

## **FAR EAST HOSPITALITY TRUST**

Comprising

Far East Hospitality Real Estate Investment Trust  
(managed by FEO Hospitality Asset Management Pte Ltd) and  
Far East Hospitality Business Trust  
(managed by FEO Hospitality Trust Management Pte Ltd)

Minutes of the 12th Annual General Meeting of Far East Hospitality Trust (“Far East H-Trust”) held at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, 22 April 2024 at 2.30 pm.

### **PRESENT**

Directors of FEO Hospitality Asset Management Pte Ltd as manager of Far East Hospitality Real Estate Investment Trust (“REIT Manager”) and FEO Hospitality Trust Management Pte Ltd as trustee manager of Far East Hospitality Business Trust (“Trustee-Manager”) (collectively the “Managers”)

Mr Wee Kheng Jin	-	Chairman of the Meeting
Ms Vivienne Lim Hui Bian		
Ms Catherine Lee Khia Yee		
Ms Celestine Khoo Geok Choo		
Mr Benedict Leh Song Boon		
Mr Gerald Lee Hwee Keong	-	Chief Executive Officer (“CEO”)

### Stapled Securityholders/ Proxies

As per attendance list

### Key Management of the REIT Manager

Mr Gerald Lee Hwee Keong	-	Chief Executive Officer (“CEO”)
Ms Regina Yap Siew Buay	-	Chief Financial Officer

### **IN ATTENDANCE**

DBS Trustee Limited as trustee of Far East Hospitality Real Estate Investment Trust (“REIT Trustee”)

Chan Kim Lim  
Noor Azizah Bte Ador  
Joyce Chua Tuen Khum  
Ng Wei Jie  
Chan Han Jie

### Tricor Singapore Pte. Ltd.

Ms Lin Moi Heyang	-	Company Secretary
Ms Tang Pei Chan	-	Tricor Singapore Pte. Ltd.
Ms Emery Gan	-	Tricor Singapore Pte. Ltd.

## BY INVITATION

### Ernst & Young LLP

Mr Nelson Chen - Audit Partner-in-charge  
Mr Jason Ho - Ernst & Young LLP

## 1.0 WELCOME AND INTRODUCTION

- 1.1 Mr Wee Kheng Jin<sup>1</sup>, the Chairman of the Managers' Board, who had been nominated by the REIT Trustee to preside as Chairman of the meeting ("Chairman") in accordance with paragraph 8 of the Schedule 1 of the Trust Deed constituting Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") dated 1 August 2012 (as amended), welcomed the stapled securityholders of Far East H-Trust ("Stapled Securityholder"), corporate representatives and proxies to the 12<sup>th</sup> annual general meeting of Far East H-Trust ("AGM" or "Meeting").
- 1.2 The Chairman introduced the Directors on the panel comprising Mr Gerald Lee, Mr Benedict Leh Song Boon, Ms Celestine Khoo Geok Choo, Ms Vivienne Lim Hui Bian and Ms Catherine Lee Khia Yee.

The Chairman then introduced the representatives from DBS Trustee Limited as trustee of Far East Hospitality Real Estate Investment Trust, Ernst & Young LLP, the auditor, the Company Secretary, and the Chief Financial Officer, who were also at the Meeting.

## 2.0 RESPONSES TO QUESTIONS FROM STAPLED SECURITYHOLDERS PRIOR TO THE AGM

- 2.1 The Chairman informed the meeting that Far East H-Trust had received some questions from Stapled Securityholders prior to the AGM. Responses to the substantive and relevant questions received had been addressed in the announcement uploaded on SGXNET and published at Far East H-Trust's website on 16 April 2024. The presentation to be delivered by the CEO will provide more insights into the business performance and outlook of Far East H-Trust.

(The responses to the substantive and relevant questions to the proposed resolutions were uploaded on SGXNET on 16 April 2024 and are as contained in the document attached herein and marked as "**Annex A**" for identification purposes).

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<sup>1</sup>The Chairman of the Board of Trustee-Manager presided as chairman at a general meeting in accordance with paragraph 3.1 of the Schedule 1 of trust deed constituting Far East Hospitality Business Trust dated 1 August 2012 (as amended).

### **3.0 PRESENTATION ON THE PERFORMANCE OF FAR EAST H-TRUST**

- 3.1 The CEO gave a presentation on "The Year in Review" for Far East H-Trust in FY2023, covering financial and operational performance, capital management, tenant mix revitalisation, key sustainability highlights, and an update on current operating environment and the outlook. He also shared a brief summary on the proposed adoption of the Stapled Security Buy-Back Mandate and its rationale.

(The presentation slides were uploaded on SGXNET after the Meeting and are as contained in the document attached herein and marked as "**Annex B**" for identification purpose).

### **4.0 QUORUM**

- 4.1 The Chairman noted that a quorum was present and declared the 12<sup>th</sup> AGM of Far East H-Trust open at 3.00 p.m..

### **5.0 NOTICE OF AGM**

- 5.1 The notice of AGM dated 21 March 2024 ("Notice of AGM") convening the meeting, having been in the hands of the Stapled Securityholders for the requisite period was, with the concurrence of the meeting, taken as read.
- 5.2 The Chairman informed the Stapled Securityholders that all resolutions put forth at the meeting would be voted on by way of a poll after they have been formally tabled at the meeting and after all the questions posed by Stapled Securityholders have been answered.
- 5.3 The Chairman proceeded with the formal proceedings of the meeting.

### **6.0 PROPOSED ORDINARY RESOLUTIONS**

#### **6.1 Ordinary Resolution 1 - Audited Financial Statements of Far East H-Trust**

The Chairman tabled the following first proposed resolution:-

"That the audited Financial Statements of Far East H-Trust for the financial year ended 31 December 2023, comprising the audited Financial Statements of Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") and the audited Financial Statements of Far East Hospitality Business Trust ("Far East H-BT"), the Report of DBS Trustee Limited, as the trustee of Far East H-REIT, the Report of FEO Hospitality Asset Management Pte. Ltd., as the manager of Far East H-REIT (the "REIT Manager"), the Report of FEO Hospitality Trust Management Pte. Ltd., as the trustee-manager of Far East H-BT (the "Trustee-Manager"), the Statement by the Chief Executive Officer of the Trustee-Manager, together with the Auditor's Report contained therein be hereby received and adopted."

## **6.2 Ordinary Resolution 2 - Re-appointment of Auditors**

The Chairman tabled the following second proposed resolution:-

“That Ernst & Young LLP, Certified Public Accountants, Singapore, be and are hereby re-appointed as auditors of Far East H-Trust to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the REIT Manager and the Trustee-Manager.”

## **6.3 Ordinary Resolution 3 – Authority to Issue Stapled Securities**

The Chairman tabled the following third proposed resolution:-

“That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to:-

- (a) (1) issue new units in Far East H-REIT (“Far East H-REIT Units”) and new units in Far East H-BT (“Far East H-BT Units”, together the “Stapled Securities”) whether by way of rights or otherwise; and/or
- (2) make or grant offers, agreements or options (collectively, “Instruments”) that might or would require Stapled Securities to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Stapled Securities,

at any time and upon such terms and conditions and for such purposes and to such persons as the REIT Manager and the Trustee-Manager may in their absolute discretion deem fit; and

- (b) issue Stapled Securities in pursuance of any Instrument made or granted by the REIT Manager and the Trustee-Manager while this Resolution is in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force), provided that:
  - (1) the aggregate number of Stapled Securities to be issued pursuant to this Resolution (including Stapled Securities to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed fifty per cent (50%) of the total number of issued Stapled Securities (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Stapled Securities to be issued other than on a pro rata basis to Stapled Securityholders shall not exceed twenty per cent (20%) of the total number of issued Stapled Securities (as calculated in accordance with sub-paragraph (2) below);
  - (2) subject to such manner of calculation as may be prescribed by The Singapore Exchange Securities Trading Limited (“SGX-ST”) for the purpose of determining the aggregate number of Stapled Securities that may be issued under sub-paragraph (1) above, the total number of issued Stapled Securities shall be based on the number of issued Stapled Securities at the time this Resolution is passed, after adjusting for:

- (i) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
- (3) in exercising the authority conferred by this Resolution, the REIT Manager and the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act 2004 of Singapore for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed constituting Far East H-REIT (as amended) (the “REIT Trust Deed”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed constituting Far East H-BT (as amended) (the “BT Trust Deed”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the stapling deed stapling Far East H-REIT and Far East H-BT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) (the “Stapling Deed”);
- (4) (unless revoked or varied by the Stapled Securityholders in a general meeting) the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next annual general meeting of Far East H-Trust or (ii) the date by which the next annual general meeting of Far East H-Trust is required by law to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Stapled Securities into which the Instruments may be converted, in the event of rights, bonus or other capitalisation issues or any other events, the REIT Manager and the Trustee-Manager are authorised to issue additional Instruments or Stapled Securities pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments are issued; and
- (6) the REIT Manager, the REIT Trustee and the Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager may consider expedient or necessary or in the interest of Far East H-REIT, Far East H-BT and Far East H-Trust as a whole to give effect to the authority conferred by this Resolution.”

