

FAR EAST HOSPITALITY TRUST ACHIEVES 27.3% GROWTH IN INCOME AVAILABLE FOR DISTRIBUTION FOR FY 2023

Highlights:

- Gross revenue increases 27.8% year-on-year (“YoY”) as all segments of the portfolio continue their strong post-pandemic recovery.
- RevPAR of Hotels and RevPAU of Serviced Residences increase 47.8% and 17.0% respectively YoY.
- Distribution per Stapled Security (“DPS”) records 25.1% YoY growth to reach 4.09 cents, surpassing pre-pandemic DPS of FY 2019.

Singapore, 14 February 2024 – Far East Hospitality Trust (“Far East H-Trust” or the “Trust”) registered a 27.8% increase in gross revenue, reaching S\$106.8 million for the financial year ended 31 December 2023 (“FY 2023”), on par with the gross revenue of 2019 on a same-store basis¹. As a result, net property income (“NPI”) grew 27.7% to S\$98.7 million, leading to a higher income available for distribution of S\$75.1 million, representing a YoY growth of 27.3%. The full-year DPS climbed 25.1% to 4.09 cents, surpassing the DPS in 2019 before the pandemic.

For the half-year ended 31 December 2023 (“2H 2023”), Far East H-Trust’s gross revenue rose 28.6% YoY to S\$54.8 million. Distribution to Stapled Securityholders increased 26.3% to S\$43.5 million as a result of higher NPI and distribution of other gains². This translates to a DPS of 2.17 cents, a 25.4% increase compared to the same period last year.

Summary of Results

	2H 2023 (S\$'000)	2H 2022 (S\$'000)	Variance (%)	FY 2023 (S\$'000)	FY 2022 (S\$'000)	Variance (%)
Gross revenue	54,767	42,581	28.6	106,805	83,579	27.8
Net property income	49,771	39,874	24.8	98,741	77,329	27.7
Income available for distribution ³	39,996	30,200	32.4	75,060	58,986	27.3
Distribution to Stapled Securityholders	43,510	34,443	26.3	81,911	65,024	26.0
- from taxable income	39,299	29,665	32.5	73,700	58,260	26.5
- from tax-exempt income	-	597	(100.0)	-	597	(100.0)
- from other gains	4,211	4,181	0.7	8,211	6,167	33.1
DPS (cents)	2.17	1.73	25.4	4.09	3.27	25.1

¹ Excluding the contribution from Central Square which was divested on 24 March 2022.

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, expected to be approximately S\$8.0 million per year over 3 years.

³ 2H 2023 income available for distribution includes the release of S\$2.3 million of taxable income available for distribution to Stapled Securityholders that was not distributed in 1H 2023.

Mr Gerald Lee, Chief Executive Officer of the REIT Manager said, “In 2023, Far East H-Trust’s hotels and serviced residences displayed a strong recovery. For the full year, the Trust achieved a distribution income that surpassed the pre-pandemic level in 2019. Building on the various efforts undertaken in the last few years, including optimising the performance of our assets, crystallising value through the strategic divestment of Central Square as well as prudent capital management amidst the high inflationary and interest rate environment, the Trust is well positioned to ride on further recovery of the hospitality sector. While challenges remain in the short to medium term, the Manager will continue to explore all opportunities to further grow revenue and distribution to Stapled Securityholders in the year ahead.”

Review of Performance

	2H 2023		2H 2022		Better / (Worse)	
	Hotels	SRs	Hotels	SRs	Hotels	SRs
Average Occupancy (%)	81.7	87.4	79.1	86.5	2.6pp	0.9pp
Average Daily Rate (“ADR”) (S\$)	171	267	147	244	16.1%	9.5%
Revenue per Available Room (“RevPAR”) / Revenue per Available Unit (“RevPAU”) (S\$)	140	234	116	211	19.9%	10.7%

	FY 2023		FY 2022		Better / (Worse)	
	Hotels	SRs	Hotels	SRs ⁴	Hotels	SRs
Average Occupancy (%)	80.1	87.8	73.7	87.5	6.3pp	0.3pp
Average Daily Rate (S\$)	170	260	125	223	36.1%	16.6%
RevPAR / RevPAU (S\$)	136	229	92	195	47.8%	17.0%

Hotels

During the year, the hotels experienced a robust rebound of leisure travellers, resulting in a 2.7-fold increase in revenue contribution compared to the year before. Demand from corporate groups also continued to grow. As a result, ADR rose 36.1% to S\$170 and average occupancy improved 6.3 pp to 80.1%. Correspondingly, RevPAR went up by 47.8% to S\$136.

⁴ On a same-store basis, excluding Village Residence Clark Quay from FY 2022, average occupancy would have decreased 0.5pp YoY from 88.3% to 87.8% and ADR would have grown 15.3% from S\$226 to S\$260. Consequently, RevPAU would have been 14.7% higher YoY from S\$199 to S\$229.

