

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

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 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	4Q 2019	4Q 2018	Better / (Worse)	FY 2019	FY 2018	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	23,515	23,433	0.3	93,619	91,606	2.2	
	5,431	5,486	(1.0)	21,927	22,072	(0.7)	
	28,946	28,919	0.1	115,546	113,678	1.6	
	(1,835)	(1,717)	(6.9)	(7,367)	(7,337)	(0.4)	
	(28)	(29)	3.4	(112)	(115)	2.6	
	(82)	(41)	(100.0)	(257)	(164)	(56.7)	
(a)	(813)	(690)	(17.8)	(3,021)	(2,832)	(6.7)	
	(118)	(118)	-	(475)	(475)	-	
	(2,876)	(2,595)	(10.8)	(11,232)	(10,923)	(2.8)	
	26,070	26,324	(1.0)	104,314	102,755	1.5	
	(3,080)	(3,079)	-	(12,257)	(11,963)	(2.5)	
	(83)	(84)	1.2	(329)	(322)	(2.2)	
	(302)	(207)	(45.9)	(1,454)	(905)	(60.7)	
	222	198	12.1	907	718	26.3	
	(7,387)	(7,525)	1.8	(29,850)	(26,779)	(11.5)	
	15,440	15,627	(1.2)	61,331	63,504	(3.4)	
(b)	(1,882)	(1,872)	(0.5)	(6,329)	(2,087)	>(100.0)	
	13,558	13,755	(1.4)	55,002	61,417	(10.4)	
(c)	(1,164)	(3,892)	70.1	(3,323)	(955)	>(100.0)	
(d)	8,809	30,198	(70.8)	8,809	30,198	(70.8)	
	21,203	40,061	(47.1)	60,488	90,660	(33.3)	
	(32)	(15)	>(100.0)	(96)	(54)	(77.8)	
	21,171	40,046	(47.1)	60,392	90,606	(33.3)	
Distribution Statement							
	21,171	40,046	(47.1)	60,392	90,606	(33.3)	
(e)	(2,639)	(21,382)	87.7	13,395	(15,235)	>100.0	
(f)	-	-	-	129	(6)	>100.0	
(g)	250	433	(42.3)	-	-	-	
	18,782	19,097	(1.6)	73,916	75,365	(1.9)	
Comprising:							
- Taxable income	18,628	19,023	(2.1)	73,447	75,102	(2.2)	
- Tax-exempt income	154	74	>100.0	469	263	78.3	
	18,782	19,097	(1.6)	73,916	75,365	(1.9)	