Chairman informed Stapled Securityholders that the full text of Ordinary Resolution 3 was set out in the Notice of AGM together with the explanatory notes accompanying the Notice of AGM.

#### 6.4 **Ordinary Resolution 4 – Proposed Adoption of a Stapled Securities Buy-Back Mandate**

The Chairman tabled the following fourth proposed resolution:-

“That authority be and is hereby given to the REIT Manager and the Trustee-Manager, to:

- (a) exercise all the powers of the REIT Manager and the Trustee-Manager to repurchase issued Stapled Securities for and on behalf of Far East H-Trust not exceeding in aggregate the Maximum Limit, at the Trust Deed Repurchase Price and, in the event that the Trust Deed Repurchase Price exceeds the Maximum Price, to repurchase the issued Stapled Securities at no higher than the Maximum Price, by way of a market repurchase(s) transacted through the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Stapled Securities may be listed and quoted, and otherwise in accordance with all applicable laws and regulations including the rules of the SGX-ST, or, as the case may be, such stock exchange for the time being on which the Stapled Securities may be listed and quoted, be and is hereby authorised and approved generally and unconditionally (the “Stapled Security Buy-Back Mandate”);
- (b) (unless revoked or varied by the Stapled Securityholders in a general meeting) the authority conferred on the REIT Manager and the Trustee-Manager pursuant to the Stapled Security Buy-Back Mandate may be exercised by the REIT Manager and the Trustee-Manager at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
  - (1) the date on which the next annual general meeting of Far East H-Trust is held;
  - (2) the date by which the next annual general meeting of Far East H-Trust is required by law or the provisions of the REIT Trust Deed, the BT Trust Deed or the Stapling Deed to be held; or
  - (3) the date which purchases of Stapled Securities pursuant to the Stapled Security Buy-Back Mandate are carried out to the full extent mandated;
- (c) in this Resolution:

“Average Closing Price” means the average of the closing market prices of the Stapled Securities over the last five Market Days (as defined herein), on which transactions in the Stapled Securities were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date on which the purchases are made.

“Current Stapled Security Value” means at any time, the value of all the assets of Far East H-Trust (including assets accrued but not yet received), less all the liabilities of Far East H-Trust (including liabilities accrued but not yet paid) and any provision is taken into account in determining the liabilities of Far East H-Trust at that time divided by the number of Stapled Securities in issue and deemed to be in issue at that time.

“Market Day” means a day on which SGX-ST is open for trading in securities.

“Maximum Limit” means that number of Stapled Securities representing two per cent. (2%) of the total number of issued Stapled Securities as at the date of the passing of this Resolution;

“Maximum Price” in relation to a Stapled Security to be repurchased, means the repurchase price under a Stapled Security buy-back mandate shall not exceed one hundred and five per cent. (105%) of the Average Closing Price (as defined herein) of the Stapled Securities for a Market Repurchase;

“Trust Deed Repurchase Price” in relation to a Stapled Security to be repurchased, means the Current Stapled Security Value of the relevant Stapled Security on the day the request is accepted by the REIT Manager and Trustee-Manager less the repurchase charge and less an amount to adjust the resultant total downwards to the nearest whole cent.

- (d) the REIT Manager, the REIT Trustee and Trustee-Manager be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the REIT Manager, the REIT Trustee or, as the case may be, the Trustee-Manager may consider expedient or necessary or in the interests of Far East H-REIT, Far East H-BT and Far East H-Trust as a whole to give effect to the authority conferred by this Resolution.”

Chairman informed Stapled Securityholders that the full text of Ordinary Resolution 4 was set out in the Notice of AGM and the details were set out in the Letter to Stapled Securityholders.

## **7.0 QUESTIONS AND ANSWERS SESSION**

After all the proposed resolutions had been duly tabled and before a poll was conducted for voting on the ordinary resolutions, the Chairman invited questions from Stapled Securityholders.

(The full text of the substantive questions raised and answers given are contained in the document attached herein and marked as “**Annex C**” and forms part of these minutes.)

## **8.0 VOTING BY ELECTRONIC POLL**

8.1 After all the questions had been duly answered, the Chairman invited the representative from Reliance 3P Advisory Pte. Ltd., being the scrutineer appointed, to explain the voting procedures and brief the Stapled Securityholders on the electronic poll voting process.

8.2 Following the briefing, the Chairman announced the commencement of voting.

## **9.0 RESULTS OF THE POLLING**

9.1 The Chairman then proceeded to read Resolution 1 contained in the Notice of AGM and put Ordinary Resolution 1 to a vote:-

<b><u>Resolution 1</u></b>	<b><u>Number of shares</u></b>	<b><u>Percentage</u></b>
FOR	1,335,634,195	99.96%
AGAINST	493,900	0.04%
Total No. of Valid Votes	1,336,128,095	100.00%

Based on the results of the poll, the Chairman declared Resolution 1 carried as an Ordinary Resolution.

- 9.2 The Chairman then proceeded to read Resolution 2 contained in the Notice of AGM and put Ordinary Resolution 2 to a vote:-

<b><u>Resolution 2</u></b>	<b><u>Number of shares</u></b>	<b><u>Percentage</u></b>
FOR	1,327,259,248	99.27%
AGAINST	9,715,262	0.73%
Total No. of Valid Votes	1,336,974,510	100.00%

Based on the results of the poll, the Chairman declared Resolution 2 carried as an Ordinary Resolution.

- 9.3 The Chairman then proceeded to read Resolution 3 contained in the Notice of AGM and put Ordinary Resolution 3 to a vote:-

<b><u>Resolution 3</u></b>	<b><u>Number of shares</u></b>	<b><u>Percentage</u></b>
FOR	1,319,774,737	98.72%
AGAINST	17,173,368	1.28%
Total No. of Valid Votes	1,336,948,105	100.00%

Based on the results of the poll, the Chairman declared Resolution 3 carried as an Ordinary Resolution.

- 9.4 The Chairman then proceeded to read Resolution 4 contained in the Notice of AGM and put Ordinary Resolution 4 to a vote:-

<b><u>Resolution 4</u></b>	<b><u>Number of shares</u></b>	<b><u>Percentage</u></b>
FOR	1,336,184,984	99.95%
AGAINST	715,158	0.05%
Total No. of Valid Votes	1,336,900,142	100.00%

Based on the results of the poll, the Chairman declared Resolution 4 carried as an Ordinary Resolution.

**10.0 CLOSE OF AGM**

- 10.1 On behalf of the Board and Management, the Chairman thanked the Stapled Securityholders for their attendance and feedback.
- 10.2 There being no other business, the 12<sup>th</sup> AGM was declared closed at 4.15 p.m..

Confirmed as true and correct record of the proceedings.

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Wee Kheng Jin  
Chairman of the Board



FEO Hospitality Asset Management Pte. Ltd. Co. Reg. No.: 201102629K  
 FEO Hospitality Trust Management Pte. Ltd. Co. Reg. No.: 201210698W  
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## FAR EAST HOSPITALITY TRUST

A stapled group comprising:

### Far East Hospitality Real Estate Investment Trust

(a real estate investment trust constituted on 1 August 2012 under the laws of the Republic of Singapore)

### Far East Hospitality Business Trust

(a business trust constituted on 1 August 2012 under the laws of the Republic of Singapore)

## ANNOUNCEMENT

### Annual General Meeting held on 22 April 2024 Responses to Substantial and Relevant Questions

FEO Hospitality Asset Management Pte. Ltd., as manager of Far East Hospitality Real Estate Investment Trust (“**Far East H-REIT**”, and the manager of Far East H-REIT, the “**REIT Manager**”), and FEO Hospitality Trust Management Pte. Ltd. as trustee-manager of Far East Hospitality Business Trust (“**Far East H-BT**”, and the trustee-manager of Far East H-BT, the “**Trustee-Manager**”, and together with the REIT Manager, the “**Managers**”, and Far East H-REIT and Far East H-BT together, “**Far East H-Trust**”) would like to thank all stapled securityholders of Far East H-Trust (“**Stapled Securityholders**”) who have submitted their questions in advance of our Annual General Meeting (“**AGM**”) to be held at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, 22 April 2024 at 2.30 p.m..

