

Far East Hospitality Trust
Unaudited Financial Statements Announcement
For the half year ended 30 June 2024

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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. 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 in Village Residences Clarke Quay (“VRCQ”) 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 VRCQ. On 17 March 2022, the call option was exercised and the divestment of VRCQ was completed on 24 March 2022, bringing Far East H-REIT’s portfolio to 12 properties consisting of 9 hotels and 3 SRs located in Singapore.

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.

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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 2024 S\$'000	1H 2023 S\$'000	Better / (Worse) %	1H 2024 S\$'000	1H 2023 S\$'000	Better / (Worse) %
Master lease rental	45,177	43,992	2.7	45,177	43,992	2.7
Retail and office revenue	8,631	8,046	7.3	8,631	8,046	7.3
Gross revenue	53,808	52,038	3.4	53,808	52,038	3.4
Property tax	(3,109)	(1,883)	(65.1)	(3,109)	(1,883)	(65.1)
Property insurance	(56)	(49)	(14.3)	(56)	(49)	(14.3)
MCST contribution	(158)	(158)	-	(158)	(158)	-
Retail and office expenses	(759)	(869)	12.7	(759)	(869)	12.7
Reversal of/ (impairment losses) on trade receivables	(40)	100	>(100.0)	(40)	100	>(100.0)
Property manager fees	(220)	(209)	(5.3)	(220)	(209)	(5.3)
Property expenses	(4,342)	(3,068)	(41.5)	(4,342)	(3,068)	(41.5)
Net property income	49,466	48,970	1.0	49,466	48,970	1.0
REIT Manager's fees	(5,274)	(5,057)	(4.3)	(5,274)	(5,057)	(4.3)
Trustee's fees	(160)	(157)	(1.9)	(160)	(157)	(1.9)
Other trust expenses	(469)	(533)	12.0	(468)	(532)	12.0
Interest and other income	1,844	1,879	(1.9)	1,844	1,879	(1.9)
Finance expenses	(15,197)	(12,084)	(25.8)	(15,197)	(12,084)	(25.8)
Net income before joint venture's results	30,210	33,018	(8.5)	30,211	33,019	(8.5)
Share of results of joint venture	-	-	N.M.	-	-	N.M.
Net income before tax and fair value changes	30,210	33,018	(8.5)	30,211	33,019	(8.5)
Unrealised foreign exchange loss	(2,707)	(1,917)	(41.2)	(2,707)	(1,917)	(41.2)
Fair value change in derivative financial instruments	3,073	(5,158)	>100.0	3,073	(5,158)	>100.0
Gain on disposal of investment property	-	17,912	(100.0)	-	17,912	(100.0)
Total return for the period before income tax	30,576	43,855	(30.3)	30,577	43,856	(30.3)
Income tax expense	(138)	(136)	(1.5)	(138)	(136)	(1.5)
Total return for the period	30,438	43,719	(30.4)	30,439	43,720	(30.4)
Distribution Statement						
Total return for the period before income tax	30,576	43,855	(30.3)	30,577	43,856	(30.3)
Net tax adjustments	2,682	(7,107)	>100.0	2,682	(7,107)	>100.0
Other adjustments	1	-	N.M.	-	-	-
Taxable income	33,259	36,748	(9.5)	33,259	36,749	(9.5)
Tax-exempt income	676	664	1.9	676	664	1.9
Income available for distribution	33,935	37,412	(9.3)	33,935	37,413	(9.3)
Distribution comprises:						
- from taxable income	33,214	34,401	(3.5)	33,214	34,401	(3.5)
- from other gains	6,240	4,000	56.0	6,240	4,000	56.0
	39,454	38,401	2.7	39,454	38,401	2.7

The Manager resolved to distribute S\$39.4 million to Stapled Securityholders for 1H 2024, comprising taxable income of S\$33.2 million; and other gains of S\$6.2 million from the divestment of VRCQ. Far East H-REIT's distribution policy is to

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distribute at least 90.0% of its taxable income for the full financial year. For 1H 2024, the Manager has resolved to distribute 99.9% of its taxable income available for distribution to the Stapled Securityholders.