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		Far East H-Trust					
Note	4Q 2019	4Q 2018	Better / (Worse)	FY 2019	FY 2018	Better / (Worse)	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	23,515	23,433	0.3	93,619	91,606	2.2	
Retail and office revenue	5,431	5,486	(1.0)	21,927	22,072	(0.7)	
Gross revenue	28,946	28,919	0.1	115,546	113,678	1.6	
Property tax	(1,835)	(1,717)	(6.9)	(7,367)	(7,337)	(0.4)	
Property insurance	(28)	(29)	3.4	(112)	(115)	2.6	
MCST contribution	(82)	(41)	(100.0)	(257)	(164)	(56.7)	
Retail and office expenses	(813)	(690)	(17.8)	(3,021)	(2,832)	(6.7)	
Property manager fees	(118)	(118)	-	(475)	(475)	-	
Property expenses	(2,876)	(2,595)	(10.8)	(11,232)	(10,923)	(2.8)	
Net property income	26,070	26,324	(1.0)	104,314	102,755	1.5	
REIT Manager's fees	(3,080)	(3,079)	-	(12,257)	(11,963)	(2.5)	
Trustee's fees	(83)	(84)	1.2	(329)	(322)	(2.2)	
Other trust expenses	(303)	(207)	(46.4)	(1,477)	(907)	(62.8)	
Interest and other income	222	198	12.1	907	718	26.3	
Finance expenses	(7,387)	(7,525)	1.8	(29,850)	(26,779)	(11.5)	
Net income before joint venture's results	15,439	15,627	(1.2)	61,308	63,502	(3.5)	
Share of results of joint venture	(1,882)	(1,872)	(0.5)	(6,329)	(2,087)	>(100.0)	
Net income before tax and fair value changes	13,557	13,755	(1.4)	54,979	61,415	(10.5)	
Fair value change in derivative financial instruments	(1,164)	(3,892)	70.1	(3,323)	(955)	>(100.0)	
Fair value change in investment properties	8,809	30,198	(70.8)	8,809	30,198	(70.8)	
Total return for the period before income tax	21,202	40,061	(47.1)	60,465	90,658	(33.3)	
Income tax expense	(32)	(15)	>(100.0)	(96)	(54)	(77.8)	
Total return for the period	21,170	40,046	(47.1)	60,369	90,604	(33.4)	
Distribution Statement							
Total return for the period	21,170	40,046	(47.1)	60,369	90,604	(33.4)	
Net tax adjustments	(2,639)	(21,382)	87.7	13,395	(15,235)	>100.0	
Rollover adjustment	-	-	-	129	(6)	>100.0	
Undistributed income from previous quarters	250	433	(42.3)	-	-	-	
Income available for distribution	18,781	19,097	(1.7)	73,893	75,363	(2.0)	
Comprising:							
- Taxable income	18,627	19,023	(2.1)	73,424	75,100	(2.2)	
- Tax-exempt income	154	74	>100.0	469	263	78.3	
Total available for distribution	18,781	19,097	(1.7)	73,893	75,363	(2.0)	

Notes:

NM – Not meaningful

- (a) Retail and office expenses included impairment losses on trade receivables of S\$685,000 (2018: S\$402,000).
- (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

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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.

- (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) The fair value change in investment properties of S\$8.8 million arose from the revaluation of 9 Hotels and 4 SRs as at 31 December 2019. The independent valuations of the investment properties were carried out by Savills Valuation And Professional Services (S) Pte Ltd and Knight Frank Pte Ltd. 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	4Q 2019 S\$'000	4Q 2018 S\$'000	Better / (Worse) %	FY 2019 S\$'000	FY 2018 S\$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	(i)	2,772	2,771	-	11,031	10,767	2.5
- Trustee's fees		83	84	(1.2)	329	322	2.2
- Amortisation of debt-related transaction cost		156	180	(13.3)	672	680	(1.2)
- Fair value change in derivative financial instruments		1,164	3,892	(70.1)	3,323	955	>100.0
- Fair value change in investment properties		(8,809)	(30,198)	70.8	(8,809)	(30,198)	70.8
- Share of results of joint venture		1,882	1,872	0.5	6,329	2,087	>100.0
- Other items		113	17	>100.0	520	152	>100.0
Net tax adjustments		(2,639)	(21,382)	87.7	13,395	(15,235)	>100.0

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (f) The rollover adjustment for FY 2019 and FY 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.
- (g) This relates to taxable income that were undistributed in 1Q2019 to 3Q2019 due to rounding.

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1(b) Balance Sheets
**1(b)(i) Balance Sheets as at 31 December 2019
 Far East H-REIT and Far East H-Trust**