Questions that are similar in nature are grouped together as shown below. Please refer to the subsequent pages for responses to the list of substantial and relevant questions.

#### A. Business Performance and Market Environment

1. There has been a lot of talk about the impact of the slew of concerts including the recent Taylor Swift concerts happening in Singapore on the hospitality industry.
- Could Management provide some figures to help Stapled Securityholders appreciate the impact (e.g. Occupancy, Average Daily Rate (“ADR”), etc.) of Taylor Swift’s concert on Far East H-REIT’s hotels?
  - What are the nationalities of these tourists?

**Manager’s Response:** Generally, large-scale special events with a global following, such as the Formula 1 Singapore Grand Prix, Singapore Airshow, and Taylor Swift’s tours, have benefited the hospitality sector. The uniqueness of these events attracts international arrivals to Singapore.

Taylor Swift’s Eras tour, in particular, drew significant attention as an exclusive event held in Singapore for Southeast Asia, attracting fans mainly from the surrounding region. Consequently, Far East H-REIT’s hotels experienced increases in Occupancy and ADR, resulting in Revenue per Available Room (“**RevPAR**”) growth of over 40% year-on-year for the performance dates of Taylor Swift.

2.	<ul style="list-style-type: none"> <li>• <b>Before COVID-19, what was the total number and percentage of hotel guests at Far East H-REIT that originated from China as compared to the current number and percentage from China?</b></li> <li>• <b>With the recent 30-day visa-free scheme to Singapore for Chinese travellers, what potential impact do you foresee on Far East H-REIT's hotels?</b></li> </ul> <p><b>Manager's Response:</b> Far East H-REIT has a diverse range of guests staying at its properties. Prior to COVID-19, the revenue contribution from Chinese travellers was about 10%. Despite the slower pace of recovery of Chinese arrivals into Singapore in 2023, China was among the top 5 markets for Far East H-REIT's hotels in terms of revenue contribution.</p> <p>After the introduction of the 30-day visa-free scheme which took effect on 9 February 2024 as well as the major concerts and events held in Singapore, visitor arrivals from China registered an encouraging rebound in the first quarter of 2024, reaching about 82% of the level recorded during the corresponding period in 2019 before COVID-19. As a result, our hotels enjoyed a much higher proportion of Chinese travellers in recent months. The REIT Manager remains optimistic about the further recovery and improvement in the number of Chinese travellers to Singapore and the corresponding impact on Far East H-REIT's hotels.</p>
3.	<p><b>Would the recent warning by the Chinese government to its citizens against gambling in Singapore have an impact on Far East H-REIT's hotels and is it realistically possible for China to track and police its citizens in Singapore?</b></p> <p><b>Manager's Response:</b> The statement issued by the Chinese embassy in Singapore serves as a reminder to Chinese nationals on their legal obligation to abide by their national laws. It was also issued to other Chinese embassies, including South Korea and Sri Lanka.</p> <p>The REIT Manager does not anticipate any meaningful negative impact on Far East H-REIT's hotels as the attractiveness of Singapore as a tourist destination for Chinese travellers extends beyond the offerings of its casinos. Singapore also appeals to Chinese travellers as a family-friendly, bilingual and safe destination, providing a wide range of attractions and events for leisure and business travellers.</p>

## B. Capital Management

4.	<p><b>What is the prevailing interest rate that Far East Hospitality Trust could refinance its existing borrowings at?</b></p> <p><b>Manager's Response:</b> The average cost of debt for Far East Hospitality Trust increased to 3.3% from the year before, partially mitigated by existing interest rate hedges.</p> <p>Term loans of S\$225.0 million due in March 2024 were successfully refinanced ahead of their maturity dates in 2023. As such, there are no term loans due in 2024. The interest margins secured on the refinanced term loans were at competitive rates which help to partially offset the impact of the higher floating Singapore Overnight Rate Average ("<b>SORA</b>").</p> <p>Overall, the average cost of debt is expected to increase in 2024 as the compounded 1-month SORA published by the Monetary Authority of Singapore ranged between 3.51% and 3.76% for the quarter ended 31 March 2024. In addition, some of the existing Interest Rate Swap ("<b>IRS</b>") contracts would mature in 2024. The REIT Manager will continue to monitor interest rate movements closely and execute new IRS contracts at appropriate times when the rates are more favourable.</p> <p>Additionally, the REIT Manager plans to utilise a portion of the S\$18.0 million incentive fee received from the divestment of Central Square to cushion the impact from higher interest expenses.</p>
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**5. Thanks for keeping Far East Hospitality Trust well capitalised. Does the REIT Manager intend to maintain Far East Hospitality Trust's current level of gearing in the future?**

**Manager's Response:** As at 31 December 2023, Far East Hospitality Trust had a gearing of 31.3%, making it one of the lowest geared S-REITs.

The healthy balance sheet and low gearing provides the REIT Manager with greater financial flexibility and ample debt headroom to acquire yield-accretive hospitality assets locally and abroad should opportunities arise. The REIT Manager aims to maintain a gearing ratio within the S-REIT industry average gearing of 38%, and well below the permissible gearing limit of 45% (up to 50% if certain conditions are met) as set by the Monetary Authority of Singapore.

**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)

16 April 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)

16 April 2024

ANNEX B



Presentation at  
12<sup>th</sup> Annual General Meeting

22 April 2024

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- Stapled Security Buy-Back Mandate



# Financial & Portfolio Performance

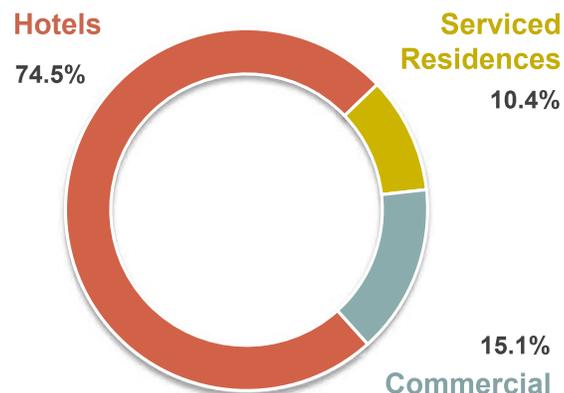


**FAR EAST**  
HOSPITALITY  
TRUST

## FY 2023 Financial Performance

	FY 2023 S\$'000	YoY Variance %
Gross Revenue	106,805	27.8
Net Property Income	98,741	27.7
Distribution to Stapled Securityholders	81,911	26.0
Distribution per Stapled Security (cents)	4.09	25.1

### Breakdown of Revenue by Segment



- Gross revenue for FY 2023 rose 27.8% year-on-year to S\$106.8 million led by the rebound of Hotel revenue which increased 36.0%.
- **Excluding the effect of Central Square's divestment in FY 2022, gross revenue would have grown 30.0% year-on-year.**
- **Distribution to Stapled Securityholders grew 26.0%** to S\$81.9 million on the back of higher net property income and distribution of other gains from the divestment of Central Square, translating into a higher DPS of 4.09 cents.



## Portfolio Performance – Hotels

### Performance

Revenue (millions)

**S\$79.6** (+36.0% YoY)

Average Occupancy

**80.1%** (+6.3pp YoY)

Average Daily Rate

**S\$170** (+36.1% YoY)

Revenue per Available Room

**S\$136** (+47.8% YoY)

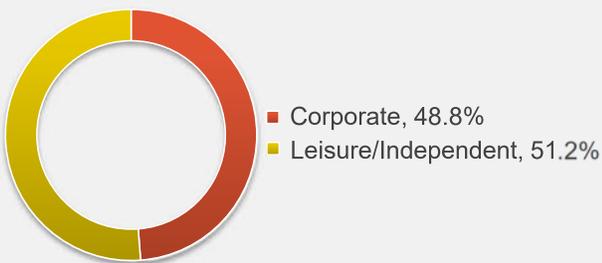
- For FY 2023, overall RevPAR grew 47.8% on the back of higher ADR and Occupancy as recovery from both leisure and corporate travel continued to drive demand.



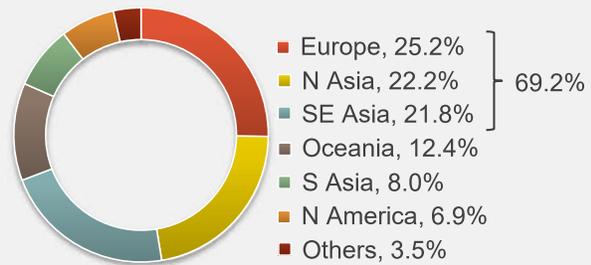
# Portfolio Performance – Hotels

## Revenue Contribution

By Market Segment



By Region



- Revenue contribution from the Leisure segment increased significantly by 167.7% compared to the previous year. As such, the Leisure segment's contribution expanded from 29.7% to 51.2%.
- Guests from Europe, North Asia and Southeast Asia formed the top 3 markets contributing to 69.2% of overall revenue.