Notes:

NM – Not meaningful

- (a) Refer to section 8 on “Review of performance” for the explanation of variances.
- (b) The increase in property tax expense is due to higher annual value assessments by Inland Revenue Authority of Singapore for all properties.
- (c) Higher finance expenses are mainly due to higher interest rates on the floating rate loans.
- (d) The share of results of joint venture relates to the equity accounting of FIPL’s results. The share of losses has exceeded the carrying amount of the investment since December 2021.
- (e) The unrealised foreign exchange loss arose from exchange difference on the US dollar denominated term loan. A cross currency swap (“CCS”) has been entered into to hedge against any foreign exchange exposure on the principal and interest payments. This is a non-tax chargeable / deductible item and has no impact on the taxable income and distributable income to the Stapled Securityholders.
- (f) This relates to net change in fair value of interest rate swap and cross currency swap contracts entered to hedge against the interest rate and foreign currency 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.
- (g) For 1H 2023, the gain on disposal of investment property pertains to the incentive fee received on 24 March 2023 for the divestment of VRCQ which was completed in March 2022.
- (h) Included in the net distribution adjustments are the following:

Note	Far East H-Trust			Far East H-REIT		
	1H 2024	1H 2023	Better / (Worse)	1H 2024	1H 2023	Better / (Worse)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
- REIT Manager's fees paid/payable in Stapled Securities	3,166	4,552	(30.4)	3,166	4,552	(30.4)
- Trustee's fees	160	157	1.9	160	157	1.9
- Amortisation of debt-related transaction cost	268	259	3.5	268	259	3.5
- Unrealised foreign exchange loss	2,707	1,917	41.2	2,707	1,917	41.2
- Fair value change in derivative financial instruments	(3,073)	5,158	>(100.0)	(3,073)	5,158	>(100.0)
- Gain on disposal of investment property	-	(17,912)	100.0	-	(17,912)	100.0
- Other items	(546)	(1,238)	55.9	(546)	(1,238)	55.9
Net distribution adjustments	2,682	(7,107)	>100.0	2,682	(7,107)	>100.0

Notes:

N.M. – Not meaningful

(1) This represents 60% (1H 2023: 90%) of REIT Manager’s fees paid/payable in Stapled Securities.

- (i) Other adjustments for Far East H-Trust pertains primarily to the net accounting results of Far East H-BT.
- (j) Income available for distribution for 1H 2024 would be 4.7% higher at S\$35.5 million if not for the change in proportion of REIT Manager’s fee paid/payable in the form of Stapled Securities from 90% to 60%.

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1(b) Balance Sheets
1(b)(i) Balance Sheets as at 30 June 2024

	Note	As at 30 June 2024			As at 31 December 2023		
		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)	2,510,797	2,510,797	-	2,509,550	2,509,550	-
Joint venture	(b)	-	-	-	-	-	-
Derivative financial assets	(c)	2,431	2,431	-	951	951	-
Total non-current assets		2,513,228	2,513,228	-	2,510,501	2,510,501	-
Current assets							
Cash and cash equivalents	(d)	28,488	28,488	-	63,093	63,093	-
Prepayments		22	22	-	85	85	-
Trade and other receivables	(e)	47,708	47,708	30	47,500	47,500	30
Derivative financial assets	(c)	689	689	-	1,276	1,276	-
Total current assets		76,907	76,907	30	111,954	111,954	30
Total assets		2,590,135	2,590,135	30	2,622,455	2,622,455	30
Current liabilities							
Trade and other liabilities	(f)	4,121	4,112	39	3,348	3,340	38
Borrowings	(g)	107,097	107,097	-	-	-	-
Accruals	(h)	3,716	3,715	1	4,101	4,100	1
Rental deposits		1,501	1,501	-	1,534	1,534	-
Deferred income		90	90	-	90	90	-
Income tax payable		138	138	-	278	278	-
Total current liabilities		116,663	116,653	40	9,351	9,342	39
Non-current liabilities							
Borrowings	(g)	609,030	609,030	-	736,752	736,752	-
Derivative financial liabilities	(c)	51	51	-	2,231	2,231	-
Rental deposits		6,941	6,941	-	6,721	6,721	-
Deferred income		646	646	-	690	690	-
Total non-current liabilities		616,668	616,668	-	746,394	746,394	-
Total liabilities		733,331	733,321	40	755,745	755,736	39
Net assets		1,856,804	1,856,814	(10)	1,866,710	1,866,719	(9)
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,856,814	1,856,814	-	1,866,719	1,866,719	-
Unitholders' funds of Far East H-BT		(10)	-	(10)	(9)	-	(9)
		1,856,804	1,856,814	(10)	1,866,710	1,866,719	(9)