	Note	As at 31 December 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)	2,645,700	2,645,700	–	2,633,500	2,633,500	–
Joint venture	(b)	8,027	8,027	–	14,356	14,356	–
Total non-current assets		2,653,727	2,653,727	–	2,647,856	2,647,856	–
Current assets							
Cash and cash equivalents		5,838	5,838	–	12,837	12,837	–
Prepayments		14	14	–	71	71	–
Trade and other receivables	(c)	39,966	39,966	30	38,516	38,516	30
Derivative financial assets	(d)	–	–	–	371	371	–
Total current assets		45,818	45,818	30	51,795	51,795	30
Total assets		2,699,545	2,699,545	30	2,699,651	2,699,651	30
Current liabilities							
Trade and other payables		3,668	3,665	33	4,108	4,128	10
Borrowings	(e)	16,500	16,500	–	152,598	152,598	–
Accruals		7,518	7,517	1	7,909	7,908	1
Derivative financial liabilities	(d)	108	108	–	–	–	–
Rental deposits		3,284	3,284	–	2,926	2,926	–
Deferred income		90	90	–	90	90	–
Income tax payable		96	96	–	54	54	–
Total current liabilities		31,264	31,260	34	167,685	167,704	11
Non-current liabilities							
Borrowings	(e)	975,694	975,694	–	875,269	875,269	–
Derivative financial liabilities	(d)	4,881	4,881	–	2,037	2,037	–
Rental deposits		5,408	5,408	–	5,950	5,950	–
Deferred income		1,051	1,051	–	1,141	1,141	–
Total non-current liabilities		987,034	987,034	–	884,397	884,397	–
Total liabilities		1,018,298	1,018,294	34	1,052,082	1,052,101	11
Net assets		1,681,247	1,681,251	(4)	1,647,569	1,647,550	19
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,681,251	1,681,251	–	1,647,550	1,647,550	–
Unitholders' funds of Far East H-BT		(4)	–	(4)	19	–	19
		1,681,247	1,681,251	(4)	1,647,569	1,647,550	19

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Notes:

- (a) The increase in investment properties was mainly attributable to the fair value change in investment properties and asset enhancement works carried out at Orchard Rendezvous Hotel, Village Hotel Bugis, Village Hotel Albert Court and The Elizabeth Hotel.
- (b) This relates to the 30% joint venture interest in FIPL.
- (c) This includes a shareholders' loan and accrued interest due from FIPL of S\$30.0 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) 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 31 December 2019 of S\$992.2 million was S\$35.7 million lower compared to balances as at 31 December 2018 mainly due to a net repayment of revolving credit facility ("RCF") of S\$36.2 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 RCF of S\$16.5 million which is payable on demand. The S\$100.0 million term loan due to mature in April 2020 has been extended in October 2019 ahead of its maturity. As such, the term loan was transferred from current liabilities to non-current liabilities in the quarter. Please refer to the details of aggregate amount of borrowings in section 1(b)(ii).

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

	As at 31 December 2019		As at 31 December 2018	
	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	16,500	16,500	152,598	152,598
Amounts repayable after one year	975,694	975,694	875,269	875,269
	992,194	992,194	1,027,867	1,027,867

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 31 December 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, for early refinancing of term loan of S\$100.0 million due in August 2019.

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 2.9% per annum. The weighted average debt-to-maturity was 3.3 years taking into account the extended tenor.

Gearing as of 31 December 2019 was 39.2% (2018: 40.1%).