## Portfolio Performance – Serviced Residences

### Performance

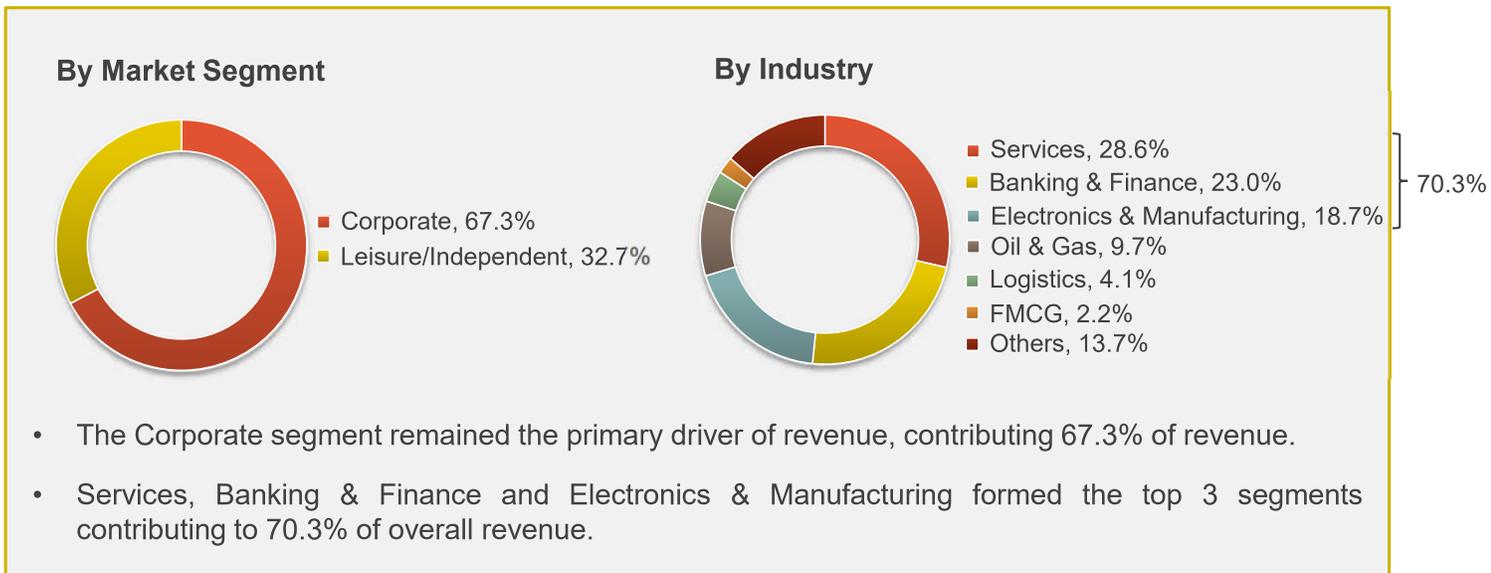
<b>Revenue (millions)</b> <b>S\$11.1</b> (+7.9% YoY)		
<b>Average Occupancy</b> <b>87.8%</b> (+0.3pp YoY <sup>1</sup> )	<b>Average Daily Rate</b> <b>S\$260</b> (+16.6% YoY <sup>1</sup> )	<b>Revenue per Available Unit</b> <b>S\$229</b> (+17.0% YoY <sup>1</sup> )
<ul style="list-style-type: none"><li>For FY 2023, the Serviced Residences continued to achieve new highs, driven by sustained demand from project groups and professionals requiring long-stay accommodation.</li><li>Excluding the effect of Central Square divestment in FY 2022, revenue would have grown 17.2% year-on-year.</li></ul>		

<sup>1</sup> The year-on-year comparison against FY 2022 includes contribution from Central Square which was divested on 24 March 2022. Central Square is a mixed-used development comprising Village Residence Clarke Quay and commercial spaces. On a same-store-basis comparison excluding Central Square, average occupancy would have decreased by 0.5pp and ADR would have increased by 15.3%, resulting in an overall RevPAU increase of 14.7%.



# Portfolio Performance – Serviced Residences

## Revenue Contribution



## Portfolio Performance – Commercial Premises

### Performance

<b>Revenue (millions)</b> <b>S\$16.2</b> (+9.2% YoY)	
<b>Average Occupancy</b> <b>82.5%</b> (+7.2pp YoY)	<b>WALE (Years)</b> <b>1.74</b> (+0.37 year YoY)
<ul style="list-style-type: none"><li>For FY 2023, revenue from the REIT commercial premises (“RCP”) increased 9.2% year-on-year to S\$16.2 million due to higher occupancies and rental rates secured for both the Retail and Office premises.</li><li>Excluding the effect of Central Square’s divestment in FY 2022, revenue would have grown 13.7% year-on-year.</li></ul>	

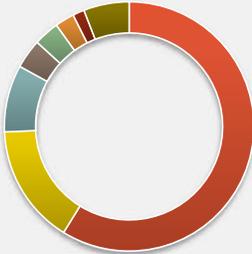


1 The year-on-year comparison against FY 2022 includes contribution from Central Square which was divested on 24 March 2022.

# Portfolio Performance – Commercial Premises

## Revenue Contribution

### Trade Sector Mix of Tenants by Revenue



- Food & Beverage, 58.8%
- Beauty & Wellness, 15.5%
- Real Estate, 8.7%
- Education, 3.8%
- Consultancy, 3.3%
- Entertainment, 2.5%
- Retail, 1.5%
- Others, 5.9%

### Top 10 RCP Tenants (Revenue Contribution)

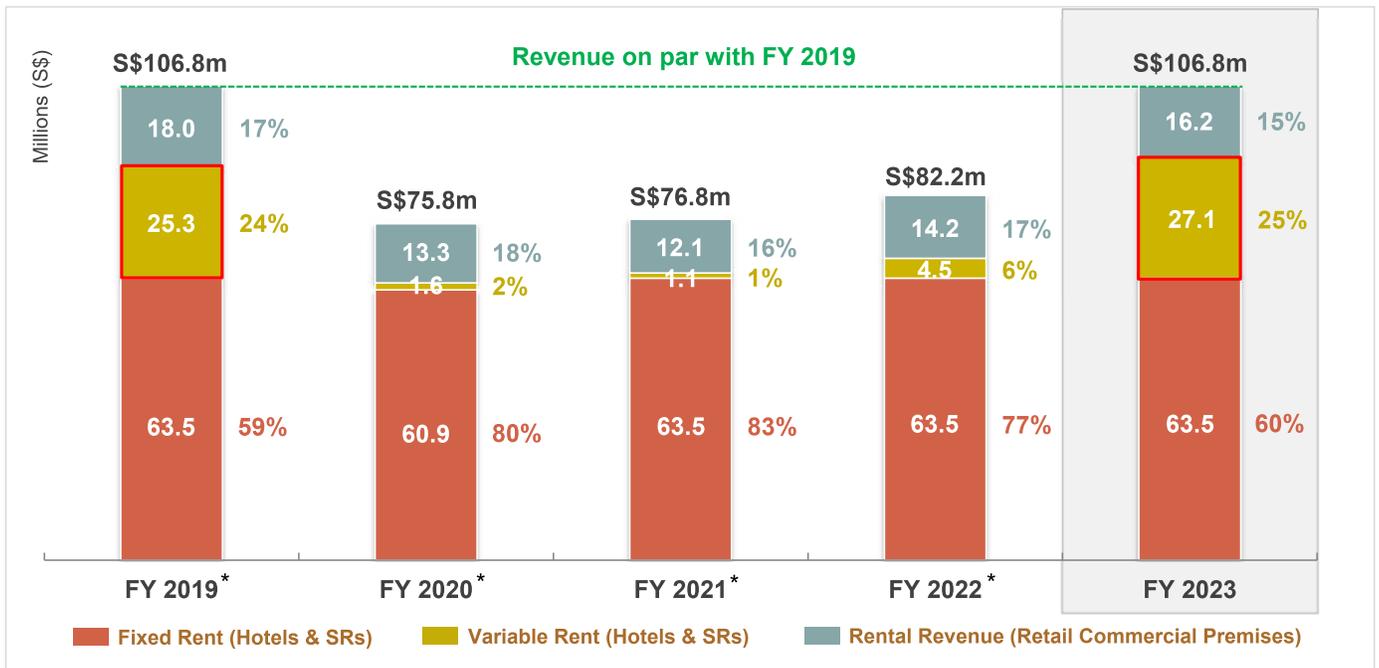
1.	Akashi Japanese Restaurant OPH Pte Ltd	6.7%
2.	Club Chinois Pte Ltd	6.6%
3.	Far East Organization entities	5.7%
4.	White Marble (2021) Pte Ltd	4.4%
5.	Natureland Global Pte Ltd	4.3%
6.	Singapore Hospitality Group Pte Ltd	3.4%
7.	Menu 2 Pte Ltd	2.8%
8.	Kam Boat Chinese Cuisine Pte Ltd	2.6%
9.	Royal Palm Pte Ltd	2.3%
10.	328 F&B Holding Pte Ltd	2.3%

- Top 10 tenants contributed approximately 41.1% of RCP revenue.



