

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the half-year and full year ended 31 December 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 of 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.

On 2 December 2021, Far East H-REIT entered into a put and call option agreement, and the binding contract for the sale and purchase of the leasehold Interest deemed entered into upon exercise of the call option or (as the case may be) the put option with an unrelated third-party acquirer for the divestment of its leasehold interest in Village Residences Clarke Quay comprising a service apartment, and commercial spaces. The completion of the divestment is expected to take place on 24 March 2022.

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 half-year and full year ended 31 December 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

		Far East H-REIT					
	Note	2H 2021	2H 2020	Better / (Worse)	FY 2021	FY 2020	Better / (Worse)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Master lease rental		33,963	32,030	6.0	68,172	66,719	2.2
Retail and office revenue		7,716	6,954	11.0	15,076	16,535	(8.8)
Gross revenue	(a)	41,679	38,984	6.9	83,248	83,254	(0.0)
Property tax	(b)	(1,521)	(3,490)	56.4	(5,183)	(7,123)	27.2
Property insurance		(51)	(53)	3.8	(103)	(107)	3.7
MCST contribution		(180)	(180)	-	(360)	(360)	-
Retail and office expenses		(1,055)	(933)	(13.1)	(1,953)	(1,967)	0.7
Reversal of/ (Impairment losses) on trade receivables		344	(516)	>100.0	(2)	(1,043)	99.8
Property manager fees		(237)	(237)	-	(475)	(475)	-
Property expenses		(2,700)	(5,409)	50.1	(8,076)	(11,075)	27.1
Net property income		38,979	33,575	16.1	75,172	72,179	4.1
REIT Manager's fees		(4,846)	(4,655)	(4.1)	(9,442)	(9,439)	(0.0)
Trustee's fees		(162)	(165)	1.8	(319)	(329)	3.0
Other trust expenses		(403)	(397)	(1.5)	(694)	(722)	3.9
Interest and other income		259	254	2.0	500	624	(19.9)
Finance expenses		(9,183)	(11,329)	18.9	(19,874)	(24,195)	17.9
Net income before joint venture's results		24,644	17,283	42.6	45,343	38,118	19.0
Share of results of joint venture	(c)	(1,564)	(1,444)	(8.3)	(4,060)	(3,967)	(2.3)
Net income before tax and fair value changes		23,080	15,839	45.7	41,283	34,151	20.9
Fair value change in derivative financial instruments	(d)	4,138	3,137	31.9	11,558	(6,244)	>100.0
Fair value change in investment properties and investment property held for sale	(e)	76,985	(121,219)	>100.0	78,237	(121,219)	>100.0
Total return for the period before income tax		104,203	(102,243)	>100.0	131,078	(93,312)	>100.0
Income tax expense		(34)	(35)	2.9	(67)	(90)	25.6
Total return for the period		104,169	(102,278)	>100.0	131,011	(93,402)	>100.0
<u>Distribution Statement</u>							
Total return for the period before income tax		104,203	(102,243)	>100.0	131,078	(93,312)	>100.0
Net tax adjustments	(f)	(74,844)	124,022	>(100.0)	(76,560)	140,364	>(100.0)
Rollover adjustment	(g)	(4,585)	245	>(100.0)	(4,585)	396	>(100.0)
Undistributed taxable income from previous period	(h)	3,465	5,252	(34.0)	-	-	N.M.
Taxable income		28,239	27,276	3.5	49,933	47,448	5.2
Tax-exempt income		4,755	174	>100.0	4,915	440	>100.0
Income available for distribution		32,994	27,450	20.2	54,848	47,888	14.5

The Manager resolved to distribute S\$30.3 million to Stapled Securityholders for 2H 2021, comprising taxable income of S\$28.1 million; and tax-exempt income of S\$2.2 million. Far East H-REIT's distribution policy is to distribute at least 90.0% of its taxable income for the full financial year. For FY2021, the Manager has resolved to distribute 100.0% of its taxable income available for distribution to the Stapled Securityholders.