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

		Far East H-REIT			
Note	4Q 2019	4Q 2018	FY 2019	FY 2018	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	21,203	40,061	60,488	90,660	
Adjustments for:					
Interest and other income	(222)	(198)	(907)	(718)	
Finance expenses	7,387	7,525	29,850	26,779	
Fair value change in derivative financial instruments	1,164	3,892	3,323	955	
Fair value change in investment properties	(8,809)	(30,198)	(8,809)	(30,198)	
REIT Manager's fees issued/issuable in Stapled Securities	2,772	2,771	11,031	10,767	
Share of results of joint venture	1,882	1,872	6,329	2,087	
Impairment losses on trade receivables	189	100	685	402	
Operating profit before working capital changes	25,566	25,825	101,990	100,734	
Changes in working capital					
Trade and other receivables	967	740	(197)	(556)	
Trade and other payables	222	511	(319)	585	
Rental deposits	(178)	(96)	(274)	38	
Income tax paid	-	-	(54)	(19)	
Cash flows generated from operating activities	26,577	26,980	101,146	100,782	
Cash flows from investing activities					
Capital expenditure on investment properties	(1,057)	(891)	(2,771)	(4,122)	
Acquisition of investment property	-	-	-	(217,514)	
Loan to joint venture	-	(1,170)	(1,200)	(1,170)	
Interest received	-	-	-	8	
Cash flows used in investing activities	(1,057)	(2,061)	(3,971)	(222,798)	
Cash flows from financing activities					
Proceeds from borrowings	5,800	112,670	115,700	493,565	
Finance costs paid	(8,672)	(5,623)	(30,287)	(26,381)	
Repayment of borrowings	(14,620)	(108,500)	(151,865)	(262,150)	
Distribution to Stapled Securityholders	(7,127)	(19,656)	(37,722)	(74,091)	
Cash flows (used in) / from financing activities	(24,619)	(21,109)	(104,174)	130,943	
Net increase / (decrease) in cash and cash equivalents	901	3,810	(6,999)	8,927	
Cash and cash equivalents at beginning of the period	4,937	9,027	12,837	3,910	
Cash and cash equivalents at end of the period	5,838	12,837	5,838	12,837	

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		Far East H-Trust			
Note	4Q 2019	4Q 2018	FY 2019	FY 2018	
	S\$'000	S\$'000	S\$'000	S\$'000	
Cash flows from operating activities					
Total return before income tax	21,202	40,061	60,465	90,658	
Adjustments for:					
Interest and other income	(222)	(198)	(907)	(718)	
Finance expenses	7,387	7,525	29,850	26,779	
Fair value change in derivative financial instruments	1,164	3,892	3,323	955	
Fair value change in investment properties	(8,809)	(30,198)	(8,809)	(30,198)	
REIT Manager's fees issued/issuable in Stapled Securities	2,772	2,771	11,031	10,767	
Share of results of joint venture	1,882	1,872	6,329	2,087	
Impairment losses on trade receivables	189	100	685	402	
Operating profit before working capital changes	25,565	25,825	101,967	100,732	
Changes in working capital					
Trade and other receivables	967	740	(197)	(556)	
Trade and other payables	223	511	(296)	587	
Rental deposits	(178)	(96)	(274)	38	
Income tax paid	-	-	(54)	(19)	
Cash flows generated from operating activities	26,577	26,980	101,146	100,782	
Cash flows from investing activities					
Capital expenditure on investment properties	(1,057)	(891)	(2,771)	(4,122)	
Acquisition of investment property	-	-	-	(217,514)	
Loan to joint venture	-	(1,170)	(1,200)	(1,170)	
Interest received	-	-	-	8	
Cash flows used in investing activities	(1,057)	(2,061)	(3,971)	(222,798)	
Cash flows from financing activities					
Proceeds from borrowings	5,800	112,670	115,700	493,565	
Finance costs paid	(8,672)	(5,623)	(30,287)	(26,381)	
Repayment of borrowings	(14,620)	(108,500)	(151,865)	(262,150)	
Distribution to Stapled Securityholders	(7,127)	(19,656)	(37,722)	(74,091)	
Cash flows (used in) / from financing activities	(24,619)	(21,109)	(104,174)	130,943	
Net increase / (decrease) in cash and cash equivalents	901	3,810	(6,999)	8,927	
Cash and cash equivalents at beginning of the period	4,937	9,027	12,837	3,910	
Cash and cash equivalents at end of the period	5,838	12,837	5,838	12,837	

Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at Orchard Rendezvous Hotel, Village Hotel Bugis, Village Hotel Albert Court and The Elizabeth Hotel.
- (b) Proceeds from borrowings were mainly from drawdown of term loan of S\$100.0 million and RCF of S\$1.2 million to early refinance term loan of S\$100.0 million due to mature in August 2019 and on-lend to FIPL respectively. Repayment of borrowings included repayment of RCF from cash retained from proceeds of DRP.