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Notes:

- (a) The increase in investment properties was mainly attributable to capital expenditure capitalised for Village Hotel Albert Court, Vibe Hotel Singapore Orchard and Village Residences Robertson Quay. Please refer to the details in Note 1(e)(3) *Investment properties*.
- (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 30 June 2024.
- (c) This relates to the fair value of interest rate swap and CCS contracts entered to hedge against interest rate risk and foreign exchange exposure of Far East H-REIT.
- (d) Cash and cash equivalents comprise cash at bank of S\$4.5 million and fixed deposits of S\$24.0 million. The decrease in cash and cash equivalents is mainly due to the prepayment of term loan of \$23.6 million.
- (e) This includes a shareholders' loan and accrued interest due from Fontaine Investment Pte Ltd ("FIPL") of S\$37.2 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.
- (f) The increase in trade and other payables is mainly due to higher trade payables for capital expenditure.
- (g) The total gross borrowings as at 30 June 2024 of S\$717.7 million was S\$20.9 million lower compared to balances as at 31 December 2023 due to prepayment of term loan of S\$23.6 million in June 2024 from the proceeds of the divestment of VRCQ, and partially offset by unrealised foreign exchange loss on the US dollar denominated term loan.

The current borrowings relate to term loans amounting to S\$107.2 million which are due to mature in April 2025. The REIT Manager is evaluating and assessing the refinancing options with its lenders for the term loans.

As at 30 June 2024, Far East H-REIT has undrawn and uncommitted revolving credit facilities ("RCF") of S\$275.0 million with 3 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*.

- (h) The decrease in accruals is mainly due to payment of property tax accrued as at 31 December 2023.

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1(c) Cash Flow Statements

	Note	Far East H-Trust		Far East H-REIT	
		1H 2024	1H 2023	1H 2024	1H 2023
		S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities					
Total return before income tax		30,576	43,855	30,577	43,856
Adjustments for:					
Interest and other income		(1,844)	(1,879)	(1,844)	(1,879)
Finance expenses		15,197	12,084	15,197	12,084
Unrealised foreign exchange loss		2,707	1,917	2,707	1,917
Fair value change in derivative financial instruments		(3,073)	5,158	(3,073)	5,158
Gain on disposal of investment property		-	(17,912)	-	(17,912)
REIT Manager's fees issued/issuable in Stapled Securities		3,166	4,552	3,166	4,552
(Reversal of)/Impairment losses on trade receivables		40	(100)	40	(100)
Operating profit before working capital changes		46,769	47,675	46,770	47,676
Changes in working capital					
Trade and other receivables		(1,667)	(2,294)	(1,667)	(2,294)
Trade and other liabilities		711	716	710	715
Rental deposits		137	12	137	12
Income tax paid		(278)	(146)	(278)	(146)
Cash flows generated from operating activities		45,672	45,963	45,672	45,963
Cash flows from investing activities					
Capital expenditure on investment properties	(a)	(1,431)	(2,837)	(1,431)	(2,837)
Net proceeds from divestment of investment property		-	17,912	-	17,912
Interest received from a joint venture company		1,638	-	1,638	-
Interest received		1,249	547	1,249	547
Cash flows generated from investing activities		1,456	15,622	1,456	15,622
Cash flows from financing activities					
Proceeds from borrowings		-	100,000	-	100,000
Finance costs paid		(14,623)	(12,664)	(14,623)	(12,664)
Repayment of borrowings	(b)	(23,600)	(100,000)	(23,600)	(100,000)
Distribution to Stapled Securityholders	(c)	(43,510)	(34,443)	(43,510)	(34,443)
Cash flows used in financing activities		(81,733)	(47,107)	(81,733)	(47,107)
Net (decrease) / increase in cash and cash equivalents		(34,605)	14,478	(34,605)	14,478
Cash and cash equivalents at beginning of the period		63,093	49,774	63,093	49,774
Cash and cash equivalents at end of the period		28,488	64,252	28,488	64,252

