

**Far East Hospitality Trust**  
**Unaudited Financial Statements Announcement**  
**For the half-year ended 30 June 2021**

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**

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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 2020.

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 2021**
**1(a) Income statements together with comparatives for corresponding periods in immediately preceding financial year**
**1(a)(i) Statements of Total Return and Distribution Statements**

Note	Far East H-Trust			Far East H-REIT		
	1H 2021	1H 2020	Better / (Worse)	1H 2021	1H 2020	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	34,209	34,689	(1.4)	34,209	34,689	(1.4)
	7,360	9,581	(23.2)	7,360	9,581	(23.2)
	<b>41,569</b>	<b>44,270</b>	<b>(6.1)</b>	<b>41,569</b>	<b>44,270</b>	<b>(6.1)</b>
	(3,662)	(3,633)	(0.8)	(3,662)	(3,633)	(0.8)
	(52)	(54)	3.7	(52)	(54)	3.7
	(180)	(180)	–	(180)	(180)	–
	(898)	(1,034)	13.2	(898)	(1,034)	13.2
	(346)	(527)	34.3	(346)	(527)	34.3
	(238)	(238)	–	(238)	(238)	–
	<b>(5,376)</b>	<b>(5,666)</b>	<b>5.1</b>	<b>(5,376)</b>	<b>(5,666)</b>	<b>5.1</b>
	<b>36,193</b>	<b>38,604</b>	<b>(6.2)</b>	<b>36,193</b>	<b>38,604</b>	<b>(6.2)</b>
	(4,596)	(4,784)	3.9	(4,596)	(4,784)	3.9
	(157)	(164)	4.3	(157)	(164)	4.3
	(292)	(326)	10.4	(291)	(325)	10.5
	241	370	(34.9)	241	370	(34.9)
	(10,691)	(12,866)	16.9	(10,691)	(12,866)	16.9
	<b>20,698</b>	<b>20,834</b>	<b>(0.7)</b>	<b>20,699</b>	<b>20,835</b>	<b>(0.7)</b>
	(2,496)	(2,523)	1.1	(2,496)	(2,523)	1.1
	<b>18,202</b>	<b>18,311</b>	<b>(0.6)</b>	<b>18,203</b>	<b>18,312</b>	<b>(0.6)</b>
	7,420	(9,381)	>100.0	7,420	(9,381)	>100.0
	1,252	–	NM	1,252	–	NM
	<b>26,874</b>	<b>8,930</b>	<b>&gt;100.0</b>	<b>26,875</b>	<b>8,931</b>	<b>&gt;100.0</b>
	(33)	(55)	40.0	(33)	(55)	40.0
	<b>26,841</b>	<b>8,875</b>	<b>&gt;100.0</b>	<b>26,842</b>	<b>8,876</b>	<b>&gt;100.0</b>
<b><u>Distribution Statement</u></b>						
	<b>26,841</b>	<b>8,875</b>	<b>&gt;100.0</b>	<b>26,842</b>	<b>8,876</b>	<b>&gt;100.0</b>
	(1,523)	16,663	>(100.0)	(1,523)	16,663	>(100.0)
	–	151	–	–	151	–
	<b>25,318</b>	<b>25,689</b>	<b>(1.4)</b>	<b>25,319</b>	<b>25,690</b>	<b>(1.4)</b>
	25,158	25,423	(1.0)	25,159	25,424	(1.0)
	160	266	(39.8)	160	266	(39.8)
	<b>25,318</b>	<b>25,689</b>	<b>(1.4)</b>	<b>25,319</b>	<b>25,690</b>	<b>(1.4)</b>

