

FOCUSED ON

G R • W T H


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Building on the various efforts and initiatives undertaken since the pandemic, Far East H-Trust delivered a strong performance for FY 2023. Well-positioned to leverage on the recovery in the hospitality sector, our growth strategies and continued investments in asset enhancement initiatives will enable the Trust to optimise our portfolio of properties and capitalise on opportunities, delivering optimal returns for Stapled Securityholders.

The Barracks Hotel Lawn

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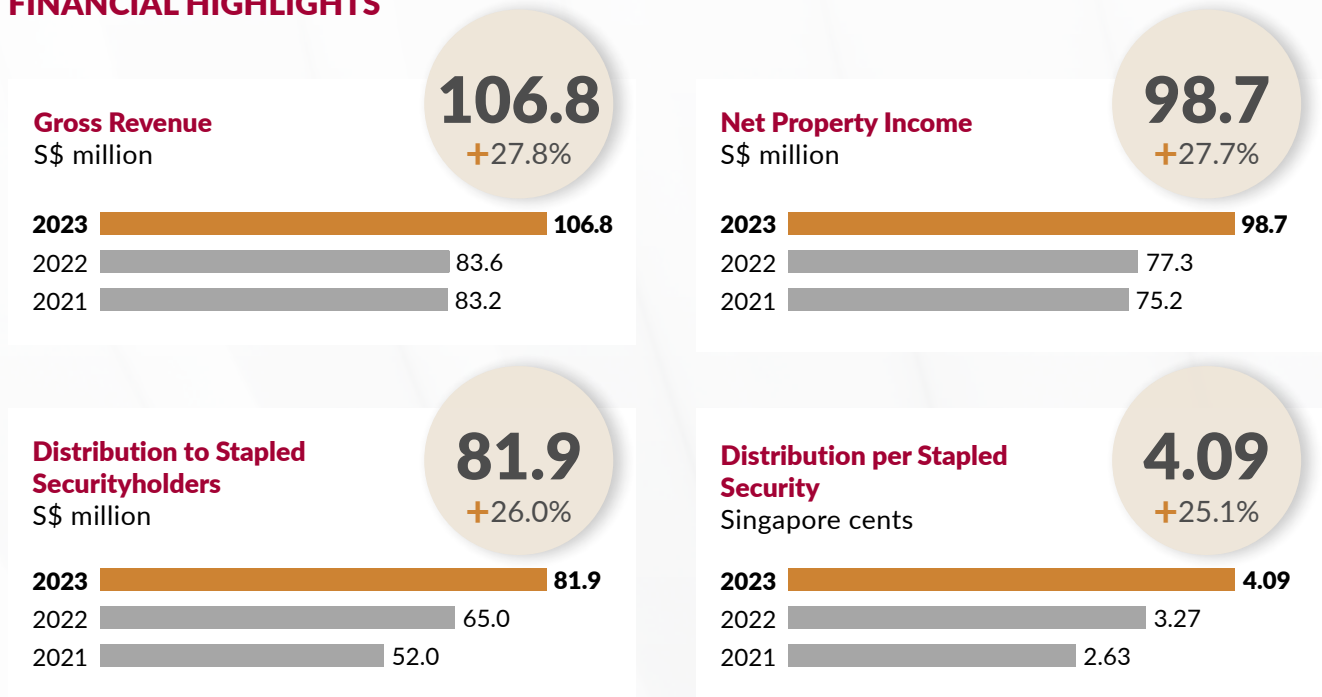
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KEY HIGHLIGHTS

FINANCIAL HIGHLIGHTS



Balance Sheet (S\$ million)	2023	2022	2021
Total Assets ¹	2,622.4	2,555.1	2,664.8
Total Liabilities	755.7	755.3	1,016.4
Net Assets	1,866.7	1,799.8	1,648.4
Financial Ratios			
Gearing Ratio ²	31.3%	32.0%	38.3%
Interest Coverage Ratio ³	3.5x	3.8x	3.4x
Weighted Average Debt Maturity	3.8 years	3.1 years	2.7 years
Net Asset Value per Stapled Security (Singapore cents)	92.9	90.2	83.2
Operating Expenses			
Total Operating Expenses ⁴ (S\$ million)	19.8	17.0	18.5
Total Operating Expenses as a percentage of Net Asset Value	1.1%	0.9%	1.1%

1 Far East H-Trust divested Central Square on 24 March 2022.

2 Computed based on total borrowings as a percentage of deposited properties.

3 Interest Coverage Ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 3.5x (31 December 2022: 3.6x) based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

4 Comprising property expenses and trust expenses, including all fees paid/payable to the REIT Manager and interested parties.

SUSTAINABILITY HIGHLIGHTS



Creating Lasting Value (Economic)



Gross Revenue & Distribution to Stapled Securityholders

Grew by 27.8% and 26.0% year-on-year, respectively



Portfolio Valuation

2.4% year-on-year increase over 2022



Securing Our Future (Environment)



ESG Risk Rating Morningstar Sustainalytics

Top 5th percentile in the Global Universe¹



Green Buildings

5 of Far East H-Trust's hotels are BCA Green Mark certified²



Impacting Lives (Social)



Education Assistance Scheme

More than 10 bursaries awarded in 2023



Gender Diversity

Board and REIT Manager

50% Female
50% Male



Good Governance (Governance)



Singapore Governance and Transparency Index 2023 ("SGTI")

Ranked 2 out of 43 REITs and Business Trusts



Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2023³

Singapore Corporate Governance Award Winner

Shareholder Communications Excellence Award Winner

¹ As of June 2023. Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and its effectiveness in managing them. This multidimensional approach combines management and exposure concepts to arrive at an absolute assessment of ESG risk.

² As at 31 December 2023.

³ REITs and Business Trust Category.

ABOUT US



Oasia Hotel Novena, Front Desk

Far East Hospitality Trust (“Far East H-Trust”) is a Singapore-listed trust focusing on hotels and serviced residences with a total asset value of about S\$2.62 billion as at 31 December 2023, making it one of the largest diversified hospitality portfolio in Singapore.

Far East H-Trust was listed on the Mainboard of Singapore Exchange Securities Trading Limited on 27 August 2012 (“Listing Date”) and has a market capitalisation of approximately S\$1.33 billion as at 31 December 2023. Far East H-Trust is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series and several iEdge indices.

Far East H-Trust comprises Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”) and Far East Hospitality Business Trust (“Far East H-BT”). Far East H-REIT is managed by FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) while Far East H-BT is managed by FEO Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”).

VISION

To be the preferred hospitality REIT with a portfolio of mid-tier and upscale assets

MISSION

To deliver sustainable income distribution and growth in total returns

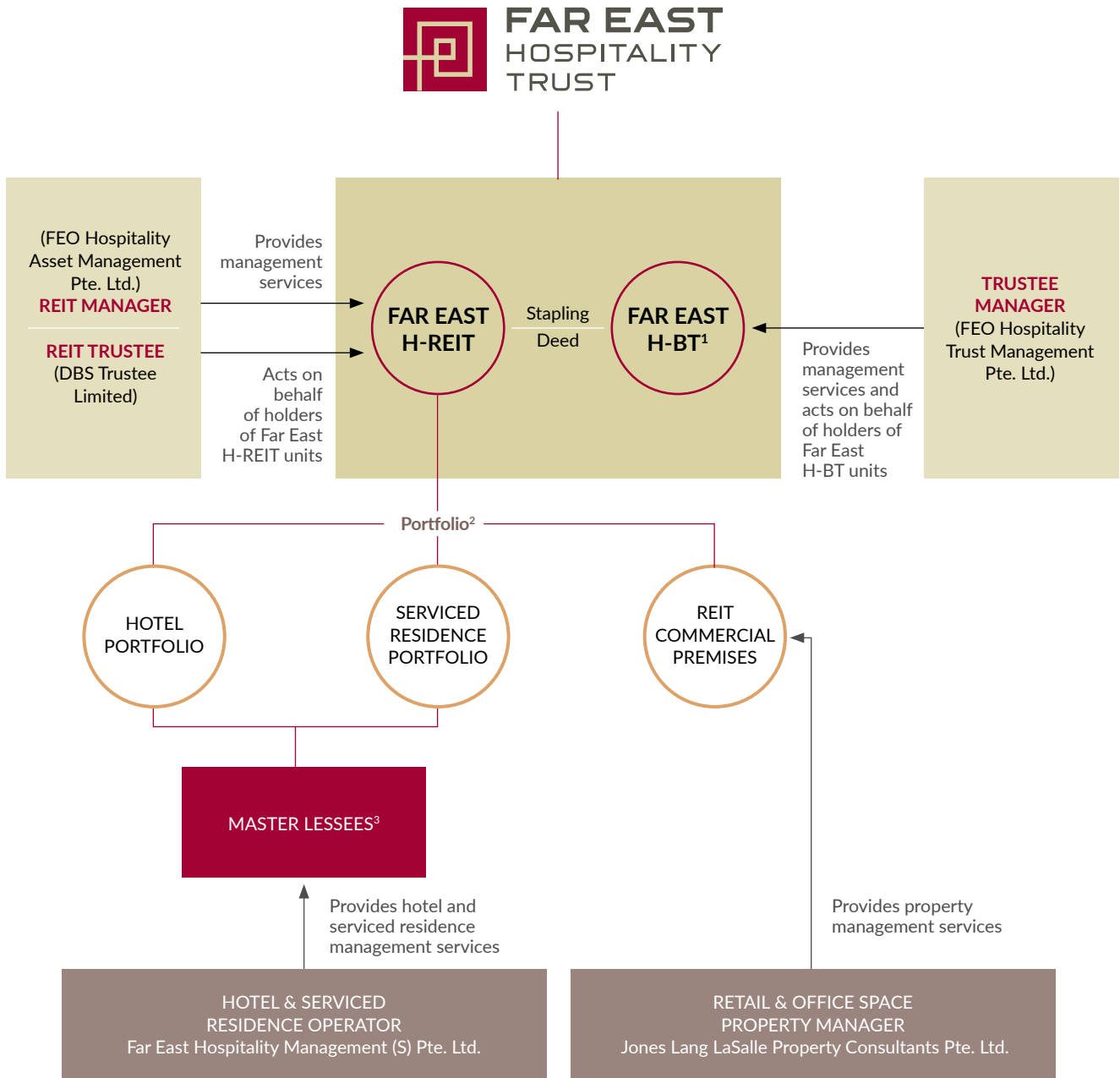
Far East H-REIT owns a portfolio of 12 assets comprising 9 hotels and 3 serviced residences. In addition, Far East H-REIT has a 30.0% stake in a joint venture for the development of a hotel project located in Sentosa, which commenced operations in 2019.

Far East H-REIT is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio of income-producing real estate, used primarily for hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

Far East H-BT is established with a view to being appointed as a master lessee of last resort. It remains dormant as at the date of this report.

The REIT Manager and the Trustee-Manager are both 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.

OUR STRUCTURE



¹ Far East H-BT has been dormant since listing and serves as a master lessee of last resort.
² Far East H-REIT has 12 properties comprising 9 hotels, 3 serviced residences and commercial spaces valued at S\$2.51 billion.
³ Master Lessees are sponsor companies, part of the Far East Organization group of companies.

GROWTH STRATEGIES

THE REIT MANAGER IS COMMITTED TO DELIVERING LONG-TERM SUSTAINABLE DISTRIBUTION GROWTH THROUGH THREE KEY STRATEGIES.



VALUE-ADDING ACQUISITIONS

The REIT Manager actively pursues acquisition opportunities in the market that provide attractive cash flows and yields to enhance the returns to Stapled Securityholders.

Far East H-Trust currently has a strong acquisition pipeline of 7 properties, totalling approximately 1,200 hotel rooms and 400 serviced residence units, under a right of first refusal (“ROFR”) with its Sponsor. The ROFR and other properties from the Sponsor offer acquisition opportunities for portfolio growth. Far East H-Trust further strives to grow its portfolio by exploring acquisitions in selected mature markets overseas from third parties and the Sponsor.



ASSET MANAGEMENT AND ENHANCEMENT

The REIT Manager regularly reviews the portfolio and leverages on the extensive experience of Far East H-Trust’s Sponsor when embarking on refurbishment programmes. These asset enhancement initiatives aim to optimise the properties’ appeal, leading to an improvement in operational performance.

Asset enhancements are also intended to improve the efficiency of space and to reduce operating costs in areas such as utilities.

Far East H-Trust enjoys economies of scale as it focuses on the Singapore hospitality market with operational shared services such as central reservations, revenue management and centralised human resource management across its properties.



CAPITAL AND RISK MANAGEMENT

For capital and risk management, the REIT Manager intends to maintain a prudent level of borrowings while maximising returns for Stapled Securityholders.

The REIT Manager endeavours to maintain a strong balance sheet with diversified funding sources. It seeks to manage the cost of debt, utilise interest rate hedging strategies to reduce exposure to market volatility and employ an appropriate mix of debt and equity to finance acquisitions.

The REIT Manager believes that this strategy places Far East H-Trust in good stead to capitalise on investment opportunities.

LETTER TO STAPLED SECURITYHOLDERS

“For the year, Far East H-Trust achieved a gross revenue of S\$106.8 million, representing a return to 2019 levels on a same-store basis. Net property income grew 27.7% to S\$98.7 million.”

Wee Kheng Jin
Chairman

Dear Stapled Securityholders,

On behalf of the Board of the REIT Manager and Trustee-Manager, we are pleased to present the Annual Report of Far East Hospitality Trust (“Far East H-Trust” or the “Trust”) for the financial year ended 31 December 2023 (“FY 2023”).

CONTINUING RECOVERY IN OPERATING ENVIRONMENT

In 2023, Singapore’s tourism sector improved further, welcoming 13.6 million visitor arrivals, equivalent to approximately 71% of pre-pandemic levels in 2019. The rebound was underpinned by increased flight capacity and growing travel demand. Singapore attracted a diverse visitor portfolio from both long and short-haul markets, significantly contributing to overall arrivals. Key markets such as Indonesia (2.3 million visitors), China (1.4 million visitors), and Malaysia (1.1 million visitors) drove the recovery, complemented by other markets such as Australia, South Korea, and the United States of America. As a global hub for business as well as for Meetings, Incentives, Conferences, and Exhibitions (“MICE”), Singapore benefitted from increased corporate

travel, particularly in sectors like advanced manufacturing, aerospace, logistics, applied health sciences, and financial services.

A YEAR OF STRONG PERFORMANCE

In 2023, Far East H-Trust’s hotels and serviced residences displayed a strong recovery. Building on the various efforts undertaken since the onset of the pandemic, 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, Far East H-Trust has leveraged these initiatives to achieve a strong performance for FY 2023. The Trust is well positioned to ride on the continued recovery of the hospitality sector, building on the positive momentum established in recent years. We are also pleased to report that Far East H-Trust is one of the first hospitality S-REITs to achieve a distribution to Stapled Securityholders that is above the 2019 pre-pandemic levels.

PERFORMANCE REVIEW

For the year, Far East H-Trust achieved a gross revenue of S\$106.8 million, representing a return to 2019 levels on a same-store basis¹. Net property income grew 27.7% to S\$98.7 million. The higher net property income as well as the sharing of divestment gains from Central Square boosted distribution to Stapled Securityholders to S\$81.9 million, a growth of 26.0%. This translates to a distribution per stapled security of 4.09 Singapore cents, reflecting a 25.1% increase compared to the previous year.

The improved performance came from all segments of the portfolio. Our hotels registered healthy revenue growth due to increased demand for accommodation from both leisure and corporate travellers. The return of leisure travellers led to a 2.7-fold increase in revenue contribution from this segment as compared to the previous year. The hotel portfolio’s average daily rate (“ADR”) increased to S\$170, and average occupancy improved 6.3 percentage points to 80.1%. This translated to a notable 47.8% growth in revenue per available room (“RevPAR”) to S\$136.

Our serviced residence portfolio performed exceptionally well during the year, achieving a 17.0% year-on-year

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

LETTER TO STAPLED SECURITYHOLDERS



growth in revenue per available unit (“RevPAU”) to reach an all-time high of S\$229 since the Trust’s initial public offering. Fuelled by a continued influx of professionals and project groups, the serviced residences experienced a rise in their ADR, increasing 16.6% to S\$260.

The fair valuation of Far East H-Trust’s portfolio of assets increased 2.4% or S\$59.2 million, to S\$2.51 billion as a result of higher valuation stemming from better operating performance and a more positive outlook for the hospitality sector.

PRUDENT CAPITAL MANAGEMENT

Our ongoing prudent capital management strategy is important, especially in light of the high inflationary and interest rate environment where we seek to minimise our exposure to market volatility while maintaining a robust balance sheet and financial flexibility.

As at 31 December 2023, our total debt was S\$738.6 million, with 42.6% secured at fixed interest rates. The aggregate leverage improved correspondingly from 32.0% to 31.3% as at 31 December 2023, making Far East H-Trust one of the lowest geared S-REITs in Singapore.

With association to our Sponsor and longstanding relationship with the banks, the Trust has wider and better

access to banking and capital markets on favourable terms and on an unencumbered basis. During the year, term loans of S\$225.0 million due in March 2024 were successfully refinanced into sustainability-linked loans ahead of their maturity dates. As such, the weighted average debt to maturity improved from 3.1 years to 3.8 years. Our average cost of debt rose to 3.3%, with partial offset by lower fixed rates on interest rate swap contracts.

In March 2023, the REIT Manager received an S\$18.0 million incentive fee related to the divestment of Central Square which it plans to utilise a portion to cushion Far East H-Trust from the impact of possible higher interest expenses. With a robust balance sheet at year-end, Far East H-Trust is well-positioned with greater financial flexibility to pursue yield-accretive investment opportunities.

ASSET ENHANCEMENT INITIATIVES

In 2023, the REIT Manager prioritised infrastructure renewals, leveraging the Sponsor's ability for bulk procurement at competitive prices. This involved replacing mechanical and electrical installations such as air-conditioning systems, lift systems, water heaters, and electrical air circuit breakers across various properties.

Aligning with our sustainability goals, the REIT Manager committed to energy-efficient and environmentally friendly improvements. Notably, fan coil units at Orchard Rendezvous Hotel and Village Hotel Albert Court were upgraded, resulting in higher efficiency. Furthermore, a lift modernisation initiative at Village Residence Hougang was undertaken, with an estimated 40% reduction in energy consumption.

PROGRESSING SUSTAINABILITY INITIATIVES

Since our inaugural Sustainability Report in 2017, we have continued to make progressive advancements in our Environmental, Social, and Governance ("ESG") practices. Over the last few years, key milestones in our ESG efforts include (a) Comprehensive review, update and validation of Far East H-Trust's sustainability strategy; (b) Setup of an appropriate ESG structure where the Audit, Sustainability and Risk Committee ("ASRC") provides oversight, and the Sustainability Working Committee reviews and implements ESG initiatives in our business; (c) Comprehensive review of Enterprise Risk Management framework, taking into consideration ESG impacts, risk and opportunities in

all relevant strategic planning and decision; (d) Annual review, update and validation of Far East H-Trust's ESG material topics; and (e) Establishing a long-term net-zero emissions target for the year 2050.

During the year, with input from external consultants, we continued to refine our preliminary assessments for climate risk scenarios, including (a) Transition Risks to a low carbon economy and higher carbon taxes, changing investor expectations towards green investments and consumer demand for more sustainable products and services; and (b) Physical Risks such as extreme weather events and potential impact of flood risk on our property portfolio. Additionally, we have reviewed our decarbonisation roadmap to outline our long-term plan for reducing carbon emissions. Furthermore, we completed a feasibility study for upgrading the chiller system at Village Hotel Changi, aiming to achieve Green Mark Certification (Gold Plus) and could potentially reduce up to 40% of energy consumption upon completion. The REIT Manager has also commenced the internal assurance process for our Sustainability Reporting and remains committed to preparing for upcoming regulatory reporting requirements including the International Sustainability Standards Board for Climate Reporting. In addition, we are currently assessing the most appropriate benchmark for our mid-term emissions target for 2030, as well as the appropriate Scope 3 emissions categories for tracking and reporting.

In the area of sustainable financing, the Trust had S\$350 million of sustainability-linked term loans and sustainability-linked swaps with a notional amount of S\$185 million during the year. The REIT Manager will continue collaborating with banks to explore the possibility of expanding our pool of sustainability-focused financing.

In terms of social contribution, more youths benefitted from Far East H-Trust's 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. Additionally, this initiative provided the Trust a chance to foster and strengthen its relationship with one of our important stakeholders.

ACCOLADES

For the year, Far East H-Trust was ranked 2nd in the Singapore Governance and Transparency Index² ("SGTI") for REITs and Business Trusts. This was an improvement

2 Based on 43 REITs and Business Trusts assessed under the SGTI framework in 2023.

LETTER TO STAPLED SECURITYHOLDERS

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.

Far East H-Trust also received two awards from the Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2023. The Trust secured both 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.

Our dedication to upholding high standards of corporate governance has been a multi-year effort with strong commitment from the Management and Board. Other notable awards garnered over the years include the Governance Index for Trusts ("GIFT"), where Far East H-Trust was amongst the top 10 REITs and Business Trusts for four consecutive years from 2019 to 2022, and the 2021 ASEAN Corporate Governance Scorecard, where the Trust received the ASEAN Asset Class Award and was ranked 8th amongst the top 100 publicly-listed entities in Singapore by market capitalisation. Having a strong foundation in corporate governance complements our ESG goals. It enables us to cultivate an accountable, transparent and sustainable enterprise, thereby strengthening investor trust and delivering sustainable returns to our Stapled Securityholders over the long-term. We are heartened to be recognised for our efforts in the areas of corporate governance and shareholder communications. These accolades encourage us to strive towards a higher level of corporate governance while continuing our communication efforts to provide investors with timely and comprehensive disclosures.

Far East H-Trust continues to be part of the FTSE EPRA Nareit Global Real Estate Index ("Index"), a notable achievement since its inclusion on 20 September 2021. Membership in the Index has elevated Far East H-Trust's recognition and visibility among global institution investors, while helping to diversify our shareholder base, and to tap into a wider pool of capital.

OUTLOOK

For 2024, economic growth is expected to drive the recovery in travel and hospitality, especially in corporate travel. The International Monetary Fund has projected global economic growth to reach 3.1%, while China and the ASEAN-5³ are expected to grow at a higher rate of 4.6% and 4.7% respectively. With inflationary pressures beginning to show signs of moderation, major central banks are expected to leave policy rates unchanged until the second half of the year before potentially adjusting them downwards.

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.

On the tourism front, STB has forecasted tourist arrivals to Singapore to range between 15 million and 16 million arrivals in 2024, representing a year-on-year growth of 10% to 18%. Singapore's appeal as an attractive business hub, coupled with a healthy pipeline of MICE events and large-scale performances, will foster increased business and leisure travel to the city. Favourable policy changes such as expanded air services with other countries and a 30-day visa waiver for Chinese travellers will also improve inbound tourism and benefit the hotels and serviced residences in the Trust.

APPRECIATION

In closing, our heartfelt appreciation goes to all Stapled Securityholders, tenants, business partners and suppliers for their unwavering support and trust over the years. Our journey in 2023 has been marked by resilience and a shared vision for excellence. As we continue to navigate the evolving landscape, we look forward with optimism to the opportunities which lie ahead. Our gratitude also extends to fellow Board members for their stewardship and wise counsel, and to the management team and staff for their dedication and hard work.

Wee Kheng Jin
Chairman

Gerald Lee
Chief Executive Officer

3 ASEAN-5 refers to Indonesia, Malaysia, Philippines, Singapore and Thailand.

BOARD OF DIRECTORS

Information as at 31 December 2023



MR WEE KHENG JIN, 69
Chairman and Non-Executive Director
of the REIT Manager Board and
Trustee-Manager Board

N R

Mr Wee has extensive finance experience in a variety of industries including banking, construction, hospitality services and real estate development.

Mr Wee held various positions at Far East Organization from February 2000 to December 2018. He served as a board member of Yeo Hiap Seng Limited from April 2010 to April 2017 and of Parkson Retail Asia Limited from September 2011 to October 2017.

Since his retirement as an Executive Director in Far East Organization in 2018, he continues his association with the Group as a Senior Advisor.

Prior to joining Far East Organization, he was with Citigroup for 16 years in various positions within the Asia Pacific Institutional Clients Group. Mr Wee also worked for United Engineers Limited and PricewaterhouseCoopers LLP (formerly known as PriceWaterhouse & Co).

Date of first appointment as a Director

28 January 2011 – REIT Manager Board
24 July 2012 – Trustee-Manager Board

Date of appointment as Chairman

1 July 2018 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

12 years 11 months – REIT Manager Board
11 years 5 months – Trustee-Manager Board

Board committee(s) served on

- Nominating Committee of the REIT Manager (Member)
- Remuneration Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Accountancy, University of Singapore

- A** Audit, Sustainability and Risk Committee
- N** Nomination Committee
- R** Remuneration Committee

Present directorships in other listed companies

- Nil

Present principal commitments

- Nil

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil



MS VIVIENNE LIM HUI BIAN, 51
Lead Independent Director
of the REIT Manager Board and
Trustee-Manager Board

A N R

Ms Lim is a lawyer in private practice. She has over 28 years of experience handling a wide variety of contentious as well as transactional corporate, commercial and real estate matters. She founded Genesis Law Corporation in 2004 and has been managing it since. Her main practice areas are corporate and commercial dispute resolution. She has substantial experience and advises regularly on corporate governance, legal and other regulatory compliance matters, especially for charities, non-profit organisations, co-operative societies and companies. She also advises regularly on private client, wealth and succession planning matters.

Ms Lim sits on various non-for-profit boards and committees in diverse fields ranging from education to sports, to religious and legal sector. Ms Lim has been appointed by the Minister For Law to act as a Statutory Member of the Council of the Law Society of Singapore. She was conferred the Public Service Medal in 2023.

Date of first appointment as a Director

1 July 2018 – REIT Manager Board and Trustee-Manager Board

Date of appointment as lead Independent Director

1 May 2021 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

5 years 6 months – REIT Manager Board and Trustee-Manager Board

BOARD OF DIRECTORS

Information as at 31 December 2023

Board committee(s) served on

- Nominating Committee of the REIT Manager (Chairman)
- Audit, Sustainability and Risk Committee of the REIT Manager (Member)
- Remuneration Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Laws (Honours), National University of Singapore

Present directorships in other listed companies

- Nil

Present principal commitments

- Genesis Law Corporation (Founding and Executive Director)
- CHIJ Board of Management (Chairman)
- Catholic Foundation Limited (Vice-Chairman)
- Law Society of Singapore (Council Member)
- Pro Bono SG (Director)
- Football Association of Singapore – Disciplinary Committee and Women’s Committee (Member)

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil



MS CATHERINE LEE KHIA YEE, 55



Independent Director
of the REIT Manager Board and
Trustee-Manager Board

Ms Lee has more than 25 years of banking and finance, investment and fund management experience. In addition to her financial expertise, she has a wealth of experience in strategic planning, regional business expansion and transformation, risk management and stakeholder management in complex public-private partnerships.

Ms Lee is currently the Founder and CEO of Levain Consulting Pte Ltd which provides management and business consultancy services to commercial entities. She is also on the Board of ACRA and is a member of its Public Accountants Oversight Committee.

Prior to this, Ms Lee held the position of Chief Financial Officer of Clifford Capital, a company specialising in project financing, mezzanine investing, asset securitisation and management with global coverage, and had responsibilities over treasury, finance, credit decisions, strategic development and stakeholder management. Prior to joining Clifford Capital, Ms Lee was the Group CFO of SMRT Corporation and BreadTalk Group. Ms Lee also spent a total of 11 years in the banking industry where she specialised in corporate finance activities and in the private equity industry looking after a portfolio of public-listed and private companies in the US and Asia Pacific.

Date of first appointment as a Director

1 July 2019 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

4 years 6 months – REIT Manager Board and Trustee-Manager Board

Board committee(s) served on

- Audit, Sustainability and Risk Committee of the REIT Manager (Member)
- Nominating Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Accountancy (Honours), Nanyang Technological University of Singapore
- Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants

Present directorships in other listed companies

- Nil

Present principal commitments

- Levain Consulting Pte Ltd (Founder and CEO)
- Accounting and Corporate Regulatory Authority (“ACRA”) (Director)
- Public Accountants Oversight Committee (Member)
- Singapore Institute of Directors – Corporate Members Engagement Committee (Member)

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil

MS CELESTINE KHOO GEOK CHOO, 57  
 Independent Director
 of the REIT Manager Board and
 Trustee-Manager Board

Ms Khoo heads the venture, innovation and entrepreneurship office at the Singapore University of Technology and Design. She has proven experience in business development, business strategy and financial management in both public and private sectors. She was in investment banking at DBS and UBS. She then spearheaded the treasury and capital market development initiatives and the external fund management program at the Monetary Authority of Singapore. She subsequently led the business of a US-based financial services group as Head of Asia and Singapore country head. She also serves on the board investment committees of several non-profit organisations.

Date of first appointment as a Director

1 October 2020 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

3 years 3 months – REIT Manager Board and Trustee-Manager Board

Board committee(s) served on

- Remuneration Committee of the REIT Manager (Chairman)
- Audit, Sustainability and Risk Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Accountancy (1st Class Honours), National University of Singapore
- Master of Business Administration (Distinction), Cass Business School, London
- Chartered Accountant of Singapore, Institute of Singapore Chartered Accountants

Present directorships in other listed companies

- Nil

Present principal commitments

- Singapore University of Technology & Design (Senior Director, Venture, Innovation & Entrepreneurship)
- Assisi Hospice (Member, Investment Committee and Member, Finance Committee)
- Council of World Mission (Member, Investment Committee)
- St Gabriel's Foundation (Member, Investment Committee)
- YWCA (Member, Finance and Investment Committee)

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil

MR BENEDICT LEH SONG BOON, 52 
 Independent Director
 of the REIT Manager Board and
 Trustee-Manager Board

Mr Leh has more than 25 years of experience in various areas including banking and finance, capital markets, wealth management, private equity, hospitality, executive education as well as the non-profit sector.

From 2010 to 2018, he was the Chief Operating Officer of Wealth Management Institute ("WMI") and was responsible for curriculum development, financial management, governance, strategic development and stakeholder management. He was also the Programme Director for the SMU-WMI Master of Science in Wealth Management and played a key role in the revamp of the IBF Standards for the Singapore private banking industry in 2018.

In the hospitality-related sector, he was a director for Wine Advocate Pte Ltd, a global wine rating and F&B events business from 2017 to 2019. Prior to WMI, he spent over 13 years in the banking industry with Citigroup in Singapore and Credit Suisse in Hong Kong and has deep experience advising Singapore and international companies in the areas of debt and equity capital markets fundraising, corporate finance, mergers and acquisitions and initial public offerings. During that period, he was also involved in many advisory and funding exercises for hospitality-related companies and assets.

BOARD OF DIRECTORS

Information as at 31 December 2023

In the non-profit sector, he is currently a director of One for Jesus Ltd. He was vice-chairman and director of the Children's Cancer Foundation from 2015 to 2021, Head of NUH PatientCare Charity Fund from 2008 to 2010, and also served as a volunteer consultant at various charities, including Focus on the Family Singapore and Community Foundation of Singapore.

Date of first appointment as a Director

1 January 2021 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

3 years – REIT Manager Board and Trustee-Manager Board

Board committee(s) served on

- Audit, Sustainability and Risk Committee of the REIT Manager (Chairman)

Academic and professional qualifications

- Bachelor of Business Administration (1st Class Honours), National University of Singapore
- Chartered Financial Analyst, CFA Institute

Present directorships in other listed companies


- Nil

Present principal commitments

- One for Jesus Ltd (Director)

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil

 **MR GERALD LEE HWEE KEONG, 57**
Chief Executive Office and Executive Director
of the REIT Manager Board and
Trustee-Manager Board

Mr Gerald Lee has over 30 years of tourism, hospitality and real estate experience. Mr Lee joined Far East Organization in 2011 and is currently employed by the REIT Manager as the Chief Executive Officer ("CEO") where he is principally responsible for the management and conduct of the business of the REIT Manager and the Trustee-Manager. On 1 July 2022, Mr Lee was appointed as an Executive Director of the REIT Manager Board and Trustee-Manager Board.

From 2005 to 2010, Mr Lee was at CapitaLand Limited/ The Ascott Limited. He started at CapitaLand as Senior Vice-President in the corporate office before concurrently assuming the role of Chief Brand and Marketing Officer at Ascott. He was subsequently posted overseas as CEO (Europe) for Ascott, responsible for growing the business in that region. He returned to assume the position of Deputy CEO, responsible for overseeing operations of the Ascott group.

From 1991 to 2005, Mr Lee was at the Singapore Tourism Board where he held various roles including heading the planning division, business travel and MICE division, and two overseas offices in North America. His last held position was Assistant CEO overseeing all the leisure divisions.

Mr Lee was seconded to the Ministry of Trade & Industry as Deputy Director from 2000 to 2001, working on policies and industry development of the services sectors. He was concurrently seconded to the Sentosa Development Corporation as Director (Strategic Development) from 2001 to 2003 and was responsible for overseeing strategic projects and redevelopment initiatives.

Date of first appointment as a Director

1 July 2022 – REIT Manager Board and Trustee-Manager Board

Length of service as a Director

1 year 6 months – REIT Manager Board and Trustee-Manager Board

Board committee(s) served on

- Nil

Academic and professional qualifications

- Bachelor of Science (Distinction), Cornell University
- Executive Master of Business Administration (Distinction), INSEAD and Tsinghua University
- Chartered Financial Analyst, CFA Institute

Present directorships in other listed companies

- Nil

Present principal commitments

- Fontaine Investment Pte Ltd (Director)
- Singapore Institute of Technology (Chairperson, Industry Advisory Committee for Hospitality Business Programme)

Past directorships in other listed companies held over the preceding three years (1 January 2021 to 31 December 2023)

- Nil

MANAGEMENT TEAM

Information as at 31 December 2023



MR GERALD LEE HWEE KEONG

Chief Executive Officer and Executive Director

Mr Gerald Lee is also the Executive Director of the REIT Manager Board and Trustee-Manager Board. For more information, please refer to his profile under the “Board of Directors” section on page 14 of the Annual Report.



MS REGINA YAP SIEW BUAY

Chief Financial Officer

Ms Regina Yap joined the REIT Manager as Chief Financial Officer in 2017. She is responsible for all aspects of finance, tax and capital management, and also oversees compliance and corporate secretarial functions. She provides support for investment and investor relations matters of Far East H-Trust.

Ms Yap has more than 25 years of experience in group financial and management reporting, operational management and control, tax planning, risk and capital management, compliance and corporate secretarial work.

From 2011 to 2017, Ms Yap was the Head of Finance and Company Secretary of AIMS AMP Capital Industrial REIT Management Limited (now known as AIMS APAC REIT Management Limited) as manager of AIMS AMP Capital Industrial REIT (now known as AIMS APAC REIT). Her responsibilities include financial accounting and reporting, tax and risk management, capital management, compliance as well as corporate secretarial matters.

From 1996 to 2011, Ms Yap held various senior finance roles in CapitaLand Limited within several business units including hospitality, residential, commercial, corporate headquarters, and Australand Property Group. Her last held position was Vice President, Finance (South East Asia & Australia) with The Ascott Limited.

Before joining CapitaLand Limited, she was a Tax Consultant with PriceWaterhouse (now known as PricewaterhouseCoopers LLP).

Ms Yap graduated from Nanyang Technological University of Singapore with a Bachelor of Accountancy and obtained a Master of Applied Finance from Macquarie University of Sydney, Australia. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a member of the Regulatory Sub-Committee of the REIT Association of Singapore.



MR DESMOND TAN ENG KIAT

Vice President, Asset Management and Enhancement

Mr Desmond Tan joined the REIT Manager in 2021. He is responsible for implementing long term asset enhancement initiatives and works closely with the Operator on building improvement works and replacement of plant and equipment. He also monitors the leasing and tenancy related matters for the commercial spaces.

Mr Tan has more than 20 years of experience in real estate spanning across residential, sales and leasing and management of retail commercial assets.


From 2017 to 2020, Mr Tan assumed roles of Senior Manager (Leasing) and General Manager (Suburban Cluster) at Far East Organization, Retail Business Group. He was responsible for the leasing performance of the assets and management of tenant relationships. He also oversaw the planning and execution of the business plans in the suburban malls in achieving operational and financial targets for the portfolio.

From 2000 to 2016, Mr Tan was actively involved in building the team that oversaw the growth of the residential corporate leasing portfolio at Far East Organization. Prior to joining the Retail Business Group at Far East Organization, Mr Tan was the Senior Manager responsible for the leasing performance of the Corporate Leasing portfolio of about 1,200 units, which represents the biggest private residential portfolio for lease in Singapore. During this tenure, he had undertaken various strategies implementation in channel management, direct sales and loyalty programmes.

Mr Tan graduated from University of Bradford with a Bachelor of Business (Honours) in Business and Management.

MANAGEMENT TEAM

Information as at 31 December 2023

 **MR EDMOND TAN WEI DE**
Vice President,
Investment and Asset Management

Mr Edmond Tan joined the REIT Manager in May 2023. He is responsible for sourcing suitable investments and executing the transactions. He also oversees the performance management of the hospitality assets.

Mr Tan has more than 13 years of experience in investments, asset management, private equity, fund management and wealth management.

From 2018 to 2023, Mr Tan was with Wing Tai Holdings Ltd. He was responsible for the real estate investment function and oversaw all aspects of acquisitions, divestments, and asset management.

From 2014 to 2018, Mr Tan was with private equity real estate managers Rockworth Capital Partners Pte Ltd and Firmus Capital Pte Ltd. He held positions as Investment Manager and Associate Director, responsible for capital transactions, asset management as well as portfolio management.

Prior to this, Mr Tan was with Citi Private Bank and NUS Investment Office where he provided investment advice and assessed investment opportunities related to the real estate-related sector.

Mr Tan graduated from National University of Singapore with a Bachelor of Business Administration (Honours) (Major in Finance and Minor in Technopreneurship) and a Master of Science in Real Estate. He is also a Chartered Financial Analyst with the CFA Institute.

 **MR JAMES TAN YOU RONG**
Manager, Investor Relations and
Sustainability Management

Mr James Tan joined the REIT Manager in 2022. As the key point of contact for the Investor Relations function, he is responsible for developing strategic communication and maintaining relations with the investment community. He monitors and presents the opinions of the investment community on Far East H-Trust to the Management and the Board.

In addition, Mr Tan is responsible for progressing Far East H-REIT's sustainability efforts and assists in asset management and compliance matters.

From 2015 to 2022, Mr Tan was with Raffles Medical Group Ltd where he handled the investor relations function and undertook rotations in various portfolios such as leasing, business development, due diligence and corporate related matters.

Mr Tan graduated from The University of Queensland with a Bachelor of Commerce (Major in Finance).