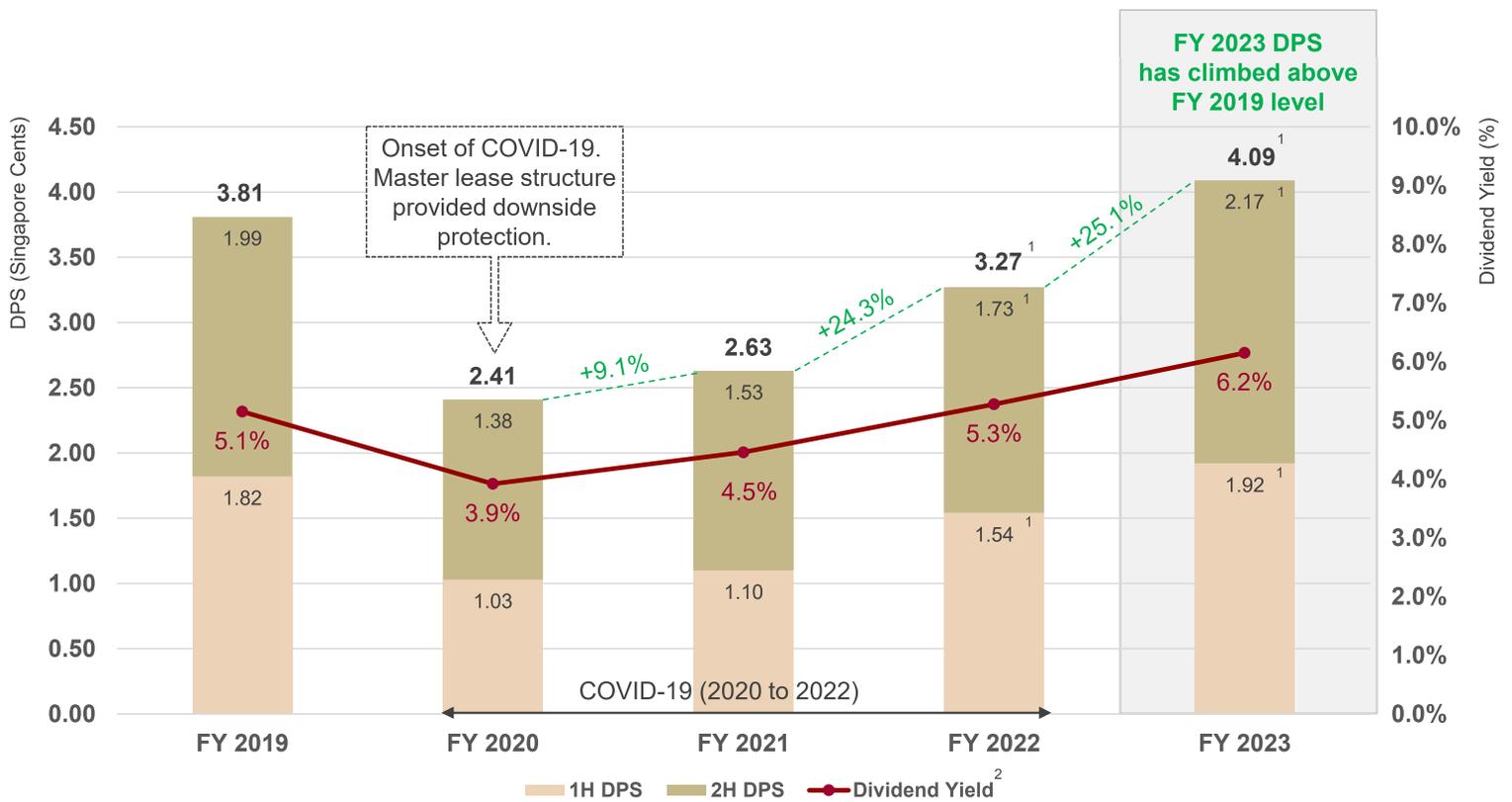
# Gross Revenue Mix

Contribution from variable rent grew ~6.0x over the prior year, contributing 25% or S\$27.1 million of overall revenue, higher than FY 2019



\* On a same-store-basis, excluding the effects of Central Square which was divested on 24 March 2022.

# Progressive Recovery in DPS

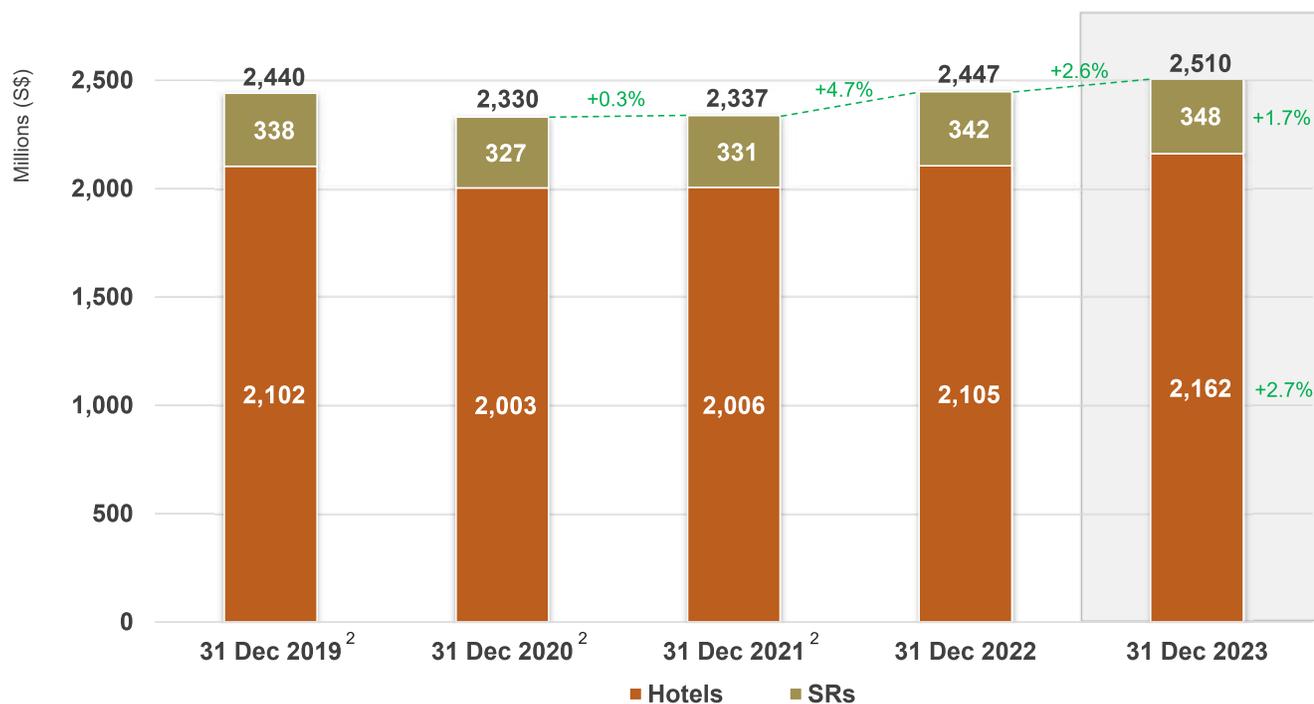


1 DPS includes other gains distribution relating to the divestment of Central Square completed on 24 March 2022. The REIT Manager has committed to distributing approximately S\$8.0 million per year over a three-year period.

2 Dividend yield is calculated based on the actual DPS divided by the closing price of the last trading day of each respective year.