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**Notes:**

NM – Not meaningful

- (a) This includes rental rebates and waivers granted by the REIT to tenants as part of the measures to help affected tenants who need more time and support to recover from the impact of COVID-19.
- (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 depreciation expense on land and buildings and finance costs incurred on the borrowings in relation to Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa.
- (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\$1.3 million arose from the revaluation of 9 hotels and 4 SRs as at 30 June 2021 based on internal valuations performed by the REIT Manager. Please refer to Note 1(e)(3) *Investment properties* for more details. 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 2021	1H 2020	Better / (Worse)	1H 2021	1H 2020	Better / (Worse)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	(i)	4,136	4,306	(3.9)	4,136	4,306	(3.9)
- Trustee's fees		157	164	(4.3)	157	164	(4.3)
- Amortisation of debt-related transaction cost		326	313	4.2	326	313	4.2
- Fair value change in investment properties		(1,252)	-	NM	(1,252)	-	NM
- Fair value change in derivative financial instruments		(7,420)	9,381	>(100.0)	(7,420)	9,381	>(100.0)
- Share of results of joint venture		2,496	2,523	(1.1)	2,496	2,523	(1.1)
- Other items		34	(24)	>100.0	34	(24)	>100.0
<b>Net tax adjustments</b>		<b>(1,523)</b>	<b>16,663</b>	<b>&gt;100.0</b>	<b>(1,523)</b>	<b>16,663</b>	<b>&gt;100.0</b>

**Notes:**

NM – Not meaningful

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

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**1(b) Balance Sheets**
**1(b)(i) Balance Sheets as at 30 June 2021**

	Note	As at 30 June 2021			As at 31 December 2020		
		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)	2,529,700	2,529,700	–	2,528,700	2,528,700	–
Joint venture	(b)	1,564	1,564	–	4,060	4,060	–
Derivative assets		1,115	1,115	–	–	–	–
<b>Total non-current assets</b>		<b>2,532,379</b>	<b>2,532,379</b>	<b>–</b>	<b>2,532,760</b>	<b>2,532,760</b>	<b>–</b>
<b>Current assets</b>							
Cash and cash equivalents		5,353	5,353	–	10,919	10,919	–
Prepayments		22	22	–	85	85	–
Trade and other receivables	(c)	42,858	42,858	30	37,593	37,593	30
<b>Total current assets</b>		<b>48,233</b>	<b>48,233</b>	<b>30</b>	<b>48,597</b>	<b>48,597</b>	<b>30</b>
<b>Total assets</b>		<b>2,580,612</b>	<b>2,580,612</b>	<b>30</b>	<b>2,581,357</b>	<b>2,581,357</b>	<b>30</b>
<b>Current liabilities</b>							
Trade and other payables	(d)	2,661	2,656	35	7,862	7,858	34
Borrowings	(e)	121,664	121,664	–	237,818	237,818	–
Accruals		4,086	4,085	1	5,841	5,840	1
Derivative financial liabilities	(f)	1,209	1,209	–	2,909	2,909	–
Rental deposits		2,358	2,358	–	2,604	2,604	–
Deferred income		90	90	–	90	90	–
Income tax payable		33	33	–	90	90	–
<b>Total current liabilities</b>		<b>132,101</b>	<b>132,095</b>	<b>36</b>	<b>257,214</b>	<b>257,209</b>	<b>35</b>
<b>Non-current liabilities</b>							
Borrowings	(e)	876,316	876,316	–	751,383	751,383	–
Derivative financial liabilities	(f)	3,718	3,718	–	8,323	8,323	–
Rental deposits		6,005	6,005	–	5,792	5,792	–
Deferred income		916	916	–	961	961	–
<b>Total non-current liabilities</b>		<b>886,955</b>	<b>886,955</b>	<b>–</b>	<b>766,459</b>	<b>766,459</b>	<b>–</b>
<b>Total liabilities</b>		<b>1,019,056</b>	<b>1,019,050</b>	<b>36</b>	<b>1,023,673</b>	<b>1,023,668</b>	<b>35</b>
<b>Net assets</b>		<b>1,561,556</b>	<b>1,561,562</b>	<b>(6)</b>	<b>1,557,684</b>	<b>1,557,689</b>	<b>(5)</b>
Represented by:							
<b>Unitholders' funds</b>							
Unitholders' funds of Far East H-REIT		1,561,562	1,561,562	–	1,557,689	1,557,689	–
Unitholders' funds of Far East H-BT		(6)	–	(6)	(5)	–	(5)
		<b>1,561,556</b>	<b>1,561,562</b>	<b>(6)</b>	<b>1,557,684</b>	<b>1,557,689</b>	<b>(5)</b>