CORPORATE DIRECTORY

MANAGER OF FAR EAST H-REIT

FEO Hospitality Asset Management Pte. Ltd.
 1 Tanglin Road #05-01
 Orchard Rendezvous Hotel
 Singapore 247905
 Telephone: (65) 6833 6676
 Facsimile: (65) 6833 6673
 Email: enquiry@fehtrust.com
 Website: www.fehtrust.com

TRUSTEE-MANAGER OF FAR EAST H-BT

FEO Hospitality Trust Management Pte. Ltd.
 1 Tanglin Road #05-01
 Orchard Rendezvous Hotel
 Singapore 247905
 Telephone: (65) 6833 6676
 Facsimile: (65) 6833 6673
 Email: enquiry@fehtrust.com
 Website: www.fehtrust.com

BOARD OF DIRECTORS

Chairman and Non-Executive Director
 Mr Wee Kheng Jin

Chief Executive Officer and Executive Director
 Mr Gerald Lee Hwee Keong

Lead Independent Director
 Ms Vivienne Lim Hui Bian

Independent Directors
 Ms Catherine Lee Khia Yee
 Ms Celestine Khoo Geok Choo
 Mr Benedict Leh Song Boon

AUDIT, SUSTAINABILITY AND RISK COMMITTEE

Chairman
 Mr Benedict Leh Song Boon

Members
 Ms Vivienne Lim Hui Bian
 Ms Catherine Lee Khia Yee
 Ms Celestine Khoo Geok Choo

NOMINATING COMMITTEE

Chairman
 Ms Vivienne Lim Hui Bian

Members
 Mr Wee Kheng Jin
 Ms Catherine Lee Khia Yee

REMUNERATION COMMITTEE

Chairman
 Ms Celestine Khoo Geok Choo

Members
 Mr Wee Kheng Jin
 Ms Vivienne Lim Hui Bian

MANAGEMENT TEAM

Chief Executive Officer
 Mr Gerald Lee Hwee Keong

Chief Financial Officer
 Ms Regina Yap Siew Buay

Vice President, Asset Management & Enhancement
 Mr Desmond Tan Eng Kiat

Vice President, Investment & Asset Management
 Mr Edmond Tan Wei De

JOINT COMPANY SECRETARIES

Ms Lin Moi Heyang
 Ms Low Mei Wan

TRUSTEE OF FAR EAST H-REIT

DBS Trustee Limited
 12 Marina Boulevard
 Level 44 DBS Asia Central
 @ Marina Bay Financial Centre,
 Tower 3
 Singapore 018982
 Telephone: (65) 6878 8888
 Facsimile: (65) 6878 3977

HOTEL AND SERVICED RESIDENCE OPERATOR

Far East Hospitality Management (S) Pte. Ltd.
 6 Eu Tong Sen Street
 #04-28 The Central
 Singapore 058817

RETAIL AND OFFICE SPACE PROPERTY MANAGER

Jones Lang LaSalle Property Consultants Pte. Ltd.
 1 Paya Lebar Link #10-08
 Paya Lebar Quarter, Tower 2
 Singapore 408533
 Telephone: (65) 6220 3888

INDEPENDENT AUDITOR

Ernst and Young LLP
 Public Accountants and Chartered Accountants, Singapore
 One Raffles Quay
 North Tower Level 18
 Singapore 048583
 Partner-in-charge: Nelson Chen
 Appointed effective from financial year ended 31 December 2022

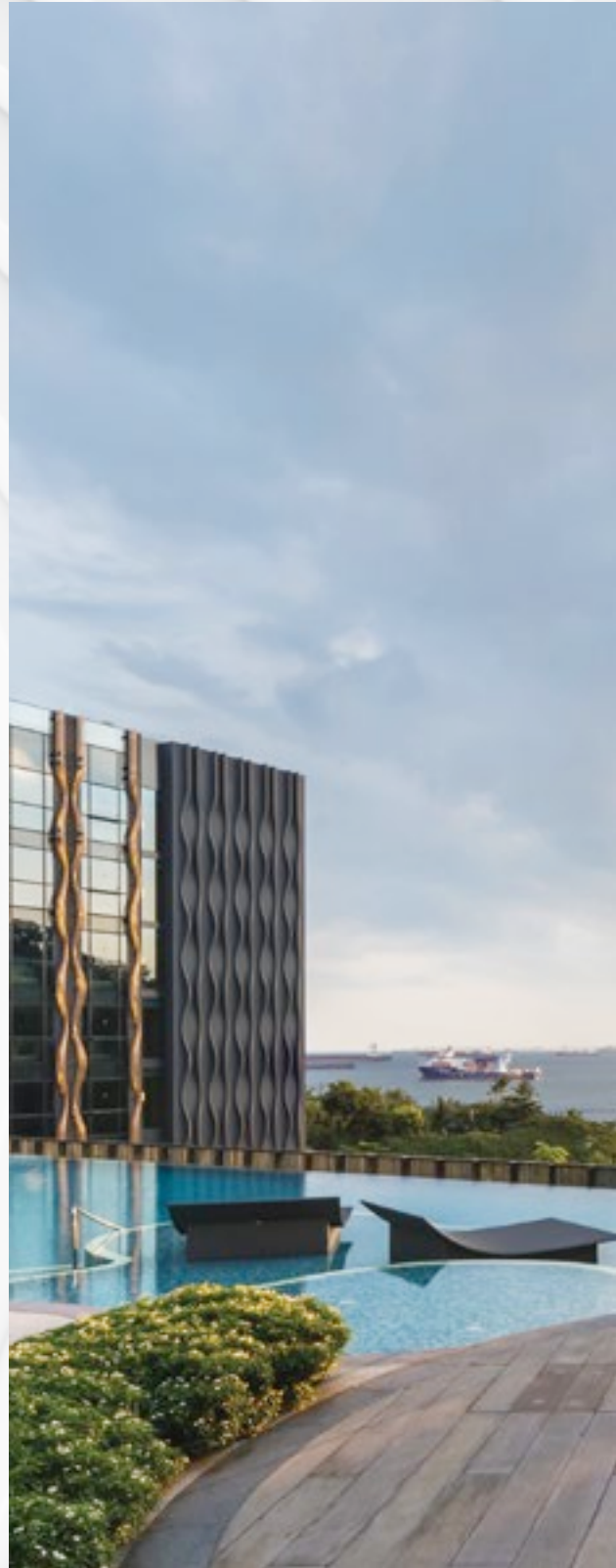
STAPLED SECURITY REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
 1 Harbourfront Avenue
 #14-07 Keppel Bay Tower
 Singapore 098632
 Telephone: (65) 6536 5355
 Facsimile: (65) 6536 1360

BANKERS

DBS Bank Ltd
 Oversea-Chinese Banking Corporation Limited
 United Overseas Bank Limited
 Malayan Banking Berhad

GROWING
OUR
STRENGTHS



Village Hotel Sentosa, Seaview Deck



OUR PORTFOLIO

FAR EAST H-TRUST HAS 2,775 HOTEL ROOMS AND 240 SERVICED RESIDENCE UNITS IN ITS PORTFOLIO, OFFERING INVESTORS AN OPPORTUNITY TO INVEST IN ONE OF THE LARGEST PORTFOLIOS OF HOSPITALITY ASSETS IN SINGAPORE BY ASSET VALUE.

The portfolio provides an attractive investment opportunity for investors to benefit from a balanced portfolio of hospitality assets targeting both short-term stays in relation to the hotels and longer-term stays in relation to the serviced residences.

Housed in 8 out of the 12 properties in the portfolio are 177 units of commercial spaces.



Rendezvous Hotel Singapore, The Library Lounge



Village Hotel Bugis, Quartz Meeting Room

PORTFOLIO OF ASSETS

Hospitality Assets



Commercial Premises



OUR PORTFOLIO



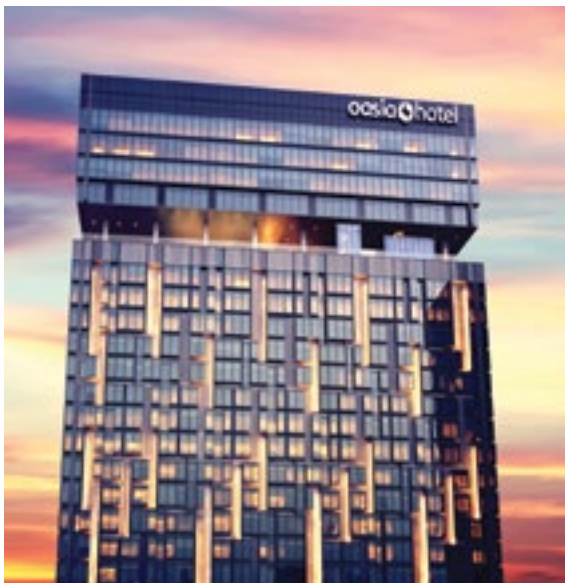
OASIA HOTEL DOWNTOWN

100 Peck Seah Street, Singapore 079333

No. of guest rooms	314
Strata floor area (sq m)	17,967
Gross revenue for FY 2023 (S\$ million)	10.7
Remaining lease tenure (years)	59
Valuation as at 31 Dec 2023 (S\$ million)	267.4
Purchase price (S\$ million)	210.0 ¹
Master lessee/Vendor	Far East SOHO Pte. Ltd.

Oasia Hotel Downtown is an iconic award-winning hotel strategically located in the downtown Tanjong Pagar area, which is set to be Singapore's next waterfront district with a hive of business, commercial and residential activities.

The hotel's proximity to the Central Business District appeals to business travellers. It is well-connected to other parts of the island with the Tanjong Pagar MRT Station right at its doorstep and expressways within a few minutes' drive.



OASIA HOTEL NOVENA

8 Sinaran Drive, Singapore 307470

No. of guest rooms	428
Strata floor area (sq m)	22,457
Gross revenue for FY 2023 (S\$ million)	11.1
Remaining lease tenure (years)	81
Valuation as at 31 Dec 2023 (S\$ million)	341.9
Purchase price (S\$ million)	318.2
Master lessee	Transurban Properties Pte. Ltd.

A welcome escape from the hustle and bustle of city life, Oasia Hotel Novena offers both business and leisure travellers the opportunity to refresh, refuel and recharge.

Oasia Hotel Novena is a short commute from the Central Business District and Orchard Road. Strategically located within Singapore's premier medical hub, the hotel also serves visiting medical tourists and their families.

¹ Refer to Note 22 to the Financial Statements for more details on additional purchase consideration.



RENDEZVOUS HOTEL SINGAPORE

9 Bras Basah Road, Singapore 189559

No. of guest rooms	298
Gross floor area (sq m)	19,720
Retail NLA (sq m)	2,799
Gross revenue for FY 2023 (S\$ million)	9.8
Remaining lease tenure (years)	60
Valuation as at 31 Dec 2023 (S\$ million)	283.8
Purchase price (S\$ million)	264.3
Master lessee	Serene Land Pte Ltd

Rendezvous Hotel Singapore reflects the history and trendsetting nature of the arts and heritage district it is situated in. Within walking distance to the Dhoby Ghaut and Bras Basah MRT stations, the hotel is a short commute away from Singapore's business and shopping districts.

Adjoining the hotel is The Rendezvous Gallery, with 3 floors of retail and F&B spaces, offering a mix of gastronomic delights, beauty & wellness services.



ORCHARD RENDEZVOUS HOTEL

1 Tanglin Road, Singapore 247905

No. of guest rooms	388
Gross floor area (sq m)	34,072
Retail NLA (sq m)	3,790
Office NLA (sq m)	2,515
Gross revenue for FY 2023 (S\$ million)	21.7
Remaining lease tenure (years)	39
Valuation as at 31 Dec 2023 (S\$ million)	423.6
Purchase price (S\$ million)	412.5
Master lessee	Far East Orchard Limited

Orchard Rendezvous Hotel is located at the doorstep of major malls and boutiques along Orchard Road, offering a wide variety of retail and dining options for business and leisure travellers. Families on vacation will enjoy the 50-60 sq m family rooms that Orchard Rendezvous Hotel has to offer.

Since 2017, the hotel has undergone refurbishment of the guest rooms which completed in March 2018 and revitalisation of the outdoor refreshment areas and building façade which completed in 2022.

OUR PORTFOLIO



THE QUINCY HOTEL

22 Mount Elizabeth, Singapore 228517

No. of guest rooms	108
Gross floor area (sq m)	4,810
Gross revenue for FY 2023 (S\$ million)	2.9
Remaining lease tenure (years)	64
Valuation as at 31 Dec 2023 (S\$ million)	86.4
Purchase price (S\$ million)	82.3
Master lessee	Golden Development Private Limited

The first local boutique hotel to win the Best Hotel Experience Award at the Singapore Tourism Awards 2017, The Quincy Hotel caters to the busy business executive and discerning leisure traveller.

The Quincy Hotel is a short walk away from Orchard Road, surrounded with plentiful of local and world-class international cuisines, endless shopping, and entertainment experiences.



VIBE HOTEL SINGAPORE ORCHARD

24 Mount Elizabeth, Singapore 228518

No. of guest rooms	256
Gross floor area (sq m)	11,723
Retail NLA (sq m)	583
Gross revenue for FY 2023 (S\$ million)	6.5
Remaining lease tenure (years)	64
Valuation as at 31 Dec 2023 (S\$ million)	181.4
Purchase price (S\$ million)	186.7
Master lessee	Golden Development Private Limited

Vibe Hotel Singapore Orchard officially opened in November 2022 after a six-month renovation. Located in the residential enclave of Orchard Road, the hotel is within easy access to Singapore’s busiest and longest shopping belt, providing guests with a wide range of leisure and dining options.



VILLAGE HOTEL ALBERT COURT

180 Albert Street, Singapore 189971

No. of guest rooms	210
Gross floor area (sq m)	11,426
Retail NLA (sq m)	1,003
Gross revenue for FY 2023 (S\$ million)	7.1
Remaining lease tenure (years)	64
Valuation as at 31 Dec 2023 (S\$ million)	129.8
Purchase price (S\$ million)	120.7
Master lessee	First Choice Properties Pte Ltd

Minutes away from the cultural enclaves of Little India and Bugis, Village Hotel Albert Court is a pre-war development offering heritage blended with modern day flair. The hotel’s charming courtyard provides moments of serenity and offers a wide range of retail and dining options.



VILLAGE HOTEL BUGIS

390 Victoria Street, Singapore 188061

No. of guest rooms	393
Gross floor area (sq m)	21,676
Retail NLA (sq m)	1,164
Gross revenue for FY 2023 (S\$ million)	11.4
Remaining lease tenure (years)	55
Valuation as at 31 Dec 2023 (S\$ million)	244.5
Purchase price (S\$ million)	218.4
Master lessee	Golden Landmark Pte Ltd

Located at the heart of Singapore’s Arab and Malay heritage districts, Village Hotel Bugis offers tourists a glimpse of multi-cultural Singapore.

Surrounded by vibrant eateries, art galleries and boutiques in the nearby conservation buildings, the hotel is a stone’s throw from Bugis MRT station, which conveniently connects to the Central Business District and Orchard areas.

OUR PORTFOLIO



VILLAGE HOTEL CHANGI

1 Netheravon Road, Singapore 508502

No. of guest rooms	380
Gross floor area (sq m)	22,826
Retail NLA (sq m)	805
Gross revenue for FY 2023 (S\$ million)	10.1
Remaining lease tenure (years)	54
Valuation as at 31 Dec 2023 (S\$ million)	202.9
Purchase price (S\$ million)	238.5
Master lessee	Far East Organization Centre Pte. Ltd.

Village Hotel Changi is an idyllic retreat, set apart from other hotels in urban Singapore. With its serene surroundings and 17 function spaces of various sizes, the hotel is the choice destination for corporate retreats and weddings.

Just a 10-minute drive from Changi Airport and a short boat ride from Pulau Ubin and the Chek Jawa Wetlands, Village Hotel Changi is a favourite for nature lovers and transit passengers on a stopover.



ADINA SERVICED APARTMENTS SINGAPORE ORCHARD

121 Penang Road, Singapore 238464

No. of units	90
Gross floor area (sq m)	10,723
Retail NLA (sq m)	539
Office NLA (sq m)	2,291
Gross revenue for FY 2023 (S\$ million)	7.0
Remaining lease tenure (years)	70
Valuation as at 31 Dec 2023 (S\$ million)	171.5
Purchase price (S\$ million)	166.4
Master lessee	Oxley Hill Properties Pte Ltd

Adina Serviced Apartments Singapore officially opened in July 2022 after refurbishment. It is located within Regency House, a mixed-use development.

As an upscale serviced residence, Adina Serviced Apartments Singapore Orchard caters to the accommodation needs of different travellers with a variety of apartment sizes ranging from Studios to 2-bedroom and 3-bedroom apartments. The serviced residence is also located within walking distance from Orchard Road, Singapore's iconic shopping belt.



VILLAGE RESIDENCE ROBERTSON QUAY

30 Robertson Quay, Singapore 238251

No. of units	72
Strata floor area (sq m)	10,570
Retail NLA (sq m)	1,179
Gross revenue for FY 2023 (S\$ million)	5.4
Remaining lease tenure (years)	67
Valuation as at 31 Dec 2023 (S\$ million)	111.1
Purchase price (S\$ million)	113.2
Master lessee	Riverland Pte Ltd

Village Residence Robertson Quay overlooks the historic Singapore River and is located within the trendy dining and entertainment district of Robertson Quay. The Central Business District, Fort Canning and Clarke Quay MRT stations are a short walk away.



VILLAGE RESIDENCE HOUGANG

1 Hougang Street 91, Singapore 538692

No. of units	78
Strata floor area (sq m)	14,257
Gross revenue for FY 2023 (S\$ million)	3.1
Remaining lease tenure (years)	70
Valuation as at 31 Dec 2023 (S\$ million)	65.3
Purchase price (S\$ million)	64.7
Master lessee	Serene Land Pte Ltd

Village Residence Hougang is located in the Hougang residential suburb, northeast of Singapore. The serviced residence is conveniently located next to Hougang One Mall and is well connected by expressways and MRT. Village Residence Hougang is popular with companies in the neighbouring industrial estates.

ASSET ENHANCEMENT INITIATIVES



Village Hotel Albert Court, Courtyard

ASSET ENHANCEMENT INITIATIVES IN 2023

Guided by principles of good governance, asset replacement and enhancement projects undergo a thorough evaluation and assessment process. The procurement and award of these projects leverages on the Sponsor's bulk procurement processes to obtain competitive pricing. Additionally, considerations for energy efficiency and environmentally friendly upgrades to achieve climate resilience are taken into account.

In the past year, selected fan coil units at Orchard Rendezvous Hotel and Village Hotel Albert Court were replaced with equipment featuring electronically commutated motors, known for their higher efficiency typically around 80%, as compared to conventional alternating current motors with an efficiency of around 45%. The Manager will continue to monitor the energy efficiency and reliability of the new equipment.

In the ongoing review of chiller plants, which is a significant contributor to energy consumption within a building, those at Village Hotel Changi, Rendezvous Hotel Singapore, and Vibe Hotel Singapore Orchard/The Quincy Hotel were identified as approaching the end of their useful lives with poor efficiencies. In 2023, C&W Services was awarded a feasibility study to review the upgrading of the chiller plant and air-conditioning and mechanical ventilation system at Village Hotel Changi. When the upgrade is fully implemented by 2025, the new systems are projected to reduce energy consumption by an estimated 40%-45%. It will also help the hotel to achieve the Green Mark (Gold Plus) Certification.

In 2023, Village Residence Hougang underwent a lift modernisation exercise, upgrading the lift to an Alternating Current Variable Voltage Variable Frequency drive unit which could potentially achieve up to 40% in energy savings or around 1,892 kWh per annum. Additionally, a modernisation project for one passenger lift and one service lift at Village Residence Robertson Quay was initiated. The retrofitting with more efficient drives will extend into 2024.

The REIT Manager constantly reviews and updates the services infrastructure of the properties in consultation with the Operator to ensure that customer experiences are consistently being optimised. In 2023, the upgrading of the High-Speed Internet Access infrastructure at Village Hotel Changi was completed, ensuring reliable, secure and faster internet connectivity for hotel guests and staff, supporting both front-of-house and back-of-house applications. In addition, the electrical air circuit breakers at Village Hotel Albert Court and Village Residence Robertson Quay were also replaced ensuring reliable electrical supply to the properties.

ENHANCEMENT WORKS IN 2024

From 2024 to 2027, feasibility studies and phased replacements of aging chiller plants at Rendezvous Hotel and Vibe Hotel Singapore Orchard/The Quincy Hotel will be carried out. In 2024, a feasibility study for replacing the chiller plant at Rendezvous Hotel Singapore will commence, aiming for Green Mark (Gold Plus) Certification in alignment with Far East H-Trust's sustainability objective and decarbonisation roadmap.

Façade repainting at Village Residences Robertson Quay, Village Hotel Changi and Rendezvous Hotel Singapore will be undertaken to give these properties a refreshed and more appealing look. Lift modernisation for the

remaining passenger lift at Village Residence Hougang and two lifts at Village Residence Robertson Quay will also be carried out to ensure reliability, safety and energy savings with the latest drive units.



Vibe Hotel Singapore Orchard, Superior Room



Village Hotel Changi, Rooftop Recreation Area

INDUSTRY OVERVIEW

REPORT BY
CBRE

SINGAPORE MACROECONOMIC OVERVIEW

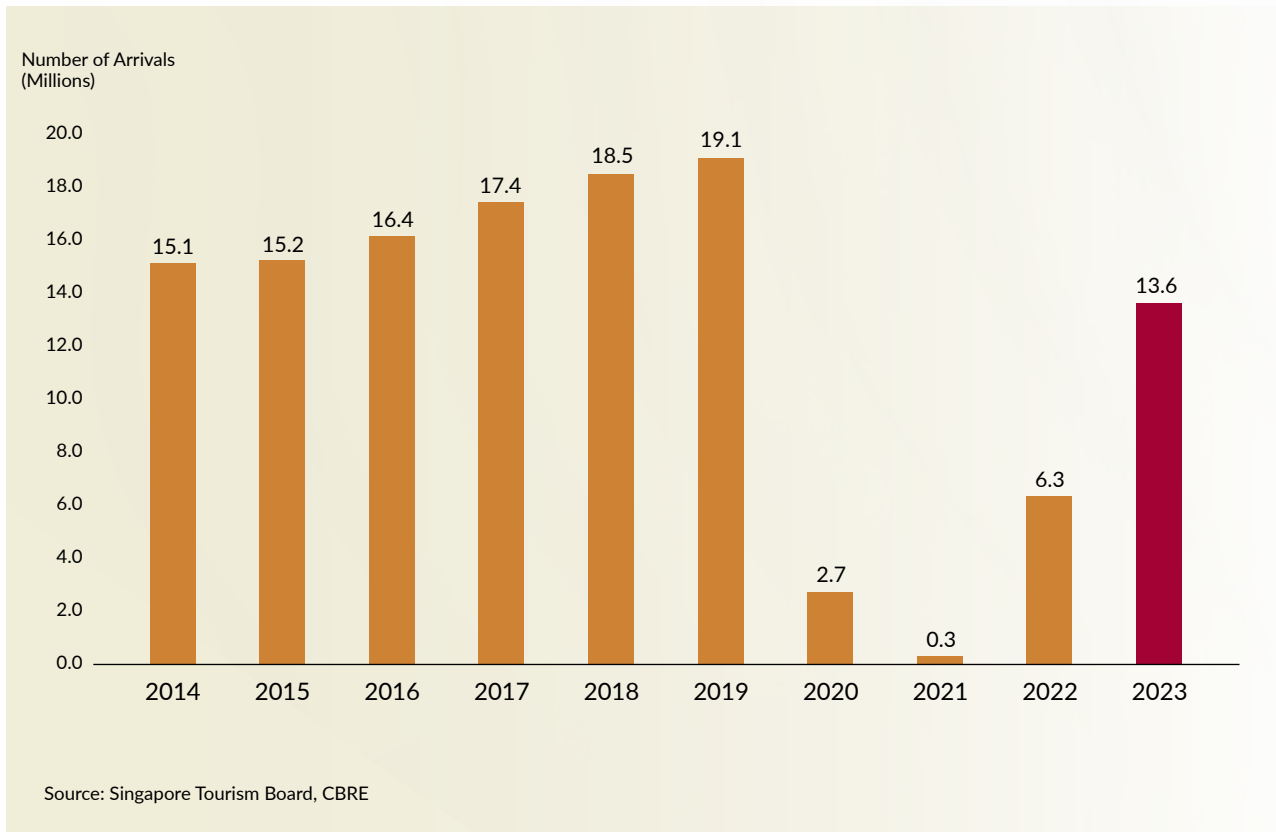
In 2023, Singapore’s economy expanded by 1.1%, slower than the 3.8% growth recorded in the previous year. Growth for the year was driven primarily by the Services industries. In particular, the Accommodation sector recorded the fastest expansion at 12.1%.

The Ministry of Trade and Industry (“MTI”) has forecasted Singapore’s economy to grow between 1.0% and 3.0% in 2024. Despite lingering economic uncertainties from 2023, such as geopolitical tensions, inflationary pressures and decelerating growth of major economies, the continuing recovery in air travel and visitor arrivals is expected to support the growth of aviation and tourism-related sectors, including air transport and accommodation.

SINGAPORE TOURISM MARKET OVERVIEW

2023 marked a strong recovery for the tourism sector in Singapore as all major economies lifted border restrictions. Visitor arrivals for the year reached approximately 13.6 million, achieving Singapore Tourism Board’s (“STB”) target of between 12 million and 14 million arrivals. Throughout the year, STB worked on elevating Singapore’s appeal as a premier travel destination in the region, focusing on concepts such as experiential travel, sustainability, urban wellness and the repositioning of Orchard Road as a lifestyle precinct. In addition, the revamped Changi Airport Terminal 2 was reopened and notable attractions such as Bird Paradise as part of the bigger Mandai Wildlife Reserve and The Palawan @ Sentosa were opened.

Visitor Arrivals



SINGAPORE HOTEL MARKET OVERVIEW

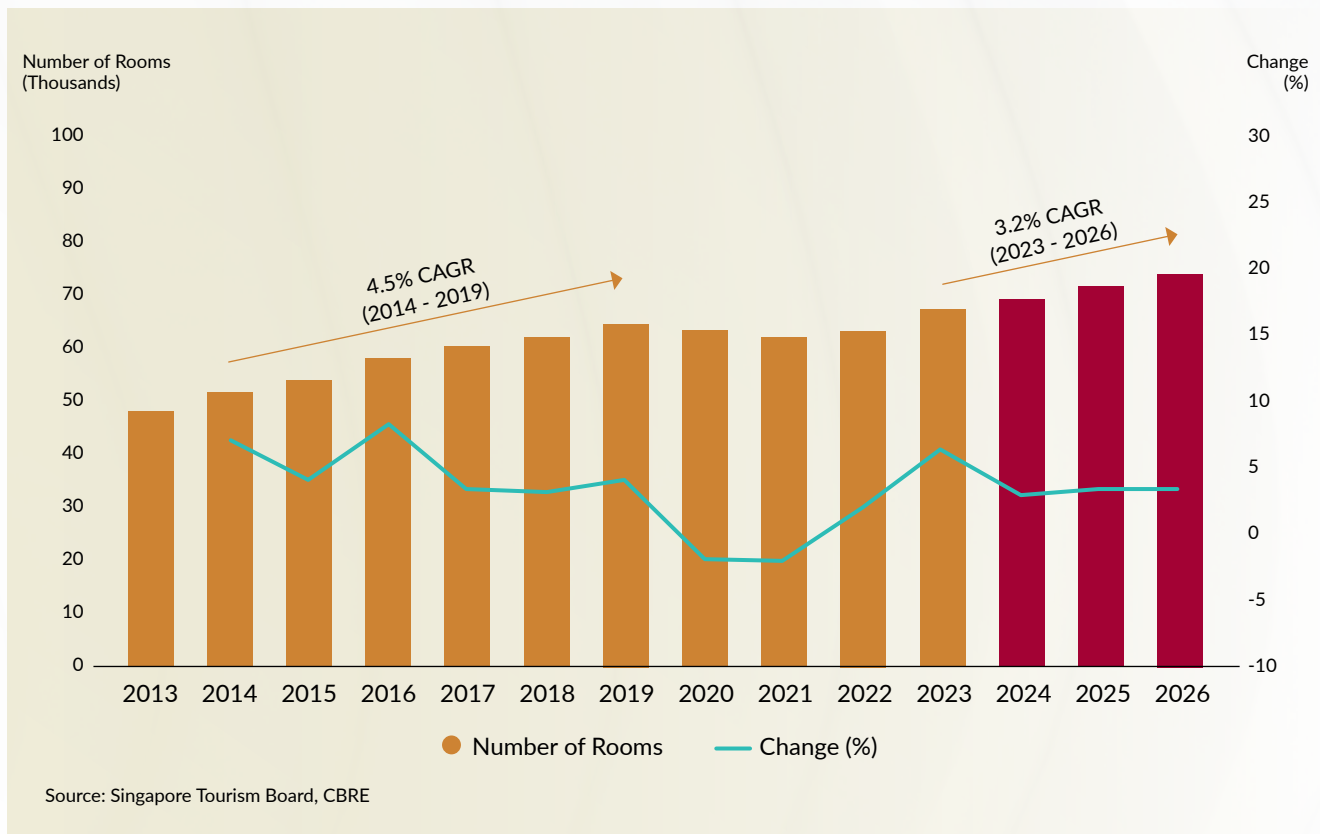
Supply of Hotels by the Number of Rooms

While the pandemic resulted in a limited supply of new hotels over the prior few years, 2023 saw several hotels undergo rebranding, including the Conrad Singapore Orchard (formerly Regent Singapore), COMO Metropolitan Singapore (formerly MGallery Singapore), Aloft Singapore Novena (formerly Ramada and Days Hotel), and ibis Budget Singapore Gold (formerly Regin Hotel), among others. Additionally, several new hotels primarily in the upscale to luxury segment have opened, such as Artyzen Singapore, The Singapore EDITION, Mondrian Singapore, Pan Pacific Orchard and Pullman

Singapore Hill Street. This reflects the competitive hotel landscape, where hotel operators are eager to expand their reach, and hotel owners are keen to associate with reputable and/or new-to-market brands.

Going forward, the pipeline of new room supply is anticipated to increase at a compounded annual growth rate (“CAGR”) of 3.2% between 2023 and 2026 or approximately 6,500 keys, which is below the pre-pandemic historical 5-year CAGR of 4.5% between 2014 and 2019. Key openings until 2026 include the 143-key The Standard Singapore, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, as well as the reopening of the 699-key Grand Hyatt Singapore.

Supply of Hotels by Number of Rooms



INDUSTRY OVERVIEW

Demand and Performance

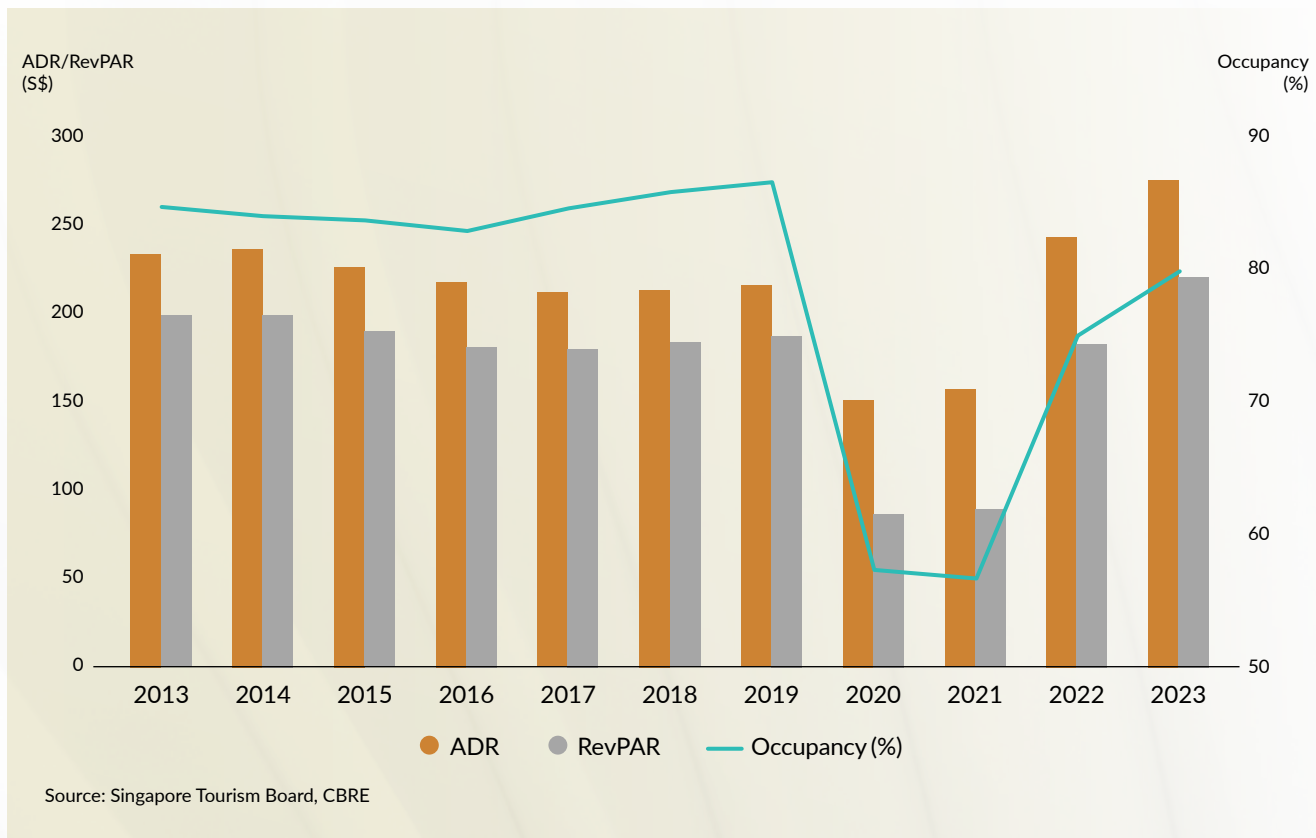
With strong visitor arrivals contributing to a thriving tourism landscape, market-wide average daily rate (“ADR”) maintained an upward trajectory, in tandem with the increasing number of arrivals. The market-wide ADR reached a record high of S\$282 in 2023, demonstrating a year-on-year (“YoY”) growth of 13.2%. Concurrently, average occupancy grew 4.9 percentage points YoY to 80.1%, leading to a revenue per available room of S\$226, a notable 20.6% increase from the year before.

Investment Market

Amidst a high interest rate environment dampening enthusiasm for hotel investments, only 3 transactions were completed in 2023, amounting to approximately S\$571 million, in contrast to the 14 hotel transactions totalling approximately S\$843 million in the previous year. Investor confidence in Singapore’s long-term fundamentals, political stability, and economic resilience is expected to contribute to a positive long-term outlook for the Singapore market.

The table on the following page shows the hotel transactions in Singapore since 2018.

Annual Hotel Performance



Hotel Transactions in Singapore (2018 – 2023)

Year	Name of Property	No. of Rooms	Contract Price (S\$'000)	Contract Price per Room (S\$'000)
2018	Oasia Hotel Downtown	314	210,000	669
2018	Beach Hotel	33	31,500	955
2018	Porcelain Hotel	84	64,800	771
2018	Chang Ziang Hotel	70	18,500	264
2018	Hamilton Hotel	42	18,200	433
2018	Wanderlust Hotel	29	37,000	1,276
2018	Wangz Hotel [^]	41	46,000	1,122
2018	Wangz Hotel [^]	41	60,000	1,463
	Total	654	486,000	
2019	Ibis Novena	241	168,880	701
2019	Hotel Clover 769 North Bridge Road	27	26,800	993
2019	Claremont Hotel	90	68,800	764
2019	The Bay Hotel	319	235,000	737
2019	Andaz Hotel	342	475,000	1,389
2019	The Amaris by Santika	38	29,700	782
2019	Novotel Singapore Clarke Quay*	403	375,900	933
2019	W Singapore Sentosa Cove*	240	324,000	1,350
2019	Somerset Liang Court	-	163,300	-
	Total	1,700	1,867,380	
2020	Amber Hotel Katong	46	27,000	587
	Total	46	27,000	
2021	Gay World Hotel	27	13,500	500
2021	D'Kranji Farm Resort	35	4,800	137
2021	Balestier Hotel	42	15,000	357
2021	Malacca Hotel (and adjacent residential plot)	29	18,080	-
	Total	133	51,380	
2022	Porcelain Hotel ⁺	138	90,000	652
2022	K Hotel	56	22,500	402
2022	HotelKai	32	20,771	649
2022	Porcelain Hotel ⁺	138	90,000	652
2022	Hotel Clover	88	74,800	850
2022	Regin Hotel	46	19,500	424
2022	Fortuna Hotel	106	85,800	809
2022	Sofitel SO Singapore	134	240,000	1,791
2022	Hotel Soloha	45	53,380	1,186
2022	12 on Shan	78	86,500	1,109
2022	Sing Hoe Hotel	41	29,000	707
2022	Arabic Inn (48 Arab Street)	22	4,559	207
2022	New Society Backpackers Hostel	48	5,586	116
2022	Pasir Panjang Inn	54	21,221	393
	Total	1,026	843,618	
2023	Amber Hotel/Amber Hotel Katong	25	34,770	1,391
2023	K Hotel 8	56	10,800	193
2023	Parkroyal on Kitchener Road	542	525,000	969
	Total	623	570,570	

Source: RCA, CBRE Hotels

[^] Wangz Hotel was acquired by TCRE Partners Pte Ltd circa August 2018 and subsequently acquired by Cheong Sim Lam, a private investor circa November 2018.

* Deal announced in November 2019 and completed on 16 July 2020.

+ Porcelain Hotel was acquired by JL Asia Resources Pte Ltd circa March 2018 and subsequently acquired by RB Family Office circa February 2022.

INDUSTRY OVERVIEW

Outlook

STB expects between 15 million and 16 million visitor arrivals in 2024. With a well-managed pipeline of hotel room supply and collaborative efforts between STB and tourism/MICE (Meetings, Incentives, Conferences and Exhibitions) partners, Singapore is poised for sustained recovery in both leisure and business travel. Key strategies, such as increasing flight capacities and marketing campaigns like Tourism 203X, SingapoReimagine will help to create demand and attract visitors to Singapore. The rejuvenation of Orchard Road, upcoming tourist attractions (e.g. Rainforest Wild, Kidzania, Singapore Oceanarium, new rides at Universal Studios Singapore, and the expansion of the two integrated resorts), as well as infrastructure projects will improve the appeal of Singapore as a destination of choice. Furthermore, a noticeable shift in tourism trends, emphasising quality tourism, sustainability and urban wellness concepts, are important for maintaining the hotel industry’s upward growth trends in ADR and occupancy levels in the medium to long term.

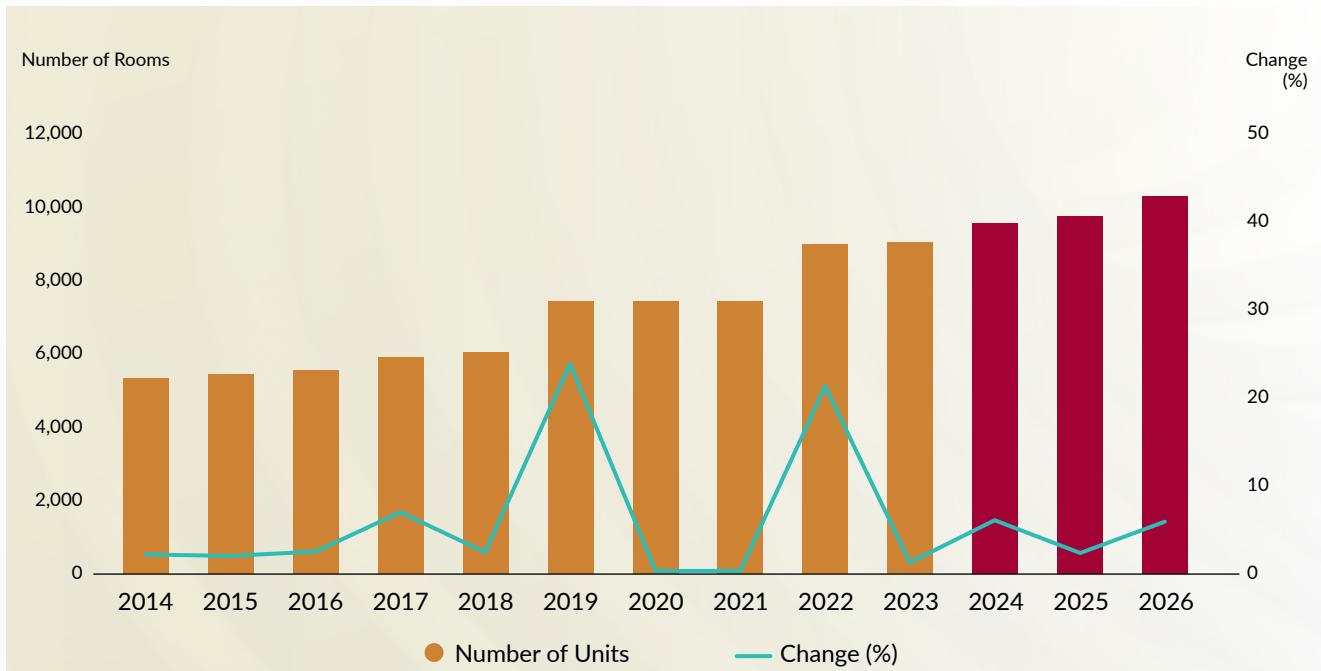
SINGAPORE SERVICED RESIDENCE (“SR”) MARKET OVERVIEW

Supply of SRs by the Number of Units

The total supply of serviced residences has been relatively low compared to the hotel market, with limited additions in recent years. In 2023, there were several reopenings and brand conversions, such as Adina Serviced Apartments Singapore Orchard (formerly Regency House), Novotel Living Singapore Orchard (formerly 8 on Claymore), and Dao by Dorsett AMTD (formerly Oakwood Premier). Notable openings in 2023 include Citadines Connect Rochester by Ascott Limited and Fraser Residence River Promenade by Fraser Hospitality. Future supply includes the 250-key Citadines Science Park and the 192-key Somerset Serviced Residences scheduled to open in 2024 and 2025 respectively. In addition, the Government is piloting a new class of serviced residences requiring a minimum of a three-month stay, with two new land sales sites at Upper Thomson Road and Zion Road, offering about 535 units in total.