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Notes:

- (a) Capital expenditure incurred mainly relates to asset enhancement work carried out at some of the properties namely Village Hotel Albert Court, Vibe Hotel Singapore Orchard and Village Residences Robertson Quay.
- (b) The repayment of borrowings in 1H 2024 pertains to partial prepayment of term loan of S\$23.6 million in June 2024 using consideration received from the proceeds of the divestment of VRCQ. For 1H 2023, the term loan of S\$100.0 million equivalent was drawn down in March 2023 to refinance a S\$100.0 million term loan due on 28 March 2024.
- (c) The distribution to Stapled Securityholders in 1H 2024 relates to the cash distribution for the financial period from 1 July 2023 to 31 December 2023, which was paid on 21 March 2024. In the corresponding period, the distribution to Stapled Securityholders in 1H 2023 relates to the cash distribution for the financial period from 1 July 2022 to 31 December 2022, which was paid on 22 March 2023.

1(d) Statements of Movement in Stapled Securityholders' Funds
1(d)(i) Statements of Changes in Stapled Securityholders' Funds for the period from 1 January 2024 to 30 June 2024

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated (loss) S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2024	1,789,242	77,477	1,866,719	28	(37)	(9)	1,866,710
Operations							
Increase in net assets resulting from operations	-	30,439	30,439	-	(1)	(1)	30,438
	-	30,439	30,439	-	(1)	(1)	30,438
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	3,166	-	3,166	-	-	-	3,166
Distribution to Stapled Securityholders ^(b)	-	(43,510)	(43,510)	-	-	-	(43,510)
Net increase/(decrease) in net assets resulting from unitholders' transactions	3,166	(43,510)	(40,344)	-	-	-	(40,344)
Balance at 30 June 2024	1,792,408	64,406	1,856,814	28	(38)	(10)	1,856,804

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 2024 to 30 June 2024. 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 2024 will be issued in April 2025.
- (b) Distribution to Stapled Securityholders relates distribution paid in respect of financial period from 1 July 2023 to 31 December 2023.

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**1(d)(i) Statements of Changes in Stapled Securityholders' Funds
for the period from 1 January 2023 to 30 June 2023**

	Stapled Securityholders' Funds						
	Far East H-REIT			Far East H-BT			Far East H-Trust
	Units in issue S\$'000	Accumulated profit S\$'000	Total S\$'000	Units in issue S\$'000	Accumulated (loss) S\$'000	Total S\$'000	Total S\$'000
Balance at 1 January 2023	1,779,791	20,011	1,799,802	28	(35)	(7)	1,799,795
Operations							
Increase in net assets resulting from operations	-	43,720	43,720	-	(1)	(1)	43,719
	-	43,720	43,720	-	(1)	(1)	43,719
Unitholders' transactions							
Issuance of Stapled Securities:							
- REIT Manager's fees ^(a)	4,552	-	4,552	-	-	-	4,552
Distribution to Stapled Securityholders ^(b)	-	(34,443)	(34,443)	-	-	-	(34,443)
Net increase/(decrease) in net assets resulting from unitholders' transactions	4,552	(34,443)	(29,891)	-	-	-	(29,891)
Balance at 30 June 2023	1,784,343	29,288	1,813,631	28	(36)	(8)	1,813,623

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 2023 to 30 June 2023. 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 2023 were issued on 25 April 2024.
- (b) Distribution to Stapled Securityholders relates to distribution paid in respect of the financial period from 1 July 2022 to 31 December 2022.