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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 4Q 2019 relates to the cash distribution for the financial period from 1 July 2019 to 30 September 2019, which was paid on 12 December 2019. In the corresponding period, the distribution for the financial period from 1 July 2018 to 30 September 2018 was paid on 13 December 2018. No DRP was applied to the distribution for the financial period from 1 July 2018 to 30 September 2018.

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2019 to 31 December 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 October 2019	1,738,645	(74,210)	1,664,435	28	(31)	(3)	1,664,432
Operations							
Increase in net assets resulting from operations	-	21,171	21,171	-	(1)	(1)	21,170
	-	21,171	21,171	-	(1)	(1)	21,170
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,772	-	2,772	-	-	-	2,772
- Distribution reinvestment plan ^(b)	12,894	-	12,894	-	-	-	12,894
Distribution to Stapled Securityholders ^(c)	-	(20,021)	(20,021)	-	-	-	(20,021)
Net increase/(decrease) in net assets resulting from unitholders' transactions	15,666	(20,021)	(4,355)	-	-	-	(4,355)
Balance at 31 December 2019	1,754,311	(73,060)	1,681,251	28	(32)	(4)	1,681,247

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 4Q 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 July 2019 to 30 September 2019 in stapled securities on 12 December 2019.
- (c) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 July 2019 to 30 September 2019, which was paid on 12 December 2019.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 October 2018 to 31 December 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 October 2018	1,704,661	(80,272)	1,624,389	28	(9)	19	1,624,408
Operations							
Decrease in net assets resulting from operations	-	40,046	40,046	-	-	-	40,046
	-	40,046	40,046	-	-	-	40,046
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	2,771	-	2,771	-	-	-	2,771
Distribution to Stapled Securityholders ^(b)	-	(19,656)	(19,656)	-	-	-	(19,656)
Net increase/(decrease) in net assets resulting from unitholders' transactions	2,771	(19,656)	(16,885)	-	-	-	(16,885)
Balance at 31 December 2018	1,707,432	(59,882)	1,647,550	28	(9)	19	1,647,569

Notes:

- (a) This represents the Stapled Securities to be issued as partial satisfaction of the base and performance management fees incurred for the 4Q 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) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 July 2018 to 30 September 2018, which was paid on 13 December 2018.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2019 to 31 December 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	1,707,433	(59,883)	1,647,550	28	(9)	19	1,647,569
Operations							
Increase in net assets resulting from operations	-	60,392	60,392	-	(23)	(23)	60,369
	-	60,392	60,392	-	(23)	(23)	60,369
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	11,031	-	11,031	-	-	-	11,031
- Distribution reinvestment plan ^(b)	35,847	-	35,847	-	-	-	35,847
Distribution to Stapled Securityholders ^(c)	-	(73,569)	(73,569)	-	-	-	(73,569)
Net increase/(decrease) in net assets resulting from unitholders' transactions	46,878	(73,569)	(26,691)	-	-	-	(26,691)
Balance at 31 December 2019	1,754,311	(73,060)	1,681,251	28	(32)	(4)	1,681,247

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 31 December 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 30 September 2019 in stapled securities on 28 March 2019, 12 June 2019, 13 September 2019 and 12 December 2019 respectively.
- (c) Distribution to Stapled Securityholders relates to financial period from 1 October 2018 to 30 September 2019.

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2019
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2018 to 31 December 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	-	90,606	90,606	-	(2)	(2)	90,604
	-	90,606	90,606	-	(2)	(2)	90,604
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	10,767	-	10,767	-	-	-	10,767
- REIT Acquisition fees ^(b)	1,575	-	1,575	-	-	-	1,575
Distribution to Stapled Securityholders ^(c)	-	(74,091)	(74,091)	-	-	-	(74,091)
Net increase/(decrease) in net assets resulting from unitholders' transactions	12,342	(74,091)	(61,749)	-	-	-	(61,749)
Balance at 31 December 2018	1,707,433	(59,883)	1,647,550	28	(9)	19	1,647,569

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 31 December 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 30 September 2018.