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**

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**Notes:**

- (a) The increase in investment properties was mainly attributable to the fair value change in investment properties. Please refer to the details in Note 1(e)(3) *Investment properties*.
- (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\$33.8 million. The amount is used to finance the development of Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa which commenced hotel operations in 2019. The increase in trade and other receivables is mainly due to \$3.1 million loans provided to FIPL during the period and lower trade receivables as at 31 December 2020 as rental rebates were provided to tenants. .
- (d) The decrease in trade and other payables is mainly due to higher trade payables to contractors and grant payable of S\$3.4 million as at 31 December 2020.
- (e) The total gross borrowings as at 30 June 2021 of S\$999.6 million was S\$8.8 million higher compared to balances as at 31 December 2020 mainly due to a net drawdown of revolving credit facility ("RCF") of S\$8.8 million during the period to partially fund the 2H 2020 cash distribution to Stapled Securityholders and on-lend to FIPL. The current borrowings relate to term loans of S\$100.0 million due to mature in December 2021 and RCF of S\$21.7 million which is payable on demand. For the S\$100.0 million term loan due to mature in December 2021, the REIT Manager is evaluating and assessing the refinancing options for the term loan. The refinancing of this term loan is expected to complete before the repayment date.  
As at 30 June 2021, Far East H-REIT has undrawn and uncommitted RCF of S\$278.3 million with 4 banks to fulfill its liabilities as and when they fall due. Please refer to the details of aggregate amount of borrowings as disclosed in Note 1(e)(4) *Borrowings*.
- (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.

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**1(c) Cash Flow Statements**

	Note	Far East H-Trust		Far East H-REIT	
		1H 2021	1H 2020	1H 2021	1H 2020
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>					
Total return before income tax		26,874	8,930	26,875	8,931
Adjustments for:					
Interest and other income		(241)	(370)	(241)	(370)
Finance expenses		10,691	12,866	10,691	12,866
Fair value change in derivative financial instruments		(7,420)	9,381	(7,420)	9,381
Fair value change in investment properties		(1,252)	–	(1,252)	–
REIT Manager's fees issued/issuable in Stapled Securities		4,136	4,306	4,136	4,306
Share of results of joint venture		2,496	2,523	2,496	2,523
Impairment losses on trade receivables		346	527	346	527
Operating profit before working capital changes		35,630	38,163	35,631	38,164
Changes in working capital					
Trade and other receivables		(2,293)	(3,727)	(2,293)	(3,727)
Trade and other payables		(5,351)	712	(5,352)	711
Rental deposits		(78)	46	(78)	46
Income tax paid		(90)	(96)	(90)	(96)
<b>Cash flows generated from operating activities</b>		<b>27,818</b>	<b>35,098</b>	<b>27,818</b>	<b>35,098</b>
<b>Cash flows from investing activities</b>					
Capital expenditure on investment properties	(a)	(70)	(1,846)	(70)	(1,846)
Loan to joint venture	(b)	(3,060)	–	(3,060)	–
<b>Cash flows used in investing activities</b>		<b>(3,130)</b>	<b>(1,846)</b>	<b>(3,130)</b>	<b>(1,846)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	(b)	158,660	17,400	158,660	17,400
Finance costs paid		(11,949)	(13,547)	(11,949)	(13,547)
Repayment of borrowings	(b)	(149,860)	(21,050)	(149,860)	(21,050)
Distribution to Stapled Securityholders	(c)	(27,105)	(18,485)	(27,105)	(18,485)
<b>Cash flows used in financing activities</b>		<b>(30,254)</b>	<b>(35,682)</b>	<b>(30,254)</b>	<b>(35,682)</b>
Net increase / (decrease) in cash and cash equivalents		(5,566)	(2,430)	(5,566)	(2,430)
Cash and cash equivalents at beginning of the period		10,919	5,838	10,919	5,838
<b>Cash and cash equivalents at end of the period</b>		<b>5,353</b>	<b>3,408</b>	<b>5,353</b>	<b>3,408</b>