Serviced Residences (“SRs”)

The SR portfolio continued to make great stride with RevPAU registering a 17.0% YoY growth to S\$229, an all-time high since the initial public offering of the Trust. Buoyed by the continued inflow of professionals and project groups, average occupancy for the full year grew 0.3 pp to 87.8% and ADR increased 16.6% to S\$260.

REIT Commercial Premises (“RCP”)

Revenue from the RCP segment reached S\$16.2 million, 9.2% more than the previous year. Higher occupancies and rental rates were achieved for both the office and retail premises. Excluding Central Square, the RCP segment would have grown 13.7%. New food & beverage operators were secured at Rendezvous Hotel Singapore and Village Hotel Changi which exited the government contracts. Other properties experienced a strong take-up of new leases and continued renewals.

Capital Management

As at 31 December 2023, total debt stood at S\$738.6 million, of which 42.6% was secured on fixed interest rates. Together with fair value gains in properties, aggregate leverage improved to 31.3%, a reduction of 0.7 pp.

Term loans of S\$225.0 million were refinanced with sustainability-linked loans ahead of their maturity in March 2024, comprising a term loan of S\$100.0 million refinanced with its existing lender in March 2023, and a term loan of S\$125.0 million refinanced half with the existing lender and the balance with a new lender in December 2023. As such, there is no term loan due in 2024. The weighted average debt to maturity improved from 3.1 years to 3.8 years in December 2023.

Amidst a backdrop of increasing interest rates, the average cost of debt rose to 3.3% with partial offset by lower fixed rates on interest rate swap contracts. In addition, the REIT Manager previously announced that a portion of the S\$18.0 million incentive fee from the divestment of Central Square will be made available to cushion the impact from possible higher interest expenses.

Corporate Governance Achievements

For the year, Far East H-Trust continued to be recognised for its outstanding corporate governance practices. In August, the Trust was ranked 2nd out of 43 REITs and Business Trusts in the Singapore Governance and Transparency Index (“SGTI”). This was an improvement in overall score and ranking as compared to the previous year and marks the 5th consecutive year that the Trust has been placed amongst the top 10 ranked REITs and Business Trusts in the SGTI. The SGTI is administered by the Centre for Governance and Sustainability, established by the National University of Singapore Business School.

In November 2023, Far East H-Trust's excellence in Corporate Governance was further recognised as we received two awards at the Securities Investors Association (Singapore) ("**SIAS**") Investors' Choice Awards 2023, namely the Singapore Corporate Governance Award and the Shareholder Communications Excellence Award in the REITs and Business Trusts category. This achievement marks the third consecutive year that the Trust has been recognised by SIAS, having been a runner-up in the previous two years for the Shareholder Communications Excellence Award and a runner-up in the prior year for the Singapore Corporate Governance Award.

Outlook

In 2023, international tourism recovered to 88%⁵ of pre-pandemic levels. In Singapore, visitor arrivals reached 71% of pre-pandemic levels.

For 2024, the United Nations Tourism ("**UN Tourism**"⁶) expects a full recovery of international tourism, supported by remaining pent-up demand, increased air connectivity and a stronger recovery of Asian markets and destinations. For Singapore, STB expects 15 million to 16 million visitor arrivals by the end of 2024. While lower than 2019, it still represents an increase from the 13.6 million arrivals recorded in 2023.

Economic growth in 2024 is expected to drive the recovery in travel and hospitality, especially in corporate travel. Global economic growth for 2024 is projected to reach 3.1%⁷, while China and the ASEAN-5 (Indonesia, Malaysia, Philippines, Singapore, Thailand) region are also expected to grow at a higher rate of 4.6%⁷ and 4.7%⁷ respectively. The International Monetary Fund also expects the Federal Reserve, the European Central Bank and the Bank of England to hold policy rates steady until the second half of the year.

Notwithstanding the above, recovery may be moderated by geopolitical tensions and a slower rebound in visitor arrivals from some key markets. In addition, leisure inbound into Singapore may also be affected by the relative strength of the Singapore dollar.

In summary, the REIT Manager remains optimistic for the year ahead, underpinned by a healthy pipeline of MICE (Meetings, incentives, conferences and exhibitions) events, large-scale performances, and positive policy changes such as further expansion of air services into Singapore and the 30-day visa-waiver for Chinese travellers (Singapore's largest source market of tourists in 2019).

⁵ World Tourism Barometer (United Nations Tourism), 18 January 2024.

⁶ Previously known as the United Nations World Tourism Organization.

⁷ World Economic Outlook Update (International Monetary Fund), 30 January 2024.

For more information, please contact:

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

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.