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

	Far East H-TRUST			
	4Q 2019 No. of Stapled Securities '000	4Q 2018 No. of Stapled Securities '000	FY 2019 No. of Stapled Securities '000	FY 2018 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,922,378	1,869,148	1,872,012	1,854,701
Issuance of Stapled Securities:				
- REIT Manager's fees	2,688	2,864	17,119	15,078
- REIT Manager's Acquisition fees	-	-	-	2,233
- Distribution Reinvestment Plan	18,185	-	54,120	-
Stapled Securities in issue	1,943,251	1,872,012	1,943,251	1,872,012
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,516	2,996	2,516	2,996
- REIT Manager's fees – Performance fees (a)	5,152	6,077	5,152	6,077
Stapled Securities in issue and to be issued at end of period	1,950,919	1,881,085	1,950,919	1,881,085

Footnotes:

(a) 5,151,995 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2019 to 31 December 2019 are not entitled to 4Q 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 fourth quarter and year ended 31 December 2019

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

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

6 Earnings per Stapled Security (“EPS”) and Distribution per Stapled Security (“DPS”) for the financial period ended 31 December 2019

	Far East H-Trust			
	4Q 2019	4Q 2018	FY 2019	FY 2018
Weighted average number of Stapled Securities ('000)	1,928,318	1,871,233	1,907,102	1,865,103
Basic EPS (cents)	1.10	2.14	3.17	4.86
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,935,986	1,877,310	1,914,770	1,871,180
Diluted EPS (cents)	1.09	2.13	3.15	4.84
Number of Stapled Securities in issue at end of period ('000)	1,943,251	1,872,012	1,943,251	1,872,012
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,516	2,996	2,516	2,996
Total number of Stapled Securities entitled to distribution ('000)	1,945,767	1,875,008	1,945,767	1,857,008
DPS (cents)	0.95	1.00	3.81	4.00

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

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

	Far East H-Trust	
	31 December 2019	31 December 2018
Stapled Securities in issue and to be issued at end of period ('000)	1,950,919	1,881,085
NAV / NTA per Stapled Security (cents)	86.18	87.59

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2019
8 A review of the performance for the quarter ended 31 December 2019
8(a) Statement of net income and distribution of Far East Hospitality Trust

	4Q 2019	4Q 2018	Better / (Worse)	FY 2019	FY 2018	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	28,946	28,919	0.1	115,546	113,678	1.6
Net property income	26,070	26,324	(1.0)	104,314	102,755	1.5
Net property income margin	90.1%	91.0%	(0.9pp)	90.3%	90.4%	(0.1pp)
Income available for distribution	18,781	19,097	(1.7)	73,893	75,363	(2.0)
Distribution per Stapled Security (cents)	0.95	1.00	(5.0)	3.81	4.00	(4.8)

8(b) Review of the performance of fourth quarter and year ended 31 December 2019
4Q 2019 vs 4Q 2018

Gross revenue for 4Q 2019 was S\$28.9 million, marginally higher year-on-year by 0.1%.

The average occupancy of the hotels remained healthy at 86.6% in 4Q 2019, 0.4pp higher year-on-year. The average daily rate ("ADR") was 1.0% lower year-on-year at S\$163, mainly attributed to lower contribution from the corporate segment and a greater composition of leisure business. As a result, revenue per available room ("RevPAR") was marginally lower year-on-year by 0.6% at S\$141.

The serviced residences ("SRs") showed another quarter of stable year-on-year improvement, partly attributed to the continued growth in shorter-stay bookings at higher room rates. For 4Q 2019, the average occupancy of the SRs was 83.7%, 0.6pp lower year-on-year. ADR grew by 2.6% to S\$217, and correspondingly, revenue per available unit ("RevPAU") of the SR portfolio grew by 1.9% year-on-year to S\$182.