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021

Far East H-Trust						
Note	2H 2021 S\$'000	2H 2020 S\$'000	Better / (Worse) %	FY 2021 S\$'000	FY 2020 S\$'000	Better / (Worse) %
Master lease rental	33,963	32,030	6.0	68,172	66,719	2.2
Retail and office revenue	7,716	6,954	11.0	15,076	16,535	(8.8)
Gross revenue (a)	41,679	38,984	6.9	83,248	83,254	(0.0)
Property tax	(1,521)	(3,490)	56.4	(5,183)	(7,123)	27.2
Property insurance	(51)	(53)	3.8	(103)	(107)	3.7
MCST contribution	(180)	(180)	-	(360)	(360)	-
Retail and office expenses	(1,055)	(933)	(13.1)	(1,953)	(1,967)	0.7
Reversal of/ (Impairment losses) on trade receivables	344	(516)	>100.0	(2)	(1,043)	99.8
Property manager fees	(237)	(237)	-	(475)	(475)	-
Property expenses	(2,700)	(5,409)	50.1	(8,076)	(11,075)	27.1
Net property income	38,979	33,575	16.1	75,172	72,179	4.1
REIT Manager's fees	(4,846)	(4,655)	(4.1)	(9,442)	(9,439)	(0.0)
Trustee's fees	(162)	(165)	1.8	(319)	(329)	3.0
Other trust expenses	(403)	(397)	(1.5)	(695)	(723)	3.9
Interest and other income	259	254	2.0	500	624	(19.9)
Finance expenses	(9,183)	(11,329)	18.9	(19,874)	(24,195)	17.9
Net income before joint venture's results	24,644	17,283	42.6	45,342	38,117	19.0
Share of results of joint venture	(1,564)	(1,444)	(8.3)	(4,060)	(3,967)	(2.3)
Net income before tax and fair value changes	23,080	15,839	45.7	41,282	34,150	20.9
Fair value change in derivative financial instruments	4,138	3,137	31.9	11,558	(6,244)	>100.0
Fair value change in investment properties and investment property held for sale	76,985	(121,219)	>100.0	78,237	(121,219)	>100.0
Total return for the period before income tax	104,203	(102,243)	>100.0	131,077	(93,313)	>100.0
Income tax expense	(34)	(35)	2.9	(67)	(90)	25.6
Total return for the period	104,169	(102,278)	>100.0	131,010	(93,403)	>100.0
<u>Distribution Statement</u>						
Total return for the period before income tax	104,203	(102,243)	>100.0	131,077	(93,313)	>100.0
Net tax adjustments	(74,844)	124,022	>(100.0)	(76,560)	140,364	>(100.0)
Rollover adjustment	(4,585)	245	>(100.0)	(4,585)	396	>(100.0)
Undistributed taxable income from previous period	3,465	5,252	(34.0)	-	-	N.M.
Taxable income	28,239	27,276	3.5	49,932	47,447	5.2
Tax-exempt income	4,755	174	>100.0	4,915	440	>100.0
Income available for distribution	32,994	27,450	20.2	54,847	47,887	14.5

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 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 decrease in property tax expense is due to lower annual value assessment for the majority of the properties and partially offset by no property tax rebate for vacant units in 2021.
- (c) The share of results of joint venture relates to the equity accounting of Fontaine Investment Pte Ltd's ("FIPL") results. This arose mainly from the operating results of FIPL, offset by 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.
- (d) This relates to net change in fair value of interest rate swap contracts entered to hedge against the interest rate exposure of Far East H-REIT. This is a non-tax chargeable / deductible item and has no impact on the taxable income and distributable income to the Stapled Securityholders.
- (e) The fair value change in investment properties of S\$78.2 million for FY2021 arose from the revaluation of 9 hotels and 4 SRs as at 31 December 2021. The independent valuations of the investment properties were carried out by Savills Valuation and Professional Services (S) Pte. Ltd. and CBRE Pte. Ltd. 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.
- (f) Included in the net tax adjustments are the following:

No	2H 2021 S\$'000	2H 2020 S\$'000	Better / (Worse) %	FY 2021 S\$'000	FY 2020 S\$'000	Better / (Worse) %
- REIT Manager's fees paid/payable in Stapled Securities	(i) 4,361	4,190	4.1	8,497	8,496	0.0
- Trustee's fees	162	165	(1.8)	319	329	(3.0)
- Amortisation of debt-related transaction cost	342	324	5.6	668	637	4.9
- Fair value change in derivative financial instruments	(4,138)	(3,137)	(31.9)	(11,558)	6,244	>(100.0)
- Fair value change in investment properties and investment property held for sale	(76,985)	121,219	>(100.0)	(78,237)	121,219	>(100.0)
- Share of results of joint venture	1,564	1,444	8.3	4,060	3,967	2.3
- Other items	(150)	(183)	18.0	(309)	(528)	41.5
Net tax adjustments	(74,844)	124,022	>(100.0)	(76,560)	140,364	>(100.0)

Notes:

- (i) This represents 90% of REIT Manager's fees paid/payable in Stapled Securities.
- (g) The rollover adjustment for FY 2021 relates to (i) a transfer from taxable income to tax-exempt income arising from government cash grant received in FY 2020 under Rental Relief Framework; and (ii) 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 ("YA") 2020.
The rollover adjustment for FY 2020 relates to the difference between the taxable income previously distributed and the quantum finally agreed with the IRAS for the YA 2019 and 2018.
- (h) For 2H 2021, this relates to the release of the S\$3.5 million of taxable income available for distribution to Stapled Securityholders retained in 1H 2021. For 2H 2020, this relates to the release of the S\$5.3 million of taxable income available for distribution to Stapled Securityholders retained in 1H 2020.