# Portfolio Valuation

Fair value gain<sup>1</sup> in investment properties of S\$59.2 million in FY 2023



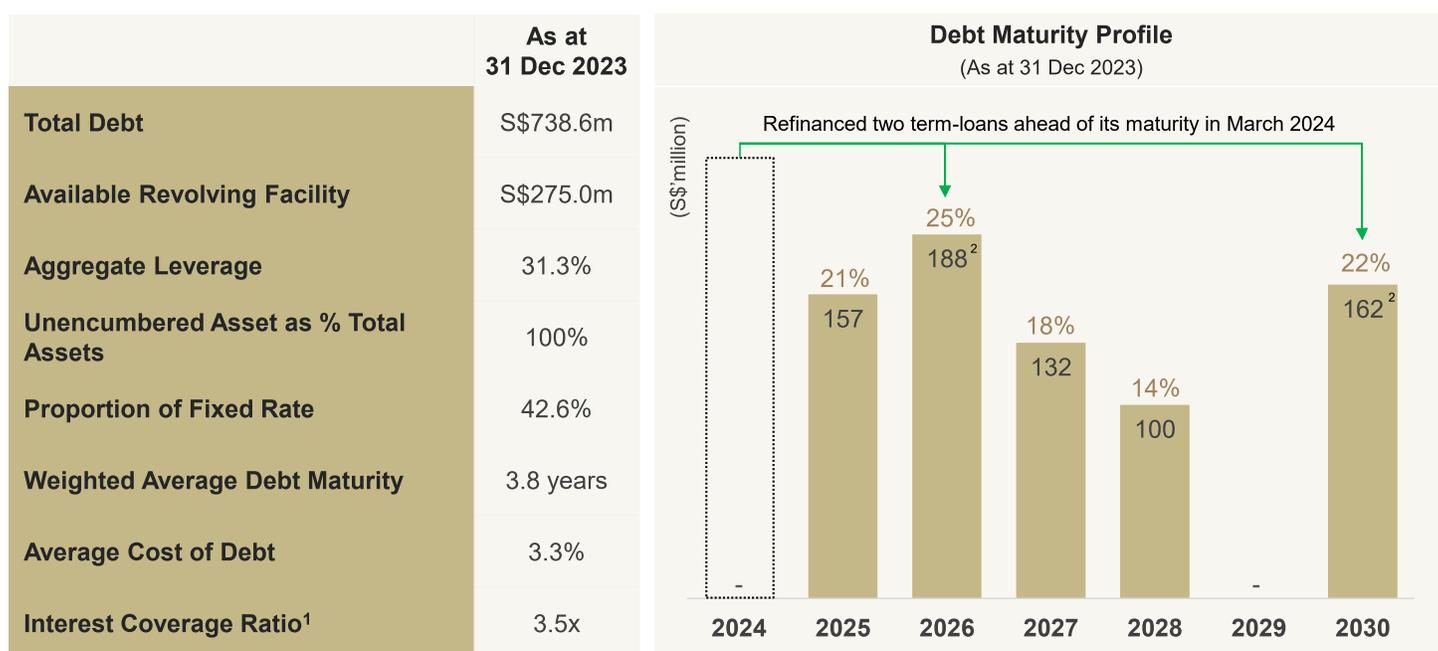
- 1 Fair value gain is based on the difference between the carrying amount and the latest fair value excluding capitalised capital expenditure of S\$3.6 million for 2023.
- 2 Excludes Central Square for a same-store-basis comparison.

Capital Management



# Healthy Balance Sheet with Prudent Capital Management

One of the lowest geared S-REITs at 31.3% aggregate leverage



<sup>1</sup> Interest coverage ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 3.5x based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

<sup>2</sup> Early refinancing was completed in March 2023 for S\$125.0 million sustainability-linked facilities comprising term loan of S\$100.0 million and revolving credit facility of S\$25.0 million ahead of its maturity in March 2024. In December 2023, a term loan of S\$125.0 million was refinanced, S\$62.5 million with an existing lender and S\$62.5 million with a new lender respectively.



Tenant Mix Revitalisation



## Tenant Mix Revitalisation – Orchard Rendezvous Hotel

### Natureland

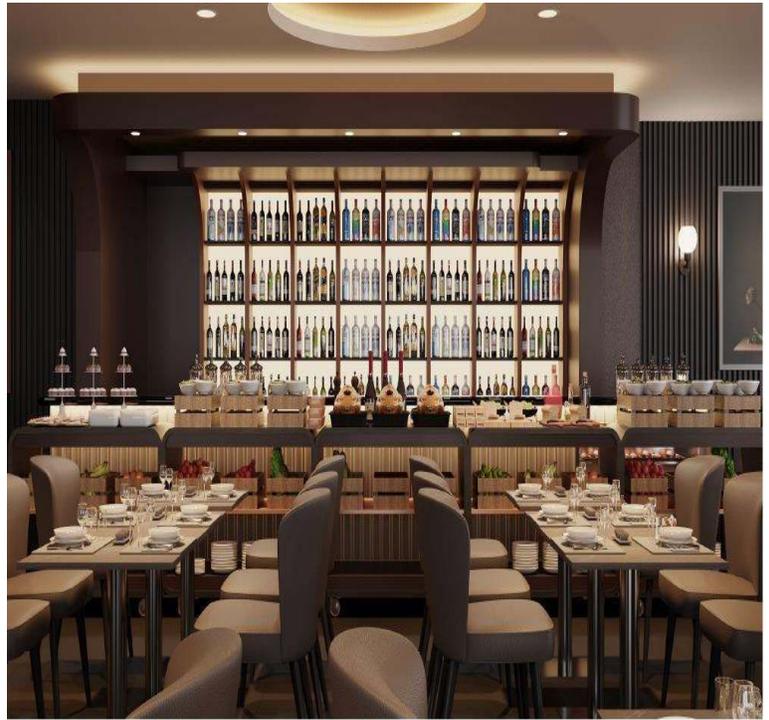
Provision of ancillary spa services to hotel guests



# Tenant Mix Revitalisation – Rendezvous Hotel Singapore

## Reverie

Supporting all-day-dining operations of the hotel



## Tenant Mix Revitalisation – Regency House

### SIP Wine Bistro

Successful change of use to restaurant and activation of outdoor refreshment areas



## Tenant Mix Revitalisation – Village Hotel Changi

### Atelier

Rooftop restaurant providing events collaboration with the hotel



# Key Sustainability Highlights



## Key Sustainability Highlights – Securing Our Future (Environment)

### **Feasibility Study – Upgrading of Chiller System at Village Hotel Changi**

Completed a feasibility study for upgrading the chiller system at Village Hotel Changi, aiming to achieve Green Mark (Gold Plus) Certification. The upgrade could potentially reduce approximately 40% to 45% of energy consumption upon completion.



## Key Sustainability Highlights – Impacting Lives (Social)

### Education Assistance Scheme

- Established to support the children of employees working for the Trust's retail and office tenants, the Scheme aims to enhance the future prospects of these youths through education support.
- In 2023, 10 children benefited from the Scheme, more than doubling the number from the prior year.



## Key Sustainability Highlights – Good Governance

### Singapore Governance and Transparency Index 2023 (“SGTI”) (REITs and Business Trust)

**Ranked 2<sup>nd</sup>**

- In August 2023, FEHT was ranked 2<sup>nd</sup> out of 43 REITs and Business Trusts in the SGTI.
- Fifth consecutive year being placed amongst the top 10 ranked REITs and Business Trusts in the SGTI.
- SGTI is a collaboration between:



Centre for Governance and Sustainability  
NUS Business School



## Key Sustainability Highlights – Good Governance

### Securities Investors Association (Singapore) (“SIAS”) Investors’ Choice Awards 2023



#### Shareholder Communications Excellence Award

**Winner**

- FEHT emerged as winner for the Shareholder Communications Excellence Award (REITs & Business Trusts category) at the 2023 SIAS Investor’s Choice Awards, recognising the Manager’s efforts in transparent disclosure and excellent communication with shareholders.
- This marks FEHT’s third Award since listing in 2012.



#### Singapore Corporate Governance Award

**Winner**

- FEHT emerged as the winner for the Singapore Corporate Governance Award (REITs & Business Trusts category), recognising the Manager’s efforts in adopting good corporate governance, transparency and sustainability practices.
- This marks FEHT’s third Award since listing in 2012.



Outlook



# Increasing Visitor Arrivals to Singapore

Visitor Arrivals (2019 - 1Q 2024)



- In 2023, visitor arrivals reached 13.6 million or 71% of pre-pandemic level in 2019.
- In the first quarter of 2024, visitor arrivals into Singapore resumed its climb, reaching 4.4 million arrivals, which is almost 91% of the pre-pandemic level.
- Visitor arrivals is on track to meet Singapore Tourism Board's target of between 15 million and 16 million for the year 2024.