The graph below shows the supply growth for both traditional and hybrid serviced residences.

Supply of Serviced Residences by Number of Units



Source: Singapore Tourism Board, CBRE

Demand and Performance

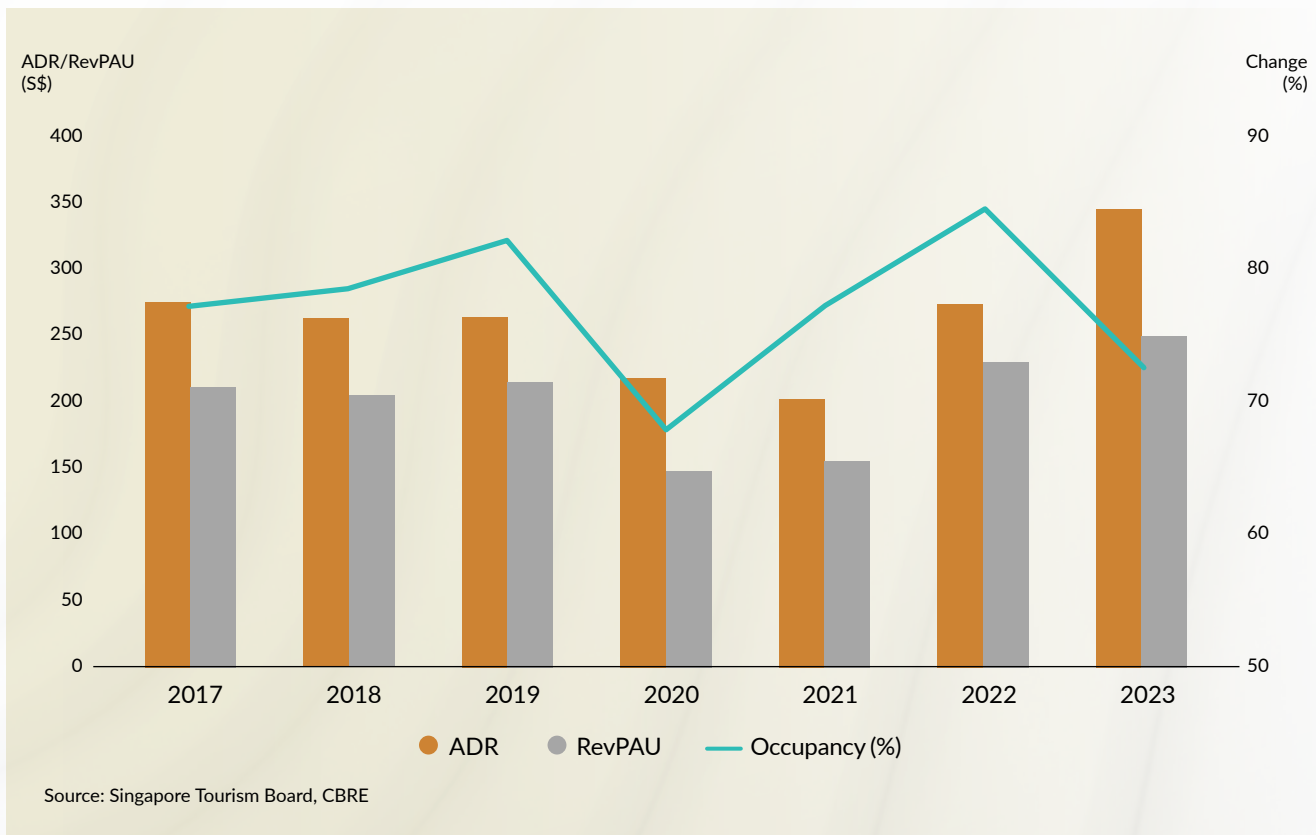
Singapore as a vital hub for conferences, events and a financial centre plays a crucial role as a strategic entry point for global business in the Asia Pacific region and beyond. Over the last decade, Singapore has enjoyed steady growth leveraging its competitive advantages to reinforce its status as a regional hub for multinational corporations operating on a global scale.

While the performance of both the serviced residence and hotel market generally moves in tandem, the serviced residence market has demonstrated resilience through its traditional long-stay business model, providing a strong

foundation during the pandemic. The robustness of the serviced residence market is attributed to a healthy level of demand from project groups, rolling lease extensions from corporate accounts, and local Singaporeans that required an alternative accommodation due to renovations and displacements, etc.

As a result, ADR for 2023 grew 26.3% YoY to S\$340, offset by a dropped in occupancy of -11.7 percentage points to 72.2%. Overall, the RevPAU for the serviced residence market achieved a 5-year historical high of S\$245, up 8.6% from the previous year.

Annual Serviced Residence Performance



INDUSTRY OVERVIEW

Investment Market

The investment market for serviced residence assets in Singapore has been relatively quiet in recent years, with only a few transactions occurring, as operators and developers prefer to acquire properties for conversion or redevelopment rather than purchasing existing stock.

This trend was evident even before the pandemic. Between 2018 and 2019, only three transactions were completed. These transactions included the sale of the 75-key Darby Park Executive Suites, 146-key Ascott

Raffles Place Singapore, and the 268-key Oakwood Premier OUE Singapore.

In 2023, no transactions were recorded, reflecting the impact of the high interest rate environment, marking a decrease from the two transactions recorded in 2022 which included the sale of Central Square, and the sale of Orchard Hills Residences.

The table below shows the latest transactions in Singapore for serviced residences, including those with hotel license:

Serviced Residence Transactions in Singapore (2018 – 2023)

Year	Name of Property	No. of Rooms	Contract Price (\$\$'000)	Contract Price per Room (\$\$'000)
2018	Darby Park Executive Suites*	75	92,710	1,236
	Total	75	92,710	
2019	Ascott Raffles Place Singapore^	146	353,300	2,420
2019	Darby Park Executive Suites**	75	160,000	2,133
2019	Oakwood Premier OUE Singapore^	268	289,000	1,078
	Total	489	802,300	
2022	Central Square Village Residences (Village Residences Clarke Quay)	128	333,000	2,602
2022	30 Bideford Road (Orchard Hills Residences - MGallery)	168	309,000	1,839
	Total	296	622,200	

Source: RCA, CBRE Hotels

^ Serviced Residence with Hotel License.

* Serviced Residence.

+ Resold with underlying URA zoning changed from Residential to Hotel use.



Adina Serviced Apartments Singapore Orchard, Lounge Area

Outlook

Over the years, the type of serviced residences has expanded to include concepts such as co-living spaces and serviced residences that are also licensed as hotels, featuring a larger proportion of smaller room types like studios and one-bedroom apartments.

As economies worldwide reopened their borders, the resurgence in business travel, assignments and relocations has significantly increased the demand for accommodation, particularly serviced residences. Southeast Asia continues to be an attractive region for foreign direct investments, driven by positive attributes such as a youthful and tech-savvy workforce, along with an expanding middle class. Positioned strategically within Southeast Asia and known for its talent pool, reliability and political stability, Singapore is well-placed to emerge as a central and premier destination for both business and liveability.

In 2023, Singapore attracted S\$12.7 billion in fixed asset investment commitments, surpassing the Economic Development Board's medium to long-term annual target of between S\$8.0 billion and S\$10.0 billion. When fully implemented over the next few years, these investments are expected to create 20,045 new jobs. As such, the number of employees travelling and relocating for business, assignments and projects is expected to grow, translating to positive demand for accommodation in the serviced residence market.

Given the positive demand for long-stay accommodation, stability provided by the cash flows generated from serviced residence operations is expected to remain an attractive factor for investors.

PERFORMANCE REVIEW

MARKET OVERVIEW

Singapore’s hospitality sector continued to gain momentum throughout 2023, bolstered by ongoing global recovery and the continued easing of travel restrictions worldwide. This period also witnessed the resurgence in leisure and business travel, international conferences, and tourism events, contributing to the sector’s rebound. Singapore’s strategic initiatives to revitalise tourism including marketing campaigns and partnerships have played a vital role in attracting visitors back to the city-state. Moreover, the diversification of tourism offerings with new attractions and enhanced experiences has helped in catering to the evolving preferences of modern travellers.

REVIEW OF HOTEL PORTFOLIO PERFORMANCE

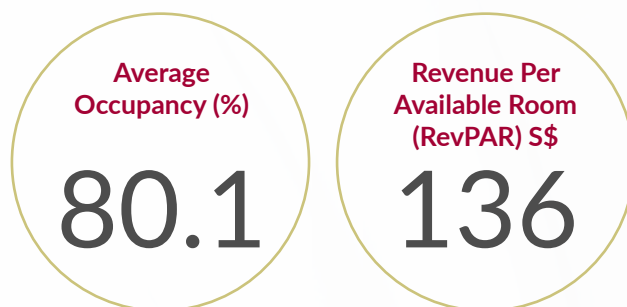
For FY 2023, Far East H-Trust’s hotel portfolio continued to ride the wave of recovery with average occupancy reaching 80.1%, an increase of 6.3 pp as compared to the previous year. This growth occurred despite some hotels in the portfolio ramping up occupancy after exiting government contracts in March and October 2023.

In addition, ADR grew 36.1% to S\$170, driven by robust growth in ADR from the Corporate segment and higher rates from government contracts as compared to the previous year. Consequentially, revenue per available room grew by 47.8% to S\$136.

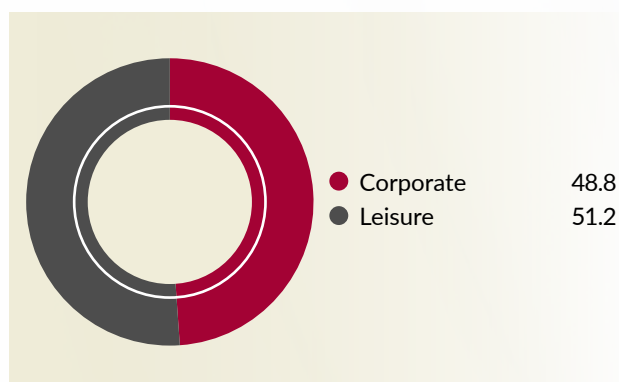
With the strong recovery in leisure travel, revenue from the Leisure segment constituted 51.2% of the total hotel room revenue for FY 2023, up from 29.7% a year ago. Correspondingly, the proportion of corporate revenue dropped to 48.8% in FY 2023 compared to 70.3% a year ago. Revenue contribution from the Corporate and Leisure segments improved 7.8% and 167.7% respectively as compared to the previous year.

Due to the increases in flight capacity and strong recovery of both corporate and leisure travel, revenues from all markets saw healthy growth. Europe claimed the top spot with 25.2% in revenue contribution, followed by North Asia and Southeast Asia at 22.2% and 21.8% respectively.

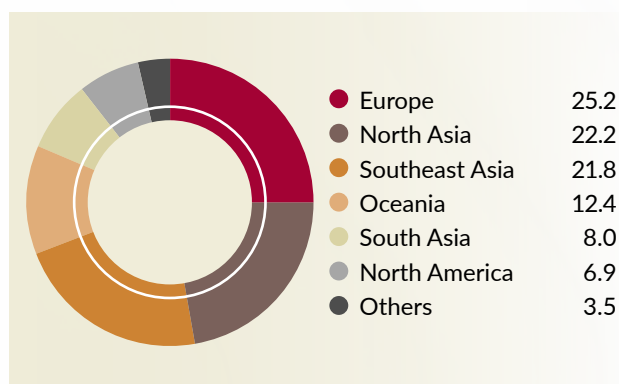
HOTEL PORTFOLIO OPERATING PERFORMANCE (FY 2023)



Revenue by Market Segment (%)



Revenue by Region (%)



REVIEW OF SERVICED RESIDENCE PERFORMANCE

The performance of Far East H-Trust’s serviced residence (“SR”) portfolio continued its strong performance from the previous year, driven by sustained demand from long-stay corporate groups. Additionally, the ability to increase rates with the rebranded Adina Serviced Apartments Singapore Orchard (formerly known as Regency House) bolstered its performance. It was also able to tactically tap into the demand from leisure travellers which commanded higher room rates.

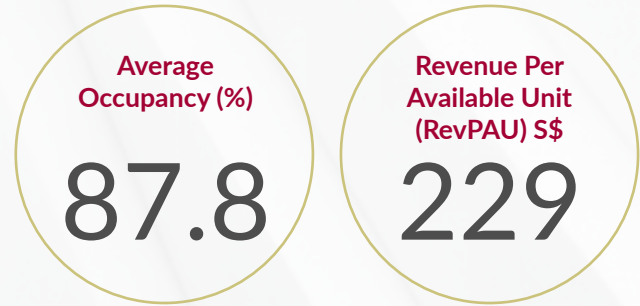
On a same-store basis¹, the ADR of the SR portfolio was 15.3% higher at S\$260 for FY 2023, while the average occupancy of the portfolio saw a slight decrease of 0.5pp to 87.8%. As a result, revenue per available unit grew 14.7% to S\$229, an all-time high since the initial public offering of the Trust in 2012.

The Corporate segment remained the primary driver of revenue, contributing 67.3% of the revenue for the SRs. The proportion of revenue contribution from the Leisure segment was 0.3 pp higher compared to the preceding year, reflecting a relatively stronger growth from leisure travellers. The Services and Banking & Finance sectors continued to be the two largest contributors to revenue, accounting for 28.6% and 23.0% of SR revenue for FY 2023 respectively.

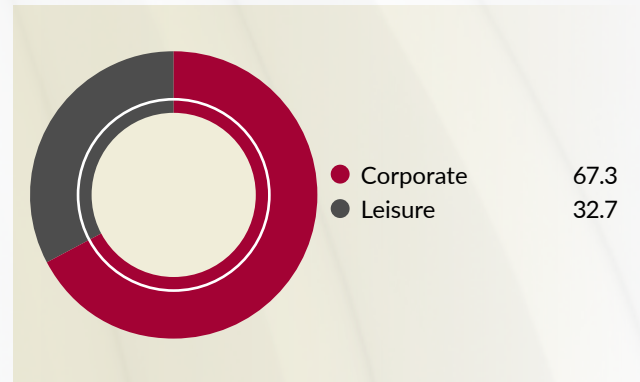


Village Residence Hougang, 3-Bedroom Apartment

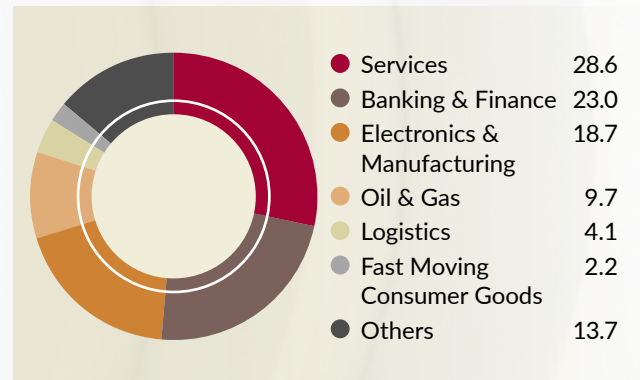
SERVICED RESIDENCE PORTFOLIO OPERATING PERFORMANCE (FY 2023)



Revenue by Market Segment (%)



Revenue by Industry (%)



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

PERFORMANCE REVIEW



Rendezvous Hotel Singapore, Reverie



Regency House, SIP Wine Bistro

REVIEW OF REIT COMMERCIAL PREMISES PERFORMANCE

Far East H-Trust has a total of 177 units of retail and office commercial spaces, housed in 8 out of the 12 properties in the portfolio. In 2023, revenue from the REIT commercial premises ("RCP") segment made up 15.1% of Far East H-Trust's total gross revenue.

For FY 2023, revenue from the RCP segment was S\$16.2 million, 9.2% higher than the preceding year. The increase in revenue was due to higher occupancies and rental rates secured for both the office and retail premises. The average occupancy of the RCP segment increased 7.2 pp and rental rate per square foot (including turnover rent) was 10.2% higher year-on-year.

The average occupancy for the retail premises grew 5.8 pp to 77.3% in 2023, predominantly due to the improvement in occupancies at Orchard Rendezvous Hotel ("ORH") and Vibe Hotel Singapore Orchard ("VHSO").

Two sizeable tenants, Natureland at ORH commenced its lease in early 2023 while ROOS at VHSO contributed to a full year of occupancy since commencing its lease in the second half of 2022.

New food & beverage operators were also secured at Rendezvous Hotel Singapore and Village Hotel Changi which exited the government contracts. As at 31 December 2023, the committed occupancy of the retail premises stood at 86.2% including leases that have been signed but have yet to commence.

The average occupancy for the office premises grew 10.8 pp to 95.4%, driven by the strong take-up of new leases and continued renewals. At ORH, average occupancy reached 94.3% representing an improvement of 15.5pp as compared to the previous year. This was achieved by working closely with marketing agents and seizing opportunities from the redevelopment of Tanglin Shopping Centre. At Regency House, a high average occupancy

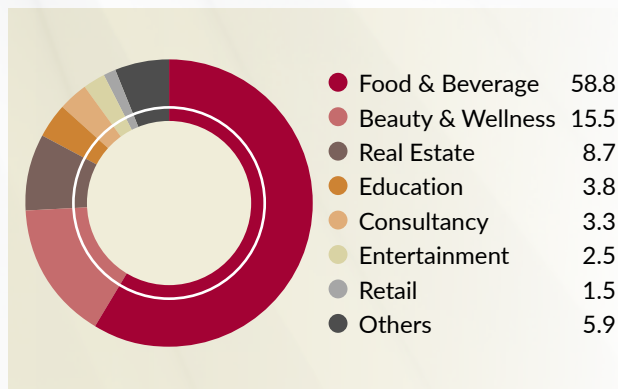
of 96.7% was achieved as almost 90% of expiring net lettable area in 2023 was successfully renewed.

In 2023, there were 123 tenants across various trade sectors, the largest being the food & beverage industry.

As at 31 December 2023, the RCP segment had a higher weighted average lease expiry (“WALE”) of 1.74 years as compared to 1.37 years in the previous period. Remaining lease tenure ranged from less than a year to five years.

New leases entered into during the year had a WALE of 2.67 years and made up 13.0% of RCP revenue for the year.

Trade Sector Mix of Tenants by Revenue (%)



Lease maturity profile as at 31 December 2023

	2024	2025	2026	2027	2028
% of Leases expiring	37%	37%	21%	3%	2%
% of total gross monthly RCP revenue	35%	22%	31%	8%	4%

Top 10 RCP tenants as at 31 December 2023

No	Tenant	Percentage of Revenue	Industry
1	Akashi Japanese Restaurant OPH Pte Ltd	6.7%	Food & Beverage
2	Club Chinois Pte Ltd	6.6%	Food & Beverage
3	Far East Organization entities	5.7%	Real Estate/Hospitality Services/ Food & Beverage
4	White Marble (2021) Pte Ltd	4.4%	Food & Beverage
5	Natureland Global Pte Ltd	4.3%	Beauty & Wellness
6	Singapore Hospitality Group Pte Ltd	3.4%	Food & Beverage
7	Menu 2 Pte Ltd	2.8%	Food & Beverage
8	Kam Boat Chinese Cuisine Pte Ltd	2.6%	Food & Beverage
9	Royal Palm Pte Ltd	2.3%	Food & Beverage
10	328 F&B Holding Pte Ltd	2.3%	Food & Beverage

CAPITAL MANAGEMENT

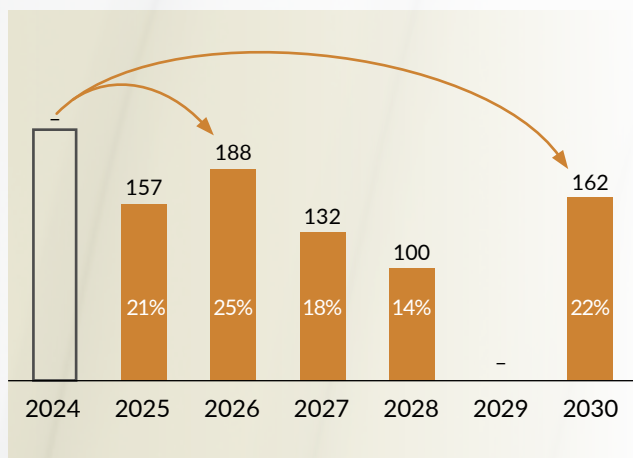
Far East H-Trust endeavours to maintain a strong balance sheet, employ an appropriate mix of debt and equity in financing acquisitions of properties, secure diversified funding sources and optimise its cost of debt financing.

As at 31 December 2023, Far East H-Trust had total borrowings of S\$738.6 million in term loan facilities. Coupled with fair value gain of the properties, aggregate leverage decreased from 32.0% to 31.3% in December 2023, a 0.7 percentage point improvement. This level is well below the 50.0%¹ gearing limit allowed by the Monetary Authority of Singapore (“MAS”) for property trusts in Singapore. Far East H-Trust has a healthy interest coverage ratio (“ICR”) of 3.5 times².

The REIT Manager keeps a well-spread debt maturity profile to minimise any refinancing risk in any one year. There is no more than 25% of debt due for refinancing in any year.

During the year, the REIT Manager demonstrated its commitment towards sustainability with the execution of three sustainability-linked term loans amounting to S\$225.0 million with three separate lenders, bringing the sustainability-linked term loans to S\$350.0 million or 47.3% of its total borrowing as at 31 December 2023.

Debt Maturity Profile (S\$ Million) as at 31 December 2023



The REIT Manager successfully refinanced the existing (a) 5-year term loan of S\$100.0 million to a 7-year USD75.2 million (or S\$100.0 million equivalent) with its existing lender; and (b) 7-year term loan of S\$125.0 million to a 3-year (plus 3-year extension option) and 7-year tenor with two lenders in December 2023. The refinancing of sustainability-linked term loans was concluded ahead of their maturity date in March 2024 and extended the weighted average debt to maturity from 3.1 years as at December 2022 to 3.8 years as at December 2023. As such, there are no term loans due in 2024.

Far East H-REIT hedges its exposure to foreign currency risk on US dollar denominated term loan by entering into an inaugural sustainability-linked cross currency swap with notional amount of US\$75.2 million (S\$100.0 million equivalent) to hedge against any foreign exchange exposure on the principal and interest payments.

Far East H-Trust strives to maintain an appropriate proportion of interest rate hedges to manage interest rate risk. As at 31 December 2023, 42.6% of its borrowings were on fixed interest rates from interest rate swap contracts entered into to hedge against the exposure to interest rate volatility.

On the back of a rising interest rate environment, the average cost of debt increased to 3.3% from the year before, partially mitigated by existing interest rate hedges. 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 possible higher interest expenses.

Far East H-Trust has S\$275.0 million of undrawn revolving credit facility. All its 12 investment properties are unencumbered. The debt headroom of S\$1,024.7³ million provides Far East H-Trust with greater access to growth opportunities, ample financial ability and flexibility to fund future asset enhancement initiatives and acquisitions.

1 From 1 January 2022, REITs are required to have a minimum adjusted interest coverage ratio of 2.5 times before the aggregate leverage limit can be increased from the 45% limit up to a maximum of 50%.
 2 ICR is computed as per the definition in the loan covenants. ICR would be 3.5 times based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.
 3 Based on aggregate leverage limit of 50%. The debt headroom would be S\$683.1 million if based on an aggregate leverage limit of 45%.

INVESTOR RELATIONS

Having a strong investor relations function is integral to maintaining a high level of transparency and good governance. The REIT Manager is committed to keeping Stapled Securityholders updated on the latest developments and performance of Far East H-Trust, and makes timely disclosures as required under the Listing Manual of the SGX-ST. Despite the transition to half-yearly financial reporting, the REIT Manager continues to provide business updates for 1Q and 3Q. Pertinent or material information is communicated to various stakeholders via releases on SGXNET, Far East H-Trust’s website (www.fehtrust.com) and other channels including news releases, annual reports and at Stapled Securityholders’ meetings.

INVESTOR MEETINGS AND BRIEFINGS

To understand shareholder viewpoints and concerns, the REIT Manager engages the investment community by way of regular analyst briefings, investor roadshows and conferences, and one-on-one meetings. The CEO and CFO, together with the Investor Relations Manager, devote time to engage both prospective and existing investors on an ongoing basis, both in Singapore and abroad. Site visits to Far East H-Trust’s hotels and serviced residences are also arranged for analysts and institutional investors who are keen to have a better understanding of the hospitality business and asset enhancement initiatives. Over the year, the REIT Manager participated in a mixture of in-person and virtual meetings with the investment community.

Investor Relations Activities

	Date	Event	Organiser
Q1	14 Feb 2023	2H/FY 2022 Post-Results Briefing for Analysts	FEHT
	14 Feb 2023	2H/FY 2022 Post-Results Briefing for Institutional Investors	Daiwa Capital Markets
	27 Mar 2023	Singapore Trading Festival 2023: Fireside Chat – S-REITs in a Peak Interest Rate Environment	SGX-Phillip Securities
Q2	20 Apr 2023	11th Annual General Meeting	FEHT
	28 Apr 2023	1Q 2022 Interim Business Update for Analysts	FEHT
	2 May 2023	1Q 2022 Interim Business Update for Institutional Investors	J.P. Morgan
	28 - 29 Jun 2023	Non-Deal Roadshow – Bangkok, Thailand	DBS Group Research
Q3	28 Jul 2023	1H 2023 Post-Results Briefing for Analysts	FEHT
	28 Jul 2023	1H 2023 Post-Results Briefing for Institutional Investors	DBS Group Research
	5 Sep 2023	Non-Deal Roadshow – Kuala Lumpur, Malaysia	Maybank
Q4	25 Oct 2023	3Q 2022 Interim Business Update for Analysts	FEHT
	25 Oct 2023	3Q 2022 Interim Business Update for Institutional Investors	UOB Kay Hian
	21 Nov 2023	SGX-J.P. Morgan Singapore Corporate Day – Tokyo, Japan	SGX-J.P. Morgan

INVESTOR RELATIONS

GENERAL MEETINGS

Stapled Securityholders are given the opportunity to communicate their views at annual general meetings (“AGM”) and extraordinary general meetings (“EGM”). All directors and representatives from DBS Trustee Limited and the external auditor are present to address queries during the general meetings. Stapled Securityholders can then vote on the resolutions by electronic polling and an announcement of the results showing the number of votes cast for and against each resolution and the respective percentages are made known.

Following the conclusion of the general meeting, voting results and presentation slides are uploaded onto both SGXNET and the corporate website on the same day. Subsequently, meeting minutes along with Stapled Securityholders substantive questions and answers are made public via SGXNET and the corporate website. Minutes of general meetings are also provided to Stapled Securityholders upon request. For more information on Far East H-Trust’s AGM held on 21 April 2023, please refer to page 113 of the Corporate Governance report.

WEBSITE

Stapled Securityholders and the public can also access the corporate website for the latest information on Far East H-Trust, including semi-annual financial reports, quarterly business updates, corporate announcements, annual reports, and circulars, as well as other information, including key insider movements in Stapled Securityholdings. The public can also subscribe to email alerts to be notified whenever Far East H-Trust has a new SGX filing or announcement.

INVESTOR COMPOSITION

As at 31 December 2023, about 70% of Far East H-Trust Stapled Securities were held by institutions, and the remaining 30% by individuals. Entities related to Far East Organization continued to hold the majority, or about 54% of Far East H-Trust’s Stapled Securities, providing strong support and stability. The largest proportion of Far East H-Trust’s institutional investors was from Singapore, holding about 53% of outstanding Stapled Securities, excluding those held by entities related to Far East Organization. Investors from North America formed the next largest investor group, with about 19% of the holdings.

Research Coverage

CGS-CIMB
Citi Research
DBS Group Research
J.P. Morgan
Macquarie Research ²
Maybank
Phillip Securities ³
UOB Kay Hian

Constituent of Key Indices¹

FTSE EPRA Nareit Global Developed Index
iEdge ESG Transparency Index
iEdge ESG Leaders Index
iEdge S-REIT Index
iEdge SG Real Estate Index
iEdge S-REIT Leaders Index
iEdge Singapore Low Carbon Benchmark Index
iEdge APAC REIT Benchmark Index

Enquiries

For enquires on Far East H-Trust, please contact:

Mr James Tan

Manager, Investor Relations & Sustainability Management

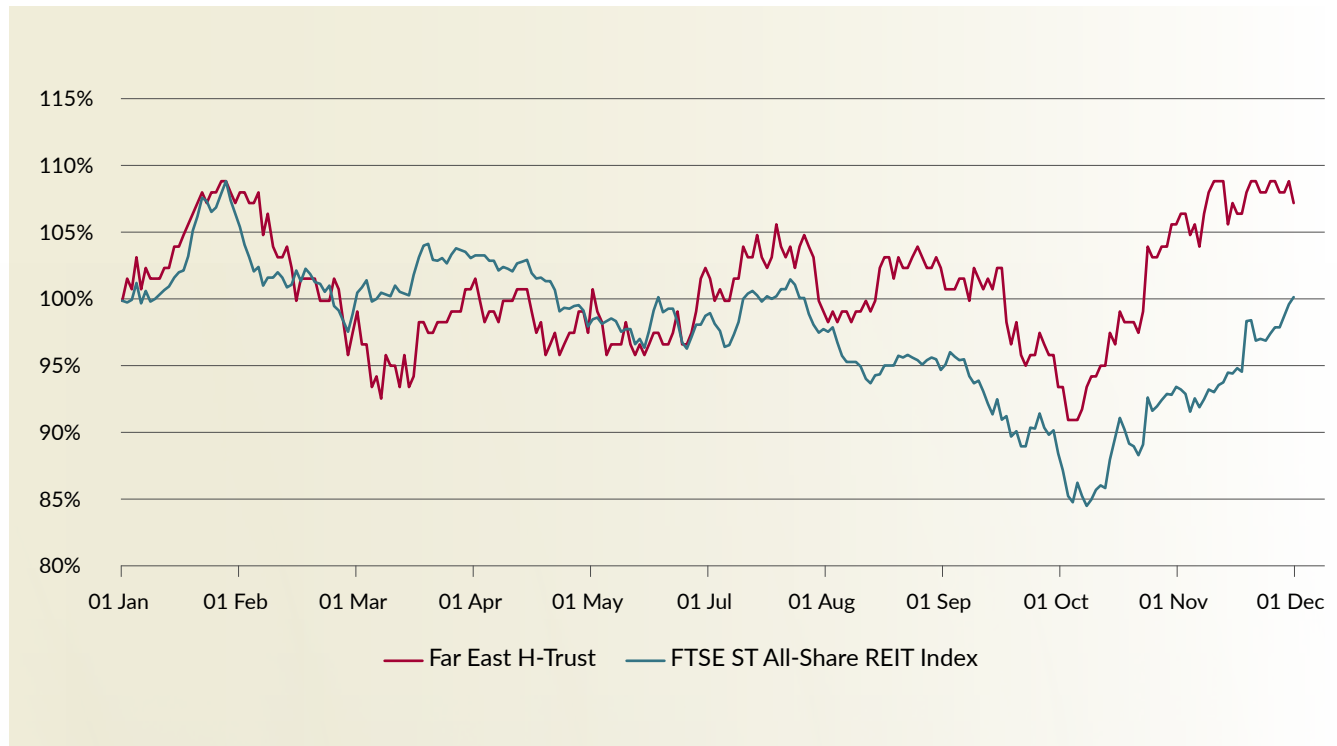
T: +65 9783 8645 E: jamestan@fareast.com

1 The list of key indices is not exhaustive.
 2 Macquarie Research initiated coverage in March 2023.
 3 Phillip Securities Research initiated coverage in January 2024.

In 2023, despite global economic uncertainties and the high interest rate environment, Far East H-Trust's Stapled Security managed to outperform the FTSE ST All-Share REIT Index ("S-REIT"), producing a total return of 13.5%

comprising a dividend yield of 6.2%. In comparison, the overall S-REIT sector grew by 0.3% and had a dividend yield of 7.1%.

Far East H-Trust Stapled Security Price Vs. FTSE ST All-Share REIT Index



Stapled Security Price Performance

	2023	2022
Opening price on the first trading day of the year (S\$)	0.625	0.590
Low (S\$)	0.560	0.520
High (S\$)	0.680	0.695
Closing price on the last trading day of the year (S\$)	0.665	0.620
Total trading volume (stapled securities)	346 million	426 million
Average daily trading volume (stapled securities)	1.4 million	1.7 million

GROWING A
SUSTAINABLE
FUTURE



The Quincy Hotel, Alfresco Dining Area



SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Board is pleased to present Far East Hospitality Trust's ("Far East H-Trust" or the "Trust") seventh Sustainability Report for FY 2023, highlighting our sustainability initiatives and progress throughout the year.

Since our inaugural Sustainability Report for FY 2017, we have continued to make progressive advancements in our Environmental, Social, and Governance ("ESG") practices. Over the last few years, key milestones in our ESG efforts include (a) Comprehensive review, update and validation of Far East H-Trust's sustainability strategy; (b) Setup of an appropriate ESG structure where the Audit, Sustainability and Risk Committee ("ASRC") provides oversight, and the Sustainability Working Committee reviews and implements ESG initiatives in our business; (c) Comprehensive review of Enterprise Risk Management framework, taking into consideration ESG impacts, risk and opportunities in all relevant strategic planning and decision; (d) Annual review, update and validation of FEHT ESG material topics; and (e) Establishing a long-term net-zero emissions target by 2050.

As part of Far-East H-Trust's environmental pillar of Securing our Future, endeavours have been undertaken to enhance climate resilience and to manage climate-related risks and opportunities. During the year, we reviewed and further refined our preliminary climate risk assessment and scenarios on Far East H-Trust's portfolio of 12 properties, with guidance from our sustainability consultant, being one of the big four accounting firms. The assessment was based on a Representative Concentration Pathway ("RCP") 2.6 and RCP 4.5 climate scenarios (commonly referred to as below 1.5°C and below 2.7°C scenarios) on Physical Risks (e.g. flooding) and Transition Risks (e.g. carbon pricing and technology) with medium and long-term time horizons of 2030 and 2050 respectively.

These scenarios include Transition Risks, where the Carbon Risk Real Estate Monitor ("CRREM") methodology was utilised to assess the various key transition risks including the analysis and estimation of (a) the Trust's portfolio emission against decarbonisation targets; (b) the portfolio's excess emission cost, including effect of higher carbon tax; and (c) the portfolio's stranding asset risk. We have also assessed scenarios relating to Physical Risks, where utilising the Climate Central Coastal Risk Screening Tool, we assessed the effects of extreme weather events and the potential flood risk on our portfolio of properties.

Additionally, we reviewed our decarbonisation roadmap to outline our long-term plan for reducing carbon emissions. Furthermore, we completed a feasibility study for upgrading the chiller system at Village Hotel Changi, aiming to achieve Green Mark (Gold Plus) Certification which could potentially reduce approximately 40% to 45% of energy consumption upon completion.

The REIT Manager has commenced the internal assurance process for our sustainability reporting and remain committed to preparing for upcoming regulatory reporting requirements including the International Sustainability Standards Board for Climate Reporting.

Given the evolving national and global efforts to address climate change, the Board continues to actively assess an appropriate intermediate emission target for 2030 for Far East H-Trust's portfolio of assets as it stabilises and normalises following the substantial recovery of visitor arrivals to Singapore. In addition, we are also actively assessing the appropriate Scope 3 emissions categories for tracking and reporting.

Meanwhile, the REIT Manager continues to work closely with Far East Hospitality Management (S) Pte. Ltd. ("FEHMS" or "Operator"). Regular bi-monthly meetings are conducted to pursue our shared ESG objectives. In collaboration with the Operator, the REIT Manager is dedicated to supporting the Operator's efforts to attain certification as a sustainable hotel as accredited by the Global Sustainable Tourism Council. The Operator has also rolled out various initiatives, including the "Think Sustainable Hospitality" initiative in all of our properties, where guests are able to calculate the estimated emission from their stay, given a choice to reduce carbon footprint in terms of the frequency of change for their room linen, towels etc and also choose to pay to offset their carbon footprint from their stay with certified B Corporation, CarbonClick, utilising internationally certified carbon credits.

Far East H-Trust's commitment to the social aspect of Impacting Lives is demonstrated through the implementation of the Education Assistance Scheme ("EAS"), now in its second year. The EAS supports the education of children of employees at Far East H-Trust's tenants, aiming to enhance the prospects of youths from lower-income families. Throughout the year, a total of 10 bursaries were awarded under the EAS, underscoring the REIT Manager's dedication to fostering educational opportunities and making a positive impact on the lives of the community. Additionally, it provides the Trust with another channel to foster and strengthen its relationship with one of our important stakeholders.

In the area of sustainable financing, Far East H-Trust increased its sustainability-linked term loans from S\$225 million to S\$350 million, consisting approximately 47% of the Trust's total committed borrowings. Furthermore, the Trust also had sustainability-linked swaps with a notional amount of S\$185 million during the year.

Embarking on the path to sustainability involves the active involvement of every stakeholder, contributing to the creation of an ecosystem focused on sustainable practices that positively affect lives and enhances the overall well-being of the broader community. As stewards of the Trust, we are dedicated to continuously enhancing our ESG efforts, aligning with our strategic sustainability objectives for the future.

Board of Directors
 REIT Manager Board
 Trustee-Manager Board

ABOUT THE REPORT

Reporting Scope

This report covers Far East H-Trust's ESG strategies, policies and performance for the financial year from 1 January 2023 to 31 December 2023 ("FY 2023"). The scope of this report includes all hotels and serviced residences owned by Far East H-Trust as shown below. This report should be read in conjunction with the other sections of the Annual Report for a comprehensive overview of our operations.

This report has been prepared in reference to the Global Reporting Initiative Standards 2021 ("GRI"), the Task Force for Climate-related Financial Disclosures ("TCFD"), the SGX-ST Listing Rules (711A and 711B), the SGX Sustainability Reporting Guide, and the Environmental Risk Management measures for Asset Managers as guided by the Monetary Authority of Singapore ("MAS").

The GRI standard has been chosen as it reflects the global standards for sustainability reporting in our industry and focuses on topics that impact stakeholders and our business operations. To achieve a high-quality report, the GRI Reporting Principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, verifiability has been applied. TCFD-aligned topics have also been disclosed in various sections of both

Hotels

1. Village Hotel Albert Court
2. Village Hotel Bugis
3. Village Hotel Changi
4. Vibe Hotel Singapore Orchard
5. The Quincy Hotel
6. Orchard Rendezvous Hotel
7. Rendezvous Hotel Singapore
8. Oasia Hotel Novena
9. Oasia Hotel Downtown

Serviced Residences

1. Village Residence Robertson Quay
2. Village Residence Hougang
3. Adina Serviced Apartments Singapore Orchard

the Annual and Sustainability report. For more information, please refer to the end of the sustainability report for the GRI and TCFD index summary.

The Sustainability report has undergone an internal review conducted by an independent internal auditor in FY2023 to assess the design adequacy and effectiveness of internal controls and procedures in the report. As our processes mature in the years ahead, we will also consider commissioning an external independent assurance for our annual sustainability report in line with relevant regulations.

Accessibility

This report, published as a part of our Annual Report, is available in PDF format for download on our website: <https://feht.listedcompany.com/ar.html>. In line with our Environmental Policy to conserve resources and minimise impact on the environment, Far East H-Trust will only print a limited number of this report.

Feedback

We welcome feedback from all stakeholders in our efforts to continuously improve our sustainability performance and practices. All feedback may be directed to Mr James Tan, Manager, Investor Relations and Sustainability Management at jamestan@fareast.com.