1(b) Balance Sheets

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021
1(b)(i) Balance Sheets as at 31 December 2021

	Note	As at 31 December 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
Non-current assets							
Investment properties	(a)	2,336,500	2,336,500	-	2,528,700	2,528,700	-
Joint venture	(b)	-	-	-	4,060	4,060	-
Derivative financial assets	(g)	2,450	2,450	-	-	-	-
Total non-current assets		2,338,950	2,338,950	-	2,532,760	2,532,760	-
Current assets							
Cash and cash equivalents		11,694	11,694	-	10,919	10,919	-
Prepayments		81	81	-	85	85	-
Trade and other receivables	(c)	42,683	42,683	30	37,593	37,593	30
Investment property held for sale	(a)	271,400	271,400	-	-	-	-
Total current assets		325,858	325,858	30	48,597	48,597	30
Total assets		2,664,808	2,664,808	30	2,581,357	2,581,357	30
Current liabilities							
Trade and other liabilities	(d)	53,085	53,080	35	7,862	7,858	34
Borrowings	(e)	181,304	181,304	-	237,818	237,818	-
Accruals	(f)	4,316	4,315	1	5,841	5,840	1
Derivative financial liabilities	(g)	970	970	-	2,909	2,909	-
Rental deposits		2,567	2,567	-	2,604	2,604	-
Deferred income		90	90	-	90	90	-
Income tax payable		67	67	-	90	90	-
Total current liabilities		242,399	242,393	36	257,214	257,209	35
Non-current liabilities							
Borrowings	(e)	766,335	766,335	-	751,383	751,383	-
Derivative financial liabilities	(g)	1,154	1,154	-	8,323	8,323	-
Rental deposits		5,657	5,657	-	5,792	5,792	-
Deferred income		871	871	-	961	961	-
Total non-current liabilities		774,017	774,017	-	766,459	766,459	-
Total liabilities		1,016,416	1,016,410	36	1,023,673	1,023,668	35
Net assets		1,648,392	1,648,398	(6)	1,557,684	1,557,689	(5)
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,648,398	1,648,398	-	1,557,689	1,557,689	-
Unitholders' funds of Far East H-BT		(6)	-	(6)	(5)	-	(5)
		1,648,392	1,648,398	(6)	1,557,684	1,557,689	(5)

Notes:

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- (a) The decrease in investment properties (non-current assets) was mainly attributable to the transfer of leasehold interest in Village Residences Clarke Quay to Investment property held for sale (current assets) and partially offset by the fair value change in investment properties of S\$78.2 million. Please refer to the details in Note 1(e)(3) *Investment properties* and Note 1(e)(4) *Investment property for sale*.
- (b) This relates to the 30% joint venture interest in FIPL, for which the share of losses exceeded the carrying value of investment as at 31 December 2021.
- (c) This includes a shareholders' loan and accrued interest due from FIPL of S\$34.0 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 S\$3.1 million loans provided to FIPL during the period and higher trade receivables as at 31 December 2021 as rental rebates were provided to tenants in 2020 to offset by their receivables.
- (d) The increase in trade and other liabilities is mainly due to option fee of S\$47.0 million for the put and call option entered on 2 December 2021 to divest the leasehold interest in Village Residences Clarke Quay, offset by higher trade payables to contractors as at 31 December 2020.
- (e) The total gross borrowings as at 31 December 2021 of S\$949.3 million was S\$41.5 million lower compared to balances as at 31 December 2020 mainly due to a net repayment of revolving credit facility ("RCF") of S\$12.9 million and term loan of S\$28.6 million at year-end from the option fee received for the divestment of the leasehold interest in Village Residences Clarke Quay.

The net movement in borrowings was mainly due to transfer of S\$225.0 million term loan from current liabilities to non-current liabilities as these term loans have been refinanced during the year. The current borrowings relate to term loans amounting to S\$181.4 million due to mature in August 2022 and October 2022.

As at 31 December 2021, Far East H-REIT has undrawn and uncommitted RCF of S\$300.0 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)(5) *Borrowings*.

- (f) The decrease in accruals is mainly due to lower accruals for interest expense as at 31 December 2021.
- (g) This relates to the fair value of interest rate swap contracts entered to hedge against interest rate risk exposure of Far East H-REIT.

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1(c) Cash Flow Statements

		Far East H-REIT			
	Note	2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Cash flows from operating activities					
Total return before income tax		104,203	(102,243)	131,078	(93,312)
Adjustments for:					
Interest and other income		(259)	(254)	(500)	(624)
Finance expenses		9,183	11,329	19,874	24,195
Fair value change in derivative financial instruments		(4,138)	(3,137)	(11,558)	6,244
Fair value change in investment properties and investment property held for sale		(76,985)	121,219	(78,237)	121,219
REIT Manager's fees issued/issuable in Stapled Securities		4,361	4,190	8,497	8,496
Share of results of joint venture		1,564	1,444	4,060	3,967
(Reversal of)/Impairment losses on trade receivables		(344)	516	2	1,043
Operating profit before working capital changes		37,585	33,064	73,216	71,228
Changes in working capital					
Trade and other receivables		675	5,520	(1,618)	1,793
Trade and other liabilities		3,385	3,194	(1,967)	3,905
Rental deposits		(187)	(433)	(265)	(387)
Income tax paid		-	-	(90)	(96)
Cash flows generated from operating activities		41,458	41,345	69,276	76,443
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(873)	(2,702)	(943)	(4,548)
Option fee received from potential divestment of investment property		46,980	-	46,980	-
Loan to joint venture company		-	-	(3,060)	-
Cash flows generated from / (used in) investing activities		46,107	(2,702)	42,977	(4,548)
Cash flows from financing activities					
Proceeds from borrowings	(b)	122,100	19,350	280,760	36,750
Finance costs paid		(9,230)	(11,011)	(21,179)	(24,558)
Repayment of borrowings	(b)	(172,400)	(19,300)	(322,260)	(40,350)
Distribution to Stapled Securityholders	(c)	(21,694)	(20,171)	(48,799)	(38,656)
Cash flows used in financing activities		(81,224)	(31,132)	(111,478)	(66,814)
Net increase in cash and cash equivalents		6,341	7,511	775	5,081
Cash and cash equivalents at beginning of the period		5,353	3,408	10,919	5,838
Cash and cash equivalents at end of the period		11,694	10,919	11,694	10,919