**Notes:**

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at the properties such as Orchard Rendezvous Hotel, Village Hotel Changi, The Elizabeth Hotel, Oasia Hotel Novena offset by the disbursement under the Green Mark Incentive Scheme for Village Hotel Albert Court.
- (b) The term loan of S\$125.0 million term loan and RCF of S\$33.7 million were drawdown during the period to refinance a S\$125.0 million term loan due on 31 March 2021 and partially fund the 2H 2020 cash distribution to Stapled Securityholders as well as on-lend to FIPL.
- (c) The distribution to Stapled Securityholders in 1H 2021 relates to the cash distribution for the financial period from 1 July 2020 to 31 December 2020, which was paid on 22 March 2021. In the corresponding period, 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.

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**1(d) Statements of Movement in Stapled Securityholders' Funds**
**For the period from 1 January 2021 to 30 June 2021**

	<b>Stapled Securityholders' Funds</b>						
	<b>Far East H-REIT</b>			<b>Far East H-BT</b>			<b>Far East H-Trust</b>
	<b>Units in issue</b>	<b>Accumulated loss</b>	<b>Total</b>	<b>Units in issue</b>	<b>Accumulated loss</b>	<b>Total</b>	<b>Total</b>
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
<b>Balance at 1 January 2021</b>	<b>1,762,807</b>	<b>(205,118)</b>	<b>1,557,689</b>	<b>28</b>	<b>(33)</b>	<b>(5)</b>	<b>1,557,684</b>
<b>Operations</b>							
Decrease in net assets resulting from operations	-	26,842	26,842	-	(1)	(1)	26,841
	-	26,842	26,842	-	(1)	(1)	26,841
<b>Unitholders' transactions</b>							
Issuance of Stapled Securities:							
- REIT Manager's fees <sup>(a)</sup>	4,136	-	4,136	-	-	-	4,136
- Distribution to Stapled Securityholders <sup>(b)</sup>	-	(27,105)	(27,105)	-	-	-	(27,105)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,136	(27,105)	(22,969)	-	-	-	(22,969)
<b>Balance at 30 June 2021</b>	<b>1,766,943</b>	<b>(205,381)</b>	<b>1,561,562</b>	<b>28</b>	<b>(34)</b>	<b>(6)</b>	<b>1,561,556</b>

**Notes:**

- (a) This represents the Stapled Securities issued and to be issued as partial satisfaction of the base and performance management fees incurred for the financial period of 1 January 2021 to 30 June 2021. 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 FY 2021 will be issued in April 2022.
- (a) Distribution to Stapled Securityholders relates financial period from 1 July 2020 to 31 December 2020.



**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**1(d) Statements of Changes in Stapled Securityholders' Funds**
**For the period from 1 January 2020 to 30 June 2020**

	<b>Stapled Securityholders' Funds</b>						
	<b>Far East H-REIT</b>			<b>Far East H-BT</b>			<b>Far East H-Trust</b>
	<b>Units in issue</b>	<b>Accumulated loss</b>	<b>Total</b>	<b>Units in issue</b>	<b>Accumulated loss</b>	<b>Total</b>	<b>Total</b>
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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 financial period from 1 January 2020 to 30 June 2020. The Stapled Securities relating to base management fee were issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY2020 were issued on 28 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 2021**