SUSTAINABILITY REPORT

SUSTAINABILITY STRATEGY



What Sustainability Means to Far East H-Trust

Our approach to sustainability centres around the management of ESG impacts material to our business operations and their potential effect on stakeholders. We are committed to managing our risks and opportunities and addressing the concerns of stakeholders to ensure business resilience and creating a positive change in the community we operate in.

As such, Far East H-Trust's sustainability framework focuses on the following key areas to meet the needs and expectations of stakeholders:

- Creating Lasting Value (Economic)**
 We focus on long-term growth of our hospitality portfolio to unlock value for all stakeholders.
- Securing Our Future (Environment)**
 We collaborate with stakeholders to adopt energy-efficient initiatives and manage our resources responsibly to achieve climate resilience.
- Impacting Lives (Social)**
 We proactively engage staff, tenants, customers, and the community to generate positive impacts.

- Good Governance**

We strive to maintain stakeholders' trust through continuous strengthening of our governance policies (aligned to global best practices), which underpin all our sustainability efforts.

Sustainability Governance

Board Oversight

The Board and ASRC are responsible for ESG strategies and climate risk management across Far East H-Trust. The Board takes into consideration ESG and climate-related issues in all strategic planning exercises – including risk management, policy setting, annual budgets, capital expenditure planning, as well as acquisition and divestment deliberations.

The Board also ensures conformance with applicable regulations related to sustainability such as SGX-ST Listing Rules 711A and 711B, SGX Sustainability Reporting Guide and Environmental Risk Management measures for Asset Managers as set out by MAS.

Management's Roles

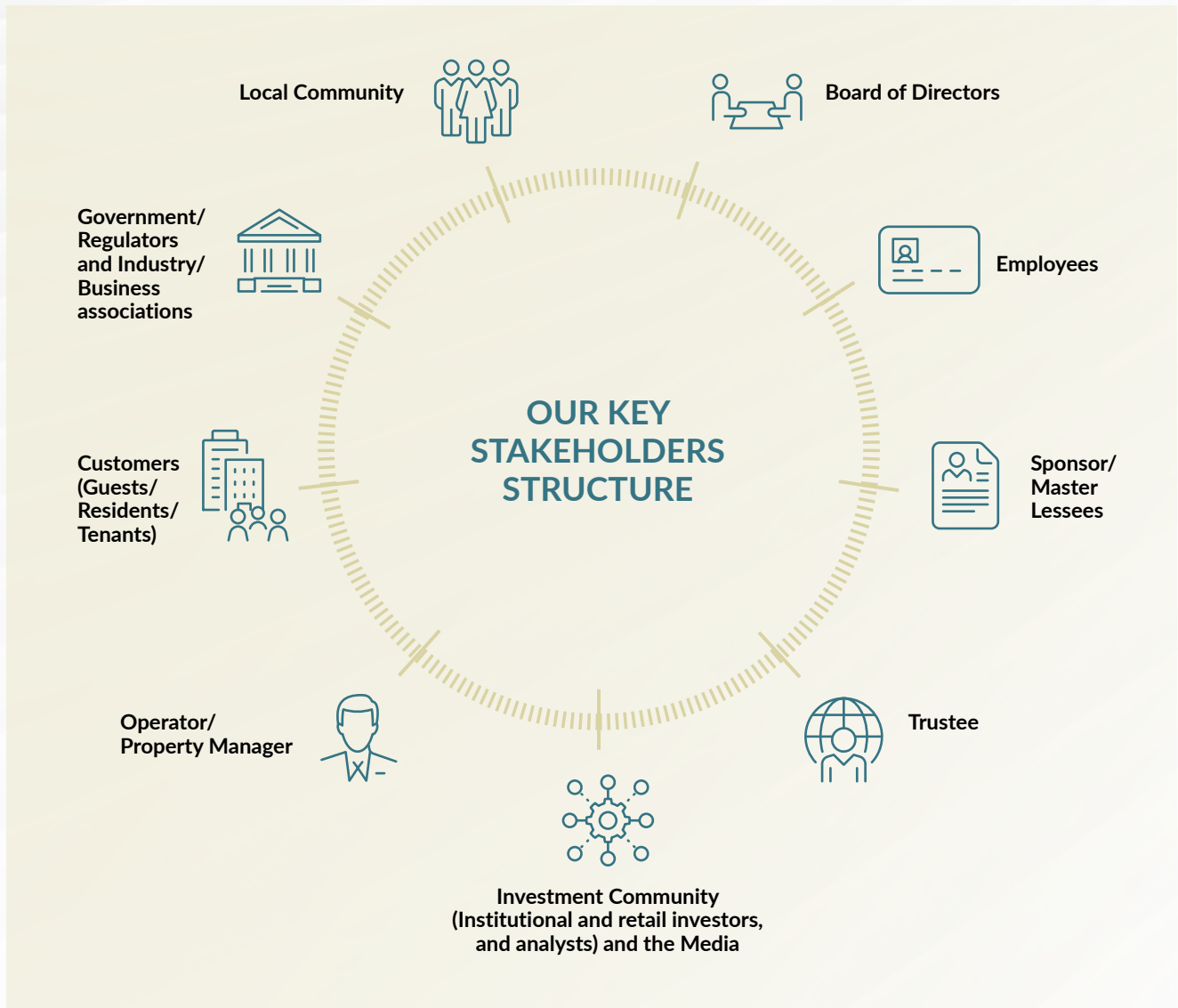
Far East H-Trust's sustainability management is overseen by Mr Gerald Lee, Chief Executive Officer ("CEO") of the REIT Manager. He provides the overall sustainability direction and approves key sustainability practices and is supported by the Sustainability Working Committee ("SWC") comprising representatives from Finance, Asset Management and Investor Relations. The SWC drives and monitors sustainability initiatives of the Trust. The SWC works closely with and gathers inputs from our Operator, the master lessees, and the property manager of the commercial premises.



Governance Overview

Governing Body	Responsibilities
Audit, Sustainability and Risk Committee	<p>Overseeing environmental, social and governance strategy</p> <ul style="list-style-type: none"> Oversees the processes used to identify, evaluate and manage material ESG-related issues (including risks related to Far East H-Trust's business). Makes recommendations to the Board on Far East H-Trust's strategies, targets, policies, and roadmap pertaining to sustainability. Monitors the compliance with applicable regulations and policies as well as the adequacy of resource allocation and overall stakeholder engagement and outcomes. Reviews the effectiveness of strategies, targets, policies, and roadmaps pertaining to sustainability. Reviews the status updates on the implementation and progress against sustainability targets.
Sustainability Working Committee	<ul style="list-style-type: none"> Reports to the CEO. Identifies and examines ESG and climate-related risks and opportunities and provides relevant recommendations. Drives and monitors ESG and climate-related initiatives.

SUSTAINABILITY REPORT



Far East H-Trust integrates sustainability across all business operations and is committed to creating positive value for stakeholders. Our stakeholders have a vested interest in our business and influence our operations, products and services, business approach, and strategies. Understanding their interests and concerns is therefore important to us.

To build relationship and trust with our stakeholders, the REIT Manager strives to maintain open communication by proactively engaging them throughout the year via various channels. The engagements enable us to understand their key concerns and guides us in making informed management decisions to advance our sustainability strategies and objectives.

Key Stakeholders	Key Areas of Interests	Mode of Engagement
Board of Directors	<ul style="list-style-type: none"> Financial and operational performance Business strategy and outlook ESG strategy and performance Governance controls 	<ul style="list-style-type: none"> Board meetings Annual General Meeting Induction and orientation programmes for new Board members
Employees	<ul style="list-style-type: none"> Training and development Employee well-being Employee satisfaction Job security Occupational health and safety Diversity and equal opportunity 	<ul style="list-style-type: none"> Training and induction programmes Annual employee engagement survey Quarterly performance appraisals Career development Team building activities (Recreational, social, and community events)
Sponsor/Master Lessees	<ul style="list-style-type: none"> Financial and operational performance 	<ul style="list-style-type: none"> Bilateral communication through meetings and site visits
Trustee	<ul style="list-style-type: none"> Good governance by Management and Board Safeguarding of stakeholder interests 	<ul style="list-style-type: none"> Monthly reporting and updates Ongoing dialogues and regular feedback
Investment Community (Institutional and retail investors, and analysts)	<ul style="list-style-type: none"> Financial and operational performance Business strategy and outlook Corporate governance ESG strategy and performance 	<ul style="list-style-type: none"> Annual General Meeting Annual report Results and business updates briefing Press Releases Corporate website and SGXNET announcements Investor meetings (One-on-one/ conferences/roadshows)
Operator/Property Manager	<ul style="list-style-type: none"> Optimal operational performance Property maintenance and enhancements Implementation of ESG strategy and best practices 	<ul style="list-style-type: none"> Monthly performance reviews and meetings Site inspections of properties and discussions on areas for improvement Reviews of asset enhancement and capital expenditure Bi-monthly sustainability meeting with the Operator
Customers (Guests/Residents/Tenants)	<ul style="list-style-type: none"> Well-being, health and safety Quality of service and facilities Customer experience and satisfaction 	<ul style="list-style-type: none"> Customer satisfaction surveys Feedback on the improvement of spaces Discussions on tenant assistance
Government/Regulators and Industry/Business associations	<ul style="list-style-type: none"> Regulatory compliance Regulatory and industry trends Corporate governance 	<ul style="list-style-type: none"> Regulatory filings Briefings, dialogues and consultations
Local Community	<ul style="list-style-type: none"> Environmental and Social Impact 	<ul style="list-style-type: none"> Social outreach programmes

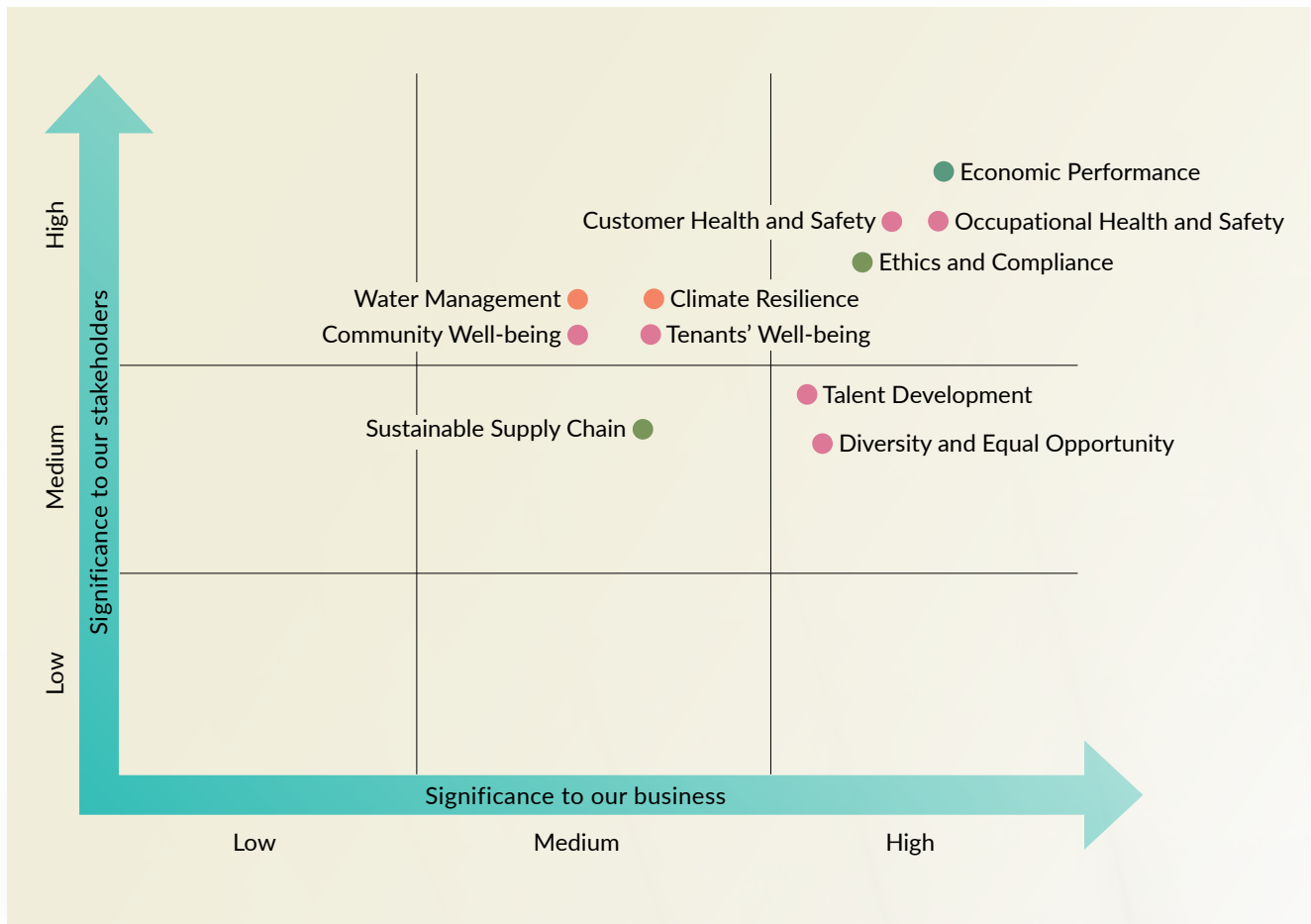
For more details on our engagement with Stapled Securityholders, Investment Community and the Media, please refer to page 43 on Investor Relations.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Far East H-Trust had identified our material ESG topics in FY 2021 after a thorough validation and review exercise with assistance and advice from our sustainability consultant, which is one of the Big Four accounting firms. For FY 2023, taking into consideration the operation and ESG environment and developments, the ASRC has reviewed and refined material ESG topics and are of the view that they remain accurate and relevant.

ESG Material Topics



- Creating Lasting Value (Economic)
- Securing Our Future (Environment)
- Impacting Live (Social)
- Good Governance

UN SDGs

Recognising that the creation of a sustainable future requires action from both government leaders and businesses, Far East H-Trust supports the United Nations' Sustainable Development Goals ("UN SDGs") and is committed to contributing towards the advancement of sustainable development. We have identified 8 SDGs where we believe our business can create the most significant impact.

	UN SDG Goals	Importance to Far East H-Trust	Chapter reference
	Good Health and Well-being Ensure healthy lives and promote well-being for all	We take active steps to create a healthy and safe working environment as well as to promote the well-being of our employees and stakeholders.	<ul style="list-style-type: none"> Occupational health and safety Customer health and safety Tenants' well-being Community well-being
	Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities	We believe in the importance of upskilling our employees to ensure they remain relevant in the changing business landscape and have the necessary skillset to perform their duties to the best of their abilities.	<ul style="list-style-type: none"> Talent development Community well-being
	Affordable and Clean Energy Increase substantially the share of renewable energy in the global energy mix	We constantly seek new opportunities to optimise our energy efficiency.	<ul style="list-style-type: none"> Climate resilience Strategic and operational initiatives for energy conservation
	Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	We are committed to create lasting value for our stakeholders and ensure continual business growth.	<ul style="list-style-type: none"> Economic performance
	Reduced Inequality Reduce inequality within and among countries	We treat all employees and stakeholders with respect and is committed to provide equal opportunities for all regardless of their background.	<ul style="list-style-type: none"> Diversity and equal opportunity Community well-being
	Responsible Consumption and Production Ensure sustainable consumption and production patterns	We strive to be a responsible steward and sustainable consumption of resources.	<ul style="list-style-type: none"> Climate resilience Water management Sustainable supply chain
	Climate Action Take urgent action to combat climate change and its impacts	We seek to manage and minimise our carbon footprint and reduce our impact on the environment.	<ul style="list-style-type: none"> Climate resilience
	Peace, Justice and Strong Institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	We strive to maintain stakeholders' trust through continuous strengthening of our governance policies (aligned to global best practices).	<ul style="list-style-type: none"> Good Governance

SUSTAINABILITY REPORT

OUR JOURNEY



KEY HIGHLIGHTS FOR FY 2023

 CREATING LASTING VALUE (Economic)	 SECURING OUR FUTURE (Environment)	 IMPACTING LIVES (Social)	 GOOD GOVERNANCE (Governance)
<ol style="list-style-type: none"> 1. Gross revenue grew 27.8% year-on-year to S\$106.8 million, on par with 2019 on a same-store basis¹. 2. Distribution to Stapled Securityholders grew 26.0% year-on-year. 3. Portfolio valuation rose 2.6% year-on-year, primarily driven by improved operating performance. 4. S\$350 million of sustainability-linked term loans (~47% of total committed borrowings). 	<ol style="list-style-type: none"> 1. Energy consumption and carbon emissions intensity per occupied room decreased 1.2% and 1.6% year-on-year, respectively. 2. 5 properties certified under the Green Mark scheme by the Building and Construction Authority ("BCA") of Singapore. 3. Ranked within the top 5th percentile for the Morningstar Sustainalytics ESG rating for the Global Universe². 	<ol style="list-style-type: none"> 1. Education Assistance Scheme benefited 10 children, more than doubling from the prior year. 2. Employee survey received a participation and engagement rate of 100%. 3. Zero fatalities and occupational diseases. 4. 50% of female directors on the Board, exceeding the recommended target set by the Council for Board Diversity for listed companies. 	<ol style="list-style-type: none"> 1. Ranked 2nd in the Singapore Governance and Transparency Index³. 2. Winner of two awards from the SIAS Investors' Choice Awards³: <ul style="list-style-type: none"> • Shareholder Communication Excellence Award • Singapore Corporate Governance Award 3. Zero case of incidents relating to corruption, non-compliance and data leaks, theft or breaches.

1 Excluding the contribution from Central Square which was divested on 24 March 2022.
 2 As of June 2023. Sustainalytics' ESG Risk Ratings measure a company's exposure to industry-specific material ESG risks and its effectiveness in managing them. This multidimensional approach combines management and exposure concepts to arrive at an absolute assessment of ESG risk.
 3 REITs and Business Trust Category.



Creating Lasting Value

Economic Performance

Far East H-Trust is committed to achieving sustainable business growth and creating value for our stakeholders. We drive shareholder value and grow distributions through three key strategies – value-adding acquisitions, active asset management and enhancement, and prudent capital and risk management.

Gross revenue for FY 2023 grew 27.8% YoY to S\$106.8 million, driven by higher master lease rental from the hotels and SRs, as well as higher revenue from the retail and office commercial spaces. Distribution to Stapled Securityholders rose 26.0% to S\$81.9 million as a result of higher net property income and sharing of gains

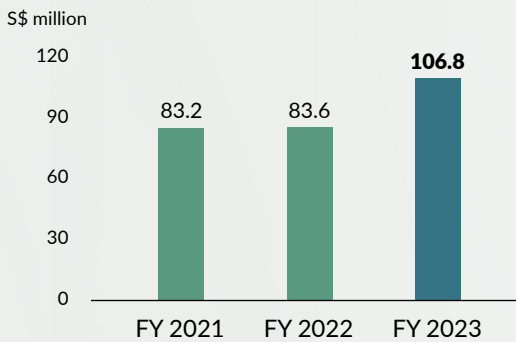
from the divestment of Central Square. The full-year distribution per stapled security (“DPS”) climbed 25.1% to 4.09 cents, surpassing the DPS in 2019 before the pandemic.

For a detailed breakdown of Far East H-Trust’s FY 2023 financial performance, please refer to the following sections of the Annual Report:

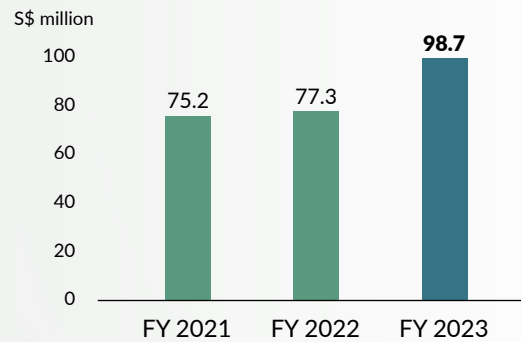
- Financial Highlights, page 02
- Growth Strategies, page 06
- Letter to Stapled Securityholders, page 07
- Our Portfolio, page 20

Financial highlights and performance

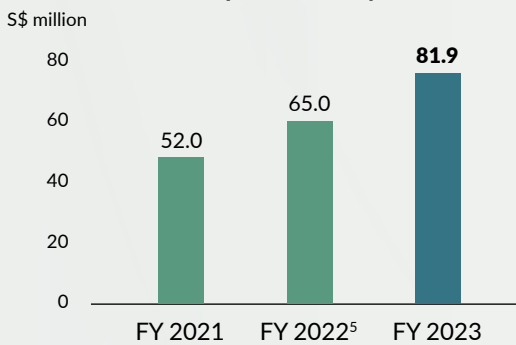
Gross Revenue



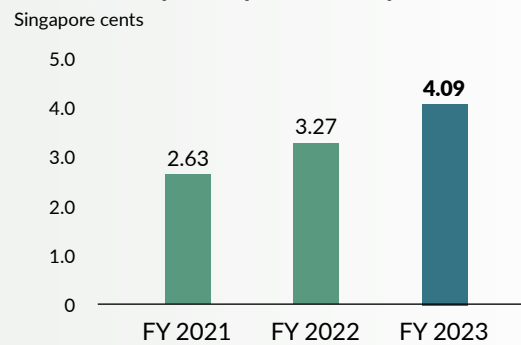
Net Property Income



Distribution to Stapled Securityholders



Distribution per Stapled Security



SUSTAINABILITY REPORT

Securing Our Future

Energy Consumption and Greenhouse Gas Emissions

In our role as a custodian of hospitality, retail and office assets, we recognise the unique position we play at advancing the transition to a low-carbon economy. Our commitment extends to minimising our environmental footprint not only within our operations but also across the entire value chain. The REIT Manager periodically reviews our climate-related initiatives and engages key partners to identify ways to reduce emissions and mitigate climate risks.

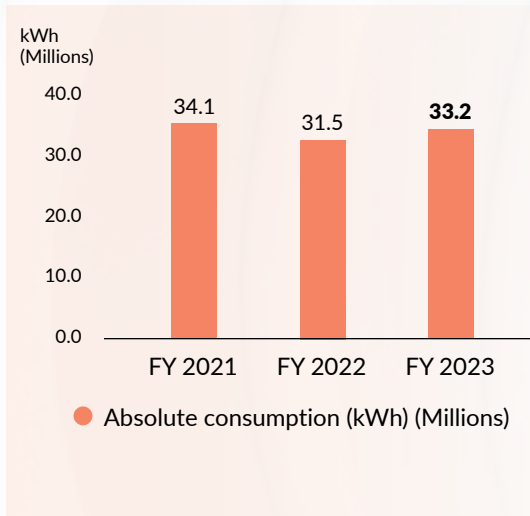
During the year, occupancy experienced an increase and normalised following the end of the pandemic, resulting in higher energy consumption (a 5.4% increase to 33.2 million kWh) and higher carbon emissions (a 4.8% increase to 15,302 tCO₂e) compared to the preceding year. Despite the overall increase in consumption

and emissions, the intensity on a per occupied room basis decreased, driven by higher occupancies. Energy intensity per occupied room decreased by 1.2% and Carbon Emissions (Scope 1 and 2) per occupied room decreased by 1.7%.

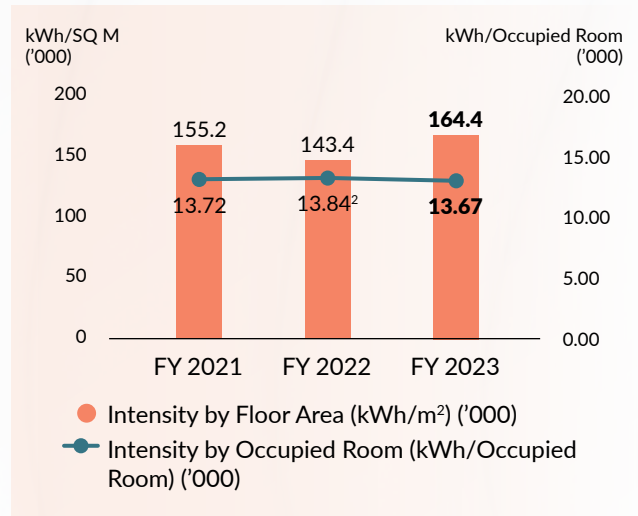
FY 2024 Target

- To reduce the average energy intensity (per occupied room) of Far East H-Trust properties by 2% on a yearly basis.
- Ensure that all newly developed Far East H-Trust buildings in Singapore are designed to qualify for the minimum Green Mark status by the Building and Construction Authority ("BCA") of Singapore

Energy Consumption¹



Energy Intensity



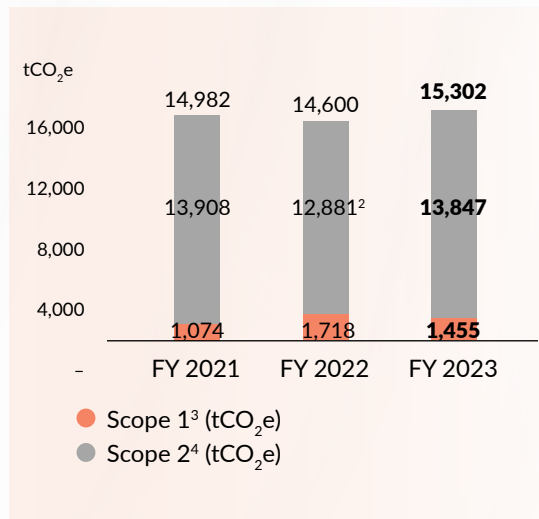
1 While energy efficient equipment and infrastructure have a material impact on energy consumption in the longer term, the Trust relies on the Operator for the day-to-day operations of our properties and works closely with the Operator to manage our energy consumption.
 2 Energy Intensity per occupied room for FY 2022 has been restated.

As we progress and align with the Singapore Government’s Green Plan and various global initiatives, the Trust is actively working towards achieving net-zero emissions by 2050. Meanwhile, due to the substantial recovery of visitor arrivals in 2023, resulting in the increased occupancy, energy consumption, and emissions, the REIT Manager is assessing an appropriate intermediate emissions target for 2030 as these indicators stabilise towards more normalised levels.

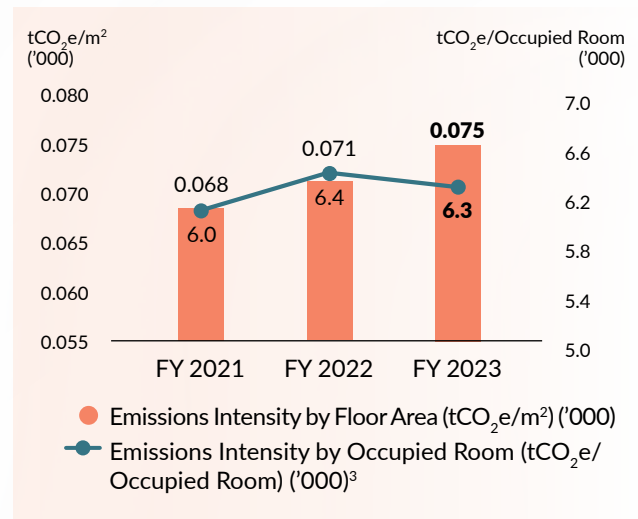
To achieve our emissions target, we have identified several decarbonisation opportunities, beginning with the review of existing aging cooling systems in our properties as well as undertaking feasibility studies on the optimal manner to upgrade them to achieve our objectives in the long-term.

Far East H-Trust is committed to reducing our carbon footprint by implementing both strategic and operational initiatives is shown in below diagram.

Carbon Emissions¹



Carbon Emissions Intensity



Think Sustainable Hospitality
The Operator introduced the 'Think Sustainable Hospitality' initiative across all Far East H-Trust properties. Guests are able to calculate their estimated carbon emissions and can choose to reduce their footprint by adjusting the frequency of room linen and towel changes. Additionally, guests have the option to pay for carbon offset through CarbonClick, a Certified B Corporation, using internationally certified carbon credits.

THINK SUSTAINABLE HOSPITALITY DRIVEN BY INNOVATION.

- CARBON OFFSET**
Take a quick measure of your carbon footprint and learn how you can offset them.
- ROOM LINEN**
Place the linen card on your bed should you wish to request for a change of sheets.
- TOWEL**
Kindly hang your towels up if you intend to reuse them.
- TAP WATER**
Singapore's tap water is safe for direct drinking and fully complies with World Health Organization (WHO)'s guidelines.
- GLASS BOTTLE**
We have replaced plastic bottles with glass bottles to reduce waste generation.
- TOILET PAPER**
Use what's needed and reduce paper wastage.

Scan the QR code to find out more about how you can carbon offset your stay.

1 Far East H-Trust calculates its GHG emissions (Scope 1 and 2) using the operational control approach in accordance with the GHG Protocol. Emission factors in this report are derived from the Energy Market Authority of Singapore (“EMA”) and the UK Department for Environment, Food and Rural Affairs (“DEFRA”) environmental reporting guidelines, aligning with the Intergovernmental Panel on Climate Change’s (“IPCC”) approach to calculating GHG emissions and is one of the third-party databases recognised by the GHG Protocol.
2 Scope 2 emissions for FY 2022 has been revised due to an update in the grid emission factor by EMA.
3 Scope 1 emissions comprise direct emissions from backup diesel generators, gas heaters and refrigerants.
4 Scope 2 emissions comprise indirect emissions from purchased electricity, and the data presented were computed using the location-based method.

SUSTAINABILITY REPORT

Strategic and Operational Initiatives for Energy Conservation

Far East H-Trust has in place an Energy Conservation Policy, which articulates our commitment towards reducing our environmental footprint. We adopt a multi-level and holistic approach in reducing energy consumption and achieving energy efficiency. Guided by the policy, all key principles, strategies and action plans are monitored and evaluated periodically.

Together with the Operator, the REIT Manager will continue to review energy management strategies regularly and will map out key initiatives to meet the objectives of the policy. This includes reviewing the feasibility and ease of implementation of initiatives, relevance in terms of costs and benefits and their impact on guests and staff. We will also review our plant and machinery regularly to identify maintenance regimes and equipment upgrades that can optimise energy consumption.

In FY 2023, the following strategic and operational initiatives were undertaken to advance our progress towards achieving our energy targets:

- Completion of the feasibility study on the chiller plant and air-conditioning and mechanical ventilation system at Village Hotel Changi to identify necessary replacements with the target of achieving Green Mark (Gold Plus) Certification.
- Replacement of selected fan coil units at Orchard Rendezvous Hotel and Village Hotel Albert Court with newer energy efficient models.
- Lift modernisation exercise at Village Residence Hougang with more efficient drive units.

Moving forward, the REIT Manager will continue to pursue energy-saving initiatives across our properties to reduce our overall carbon footprint, transform our properties into energy efficient buildings and ensure our newly developed properties meet the requirements to qualify for the minimum Green Mark status offered by BCA. Additionally, we also acknowledge the importance of accounting for carbon emissions that arise as a result of our supply chain and will work towards disclosing our Scope 3 carbon emissions, where applicable, in future reports.

Objective/ Key Principle of Energy Conservation Policy	Action Plans
Improve energy savings	<ul style="list-style-type: none"> • Frequent checks of equipment to be done to maintain efficiency • Set targets to reduce building energy consumption year-on-year through improvement works and the addition of new energy-saving technologies • Partner with staff and the public on green education initiatives
New builds with environmentally preferred designs	<ul style="list-style-type: none"> • Buildings that Far East H-Trust acquires which are newly built in Singapore to meet the minimum Green Mark status by BCA

Green Buildings

Far East H-Trust continuously seeks to integrate new sustainability initiatives and adopt innovative practices to adhere to the highest environmental standards and meet the standards set out by green building certification schemes.

The following properties have achieved the BCA's Green Mark certification, a benchmarking scheme that incorporates internationally recognised best practices in environmental design and performance.

Certification	Property
Green Mark Gold Plus Award	Village Hotel Bugis
Green Mark Gold Award	Village Hotel Albert Court
	Orchard Rendezvous Hotel
	Rendezvous Hotel Singapore ¹
Green Mark Certified	Village Hotel Changi

In 2023, Village Hotel Albert Court achieved Green Mark Gold certification under BCA's Green Mark 2021 standards. Meanwhile, Oasia Hotel Downtown's Green Mark certification has expired during the same period.

Water Management

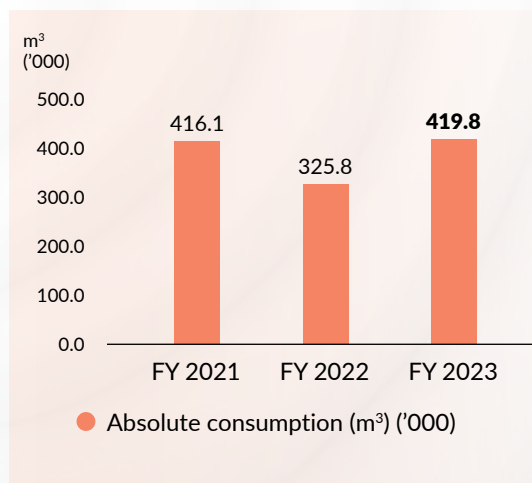
Water is essential to Far East H-Trust's operations. Recognising that our hotels and serviced residences are located in water-scarce Singapore, we seek to work closely with our stakeholders to manage our water consumption and reduce our reliance on potable water.

During the year, water consumption increased 28.9% year-on-year due to a higher number of guests staying at our portfolio of hotels and serviced residences. When measured on an intensity basis per occupied

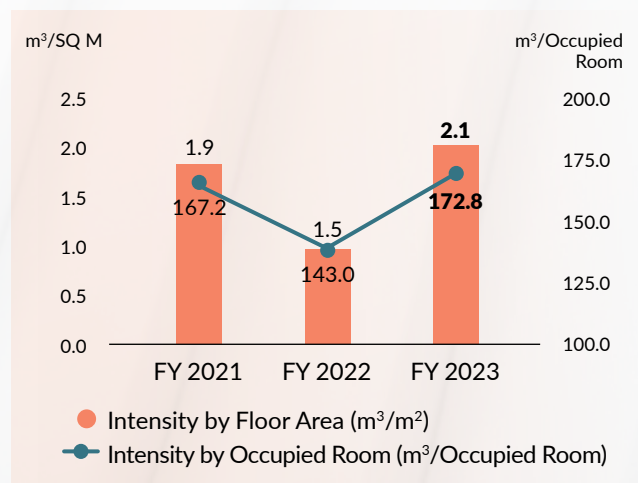
room, consumption increased by 20.8% to 172.8 m³/occupied room.

Although a water reduction target has not been set, the REIT Manager collaborates closely with the Operator to adopt a holistic approach to water management and to identify new water-saving opportunities to reduce overall consumption. One such initiative undertaken by the Operator is the "Think Sustainable Hospitality" programme, where guests are encouraged to minimise room service for towel and linen washes.

Water Consumption



Water Intensity



1 Rendezvous Hotel Singapore's Green Mark Gold Award certification expired on 31 December 2023.

SUSTAINABILITY REPORT

CLIMATE RESILIENCE

In 2023, we reviewed and further refined the preliminary climate risk assessment and scenarios on Far East H-Trust's portfolio of 12 properties, for guidance from our sustainability consultant, a Big Four accounting firm. The assessment was based on RCP 2.6 and RCP 4.5 climate scenarios (commonly referred to as below 1.5°C and below 2.7°C scenarios) on Physical Risks (e.g. flooding) and Transition Risks (e.g. carbon pricing and technology) with a medium and long-term time horizon of 2030 and 2050.

In assessing the Transition Risks, the Carbon Risk Real Estate Monitor ("CRREM") methodology, a real estate specific scenario-based assessment tool was employed. The result was an analysis and estimation of (i) the Trust's portfolio emission against decarbonisation targets; (ii) the portfolio's excess emission cost (including higher carbon tax); and (iii) the portfolio's stranding asset risk.

In assessing the Physical Risk from flooding for both "below 1.5°C" and "below 2.7°C" scenarios in 2030 and 2050, the Climate Central Coastal Risk Screening Tool was employed to identify the potential flood risk to Far East H-Trust's properties and their surrounding areas.

Moving forward, we will continue to make progressive steps to refine our climate risk scenario assessment, as well as monitor climate risk developments. Where relevant, we will develop climate mitigation and adaptation plans to minimise impacts to our business.

Climate Risk and Opportunity

Far East H-Trust incorporates climate-related risks and opportunities into our strategic decision-making processes.

Identification

The SWC conducts an annual exercise to screen and monitor potential climate-related drivers or trends

that could impact the building and hospitality sectors in the markets where Far East H-Trust is operating. The types of risks and opportunities considered include physical and transition trends. The scope of risks and opportunities considered is based on their relevance to Far East H-Trust's hospitality assets and value chain (see column 1 in Tables 1 and 2).

Assessment

The SWC will gather data from external and internal sources to assess the extent of financial impacts of the risks and opportunities identified. The committee will take into consideration the following criteria in its assessment:

- The degree of exposure to risks due to the locations of Far East H-Trust's physical assets and supply chain
- The extent of vulnerability due to the lack of existing capabilities or structure to mitigate risks
- Existing capabilities and resources that Far East H-Trust can tap on to capture opportunities

Prioritisation

The SWC further reviews the risks and opportunities and conducts a prioritisation exercise to ensure an organised and structured approach towards managing climate-related impacts. The SWC takes into consideration the likelihood of occurrence, the magnitude of impact and our capabilities to mitigate risks or leverage opportunities across different time horizons.

The time horizons are defined as follow (see column 3 in Table 1 and column 2 in Table 2):

- Short term (<= 5 years)
- Medium term (6-10 years)
- Long term (>= 11 years)

Strategies

The SWC recommends strategies to mitigate risks and capture opportunities based on the identification, assessment and prioritisation exercises conducted. The recommendations are developed in conjunction with the ASRC and subsequently presented to the Board for approval. Far East H-Trust’s responses to climate-related impacts are reviewed periodically. The REIT Manager will, where appropriate, continue to enhance our climate disclosures.

Potential financial impact level: ● Low ● Medium ● High

Table 1: Climate-related Risks

Transition Risks

Climate-related Risks	Potential Impact on Far East H-Trust	Time Horizon & Potential Financial Impact	Far East H-Trust’s Strategies to Manage Risks
Regulatory risks (e.g. Building and Construction Authority of Singapore, Monetary Authority of Singapore and Singapore Exchange)	<ul style="list-style-type: none"> Far East H-Trust may be affected by changing regulatory requirements, leading to increase costs due to rapid and urgent investments in retrofitting existing buildings to comply with new regulations. 	Short ●	Far East H-Trust regularly keeps abreast of emerging and future regulations to better develop business and sustainability-related strategies, as well as to ensure regulatory compliance, and manage the associated legal, compliance and financial risks.
Changing market expectations for green technology	<ul style="list-style-type: none"> Current technology may become obsolete or no longer be approved for use over time. Far East H-Trust may need to adopt alternative technology and implement new processes to meet market expectations and regulatory requirements (e.g. upgrading of chillers, backup generators, etc.) 	Medium ●	The REIT Manager weighs the costs, benefits and overall value over the long run when considering the adoption of new technologies. The REIT Manager will work with the Operator, and master lessees in exploring the adoption of other energy-efficient solutions.
Consumer demand for green hospitality	<ul style="list-style-type: none"> Far East H-Trust may face market risk due to a shift in consumer behaviour, including an increased preference for green hospitality. 	Medium ●	Key strategies in this area include working with our Operator to: <ol style="list-style-type: none"> Monitor the consumer and market expectations. Enhance our communication to customers and other stakeholders on our green hospitality strategy and efforts.

SUSTAINABILITY REPORT

Climate-related Risks	Potential Impact on Far East H-Trust	Time Horizon & Potential Financial Impact	Far East H-Trust's Strategies to Manage Risks
<p>Increased stakeholder concern or negative stakeholder feedback</p>	<ul style="list-style-type: none"> • More institutional investors may have the mandate to invest in entities that meet their ESG criteria which may result in a reduction of capital availability from investors if Far East H-Trust's assets do not meet regulatory sustainability standards. • Due to the pressure to be greener and to reduce carbon emissions in the hospitality and building industry, Far East H-Trust may face reputation risk if it is unable to meet industry standards or match the performance of peers. 	<p>Medium ●</p>	<p>Far East H-Trust's key strategies in this area includes:</p> <ol style="list-style-type: none"> a) Monitoring investors' and other stakeholders' expectations. b) Enhancing our communication to these stakeholders on our ESG strategies and efforts. c) Improving our rating on the relevant ESG ratings.