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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 unitholders 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 2024 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 period ended 31 December 2023. 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 2023 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 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 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 2023.

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 30 June 2024		As at 31 December 2023	
	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	2,509,550	2,509,550	2,446,750	2,446,750
Capital expenditure capitalised	1,247	1,247	3,556	3,556
Fair value change recognised in statement of total return	-	-	59,244	59,244
At 30 June/31 December	2,510,797	2,510,797	2,509,550	2,509,550

Investment properties are stated at fair value based on valuations performed by independent professional valuers as at 31 December 2023, adjusted for capital expenditure incurred subsequent to the valuation date. In consultation with external valuers, the REIT Manager has assessed that the fair value of the investment properties as at 30 June 2024 has not materially changed from the 31 December 2023 valuation except to the extent of capital expenditure incurred during the six-month period ended 30 June 2024.

As at 31 December 2023, the independent valuations of the investment properties were undertaken by Savills Valuation And Professional Services (S) Pte Ltd based on the income capitalisation approach, discounted cash flow analysis and direct comparison approach for the hotels; and CBRE Pte. Ltd. based on the income

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capitalisation approach and discounted cash flow analysis for the serviced residences (direct comparison approach was also used for the retail commercial premises). The REIT Manager believes that these independent valuers possess appropriate professional qualifications and recent experience in the location and category of the investment properties being valued.

The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, discount rates, revenue per available room/unit, price per room and price per square foot/metre. The ongoing geo-political headwinds and macro-economic uncertainty may have impact on the Singapore economy and the property market. As at 31 December 2023, the valuers have recommended to monitor the situation closely. The REIT Manager is of the view that the valuation methods and key assumptions are reflective of the market conditions as at 30 June 2024.

The fair value of the investment properties is categorised as Level 3 of the fair value measurement hierarchy and is determined by key assumptions above. 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.

4. Borrowings

	As at 30 June 2024		As at 31 December 2023	
	Far East H-Trust S\$'000	Far East H-REIT S\$'000	Far East H-Trust S\$'000	Far East H-REIT S\$'000
Unsecured				
Amounts repayable in one year or less, or on demand	107,097	107,097	-	-
Amounts repayable after one year	609,030	609,030	736,752	736,752
	<u>716,127</u>	<u>716,127</u>	<u>736,752</u>	<u>736,752</u>

Details of borrowings and collateral:

The total facilities of Far East H-REIT as at 30 June 2024 are as follows:

- Unsecured term loan facilities of S\$717.7 million; and
- S\$275.0 million of uncommitted RCF.

For the S\$107.2 million term loans due to mature in April 2025, the REIT Manager is evaluating and assessing the refinancing options with its lenders for the term loans. The refinancing of these term loans are expected to be completed before the repayment date.

The weighted average cost of debt was approximately 4.1% per annum. The weighted average debt-to-maturity was 3.3 years.

Gearing as of 30 June 2024 was 30.8% (31 December 2023: 31.3%). Interest coverage ratio¹ as at 30 June 2024 was 3.2x (31 December 2023: 3.5x).

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 2023: 3.5x) based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

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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.