Source: Singapore Tourism Board

# Recovery of Air Passengers Numbers



- As the main conduit for arrivals into Singapore, airlines' passenger capacity is a leading indicator for the recovery in cross-border travel.
- For 4Q 2023, Singapore Airlines ("SIA") Group passenger capacity was restored to about 92% of 4Q 2019.
- SIA expects a full recovery by early 2025.



Source: Singapore Airlines Limited

## Upcoming Tourism Developments



### Rejuvenation of Sentosa

- SensoryScape, a two-tiered walkway offering a multisensory experience connecting Resorts World Sentosa (“RWS”) in the north with Sentosa’s beaches in the south opened in March 2024.
- Revitalisation of Palawan Beach and its vicinity into a lifestyle and entertainment precinct with new leisure attractions such as KidZania (2Q 2024).
- New masterplan to further transform Sentosa and Brani.



### Mandai Wildlife Reserve

- A major wildlife and nature heritage project integrating five zoological parks: the Singapore Zoo, Night Safari, River Wonders, Bird Paradise and Rainforest Wild.
- In May 2023, Bird Paradise made its debut, while Rainforest Wild and additional amenities are scheduled to open over the next two years.



## Upcoming Tourism Developments



### Resorts World Sentosa

- Two new zones announced, Minion Land (2025) and Super Nintendo World (2025) to be added to Universal Studios Singapore.
- The S.E.A aquarium will also be expanded by three times its current size and rebranded as the Singapore Oceanarium in early 2025.



### Marina Bay Sands

- Expansion plans comprising of a fourth tower consisting of a hotel and a 15,000-seat entertainment arena for events and large conferences slated for completion in 2029.



# In a nutshell

## Positive Tourism and Macroeconomic Environment Outlook

### Tourism and Infrastructure

#### Recovery in visitor arrivals to Singapore

- Increase of flight capacities and upcoming tourism developments (i.e. Rejuvenation of Sentosa, Mandai Wildlife Reserve and Expansion of the integrated resorts).
- Positive policy changes such as the 30-day visa waiver for Chinese travellers to Singapore.
- STB earmarks S\$300 million to bolster Singapore's global standing as a tourist destination and business hub.

#### Continual infrastructure projects for Singapore's global connectivity and relevance

- Changi Airport Terminal 5, Tuas Mega port, the North-South Corridor and the Cross Island MRT line.

### Macroeconomic Environment

#### Global economic growth to drive recovery in travel and hospitality

- The International Monetary Fund has revised higher growth rates for global economies in 2024.

#### Interest rates are nearing a peak, with expectations for moderation in the second half of 2024

#### Singapore's continues to appeal as an attractive business hub

- Singapore attracted S\$12.7 billion in fixed asset investments in 2023, above the medium to long-term annual target of between S\$8.0 billion and S\$10.0 billion set by the Economic Development Board.



# In a nutshell

## Key Strategies to Drive Both Immediate and Long-Term Growth

### Asset management and enhancement initiatives

- Optimising the performance of hospitality assets and commercial spaces
- Implementing refurbishment programmes to refresh and upgrade the properties
- Unlocking latent value and potential of assets

### Investments

- Value-adding acquisitions through:
  - Sponsor's pipeline of ROFR properties
  - Suitable third-party properties

### Capital and risk management

- Maintaining a prudent level of borrowings
- Managing the cost of debt by utilising interest rate hedging strategies to reduce exposure to market volatility
- Employing an appropriate mix of debt and equity to finance investments



Stapled Security Buy-Back Mandate



# Stapled Security Buy-Back Mandate

## Approval and adoption of the Stapled Security Buy-Back Mandate would allow the Managers to:

### Repurchase Stapled Securities

- up to a **limit of 2.0%** of the total number of issued Stapled Securities as at the date of the AGM; and
- at the **Trust Deed Repurchase Price<sup>1</sup>** (no more than **105.0% of the Average Closing Price<sup>2</sup>** if Trust Deed Repurchase Price is higher)

## Rationale



1

Flexible and cost-effective capital management tool to enhance return on equity for Stapled Securityholders and/or the net asset value (“NAV”) per Stapled Security

2

Mitigate short-term market volatility, off-set the effects of short-term speculative trading of the Stapled Securities and bolster market confidence in the Stapled Securities

1. Refer to paragraph 2.2.4 *Repurchase Price* on page 6 of the Appendix in Relation to the Proposed Stapled Security Buy-back Mandate for more information.

2. **Average Closing Price** refers to the average of the closing market prices of the Stapled Securities over the last five Market Days before the day on which the purchases are made. Excluding brokerage, stamp duty, commission, applicable goods and service tax and other related expenses.



# Thank You

For more information please visit  
<https://www.fehtrust.com>



**FAR EAST HOSPITALITY TRUST**  
Comprising  
Far East Hospitality Real Estate Investment Trust  
(managed by FEO Hospitality Asset Management Pte Ltd) and  
Far East Hospitality Business Trust  
(managed by FEO Hospitality Trust Management Pte Ltd)

**ANNEX “C”**

**SUBSTANTIVE QUESTIONS AND ANSWERS WITH  
STAPLED SECURITYHOLDERS AT FAR EAST HOSPITALITY TRUST’S  
12TH ANNUAL GENERAL MEETING  
HELD ON 22 APRIL 2024**

The following questions were raised by the stapled securityholders and answered by the Chairman and Management at the meeting:

**Occupancy of retail spaces, lease maturity profile, price discount to NAV**

Q1(a) As stated in page 40 of the annual report under “Review of REIT Commercial Premises Performance”, Far East H-Trust has a total of 177 units of retail and office commercial spaces and the average occupancy rate for the retail premises grew 5.8 percentage points to 77.3% in 2023. However, the occupancy rate of 77.3% is still lower than the average occupancy of retail premises in shopping complexes and malls. May the stapled securityholders have an understanding of the reason for the comparatively lower occupancy.

A1(a) The main reason for the occupancy of retail spaces being lower than that of shopping complexes and malls is due to some properties under government contracts during the COVID-19 period, which impeded renewals and the commencement of new leases until Far East H-REIT had exited the government contracts. The 77.3% occupancy rate as disclosed in the annual report is the weighted average occupancy rate for the entire year of 2023. Far East H-REIT expects to secure more tenants to fill up the empty spaces and vacancies going forward.

In addition, the comparatively lower occupancy rate was also driven by the following factors:

- a. Lack of concentration and scale for retail spaces in the hotels.
- b. Need to secure tenants that complement the image and positioning of the hotels. As the retail spaces are situated in the hotels, with some within the lobby area, the tenant mix is very important. For example, some of the F&B tenants also provide breakfast for the hotel guests, and extra care is needed to identify the right partners. Far East H-REIT has engaged Jones Lang LaSalle Property Consultant Pte Ltd to assist in screening and securing suitable tenants.

Q1(b) As disclosed in page 41 of the annual report on “Lease maturity profile as at 31 December 2023”, 37% of the leases are expiring in 2024, another 37% in 2025 and 21% in 2026. The percentages of expiring leases are considered high, may the stapled securityholders have an explanation on this.

- A1(b) Given the sizes of the office units, the tenants are generally the smaller companies. They prefer to sign shorter leases, typically 2 to 3 years on average, although there are tenants who sign longer leases.

For the retail spaces, most of the leases are for 3 years given the investments put in by the tenants.

Therefore, approximately one-third of the leases expire every year. Although their leases are relatively short, many of the tenants have been in our properties for many years as they keep renewing their leases.

- Q1(c) The performance of Far East H-REIT for FY2023 was solid and the gearing was low. The financial matrix was attractive but not the stapled security price. Could Management let the stapled securityholders know if the unfavourable price was due to low valuation and whether any action had been or to be taken to address this?

The key is, during COVID-19 period, when the occupancy rate was low at almost zero level, there was rental support from the Master Lessees to cushion the impact of COVID-19. Now, things are back to normal with mega events like Taylor Swift concert to boost the occupancy rate, the average daily rate (“ADR”) and the revenue per room rate (“RevPAR”), why did the stapled security price of Far East H-Trust not seem to have captured and reflected this in the price? Considering Far East H-Trust is a sizeable hotel owner in Singapore, though not overseas.

- A1(c) On stapled security price discount to NAV, Far East H-Trust’s market capitalisation is about S\$1.2 billion. Far East H-Trust is considered sizable in Singapore. However, excluding the holdings by Far East Organization (“FEO”), the amount of free float is however not ideal in attracting more international fund managers. The Board and Management team are cognisant of the need to grow Far East H-Trust’s market capitalisation to at least S\$2.5 billion to provide more market liquidity and make the stapled securities more attractive to larger investors. To this end, Management is looking to grow the portfolio via acquisition of new assets.

The current high interest rate environment is another factor which has impacted the REIT industry and has stretched the discount of unit price to NAV for many REITs.