Physical Risks

Climate-related Risks	Potential Impact on Far East H-Trust	Time Horizon & Potential Financial Impact	Far East H-Trust's Strategies to Manage Risks
<p>Increase in frequency and intensity of flooding</p>	<ul style="list-style-type: none"> • Far East H-Trust may face financial implications from direct damage to our properties. This may lead to reduced revenue from decreased capacity. • Increased occurrences of flooding may require investments in flood prevention measures for Far East H-Trust's properties, resulting in higher costs. 	<p>Long ●</p>	<p>Far East H-Trust has in place an insurance cover over property damage and business interruption. In addition, Far East H-Trust fully supports mitigation strategies by the government (e.g. coastal protection solutions and drainage projects) and will continue to monitor and implement relevant recommendations proposed by the authorities for our respective properties.</p>
<p>Increase in global temperature</p>	<ul style="list-style-type: none"> • Increased temperature which leads to increased cooling demands will increase energy consumption and maintenance costs. 	<p>Long ●</p>	<p>Far East H-Trust is exploring green sources of energy and other energy-efficient solutions as part of our decarbonation strategy and roadmap.</p>

Table 2: Climate-related Opportunities

Climate-related Opportunities	Time Horizon & Potential Financial Impact	Far East H-Trust's Strategies to Capture Opportunities
<p>Greater resource efficiency and cost savings</p> <p>Initiatives to meet BCA's Green Mark 2021 standards will lead to the adoption of green technologies (e.g. newer chiller systems, usage of renewable energy, rainwater harvesting, switching to lower emission refrigerants).</p>	Medium ●	<p>Far East H-Trust will progressively replace older equipment with more efficient technology and will work with the Operator to explore energy-efficient and water management solutions that are materially impactful and economically sustainable. Where possible, we will apply for the appropriate government grants.</p>
<p>Access to new opportunities (e.g. Investment community and financing)</p> <p>Far East H-Trust's efforts at mitigating climate risk will open up more opportunities for partnership and collaboration (e.g. ESG Funds and Sustainable financing), and greater recognition by the investment community.</p>	Medium ●	<p>Far East H-Trust will progressively improve its sustainability initiatives and keep abreast of emerging and future regulations.</p> <p>In the area of sustainable financing, Far East H-Trust has S\$350 million of sustainability-linked term loans as well as a sustainability-linked interest rate swap with a notional amount of S\$185 million during the year.</p>
<p>Cultivating a talent pool of skilled ESG professionals</p> <p>Training and enrichment of knowledge in the area of ESG.</p>	Short ●	<p>The REIT Manager will send relevant employees for applicable sustainability trainings, including those organised by SGX and other relevant training providers.</p>
<p>Building a sustainable portfolio</p> <p>Greater awareness over the importance of having greener assets and a focus to buy green assets to meet our long-term net zero emissions target.</p>	Short ●	<p>The REIT Manager has an investment management policy that includes climate criteria for new acquisitions.</p> <p>Concurrently, a decarbonisation roadmap has been developed to guide Far East H-Trust in prioritising its initiatives for the years ahead.</p>

SUSTAINABILITY REPORT



Occupational Health and Safety

Far East H-Trust is dedicated to fostering a safe and healthy working environment for all Operator employees at our properties, making their well-being a the top of our priority. This commitment not only minimises the occurrence of workplace incidents and safeguards the Trust and the Operator against reputational risk and costly fines, but also enhances employees’ morale and productivity.

To cultivate a strong health and safety culture, the Operator tracks various health and safety indicators, and monitors “near-misses” incidents in addition to reportable ones as required under the Workplace Safety and Health (“WSH”) (Incident Reporting) Regulations. All “near-misses” and reportable incidents are evaluated and lessons learnt are shared with employees to prevent recurrences.

In FY 2023, Far East H-Trust maintained and achieved our target of ensuring zero workplace fatalities and zero occupational disease across our properties. The number of workplace incidents recorded was 30, which includes “near-misses” and minor incidents involving employees and/or third parties which occurred at the properties. As a preventive measure, periodic training will be arranged as a refresher on workplace safety and health in the affected employee’s respective line of work.

The REIT Manager will continue working with the Operator to safeguard the health and safety of our employees and minimise the number of workplace incidents.



Integrating Health and Safety in all Operations

Far East H-Trust complies with all statutory regulations such as the WSH Act and Fire Safety Act and takes a proactive approach towards inculcating a strong safety culture at the workplace to minimise the number of workplace injuries. To that end, we have implemented several key initiatives.

Workplace Injury Compensation Insurance

All employees across the REIT’s properties are covered under the Workmen’s Compensation Insurance Scheme which provides monetary compensation for injuries suffered or sustained during the course of work. The amount of compensation depends on the extent of the injury, in accordance with the Work Injury Compensation Act 2019.

Health and Safety	FY 2021	FY 2022	FY 2023
Number of Workplace Fatalities	0	0	0
Number of Occupational Disease Cases	0	0	0
Number of Workplace Incidents (Including “near-misses”)	42	37	30

Initiatives	Our Commitment to Health and Safety
Workplace safety and health risk assessments	The Operator carries out a WSH risk assessment once every 3 years or in the event of an incident at any of the Trust's properties and for all operational activities. These include identifying hazardous activities and/or workspaces and putting in place mitigation measures where necessary to prevent harm, injuries or accidents. Additionally, periodic equipment testing and maintenance, and regular monitoring of safety performance are carried out.
Company emergency response teams ("CERT")	<p>The Operator's employee handbook outlines our commitment to health and safety at the workplace, and all employees must acknowledge the safety pledge, which outlines five key principles as follows:</p> <ul style="list-style-type: none"> • All accidents can be prevented • Safety is everyone's responsibility • Making safety is part of our work culture • Prompt reporting of potential hazards • Investigations by supervisors <p>The Operator also established CERT, where employees undergo necessary health and safety training to perform emergency response roles. This also ensures employees are equipped with safety equipment to prepare for potentially hazardous situations such as power failures, medical emergencies, fires and lift entrapments.</p>
Certified fire safety managers ("FSM") and situational emergency drills	Certified FSM are engaged to evaluate the fire safety measures at all properties. Periodic emergency drills are also conducted by the Operator and FSM to assess the level of preparedness in response to emergencies.

Diversity and Equal Opportunity

At Far East H-Trust, we recognise our employees as the driving force behind the success of our organisation. We strive to attract and retain talent that aligns with our values and business objectives while fostering an inclusive and diverse workplace that provides equal opportunities for all.

Employee Profile

Far East H-Trust adopts fair hiring practices and promotes a culture of diversity in terms of age, gender and skillsets. To that end, we follow and subscribe to the Tripartite Alliance for Fair and Progressive Employment Practices.

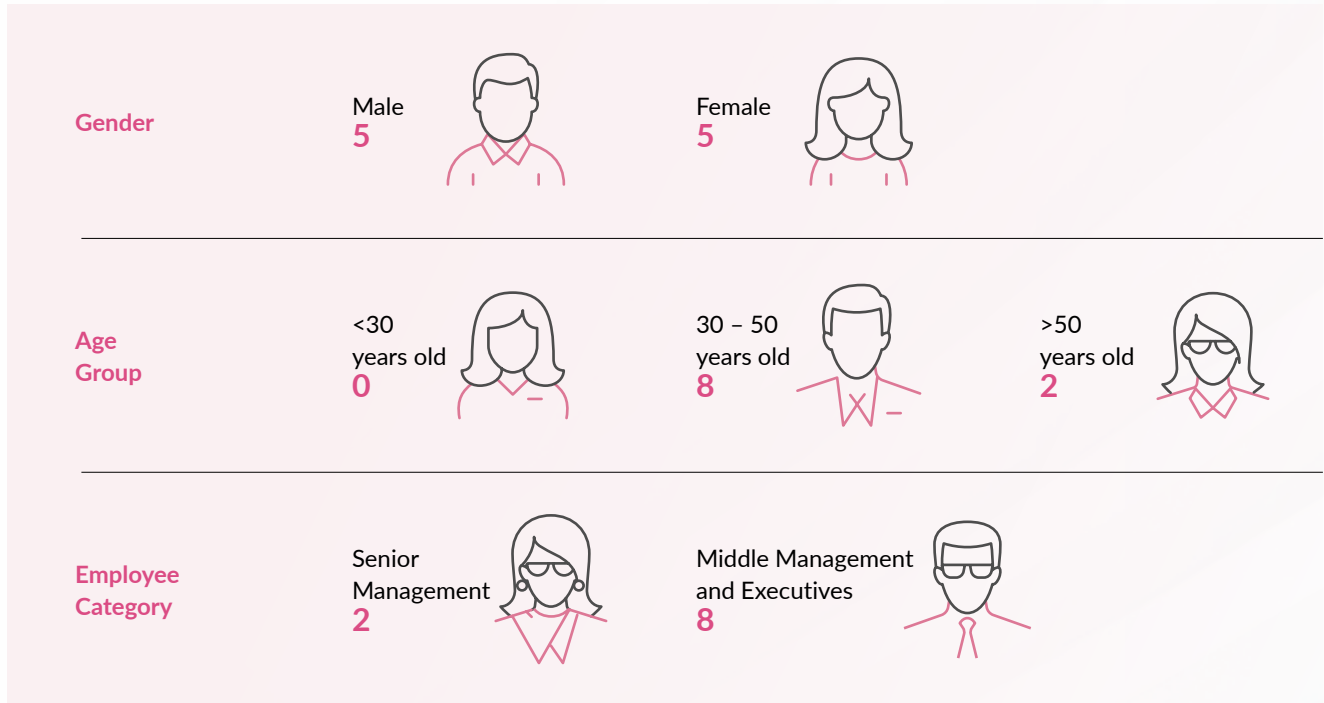
We believe that employees with different backgrounds and experiences are essential in fostering a culture of innovation and creating sustained value for the business.

As of 31 December 2023, the REIT Manager had a total of ten full-time employees, consisting of nine permanent staff and one on a contract basis. The following table shows the breakdown of employees by gender, age and employee category.

During the year, we also recorded 2 new hires¹ and 1 turnover², resulting in a new hire and turnover rate of 20.0%³ and 10.0%⁴ respectively.

1 There were two new hires recorded during the year, where both were male and between 30 to 50 years of age.
 2 The employee who left was a male and less than 50 years old.
 3 New hire rate is calculated as: Number of new hires / Number of employees as at end of financial year.
 4 Employee turnover rate is calculated as: Number of turnover / Number of employees as at end of financial year.

SUSTAINABILITY REPORT



Far East H-Trust has zero tolerance toward any form of discrimination and adheres to fair employment practices. We are pleased to report zero incidents of discrimination in FY 2023.

Far East H-Trust values our employees' feedback and concerns and believes that keeping them motivated is important to drive the long-term success of our business. We conduct an annual Colleague Engagement Survey to assess our employees' level of engagement and to identify their strengths and areas for improvement.

In FY 2023, we garnered a participation rate of 100% for the survey and achieved an engagement score of 100%.

Employee Compensation and Benefits

Recognising that human resource is our most valuable asset, we prioritise and focus on the well-being of our employees. All our employees are covered by the

Employment Act 1968 which outlines the employment terms and working conditions including contract requirements, remuneration, hours of work, overtime, rest days and annual leave entitlement.

We also provide all employees with competitive remuneration and financial rewards. Each year, we engage external consultants to conduct salary benchmarking to better understand and reward our employees in line with industry peers.

Our full-time employees also receive comprehensive benefits to incentivise the development of progressive, long-term careers, with the majority of benefits also applicable to contract employees. Additionally, eligible staff are entitled to parental leave. The infographics on the following page details key employee benefits offered to full-time employees.

EMPLOYEE BENEFITS



Talent Development

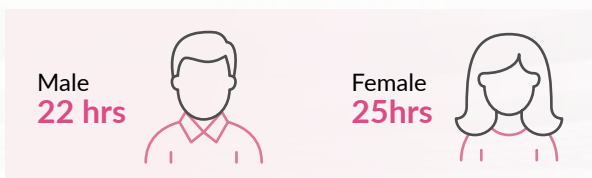
The REIT Manager places a high emphasis on upskilling our employees and invests in learning and development programmes to equip employees with the right skill sets. We believe career development and employee training is a crucial part of human resource management, and this will contribute towards developing a more agile workforce and ensure long-term business growth. To that end, we place a high emphasis on:

- Including individual development and career goals in the performance appraisal forms
- Conducting career development workshops for employees
- Investing in learning and training opportunities

Learning and Development

In FY 2023, employees of the REIT Manager clocked an average of 23 training hours, with the breakdown of training hours by gender as follows:

Average Training Hours per Employee per Gender



We develop our employees according to their abilities and job specifications, and during the year, various training courses were provided for employees.

To develop a culture of continuous learning within the organisation, employees are also encouraged to pursue development opportunities and to acquire new skills through industry seminars and conferences, skills certification training and professional qualifications courses.

Career Development

We take proactive steps to help our employees plan and work towards their career goals. New employees attend an orientation programme to understand Far East H-Trust's operations. Yearly performance appraisals are conducted to encourage self-improvement and employees also engage in regular communication and feedback sessions with supervisors. In FY 2023, 100% of employees had undergone performance review sessions.

SUSTAINABILITY REPORT

Customers' Health and Safety

With thousands of guests within our properties, the safety and health of guests at all Far East H-Trust properties are of utmost importance to us.

As a testament to our commitment to delivering a clean and safe environment for all guests, all hotels within our portfolio in Singapore have been certified with the SG Clean quality mark by Singapore's National Environment Agency, which reflects the stringent health and hygiene protocols.

Tenants' Well-being

Far East H-Trust also considers the well-being of our tenants as they spend a considerable amount of time on our properties. As part of our continued efforts for improvement, we regularly engage with tenants to understand their concerns and feedback.

Community Well-being

As a socially responsible organisation, Far East H-Trust has an annual budget to supplement efforts under the Social pillar to benefit the community. The REIT Manager is committed to contributing positively through volunteerism, financial contributions and in-kind donations. Over the years, we have partnered and fostered long-term relationships with beneficiaries and non-profit organisations for various causes. Far East H-Trust also actively participates in some of our Sponsor's community activities.

NorthWest Community Development Council

In May 2023, we partnered with the NorthWest Community Development Council to pack and distribute food supplies to over 140 underprivileged families and seniors living in public rental housing flats in Woodlands.



Care Corner Singapore

In September 2023, we partnered with Care Corner Singapore on an outreach programme for low-income seniors for a night-out activity. A total of 28 seniors from Care Corner's Active Aging Centre in Woodlands participated in an evening filled with dinner, games and prizes, bringing cheer, joy and laughter to the seniors.



Life Community Services Society

In December 2023, we partnered with Life Community Services Society ("LCSS") for a Christmas carnival, distributing food to children and families. LCSS is a charity that supports over 900 children and youths facing challenges such as financial difficulties, parental incarceration, and neglect.



SUSTAINABILITY REPORT

Education Assistance Scheme

The Education Assistance Scheme (“EAS”) was established in 2022 with the aim of improving the future of youths through education support. Beneficiaries of the EAS are children of employees working for Far East H-Trust’s tenants. In 2023, the EAS extended

its impact, benefiting more youths with a total of 10 bursaries awarded. This initiative not only provided Far East H-Trust with an opportunity to foster and strengthen its relationship with tenants, one of our key stakeholders, but also contributed to the educational development of individuals.





Good Governance

Board Diversity

Far East H-Trust believes that a balanced Board can provide the diversity of viewpoints and insights that will enhance decision-making and spur constructive debates. As such, the Board established a formal Board Diversity Policy, which provides a framework and ensures an appropriate level of diversity is present in the Board’s composition, including the dimensions of skills, knowledge and industry experiences, gender, age and tenure.

As at end of 2023, the REIT Manager Board and Trustee-Manager Board comprise 3 female directors (50%) out of 6 directors. The Board and its Board Committees comprise directors with an appropriate balance and diversity of skills, experience and knowledge. Our commitment to ensuring diversity among board members was acknowledged by the Council for Board Diversity as being one of the first two companies having reached gender parity on women’s participation on the Board and exceeding its recommended target¹ set for listed companies.

Ethics and Compliance

Far East H-Trust is a firm believer that good corporate governance is imperative in achieving sustainable growth and business integrity. The REIT Manager and the Trustee-Manager are fully committed to upholding the highest standards of corporate governance, business integrity and professionalism to ensure continual business growth and to protect stakeholders’ interests.

Far East H-Trust complied with all applicable laws, rules and regulations, and in all material aspects with the principles laid out in the Code of Corporate Governance 2018. The REIT Manager regularly reviews the relevant policies and guidelines. In addition, the REIT Manager is a member of the Financial Industry Disputes Resolution Centre Ltd and the REIT Association of Singapore.

Compliance with Laws and Regulations

To foster a culture of responsible and ethical behaviour within the organisation, Far East H-Trust has put in place a comprehensive set of corporate policies and robust

internal processes to ensure high standards of corporate governance. This includes:

- Investment Management Policy
- Personal Data Protection Policy
- Enterprise Risk Management Framework
- Roles and Responsibilities of Board of Directors
- Remuneration Policy
- Employee Code of Conduct
- Compliance with Competition Law

Investment Management Policy

Our Investment Management Policy provides a set of guidelines for making investment and divestment decisions. Beyond financial parameters, the scope of the policy encompasses risks and opportunities related to ESG drivers. The policy is disseminated to all employees, which enables a common understanding, and reduces the likelihood of subjectivity or non-compliance when making investment or divestment decisions.

Personal Data Protection Policy

Far East H-Trust’s Personal Data Protection Policy outlines how Far East H-Trust and the REIT Manager manage all personal data held, in compliance with the Personal Data Protection Act (“PDPA”) in Singapore. We also comply with local data protection and privacy laws in all operations out of Singapore.

Employee Code of Conduct

Our Employee Code of Conduct, which is published on the intranet and accessible by all employees of the REIT Manager also sets out specific conduct and discipline that all employees will need to uphold. This includes:

- Workplace Conduct & Discipline
- Confidential Information
- Conflict of Interest
- Business Dealings
- Company Properties
- Reporting Misconduct/Irregularity and Suspected Misconduct/Irregularity

¹ The Council for Board Diversity has recommended for listed companies to have a 25% female representation on their boards by 2025 and 30% by 2030.

SUSTAINABILITY REPORT

All employees of the REIT Manager are required to make a declaration on an annual basis where they pledge their compliance to the Code of Conduct. As for new employees, they are briefed on the Code of Conduct and are required to read and acknowledge the guidelines listed therein when they join the REIT Manager.

Compliance with Competition Law

Far East H-Trust is committed to ensuring compliance with the Competition Act in the conduct of its business and does not authorise or condone any conduct that could give rise to any infringements of the Competition Act or create the appearance of impropriety.

Corruption and Bribery Prevention Policy

Far East H-Trust adopts a zero-tolerance stance against any form of corruption and is committed to conducting our business with the highest standards of integrity.

We observe a Corruption and Bribery Prevention Policy with detailed guidelines and procedures in accordance to Far East Organization's ("FEO") Code of Conduct for the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, lavish entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. To maintain the highest standards of integrity in our work and business dealings, this policy is communicated to all employees, business associates and suppliers. Additionally, employees also undergo annual refresher training on the Trust's anti-corruption policies and practices.

Whistle Blowing Policy and a Loss Management Policy

Far East H-Trust's Whistle Blowing Policy is made available to all new employees when they join the REIT Manager, and they are briefed on this together with FEO's Code of Conduct. The Whistle Blowing Policy is also publicly disclosed on Far East H-Trust's website.

The Whistle Blowing Policy and a Loss Management Policy is established so that employees and Directors of the REIT Manager and the Trustee-Manager as well as external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in good faith. For all concerns raised, it will be independently investigated, and appropriate follow-up actions will be taken.

Whistle-blowers are given the option to remain anonymous and may report via an external independent hotline or directly to FEO's Head of Internal Audit. Establishing these policies reflects the REIT Manager's commitment to conduct its business within a framework that fosters the highest ethical standards. This year, we received zero complaints via our whistleblowing channels.

In FY 2023, Far East H-Trust is pleased to report zero incidents relating to corruption and non-compliance with laws and regulations.

To ensure that our practices remain relevant and effective, we will keep up with changes in policies and current trends through industry news and events and regularly monitor and evaluate our compliance level. For more information on Far East H-Trust's corporate governance practices, please refer to pages 82 to 121.

Sustainable Supply Chain

Far East H-Trust recognises the importance of mitigating both social and environmental risks along the supply chain and is committed to the responsible management of our supply chain across our operations. To that end, we ensure that all supplies purchased are recognised under the Singapore Green Label Scheme ("SGLS") which endorses industrial and consumer products that have fewer undesirable effects on the environment. Administered by the Singapore Environment Council ("SEC"), the SGLS is the region's most established eco-labelling scheme with over 3,000 unique products certified across 28 countries. We communicate this initiative to our REIT's suppliers which further strengthens and enhances our commitment to the environment.




Additionally, the Operator has put in place the following principles to monitor the safety and environmental performance of its suppliers, contractors and landscapers. This includes:

- Giving preference to suppliers, contractors and landscapers who are ISO 14001 and OHSAS 18001 certified
- Requiring all suppliers, contractors and landscapers to comply with local government and other legal requirements
- Reviewing, monitoring and appraising new and re-contracting suppliers, contractors and landscapers on their level of compliance with prevailing laws and regulations

Guided by our environmental policy, Far East H-Trust will seek to source for products that have minimal environmental impact and gain support from customers and suppliers and ensure that they are made aware of the policy. Far East H-Trust will remain committed to collaborating with its stakeholders to practise responsible sourcing along its supply chain.

Recognition for Good Corporate Governance

Our commitment and dedication to upholding the highest standards of corporate governance has garnered us various awards over the years. Some of these are listed in the table below.

Award	Description
Singapore Governance and Transparency Index ("SGTI") ¹	<p>Ranked 2nd on the SGTI</p> <p>The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies.</p> <p>For five consecutive years, Far East H-Trust has consistently been ranked among the top 10 S-REITs in the SGTI.</p>
SIAS Investors' Choice Award ("SIAS") ¹ 	<p>Winner for both the Shareholder Communication Excellence Award and Singapore Corporate Governance Award</p> <p>These awards recognises our commitment and outstanding efforts in corporate governance, transparent disclosure and excellent communication with shareholders.</p> <p>For three consecutive years, Far East H-Trust has been recognised by SIAS, being runner-up in the Shareholder Communications Excellence Award and runner-up last year for the Singapore Corporate Governance Award.</p>
Governance Index for Trusts ("GIFT") ² 	<p>Far East H-Trust has been ranked Top 10 on the GIFT for 4 consecutive years from 2019 to 2022</p>
ASEAN Corporate Governance Scorecard ("ACGS") ³ 	<p>In 2022, Far East H-Trust was ranked 8th out of the top 100 publicly-listed entities in Singapore (by market capitalisation) and recipient of the 2021 ASEAN Asset Class Award</p>

1 REITs and Business Trust Category.

2 The GIFT assessment framework has undergone a review in 2023 and is expected to be relaunched in 2024.

3 The ASEAN Corporate Governance Scorecard assessment is held on a biennial basis.

SUSTAINABILITY REPORT

Statement of Use: Far East H-Trust has reported in reference with the GRI Standards for the period 1 January 2023 to 31 December 2023. Title of GRI Used: GRI 1: Foundation 2021 has been adopted within our Sustainability Report.

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
GRI 2: General Disclosures 2021	Organisation and its Reporting Process		
	2-1	Organisational details	About Us, Pg. 2
	2-2	Entities included in the organisation's sustainability reporting	About the Report, Pg. 49
	2-3	Reporting period, frequency and contact point	
	2-4	Restatements of information	Energy Intensity, Pg. 58 Carbon Emissions Intensity, Pg. 59
	2-5	External assurance	External assurance will be considered in line with relevant regulations.
	Activities and Workers		
	2-6	Activities, value chain and other business relationships	Board Statement, Pg. 48-49 About the Report, Pg. 49 Supply Chain, Pg. 74-75
	2-7	Employees	Impacting Lives - Employee Profile, Pg. 67 - 68
	2-8	Workers who are not employees	N/A
	Governance		
	2-9	Governance structure and composition	Corporate Governance - Board Composition and Guidance, Pg. 90 - 94
	2-10	Nomination and selection of the highest governance body	Corporate Governance - Board Membership, Pg. 95 - 98
	2-11	Chair of the highest governance body	Corporate Governance - Chairman and Chief Executive Officer, Pg. 95
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance - Accountability and Audit, Pg. 104 - 114
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, Pg. 50 - 51
	2-15	Conflicts of interest	Corporate Governance: Board Meetings and Activities, Pg. 87 - 88 Risk Management and Internal Controls, Pg. 104 - 110 Audit Committee, Pg. 111 - 112
	2-16	Communication of critical concerns	Corporate Governance: Chairman and CEO, Pg. 95 Whistle Blowing Policy, Pg. 112 Engagement with Shareholders, Pg. 117 - 118
	2-17	Collective knowledge of the highest governance body	Corporate Governance: Board Matters, Pg. 86 - 90 Board Composition and Diversity Policy, Pg. 91 - 94
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance - Board Performance, Pg. 98
2-19	Remuneration policies	Corporate Governance - Remuneration Matters, Pg. 99 - 103	
2-20	Process to determine remuneration		
2-21	Annual total compensation ratio		

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Strategy, Policy and Practices			
	2-22	Statement on sustainable development strategy	Board Statement, Pg. 48 - 49
	2-23	Policy commitments	Good Governance, Pg. 73 - 75
	2-24	Embedding policy commitment	
	2-25	Processes to remediate negative impacts	Stakeholder Engagement, Pg. 52 - 53
	2-26	Mechanisms for seeking advice and raising concerns	Good Governance, Pg. 73 - 74
	2-27	Compliance with laws and regulations	
	2-28	Membership associations	
Stakeholder Engagement			
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, Pg. 52 - 53
	2-30	Collective bargaining agreements	There are no collective bargaining agreements in place
Disclosure of Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Stakeholder Engagement, Pg. 53 - 54
	3-2	List of material topics	Materiality Assessment, Pg. 54
Material Topic 1: Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Performance, Pg. 57
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, Pg. 57 Financial Statements, Pg. 129 - 192
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Resilience, Pg. 62 - 65
Material Topic 2: Resource Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Securing Our Future, Pg. 58 - 65
GRI 302: Energy 2016	Energy		
	302-1	Energy consumption within the organisation	Energy Consumption and Greenhouse Gas Emissions, Pg. 58
	302-3	Energy intensity	
	302-4	Reduction of energy consumption	Strategic and Operational Initiatives for Energy Conservation, Pg. 60
	302-5	Reduction in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	Water		
	303-1	Interactions with water as a shared resource	Water Management, Pg. 61
	303-3	Water withdrawal	Water Management, Pg. 61 Water source from the Public Utilities Board.
	303-5	Water consumption	Water Management, Pg. 61
Material Topic 3: Climate Change Mitigation, Adaptation and Resilience Building			
GRI 3: Material Topics 2021	3-3	Management of material topics	Energy and GHG Performance, Pg. 60 - 62
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy Consumption and Greenhouse Gas Emissions, Pg. 59
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Strategic and Operational Initiatives for Energy Conservation, Pg. 60
	305-4	GHG emissions intensity	Energy Consumption and Greenhouse Gas Emissions, Pg. 59

SUSTAINABILITY REPORT

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Material Topic 4: Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	Impacting Lives, Pg. 66 - 72
GRI 403: Occupational Health and Safety 2018	403-1	Work-related injuries	
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	Impacting Lives, Pg. 68 - 69
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Impacting Lives, Pg. 66 - 67
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Impacting lives, Pg. 70
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	
Material Topic 5: Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of material topics	Impacting lives, Pg. 67 - 69
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Impacting lives, Pg. 68
	401-3	Parental leave	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	
Material Topic 6: Talent Development			
GRI 3: Material Topics 2021	3-3	Management of material topics	Impacting lives, Pg. 69
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	
Material Topic 7: Local Communities			
GRI 3: Material Topics 2021	3-3	Management of material topics	Impacting lives, Pg. 70 - 72
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Material Topic 8: Ethics and Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Good governance, Pg. 73 - 75
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	

TCFD INDEX

Core Element	Recommended Disclosure	Section and Page Reference
Governance: Disclose the organisation's governance around climate-related risks and opportunities	- Describe the board's oversight of climate-related risks and opportunities	Sustainability Strategy, Pg. 50 - 51
	- Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Strategy, Pg. 50 - 51 Climate Resilience, Pg. 63
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material	- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Climate Resilience, Pg. 62 - 65
	- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	
	- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management: Disclose how the organisation identifies, assesses, and manages climate-related risks	- Describe the organisation's processes for identifying and assessing climate-related risks	Climate Resilience, Pg. 62
	- Describe the organisation's processes for managing climate-related risks	Climate Resilience, Pg. 63 - 64
	- Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	Enterprise Risk Management, Pg. 82 - 83
Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Climate Resilience, Pg. 62 - 65
	- Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Energy Consumption and Greenhouse Gas Emissions, Pg. 59 - 60
	- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Energy Consumption and Greenhouse Gas Emissions, Pg. 59 - 60 Climate Resilience, Pg. 63 - 65



GROWING
OUR
RESILIENCE



Orchard Rendezvous Hotel, Lobby Bar



ENTERPRISE RISK MANAGEMENT

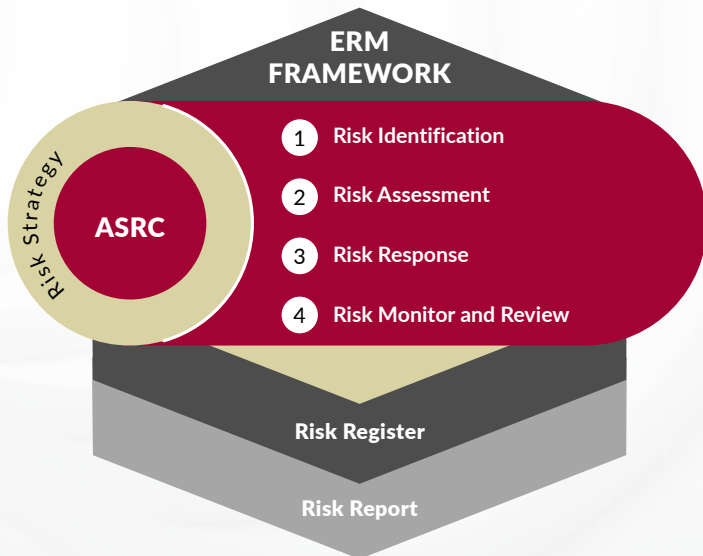
The Board recognises the importance of having a sound system of risk management and internal controls to safeguard Stapled Securityholders' interests and Far East H-REIT's assets.

Far East H-Trust has in place an Enterprise Risk Management ("ERM") framework that aids in identifying, assessing and addressing risks on an ongoing basis.

The ASRC establishes an overall risk strategy of optimising opportunities within an approved risk appetite level and guides Management in the formulation of the ERM framework and risk policies while ownership of risk management lies with Management.

The nature and extent of risks are assessed regularly by Management and internal auditors, and periodic reports are submitted to the ASRC. The ASRC reports to the Board on material findings and makes recommendations or seeks guidance from the Board in respect of any material risk issues.

THE REIT MANAGER ADOPTS A STRUCTURED 4-STEP



The REIT Manager adopts a structured 4-step risk management process comprising:

- 1 Risk Identification**

Structured risk assessment exercises are conducted annually to identify risks that might have an impact on the ongoing operations (e.g., investment, financial, operational, compliance and reputational) of Far East H-Trust. Possible risks are identified through employee surveys and risk workshops which are further deliberated internally and by the ASRC to determine if any additional risks need to be highlighted for further actions to be taken.

- 2 Risk Assessment**

Identified risks are then assessed using a risk-rating matrix based on their likelihood of occurrence as well as their impact should they occur. Subsequently, each risk item is ranked in a risk register to provide a better representation of the risks and to direct attention to risks with relatively higher probability of occurrence and more significant impact.

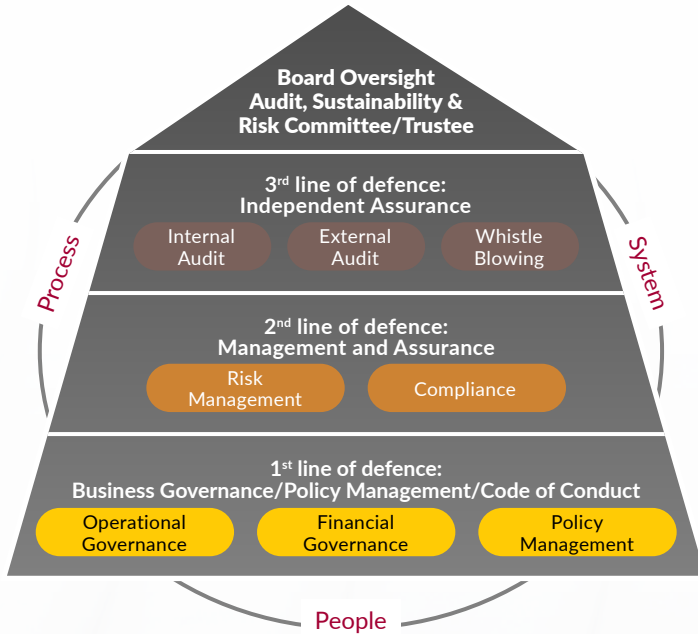
- 3 Risk Response**

Action plans are developed to mitigate and address risks on a timely manner. In circumstances where it is not possible to fully mitigate risks, the REIT Manager will consider alternative avenues of transferring risks or may need to consider accepting or avoiding the risk altogether.

- 4 Risk Monitor and Review**

Key risk indicators are established to define risk management baselines used by the REIT Manager for periodic monitoring, reporting and review by the management and ASRC on a regular basis.

The REIT Manager utilises a three-line of defence system to monitor and review the risks identified. Clear roles and responsibilities at each line ensures sufficient oversight across our whole operations.



- 1 First line of defence**
Business governance, policy management and code of conduct constitute the first line of defence for the respective business units to stay in compliance with governing policies and procedures.

- 2 Second line of defence**
Management and assurance constitute the second line of defence which monitors and reviews risk management controls and compliance and establishes policies and procedures to mitigate risk.

- 3 Third line of defence**
Independent internal and external audit constitutes the third line of defence which ensures adequacy and effectiveness of risk management.

A robust ERM framework enables the REIT Manager to manage risks systematically and remain nimble when capitalising on opportunities. With the support of the ASRC, the Board advises management in formulating various risk policies and guidelines. Terms of reference of the ASRC are disclosed on page 111.

In FY 2023, the Board has assessed and deemed the REIT Manager’s risk management system to be adequate and effective in addressing the key risks identified below:

Material Risk	Risk Description and Countermeasures/Mitigation
Interest Rates	Risk that unfavourable interest rate movements could result in higher interest costs. Risk mitigation of appropriate hedging policies and close monitoring of interest rate sensitivity and exposure. Further elaboration can be found on pages 179 and 180 under the “Notes to the Financial Statements” section of this Annual Report.
Business Interruptions and Disruptions	Risk of business interruptions and disruptions due to epidemics/COVID resurgence. The REIT Manager ensures operational resilience by having in place a business continuity plan to respond effectively to business disruptions while continuing critical business functions. Regular BCP drills are conducted and attestation to the Board is provided annually. The REIT Manager also maintains readiness to implement pandemic operating strategy should such disruptions occur.
High Inflation Rate	Risk of high inflation rates arising from macroeconomic and geopolitical factors, tight labour market and high oil prices would have a material impact on revenue and profitability. Mitigating strategies include working with the Operator to implement strategies to reduce energy and water consumption to meet targets, leveraging on the Sponsor’s scale in procurement of materials for property maintenance and enhancement, securing better electrical tariff rates as well as working with the Operator to implement optimal staffing strategies.

ENTERPRISE RISK MANAGEMENT

Material Risk	Risk Description and Countermeasures/Mitigation
Demand and Supply of Hotel/SR Accommodation	<p>Risk of lower demand resulting from a fall in foreign arrivals, leisure and corporate demand due to recession. Risk of oversupply of hotels in local market.</p> <p>Mitigation of risk by closely monitoring performance of Far East H-Trust’s properties against market comparables and undertaking appropriate operational, marketing and sales actions. Further risk countermeasure of long-term master lease arrangement with Sponsor.</p>
Environmental and Climate-related Transition Risk	<p>Transition risks, including higher carbon taxes, excess emissions cost, regulatory reporting requirements, stranding asset value etc that may impact Far East H-Trust’s financial performance and operations.</p> <p>The REIT Manager has in place a Sustainability Working Committee that monitors these transition risks closely and also regularly meets with the Operator to discuss sustainability initiatives to manage these risks.</p>
Human Capital Risk	<p>Human capital is a key function to enabling the REIT Manager to achieve its strategic business goals. Loss of employees and key management personnel could cause disruptions to business operations.</p> <p>The REIT Manager places a high emphasis on staff engagement and development of employees which aids in staff retention and ensuring relevant and highly skilled workforce for long-term business growth.</p> <p>Regular remuneration and benefits benchmarking are conducted to attract and retain appropriate talent for the business.</p> <p>Organisational surveys are also deployed to gather feedback and measure employee engagement.</p>
Regulatory and Compliance Risk	<p>Risk Changes in laws and regulations may affect Far East H-Trust and the REIT Managers’ operations and results. Non-compliance to applicable laws and regulations may lead to penalties and negative publicity.</p> <p>The REIT Manager maintains a framework that proactively identifies the applicable laws and regulations and embeds compliance into the day-to-day operations.</p> <p>A comprehensive report is also presented to ASRC on a quarterly basis highlighting any non-compliance in respect of pertinent regulatory obligations and relevant bank covenants. Various internal policies and procedures have been put in place to facilitate staff awareness and to ensure compliance to the applicable laws and regulations.</p> <p>The REIT Manager also has in place a Corruption and Bribery Prevention Policy with detailed guidelines and procedures in accordance to Far East Organization’s Code of Conduct which is communicated to all employees on an annual basis.</p> <p>A Whistle Blowing Policy is also made available to all new employees and is publicly disclosed on Far East H-Trust’s website.</p>

CORPORATE GOVERNANCE

Far East Hospitality Trust (“Far East H-Trust”) is a hospitality stapled group 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-REIT is a real estate investment trust constituted by the Trust Deed dated 1 August 2012 (as amended, varied or supplemented from time to time) (“Trust Deed”) and entered into between FEO Hospitality Asset Management Pte. Ltd. (in its capacity as the manager of Far East H-REIT) (the “REIT Manager”) and DBS Trustee Limited (in its capacity as the trustee of Far East H-REIT) (the “REIT Trustee”).

Far East H-BT is a business trust constituted by the Trust Deed dated 1 August 2012 (as amended, varied or supplemented from time to time) and entered into by FEO Hospitality Trust Management Pte. Ltd. (in its capacity as the trustee-manager of Far East H-BT) (the “Trustee-Manager”). Far East H-BT has been dormant since Far East H-Trust was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The REIT Manager has been issued a Capital Market Services Licence by the Monetary Authority of Singapore (“MAS”) for real estate investment management (“CMS Licence”) pursuant to the Securities and Futures Act 2001 of Singapore (the “SFA”) on 10 August 2012.

FAR EAST H-TRUST AND CORPORATE GOVERNANCE

The framework of relevant legislations and guidelines governing Far East H-Trust include:

- i. The SFA;
- ii. The Code on Collective Investment Schemes (including Appendix 6 thereon on property funds) (the “CIS Code”, and Appendix 6 of the CIS Code, the “Property Funds Appendix”);
- iii. The Listing Manual issued by SGX-ST (the “Listing Manual”);
- iv. The Business Trusts Act 2004 of Singapore;
- v. The Code of Corporate Governance 2018 (“the Code”); and
- vi. Written directions, notices, codes and other guidelines that may be issued by the MAS from time to time.

The REIT Manager and the Trustee-Manager (“the Managers”) are fully committed to upholding the highest standards of corporate governance, business integrity and professionalism in all its activities. The Managers believe that sound and effective corporate governance policies and practices are essential in achieving sustainable growth, and consequently a trusted, successful and respected Far East H-Trust.

