019 relates to the cash distribution for the financial period from 1 January 2019 to 31 March 2019, which was paid on 12 June 2019. In the corresponding period, the distribution for the financial period from 1 January 2018 to 31 March 2018 was paid on 12 June 2018. No DRP was applied to the distribution for the financial period from 1 January 2018 to 31 March 2018.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 April 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 loss S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 April 2019	1,721,902	(65,815)	1,656,087	28	(9)	19	1,656,106
Operations							
Increase in net assets resulting from operations	-	10,031	10,031	-	(22)	(22)	10,009
	-	10,031	10,031	-	(22)	(22)	10,009
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,718	-	2,718	-	-	-	2,718
- Distribution reinvestment plan ^(b)	10,689	-	10,689	-	-	-	10,689
Distribution to Stapled Securityholders ^(c)	-	(17,311)	(17,311)	-	-	-	(17,311)
Net increase/(decrease) in net assets resulting from unitholders' transactions	13,407	(17,311)	(3,904)	-	-	-	(3,904)
Balance at 30 June 2019	1,735,309	(73,095)	1,662,214	28	(31)	(3)	1,662,211

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 2Q 2019. The Stapled Securities relating to base management fee will be issued within 30 days from quarter-end. Stapled Securities relating to performance management fee will be issued in April 2020.
- (b) Under the DRP, new stapled securities have been issued to eligible stapled securityholders who have opted to receive their distribution entitlement for the period from 1 January 2019 to 31 March 2019 in stapled securities on 12 June 2019.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 January 2019 to 31 March 2019, which was paid on 12 June 2019.

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

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 April 2018	1,697,552	(78,185)	1,619,367	28	(7)	21	1,619,388
Operations							
Decrease in net assets resulting from operations	-	16,785	16,785	-	(1)	(1)	16,784
	-	16,785	16,785	-	(1)	(1)	16,784
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,720	-	2,720	-	-	-	2,720
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(17,543)	(17,543)	-	-	-	(17,543)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,295	(17,543)	(13,248)	-	-	-	(13,248)
Balance at 30 June 2018	1,701,847	(78,943)	1,622,904	28	(8)	20	1,622,924

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 2Q 2018. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2018 were issued on 26 April 2019.
- (b) This represents the Stapled Securities issued to REIT Manager for satisfaction of acquisition fee in relation to the acquisition of Oasia Hotel Downtown.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 January 2018 to 31 March 2018, which was paid on 12 June 2018.

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

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 will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2019 will be issued in April 2020.
- (b) Under the DRP, new stapled securities have been issued to eligible stapled securityholders who have opted to receive their distribution entitlement for the period from 1 October 2018 to 31 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.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 30 June 2018

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated loss S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2018	1,695,091	(76,398)	1,618,693	28	(7)	21	1,618,714
Operations							
Increase in net assets resulting from operations	-	33,011	33,011	-	(1)	(1)	33,010
	-	33,011	33,011	-	(1)	(1)	33,010
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	5,181	-	5,181	-	-	-	5,181
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(35,556)	(35,556)	-	-	-	(35,556)
Net increase/(decrease) in net assets resulting from unitholders' transactions	6,756	(35,556)	(28,800)	-	-	-	(28,800)
Balance at 30 June 2018	1,701,847	(78,943)	1,622,904	28	(8)	20	1,622,924

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the period from 1 January 2018 to 30 June 2018. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2018 were issued on 26 April 2019.
- (b) This represents the Stapled Securities issued to REIT Manager for satisfaction of acquisition fee in relation to the acquisition of Oasia Hotel Downtown.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2017 to 31 March 2018.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019

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

	Far East H-TRUST			
	2Q 2019 No. of Stapled Securities '000	2Q 2018 No. of Stapled Securities '000	1H 2019 No. of Stapled Securities '000	1H 2018 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,893,638	1,857,061	1,872,012	1,854,701
Issuance of Stapled Securities:				
- REIT Manager's fees	8,699	7,014	11,695	9,374
- REIT Manager's Acquisition fees	-	2,233	-	2,233
- Distribution Reinvestment Plan	16,564	-	35,194	-
Stapled Securities in issue	1,918,901	1,866,308	1,918,901	1,866,308
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,736	2,840	2,736	2,840
- REIT Manager's fees – Performance fees (a)	2,726	2,778	2,726	2,778
Stapled Securities in issue and to be issued at end of period	1,924,363	1,871,926	1,924,363	1,871,926

Footnotes:

(a) 2,725,872 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2019 to 30 June 2019 are not entitled to 2Q 2019 distribution.