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Note	Far East H-Trust			
	2H 2021 S\$'000	2H 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Cash flows from operating activities				
Total return before income tax	104,203	(102,243)	131,077	(93,313)
Adjustments for:				
Interest and other income	(259)	(254)	(500)	(624)
Finance expenses	9,183	11,329	19,874	24,195
Fair value change in derivative financial instruments	(4,138)	(3,137)	(11,558)	6,244
Fair value change in investment properties and investment property held for sale	(76,985)	121,219	(78,237)	121,219
REIT Manager's fees issued/issuable in Stapled Securities	4,361	4,190	8,497	8,496
Share of results of joint venture	1,564	1,444	4,060	3,967
(Reversal of)/Impairment losses on trade receivables	(344)	516	2	1,043
Operating profit before working capital changes	37,585	33,064	73,215	71,227
Changes in working capital				
Trade and other receivables	675	5,520	(1,618)	1,793
Trade and other liabilities	3,385	3,194	(1,966)	3,906
Rental deposits	(187)	(433)	(265)	(387)
Income tax paid	-	-	(90)	(96)
Cash flows generated from operating activities	41,458	41,345	69,276	76,443
Cash flows from investing activities				
Capital expenditure on investment properties (a)	(873)	(2,702)	(943)	(4,548)
Option fee received from potential divestment of investment property	46,980	-	46,980	-
Loan to joint venture company	-	-	(3,060)	-
Cash flows generated from / (used in) investing activities	46,107	(2,702)	42,977	(4,548)
Cash flows from financing activities				
Proceeds from borrowings (b)	122,100	19,350	280,760	36,750
Finance costs paid	(9,230)	(11,011)	(21,179)	(24,558)
Repayment of borrowings (b)	(172,400)	(19,300)	(322,260)	(40,350)
Distribution to Stapled Securityholders (c)	(21,694)	(20,171)	(48,799)	(38,656)
Cash flows used in financing activities	(81,224)	(31,132)	(111,478)	(66,814)
Net increase in cash and cash equivalents	6,341	7,511	775	5,081
Cash and cash equivalents at beginning of the period	5,353	3,408	10,919	5,838
Cash and cash equivalents at end of the period	11,694	10,919	11,694	10,919

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, Rendezvous Hotel Singapore and Village Hotel Bugis offset by the disbursement under the Green Mark Incentive Scheme for Village Hotel Albert Court.
- (b) The term loans of S\$225.0 million term loan and RCF of S\$55.8 million were drawdown during the period to refinance S\$225.0 million term loans due in FY 2021 and partially fund the 2H 2020 and 1H 2021 cash distributions to Stapled Securityholders as well as on-lend to FIPL. Besides refinancing of S\$225.0 million term loans, repayment of borrowings pertain to repayment of S\$28.6 million term loan and RCF from cash flows

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generated from operations and option fee received from divestment of the leasehold interest in Village Residences Clarke Quay.

- (c) The distribution to Stapled Securityholders in 2H 2021 relates to the cash distribution for the financial period from 1 January 2021 to 30 June 2021, which was paid on 7 September 2021. In the corresponding period, the distribution to Stapled Securityholders in 2H 2020 relates to the cash distribution for the financial period from 1 January 2020 to 30 June 2020, which was paid on 14 September 2020.

1(d) Statements of Movement in Stapled Securityholders' Funds

1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 July 2021 to 31 December 2021

	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 July 2021	1,766,943	(205,381)	1,561,562	28	(34)	(6)	1,561,556
Operations							
Decrease in net assets resulting from operations	-	104,169	104,169	-	-	-	104,169
	-	104,169	104,169	-	-	-	104,169
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	4,361	-	4,361	-	-	-	4,361
Distribution to Stapled Securityholders ^(b)	-	(21,694)	(21,694)	-	-	-	(21,694)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,361	(21,694)	(17,333)	-	-	-	(17,333)
Balance at 31 December 2021	1,771,304	(122,906)	1,648,398	28	(34)	(6)	1,648,392

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 July 2021 to 31 December 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.
- (b) Distribution to Stapled Securityholders relates distribution paid in respect of financial period from 1 January 2021 to 30 June 2021.