This corporate governance report (“CG Report”) sets out Far East H-REIT’s corporate governance framework and practices with specific reference to the principles and the provisions of the Code of Corporate Governance 2018, in accordance with Rule 710 (“Rule 710”) of the SGX Listing Rules, and where applicable, the Listing Manual and the Companies Act 1967 of Singapore, (“Companies Act”). For the financial year ended 31 December 2023 (“FY 2023”), save as stated in this CG Report, Far East H-REIT has complied in all material aspects with the principles of the Code. Where there are variations from any of the provisions of the Code, an explanation has been provided within this CG Report, which includes the reason for the variation, as well as the practices adopted to be consistent with the intent and philosophy of the relevant principle in question.

Due to the different legislative and regulatory requirements in relation to a REIT as compared with a business trust, the corporate governance disclosure requirements in relation to the REIT Manager are different from those in relation to the Trustee-Manager.

CORPORATE GOVERNANCE

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

ROLE OF THE BOARD

Pursuant to the Trust Deed, the board of directors of the REIT Manager (the "Board") is entrusted with the responsibility for the overall management of the REIT Manager and has general powers of management over the assets of Far East H-REIT.

The key roles and responsibilities of the Board are to:

- Set strategic objectives and direction, and provide guidance to the management of the REIT Manager ("Management") in executing those objectives;
- Manage Far East H-REIT's assets and liabilities for the benefit of the stapled securityholders of Far East H-Trust ("Stapled Securityholders");
- Formulate the business plans in relation to Far East H-REIT's properties;
- Recommend to the REIT Trustee on the acquisition, divestment or enhancement of assets of Far East H-REIT in accordance with its stated investment strategy;
- Ensure Management discharges its duties with integrity and accountability, and demonstrate the highest level of skills and professionalism;
- Establish a framework of prudent and effective controls that enables risks to be assessed and managed to safeguard the interests of the Stapled Securityholders and the assets of Far East H-Trust;
- Consider sustainability issues such as environmental issues as part of its strategic formulation;
- Ensure that Management maintains sound measures relating to corporate governance, financial regulations and internal policies including the Code of Conduct (further elaborated on pages 119); and
- Consider the perceptions of stakeholders that will affect Far East H-Trust's reputation.

BOARD COMMITTEES

In the discharge of its functions, the Board is supported by three board committees which also serve to ensure that there are appropriate checks and balances. These committees are the Audit, Sustainability and Risk Committee ("ASRC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively known as "Board Committees"). Each of the Board Committees is chaired by independent directors ("IDs") and reports to the Board. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees. The three Board Committees have different compositions in terms of members to encourage optimal contribution by all Board members and to have a wider range of views and perspectives.

Each of the Board Committees has its own written terms of reference and operates under delegated authority from the Board. However, the Board retains overall responsibility for all decisions made by the Board Committees. Information on the ASRC, NC and RC can be found in the "Accountability and Audit"; "Board Membership" and "Board Performance"; and "Remuneration Matters" sections of this CG Report respectively.

CORPORATE GOVERNANCE

BOARD MEETINGS AND ACTIVITIES

The Board meets regularly, at least once every quarter, and as required by business imperatives or particular circumstances, to discuss and review business strategies and policies of Far East H-Trust, including any significant acquisition or disposal, portfolio performance, business outlook, movement in stapled securityholdings, and to approve the release of half-yearly and annual financial results as well as interim business updates.

In addition, the IDs of the Board schedule to meet as and when required to discuss matters without the presence of Management and the Chairman of the Board. In 2023, the IDs had one such meeting chaired by Ms Vivienne Lim, the lead independent director (“Lead ID”).

As a general rule, Board and Board Committee meeting notices and papers are required to be sent to the Directors and members of Board Committees at least five business days before the meetings. This would also enable any director who is unable to attend a meeting to provide input and raise queries on the agenda items. Board papers give the background, explanatory information, justification, risks and mitigating measures for each agenda item and mandate sought by Management, including, where applicable, relevant details, budgets, business plans, forecasts and projections. Directors can ask for additional information as needed to make informed decisions. However, papers containing price sensitive information may be tabled at the meetings themselves or discussed without any papers being distributed. All Board and Board Committee papers are kept and disseminated via an electronic board portal, which has proven to be an effective, secure and sustainable form of communication.

Executive officers of Far East Organization, external consultants or advisers who can provide additional insight into the relevant matters at hand may be invited to attend the meetings. The executive officers of Far East Organization will not participate in any decision-making process involving transactions between Far East H-Trust and the Sponsor, comprising Far East Organization and its group of companies (“FEO”).

Management recognises that the flow of information in an accurate, complete, adequate and timely manner is critical for the Board to be effective in discharging its duties. At the quarterly Board and ASRC meetings, Directors are updated on developments, challenges and changes in the operating environment, including changes in accounting standards, changes in laws and regulations governing the REIT industry, or changes that have a bearing on Far East H-Trust. The Board and Board Committee papers given to the Directors include updates on the operating and financial performance, strategic plans, regulatory and compliance updates and any other matters for discussion. On a monthly basis, Management also provides the Board with a brief update on the operating performance of Far East H-Trust, to enable the Board to exercise effective oversight.

The Directors of the Board have separate and independent access to Management and the Company Secretary at all times, and they are entitled to request from Management additional information to make informed decisions. The Directors, either individually or as a group, may at the REIT Manager’s expense seek independent professional advice where appropriate, in order to discharge their duties effectively.

The corporate secretarial agent is Tricor Evatthouse Corporate Services, and the named Company Secretaries are Lin Moi Heyang and Low Mei Wan. They attend to all corporate secretarial matters for the REIT Manager. At least one of the Company Secretaries attends all Board and Board Committee meetings and prepares minutes of meeting proceedings. They assist the Chairmen of the Board and Board Committees in ensuring that Board and Board Committee procedures are followed and that the REIT Manager’s Constitution, Terms of Reference of the Board and Board Committees, applicable rules and regulations and best practices are complied with. The Company Secretaries advise the Board on all governance matters. They also work with Management to ensure that Board and Board Committee papers are provided to each Director at least five business days ahead of meetings. Their responsibilities also include assisting the REIT Manager in preparing the announcements to be uploaded on the SGXNET as required under the Listing Manual.

CORPORATE GOVERNANCE

Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the REIT Manager permits the Director to participate via audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations. Resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case, he or she will be required to recuse himself or herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision-making process.

The number of meetings of the Board, ASRC, NC and RC held during FY 2023, as well as the attendance of every Director at these meetings and at the last annual general meeting are set out in the table below:

	Board Meetings	ASRC Meetings	NC Meetings	RC Meetings	Annual General Meeting
Number of meetings held in FY 2023	8	4	2	2	1
Board members					
Wee Kheng Jin	8/8	4/4 ⁽¹⁾	2/2	2/2	1/1
Vivienne Lim Hui Bian	8/8	4/4	2/2	2/2	1/1
Catherine Lee Khia Yee	8/8	4/4	2/2	N.A.	1/1
Celestine Khoo Geok Choo	8/8	4/4	N.A.	2/2	1/1
Benedict Leh Song Boon	8/8	4/4	N.A.	N.A.	1/1
Gerald Lee Hwee Keong ⁽²⁾	8/8	4/4	2/2	2/2	1/1

(1) Mr Wee Kheng Jin's attendance at ASRC meetings was by invitation.

(2) Mr Gerald Lee Hwee Keong is also the CEO of the REIT Manager and Trustee-Manager.

N.A. Not applicable.

The Board has approved a list of matters reserved for the Board's decision-making. This sets clear directions for Management on matters that must be approved by the Board.

The list of matters reserved for the Board's approval includes, but is not limited to:

- Long term strategy and objectives of Far East H-REIT
- Annual budget and business plans in relation to Far East H-REIT's properties
- Policies to safeguard the interests of the Stapled Securityholders and the assets of Far East H-REIT
- Investment strategy and mandate
- Distribution policy
- Announcements and press releases concerning Far East H-REIT
- Board memberships and other appointments
- Appointment and removal of the Company Secretary

In fulfilling its responsibilities to Far East H-REIT, the Board has approved a set of financial controls which sets out approval limits for operating expenditures, capital expenditures, procurements, general and administrative expenses and leases as well as arrangements in relation to cheque signatories. Appropriate delegation of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

CORPORATE GOVERNANCE

ORIENTATION AND TRAINING FOR DIRECTORS

The NC exercises oversight on the orientation, training and professional development of Directors, and also ensures that new Directors are aware of their duties and obligations.

The Board has a comprehensive and structured orientation framework. Newly-appointed Directors attend a familiarisation exercise whereby they undergo a tailored programme to enable them to have a good understanding of Far East H-Trust.

The orientation exercise consists of:

- Management presentations on Far East H-Trust’s strategic objectives, business, operations, responsibilities of key management personnel, financial and governance practices; and
- Site visits to Far East H-Trust’s properties (hotels and serviced residences).

In addition to the above, copies of the minutes of immediate past Board and Board Committee meetings are made available to newly-appointed Directors. They are also provided with other materials relating to the Board and Board Committees, including the terms of reference of the various Board Committees on which they are appointed as well as relevant guidelines and policies.

The Board recognises the importance of continual training and development for its existing Directors so that they can perform their roles on the Board and Board Committees to the best of their abilities. There is a Continuing Professional Development programme put in place for all Board members to equip them with the appropriate skills and knowledge required. As part of this programme, Directors undergo ongoing education particularly on relevant new laws, changes to regulations and accounting standards, environmental, social and governance (“ESG”) matters and other industry-related matters. They are briefed on areas such as directors’ duties and responsibilities under the Companies Act, Listing Manual, SFA, etc. to enable them to carry out their statutory and fiduciary duties as well as to be updated on matters that may affect or enhance their performance as Board members. Additionally, directors may also recommend suitable training and development programmes to the Board.

Directors are encouraged to participate in industry conferences, seminars, courses and training programmes which are relevant to their duties. Training programmes include those organised by the SID on corporate governance, leadership and industry-related subjects. The Continuing Professional Development programme for Board members comes under the NC’s purview, and the REIT Manager funds the training and development programmes for existing and new Board members.

Apart from courses that Directors attend and participate in by themselves, the REIT Manager arranged and facilitated the attendance and/or conduct of the following training programmes (which include seminars, conferences and workshops) for its Directors in FY 2023:

- Applying the IFRS Sustainability Disclosure Standards
- Audit and Risk Committee Seminar
- Climate Reporting – Directors, How Do You Respond?
- SGTI Forum – Upholding ESG with Strong Governance
- SID Corporate Governance Roundup 2023
- SID Directors Conference 2023
- Tax Considerations for S-REIT Investments in Japan Real Estate

CORPORATE GOVERNANCE

The Board is regularly updated either during Board meetings or at specially convened meetings (with the attendance of professional advisors, consultants, auditors and Management) on areas that may affect Far East H-Trust's business and developments. The Management also provides the Board with timely information through regular updates on financial results, market trends in the hospitality sector, and business developments.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board reviews the size and composition of the Board, with a view to ensuring effective decision making by taking into account the scope and nature of the operations of Far East H-Trust.

REVIEW OF DIRECTORS' INDEPENDENCE

The independence of Directors is reviewed by the NC annually on a formal basis since the formation of the NC on 19 January 2016. The Board was established in 2012, and none of the independent directors has served on the Board beyond nine years since the date of his or her first appointment. Additionally, none of the Directors has been a substantial shareholder of the REIT Manager, or substantial Stapled Securityholder of Far East H-REIT.

Directors complete an annual confirmation of independence, whereby they are required to critically assess their own independence including independence from the major shareholder and management, which the NC takes into account for the purposes of this review. The Board has considered and determined, taking into account the views of the NC, that Ms Vivienne Lim, Ms Catherine Lee, Ms Celestine Khoo and Mr Benedict Leh have demonstrated independence in character and judgement in the discharge of their responsibilities as directors in FY 2023, and is satisfied that each of them has acted with independent judgement. The Board has also assessed the relationships or circumstances which are likely to affect, or could appear to affect, the directors' judgement. Based on the annual review of the directors' independence conducted by the NC, the criteria of independence as set out in the Code and SGX Listing Rule 210 (5)(d), and the declarations by the IDs of their independence, the Board is satisfied that Ms Vivienne Lim, Ms Catherine Lee, Ms Celestine Khoo and Mr Benedict Leh are independent.

In FY 2023, none of the IDs had any business relationship with the REIT Manager, its related companies, its substantial shareholders or its officers, as well as with Far East H-REIT and its substantial Stapled Securityholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of Far East H-Trust.

During FY 2023, each of the IDs had been independent from the management of the REIT Manager and Far East H-REIT, as well as from every substantial shareholder of the REIT Manager, and every substantial Stapled Securityholder of Far East H-Trust. This is in accordance with the guidance in the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), Regulation 13E(b)(i).

CORPORATE GOVERNANCE

Mr Wee Kheng Jin (Chairman of the Board) was an Executive Director in FEO until his retirement on 31 December 2018, after which he continues his association with the Group as a Senior Advisor. At the same time, Mr Wee had also retired from the boards of all other FEO-related companies but remains appointed as director of FEO Hospitality Asset Management Pte. Ltd. (the REIT Manager) and FEO Hospitality Trust Management Pte. Ltd. (the Trustee-Manager).

Mr Gerald Lee Hwee Keong, CEO of the REIT Manager and Trustee-Manager was appointed as an Executive Director on 1 July 2022. Mr Lee's appointment comes as the Board sought to achieve a greater balance of diversity in the aspects of gender, age and professional qualifications. In addition, Mr Lee has over 30 years of tourism, hospitality and real estate experience, adding to the Board's wealth of experience, skills, knowledge and perspective.

The Board has reviewed and is satisfied that, as at the last day of FY 2023, Mr Wee Kheng Jin, although being a non-independent director, and Mr Gerald Lee Hwee Keong are able to act in and have acted in the best interests of all the Stapled Securityholders of Far East H-Trust. This is in accordance with the guidance in the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR), Regulation 13E(b)(ii).

BOARD COMPOSITION AND DIVERSITY POLICY

As of 31 December 2023, the Board comprises six directors, four of whom are independent directors and of the two non-independent directors, one (being the Chairman) is a non-executive director and another (being the CEO) is an executive director. The composition of the Board therefore complies with Provision 2.3 of the Code where majority of the Board is made up of non-executive directors and Provision 2.2 of the Code where majority of the board is made up of independent directors where the Chairman is not independent. This enables Management to benefit from their invaluable and objective perspectives on issues that are brought before the Board.

The current composition of the Board and the Board Committees is set out below:

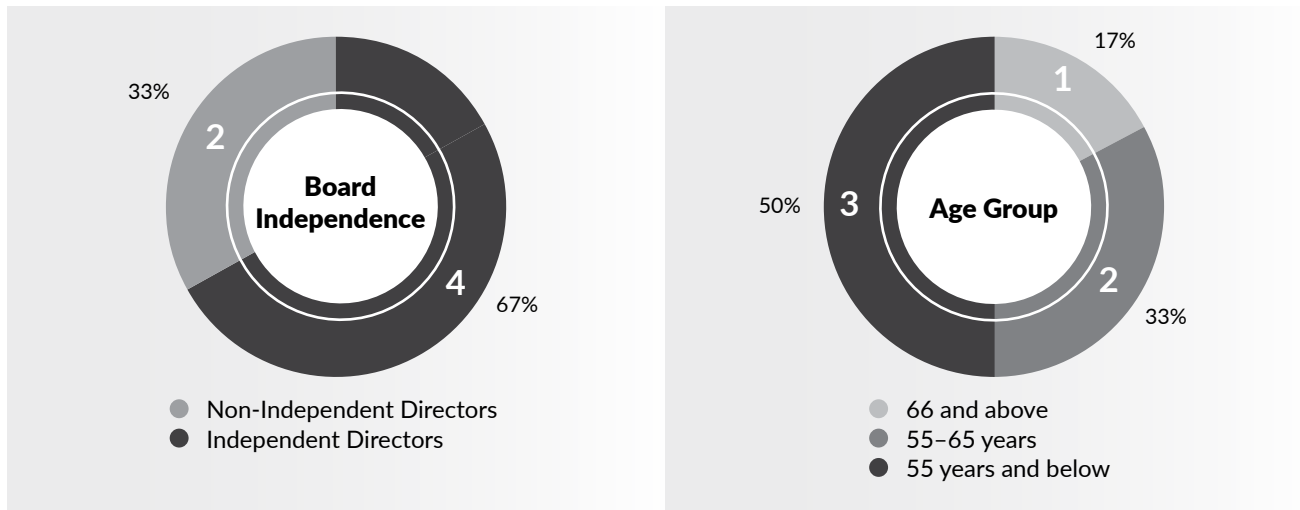
Name of Director	Appointment	Audit, Sustainability and Risk Committee	Nominating Committee	Remuneration Committee
Wee Kheng Jin	Chairman Non-Independent Non-Executive Director	-	Member	Member
Vivienne Lim Hui Bian	Lead Independent Director	Member	Chairman	Member
Catherine Lee Khia Yee	Independent Director	Member	Member	-
Celestine Khoo Geok Choo	Independent Director	Member	-	Chairman
Benedict Leh Song Boon	Independent Director	Chairman	-	-
Gerald Lee Hwee Keong	Executive Director and CEO	-	-	-

CORPORATE GOVERNANCE

In Board Meetings, directors participate in open and constructive discussions, consistently questioning Management’s assumptions and proposals. The Board assesses Management’s performance in achieving agreed goals, monitors performance reporting, and provides valuable perspectives and experiences.

The NC believes that a well-balanced Board fosters diversity viewpoints and insights, enriching decision-making. To achieve this, the Board has implemented a Diversity Policy that seeks to have an appropriate level of diversity in skills, knowledge, industry experiences, gender, age and tenure within its composition.

Under the Board Diversity Policy, the NC will, in reviewing and assessing the composition of the Board and making recommendations to the Board on the appointment of new directors, consider aspects such as professional qualifications, industry and geographic knowledge, skills, length of service, age, gender, and the needs of the Trust. The NC will review the structure, size, balance and diversity of the Board annually and propose any changes to the Board to complement the Trust’s objectives and strategies. In this regard, the NC will review and report to the Board annually the objectives and progress made in achieving an appropriately diverse board composition.

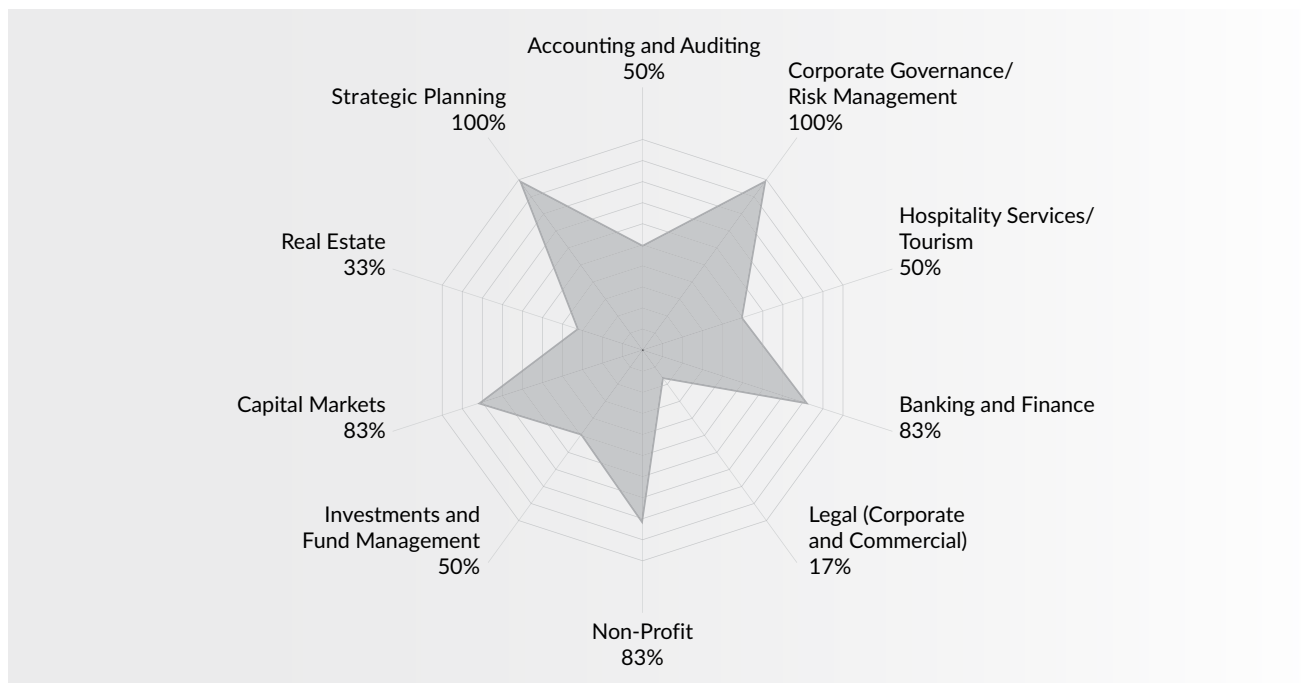


CORPORATE GOVERNANCE

Skills, Knowledge and Industry Experience

The Board consistently evaluates the skills, knowledge, and industry experience of its Directors to ensure alignment with Far East H-Trust’s purpose and strategic objectives. The assessment includes a consideration of whether the current mix effectively addresses the skills needed for existing and emerging business and governance issues concerning both the REIT Manager and Far East H-Trust.

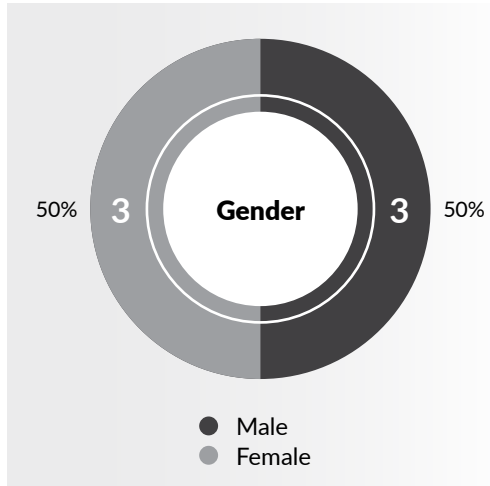
Target. Considering Far East H-Trust’s size, complexity, business and regulatory environment it operates in, the NC strives to maintain a well-rounded Board with diverse qualifications and competencies, covering core areas including accounting, auditing, capital markets, banking, finance, investment, fund management, real estate, hospitality services, tourism, corporate governance, strategic planning, and legal. We believe this diversity will enhance the Board’s effectiveness, shaping Far East H-Trust’s strategic goals and providing valuable guidance and oversight to the REIT Manager.



Progress. The Board and its Board Committees comprise directors with an appropriate balance and diversity of skills, experience and knowledge. The Directors have diverse backgrounds in accounting and auditing, capital markets, banking and finance, investment and fund management, real estate, hospitality services, tourism, corporate governance, strategic planning, and corporate and commercial law.

CORPORATE GOVERNANCE

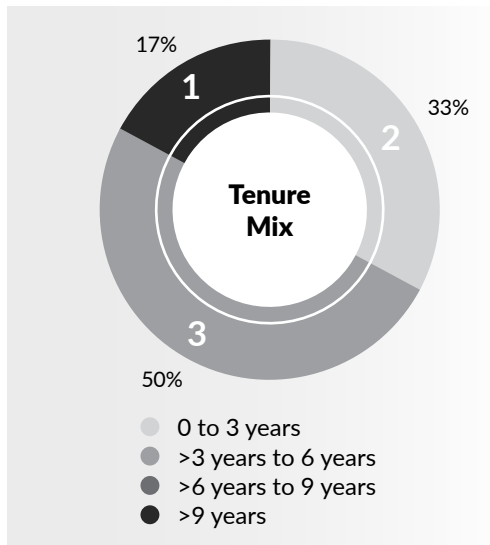
Gender Diversity



Target. The NC aims for a minimum of 30% female directors, aligning with the Council for Board Diversity’s objective for women to constitute 30% of the boards of SGX-ST largest 100 listed companies by 2030.

Progress. The representation of female directors on the Board, with three out of six members (50%) surpasses the national average of 22.7%¹ for the largest 100 SGX-listed companies by market capitalisation.

Tenure of Directorship



Target. A diversity of tenure will achieve the progressive renewal of the Board so that there is the continuity of experienced directors as well as the onboarding of new directors to provide fresh perspectives on an ongoing basis. All director appointments will be based on merit, having due regard to the overall balance and effectiveness of the Board.

Progress. The Board and its Board Committees comprise at least 1 director across the different identified age bands, providing a mix of fresh and experienced views.

¹ Statistics reported as at 30 June 2023 by the Council for Board Diversity.

CORPORATE GOVERNANCE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The positions of Chairman of the Board and Chief Executive Officer (“CEO”) of the REIT Manager are held by two different individuals in order to maintain effective segregation of duties, ensure an appropriate balance of power and authority, increased accountability and to maintain effective checks and balances. The Chairman of the Board and Trustee-Manager Board is Mr Wee Kheng Jin, while the CEO of the REIT Manager and CEO of the Trustee-Manager is Mr Gerald Lee. The Chairman and CEO are not related to each other and do not have close family ties.

There is a clear separation of the roles and responsibilities between the Chairman and the CEO of the REIT Manager. Mr Wee Kheng Jin leads the Board to ensure its effectiveness on all aspects of its role. He ensures that adequate time is given for discussion of all items at board meetings, in particular strategic issues. He also facilitates effective contribution of the directors and encourages a culture of openness and debate at board meetings. The Chairman also ensures that the Board works together with integrity and competency, and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk management and other plans.

Mr Gerald Lee is principally responsible for the management and conduct of the business of the REIT Manager. He has full executive responsibilities over the business direction and operational decisions in managing Far East H-REIT.

Provision 3.3 of the Code recommends the appointment of an independent director to be the lead independent director in certain circumstances, including where the Chairman is not independent. As such, Ms Vivienne Lim is the designated lead independent director. She is also the Chairman of the NC.

Ms Lim, as the lead independent director, provides leadership among the Directors to enhance objectivity and independence of the Board and has held meetings with the independent directors without the presence of the non-independent directors and Management as she deemed appropriate or necessary, and provided feedback to the Chairman of the Board after each meeting.

Ms Lim also acts as an alternative communication channel to the Board for Stapled Securityholders when the normal channels of communication with the Chairman or Management are inappropriate or inadequate. Questions or feedback may be submitted via email to the Lead Independent Director at viviennelim@fareast.com.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

NOMINATING COMMITTEE

The Board established its NC on 19 January 2016. The NC members are appointed by the Board from among its members, the majority of whom (including the Chairman of the NC) are independent directors. The members of the NC are Ms Vivienne Lim (Chairman of the NC and Lead ID), Ms Catherine Lee (Independent Director) and Mr Wee Kheng Jin (Non-Independent Director).

CORPORATE GOVERNANCE

ROLES AND RESPONSIBILITIES OF THE NC

The NC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, including assisting the Board in matters relating to:

- Selection and appointment of new directors and re-appointment of the existing Directors of the Board, taking into account their contribution, performance and ability to commit sufficient time and attention to the affairs of Far East H-REIT, as well as their respective commitments outside Far East H-REIT;
- Implementation and monitoring of the Board Diversity Policy in order to make recommendations to the Board on the diversity of skills, experience, gender, age, knowledge, size and composition of the Board;
- Determining annually whether or not a director is independent, having regard to the circumstances set forth in Provisions 2.1 and 2.2 of the Code and SGX Listing Rule 210 (5)(d);
- Deciding whether or not a director is able to and has been adequately carrying out his or her duties as a director;
- Review of succession plans, in particular the appointment and/or replacement of the Chairman, Board Members, the CEO and key management personnel;
- Development of the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- Review of training and professional development programmes for the Board and its Directors; and
- Such other authorities and duties as provided in the Code.

The NC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors. In addition, as part of regulatory requirements, MAS also requires prior approval for any change of the CEO or of any appointment of director.

The NC is of the view that the members of the Board provide an appropriate balance and diversity of skills and commercial experience, as elaborated on in the Board Composition and Diversity Policy section on pages 91–94. The NC believes that a director's eligibility for selection, appointment and re-appointment goes beyond his or her attendance at meetings. The NC takes into consideration a director's competencies, commitment, contribution and performance, and is committed to providing an appropriate balance and diversity of skills, experience and knowledge.

REVIEW OF DIRECTORS' TIME COMMITMENTS

All directors are required to commit sufficient time and attention to the affairs of Far East H-REIT and the REIT Manager. The NC will annually, and as required, assess the major commitments including employment and listed company directorships and whether each director has and can suitably fulfil his or her duties as a director of the REIT Manager.

Towards this end, the REIT Manager has established a policy that any of its directors may not take on more than the following number of listed company directorships without prior consultation and agreement of the NC and the Board:

- For a director who is an executive of a company (including the REIT Manager): not more than two external listed company directorships.
- For a director who is not an executive of any company: not more than five listed company directorships.

None of the current directors have reached the limits as set out in the above policy.

CORPORATE GOVERNANCE

Based on Directors' full attendance record at Board and Board Committee meetings (set out on page 88) and contributions outside of formal Board and Board Committee meetings, the NC is satisfied that all Directors are able to and have committed sufficient time and discharged their duties adequately for the financial year ended 31 December 2023. The REIT Manager has no alternate directors on its Board.

Key information regarding the Directors such as academic and professional qualifications, committee membership, date of appointment, and details about the present and past directorships of each Director are set out on pages 11-14. The Directors' Stippled Securityholdings in Far East H-Trust are set out on page 212.

SELECTION AND APPOINTMENT OF NEW DIRECTORS

The NC regularly reviews the existing attributes and competencies of the Board in order to determine the desired experience or expertise required to strengthen or supplement the Board. The NC is in charge of making recommendations to the Board regarding the identification and selection of new directors.

In identifying candidates for new appointments to the Board as part of the Board's renewal process, the following principles are applied by the NC:

- The Board should comprise directors with a broad range of commercial experience, including expertise in business management, tourism and hospitality, real estate, finance, investments and legal matters;
- The Board should have diversity in terms of gender and age;
- More than half of the Board should comprise independent directors as the Chairman is not an independent director;
- The candidate is able to commit time and effort to carry out duties and responsibilities effectively; and
- The candidate is fit and proper in accordance with MAS' fit and proper guidelines, taking into account his or her track record, capabilities and such other relevant experience as may be determined by the Board.

Given the selection criteria, the search for potential candidates is initiated by considering recommendations from Board members and Management and conducting an external search for candidates that fit the criteria. To extend the reach of the search, the Board may use external search agencies such as the Board Appointment Service of SID, which assisted with the recruitment of one of the board members.

The NC will then shortlist and interview the candidates. Shortlisted candidates are evaluated by the Chairman of the Board and IDs so that recommendations made on proposed candidates are objective and well-supported. Candidates are evaluated and selected based on their relevant expertise and potential contributions. Other factors including the current and mid-term needs and goals of Far East H-REIT are also considered. Once a candidate is selected for the Board, the NC conducts due diligence through reference checks before putting it up to the Board for approval.

Having initiated the Board succession and renewal process five years ago with the appointment of Ms Vivienne Lim in 2018, Ms Catherine Lee in 2019, Ms Celestine Khoo in 2020, Mr Benedict Leh in 2021 and Mr Gerald Lee in 2022, the NC had reviewed the current size and composition of the Board as at 31 December 2023. The NC plans to continue the process of gradually and progressively refreshing its IDs, taking into account, among other factors such as the nine-year rule on director independence in the SGX Listing Rules.

CORPORATE GOVERNANCE

KEY MANAGEMENT SUCCESSION

In addition to succession planning of the Board, the NC reviews the succession plans for key management positions. Given the small size of the REIT management team, the succession planning includes reviewing possible cross-deployment of personnel from the wider group of the Sponsor. In January 2021, a senior staff from FEO joined the management team to assume the role of Vice President, Asset Management and Enhancement while the incumbent was redeployed to a unit within the Sponsor.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC assesses and discusses the performance of the Board as a whole and its Board Committees on an annual basis. The NC has in place a process to evaluate the effectiveness of the Board and its Board Committees, as well as the contribution by the Chairman and each individual Director. The review allows each Director to individually express his or her personal and confidential assessment of the Board's overall effectiveness in discharging its duties and responsibilities. It provides insights into the functioning of the Board and its Board Committees, whilst identifying areas that need strengthening or improvement.

The criteria for evaluation of the Board's performance includes board composition, access to information, board process, risk management, strategy and planning, board accountability, and engagement with CEO and Management. These performance criteria are approved by the Board, and are generally unchanged from year to year so that trends may be determined.

The Directors are required to complete evaluation questionnaires for the Board and its Board Committees and an individual director self-assessment questionnaire. The individual Director's performance is assessed based on the Director's duties and performance, knowledge and interactive skills.

An external facilitator, Ms Wong Su Yen, CEO of Bronze Phoenix Consulting Pte Ltd and Chairman of SID, was engaged to assist the NC in conducting this evaluation and assessment of the performance of the Board, its Board Committees and the individual Directors. The external facilitator is independent, has no other business relationship with the Trust, and is not related to the directors.

The Company Secretaries of the REIT Manager (from Tricor Evatthouse Corporate Services, the corporate secretarial agent) assist in compiling and tabulating the responses received from Directors to facilitate the external facilitator's assessment and analysis. The questionnaires are on a no-name basis and the submissions are kept confidential by the Company Secretaries of the REIT Manager who administer this process.

From the responses, a consolidated report is prepared and provided to the NC and the external facilitator. They review the responses and feedback, as well as the areas where the Board's performance and effectiveness could be enhanced. The board performance evaluation results and recommendations for improvement are then presented to the Board by the external facilitator for discussion and for implementation to help the Board discharge its duties more effectively.

Each director is given sufficient opportunity to bring to the Board his or her perspective to enable balanced and well-considered decisions to be made.

The Board, in consultation with the NC, is satisfied that the Board has met its performance objectives for the year under review.

CORPORATE GOVERNANCE

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

REMUNERATION COMMITTEE

The RC members are appointed by the Board from among its members, the majority of whom (including the Chairman of the RC) are independent directors. The members of the RC are Ms Celestine Khoo (Chairman of RC), Mr Wee Kheng Jin (Chairman and Non-Executive Director) and Ms Vivienne Lim (Lead ID).

ROLES AND RESPONSIBILITIES OF THE RC

The RC plays an important role in ensuring the attraction, recruitment, motivation and retention of talents through competitive remuneration and progressive policies so as to achieve Far East H-Trust's goals, and to deliver sustainable Stapled Securityholder value, distribution income, as well as growth in total returns. Terms of reference setting out the scope and authority in performing the function of the RC have been written, and these include assisting the Board in matters relating to:

- Reviewing and recommending to the Board for endorsement a framework of remuneration for the directors and key management personnel (no member of the Board is involved in any decision of the Board relating to his or her own remuneration). The framework covers all aspects of remuneration, including fees, salaries, allowances, bonuses, grant of shares and share options and benefits-in-kind;
- Reviewing and recommending to the Board on the specific remuneration packages for each director as well as for the key management personnel;
- Consulting independent professional consultancy firms, where necessary in determining remuneration packages; and
- Considering the various disclosure requirements for directors' remuneration and ensuring that there is adequate disclosure in the financial statements to ensure and enhance transparency between Far East H-Trust and relevant interested parties.

The RC seeks to ensure that the remuneration paid to the key management personnel of the REIT Manager is closely linked to the achievement of corporate and individual performance targets. The performance targets approved by the Board at the start of each year are set with the purpose of motivating a high degree of business performance with emphasis on both short-and longer-term quantifiable goals. At the close of each financial year, the RC reviews the achievements of the REIT Manager against the targets set to determine the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends, and approves a bonus pool that is commensurate with the performance achieved.

CORPORATE GOVERNANCE

Where necessary, the Board modifies the framework of remuneration to align the REIT Manager's compensation with the interests of the Stapled Securityholders. Remuneration of the directors, executive officers and employees of the REIT Manager is not paid out of the deposited property of Far East H-REIT but paid by the REIT Manager from the fees it receives.

KEY MANAGEMENT EXECUTIVES' REMUNERATION FRAMEWORK

The remuneration of key management personnel is structured to take into account:

- The strategic objectives and goals of Far East H-Trust
- Corporate and individual performance, both in terms of financial and non-financial performance of Far East H-Trust through the incorporation of appropriate key performance indicators that are specific, measurable and result-oriented

The key performance indicators used to determine the remuneration of the CEO and key management personnel of the REIT Manager include:

- Far East H-Trust's income available for distribution
- Distribution per Stapled Security
- Total Stapled Securityholder Return
- Investor relations management
- Asset enhancement initiatives
- Investment activities
- Corporate governance
- Environmental, social and corporate governance initiatives
- Other strategic initiatives as determined from time to time

These performance indicators are appropriate and meaningful measures which assess Management's performance, whilst taking into account the risk policies of Far East H-Trust. Structuring the level of remuneration as such aligns the interests of key management personnel with that of the Stapled Securityholders and promotes the long-term success of Far East H-Trust.

The remuneration of key management personnel comprises a fixed and a variable component. The fixed component comprises a fixed salary and compulsory employer contribution to the employees' Central Provident Fund. The variable component comprises short-term cash bonuses, and long-term equity-based incentives whereby stapled securities in Far East H-Trust ("Stapled Securities") are awarded under a Restricted Unit Plan based on pre-determined targets (e.g. Distribution per Stapled Security), set over a one-year performance period and vesting over a three-year period.

This structure links rewards only to the performance of Far East H-Trust and the individual's performance, and there is no link to the performance of the controlling shareholder of the REIT Manager. It takes into consideration the risk policies of Far East H-Trust so as to be symmetric with risk outcomes and sensitive to the time horizon of risks.

The remuneration of the CEO and each of the key management personnel are reviewed by the RC and recommended to the Board for approval.

CORPORATE GOVERNANCE

NON-EXECUTIVE DIRECTORS' REMUNERATION AND FEE STRUCTURE

The RC also ensures that the remuneration of non-executive directors is appropriate to their level of contribution taking into account factors such as effort and time spent, and their responsibilities. The RC ensures that independent directors are not over-compensated to the extent that their independence may be compromised. None of the Directors has any service contracts with the REIT Manager.

The structure of directors' fees for non-executive directors comprises a base fee for serving as a Director and additional fee for serving as Chairman or member on each Board Committee. It also takes into account the following:

- Directors' responsibilities and contributions; and
- Industry practices and norms on remuneration, including the guidelines set out in the Remuneration Committee Guide of the SID.

The CEO, who is an executive Director, is remunerated as part of the key management personnel of the REIT Manager and does not receive any director's fees.

The directors' fees (including the Chairman) are paid in the form of cash (80% of the total fees) and Stapled Securities (20% of the total fees) with effect from the financial year commencing 2018. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of Directors with those of Stapled Securityholders and the long-term interests of the REIT. Non-executive directors are required to hold the Stapled Securities awarded under the above policy for as long as he/she is on the Board in order to better align the interests of non-executive Directors with the interests of Stapled Securityholders. A Director who steps down from the Board during a financial year will be paid fees calculated on a pro-rated basis.

Directors' fees are reviewed and endorsed by the RC. The framework for determining the directors' fees is shown in the table below:-

Main Board	Chairman	S\$70,000 per annum
	Director	S\$55,000 per annum
Audit, Sustainability & Risk Committee	Chairman	S\$45,000 per annum
	Member	S\$22,500 per annum
Remuneration Committee	Chairman	S\$20,000 per annum
	Member	S\$10,000 per annum
Nominating Committee	Chairman	S\$15,000 per annum
	Member	S\$ 7,500 per annum

INDUSTRY BENCHMARKING AND ENGAGEMENT OF CONSULTANT

In determining the remuneration of its directors and key management personnel, the REIT Manager benchmarks against the industry and seeks views on market practices and trends by engaging an independent remuneration consultant, HR Guru Pte. Ltd. The consultant is not related to the REIT Manager, its controlling shareholder, its related corporations or any of its Directors. The REIT Manager also takes reference from market practices in the formulation and review of its remuneration policies.

The REIT Manager applies the principle that remuneration matters are to be sufficiently structured and benchmarked to good market practices in order to attract suitably qualified talent, to grow and manage Far East H-REIT. The REIT Manager applies the principle that the remuneration for the Board and key executives should be viewed in totality. It is a concerted pursuit of strong and ethical leadership for the success of Far East H-Trust and the REIT Manager.

