

FAR EAST HOSPITALITY TRUST REPORTS INCREASE IN DISTRIBUTION TO S\$39.4 MILLION FOR 1H 2024

Highlights:

- Gross revenue rises by 3.4% year-on-year (“YoY”) as all segments of the portfolio continue to grow.
- RevPAR of Hotels and RevPAU of Serviced Residences improve by 6.4% and 1.0% respectively YoY.
- Distribution per Stapled Security (“DPS”) increases 2.1% YoY to 1.96 cents.

Singapore, 30 July 2024 – Far East Hospitality Trust (“**Far East H-Trust**” or the “**Trust**”) posted a 3.4% increase in gross revenue, reaching S\$53.8 million for the half-year ended 30 June 2024 (“**1H 2024**”), higher than the gross revenue of 1H 2019 on a same-store basis. Net property income (“**NPI**”) rose by 1.0% to S\$49.5 million, partially offset by higher property taxes.

Distribution to Stapled Securityholders grew 2.7% YoY to S\$39.4 million as a result of higher NPI and distribution of other gains. It includes a distribution of S\$2.2 million to cushion the impact of higher interest expenses¹, in addition to the S\$4.0 million from the divestment gain of Central Square². As a result, while income available for distribution declined 9.3%³ primarily due to higher interest expenses, distribution to Stapled Securityholders rose 2.7% YoY, resulting in a 2.1% increase in DPS to 1.96 cents.

Summary of Results

	1H 2024 (S\$'000)	1H 2023 (S\$'000)	Variance (%)
Gross revenue	53,808	52,038	3.4
Net property income	49,466	48,970	1.0
Income available for distribution	33,935	37,412	(9.3)
Distribution to Stapled Securityholders	39,454	38,401	2.7
- from taxable income	33,214	34,401	(3.5)
- from other gains	6,240	4,000	56.0
DPS (cents)	1.96	1.92	2.1

¹ On 28 July 2023, the REIT Manager announced its plan to utilise a portion of the additional S\$18.0 million incentive fee received in March 2023 by Far East H-Trust in conjunction with the divestment of Central Square to cushion the impact from possible higher interest expenses.

² As announced on 29 July 2022, the REIT Manager has committed to distributing a portion of the gains from the divestment of Central Square which was completed in March 2022, expected to be approximately S\$8.0 million per year over 3 years period.

³ 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 fees paid/payable in the form of Stapled Securities from 90% to 60%.

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “All segments of the portfolio continued to grow in the first half of 2024, driven by leisure demand alongside the recovery of international visitor arrivals. While NPI has improved, income available for distribution was primarily affected by higher interest expenses. Nonetheless, we are pleased to report that our DPS has increased through support initiatives undertaken since 2022. With the various strategic portfolio enhancements and prudent capital management, the Trust is well positioned to ride on the growth of the Singapore hospitality sector, notwithstanding the potential impact of the strong Singapore dollar which may moderate the expected pace of growth.”

Review of Performance

	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 (“ADR”) (S\$)	176	266	169	253	3.7%	4.9%
Revenue per Available Room (“RevPAR”) / Revenue per Available Unit (“RevPAU”) (S\$)	141	226	133	224	6.4%	1.0%

Hotels

For the period, average occupancy improved 2.1 pp as more hotels continued to ramp up after exiting 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.

Serviced Residences (“SRs”)

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 in the first quarter of 2024. It subsequently picked up and improved 3.5 pp quarter-on-quarter in the second quarter to 86.8%. Overall, revenue per available unit (“**RevPAU**”) registered a 1.0% YoY increase to S\$226.

REIT Commercial Premises (“RCP”)

Revenue from the RCP segment reached S\$8.6 million, marking a 7.3% increase from the previous year. Both the office and retail segments experienced higher average occupancies and rental rates, with the retail segment experiencing stronger growth. 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.

Capital Management

As of 30 June 2024, total debt stood at S\$717.7 million following the prepayment of S\$23.6 million in term loan. Aggregate leverage improved to 30.8% as compared to 31 December 2023.

The average cost of debt increased to 4.1% per annum on the back of higher interest rates as compared to last year. With the growing likelihood of interest rate cuts, a lower percentage of total debt (35.9%⁴) was secured at fixed interest rates.

Outlook

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.

⁴ As at date of release. The proportion of borrowings secured at fixed rate as at 30 June 2024 was 26.5%.

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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 12 properties totaling 3,015 hotel rooms and serviced residence units valued at approximately S\$2.51 billion as at 31 December 2023. 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 64.0% owned by Far East Organization Pte. Ltd. as at 31 December 2023.

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.