- Q1(d) The annual report theme is about growth. Where and how will the growth potentially come from? The growth must be yield accretive to the portfolio as interest rate is high, acquiring new asset may potentially bring down the net asset value (“NAV”) further if it is not yield accretive.

- A1(d) Far East H-Trust has a right of first refusal (“ROFR”) for some assets from the Sponsor. As an interested party, any transactions would need to be on an arms-length basis and to be fair to both parties, Far East H-Trust will ensure the performance of the identified ROFR asset is stabilised before considering an acquisition. Given that FEO is a major stapled securityholder with more than 50% interest in Far East H-Trust, the selling price is normally slightly below market and more favourable to Far East H-Trust. That said, the REIT Manager will take into consideration the higher interest rate environment and will only acquire ROFR asset when the investment is yield accretive to the Trust.

**Gearing, investment in Singapore and overseas assets, asset enhancement initiatives and utilisation of incentive fee from divestment of Central Square**

- Q2(a) Far East H-REIT had done very well for the financial year 2023 in terms of ADR, RevPAR, growth rate, etc. As disclosed in page 190 of the annual report, there is an earn-out contingent consideration of S\$15.0 million for the Oasia Hotel Downtown acquisition (“Oasia Acquisition”). May the stapled securityholders know, given the low gearing ratio of 31.3%, and with 42.6% of the loans being fixed. What is the reason for adopting such a low gearing approach and what is the loan headroom for potential asset acquisition for growth?
- A2(a) For the Oasia Acquisition, the asset was bought at an attractive purchase price of S\$210.0 million with an earn-out arrangement requiring the property to generate net property income of at least S\$9.9 million per annum for two full consecutive years before an additional payout of S\$15.0 million to the seller. The debt headroom will likely be utilised for overseas acquisition for country where the interest rate is relatively lower compared to Singapore, thus providing a sufficient yield spread.
- Q2(b) Is there potential for Far East H-REIT to further acquire Singapore assets including the properties in Sentosa under the joint venture of Fontaine Investment Pte Ltd (“FIPL”)? Many investors are investing in Far East H-Trust as it is Singapore-centric.
- A2(b) The Board and the Management team are cognisant that Far East H-Trust is primarily a Singapore-centric REIT. However, as Singapore is a relatively small market and there is a need for Singapore REITs in general to expand overseas to grow and diversify the concentration risk. The Board and Management intends to maintain the Singapore focus for Far East H-Trust, and even with acquisitions overseas over the next five years, the plan is to have the value of the assets in Singapore forming at least 80%.
- Q2(c) Is it the strategy of the REIT to grow ADR by retrofitting out certain areas as part of the asset enhancement initiatives (“AEI”)? Does the return from rental income justify the spending on AEI for growth.
- A2(c) For AEI efforts, we will have to look at it from two aspects. For commercial spaces, AEI will be applicable for certain assets or spaces for strategic and commercial reasons. For example, Orchard Parade Hotel was rebranded to Orchard Rendezvous Hotel after going through renovation of the rooms, public areas, and the façade. AEI will only be performed when needed and when commercially beneficial for Far East H-REIT to do so. For AEI on hotel rooms, the REIT Manager already has an existing arrangement with the Master Lessee, whereby it is responsible for funding the fixture and fitting while Far East H-REIT is responsible for the plant, machinery and infrastructure. For the recent AEI of Vibe Hotel Singapore Orchard, the Master Lessee was responsible for approximately 70% of the AEI costs while Far East H-REIT contributed the balance.
- Q2(d) On the S\$18.0 million incentive fee received from the divestment of Central Square, how will the stapled securityholders benefit from this incentive fee received?

- A2(d) The Chairman commended the CEO's efforts in working closely with CDL to obtain outline permission from URA under its Strategic Development Incentive ("SDI") Scheme which made the Central Square divestment possible and successful deal.

The CEO shared that the Central Square divestment had first gone through a tender process which Knight Frank managed as the marketing agent. CDL submitted a bid and offered a price of S\$313.2 million as consideration to Far East H-REIT, with an additional potential incentive fee of S\$18.0 million. The incentive fee is contingent upon CDL getting certain permission from URA for the site CDL managed to obtain it and paid the incentive fee to Far East H-REIT in Mar 2023.

On the use of the S\$18.0 million incentive fee, the Chairman shared that a portion of the S\$18.0 million incentive fee will be utilised to cushion the impact from possible higher interest expenses.

- Q2(e) Could the Board and the Management team share the strategy and rationale in maintaining a low gearing ratio of 31.3% with 42.6% of the loans on fixed term.
- A2(e) The main reason the gearing ratio of Far East H-REIT is comparatively lower compared to other REITs in the market is due to the use of sales proceeds from the divestment for Central Square to pare down debt. Far East H-REIT intends to contain the interest cost as it foresees the interest rate will likely stabilise and adjust downwards in the coming months.

#### **Interest expense and impact of buy-back exercises to distribution**

- Q3(a) On the increase in interest expense from S\$17.7 million to S\$24.6 million, which was 38.9% higher year-on-year, does Far East H-Trust expect interest expense to maintain at this level in 2024?
- A3(a) The REIT Manager expects the interest expense to go up in 2024 as some of the interest rate swap contracts entered at low fixed rates would mature. As mentioned by the Chairman earlier, Far East H-REIT will utilise a portion of the S\$18.0 million incentive fee to cushion some of the impact from possible higher interest expenses.
- Q3(b) As disclosed in page 116 of the annual report that since Far East H-Trust's listing in 2012, Far East H-Trust has distributed 100% of its taxable income to stapled securityholders. How will the proposed stapled securities buy-back mandate affect the distribution in the future?
- A3(b) The buy-back mandate is not meant to reduce the distribution to stapled securityholders. The buy-back exercise, if any, will be carried out by utilising the cash on hand and funds in fixed deposit. Hence, it is unlikely to have any material impact to the distribution payout.

**Valuation and investment in hotels in Sentosa and performance of hotels existed government contracts**

- Q4(a) What is the valuation for the 3 hotels in Sentosa?
- A4(a) The 3 hotels in Sentosa are Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa. The carrying value of these three hotels was S\$464.3 million as of 31 December 2023 while the market value is in excess of S\$500.0 million.
- Q4(b) Referring to page 166 on the summarised financial information of FIPL; the joint venture for the 3 hotels in Sentosa, the non-current assets were recorded at about S\$464.6 million, while the total liabilities stood at about S\$523.9 million. On the other hand, the finance cost was at S\$24.2 million and FIPL was making a loss of about S\$10.9 million. Could you help the stapled securityholders to gain some understanding on the performance of these 3 hotels in Sentosa and how their performance made up the financials presented in the annual report.
- A4(b) Besides the finance cost of S\$24.2 million, the financials presented for FIPL also included a depreciation expense of S\$10.8 million. Far East H-REIT has an interest of 30% in FIPL. The 3 hotels are recovering with positive cash flow and the Manager believes their performance will continue to improve in the near future.
- Q4(c) Will Far East H-REIT consider increasing its current stake in FIPL from 30% to 50%?
- A4(c) Far East H-REIT's investment in FIPL was an interested person transaction ("IPT"). Increasing Far East H-REIT's stake in FIPL from 30% to 50% will possibly entail the need to convene an extraordinary general meeting ("EGM") for the IPT. Therefore, Far East H-REIT will consider acquiring the remaining interest in FIPL at an opportune time when the performance of these 3 hotels has improved to a yield-accretive level rather than further fractional acquisition which would incur unnecessary EGM cost.
- Q4(d) Understand that some of the government contracts expired in 2023. Has Far East H-REIT benefited from room rate improvement after the exits from the government contracts in 2023?
- A4(d) As disclosed in the annual report, the ADR grew 36.1% to S\$170, driven by robust growth from the Corporate segment and higher rates from government contracts in 2023 as compared to 2022. The performance of the hotels exiting government contracts has generally shown improvement as the market recovers.
- Q4(e) For potential acquisition of overseas asset, will it be easier to acquire Sponsor's available assets in overseas like Australia as the price will likely more friendly?
- A4(e) Acquisition of Sponsor's overseas assets is certainly an avenue that the REIT Manager will consider and look at. The REIT Manager will normally review assets where the Sponsor has presence. E.g. Japan, Australia, and UK.
- Q4(f) Will the REIT Manager consider reassessing the older assets for potential divestment like Central Square?

- A4(f) The REIT Manager will continue looking for divestment opportunities similar to Central Square and may potentially work with other asset owners on asset redevelopment or divestment opportunities tapping on the SDI scheme.

Signed as true and correct record of the proceedings

Wee Kheng Jin  
Chairman of the Board