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**1(e) Notes to the interim financial information****1. Corporate information**

Far East Hospitality Trust (“Far East H-Trust” or “Stapled Group”) is a 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 is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the trust deed dated 1 August 2012, the first supplemental deed dated 19 October 2012, the second supplemental deed dated 18 April 2016, the third supplemental deed dated 17 April 2019, the fourth supplemental deed dated 23 March 2020 and the fifth supplemental deed dated 29 April 2020 (collectively, the “Far East H-REIT Trust Deed”) between FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) and DBS Trustee Limited (the “REIT Trustee”). The REIT Trustee is under a duty to take into custody and hold the assets of Far East H-REIT in trust for the Stapled Securityholders of Far East H-REIT.

Far East H-BT is a Singapore-domiciled business trust constituted in Singapore by a trust deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019 (“Far East H-BT Trust Deed”) and is managed by FEO Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”).

The registered office of the REIT Manager and the Trustee-Manager (collectively, the “Managers”) is located at 1 Tanglin Road, #05-01 Orchard Rendezvous Hotel, Singapore 247905.

The securities in each of Far East H-REIT and Far East H-BT are stapled together under the terms of a stapling deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the “Stapling Deed”) and cannot be traded separately. Each stapled security in Far East Hospitality Trust (the “Stapled Security”) comprises a unit in Far East H-REIT and a unit in Far East H-BT.

Far East H-Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 August 2012.

The principal activity of Far East H-REIT is to invest in income producing real estate in Singapore, used primarily for hospitality and/or hospitality related purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

As at the reporting date, Far East H-BT is inactive.

**2. Basis of preparation**

The interim financial information of Far East H-REIT and the Stapled Group for the six months ended 30 June 2021 have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice (“RAP”) 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the provisions of the Far East H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore (“FRS”).

The interim financial information do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Far East H-REIT and the Stapled Group’s financial position and performance of Far East H-REIT and the Stapled Group since the most recent audited annual financial statements for the year ended 31 December 2020. The accounting policies and methods of computation adopted in the interim financial information for the current reporting period are consistent with those applied in the audited financial statements for the year ended 31 December 2020 except for the adoption of new and amended standards as set out in Note 2.1.

## Unaudited Financial Statements Announcement for the half-year ended 30 June 2021

The financial information are presented in Singapore dollars, which is the functional currency of Far East H-REIT and rounded to the nearest thousand (S\$'000), unless otherwise stated. The financial information have been prepared on the historical cost basis except for investment properties and financial derivative instruments which are stated at fair value.

### 2.1 ***New and amended standards adopted by Far East H-REIT and the Stapled Group***

A revised RAP 7 and a number of amendments to Standards have become applicable for the current reporting period. Far East H-REIT and the Stapled Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the revised RAP 7 and those standards.

### 2.2 ***Use of judgements and estimates***

In preparing the interim financial information, the REIT Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by the REIT Manager in applying the Far East H-REIT and the Stapled Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in Note 3 – *Investment properties*.

Far East H-REIT assesses at the end of each reporting period whether there is any indication that the interest in joint venture may be impaired. Determining whether there are indicators of impairment require judgements. In assessing whether the interest may be impaired, the REIT Manager reviews the joint venture's financial information, having regards to the financial performance and the fair value of the hotels held by the joint venture.

## 3. **Investment properties**

	<b>As at 30 June 2021</b>		<b>As at 31 December 2020</b>	
	<b>Far East H-Trust</b>	<b>Far East H-REIT</b>	<b>Far East H-Trust</b>	<b>Far East H-REIT</b>
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January	2,528,700	2,528,700	2,645,700	2,645,700
(Net) Capital expenditure capitalised	(252)	(252)	4,219	4,219
Fair value change recognised in statement of total return	1,252	1,252	(121,219)	(121,219)
<b>At 30 June/31 December</b>	<b>2,529,700</b>	<b>2,529,700</b>	<b>2,528,700</b>	<b>2,528,700</b>

Investment properties are stated at fair value based on internal valuations performed by the REIT Manager. The internal valuations are subjected to significant estimation uncertainty as the ongoing Novel Coronavirus ("COVID-19") pandemic has impacted the global economy with an unprecedented intensity. With both corporate and leisure travel curtailed by border closures, coupled together with safe distancing measures implemented by the government, the hospitality and retail industry have been severely impacted.