CORPORATE GOVERNANCE

The RC reviews the employment contracts to ensure that they contain fair and reasonable termination clauses. Contractual provisions have also been instituted to allow the REIT Manager to reclaim incentive components of the remuneration from the CEO and the key management personnel paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss.

The Board and RC have reviewed and ensured that the level and structure of remuneration for the REIT Manager's key management personnel and non-executive directors are in alignment with the long-term interests and risk management policies of Far East H-Trust.

DISCLOSURE OF REMUNERATION

Directors' fees⁽¹⁾

The exact remuneration payable to each individual director for the financial year ended 31 December 2023 is as follows:-

Name of Director	Components of Directors' fees		Total (\$)
	Cash component (\$)	Stapled Securities component ⁽¹⁾ (\$)	
Wee Kheng Jin	114,000	28,500	142,500
Vivienne Lim Hui Bian	82,000	20,500	102,500
Catherine Lee Khia Yee	68,000	17,000	85,000
Celestine Khoo Geok Choo	78,000	19,500	97,500
Benedict Leh Song Boon	80,000	20,000	100,000
Gerald Lee Hwee Keong ⁽²⁾	-	-	-

(1) Each of the Directors (including the Chairman) will receive 20% of his or her total directors' fees in the form of Stapled Securities. The actual number of Stapled Securities to be awarded will be determined by reference to the volume-weighted average price for a Stapled Security for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST, for the period of 10 business days after the annual general meeting of the REIT Manager. The remainder of the directors' fees shall be paid in cash. The Stapled Securities are to be issued from the existing holdings of the REIT Manager, hence no new Stapled Securities will be issued for this purpose.

(2) Mr Gerald Lee Hwee Keong, as CEO and Executive Director does not receive any directors' fees for serving as a Director.

CORPORATE GOVERNANCE

Level and Mix of Remuneration of the CEO and other Top 5 Key Executives

The exact remuneration paid to or payable to the CEO for the financial year ended 31 December 2023 is as follows:-

	Salary and Allowances ⁽¹⁾ S\$	Variable Bonus ⁽²⁾ S\$	Benefits-In-Kind S\$	Long-Term Incentive ⁽³⁾ S\$	Total ⁽⁴⁾ S\$
Gerald Lee Hwee Keong	570,330	167,762	1,218	212,300	951,610
	60%	18%	0%	22%	100%

The remuneration paid to or payable to each of the other top five key executives, in bands of S\$250,000, for the financial year ended 31 December 2023 is as follows:-

Remuneration Band and Names of Top 5 Key Executives	Salary and Allowances ⁽¹⁾ S\$	Variable Bonus ⁽²⁾ S\$	Benefits-In-Kind S\$	Long-Term Incentive ⁽³⁾ S\$	Total ⁽⁴⁾ S\$
Between S\$500,000 to S\$750,000					
Regina Yap Siew Buay	66%	22%	0%	12%	100%
Between S\$250,000 to S\$500,000					
Desmond Tan Eng Kiat	65%	21%	1%	13%	100%
Below S\$250,000					
Edmond Tan Wei De ⁽⁵⁾	67%	20%	0%	13%	100%
Chow Wai Yen	67%	19%	2%	12%	100%
James Tan You Rong	78%	22%	0%	0%	100%
Total of Top 5 Key Executives (excluding CEO)					S\$1,505,637

(1) Inclusive of Annual Wage Supplement and employer's Central Provident Fund contributions.

(2) Payout is based on the achievement of pre-determined performance targets of FY 2023.

(3) Long-term incentive will be paid by Stapled Securities in Far East H-Trust pursuant to the REIT Manager's Restricted Unit Plan. The value of Stapled Securities awarded is based on the fair value of the Stapled Securities at the time of grant in FY 2023. The actual vesting can range between 0 to 150% of the initial contingent award depending on the achievement of the pre-determined targets at the end of the one-year performance period. The award will be vested annually over 3 years at the rate of 33% for 1st and 2nd vesting, and 34% for final vesting.

(4) Remuneration of the employees including long-term incentive is paid by the REIT Manager.

(5) Edmond Tan Wei De joined the organisation effective 16 May 2023.

The remuneration of the CEO and other employees of the REIT Manager is paid out of the fees that the REIT Manager receives, and is not borne by Far East H-Trust.

There is no employee with the REIT Manager who is an immediate family member of a Director or the CEO of the REIT Manager or a shareholder of the REIT Manager or a substantial Stapled Securityholder of Far East H-Trust, and whose remuneration exceeds S\$100,000 during the year. None of our employees are shareholders of the REIT Manager or substantial Stapled Securityholders of Far East H-Trust.

CORPORATE GOVERNANCE

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

ROLE OF THE BOARD AND ASRC IN ENSURING EFFECTIVE RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises the importance of a sound system of risk management and internal controls to safeguard Stapled Securityholders' interests and Far East H-REIT's assets. The Board affirms its responsibility for Far East H-REIT's system of risk management and internal controls, and for reviewing the adequacy and effectiveness of Far East H-REIT's risk management and internal control systems, including financial, operational, compliance and information technology ("IT") controls on an annual basis.

The ASRC assists the Board in examining the adequacy and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained while the Board reviews the adequacy and effectiveness of the risk management and internal control system. The ASRC also assesses the materiality of specific developments or risks that might have an impact on the business operations and security price of Far East H-Trust.

FORMULATION OF RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The REIT Manager utilises the Enterprise Risk Management ("ERM") framework to identify, monitor and manage its risks. In setting up the risk management framework, the extent of risk tolerance and the risk parameters based on Far East H-REIT's current operations have been set and approved by the Board after taking into consideration Far East H-REIT's strategic objectives. The risk parameters guide Management on managing the risks of Far East H-REIT and these parameters are regularly reviewed to ensure they are relevant to Far East H-REIT's operating profile.

The ASRC guides Management in the formulation of risk policies and processes in identifying, evaluating and managing key risks while the ownership of risk management lies with the CEO and he is supported by the respective managers. The nature and extent of risks are assessed regularly by Management and internal auditors, and reports are submitted to the ASRC as and when necessary. The ASRC reports to the Board on material findings and makes recommendations or seeks guidance from the Board in respect of any material risk issues.

Any findings on material non-compliance or weaknesses in internal controls and risk management by the internal auditors are reported to the ASRC. The recommendations to further improve the internal control system and risk management system are reported to the ASRC and actions are taken by Management.

ASSESSMENT AND MANAGEMENT OF MATERIAL RISKS

The assessment of material risks, countermeasures and mitigating strategies are elaborated under the Enterprise Risk Management section on pages 83 and 84 of this Annual Report.

In managing conflicts of interest risk, the REIT Manager has instituted the following procedures:

- The REIT Manager will not manage any other REIT which invests in the same type of properties as Far East H-REIT;
- All executive officers will be employed by the REIT Manager and will not hold executive positions in any other entities;

CORPORATE GOVERNANCE

- All resolutions in writing of the Directors of the REIT Manager in relation to matters concerning Far East H-REIT must be approved by a majority of the Directors, including at least one Director independent from Management and business relationships with the REIT Manager;
- At least half of the Board shall comprise such independent directors;
- In respect of matters in which a director of the REIT Manager or his or her associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors of the REIT Manager and must exclude such interested director;
- In respect of matters in which the Sponsor has an interest, direct or indirect, any director appointed by the Sponsor to the Board to represent its interests will abstain from deliberations and voting on such matters. In such matters, the quorum must comprise a majority of the Directors of the REIT Manager independent from Management and business relationships with the REIT Manager and must exclude such directors of the Sponsor. Save for resolutions relating to the removal of the REIT Manager, the REIT Manager and its associates (as defined in the Listing Manual) are prohibited from voting or being counted as part of a quorum in Stapled Securityholders' meetings convened to approve any matter in which the REIT Manager and/or any of its associates has an interest, and for so long as the REIT Manager is the manager of Far East H-REIT, the controlling shareholders of the REIT Manager and of any of its associates (as defined in the Listing Manual) are prohibited from voting or being counted as part of a quorum in any Stapled Securityholders' meetings convened to consider a matter in respect of which the relevant controlling shareholders of the REIT Manager and/or of any of its associates have an interest; and
- It is also provided in the Trust Deed that if the REIT Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the REIT Trustee for and on behalf of Far East H-REIT with an Interested Person (as defined in the Listing Manual) and/or, as the case may be, an Interested Party (as defined in the Property Funds Appendix) (collectively, a "Related Party") of the REIT Manager, the REIT Manager shall be obliged to consult with a reputable law firm (acceptable to the REIT Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the REIT Trustee, on behalf of Far East H-REIT, has a prima facie case against the party allegedly in breach under such agreement, the REIT Manager shall be obliged to take appropriate action in relation to such agreement. Directors of the REIT Manager will have a duty to ensure that the REIT Manager so complies. Notwithstanding the foregoing, the REIT Manager shall inform the REIT Trustee as soon as it becomes aware of any breach of any agreement entered into by the REIT Trustee for and on behalf of Far East H-REIT with a Related Party of the REIT Manager and the REIT Trustee may take such action as it deems necessary to protect the rights and interests of the Stapled Securityholders of Far East H-Trust. Any decision by the REIT Manager not to take action against a Related Party of the REIT Manager shall not constitute a waiver of the REIT Trustee's right to take such action as it deems fit against such Related Party.

INTERNAL CONTROL SYSTEM FOR RELATED PARTY AND INTERESTED PERSON TRANSACTIONS

The REIT Manager has established an internal control system to ensure that all Related Party Transactions, Interested Party Transactions (as defined in the Property Fund Appendix) and Interested Person Transactions (as defined in the Listing Manual) (collectively "IPT"):

- will be undertaken on an arm's length basis and on normal commercial terms; and
- will not be prejudicial to the interests of the Stapled Securityholders of Far East H-Trust.

Related party transactions have been disclosed in the financial statements of this annual report. As a general rule, the REIT Manager must demonstrate to the ASRC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the REIT Manager, or obtaining valuations from independent professional valuers (in accordance with the Property Funds Appendix).

CORPORATE GOVERNANCE

The REIT Manager maintains a register to record all IPT which are entered into by Far East H-REIT and the bases, including any quotations from unrelated parties and independent valuations obtained, on which they are entered into.

The REIT Manager has incorporated into its internal audit plan to review all IPT entered into by Far East H-REIT. The ASRC will monitor the procedures established to regulate IPT, including reviewing any IPT entered into from time to time and the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor IPT have been complied with (including relevant provisions of the Listing Manual and Property Funds Appendix). If a member of the ASRC has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

In addition, the REIT Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix has been complied with. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the ASRC.

Further, the following procedures will be adhered to:

- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S\$100,000 in value but less than 3.0% of the value of Far East H-REIT's latest audited net tangible assets/net asset value will be subject to review by the ASRC at regular intervals;
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Far East H-REIT's net tangible assets/net asset will be subject to the review and prior approval of the ASRC. Such approval shall only be given if such transaction is conducted on an arm's length basis, on normal commercial terms and consistent with similar types of transactions made with third parties which are not interested parties; and
- Transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of the value of Far East H-REIT's net tangible assets/ net asset value will be reviewed and approved prior to such transaction being entered into, on the basis described in the preceding paragraph, by the ASRC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Far East H-Trust Stapled Securityholders at a meeting duly convened.

Where matters concerning Far East H-REIT relate to transactions entered into or to be entered into by the REIT Trustee for and on behalf of Far East H-REIT with an interested party (which would include relevant associates thereof), the REIT Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Far East H-REIT and the Stapled Securityholders of Far East H-Trust, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Furthermore, the REIT Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested party. If the REIT Trustee is to sign any contract with an interested party, the REIT Trustee will review the contract to ensure that it complies with the requirements relating to IPT in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to IPT (as may be amended from time to time) as well as guidance prescribed by the MAS and SGX-ST.

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Save for the IPT described under “Setting Up of Far East H-REIT and Future Related Party Transactions” in the IPO prospectus, Far East H-REIT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such a transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of Far East H-REIT’s latest audited net tangible assets/ net asset value.

The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in FY 2023, and which are subject to Rules 905 and 906 of the Listing Manual excluding transactions of less than S\$100,000 in value, is disclosed below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager		
Rental and utilities income ⁽¹⁾		166	-
Management fees ⁽²⁾		10,501	-
Reimbursable expenses ⁽³⁾		144	-
Divestment fees ⁽⁴⁾		90	-
Rental deposits		41	
DBS Trustee Limited	REIT Trustee		
Trustee's fee		316	-
Far East Organization and its related companies	Controlling Stapled Security-holders of Far East H-Trust and its associates		
Rental income – Master Lease ⁽⁵⁾		90,649	-
Rental and utilities income – REIT Commercial Premises ⁽¹⁾⁽⁶⁾		753	-
Hotel management fee ⁽⁷⁾⁽⁸⁾⁽⁹⁾		715	-

CORPORATE GOVERNANCE

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Shared service fees ⁽¹⁰⁾	Controlling	929	–
Reimbursable expenses ⁽⁷⁾	Stapled	598	–
Technical and operation support service fee ⁽⁷⁾⁽¹¹⁾	Security-holders of Far	444	–
Leasing commission – REIT Commercial Premises ⁽¹²⁾	East H-Trust and its associates	251	–
Other expenses ⁽⁷⁾⁽¹³⁾		3,587	–
Other revenue ⁽⁷⁾		469	–
Reimbursable expenses received/receivable ⁽⁷⁾⁽¹⁴⁾		242	–
Interest income ⁽¹⁵⁾		1,638	–
Interest expense ⁽⁷⁾⁽¹⁶⁾		1,147	–
Rental income - Others ⁽⁷⁾		297	–
Rental deposits ⁽¹⁷⁾		188	–

(1) The REIT Trustee has entered into tenancy agreements with the REIT Manager and related corporations of the REIT Manager during the year which have been reviewed and approved by ASRC as follows:

Name of interested person	Term	Contract value S\$'000
Far East Orchard Limited	0.35 year	251
FEO Hospitality Asset Management Pte. Ltd.	0.26 year	43
Yeo Hiap Seng Limited	1 year	30

(2) Pursuant to the Trust Deed, the REIT Manager is entitled to a management fee comprising a base fee of 0.28% per annum of the value of the Far East H-REIT Deposited Property (as defined in the Trust Deed) and a performance fee of 4.0% per annum of net property income ("NPI") or the annual distributable amount (as defined in the Trust Deed) in the relevant year, whichever is lower.

(3) This relates to service fee for website maintenance, annual report production, AGM expenses, air tickets, professional fee and other miscellaneous expenses.

(4) This relates to the divestment fees due to incentive fee received on 24 March 2023 for divestment of Central Square which completed on 24 March 2022.

(5) This relates to the rental income received/receivable from the master lessees of the properties:

- First Choice Properties Pte Ltd	- Golden Development Private Limited
- Far East Organization Centre Pte. Ltd.	- Far East SOHO Pte. Ltd.
- Golden Landmark Pte. Ltd.	- Serene Land Pte Ltd
- Transurban Properties Pte. Ltd.	- Oxley Hill Properties Pte Ltd
- Far East Orchard Limited	- Riverland Pte Ltd

(6) This relates to rental income received/receivable from related corporations of the REIT Manager:

- Far East Orchard Limited	- Yeo Hiap Seng Limited
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(7) Far East H-REIT holds 30% interest in Fontaine Investment Pte Ltd ("FIPL"), a joint venture company established to develop a hotel site in Sentosa. FIPL meets the criteria of an Entity at Risk being an associated company that is not listed on the Exchange. The aggregate value of interested person transactions included value at risk for transactions with Interested Persons of 30% on the basis of the Far East H-REIT's shareholding.

CORPORATE GOVERNANCE

- (8) This relates to hotel management fee paid/payable by FIPL to Far East Hospitality Management (S) Pte. Ltd.
- (9) Pursuant to the Hotel Management Agreement dated 24 April 2018 entered by FIPL with Far East Hospitality Management (S) Pte. Ltd., the estimated amount for the top-up of shortfall of actual Gross Operating Profit ("GOP") less than Guaranteed GOP is S\$346k.
- (10) This relates to the shared services agreements between the master lessees and Far East H-REIT in respect of the properties. The master lessees are paid monthly for a share of the costs of the applicable services provided to and attributed to the REIT Commercial Premises based on the agreed proportion of the total costs and expenses for the properties. The services provided or procured by the master lessees included cleaning and maintenance services, fire alarm system maintenance, lifts maintenance, landscape maintenance, waste disposal services, provision of security services, chiller plant maintenance, air conditioner maintenance and other services.
- (11) This relates to technical and operation support service fee paid/payable to related corporations of the REIT Manager:
- First Choice Properties Pte Ltd
 - Far East Organization Centre Pte. Ltd.
 - Golden Landmark Pte. Ltd.
 - Golden Development Private Limited
 - Far East Orchard Limited
 - Agape Services Pte. Ltd.
 - Serene Land Pte Ltd
 - Oxley Hill Properties Pte Ltd
 - Riverland Pte Ltd
- FIPL has entered into laundry service contract with Agape Services Pte. Ltd. with an estimated contract sum of S\$0.03 million for 1.42 years during the year which has been reviewed and approved by ASRC.
- (12) This relates to leasing commission paid/payable to Far East Management (Private) Limited, Far East Real Estate Agency Pte. Ltd. and other third party marketing agents.
- (13) This relates to central engineering, property management & leasing services, vehicle lease, breakfast, all day dining, room service & banquet, technical and back office support fee paid/payable by FIPL to related corporations of the REIT Manager.
- FIPL has entered into agreements with Far East Management (Private) Limited and Commonwealth Concepts Pte. Ltd. with an estimated total contract sum of S\$1.3 million for 1 to 2 years and S\$1.6 million for 1 year respectively during the year which have been reviewed and approved by ASRC.
- (14) This relates to reimbursement of utilities and other miscellaneous expenses from related corporations of the REIT Manager.
- (15) This relates to interest on shareholders' loan received/receivable from FIPL.
- (16) This relates to interest on shareholders' loan paid/payable by FIPL to Far East Organization Centre Pte Ltd.
- (17) This relates to rental deposits received from related corporations of the REIT Manager.

Far East H-Trust has not obtained a Stapled Securityholders' mandate pursuant to Rule 920 of the Listing Manual for IPT.

Save as disclosed above, (a) there are no other material contracts entered into by Far East H-Trust and/or its subsidiaries including the interests of the CEO, any director or controlling Stapled Securityholder, either still subsisting at the end of the year or entered into since the end of the previous financial year; and (b) there were no additional IPT (excluding transactions of less than S\$100,000 each) entered into during the period under review.

The entry into and the fees and charges payable by Far East H-REIT under the Trust Deed, the Stapling Deed, the Shared Services Agreements, the Shared Electricity Services Agreements, the License Agreement and the leases set out in the section "Other Related Party Transactions" in the IPO Prospectus and/or circular, to the extent that details of these have been specifically disclosed in the IPO Prospectus and/or circular, which each constitutes an Interested Person Transaction, are deemed to have been specially approved by Stapled Securityholders upon purchase of the Stapled Securities and/or in the Extraordinary General Meeting and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will adversely affect Far East H-REIT.

CORPORATE GOVERNANCE

BOARD'S COMMENT ON INTERNAL CONTROLS AND RISK MANAGEMENT

The Board receives quarterly certification of assurance from the CEO and CFO which assures that to the best of their knowledge, the accounting records have been properly maintained and the financial statements are drawn up so as to give a true and fair view of the financial position and financial performance, and that they are prepared in accordance with accounting standards. The CEO, CFO and other key management personnel also provide a certification of assurance to the Board that Far East H-Trust's risk management and internal control systems, to the extent that they address the financial, operational, compliance and IT risks faced by Far East H-Trust in its current business environment, have been adequately designed and are operating effectively in all material aspects, as at 31 December 2023.

Based on the risk management and internal control systems established and adhered to by Far East H-Trust, the assurance received from the CEO, CFO and other key management personnel, work performed by the internal and external auditors, and compliance manager, reviews conducted by Management and various Board Committees, the Board is of the view that Far East H-Trust's internal controls (including financial, operational, compliance and IT controls) and risk management system have been adequately designed and are operating effectively in all material aspects faced by Far East H-Trust in its business environment as at 31 December 2023. Far East H-Trust has no exposure or link to any sanction-related risk and has no material change in its risk of being subject to any Sanction Law. Far East H-Trust will continue to monitor its position on an ongoing basis and make any necessary disclosures as required by SGX and other relevant authorities on a timely and accurate basis.

The Board notes that the internal controls and risk management system established provide reasonable though not absolute assurance against material misstatement of loss and that Far East H-Trust will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board accepts that the internal control systems contain inherent limitations and notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human errors, fraud and other irregularities.

The ASRC concurs with the Board's comment on the internal controls and risk management systems of Far East H-Trust.

ROLE AND DUTIES OF COMPLIANCE MANAGER

KPMG Services Pte Ltd ("KPMG"), the Compliance Manager, assists with the Far East H-Trust's and the REIT Manager's regulatory and compliance matters.

KPMG reports to the ASRC of the REIT Manager and their duties include:

- Advising and checking for the REIT Manager's compliance with its regulatory obligations under the SFA and Listing Manual;
- Advising and checking for the representatives' compliance with their regulatory obligations under the SFA, such as the maintenance of their relevant interests in listed specified products;
- Checking the returns and other documents to be submitted by the REIT Manager and its representatives to the MAS under the SFA from time to time, in relation to the REIT Manager's CMS License for the regulated activity of REIT management; and
- Conducting regulatory training, as and when requested, to the REIT Manager, its Directors and its representatives as part of the quarterly compliance review.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

AUDIT, SUSTAINABILITY AND RISK COMMITTEE

The ASRC members are appointed by the Board from among its members. The ASRC is comprised entirely of independent directors, and its members as at 31 December 2023 are Mr Benedict Leh (Chairman), Ms Vivienne Lim Hui Bian, Ms Catherine Lee and Ms Celestine Khoo.

The Board is of the view that the members of the ASRC bring with them invaluable and relevant managerial and professional expertise in accounting and related financial management domains to discharge their responsibilities. Mr Leh, Ms Lee and Ms Khoo have extensive experience in financial management and the capital markets. Both Ms Lee and Ms Khoo are Chartered Accountants with the Institute of Singapore Chartered Accountants and have extensive accounting and financial management expertise and experience. Ms Lim, a lawyer in private practice, and founder of Genesis Law Corporation, has experience in both contentious corporate and commercial litigation matters as well as non-contentious real estate advisory matters. Therefore, the Board considers Ms Lim as having sufficient financial management knowledge to discharge her responsibilities as a member of the ASRC.

None of the ASRC members are former partners or directors of Far East H-REIT's existing external auditing firm, Ernst & Young LLP ("EY") (a) within a period of two years commencing from the date of their ceasing to be partners or directors of EY; or (b) who have any financial interest in EY.

KEY RESPONSIBILITIES AND ACTIVITIES OF THE ASRC

The ASRC's responsibilities include and are not limited to:

- i. Reviewing the financial statements of Far East H-REIT and Far East H-Trust;
- ii. Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of Far East H-Trust, and announcements relating to Far East H-Trust's financial performance;
- iii. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the REIT Manager's internal controls, including financial, operational, compliance and IT controls, and risk management systems;
- iv. Reviewing the adequacy and effectiveness of the REIT Manager's internal audit and compliance functions;
- v. Reviewing the scope and results of the external audit and independence and objectivity of the external auditors;
- vi. Reviewing IPT and monitoring the procedures established to regulate IPT, including ensuring compliance with the provisions of the Listing Manual and the provisions of the Property Funds Appendix;
- vii. Deliberating on resolutions relating to conflicts of interest involving Far East H-REIT;
- viii. Monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;
- ix. Reviewing the arrangements by which employees of the REIT Manager may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- x. Making recommendations to the Board on the appointment, reappointment and removal of external auditors and approving the remuneration and terms of engagement of external auditors;
- xi. Meeting with internal and external auditors, without the presence of the Management, at least once annually;
- xii. Overseeing sustainability and ESG issues and strategies as well as the process used to identify, evaluate and manage material ESG related issues;

CORPORATE GOVERNANCE

- xiii. Making recommendations to the Board on Far East H-REIT's strategies, targets, policies and roadmap pertaining to sustainability;
- xiv. Reviewing the effectiveness of strategies, targets, policies and roadmaps pertaining to sustainability;
- xv. Reviewing the status updates on the implementation and progress against sustainability targets; and
- xvi. Monitoring the compliance with applicable regulations and policies.

The ASRC has explicit authority to investigate any matter within its terms of reference. The ASRC has full access to and co-operation by Management and the internal and external auditors and has full discretion to invite executive officers of the REIT Manager and the Sponsor, external consultants or advisers to attend its meetings. The internal and external auditors have unrestricted access to the ASRC.

During the year under review, four ASRC meetings were held. The ASRC also met separately with the internal auditor and external auditor, without the presence of the executive officers of the REIT Manager on one occasion each to discuss issues and to confirm that they had full access to and received co-operation and support from the Management.

The ASRC has conducted a review of all non-audit services provided and/to be rendered by EY, the external auditor, during the year under review. The aggregate amount of fees paid and payable to EY was S\$148,700, of which audit fees amounted to S\$86,300 and non-audit fees amounted to S\$62,400. The non-audit fees paid/payable to EY relates to general tax, GST compliance work and tax advisory work. The statutory audit fee for Far East H-Trust is relatively low compared to peer organisations because a significant part of the audit work relating to Far East H-REIT's gross revenue has been performed by the auditors of the Master Lessees.

The fees paid to EY for non-audit services did not exceed 50% of the total fees paid. The ASRC, having regard to the nature and performance of the work by EY, is of the view that the auditor's independence and objectivity are not impaired or threatened.

In reviewing the nomination of EY for re-appointment for the financial year ending 31 December 2023, the ASRC had taken into consideration the Audit Quality Indicators Framework introduced by ACRA. The ASRC also considered the adequacy and experience of the professional staff and audit engagement partner assigned, EY's experience in the REIT sector and the size and complexity of the audit. The ASRC is satisfied with the independence and work of the external auditors and has recommended to the Board the re-appointment of EY as the external auditors of Far East H-Trust at the forthcoming annual general meeting.

The Board confirms that Far East H-Trust complies with the requirements of Rule 712 and Rule 715 of the Listing Manual in respect of the suitability of the auditing firm for Far East H-Trust.

WHISTLE BLOWING POLICY

The REIT Manager has established a Whistle Blowing Policy and a Loss Management Policy for which relevant employees and Directors of the REIT Manager and the Trustee-Manager, as well as external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in good faith, with the confidence that the relevant persons making the reports will be treated fairly and be protected from reprisal.

The objective of the Whistle Blowing Policy is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The Whistle Blowing Policy deals with defalcation, impropriety, or wrongdoing by employees in situations including but not limited to suspected fraud, corruption, and unlawful or dishonest conduct.

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Whistle-blowers are given the option to remain anonymous and may report via an external independent hotline or directly to FEO’s Head of Internal Audit. Establishing these policies reflects the REIT Manager’s commitment to conduct its business within a framework that fosters the highest ethical standards.

The Whistle Blowing Policy is made available to all new employees when they join the REIT Manager, and they are briefed on this together with FEO’s Code of Conduct. The Whistle Blowing Policy is also publicly disclosed on Far East H-Trust’s website at <https://www.fehtrust.com/corporate-governance.html>.

REVIEWS CONDUCTED BY THE ASRC

During the year under review, the ASRC performed independent reviews of the half-yearly and full year financial results as well as interim business updates of Far East H-Trust before recommending to the Board for approval on the release of the financial statements and SGX announcements relating to Far East H-Trust’s financial statements. In the process, the ASRC reviewed the significant financial reporting issues and judgements, including the appropriateness of accounting policies and the quality and completeness of disclosure to ensure the integrity of the financial statements. The ASRC also reviewed, among other matters, the following key audit matters (“KAM”) identified by the external auditor for the financial year ended 31 December 2023:

Key Audit Matter	How the issue was addressed by ASRC
Valuation of Investment Properties	<p>The ASRC considered the approach and methodology applied to the valuation model in assessing the valuation of investment properties.</p> <p>The ASRC noted that:</p> <ul style="list-style-type: none"> • There was appropriate use of third party valuers who have recognised professional qualification and experience in the location and category of properties being valued; • In accordance with the Property Funds Appendix, the valuers have been changed every two years to provide independent and fresh perspective to the valuation process; and • Material judgmental assumptions used in the valuations were within reasonable parameters. <p>The ASRC considered the findings of the external auditor, including the assessment of the appropriateness of the valuation techniques and the underlying assumptions applied, as well as the rapid changes in the market and economic conditions which increases the level of estimation uncertainty and judgement required.</p> <p>The ASRC considered the valuation of the investment properties to be appropriate.</p>

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The ASRC reviewed and approved the audit plan and scope of the external auditors on the audit of the full year financial statements. The ASRC also reviewed and approved the internal audit plan and scope of the internal auditor's work and its audit programme. It reviewed the findings during the year and Management's responses thereto and it satisfied itself to the adequacy of the internal audit function. In addition, the ASRC reviewed the IPT to ensure compliance with the Listing Manual and the Property Funds Appendix.

Changes to the accounting standards and issues which have direct impact on the financial statements were reported and discussed with the ASRC at its meetings. The ASRC has considered the introduction of new accounting standards for the annual periods beginning on 1 January 2023 and the effect to the financial statements of Far East H-Trust.

The ASRC does not expect the adoption of the new standards to have material impact to the financial statements of Far East H-Trust.

ROLE AND DUTIES OF INTERNAL AUDITORS

The role of the internal auditors is to assist the ASRC to ensure that the REIT Manager maintains a sound system of internal controls by regularly monitoring key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ASRC, and conducting regular in-depth audits of high-risk areas.

The ASRC approves the hiring, removal, evaluation and compensation of the internal auditor or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The REIT Manager has engaged BDO Advisory Pte Ltd ("BDO") as the internal auditor for a three-year period commencing 1 January 2023. BDO adopts the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA"). The internal auditor is independent of management and reports directly to the Chairman of the ASRC.

The internal auditor plans the internal audit schedules in consultation with, but independent of Management. The audit plan is submitted to the ASRC for approval prior to the commencement of the internal audit work. The internal auditor has unfettered access to all the REIT Manager's documents, records, properties and personnel, including access to the ASRC. The ASRC reviews the internal audit report regularly and monitors the implementation of the improvements required on internal control weaknesses identified.

During the year under review, Far East Management (Private) Limited ("FEMPL") assisted in administering the Whistle Blowing Policy and Loss Management Policy of the REIT Manager. FEMPL reports to the ASRC on any whistle-blowing report or loss management incidents.

For the year under review, the ASRC is of the view that the internal audit function is adequately resourced and has appropriate standing within the company. The ASRC has reviewed and is satisfied with the adequacy, independence and effectiveness of the internal audit function.

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(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of Far East H-REIT's performance, position and prospects. In this regard, Management provides timely, complete, adequate information to the Board through the most expedient means. On a monthly basis, Management provides the Board with an update on Far East H-REIT's operating performance. A set of management accounts with analysis is provided to the Board on a quarterly basis.

The Board embraces openness and transparency in the management of Far East H-REIT, whilst preserving its commercial interests. Financial reports, press releases, media and analyst presentation slides and other price sensitive information are disseminated to Stapled Securityholders through announcements via SGXNET and Far East H-Trust's website.

The REIT Manager is committed to treating all Stapled Securityholders fairly and equitably, and seeks to facilitate the exercise of ownership rights by all Stapled Securityholders.

Far East H-Trust is committed to communicating with investors, analysts and the investment community in a timely and comprehensive manner. The REIT Manager releases corporate information by posting announcements on SGXNET and Far East H-Trust's corporate website. The REIT Manager continues to strive towards improving the standard of disclosures and transparency to help investors make more informed investment decisions.

ANNUAL GENERAL MEETING ("AGM")

Stapled Securityholders are informed of AGMs or Extraordinary General Meetings ("EGM") through reports or circulars sent to them. Notices of the general meetings are also announced via SGXNET and Far East H-Trust's website. The Notice includes a disclosure of detailed information on each agenda item for the AGM. The requisite notice period for general meetings was adhered to. In addition, Securityholders will be able to submit their questions in advance with answers announced on SGXNET before proxy closes.

At Far East H-Trust's 11th AGM held on 20 April 2023, the Chairman of the meeting with the assistance of the service providers, briefed Stapled Securityholders on the rules of the meeting, including poll voting procedures, which govern the meeting before they vote on the resolutions at the meeting by way of poll.

Directors, key management personnel of the REIT Manager and representatives from the REIT Trustee were physically present to address every Stapled Securityholders' queries at the AGM and EGM. The external auditor was also physically present to answer Stapled Securityholders' questions about the conduct of the audit and the content of the auditors' report.

During the AGM, the CEO of Far East H-Trust made a presentation to update Far East H-Trust's Stapled Securityholders on the market and industry operating environment, performance of Far East H-Trust's hotels and serviced residences, asset enhancement initiatives that had taken place during the year, and other recent developments and projects that had been undertaken.

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Opportunity was also given to Stapled Securityholders to interact with Directors and Management of the REIT Manager to communicate their views and ask questions on matters affecting Far East H-REIT.

Under normal circumstances, if any Stapled Securityholder who is not a Relevant Intermediary², is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meetings through proxy form sent in advance.

Stapled Securityholders who are Relevant Intermediaries may appoint more than two proxies to exercise all or any of its rights provided that each proxy is appointed to exercise rights attached to a different Stapled Security held by it. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed. The amendment is consistent with the multiple proxies regime under the Companies (Amendment) Act 2014.

In line with Principle 11 of the Code, Stapled Securityholders who are absent in attendance will still be able to vote by proxy. Therefore, the REIT Manager has decided, for the time being, to refrain from implementing absentia voting until security, integrity, and other pertinent issues are satisfactorily resolved.

Each distinct issue is proposed as a separate resolution at the general meetings and the reasons and material implications are explained. All the resolutions at the AGM and EGM are moved by voting by poll. The voting and vote tabulation procedures are declared before the voting commences, and an independent scrutineer, CNP Business Advisory Pte Ltd, is appointed to count and validate the votes. The voting results, showing the number of votes cast for and against each resolution and the respective percentages, are disclosed at the general meetings right after the votes are casted.

After the general meetings, announcements of the voting results are also made through SGXNET and on Far East H-Trust's website. Since 2019, the REIT Manager has been publishing minutes of general meetings of Stapled Securityholders on its corporate website, as soon as practicable. The minutes of Stapled Securityholders' meetings capture the attendance of Board members at the meetings, matters approved by Stapled Securityholders, voting results and substantial and relevant comments or queries from Stapled Securityholders relating to the agenda of the meetings, together with responses from the Board and Management. Minutes for the prior period are also available to our Stapled Securityholders upon their request. Stapled Securityholders' questions and answers are published through SGXNET and on Far East H-Trust's corporate website within one month after the AGM.

DISTRIBUTION POLICY

Far East H-REIT's distribution policy is to distribute at least 90% of its taxable income. This distribution policy is stated on the corporate website. The actual level of distribution will be determined at the REIT Manager's discretion, taking into account the needs of Far East H-REIT for capital expenditure, working capital requirements and the liquidity position of Far East H-REIT. Since Far East H-Trust's listing in 2012, Far East H-Trust has distributed 100% of its taxable income to Stapled Securityholders.

² "Relevant Intermediary" shall have the meaning ascribed to it in the Companies Act 1967, Section 181 (6) and apply with such modifications and qualifications as may be necessary.

CORPORATE GOVERNANCE

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The REIT Manager has established an Investor Relations Policy that governs regular, effective and fair communication with Stapled Securityholders.

Material information is disclosed in a comprehensive, accurate and timely manner via SGXNET and on Far East H-Trust's website. The CEO, CFO and the investor relations team of the REIT Manager actively engage institutional investors, analysts and fund managers to solicit and understand the views of the investment community via:

- Analyst briefings held every quarter after the financial results or business update announcements;
- One-on-one or group meetings, conference calls, investor luncheons, local/overseas road shows and conferences; and
- Far East H-Trust's website at www.fehtrust.com (an email alert option is available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications).

During the analyst briefings, analysts are given the opportunity to ask questions. The questions are responded to by the CEO or CFO immediately.

The REIT Manager has established Far East H-Trust's corporate website as an information resource centre for retail and institutional investors and for regular dialogue with investors, such as to gather their views or inputs. They can also send their feedback or voice any concerns through Far East H-Trust's corporate email: enquiry@fehtrust.com.

With a majority of Stapled Securities held by institutional investors, Management considers meetings with local and foreign fund managers an integral part of investor relations. During the year, the CEO, CFO and the investor relations team had a number of meetings with institutional investors. These meetings and roadshows with investors enabled the CEO to update potential and existing Stapled Securityholders on Far East H-Trust's developments. The REIT Manager also participated in various virtual conferences as part of its efforts to build interest in Far East H-Trust. Further details on the various Investor Relations activities during the year can be found on page 43.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Far East H-Trust strives to maintain open and fair communication with its key stakeholders, to understand their views, concerns, and objectives in order to work towards more sustainable growth. With the support of an external consultant, KPMG Services Pte Ltd, the REIT Manager has identified stakeholder groups which have a significant influence and interest in Far East H-Trust's operations and business and engaged these stakeholders to understand their ESG expectations. The key stakeholders identified are the Board, Employees, Sponsor/Master Lessees, Trustee, Stapled Securityholders/Investment Community/Media, Hotel and Serviced Residence Operator/Property Manager, Guests/Residents/Tenants, Government/Regulators and Industry/Business associations and the Local Community.

CORPORATE GOVERNANCE

The Sustainability Report section of the Annual Report provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period, including:

- Sustainability strategy, governance overview, stakeholder engagement, materiality assessment, etc;
- Delivering long-term sustainable and growing distributions to the Stapled Securityholders;
- Looking after the health, safety, welfare and development of employees; and
- Interaction and support for relevant communities.

The rights of Far East H-Trust's creditors, which comprise the lending banks, are protected with a well-spread out debt maturity, healthy interest coverage ratio and gearing ratio well below the regulated limits. Quarterly internal compliance reviews are also conducted to ensure that various capital management metrics remain compliant with loan covenants.

Far East H-Trust maintains a current corporate website at www.fehtrust.com, and an email alert option is available to subscribers who wish to be notified of newly posted announcements, press releases, presentations and publications.

(F) ADDITIONAL INFORMATION

DEALINGS IN STAPLED SECURITIES

The REIT Manager has adopted its own Trading Policy to provide guidance to relevant employees and Directors of the Sponsor, the REIT Manager and the Trustee-Manager in the dealing of the Stapled Securities. The Trading Policy sets out the implications of insider trading and principles that all relevant employees and Directors have to observe at all times:

- To act in the best interests of Stapled Securityholders;
- To avoid, and be seen to avoid, actual or potential conflict between personal interest and that of the Stapled Securityholders;
- To comply with the prohibition on trading in the Stapled Securities;
- To inform the Compliance Manager of Far East H-Trust within two working days of completion of the trade; and
- To avoid dealing in the securities of Far East H-Trust on short term considerations.

All relevant employees and Directors are strictly prohibited from dealing in the following instances:

- During the period commencing one month before the announcement of Far East H-Trust's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant results; or
- (If Far East H-Trust announces its quarterly financial statements where required by the Exchange or otherwise), during the period commencing two weeks before the announcement of Far East H-Trust's financial statements for each of the first three quarters of its financial year and one month before the announcement of Far East H-Trust's financial statements for the full financial year, as the case may be, and ending on the date of announcement of the relevant results; and
- At any time when relevant employees and Directors are in possession of material or price sensitive information that is not available in the market.

CORPORATE GOVERNANCE

Staff members of the REIT Manager who wish to trade in the Stapled Securities must obtain pre-trade approval from the CEO; the CEO is required to obtain pre-trade approval from either the Chairman of the ASRC or the Chairman of the Board for trading in securities of Far East H-Trust.

A pre-trade Board approval process has been put in place for Board members of the REIT Manager who wish to trade in the Stapled Securities.