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

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

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

Not applicable.

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

The accounting policies and methods of computation adopted are consistent with those applied in the audited financial statements for the financial year ended 31 December 2018.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019

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

There has been no change in the accounting policies and methods of computation adopted by Far East H-REIT, Far East H-BT and the Stapled Group for the current reporting period compared with the audited financial statements as at 31 December 2018 except for the adoption of new or revised FRS that are mandatory for financial year beginning on or after 1 January 2019. The adoption of these FRS has no significant impact to Far East H-REIT, Far East H-BT and the Stapled Group for the period under review.

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 30 June 2019

	Far East H-Trust			
	2Q 2019	2Q 2018	1H 2019	1H 2018
Weighted average number of Stapled Securities ('000)	1,903,406	1,864,332	1,889,234	1,860,338
Basic EPS (cents)	0.53	0.90	1.21	1.77
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,908,868	1,867,110	1,891,960	1,863,116
Diluted EPS (cents)	0.52	0.90	1.21	1.77
Number of Stapled Securities in issue at end of period ('000)	1,918,901	1,866,308	1,918,901	1,866,308
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,736	2,840	2,736	2,840
Total number of Stapled Securities entitled to distribution ('000)	1,921,637	1,869,148	1,921,637	1,869,148
DPS (cents)	0.91	1.01	1.82	1.95

⁽¹⁾ The weighted average number of Stapled Securities is adjusted to take into account the number of Stapled Securities to be issued to the REIT Manager as partial payment of the REIT Manager's management fee incurred.

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

	Far East H-Trust	
	30 June 2019	31 December 2018
Stapled Securities in issue and to be issued at end of period ('000)	1,924,363	1,881,085
NAV / NTA per Stapled Security (cents)	86.38	87.59

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019
8 A review of the performance for the quarter ended 30 June 2019
8(a) Statement of net income and distribution of Far East Hospitality Trust

	2Q 2019	2Q 2018	Better / (Worse)	1H 2019	1H 2018	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	27,935	28,526	(2.1)	55,725	54,250	2.7
Net property income	25,115	25,738	(2.4)	50,186	48,745	3.0
Net property income margin	89.9%	90.2%	(0.3pp)	90.1%	89.9%	0.2pp
Income available for distribution	17,554	18,960	(7.4)	34,966	36,605	(4.5)
Distribution per Stapled Security (cents)	0.91	1.01	(9.9)	1.82	1.95	(6.7)

8(b) Review of the performance of first quarter ended 30 June 2019
2Q 2019 vs 2Q 2018

Gross revenue fell 2.1% year-on-year to S\$27.9 million in 2Q 2019, mainly due to a decrease in master lease rental from the hotels.

The average occupancy of the hotels remained healthy at 88.1% in 2Q 2019, although registering a decrease of 1.7pp year-on-year. The average daily rate ("ADR") was 2.6% lower year-on-year at S\$156. As a result, revenue per available room ("RevPAR") declined by 4.5% to S\$137. Revenue contribution from the hotels was lower due to the absence of major events in the quarter as compared to the previous year, and softness in corporate demand amidst the economic slowdown.

The serviced residences ("SRs") continued to show overall improvement and a more stabilised performance this quarter. There was a growth in shorter-stay bookings at higher room rates. Although the average occupancy of the SRs decreased 1.6pp to 81.9%, the ADR was higher by 5.0%. Correspondingly, revenue per available unit ("RevPAU") of the SR portfolio grew 3.0% year-on-year to S\$174.

A snapshot of the hotel and SR performance in 2Q 2019 is set out below.

	2Q 2019		2Q 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	88.1	81.9	89.8	83.5	(1.7pp)	(1.6pp)
Average Daily Rate (S\$)	156	212	160	202	(2.6%)	5.0%
RevPAR / RevPAU (S\$)	137	174	143	168	(4.5%)	3.0%

Revenue from the retail and office spaces declined 1.2% year-on-year to S\$5.5 million in 2Q 2019.

Net property income was lower by 2.4% at S\$25.1 million. Finance costs were higher by 10.3% mainly due to higher interest rates compared to previous year.

Income available for distribution was S\$17.6 million. This translates into a distribution per Stapled Security of 0.91 Singapore cents, with an enlarged base.