Due to the unknown future impact that COVID-19 might have on the real estate market, the valuations assessed by the REIT Manager were reflective of the market conditions as at 30 June 2021 only. These valuations may change significantly after the balance sheet date.



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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**


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**4. Borrowings**

	As at 30 June 2021		As at 31 December 2020	
	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	121,664	121,664	237,818	237,818
Amounts repayable after one year	876,316	876,316	751,383	751,383
	<b>997,980</b>	<b>997,980</b>	<b>989,201</b>	<b>989,201</b>

**Details of borrowings and collateral:**

The total facilities of Far East H-REIT as at 30 June 2021 are as follows:

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

On 29 March 2021, DBS Trustee Limited in its capacity of Far East H-REIT entered into S\$125.0 million sustainability-linked facility agreement for a tenor of 5 years with its existing lender to refinance of term loan of S\$125.0 million due in March 2021.

For the S\$100.0 million term loan due to mature in December 2021, the REIT Manager is evaluating and assessing the refinancing options for the term loan. The refinancing of this term loan is expected to complete before the repayment date.

The weighted average cost of debt was approximately 2.1% per annum. The weighted average debt-to-maturity was 2.4 years.

Gearing as of 30 June 2021 was 41.3% (31 December 2020: 40.9%). Interest coverage ratio<sup>1</sup> as at 30 June 2021 was 2.8x (31 December 2020: 2.6x).

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<sup>1</sup> Interest coverage ratio is computed based on earnings before interest, tax, depreciation and amortisation ("EBITDA") over interest expense as per the definition in the loan covenants. This would be 2.5x (31 December 2020: 2.4x) based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**5. Stapled Securities/ Units in issue**

A Stapled Security means a security comprising one unit of Far East H-REIT and one unit of Far East H-BT stapled together under the terms of the Stapling Deed.

	Far East H-Trust	
	1H 2021 No. of Stapled Securities '000	1H 2020 No. of Stapled Securities '000
<b>Stapled Securities in issue at beginning of period</b>	<b>1,961,401</b>	<b>1,943,251</b>
Issuance of Stapled Securities:		
- REIT Manager's fees	8,057	11,888
<b>Stapled Securities in issue</b>	<b>1,969,458</b>	<b>1,955,139</b>
Stapled Securities to be issued:		
- REIT Manager's fees – Base fees	2,741	3,248
- REIT Manager's fees – Performance fees (a)	1,548	1,771
<b>Stapled Securities in issue and to be issued at end of period</b>	<b>1,973,747</b>	<b>1,960,158</b>

**Footnotes:**

(a) 1,548,210 Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2021 to 30 June 2021 are not entitled to 1H 2021 distribution.

**6. Earnings per Stapled Security ("EPS") and Distribution per Stapled Security ("DPS")**

	Far East H-Trust	
	1H 2021	1H 2020
Weighted average number of Stapled Securities ('000)	1,965,603	1,948,713
Basic EPS (cents)	1.37	0.46
Weighted average number of Stapled Securities ('000) <sup>(1)</sup>	1,969,892	1,953,732
Diluted EPS (cents)	1.36	0.45
Number of Stapled Securities in issue at end of period ('000)	1,969,458	1,955,139
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,741	3,248
Total number of Stapled Securities entitled to distribution ('000)	1,972,199	1,958,387
DPS after retention (cents) <sup>(2)</sup>	1.10	1.03

**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**

- (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.
- (2) S\$3.5 million and S\$5.3 million of taxable income available for distribution to Stapled Securityholders retained in 1H2021 and 1H 2020 respectively due to COVID-19 uncertainties.