A snapshot of the hotel and SR performance in 4Q 2019 is set out below.

	4Q 2019		4Q 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	86.6	83.7	86.2	84.3	0.4pp	(0.6pp)
Average Daily Rate (S\$)	163	217	165	212	(1.0%)	2.6%
RevPAR / RevPAU (S\$)	141	182	142	179	(0.6%)	1.9%

Revenue from the retail and office spaces decreased by 1.0% year-on-year to S\$5.4 million in 4Q 2019.

Net property income was lower by 1.0% at S\$26.1 million. Finance costs were lower by 1.8% year-on-year. Other trust expenses were higher by S\$0.1 million mainly due to DRP processing cost.

Income available for distribution was S\$18.8 million, 1.7% lower year-on-year. This translates into a distribution per Stapled Security of 0.95 Singapore cents, with an enlarged base largely as a result of the implementation of the Distribution Reinvestment Plan in the last four quarters, as compared to 1.00 Singapore cents in the preceding year.

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FY 2019 vs FY 2018

Gross revenue for FY 2019 was S\$115.5 million, an increase of 1.6% year-on-year, driven by growth in master lease rental from the hotels and serviced residences in the portfolio.

The Singapore hospitality market saw a generally robust demand for room nights in FY 2019. However, the first half of the year was weaker than the second half, as the hotel portfolio did not have the benefit of demand brought about by major biennial and one-off city-wide events in Singapore as compared to 1H 2018. This softness had resulted in fewer opportunities to yield room rates, compared to the same period in the previous year. Nonetheless, stronger leisure demand had contributed to an improved performance for the hotels in 2H 2019, with continued growth of bookings from key regional inbound markets. Corporate travel remained relatively subdued, amidst lingering global economic uncertainties and concerns.

Average occupancy of the hotels remained healthy at 89.1% in FY 2019, coming in at the same level year-on-year. ADR decreased 1.3% to S\$160, due mainly to higher contribution from the leisure segment at lower room rates as compared to the corporate segment. As a result, RevPAR for the hotel portfolio declined by 1.3% to S\$142.

There was an overall year-on-year improvement in performance of the SR portfolio in FY 2019, bolstered by the growth in shorter-stay bookings at higher room rates. While average occupancy was marginally lower year-on-year by 0.6pp at 83.5%, the ADR was 3.4% higher at S\$217 and as a result, the RevPAU of the SR portfolio grew 2.7% to S\$182 in FY 2019.

A snapshot of the hotel and SR performance for FY 2019 is set out below.

	FY 2019		FY 2018		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	89.1	83.5	89.1	84.1	0.0pp	(0.6pp)
Average Daily Rate (S\$)	160	217	162	210	(1.3%)	3.4%
RevPAR / RevPAU (S\$)	142	182	144	177	(1.3%)	2.7%

Revenue from the retail and office spaces declined 0.7% year-on-year to S\$21.9 million.

Net property income was higher by 1.5% at S\$104.3 million. Finance costs had increased by 11.5% year-on-year to S\$29.9 million mainly due to the additional loan drawn down to fund the acquisition of Oasia Hotel Downtown in April 2018 and higher interest rates compared to previous year. Other trust expenses were higher by S\$0.6 million mainly due to DRP processing cost.

Income available for distribution was S\$73.9 million, 2.0% lower year-on-year. Distribution per Stapled Security was 3.81 Singapore cents or 4.8% lower year-on-year, with an enlarged base.

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.

In the coming months, the demand for travel by both leisure and corporate segments would be impacted by concerns over the outbreak of the COVID-19 virus. A mitigating factor for Far East H-Trust's hotel portfolio amidst the uncertainty is its diversified geographic mix of source markets, with each constituting less than a tenth of the portfolio's revenue. The serviced residences in the portfolio are not significantly impacted by cancellations of stays, as the bulk of the business is from long-staying corporate guests.