Details of Changes in Stapled Securities

	Far East H-Trust	
	1H 2024 No. of Stapled Securities '000	1H 2023 No. of Stapled Securities '000
Stapled Securities in issue at beginning of period	2,002,633	1,988,382
Issuance of Stapled Securities:		
- REIT Manager's fees	8,585	8,996
Stapled Securities in issue	2,011,218	1,997,378
Stapled Securities to be issued:		
- REIT Manager's fees – Base fees	1,760	2,658
- REIT Manager's fees – Performance fees (a)	1,585	2,190
Stapled Securities in issue and to be issued at end of period	2,014,563	2,002,226

Footnotes:

(a) Stapled Securities to be issued to the REIT Manager as part satisfaction of REIT Manager's performance fee for the period from 1 January 2024 to 30 June 2024 are not entitled to 1H 2024 distribution.

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

	Far East H-Trust	
	1H 2024	1H 2023
Weighted average number of Stapled Securities ('000)	2,006,946	1,992,861
Basic EPS (cents)	1.52	2.19
Weighted average number of Stapled Securities ('000) ⁽¹⁾	2,010,291	1,997,709
Diluted EPS (cents)	1.51	2.19
Number of Stapled Securities in issue at end of period ('000)	2,011,218	1,997,378
Number of Stapled Securities to be issued before Books Closure Date ('000)	1,760	2,658
Total number of Stapled Securities entitled to distribution ('000)	2,012,978	2,000,036
DPS (cents)	1.96	1.92

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

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

	Far East H-Trust	
	30 June 2024	31 December 2023
Stapled Securities in issue and to be issued at end of period ('000)	2,014,563	2,009,464
NAV / NTA per Stapled Security (cents)	92.17	92.90

8. Financial ratios

	1H 2024		1H 2023	
	Far East H-Trust %	Far East H-REIT %	Far East H-Trust %	Far East H-REIT %
Expense ratio ⁽¹⁾				
- Including performance component of the REIT Manager's management fees	0.65	0.65	0.64	0.64
- Excluding performance component of the REIT Manager's management fees	0.46	0.46	0.48	0.48
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.

- (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 25 July 2024, Far East H-Trust issued 1,760,000 new Stapled Securities at a price of S\$0.6174 per Stapled Security in payment of 60% of the REIT Manager's fees (base fees) for the period from 1 April 2024 to 30 June 2024.

On 30 July 2024, the REIT Manager declared a distribution of S\$39,454,000 or 1.96 Singapore cents per Stapled Security to Stapled Securityholders in respect of the period from 1 January 2024 to 30 June 2024.

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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 (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)(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.

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8 A review of the performance for the half year ended 30 June 2024
8(a) Statement of net income and distribution of Far East Hospitality Trust

	1H 2024 S\$'000	1H 2023 S\$'000	Better / (Worse) %
Gross revenue	53,808	52,038	3.4
Net property income	49,466	48,970	1.0
<i>Net property income margin</i>	<i>91.9</i>	<i>94.1</i>	<i>(2.2pp)</i>
Income available for distribution ⁽¹⁾	33,935	37,412	(9.3)
Distribution to Stapled Securityholders	39,454	38,401	2.7
DPS (cents)	1.96	1.92	2.1

⁽¹⁾ Income available for distribution for 1H 2024 would be 4.7% higher at S\$35.5 million if not for the change in proportion of REIT Manager's fee paid/payable in the form of Stapled Securities from 90% to 60%.

8(b) Review of the performance of half year ended 30 June 2024
1H 2024 vs 1H 2023

Gross revenue for 1H 2024 grew 3.4% YoY to S\$53.8 million, driven by higher master lease rental from the hotels and SRs, as well as higher revenue from the retail and office spaces.

For the hotels, average occupancy improved 2.1 pp as more hotels continued to ramp up after having exited the government contracts in 2023. The average daily rate ("ADR") also grew 3.7% to S\$176, supported by major events and large-scale performances in the first quarter of 2024. Overall, revenue per available room ("RevPAR") increased by 6.4% to S\$141.