**7. Net Asset Value ("NAV") / Net Tangible Asset ("NTA") per Stapled Security**

	Far East H-Trust	
	30 June 2021	31 December 2020
Stapled Securities in issue and to be issued at end of period ('000)	1,973,747	1,966,891
NAV / NTA per Stapled Security (cents)	79.12	79.20

**8. Financial ratios**

	1H 2021		1H 2020	
	Far East H-Trust %	Far East H-REIT %	Far East H-Trust %	Far East H-REIT %
Expense ratio <sup>(1)</sup>	0.64	0.64	0.74	0.74
Turnover ratio <sup>(2)</sup>	–	–	–	–

(1) The expense ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of Far East H-REIT and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

(2) The turnover ratio is computed based on the lesser of purchases or sales of underlying investment properties of Far East H-REIT and the Stapled Group expressed as a percentage of daily average net asset value.

**9. Subsequent events**

On 28 July 2021, Far East H-Trust issued 2,741,447 new Stapled Securities at a price of S\$0.5911 per Stapled Security in payment of 90% of the REIT Manager's fees (base fees) for the period from 1 April 2021 to 30 June 2021.

On 30 July 2021, the REIT Manager declared a distribution of S\$21,694,198 or 1.10 Singapore cents per Stapled Security to Stapled Securityholders in respect of the period from 1 January 2021 to 30 June 2021.

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**


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**Other information required by Listing Rule Appendix 7.2**

- 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 interim financial information of the Far East H-REIT and the Far East H-Trust have neither been audited or 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.**

Please refer to 1(e)(2) *Basis of preparation* for details.

- 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.**

Please refer to 1(e)(2) *Basis of preparation* for details.

- 6. Earnings per Stapled Security and Distribution per Stapled Security**

Please refer to Note 1(e)(6) *Earnings per Stapled Security and Distribution per Stapled Security* for details.

- 7. Net Asset Value / Net Tangible Asset per Stapled Security**

Please refer to Note 1(e)(7) *Net Asset Value / Net Tangible Asset per Stapled Security* for details.

- 8 A review of the performance for the half-year ended 30 June 2021**

- 8(a) Statement of net income and distribution of Far East Hospitality Trust**

	<b>1H 2021</b> S\$'000	<b>1H 2020</b> S\$'000	<b>Better / (Worse)</b> %
Gross revenue	41,569	44,270	(6.1)
Net property income	36,193	38,604	(6.2)
Net property income margin	87.1%	87.2%	(0.1pp)
Income available for distribution	25,318	25,689	(1.4)
Income available for distribution after retention	21,694	20,171	7.6
Distribution amount available per Stapled Security (cents)	1.27	1.29	(1.6)
DPS after retention (cents)	1.10	1.03	6.8



**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**
**8(b) Review of the performance of half-year ended 30 June 2021**
**1H 2021 vs 1H 2020**

Gross revenue for 1H 2021 was S\$41.6 million, lower year-on-year by 6.1%, mainly due to weaker demand for the SRs and commercial premises arising from the impact of the COVID-19 outbreak. The master lease rental for the hotel segment remained at the fixed rent level while the SR segment continued to perform above the fixed rent.

The average occupancy of the hotels remained flat year-on-year at 77.6% as the hotels secured contracts from companies that required accommodation for their Malaysian workers as well as from the Government for isolation purposes. The average daily rate ("ADR") was 35.3% lower year-on-year at S\$66 due to the lower-rated business from the Government for isolation purposes and from companies housing their workers on a long-term basis. As a result, revenue per available room ("RevPAR") was lower year-on-year by 35.4% at S\$51.