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**1(d)(i) Statements of Changes in Stapled Securityholders' Funds
for the period from 1 July 2020 to 31 December 2020**

	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 July 2020	1,758,617	(82,669)	1,675,948	28	(33)	(5)	1,675,943
Operations							
Decrease in net assets resulting from operations	-	(102,278)	(102,278)	-	-	-	(102,278)
	-	(102,278)	(102,278)	-	-	-	(102,278)
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	4,190	-	4,190	-	-	-	4,190
Distribution to Stapled Securityholders ^(b)	-	(20,171)	(20,171)	-	-	-	(20,171)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,190	(20,171)	(15,981)	-	-	-	(15,981)
Balance at 31 December 2020	1,762,807	(205,118)	1,557,689	28	(33)	(5)	1,557,684

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 July 2020 to 31 December 2020. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY 2020 were issued on 28 April 2021.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 January 2020 to 30 June 2020.

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**1(d)(ii) Statements of Changes in Stapled Securityholders' Funds
for the period from 1 January 2021 to 31 December 2021**

	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 January 2021	1,762,807	(205,118)	1,557,689	28	(33)	(5)	1,557,684
Operations							
Decrease in net assets resulting from operations	-	131,011	131,011	-	(1)	(1)	131,010
	-	131,011	131,011	-	(1)	(1)	131,010
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	8,497	-	8,497	-	-	-	8,497
Distribution to Stapled Securityholders ^(b)	-	(48,799)	(48,799)	-	-	-	(48,799)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,497	(48,799)	(40,302)	-	-	-	(40,302)
Balance at 31 December 2021	1,771,304	(122,906)	1,648,398	28	(34)	(6)	1,648,392

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 2021 to 31 December 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.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 July 2020 to 30 June 2021.

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**1(d)(ii) Statements of Changes in Stapled Securityholders' Funds
for the period from 1 January 2020 to 31 December 2020**

	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 January 2020	1,754,311	(73,060)	1,681,251	28	(32)	(4)	1,681,247
Operations							
Decrease in net assets resulting from operations	–	(93,402)	(93,402)	–	(1)	(1)	(93,403)
	–	(93,402)	(93,402)	–	(1)	(1)	(93,403)
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	8,496	–	8,496	–	–	–	8,496
Distribution to Stapled Securityholders ^(b)	–	(38,656)	(38,656)	–	–	–	(38,656)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,496	(38,656)	(30,160)	–	–	–	(30,160)
Balance at 31 December 2020	1,762,807	(205,118)	1,557,689	28	(33)	(5)	1,557,684

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 31 December 2020. The Stapled Securities relating to base management fee will be issued within 30 days from quarter end. Stapled Securities relating to performance management fee for FY 2020 were issued on 28 April 2021.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 October 2019 to 30 June 2020.

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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 31 December 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 last interim financial statements for the period ended 30 June 2021. 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.

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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**

	As at 31 December 2021		As at 31 December 2020	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	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	963	963	4,219	4,219
Fair value change recognised in statement of total return	78,237	78,237	(121,219)	(121,219)
Transfer to investment property held for sale	(271,400)	(271,400)	–	–
At 31 December	2,336,500	2,336,500	2,528,700	2,528,700

Investment properties are stated at fair value based on valuations performed by independent professional valuers. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, terminal yields and discount rates. The valuation reports obtained from the valuers also highlighted that given the unprecedented set of circumstances on which to base a judgment, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case.

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Due to the unknown future impact that COVID-19 might have on the real estate market, the valuers have also recommended to keep the valuation of the properties under frequent review. The REIT Manager is of the view that the valuation methods and estimates are reflective of the market conditions as at 31 December 2021.

The fair value of the investment properties is categorised as Level 3 of the fair value measurement hierarchy and is determined by key assumptions which include market-corroborated capitalisation yields, terminal yields and discount rates. A significant increase or decrease in the discount rate and/or capitalisation rate would result in a significantly lower or higher fair value measurement. The higher the comparable sales price, the higher the fair value.

Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2021 S\$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
- <i>Hotels</i>	2,005,300	Discounted cash flow	Discount rate Revenue per available room	5.75% - 6.50% S\$41 - S\$245
		Income capitalisation method	Capitalisation rate	3.50% - 5.25%
		Direct comparison method	Price per square metre	S\$1,000 - S\$5,465
- <i>Serviced residences</i>	331,200	Discounted cash flow	Discount rate Revenue per available unit	6.50% S\$147 - S\$303
		Income capitalisation method	Capitalisation rate	3.25% - 4.25%
		Direct comparison method	Price per square metre	S\$9,253 - S\$58,333
	<u>2,336,500</u>			

Description	Fair value at 31 December 2020 S\$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
- <i>Hotels</i>	2,003,000	Discounted cash flow	Discount rate Revenue per available room	6.50% - 7.50% S\$56 - S\$258
		Income capitalisation method	Capitalisation rate	4.25% - 5.25%
		Direct comparison method	Price per square metre Price per room	S\$17,021 - S\$64,706 S\$0.74 million - S\$1.39 million
- <i>Serviced residences</i>	525,700	Discounted cash flow	Discount rate Revenue per available unit	5.75% - 7.00% S\$141 - S\$320
		Income capitalisation method	Capitalisation rate	3.00% - 4.75%
	<u>2,528,700</u>			

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4. Investment property held for sale

On 2 December 2021, Far East H-REIT entered into a put and call option agreement and the binding contract for the sale and purchase of the leasehold Interest deemed entered into upon exercise of the call option or (as the case may be) the put option with an unrelated third-party acquirer, to divest its leasehold interest in Village Residences Clarke Quay, for S\$313.2 million plus a potential incentive fee of up to S\$18.0 million. The completion of the divestment is expected to take place on 24 March 2022.

