

## FAR EAST HOSPITALITY TRUST POSTS 10.9% GROWTH IN DISTRIBUTION PER STAPLED SECURITY FOR 2H 2021

### Highlights:

- Distribution per Stapled Security (“DPS”) for full year increased 9.1% to 2.63 cents
- Gross revenue held steady year-on-year (“YoY”), supported by the fixed rental income from master leases
- Divestment of Central Square will strengthen balance sheet and provide greater financial flexibility for future acquisitions

**Singapore, 15 February 2022** – Far East Hospitality Trust (“Far East H-Trust”) recorded a 6.9% growth in gross revenue to S\$41.7 million for the half-year ended 31 December 2021 (“2H 2021”). Net property income (“NPI”) grew 16.1% YoY to S\$39.0 million, and income available for distribution grew 20.2% YoY to S\$33.0 million. The REIT Manager declared a distribution of S\$30.3 million to Stapled Securityholders, translating to a DPS of 1.53 cents for 2H 2021, a growth of 10.9% compared to the same period last year.

For the financial year ended 31 December 2021 (“FY 2021”), gross revenue held steady at S\$83.2 million, while NPI increased 4.1% YoY to S\$75.2 million. Income available for distribution grew 14.5% to S\$54.8 million, due mainly to lower finance expenses and property tax. DPS for the full year registered a growth of 9.1% to 2.63 cents.

### Summary of Results

(S\$'000)	2H 2021	2H 2020	Variance (%)	FY 2021	FY 2020	Variance (%)
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
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 (“DPS”) (cents)	1.53	1.38	10.9	2.63	2.41	9.1

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “Despite the continuing challenging market conditions, we are pleased to be able to increase our income available for distribution and DPS for the full year by 14.5% and 9.1% respectively.

While uncertainties exist in the near term, Far East H-Trust continues to be protected by the fixed rent component of the long-term master leases for all our properties that contributed about 80% of the gross revenue in FY 2021.

We are encouraged by the rising vaccination rates around the world, and the progress made by the Singapore government and other countries in transitioning towards the reopening of borders to facilitate international travel.”

## Review of Performance

	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 (“ADR”) (S\$)	74	181	69	180	7.2%	0.6%
Revenue per Available Room (“RevPAR”) / Revenue per Available Unit (“RevPAU”) (S\$)	60	143	64	153	(6.3%)	(6.5%)

	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 (S\$)	70	181	84	190	(16.7%)	(4.7%)
RevPAR / RevPAU (S\$)	56	140	71	159	(21.1%)	(11.9%)

### Hotels

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 Vaccinated Travel Lanes were introduced, providing a boost to the hospitality industry in the final quarter of 2021.

### Serviced Residences (“SRs”)

For FY 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 S\$181. Consequently, RevPAU

registered an 11.9% YoY decline to S\$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.

### REIT Commercial Premises

Revenue from the retail and office spaces declined 8.8% YoY to S\$15.1 million in FY 2021 mainly due to lower occupancies compared to the previous year.

## **Key Milestones**

### Divestment of Central Square

On 2 December 2021, Far East H-REIT entered into an agreement to divest its interest in Central Square to CDL Constellation Pte. Ltd., a wholly-owned subsidiary of City Developments Limited. Upon completion of the transaction, Far East H-REIT will realise an estimated net gain of S\$112 million<sup>1</sup> from the sale proceeds of S\$313.2 million, plus a potential incentive fee of up to S\$18 million, subject to certain conditions being fulfilled by 31 December 2023. The divestment is expected to complete on 24 March 2022 and net proceeds will be substantially used to pare down debt.

### Corporate Governance Achievements

In 2021, Far East H-Trust continued to be recognised for its good corporate governance practices, ranking 2<sup>nd</sup> in the Singapore Governance and Transparency Index<sup>2</sup> (“SGTI”) for REITs and Business Trusts, as well as a joint 9<sup>th</sup> position in the Governance Index for Trusts<sup>3</sup> (“GIFT”) assessment.

In October 2021, Far East H-Trust was also the runner-up for the Shareholder Communications Excellence Award (REITs & Business Trusts Category) in the 2021 SIAS Investors' Choice Awards. The award recognises outstanding efforts in transparent disclosure and excellent communication with shareholders.

### Inclusion in the FTSE EPRA Nareit Global Developed Index

Far East H-Trust was included in the FTSE EPRA Nareit Global Developed Index from 20 September 2021. This inclusion supports the REIT Manager’s endeavours to improve the visibility of Far East H-Trust amongst institutional investors globally, allowing the Trust to further diversify its shareholder base and tap on a wider pool of capital going forward.

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<sup>1</sup> Estimated net gain is computed based on valuation as at 31 December 2020 after accounting for transaction-related costs.

<sup>2</sup> Based on 43 REITs and Business Trusts assessed under the SGTI framework in 2021.

<sup>3</sup> Based on 45 REITs and Business Trusts assessed under the GIFT framework in 2021.

## **Capital Management**

As at 31 December 2021, total debt of the Trust stood at S\$949.3 million, of which 52.7% were secured at fixed interest rates. The aggregate leverage was 38.3%. The weighted average debt to maturity was 2.7 years. The average cost of debt improved to 1.9% for FY 2021 from 2.4% in the previous year due to lower short-term interest rates and lower fixed rates on interest rate swap contracts.

## **Outlook**

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.

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.

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**ABOUT FAR EAST HOSPITALITY TRUST (“Far East H-Trust”)**

Far East H-Trust is a Singapore-Focused Hotel and Serviced Residence Hospitality Trust listed on the Main Board of The Singapore Exchange Securities Trading Limited (“SGX-ST”). 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-Trust was listed on the SGX-ST on 27 August 2012 and has a portfolio of 13 properties totaling 3,143 hotel rooms and serviced residence units valued at approximately S\$2.61 billion as at 31 December 2021. Managed by FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. (collectively, the “Managers”) and sponsored by members of Far East Organization Group (the “Sponsor”), Far East H-Trust seeks to provide Stapled Securityholders with regular, stable and growing distributions on a half-yearly basis.

**ABOUT THE MANAGERS**

FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd. are the managers of Far East H-REIT and Far East H-BT respectively. Both are 67.0% owned by FEO Asset Management Pte. Ltd., which is a wholly-owned subsidiary of Far East Organization Centre Pte. Ltd., and 33.0% owned by Far East Orchard Limited (“FEOR”). FEOR is 63.0% owned by Far East Organization Pte. Ltd. as at 31 December 2021.

**IMPORTANT NOTICE**

This release 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 property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the Managers’ current view of future events.

The value of the Stapled Securities and the income derived from them, if any, may fall as well as rise. The Stapled Securities are not obligations of, deposits in, or guaranteed by, the Managers or any of their affiliates. An investment in the Stapled Securities is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they will have no right to request the Managers to redeem or purchase their Stapled Securities for so long as the Stapled Securities are listed on the SGX-ST. It is intended that investors and 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. The past performance of Far East H-Trust is not necessarily indicative of the future performance of Far East H-Trust.