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1H 2019 vs 1H 2018

Gross revenue for 1H 2019 was S\$55.7 million, an increase of 2.7% year-on-year, due mainly to an increase in master lease rental from both the hotels and serviced residences.

Unlike last year, where some hotels in Singapore benefitted from major events such as the Singapore Airshow, Food & Hotel Asia, and the North Korea–United States Singapore Summit, there were no major city-wide events in 1H 2019. In addition, economic uncertainties had led to lower volume of business travel. Occupancy for the hotel portfolio remained healthy in 1H 2019 at 88.7%, 1.0pp lower year-on-year. ADR was also marginally lower by 0.9% at S\$156. As a result, RevPAR was down by 2.1% at S\$138.

There was an overall year-on-year improvement in performance for the SRs in 1H 2019, and firmer footing was sustained since the last quarter of 2018. While average occupancy was 1.4pp lower at 81.0%, the growth in shorter-stay bookings had helped to shore up the ADR, which was 3.1% higher at S\$214. Correspondingly, revenue per available unit (“RevPAU”) of the SR portfolio grew 1.4% to S\$174 in 1H 2019.

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

	1H 2019		1H 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	88.7	81.0	89.7	82.4	(1.0pp)	(1.4pp)
Average Daily Rate (S\$)	156	214	157	208	(0.9%)	3.1%
RevPAR / RevPAU (S\$)	138	174	141	171	(2.1%)	1.4%

Revenue from the retail and office spaces declined marginally by 0.9% year-on-year to S\$11.0 million in 1H 2019.

Net property income was higher by 3.0% at S\$50.2 million. Finance costs had increased by 27.3% year-on-year to S\$15.1 million mainly due to additional loan drawn down to fund the acquisition of Oasia Hotel Downtown in April 2018 and higher interest rates compared to previous year.

Income available for distribution was S\$35.0 million. Distribution per Stapled Security for 1H 2019 was 1.82 Singapore cents.

9 Variance between forecast and the actual results

No forecast has been disclosed.

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

Arrivals are forecasted to grow by 1% to 4% in 2019¹, against an increase of 1.9% (1,275 new rooms²) in hotel room supply this year. The expected slower pace of increase in hotel room supply over the next few years will help support the recovery in the Singapore hotel sector. Looking ahead, the serviced residence market also shows signs of turning around.

Enhanced connectivity to Singapore would likely be a driver of demand, with the addition of new airlines and increased flight connections to and from new cities. Ongoing developments and initiatives in cruise tourism and MICE, as well as the rejuvenation of key tourist attractions, will benefit the hospitality sector in the years ahead.

The REIT Manager remains positive about the prospects of the industry, amidst near-term volatility and softness in corporate demand due to global macroeconomic concerns.

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

² Savills report issued as at February 2019 and Far East H-Trust’s Compilation; does not account for closures of rooms for renovations and re-openings (e.g. re-opening of Swissotel The Stamford or Raffles Hotel rooms which had undergone refurbishment).

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2019 to 30 June 2019
Distribution type	Taxable income
Distribution per stapled security	0.91 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	13 September 2019
Books closure date	7 August 2019
Stapled Securityholders must complete and return Form A or Form B, as applicable	28 August 2019

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 April 2018 to 30 June 2018
Distribution type	Taxable income
Distribution per stapled security	1.01 cents

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019

Tax rateTaxable 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%.

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

Not applicable.

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

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

14 Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of FEO Hospitality Asset Management Pte Ltd (as manager of Far East Hospitality Real Estate Investment Trust) (the "REIT Manager") and FEO Hospitality Trust Management Pte Ltd (as trustee-manager of Far East Hospitality Business Trust) (the "Trustee-Manager"), hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the REIT Manager and the Trustee-Manager which may render these interim financial statement of Far East Hospitality Trust to be false or misleading in any material respect.

Unaudited Financial Statements Announcement for the second quarter and six months ended 30 June 2019

15 Confirmation that the Issuer has procured undertakings from all of its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The REIT Manager and Trustee-Manager confirm that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
30 July 2019

By Order of the Board

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

Important Notice

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

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

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

Investors should note that they have no right to request the REIT Manager and Trustee-Manager to redeem their Stapled Securities while the Stapled Securities are listed. It is intended that Stapled Securityholders may only deal in their Stapled Securities through trading on the SGX-ST. Listing of the Stapled Securities on the SGX-ST does not guarantee a liquid market for the Stapled Securities.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Stapled Securities. The past performance of Far East H-Trust is not necessarily indicative of the future performance of Far East H-Trust.