The carrying amount of the investment property held for sale as at 31 December 2021 of S\$271.4 million was based on an independent valuation undertaken by Savills Valuation And Professional Services (S) Pte Ltd using the residual method and direct comparison approach.

The valuation method used in determining the fair value involves certain estimates including the gross development value and cost of construction. The specific risks inherent in the property are taken into consideration in arriving at the property valuation. The REIT Manager has reviewed the appropriateness of the valuation methodologies, assumptions and estimates adopted and is of the view that they are reflective of the market conditions as at 31 December 2021.

The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The significant unobservable inputs include price per square metre, gross development value per square metre or per room and cost of construction per square metre. The higher the comparable sales price, the higher the fair value. An increase in the gross development value per square foot or a decrease in the cost of construction per square foot would result in a higher fair value.

5. Borrowings

	As at 31 December 2021		As at 31 December 2020	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Unsecured</u>				
Amounts repayable in one year or less, or on demand	181,304	181,304	237,818	237,818
Amounts repayable after one year	766,335	766,335	751,383	751,383
	<u>947,639</u>	<u>947,639</u>	<u>989,201</u>	<u>989,201</u>

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 31 December 2021 are as follows:

- Unsecured term loan facilities of S\$949.3 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.

On 13 December 2021, DBS Trustee Limited in its capacity of Far East H-REIT entered into S\$250.0 million facility agreement which comprise S\$100.0 term loan for a tenor of 7 years and S\$150.0 million uncommitted RCF with its existing lender to refinance of term loan of S\$100.0 million due in December 2021.

The divestment of the leasehold interest in Village Residences Clarke Quay is expected to complete in March 2022 and the net sales proceeds from the divestment will be sufficient to repay term loans due in year 2022.

The weighted average cost of debt was approximately 1.9% per annum. The weighted average debt-to-maturity was 2.7 years.

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Gearing as of 31 December 2021 was 38.3% (31 December 2020: 40.9%). Interest coverage ratio¹ as at 31 December 2021 was 3.4x (31 December 2020: 2.6x).

6. 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.

Details of Changes in Stapled Securities

	Far East H-Trust			
	2H 2021 No. of Stapled Securities '000	2H 2020 No. of Stapled Securities '000	FY 2021 No. of Stapled Securities '000	FY 2020 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	1,969,458	1,955,139	1,961,401	1,943,251
Issuance of Stapled Securities:				
- REIT Manager's fees	5,373	6,262	13,430	18,150
Stapled Securities in issue	1,974,831	1,961,401	1,974,831	1,961,401
Stapled Securities to be issued:				
- REIT Manager's fees – Base fees	2,825	2,720	2,825	2,720
- REIT Manager's fees – Performance fees (a)	3,382	2,770	3,382	2,770
Stapled Securities in issue and to be issued at end of period	1,981,038	1,966,891	1,981,038	1,966,891

Footnotes:

3,382,060 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 31 December 2021 are not entitled to 2H 2021 distribution.

¹ 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 3.1x (31 December 2020: 2.4x) based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

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

	Far East H-Trust			
	2H 2021	2H 2020	FY 2021	FY 2020
Weighted average number of Stapled Securities ('000)	1,972,741	1,959,009	1,969,201	1,953,889
Basic EPS (cents)	5.28	(5.22)	6.65	(4.78)
Weighted average number of Stapled Securities ('000) ⁽¹⁾	1,978,948	1,959,009	1,975,408	1,953,889
Diluted EPS (cents)	5.26	(5.22)	6.63	(4.78)
Number of Stapled Securities in issue at end of period ('000)	1,974,831	1,961,401	1,974,831	1,961,401
Number of Stapled Securities to be issued before Books Closure Date ('000)	2,825	2,720	2,825	2,720
Total number of Stapled Securities entitled to distribution ('000)	1,977,656	1,964,121	1,977,656	1,964,121
DPS (cents) ⁽²⁾	1.53	1.38	2.63	2.41

- ⁽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⁾ 2H 2021 DPS includes the release of S\$3.5 million of taxable income available for distribution to Stapled Securityholders retained in 1H 2021. 2H 2020 DPS includes the release of S\$5.3 million of taxable income available for distribution to Stapled Securityholders retained in 1H 2020.

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

	Far East H-Trust	
	31 December 2021	31 December 2020
Stapled Securities in issue and to be issued at end of period ('000)	1,981,038	1,966,891
NAV / NTA per Stapled Security (cents)	83.21	79.20

9. Financial ratios

	2H 2021		2H 2020	
	Far East H-Trust	Far East H-REIT	Far East H-Trust	Far East H-REIT
	%	%	%	%
Expense ratio ⁽¹⁾	0.67	0.67	0.63	0.63
Turnover ratio ⁽²⁾	—	—	—	—

- ⁽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.