While the support from long-stay corporate sources helped to minimise the negative impact of the pandemic, the SRs experienced a decline in demand from companies requiring accommodation for their workers as the protracted border closure has caused them to look for cheaper alternatives. For 1H 2021, the average occupancy of the SRs was 76.2%, 6.5pp lower year-on-year. ADR declined by 9.5% to S\$181 due to lower rates from some corporate contracts. Correspondingly, revenue per available unit ("RevPAU") fell by 16.9% year-on-year to S\$138, although the master lease rental of the SR portfolio registered a smaller decline of 7.8%.

A snapshot of the hotel and SR performance in 1H 2021 is set out below.

	1H 2021		1H 2020		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	77.6	76.2	77.6	82.7	0.0pp	(6.5pp)
Average Daily Rate (S\$)	66	181	102	200	(35.3%)	(9.5%)
RevPAR / RevPAU (S\$)	51	138	79	166	(35.4%)	(16.9%)

Revenue from the retail and office spaces decreased by 23.2% year-on-year to S\$7.4 million in 1H 2021 as the pandemic led to a decline in demand for such ancillary spaces located in properties primarily used for hospitality purposes.

Net property income was lower by 6.2% at S\$36.2 million. Finance costs were lower by 16.9% year-on-year mainly due to lower short-term interest rates and lower fixed rates. Lower year-on-year REIT Manager's fees of 3.9% in 1H 2021 were due to the lower value of the Deposited Property.

Income available for distribution after retention was S\$21.7 million, 7.6% higher year-on-year. This translates into a distribution per Stapled Security of 1.10 Singapore cents, compared to 1.03 Singapore cents in 1H 2020.

**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 resurgence of new variants of COVID-19 globally, in particular the Delta variant, puts a dampener on the recovery of the Singapore hospitality industry, which is heavily dependent on inbound travel. With international borders remaining largely closed, near-term business will continue to be supported by government and long-stay corporate contracts.

A mitigating factor for Far East H-Trust's Stapled Securityholders is the high fixed rent component of the master leases, which formed 81% of gross revenue in 1H 2021. The 20-year master leases on all portfolio assets are well-supported by the Sponsor, Far East Organization.

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**


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As vaccination rates continue to rise globally and major economies transit to life in an endemic state with resumption of business activities, we remain sanguine about the prospects of international travel arrangements materialising in the months ahead. This is backed by the Multi-Ministry Task Force's assurance that Singapore will progressively facilitate international travel with countries that have done well in managing the COVID-19 situation.

The REIT Manager is closely monitoring the progress of Singapore's reopening plans, as well as reviewing its business strategy in light of the evolving COVID-19 situation to optimise the performance of its portfolio.

During this period, asset enhancements will be expedited 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 value and achieve better returns.

In relation to Central Square, the REIT Manager will continue to explore various options for the site to deliver optimal value for Stapled Securityholders and make the relevant announcements when there are material developments.

**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 2021 to 30 June 2021
<b>Distribution type</b>	Taxable income
<b>Distribution per stapled security</b>	1.10 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 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>	7 September 2021
<b>Books closure date</b>	10 August 2021
<b>Stapled Securityholders must complete and return Form A or Form B, as applicable</b>	24 August 2021

**Corresponding period of the preceding financial period**

<b>Any distribution declared for the preceding period?</b>	Yes
<b>Distribution period</b>	

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**


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<b>Distribution type</b>	Distribution for the half-year from 1 January 2020 to 30 June 2020
<b>Distribution per stapled security</b>	Taxable income 1.03 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 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>

**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 statements of Far East Hospitality Trust to be false or misleading in any material respect.

**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 2021

By Order of the Board

Gerald Lee Hwee Keong  
 Chief Executive Officer  
 FEO Hospitality Trust Management Pte. Ltd.  
 (Company Registration No. 201210698W)  
 30 July 2021

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**Unaudited Financial Statements Announcement for the half-year ended 30 June 2021**

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**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.