

## FAR EAST HOSPITALITY TRUST REPORTS 40.0% GROWTH IN DISTRIBUTION PER STAPLED SECURITY FOR 1H 2022

### Highlights:

- Distribution per Stapled Security (“DPS”) boosted by higher net property income, lower costs, and distribution from divestment gains.
- Plans to distribute portion of gains from Central Square<sup>1</sup> divestment.

**Singapore, 29 July 2022** – Far East Hospitality Trust (“Far East H-Trust”) recorded gross revenue of S\$41.0 million for the half year ended 30 June 2022 (“1H 2022”). Net property income (“NPI”) grew 3.5% year-on-year (“YoY”) to S\$37.5 million despite the disposal of Central Square. Cost was lower mainly due to reduced financing cost following the repayment of loans from divestment proceeds. As a result, income available for distribution increased 14.4% YoY to S\$29.0 million.

The REIT Manager declared a distribution of S\$30.6 million to Stapled Securityholders, translating to a DPS of 1.54 cents for 1H 2022, a growth of 40.0% compared to the same period last year.

The divestment of Central Square, which was completed on 24 March 2022, has helped to reduce gearing and provide greater financial flexibility for Far East H-Trust. The REIT Manager currently intends to distribute a portion of the divestment gains, expected to be approximately S\$8 million<sup>2</sup> per year over three years, based on the highest historical annual NPI of Central Square achieved since IPO. This initiative will allow the REIT Manager to return a portion of divestment gains and supplement the DPS while exploring new yield accretive investment opportunities.

### Summary of Results

	1H 2022 (S\$'000)	1H 2021 (S\$'000)	Variance (%)
Gross revenue	40,998	41,569	(1.4)
Net property income	37,455	36,193	3.5
Income available for distribution	28,957	25,318	14.4
Distribution to Stapled Securityholders	30,581	21,694	41.0
DPS (cents)	1.54	1.10	40.0

<sup>1</sup> Central Square comprises Village Residence Clarke Quay (“VRCQ”) as well as office and retail units.

<sup>2</sup> Being 14% higher than S\$7 million recorded in FY 2019 before the COVID-19 pandemic. For FY 2022, distribution from divestment gains will be S\$6.2 million to cover the nine months after the disposal of Central Square.

**Mr Gerald Lee, Chief Executive Officer of the REIT Manager** said, “We are encouraged by the increasing flow of leisure and business travel into Singapore and the progressive recovery of the hospitality industry. While there are macroeconomic headwinds and geopolitical risks in the near term, they will be mitigated by the expected improvement in operating performance of our hotels and serviced residences, as well as our plan to distribute a portion of the gains from the divestment of Central Square to stapled securityholders.”

## Review of Performance

	1H 2022		1H 2021		Better / (Worse)	
	Hotels	SRs <sup>3</sup>	Hotels	SRs <sup>3</sup>	Hotels	SRs
Average Occupancy (%)	68.2	88.5	77.6	76.2	(9.4pp)	12.3pp
Average Daily Rate (“ADR”) (S\$)	99	206	66	181	50.0%	13.8%
Revenue per Available Room (“RevPAR”) / Revenue per Available Unit (“RevPAU”) (S\$)	67	182	51	138	31.4%	31.9%

### Hotels

Average occupancy of the hotels declined YoY to 68.2%, as a few hotels in the portfolio exited from contracts with the Government for isolation purposes. The Elizabeth Hotel was also closed for renovation. On the other hand, ADR went up by 50.0% YoY to S\$99 as inbound traffic improved with more business and leisure guests. Correspondingly, RevPAR was higher YoY by 31.4% at S\$67. While there were early signs of recovery, the hotels were still on the fixed rent component of the master leases.

### Serviced Residences (“SRs”)

The SRs continued to demonstrate strong performance above the fixed rent component of the master leases, supported by corporate groups and increased demand from professionals requiring long-stay accommodation. Average occupancy of the SRs increased 12.3pp to 88.5% while ADR grew 13.8% to S\$206. Consequently, RevPAU grew 31.9% YoY to S\$182.

### REIT Commercial Premises

Revenue from the retail and office spaces declined 1.5% YoY to S\$7.3 million for 1H 2022 due to the disposal of Central Square. Excluding Central Square, revenue from the retail and office spaces would have increased 12.6% YoY on a same-store basis.

<sup>3</sup> On a same-store basis, if VRCQ was excluded for both years, average occupancy would have increased 8.2pp YoY from 82.0% to 90.2% in 1H 2022 and ADR would have grown 6.7% from S\$195 to S\$208. RevPAU would be 16.9% higher YoY from S\$160 to S\$187.

## **Capital Management**

As at 30 June 2022, total debt stood at S\$739.3 million, of which 60.9% were secured at fixed interest rates. The aggregate leverage was lowered from 38.3% in Dec 2021 to 33.3% in June 2022 with the repayment of loans and revolving credit facilities with proceeds from the divestment of Central Square. The weighted average debt to maturity was 2.8 years. The average cost of debt improved from 2.1% to 1.8% per annum as compared to the same six-month period last year due to lower fixed rates from interest rate swap contracts.

## **Outlook**

The near-term prospects have improved with the progressive re-opening of international borders, easing of COVID-19 measures and streamlining of travel measures by the Singapore government.

For the first half of 2022, Singapore received 1.5 million visitor arrivals, nearly 12 times more than the previous year. The Singapore Tourism Board expects visitor arrivals to reach 4 to 6 million for the year 2022.

Uncertainties over the war in Ukraine, inflationary risks, and further rise in interest rates could adversely affect consumer sentiment and slow the recovery of the hospitality industry. Notwithstanding these developments, Far East H-Trust continues to be protected by the fixed rent component of the long-term master leases for all our properties.

Nonetheless, 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.

**For more information, please contact:**

James Tan  
Manager, Investor Relations & Sustainability Management  
Tel: +65 9783 8645  
Email: jamesstan@fareast.com.sg

---

**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 12 properties totaling 3,015 hotel rooms and serviced residence units valued at approximately S\$2.34 billion as at 31 December 2021. In addition, Far East H-REIT holds a 30.0% stake in Fontaine Investment Pte Ltd (a joint venture with Far East Organization Centre Pte. Ltd., a member company of Far East Organization), which has developed three hotels in Sentosa. 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.