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- (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.

10. Subsequent events

On 27 January 2022, Far East H-Trust issued 2,825,248 new Stapled Securities at a price of S\$0.5862 per Stapled Security in payment of 90% of the REIT Manager's fees (base fees) for the period from 1 October 2021 to 31 December 2021.

On 15 February 2022, the REIT Manager declared a distribution of S\$30,258,137 or 1.53 Singapore cents per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2021 to 31 December 2021.

Other information required by Listing Rule Appendix 7.2
2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. 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)(7) *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)(8) *Net Asset Value / Net Tangible Asset per Stapled Security* for details.

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021
8 A review of the performance for the half-year and full year ended 31 December 2021
8(a) Statement of net income and distribution of Far East Hospitality Trust

	2H 2021 S\$'000	2H 2020 S\$'000	Better / (Worse) %	FY 2021 S\$'000	FY 2020 S\$'000	Better / (Worse) %
Gross revenue	41,679	38,984	6.9	83,248	83,254	(0.0)
Net property income	38,979	33,575	16.1	75,172	72,179	4.1
<i>Net property income margin</i>	<i>93.5%</i>	<i>86.1%</i>	<i>7.4pp</i>	<i>90.3%</i>	<i>86.7%</i>	<i>3.6pp</i>
Income available for distribution	32,994	27,450	20.2	54,847	47,887	14.5
Distribution to Stapled Securityholders	30,258	27,105	11.6	51,952	47,276	9.9
Distribution per Stapled Security (cents)	1.53	1.38	10.9	2.63	2.41	9.1

8(b) Review of the performance of half-year and full year ended 31 December 2021
2H 2021 vs 2H 2020

Gross revenue for 2H 2021 was S\$41.7 million, higher year-on-year by 6.9%. 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.

Average occupancy of the hotels declined year-on-year to 81.1% as the portfolio saw a reduction in room night volume from companies housing their foreign workers while partly offset by increases in inbound travel and domestic staycation business. The average daily rate ("ADR") was 7.2% higher year-on-year at S\$74, reflecting the gradual change in guest mix towards higher rated leisure travellers and corporate business. The performance was further boosted by the introduction of Vaccinated Travel Lanes ("VTLs") in the final quarter of 2021. Revenue per available room ("RevPAR") was lower year-on-year by 6.3% at S\$60.

The SRs demonstrated greater resilience despite the challenging market circumstances and lack of inbound travel. The support from long-stay corporate sources helped to minimise the negative impact of the pandemic and kept the SRs performing above fixed rent. Average occupancy of the SRs was declined 6.1pp to 78.8% due to the curtailment of inbound travel while ADR grew marginally by 0.6% to S\$181. Consequently, revenue per available unit ("RevPAU") fell by 6.5% year-on-year to S\$143.

A snapshot of the hotel and SR performance in 2H 2021 is set out below.

	2H 2021		2H 2020		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	81.1	78.8	92.5	84.9	(11.4pp)	(6.1pp)
Average Daily Rate (\$)	74	181	69	180	7.2%	0.6%
RevPAR / RevPAU (\$)	60	143	64	153	(6.3%)	(6.5%)

Revenue from the retail and office spaces increased by 11.0% year-on-year to S\$7.7 million in 2H 2021 due to lower rental rebates provided to retail and office tenants in 2H 2021, offset by lower occupancies in 2H 2021.

Net property income was higher by 16.1% at S\$39.0 million. Finance costs were lower by 18.9% year-on-year mainly due to lower fixed interest rates on interest rate swap contracts. REIT Manager's fees were 4.1% higher in 2H 2021 were due to higher value of the Deposited Property and higher distributable income.

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Distribution to Stapled Securityholders for 2H 2021 stood at S\$30.3 million which was 11.6% higher due to better net property income contribution. This translates into a distribution per Stapled Security of 1.53 Singapore cents, compared to 1.38 Singapore cents in the preceding period.

FY 2021 vs FY 2020

Gross revenue for FY 2021 was S\$83.2 million, flat year-on-year, supported by the fixed rent for master lease rental from the hotels and variable rent from the SRs.

During the year, the hotels continued to be supported by a combination of contracts from the Government for isolation purposes, business from companies requiring long stay accommodation for their workers, and domestic staycation demand. Average occupancy of 79.4% for FY 2021 was 5.7pp lower than the previous year, in part because the full impact of COVID-19 was only felt after the first quarter in FY 2020. ADR decreased 16.7% to S\$70 and RevPAR for the hotel portfolio declined by 21.1% to S\$56. The operating performance started trending up in the latter part of the year as border restrictions were loosened and VTLs were introduced, providing a boost to the hospitality industry in the final quarter of 2021.

The SRs demonstrated greater resilience despite the challenging market circumstances and lack of inbound travel. For the full year, average occupancy was 77.5%, a decline of 6.3pp and ADR was 4.7% lower at \$181. Consequently, RevPAU registered an 11.9% YoY decline to \$140. The contribution from long-stay corporate sources provided a base of support and kept the SRs performing above fixed rent. The loosening of travel restrictions led to a strong rebound in performance in the last quarter of the year.