As previous outbreaks of similar coronaviruses like severe acute respiratory syndrome (SARS) had not lasted beyond six months, and findings from epidemiological studies had indicated that the life cycle of this current coronavirus could be of a comparable duration, we are hopeful that the hospitality sector would recover from this

Unaudited Financial Statements Announcement for the fourth quarter and year ended 31 December 2019

setback from mid-2020. The Singapore government and travel industry partners are working on a recovery plan to attract and drive visitor arrivals when the spread of the COVID-19 virus has subsided.

Meanwhile, the REIT Manager will focus on optimising the performance of its portfolio, and expedite asset improvements and refurbishments to prepare for the eventual upturn in the sector. In addition, we will continue to explore suitable redevelopment opportunities for our properties, to extract greater yield and achieve better returns.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2019 to 31 December 2019
Distribution type	Taxable income
Distribution per stapled security	0.95 cents
Tax rate	<u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Qualifying foreign non-individual investors and foreign funds received their distributions after deduction of tax at the rate of 10%. All other investors received their distributions after deduction of tax at the rate of 17%.
Date paid/payable	27 March 2020
Books closure date	24 February 2020
Stapled Securityholders must complete and return Form A or Form B, as applicable	12 March 2020

Corresponding period of the preceding financial period

Any distribution declared for the current period?	Yes
Distribution period	Distribution for the quarter from 1 October 2018 to 31 December 2018
Distribution type	Taxable income
Distribution per stapled security	1.00 cents

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Tax rate
Taxable income distribution

Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors received their distributions after deduction of tax at the rate of 10%.

All other investors received their distributions after deduction of tax at the rate of 17%.

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 Segment revenue and results of operating segments
(a) Operating segments for the year ended 31 December 2019

	Hotels and serviced residences	Retails and offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue	93,619	21,927	115,546
Segment net property income	87,831	16,483	104,314
REIT Manager's fees			(12,257)
Trustee's fees			(329)
Other trust expenses			(1,477)
Interest and other income			907
Finance costs			(29,850)
Net income before tax and fair value changes			<u>61,308</u>
Fair value change in derivative financial instruments			(3,323)
Fair value change in investment properties	3,775	5,034	8,809
Share of results of joint venture			(6,329)
Total return for the year before income tax			60,465
Income tax expense			(96)
Total return for the year after income tax before distribution			<u>60,369</u>

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(b) Operating segments for the year ended 31 December 2018

	Hotels and serviced residences	Retails and offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue	91,606	22,072	113,678
Segment net property income	85,986	16,769	102,755
REIT Manager's fees			(11,963)
Trustee's fees			(322)
Other trust expenses			(907)
Interest and other income			718
Finance costs			(26,779)
Net income before tax and fair value changes			63,502
Fair value change in derivative financial instruments			(955)
Fair value change in investment properties	9,784	20,414	30,198
Share of results of joint venture			(2,087)
Total return for the year before income tax			90,658
Income tax expense			(54)
Total return for the year after income tax before distribution			90,604

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

	Far East H-Trust		
	FY 2019	FY 2018	Better / (Worse)
	S\$'000	S\$'000	%
Gross revenue reported for first half year	55,725	54,250	2.7
Net income for first half year	22,826	33,010	(30.9)
Gross revenue reported for second half year	59,821	59,428	0.7
Net income for second half year	37,543	57,594	(34.8)

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

In respect of the period	2019 S\$'000	2018 S\$'000
1 October 2017 to 31 December 2017	–	18,014
1 January 2018 to 31 March 2018	–	17,543
1 April 2018 to 30 June 2018	–	18,878
1 July 2018 to 30 September 2018	–	19,656
1 October 2018 to 31 December 2018	18,750	–
1 January 2019 to 31 March 2019	17,311	–
1 April 2019 to 30 June 2019	17,487	–
1 July 2019 to 30 September 2019	20,021	–
	73,569	74,091

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.

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19 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)
14 February 2020

By Order of the Board

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