For the SRs, the ADR registered a healthy increase of 4.9% to S\$266, partly boosted by a higher proportion of short-stay leisure travellers booking at higher rates. Average occupancy dipped to 85.1% due to some unexpected group departures early in the year. It subsequently picked up and improved 3.5 pp quarter-on-quarter to 86.8%. Overall, revenue per available unit ("RevPAU") registered a 1.0% YoY increase to S\$226.

A snapshot of the hotel and SR performance in 1H 2024 is set out below.

	1H 2024		1H 2023		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	80.4	85.1	78.3	88.3	2.1pp	(3.2pp)
Average Daily Rate (S\$)	176	266	169	253	3.7%	4.9%
RevPAR / RevPAU (S\$)	141	226	133	224	6.4%	1.0%

Revenue from the retail and office spaces reached S\$8.6 million, marking a 7.3% increase from the previous year. Both the office and retail spaces experienced higher average occupancies and rental rates, with retail spaces experiencing stronger growth with continued improvement in average occupancy. The exit of Rendezvous Hotel Singapore and Village Hotel Changi from government contracts facilitated the better leasing performance of the Retail premises within the hotels.

Net property income for 1H 2024 increased to S\$49.5 million, improving from the same period in 2023. Finance expenses were higher by S\$3.1 million as compared to 1H 2023 mainly due to higher interest rates on the floating rate loans.

Distribution to Stapled Securityholders for 1H 2024 grew 2.7% to S\$39.4 million as a result of higher net property income contribution (partially offset by the change in proportion of REIT Manager's fee paid/payable in Stapled Securities) and distribution of other gains from the divestment of Central Square. This translates to a higher distribution per Stapled Security of 1.96 cents compared to 1.92 cents for the preceding period.

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9 Variance between forecast and the actual results

No forecast has been disclosed.

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

In the first half of 2024, international visitor arrivals to Singapore continued to recover, reaching 8.2 million (or 88% of the same period in 2019), bolstered by a robust lineup of events and large-scale performances. With new major events such as the World Aquatics Swimming World Cup and World Chess Championship to be held later this year, visitor arrivals are expected to achieve the Singapore Tourism Board's target of 15.0 to 16.5 million visitors for 2024.

On a macroeconomic front, global economies continue to display resilience, with growth holding steady and inflation declining. Expectations for further interest rate cuts are also on the horizon. The World Tourism Organisation anticipates that international tourism will fully recover to pre-pandemic levels in 2024, contingent on the pace of recovery in Asia and the evolving world economic and geopolitical risks.

The REIT Manager remains positive about the future prospects of the hospitality industry. Continued commitment by the Government, such as the S\$300 million Tourism Development Fund and the S\$165 million Major Sports Event Fund, will enhance tourism offerings, improve existing infrastructure, and further bolster Singapore's appeal as a premier business and leisure destination in the years ahead.

11 DISTRIBUTIONS
Current financial period

Any distribution declared for the current period?
Distribution period

Yes

Distribution for the half year from 1 January 2024 to 30 June 2024

Distribution type

Taxable income
 Other gains

Distribution per stapled security

Distribution Type	Distribution Rate (cents)
Taxable income	1.65
Other gains	0.31
Total	1.96

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%.

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	<u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Stapled Securityholders.
Date paid/payable	5 September 2024
Books closure date	7 August 2024
Stapled Securityholders must complete and return Form A or Form B, as applicable	22 August 2024

Corresponding period of the preceding financial period

Any distribution declared for the preceding period?	Yes
Distribution period	Distribution for the half year from 1 January 2023 to 30 June 2023
Distribution type	Taxable income Other gains

Distribution per stapled security

Distribution Type	Distribution Rate (cents)
Taxable income	1.72
Other gains	0.20
Total	1.92

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%.

Other gains distribution

Other gains distribution is not taxable in the hands of all Stapled Securityholders.

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.

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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 and Executive Director
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
30 July 2024

By Order of the Board

Gerald Lee Hwee Keong
Chief Executive Officer and Executive Director
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
30 July 2024

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.