A snapshot of the hotel and SRs performance for FY 2021 is set out below.

	FY 2021		FY 2020		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	79.4	77.5	85.1	83.8	(5.7pp)	(6.3pp)
Average Daily Rate (\$)	70	181	84	190	(16.7%)	(4.7%)
RevPAR / RevPAU (\$)	56	140	71	159	(21.1%)	(11.9%)

Revenue from the retail and office spaces declined 8.8% year-on-year to S\$15.1 million mainly due to lower occupancies compared to previous year.

Net property income was higher by 4.1% at S\$75.2 million. Finance costs had decreased by 17.9% year-on-year to S\$19.9 million mainly due to lower short term interest rates and fixed interest rates on interest rate swap contracts.

Income available for distribution grew 14.5% to S\$54.8 million, due mainly to lower finance expenses and property tax. Distribution per Stapled Security for the full year registered a growth of 9.1% to 2.63 cents.

9 Variance between forecast and the actual results

No forecast has been disclosed.

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

The administration of COVID-19 vaccinations and booster shots continues to rise globally, along with the development of alternative forms of COVID-19 treatments. These efforts will help to build confidence and prepare countries around the world to transition towards the reopening of borders and resumption of international travel.

While the near term remains uncertain, the REIT Manager is optimistic over the longer-term prospect of the hospitality industry given the continuing efforts by the government and the industry to build Singapore into an attractive destination for investments, MICE, and leisure.

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The divestment of Central Square will provide Far East H-Trust with a strengthened balance sheet and increased financial flexibility. The REIT Manager will continue to explore various options to redeploy the proceeds to deliver optimal value for Stapled Securityholders.

11 DISTRIBUTIONS

Current financial period

Any distribution declared for the current period?

Yes

Distribution period

Distribution for the half-year from 1 July 2021 to 31 December 2021

Distribution type

Taxable income
Tax-exempt income

Distribution per stapled security

Distribution Type	Distribution Rate (cents)
Taxable income	1.42
Tax-exempt income	0.11
Total	1.53

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 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%.

Tax-exempt income distribution

Tax-exempt income distribution is exempt from tax in the hands of all Stapled Securityholders.

Date paid/payable

23 March 2022

Books closure date

23 February 2022

Stapled Securityholders must complete and return Form A or Form B, as applicable

9 March 2022

Corresponding period of the preceding financial period

Any distribution declared for the preceding period?

Yes

Distribution period

Distribution for the half-year from 1 July 2020 to 31 December 2020

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Distribution type	Taxable income
Distribution per stapled security	1.38 cents
Tax rate	<p><u>Taxable income distribution</u> Qualifying investors and individuals (other than those who held their stapled securities through a partnership) would receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.</p> <p>Qualifying foreign non-individual investors 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 as 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.

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021
14 Segment revenue and results of operating segments
(a) Operating segments for the year ended 31 December 2021

	Hotels and serviced residences	Retail units, offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue	68,172	15,076	83,248
Segment net property income	64,423	10,749	75,172
REIT Manager's fees			(9,442)
Trustee's fees			(319)
Other trust expenses			(695)
Interest and other income			500
Finance expenses			(19,874)
Net income before tax and fair value changes			45,342
Fair value change in derivative financial instruments			11,558
Fair value change in investment properties	3,499	1,651	5,150
Fair value change in investment property held for sale			73,087
Share of results of joint venture			(4,060)
Total return for the year before income tax			131,077
Income tax expense			(67)
Total return for the year after income tax before distribution			131,010

(b) Operating segments for the year ended 31 December 2020

	Hotels and serviced residences	Retail units, offices and others	Total
	S\$'000	S\$'000	S\$'000
Gross revenue	66,719	16,535	83,254
Segment net property income	60,760	11,419	72,179
REIT Manager's fees			(9,439)
Trustee's fees			(329)
Other trust expenses			(723)
Interest and other income			624
Finance expenses			(24,195)
Net income before tax and fair value changes			38,117
Fair value change in derivative financial instruments			(6,244)
Fair value change in investment properties	(99,283)	(21,936)	(121,219)
Share of results of joint venture			(3,967)
Total return for the year before income tax			(93,313)
Income tax expense			(90)
Total return for the year after income tax before distribution			(93,403)

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021
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 2021 S\$'000	FY 2020 S\$'000	Better / (Worse) %
Gross revenue reported for first half year	41,569	44,270	(6.1)
Net income for first half year	26,841	8,875	>100.0
Gross revenue reported for second half year	41,679	38,984	6.9
Net income for second half year	104,169	(102,278)	>100.0

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

In respect of the period	2021 S\$'000	2020 S\$'000
1 October 2019 to 31 December 2019	–	18,485
1 January 2020 to 30 June 2020	–	20,171
1 July 2020 to 31 December 2020	27,105	–
1 January 2021 to 30 June 2021	21,694	–
	48,799	38,656

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.

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)
15 February 2022

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
15 February 2022

Unaudited Financial Statements Announcement for the half-year and full year ended 31 December 2021

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.