CORRUPTION AND BRIBERY PREVENTION POLICY

The REIT Manager adopts a strong stance against bribery and corruption. There are detailed guidelines and procedures listed in FEO's Code of Conduct for the giving and receiving of gifts (monetary or otherwise), kickbacks, concessionary offers, lavish entertainment, and business dealings that may place the employee under any real or apparent obligation or indebtedness to any party. In relation to these guidelines, all employees of the REIT Manager are required to make a declaration on an annual basis where they pledge to be compliant and uphold the core values in line with the Code of Conduct, which include not engaging in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings. The REIT Manager's zero-tolerance policy towards bribery and corruption extends to its business dealings with third parties. Hence, the REIT Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions.

FEO's Code of Conduct is published on the intranet which is accessible by all employees of the REIT Manager. New employees of the REIT Manager are briefed on the Code of Conduct and are required to read and acknowledge the guidelines listed therein when they join the REIT Manager.

RATIONALE FOR CHOICE OF REIT MANAGER

FEO Hospitality Asset Management Pte. Ltd. comprises employees with a diverse set of functional competencies such as hospitality, asset management, capital markets, finance and investor relations that enable the REIT Manager to carry out its duties in a satisfactory manner. Oversight of the REIT Manager is provided by the Board of Directors, which comprises experienced individuals with a diversity of thought and background, the majority of whom are independent.

PROVISIONS FOR REMOVAL OF THE REIT MANAGER

Trust Deed provides certain circumstances under which the REIT Manager may be removed by notice in writing given by the REIT Trustee in certain situations, including by a resolution passed by a simple majority of Stapled Securityholders present and voting (with no Stapled Securityholders being disenfranchised) at a meeting of Stapled Securityholders duly convened and held in accordance with the provisions of the Trust Deed.

AVAILABILITY OF TRUST DEED

A copy of the Trust Deed and of any supplemental deed (including any amending and restating deed) are available for inspection at the registered office of the REIT Manager during usual business hours in accordance with the relevant laws, regulations and guidelines and on application at a charge per copy of the document.

PROPERTY MANAGEMENT AND LEASING FEES

Under the property management agreement in relation to the REIT commercial premises ("RCP"), Jones Lang LaSalle Property Consultant Pte Ltd ("JLL") provides property management services, lease management services, arrears management services, property tax services and marketing coordination services for the RCP at a fixed service fee.

CORPORATE GOVERNANCE

Under the marketing service agreements in relation to the RCP, marketing and leasing services are provided by Far East Real Estate Agency Pte Ltd for the office premises and Jones Lang LaSalle Property Consultants Pte. Ltd. for the retail premises. Far East Real Estate Agency Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte. Ltd. are paid commission fees equivalent to a certain month's rent depending on the lease term.

DISCLOSURES ON FEES PAYABLE TO THE REIT MANAGER

Pursuant to the Trust Deed, the REIT Manager is entitled to receive fees payable out of the deposited property of Far East H-REIT.

The methodology for the computation and payment of fees, with reference to the relevant clauses in the Trust Deed, is disclosed on pages 150 and 151 under the "Notes to the Financial Statements" section of this Annual Report.

The management fees are earned by the REIT Manager for the management of Far East H-REIT's portfolio of properties. These fees are reviewed from time to time and benchmarking is conducted to ensure alignment to the interests of Far East H-Trust's Stapled Securityholders.

The various fees earned by the REIT Manager and their rationale are further elaborated below:

BASE FEE AND PERFORMANCE FEE

The base fee covers the day-to-day operational, compliance, monitoring and reporting costs as well as administrative overheads incurred by the REIT Manager. The base fee represents the compensation to the REIT Manager for executing its core responsibilities and is based on a percentage of the value of the Far East H-REIT's deposited properties. The base fee is an appropriate metric to determine the resources required for managing Far East H-REIT given that as Far East H-REIT grows in portfolio size, the complexity of management increases and the REIT Manager is expected to expend greater effort in fulfilling its responsibilities. Since 1 January 2020, the base fee was reduced from 0.3% to 0.28% per annum of the value of deposited property.

The performance fee is an objective benchmark and incentivises the REIT Manager to proactively manage its portfolio, which may include but are not limited to asset enhancement initiatives, repositioning or re-branding of its properties, re-segmentation of its properties' customer base and driving cost efficiencies to improve profit margins. Since 1 January 2020, the performance fee was changed to the lower of 4% of the net property income or annual distributable amount (after accounting for base fee but before accounting for performance fee) from 4% of the net property income previously.

Such fee methodology aligns the interests of the REIT Manager and Stapled Securityholders and ensures the long-term sustainability of the assets, instead of taking on excessive short-term risks to the detriment of the Stapled Securityholders.

ACQUISITION FEE AND DIVESTMENT FEE

To continue delivering long-term sustainable distribution income to the Stapled Securityholders, the REIT Manager regularly reviews its portfolio of properties and sources for growth opportunities and yield-accretive acquisitions, and efficiently recycles capital through the divestment of underperforming or non-core assets. This involves a thorough review of the exposures, risks and returns as well as the overall value-add of the acquisition or divestment to the existing portfolio and future growth expectations.

CORPORATE GOVERNANCE

The acquisition fee and divestment fee payable to the REIT Manager serve as a form of compensation for the time, effort and resources spent in sourcing, evaluating and executing potential opportunities to acquire new properties or in rebalancing and unlocking the underlying value of the existing properties within its asset portfolio to optimise Far East H-REIT's returns. The REIT Manager provides these services in addition to the provision of ongoing management services with the aim of ensuring income sustainability and achieving the investment objectives of Far East H-REIT.

The acquisition fee is 0.75% of purchase consideration for properties from related parties and 1% for properties for all other cases (or lower as the REIT Manager can determine). The divestment fee is 0.5% of the sale price. The acquisition fee is higher than the divestment fee because the time and efforts undertaken in terms of sourcing, evaluating and conducting due diligence, and fund raising for an acquisition, are higher as compared to a divestment.

STATEMENT OF POLICIES AND PRACTICES

Apart from the corporate governance practices disclosed in pages 85 to 121, the Trustee-Manager has prepared a statement of policies and practices in relation to the management and governance of Far East H-BT (as described in section 87(1) of the Business Trusts Act 2004 of Singapore) in respect of FY 2023, which is set out in pages 122 to 128 in this Annual Report.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

Far East Hospitality Business Trust (“Far East H-BT”) has been dormant since the listing of Far East Hospitality Trust (“Far East H-Trust”) on the Main Board of the SGX-ST on 27 August 2012.

Although Far East H-BT is dormant, the board of directors of the Trustee-Manager (the “Trustee-Manager Board”) is committed to complying with the requirements under the Listing Manual, the Business Trust Act 2004 of Singapore (the “BTA”) and the Business Trusts Regulations 2005 (the “BTR”) (except where waivers have been obtained from the Monetary Authority of Singapore (the “MAS”) and disclosed in the IPO prospectus of Far East H-Trust), the Securities and Futures Act 2001 of Singapore (the “SFA”) as well as the Far East H-BT Trust Deed and the Stapling Deed.

The Trustee-Manager has the dual responsibilities of safeguarding the interests of the holders of Far East H-BT units (the “Far East H-BT Unitholders”), and managing the business conducted by Far East H-BT. The Trustee-Manager has general powers of management over the business and assets of Far East H-BT and its main responsibility is to manage Far East H-BT’s assets and liabilities for the benefit of the Far East H-BT Unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as trustee-manager of Far East H-BT, is required to:

- Treat the Far East H-BT Unitholders in the same class fairly and equally and Far East H-BT Unitholders who hold Far East H-BT units in different classes (if any) fairly;
- Ensure that all payments out of the Trust property of Far East H-BT (the “Far East H-BT Trust Property”) are made in accordance with the Far East H-BT Trust Deed and the Stapling Deed;
- Report to the MAS any contravention of the BTA or the Business Trust Regulations by any other person that:
 - Relates to Far East H-BT; and
 - Has had, has or is likely to have, a material adverse effect on the interests of all the Far East H-BT Unitholders, or any class of Far East H-BT Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- Ensure that the Far East H-BT Trust Property is properly accounted for and ensure that the Far East H-BT Trust Property is kept distinct from the property held in its own capacity.

In the event that Far East H-BT becomes active, the Trustee-Manager will:

- At all times act honestly and exercise reasonable diligence in the discharge of its duties as trustee-manager of Far East H-BT in accordance with the BTA and the Far East H-BT Trust Deed;
- Act in the best interests of all Far East H-BT Unitholders as a whole and give priority to the interests of all Far East H-BT Unitholders as a whole over its own interests in the event of a conflict between the interests of all Far East H-BT Unitholders as a whole and its own interests;
- Not make improper use of any information acquired by virtue of its position as trustee-manager of Far East H-BT to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Far East H-BT Unitholders;
- Hold the Far East H-BT Trust Property on trust for all Far East H-BT Unitholders as a whole in accordance with the terms of the Far East H-BT Trust Deed;
- Adhere with the business scope of Far East H-BT as set out in the Far East H-BT Trust Deed;
- Review interested person transactions in relation to Far East H-BT; and
- Review expense and cost allocations payable to the Trustee-Manager in its capacity as trustee-manager of Far East H-BT out of the Far East H-BT Trust Property, and ensure that fees and expenses charged to Far East H-BT are appropriate and in accordance with the Far East H-BT Trust Deed.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

The MAS has also granted the Trustee-Manager an exemption from compliance with sections 10(2)(a) and 11(1)(a) of the BTA to the extent that sections 10(2)(a) and 11(1)(a) require the Trustee-Manager Directors to act in the best interests of the Far East H-BT Unitholders only so long as:

- (i) The Trustee-Manager ensures that the units of Far-East H-BT remains stapled to the units of Far East H-REIT; and
- (ii) The Trustee-Manager and its Directors shall act in the best interests of all the Stapled Securityholders as a whole.

TRUST PROPERTY IS PROPERLY ACCOUNTED FOR

In the event that Far East H-BT becomes active, Far East H-BT Trust Property shall be properly accounted for and kept distinct from the property of the Trustee-Manager in its own capacity. Different bank accounts shall be maintained for the Trustee-Manager in its personal capacity and its capacity as Trustee-Manager of Far East H-BT.

ADHERENCE TO THE BUSINESS SCOPE OF FAR EAST H-BT

In the event that Far East H-BT becomes active, the Trustee-Manager Board shall review and approve all authorised businesses undertaken by Far East H-BT so as to ensure its adherence to the business scope as set out in the Far East H-BT Trust Deed. Such authorised businesses include:

- (i) The acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto;
- (ii) Ownership of subsidiaries which are engaged in the acquisition, disposition and ownership of authorised investments and all activities, concerns, functions and matters reasonably incidental thereto; and
- (iii) Any business, undertaking or activity associated with, incidental and/or ancillary to the carrying on of the businesses referred to in paragraphs (i) and (ii), including the management and leasing of the authorised investments.

FEES PAYABLE TO THE TRUSTEE-MANAGER

Management Fee

The Trustee-Manager shall be entitled under the Far East H-BT Trust Deed to a management fee comprising 10.0% of the profit of Far East H-BT before interest and tax in the relevant financial year (calculated before accounting for this management fee in that financial year), payable in the event that Far East H-BT becomes active.

Trustee Fee

Under the Far East H-BT Trust Deed, 0.1% per annum of the value of the Far East H-BT Trust Property and subject to a minimum fee of S\$10,000 per month, if any, shall be paid to the Trustee-Manager as trustee fees, provided that the value of the Far East H-BT Trust Property is at least S\$50.0 million and Far East H-BT is active.

For the period under review, no management fee and trustee fee were paid to the Trustee-Manager as Far East H-BT remains dormant.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

EXPENSES CHARGED TO FAR EAST H-BT

The Trustee-Manager Board will carry out quarterly reviews to ensure that the expenses payable to the Trustee-Manager out of the Far East H-BT Trust Property are appropriate and in accordance with the Far East H-BT Trust Deed, in the event Far East H-BT becomes active.

For the period under review, no expenses were paid to the Trustee-Manager from the Far East H-BT Trust Property as Far East H-BT remains dormant.

COMPLIANCE WITH THE BTA AND THE LISTING MANUAL

The Trustee-Manager will engage the services of and obtain advice from professional advisers and consultants from time to time to ensure compliance with the requirements of the BTA and the Listing Manual in the event that Far East H-BT becomes active.

Composition of the Trustee-Manager Board

Under Regulation 12(1) of the BTR, the Trustee-Manager Board is required to comprise:

- at least a majority of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager;
- at least one-third of Trustee-Manager Directors who are independent from management and business relationships with the Trustee-Manager and from every Substantial Shareholder of the Trustee-Manager; and
- at least a majority of Trustee-Manager Directors who are independent from any single Substantial Shareholder of the Trustee-Manager.

The Trustee-Manager Board consists of six Directors, four of whom are Independent Directors for the purposes of the BTA. They are:

Name	Position
Mr Wee Kheng Jin	Chairman and Non-Executive Director
Mr Gerald Lee Hwee Keong	Chief Executive Officer and Executive Director
Ms Vivienne Lim Hui Bian	Independent Director
Ms Catherine Lee Khia Yee	Independent Director
Ms Celestine Khoo Geok Choo	Independent Director
Mr Benedict Leh Song Boon	Independent Director

Mr Wee Kheng Jin (Chairman of the Board) is a non-independent director. Mr Wee had retired from his position as Executive Director in FEO on 31 December 2018, after which he had continued his association with the Group as a Senior Advisor.

As the Trustee-Manager Directors are also the directors of the REIT Manager, none of the Trustee-Manager Directors would, by definition under the BTR, be independent from a Substantial Shareholder as both the Trustee-Manager and the REIT Manager are 67.0% owned by FEO Asset Management Pte. Ltd., which is a wholly-owned subsidiary of Far East Organization Centre Pte. Ltd. ("FEOC"), and 33.0% owned by Far East Orchard Limited, which is 64.0% owned by Far East Organization Pte. Ltd. ("FEOPL"), as at 31 December 2023. FEOC, FEOPL and Far East Orchard Limited are all members of the Sponsor.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

The MAS has also granted the Trustee-Manager an exemption from compliance with regulations 12(1)(a) and 12(1)(b) of the BTR to the extent that regulations 12(1)(a) and 12(1)(b) of the BTR require the Trustee-Manager Directors to be independent, subject to certain conditions.

The stapling together of Far East H-BT units and Far East H-REIT units means that the Far East H-BT Unitholders are at the same time the investors of the Stapled Securities, who stand to benefit as a whole regardless of whether the appointed Trustee-Manager Directors are independent of the Sponsor.

In the event that Far East H-BT becomes active, the number of directors on the Trustee-Manager Board will be a minimum of six directors, and the Trustee-Manager shall ensure that its board of directors shall comprise a majority of independent directors for the purposes of the BTA. In addition, for so long as Far East H-BT is part of a stapled group and in the event that Far East H-BT becomes active, the boards of directors of the REIT Manager and the Trustee-Manager shall consist of the same individuals. The composition of directors are identical for both the REIT Manager and the Trustee-Manager, although Far East H-BT was dormant during the year.

In addition to compliance with requirements under the BTA, the composition of the Trustee-Manager Board is determined using the following principles:

- The Chairman of the Trustee-Manager Board should be a Non-Executive director; and
- The Trustee-Manager Board should consist of directors with a broad range of commercial experience.

The composition of the Trustee-Manager Board will be reviewed regularly to ensure that the Trustee-Manager Board has the appropriate mix of expertise and experience.

Chairman and Chief Executive Officer

The positions of Chairman of the Trustee-Manager Board and Chief Executive Officer of the Trustee-Manager are held by two different individuals in order to ensure an appropriate balance of power, increased accountability and to maintain effective checks and balances. The Chairman of the Trustee-Manager Board is Mr Wee Kheng Jin, while the Chief Executive Officer of the Trustee-Manager is Mr Gerald Lee.

Access to Information

The Trustee-Manager Board has separate and independent access to the management of the Trustee-Manager (the "Management") and the company secretary of the Trustee-Manager (the "Company Secretary") at all times and they are entitled to request from the Management additional information as needed to make informed decisions. The Directors also have access to independent professional advice where appropriate and whenever requested.

The Company Secretaries for the REIT Manager, Ms Lin Moi Heyang and Ms Low Mei Wan are also the Company Secretaries for the Trustee-Manager.

The Company Secretary's responsibilities include assisting the Trustee-Manager in putting in place processes to ensure that the Trustee-Manager fulfils the compliance requirements under the Listing Manual, the SFA as well as the Far East H-BT Trust Deed and the Stapling Deed.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

Their roles also include the following:

- Ensuring that board procedures of the Trustee-Manager Board are followed;
- Assisting the Trustee-Manager with corporate secretarial matters for the Trustee-Manager; and
- Assisting the Trustee-Manager in preparing the announcements and notifications to be uploaded on the SGXNET as required under the Listing Manual.

Remuneration Matters

As Far East H-BT remains dormant, no compensation is payable to the Directors of the Trustee-Manager.

Audit Committee

The MAS has granted the Trustee-Manager an exemption from compliance with section 15(1) of the BTA to the extent that section 15(1) requires an audit committee to be constituted when Far East H-BT is active, subject to certain conditions.

External Auditor

The Trustee-Manager, on behalf of Far East H-BT, confirms that Far East H-BT has complied with Rules 712 and 715 of the Listing Manual in relation to its auditing firm.

Internal Auditor

As Far East H-BT remains dormant, no internal auditor is appointed.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Trustee-Manager Board will put in place appropriate internal control systems including the following to manage business risk in the event that Far East H-BT becomes active.

The Trustee-Manager Board will meet quarterly or more frequently if necessary and will review the financial performance of Far East H-BT against a previously approved budget. The Trustee-Manager Board will also review the business risks of Far East H-BT, examine liability management and will act upon any comments from both the internal and external auditors of Far East H-BT.

In assessing business risk, the Trustee-Manager Board will consider the economic environment and risks relevant to the property industry. It will review management reports prior to approving major transactions.

The Management will meet regularly to review the operations of the Trustee-Manager and Far East H-BT and discuss any disclosure issues.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

INTERESTED PERSON TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

In general, transactions between:

- An entity at risk (in this case, the Trustee-Manager (acting in its capacity as the trustee manager of Far East H-BT) or any of the subsidiaries or associated companies of Far East H-BT); and
- Any of the Interested Persons (namely the Trustee-Manager (acting in its personal capacity), a related corporation or related entity of the Trustee-Manager (other than a subsidiary or subsidiary entity of Far East H-BT), an associated company or associated entity of the Trustee-Manager (other than an associated company or associated entity of Far East H-BT) (as defined in the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005), a Director, Chief Executive Officer or controlling shareholder of the Trustee-Manager, a controlling Far East H-BT Unitholder or an associate of any such Director, Chief Executive Officer, controlling shareholder or controlling Far East H-BT Unitholder), would constitute an Interested Person Transaction.

For so long as Far East H-BT is part of a stapled group and in the event that the REIT Manager Board and the Trustee-Manager Board cannot reach an agreement on any resolution relating to governance or compliance matters before them where such resolution would require the collective approval of both the boards of directors of the REIT Manager and the Trustee-Manager, the votes of the Independent Directors of the REIT Manager will prevail in the event that the Trustee-Manager Board has approved such resolutions.

Since the Far East H-REIT units and Far East H-BT units are held by the same pool of investors in the same proportion, concerns and potential abuses applicable to interested party transactions will be absent in transactions between Far East H-REIT and Far East H-BT.

INTERNAL CONTROL SYSTEM

In the event the Far East H-BT becomes active, the Trustee-Manager will establish an internal control system to ensure that all future Interested Person Transactions:

- Will be undertaken on normal commercial terms; and
- Will not be prejudicial to the interests of Far East H-BT and the Far East H-BT Unitholders.

The Trustee-Manager will maintain a register to record all Interested Person Transactions which are entered into by Far East H-BT and the bases, including any quotations from unrelated parties obtained to support such bases, on which they are entered into.

The Trustee-Manager will also incorporate into its internal audit plan a review of all Interested Person Transactions entered into by Far East H-BT.

Where matters concerning Far East H-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of Far East H-BT with an Interested Person (as defined in the BTA) of the Trustee-Manager (which would include relevant associates thereof) or Far East H-BT, the Trustee-Manager will consider the terms of such transactions to satisfy itself that such transactions are conducted:

- On normal commercial terms;
- Are not prejudicial to the interests of Far East H-BT and the Far East H-BT Unitholders; and
- In accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question.

STATEMENT OF POLICIES AND PRACTICES FOR FAR EAST HOSPITALITY BUSINESS TRUST

If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or Far East H-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.

Far East H-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person during the same financial year, is 3.0% or more of Far East H-BT's latest audited net tangible assets.

The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in Far East H-Trust's annual report for the relevant financial year.

Save for the Interested Person Transactions in connection with the setting up of Far East H-BT and future Interested Party Transactions (as disclosed in the IPO prospectus of Far East H-Trust), Far East H-BT will comply with Rule 905 of the Listing Manual by announcing any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions entered into with the same Interested Person (as defined in the Listing Manual) during the same financial year, is 3.0% or more of the value of Far East H-BT's latest audited net tangible assets.

POTENTIAL CONFLICTS OF INTEREST

The Trustee-Manager has instituted the following procedures to deal with conflict of interest issues:

- All resolutions in writing of the Trustee-Manager Directors in relation to matters concerning Far East H-BT will be approved by a majority of the Trustee-Manager Directors, including at least one Independent Trustee-Manager Director;
- All executive officers of the REIT Manager will be employed by the Trustee-Manager;
- In respect of matters in which a Trustee-Manager Director or his associates (as defined in the Listing Manual) has an interest, direct or indirect, such interested director will abstain from voting. In such matters, the quorum must comprise a majority of the Trustee-Manager Directors and must exclude such interested director;
- In respect of matters in which the Sponsor have an interest, direct or indirect, any nominees appointed by the Sponsor to the Trustee-Manager Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Trustee-Manager Directors and must exclude any nominee directors of the Sponsor; and
- Where matters concerning Far East H-BT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of Far East H-BT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or Far East H-BT, the Trustee-Manager Board is required to consider the terms of the transactions to satisfy itself that the transactions are conducted on normal commercial terms, are not prejudicial to the interests of Far East H-BT and the Far East H-BT Unitholders and are in compliance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or Far East H-BT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as any other guidelines as may from time to time be prescribed by the MAS and SGX-ST that apply to business trusts.

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REPORT OF THE TRUSTEE OF FAR EAST HOSPITALITY REAL ESTATE INVESTMENT TRUST

DBS Trustee Limited (the “REIT Trustee”) is under a duty to take into custody and hold the assets of Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”) in trust for the holders of units (“Unitholders”) in Far East H-REIT. In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the REIT Trustee shall monitor the activities of FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed dated 1 August 2012, the first supplemental deed dated 19 October 2012, the second supplemental deed dated 18 April 2016, the third supplemental deed dated 17 April 2019, the fourth supplemental deed dated 23 March 2020 and the fifth supplemental deed dated 29 April 2020 (collectively referred to as the “Trust Deed”) between the REIT Manager and the REIT Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the REIT Trustee, the REIT Manager has, in all material respects, managed Far East H-REIT during the period covered by these financial statements set out on pages 140 to 192, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the REIT Trustee,
DBS Trustee Limited

Chan Kim Lim
Director

Singapore
8 March 2024

REPORT OF THE MANAGER OF FAR EAST HOSPITALITY REAL ESTATE INVESTMENT TRUST

In the opinion of the directors of FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”), the Manager of Far East Hospitality Real Estate Investment Trust (“Far East H-REIT”), the accompanying financial statements of Far East H-REIT and Far East Hospitality Trust (the “Stapled Group”), comprising Far East H-REIT and Far East Hospitality Business Trust (“Far East H-BT”), set out on pages 140 to 192, comprising their Balance Sheets, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders’ Funds, Portfolio Statements, Cash Flow Statements and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of Far East H-REIT and the Stapled Group as at 31 December 2023, and the financial performance, distributable income, movements in unitholders’ funds, and cash flows of Far East H-REIT and the Stapled Group for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of Far East H-REIT’s trust deed dated 1 August 2012, the first supplemental trust deed dated 19 October 2012, the second supplemental deed dated 18 April 2016, the third supplemental deed dated 17 April 2019, the fourth supplemental deed dated 23 March 2020 and the fifth supplemental deed dated 29 April 2020 between DBS Trustee Limited (the “REIT Trustee”) and the REIT Manager (collectively referred to as the “Trust Deed”) and the stapling deed of Far East Hospitality Trust dated 1 August 2012 and the first supplemental deed dated 17 April 2019 between the REIT Trustee, the REIT Manager and FEO Hospitality Trust Management Pte. Ltd. (the trustee-manager of Far East H-BT). At the date of this statement, there are reasonable grounds to believe that Far East H-REIT and the Stapled Group will be able to meet their respective financial obligations as and when they materialise.

For and on behalf of the REIT Manager,
FEO Hospitality Asset Management Pte. Ltd.

Gerald Lee Hwee Keong
Director

Singapore
8 March 2024

REPORT OF THE TRUSTEE-MANAGER OF FAR EAST HOSPITALITY BUSINESS TRUST

The directors of FEO Hospitality Trust Management Pte. Ltd., the trustee-manager of Far East Hospitality Business Trust ("Far East H-BT", and the trustee-manager of Far East H-BT, the "Trustee-Manager"), submit this report to the unitholders together with the audited financial statements for the financial year ended 31 December 2023.

The directors of the Trustee-Manager in office at the date of this report are as follows:

Wee Kheng Jin (Chairman)
 Vivienne Lim Hui Bian
 Lee Khia Yee
 Celestine Khoo Geok Choo
 Benedict Leh Song Boon
 Gerald Lee Hwee Keong

According to the register kept by the Trustee-Manager for the purposes of Section 76 of the Business Trusts Act 2004 of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in units in Far East H-BT are as follow:

Name of director	Direct interest		Deemed interest	
	Holdings at the beginning of the financial year	Holdings at the end of financial year	Holdings at the beginning of the financial year	Holdings at the end of financial year
Wee Kheng Jin	732,264	779,602	-	-
Vivienne Lim Hui Bian	87,222	121,340	-	-
Lee Khia Yee	57,225	85,372	-	-
Celestine Khoo Geok Choo	32,919	65,331	-	-
Benedict Leh Song Boon	25,847	58,259	-	-
Gerald Lee Hwee Keong	1,583,275	1,885,654	-	-

Neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of Far East H-BT.

There were no changes in any of the abovementioned interests in Far East H-BT between the end of the financial year and 21 January 2024.

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in Far East H-BT; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of Far East H-BT.

As at the end of the financial year, there were no unissued units of Far East H-BT under options.

The auditor, Ernst & Young LLP, have expressed their willingness to accept re-appointment.

REPORT OF THE TRUSTEE-MANAGER OF FAR EAST HOSPITALITY BUSINESS TRUST

In the opinion of the directors:

- (a) the financial statements of Far East H-BT set out on pages 140 to 192 are drawn up so as to give a true and fair view of the financial position of Far East H-BT as at 31 December 2023 and the financial performance, movements in unitholders' funds and cash flows of Far East H-BT for the year ended on that date in accordance with the provisions of the Act and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that Far East H-BT will be able to pay its debts as and when they fall due.

With respect to the statement of comprehensive income of Far East H-BT for the year ended 31 December 2023, the directors further certify that:

- fees or charges paid or payable out of the Trust property of Far East H-BT to the Trustee-Manager are in accordance with Far East H-BT's trust deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019;
- interested person transactions are not detrimental to the interests of all the unitholders as a whole based on the circumstances at the time of the transaction; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of Far East H-BT or on the interests of all the unitholders as a whole.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

For and on behalf of the Board of Directors of the Trustee-Manager,
FEO Hospitality Trust Management Pte. Ltd.

Gerald Lee Hwee Keong
Director

Benedict Leh Song Boon
Director

Singapore
8 March 2024

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER OF FAR EAST HOSPITALITY BUSINESS TRUST

In accordance with Section 86 of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of Far East H-BT or on the interests of all the unitholders of Far East H-BT as a whole.

Gerald Lee Hwee Keong
Chief Executive Officer

Singapore
8 March 2024

INDEPENDENT AUDITOR'S REPORT

To Unitholders of

Far East Hospitality Real Estate Investment Trust

Far East Hospitality Business Trust

Report on the audit of the financial statements

Opinion

We have audited:

- (i) the financial statements of Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") (constituted in the Republic of Singapore pursuant to a trust deed dated 1 August 2012, the first supplemental deed dated 19 October 2012, the second supplemental deed dated 18 April 2016, the third supplemental deed dated 17 April 2019, the fourth supplemental deed dated 23 March 2020 and the fifth supplemental deed dated 29 April 2020), which comprise the Balance Sheet and Portfolio Statement as at 31 December 2023, the Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Cash Flow Statement for the financial year ended and notes to the financial statements, including material accounting policy information;
- (ii) the financial statements of Far East Hospitality Business Trust ("Far East H-BT") (constituted in the Republic of Singapore pursuant to a trust deed dated 1 August 2012) and the first supplemental deed dated 17 April 2019), which comprise the Balance Sheet as at 31 December 2023, the Statement of Comprehensive Income, Statement of Movement in Unitholders' Funds and Cash Flow Statement for the financial year then ended and notes to the financial statements, including material accounting policy information; and
- (iii) the consolidated financial statements of Far East Hospitality Trust ("Far East H-Trust") (constituted in the Republic of Singapore pursuant to a stapling deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019 (the "Stapling Deed")), which comprise the Balance Sheet and Portfolio Statement as at 31 December 2023, the Statement of Total Return, Distribution Statement, Statement of Movements in Unitholders' Funds and Cash Flow Statement for the financial year then ended, and notes to the financial statements, including material accounting policy information,

as set out on pages 140 to 192. Far East H-Trust, which comprises the Far East H-BT and the Far East H-REIT, is hereinafter referred to as the "Stapled Group".

In our opinion,

- (a) the accompanying financial statements of the Far East H-REIT and the Stapled Group present fairly, in all material respects, the financial positions and portfolio positions of the Far East H-REIT and the Stapled Group as at 31 December 2023 and the financial performance, distributable income, movement in unitholders' funds and cash flows of the Far East H-REIT and the Stapled Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants (the "ISCA") and the provisions of the Far East H-REIT Trust Deed and the Stapling Deed; and
- (b) the financial statements of the Far East H-BT are properly drawn up in accordance with the provisions of the Business Trusts Act 2004 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS (I)") so as to give a true and fair view of the state of affairs of the Far East H-BT as at 31 December 2023 and the financial performance, movement in unitholders' funds and cash flows of the Far East H-BT for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To Unitholders of

Far East Hospitality Real Estate Investment Trust

Far East Hospitality Business Trust

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Far East H-REIT, Far East H-BT and Stapled Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

The Stapled Group owns a portfolio of 12 Singapore investment properties comprising 9 hotels and 3 serviced residences. The carrying amount of investment properties amounted to approximately \$2,509.6 million as at 31 December 2023, which accounted for approximately 96% of the Stapled Group's total assets. The investment properties are stated at their fair values based on independent external valuations and represent the single largest asset category of the Stapled Group.

The valuation of the investment properties is significant to our audit due to their magnitude and involves estimates. In addition, the valuation is complex and highly dependent on a range of assumptions and inputs adopted by the external valuers engaged by the REIT Manager and agreed by management. As disclosed in Note 3 and Note 19(d) to the financial statements, the valuations of the investment properties are sensitive to changes in the significant unobservable inputs. The most significant judgments and estimates affecting the valuations are discount rates, capitalisation rates, revenue per available room/unit and price per square foot/metre used. This is aggravated by an increase in the level of estimation uncertainty and judgment required arising from the rapid changes in the market and economic conditions. Accordingly, we have identified this as a Key Audit Matter.

INDEPENDENT AUDITOR'S REPORT

To Unitholders of

Far East Hospitality Real Estate Investment Trust

Far East Hospitality Business Trust

Key Audit Matters (Cont'd)

Valuation of investment properties (Cont'd)

Our audit procedures included, amongst others, an assessment of the Stapled Group's process relating to the selection of the external valuers, the determination of the scope of work of the external valuers, and the review of the valuation reports issued by the external valuers. We evaluated the objectivity, independence, and expertise of the external valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and objectivity. In addition, we held discussion with the external valuers to understand the valuation techniques adopted and how the market uncertainties have been considered in the key assumptions and inputs adopted in the valuation. We involved our internal real estate valuation specialist to assist us in assessing the appropriateness of the valuation model and the reasonableness of the significant assumptions, estimates and other property related data such as operating expenses and property taxes used by the external valuers to evaluate the fair value of investment properties.

In addition, we evaluated the data used in the estimation process adopted by the external valuers and agreed by the management, by comparing and corroborating the data against historical rates and market data, taking into consideration comparability and market factors. We also assessed the overall reasonableness of the fluctuations in the fair value of investment properties. Further, we have assessed the adequacy of the disclosures relating to investment properties in the financial statements.

The results of our independent analyses are consistent with those of management's conclusion.

Information Other than the Financial Statements and Auditor's Report Thereon

FEO Hospitality Asset Management Pte. Ltd., the manager of Far East H-REIT (the "REIT Manager"), and FEO Hospitality Trust Management Pte. Ltd., the trustee-manager of Far East H-BT (the "Trustee-Manager") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the REIT Manager for the Financial Statements

The REIT Manager is responsible for the preparation and fair presentation of the financial statements of Far East H-REIT and the Stapled Group in accordance with the recommendations of *RAP 7 Reporting Framework for Unit Trusts* issued by the ISCA, and for such internal control as the REIT Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT

To Unitholders of

Far East Hospitality Real Estate Investment Trust

Far East Hospitality Business Trust

Responsibilities of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements of the Far East H-BT that gives a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the Trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the REIT Manager and the Trustee-Manager are responsible for assessing the ability of the Far East H-REIT, Far East H-BT and the Stapled Group to continue as a going concern respectively, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the REIT Manager and the Trustee-Manager either intend to terminate or to cease operations of the Far East H-REIT, Far East H-BT and the Stapled Group respectively, or has no realistic alternative but to do so.

The Board of Directors of the REIT Manager and the Trustee-Manager are responsible for overseeing the financial reporting process of the Far East H-REIT, Far East H-BT and the Stapled Group.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Far East H-REIT, Far East H-BT and the Stapled Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the REIT Manager and the Trustee-Manager.

INDEPENDENT AUDITOR'S REPORT

To Unitholders of

Far East Hospitality Real Estate Investment Trust

Far East Hospitality Business Trust

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the use of the going concern basis of accounting by the REIT Manager and the Trustee-Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Far East H-REIT, Far East H-BT and the Stapled Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Far East H-REIT, Far East H-BT and the Stapled Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Stapled Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Stapled Group audit. We remain solely responsible for our audit opinion.

We communicate with the REIT Manager and the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the REIT Manager and the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the REIT Manager and the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of the Far East H-BT have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Nelson Chen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
8 March 2024

BALANCE SHEETS

As at 31 December 2023

	Note	2023			2022		
		Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Non-current assets							
Investment properties	3	2,509,550	2,509,550	-	2,446,750	2,446,750	-
Joint venture	4	-	-	-	-	-	-
Derivative financial assets	7	951	951	-	8,982	8,982	-
Total non-current assets		2,510,501	2,510,501	-	2,455,732	2,455,732	-
Current assets							
Cash and cash equivalents	5	63,093	63,093	-	49,774	49,774	-
Prepayments		85	85	-	81	81	-
Trade and other receivables	6	47,500	47,500	30	45,489	45,489	30
Derivative financial assets	7	1,276	1,276	-	4,017	4,017	-
Total current assets		111,954	111,954	30	99,361	99,361	30
Total assets		2,622,455	2,622,455	30	2,555,093	2,555,093	30
Current liabilities							
Trade and other liabilities	8	3,348	3,340	38	2,704	2,698	36
Accruals		4,101	4,100	1	5,892	5,891	1
Rental deposits		1,534	1,534	-	1,775	1,775	-
Deferred income		90	90	-	90	90	-
Income tax payable		278	278	-	146	146	-
Total current liabilities		9,351	9,342	39	10,607	10,600	37
Non-current liabilities							
Borrowings	9	736,752	736,752	-	737,816	737,816	-
Derivative financial liabilities	7	2,231	2,231	-	-	-	-
Rental deposits		6,721	6,721	-	6,094	6,094	-
Deferred income		690	690	-	781	781	-
Total non-current liabilities		746,394	746,394	-	744,691	744,691	-
Total liabilities		755,745	755,736	39	755,298	755,291	37
Net assets/(liabilities)		1,866,710	1,866,719	(9)	1,799,795	1,799,802	(7)
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,866,719	1,866,719	-	1,799,802	1,799,802	-
Unitholders' funds of Far East H-BT		(9)	-	(9)	(7)	-	(7)
		1,866,710	1,866,719	(9)	1,799,795	1,799,802	(7)
Stapled Securities/Units in issue ('000)	10	2,002,633	2,002,633	2,002,633	1,988,382	1,988,382	1,988,382
Net asset value per Stapled Security/ Unit issued and to be issued (cents)	11	92.90	92.90	(0.00045)	90.23	90.23	(0.00035)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF TOTAL RETURN OF FAR EAST H-REIT AND THE STAPLED GROUP STATEMENT OF COMPREHENSIVE INCOME OF FAR EAST H-BT

For the financial year ended 31 December 2023

	Note	2023			2022		
		Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Master lease rental		90,649	90,649	-	68,783	68,783	-
Retail and office revenue		16,156	16,156	-	14,796	14,796	-
Gross revenue		106,805	106,805	-	83,579	83,579	-
Property tax		(5,330)	(5,330)	-	(3,909)	(3,909)	-
Property insurance		(103)	(103)	-	(94)	(94)	-
MCST contribution		(316)	(316)	-	(349)	(349)	-
Retail and office expenses		(1,857)	(1,857)	-	(1,491)	(1,491)	-
Property manager fees		(418)	(418)	-	(431)	(431)	-
Reversal of/(impairment losses) on trade receivables		(40)	(40)	-	24	24	-
Property expenses		(8,064)	(8,064)	-	(6,250)	(6,250)	-
Net property income		98,741	98,741	-	77,329	77,329	-
REIT Manager's fees	12	(10,501)	(10,501)	-	(9,430)	(9,430)	-
Trustee's fees		(317)	(317)	-	(309)	(309)	-
Other trust expenses	13	(940)	(938)	(2)	(1,042)	(1,041)	(1)
Interest and other income	14	3,893	3,893	-	1,648	1,648	-
Finance expenses	14	(25,169)	(25,169)	-	(18,440)	(18,440)	-
Net income before joint venture's results		65,707	65,709	(2)	49,756	49,757	(1)
Share of results of joint venture	4	-	-	-	-	-	-
Net income before tax and fair value changes		65,707	65,709	(2)	49,756	49,757	(1)
Unrealised foreign exchange gain		726	726	-	-	-	-
Fair value change in derivative financial instruments		(13,003)	(13,003)	-	12,673	12,673	-
Fair value change in investment properties	3	59,244	59,244	-	102,182	102,182	-
Gain on disposal of investment property		17,912	17,912	-	39,290	39,290	-
Total return for the year before income tax		130,586	130,588	(2)	203,901	203,902	(1)
Income tax expense	15	(278)	(278)	-	(146)	(146)	-
Total return for the year after income tax		130,308	130,310	(2)	203,755	203,756	(1)
Other comprehensive income for the year, net of income tax				-			-
Total comprehensive income for the year				(2)			(1)
Earnings per Stapled Security (cents)							
Basic	16	6.53	6.53	-	10.28	10.28	-
Diluted	16	6.50	6.50	-	10.24	10.24	-
Distribution per Stapled Security (cents)		4.09	4.09	-	3.27	3.27	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENTS

For the financial year ended 31 December 2023

	2023		2022	
	Stapled Group \$'000	Far East H-REIT \$'000	Stapled Group \$'000	Far East H-REIT \$'000
Amount available for distribution to Stapled Securityholders at the beginning of the year	40,274	40,309	35,960	35,994
Total return for the year before income tax	130,586	130,588	203,901	203,902
Net distribution adjustments (Note A)	(58,949)	(58,949)	(145,628)	(145,628)
Other adjustments	37	-	-	-
Rollover adjustment	384	384	-	-
Income available for distribution for the current year:				
- Taxable income	72,058	72,023	58,273	58,274
- Tax exempt income	1,360	1,360	713	713
Income available for distribution for the current year	73,418	73,383	58,986	58,987
Distribution of other gains	8,211	8,211	6,167	6,167
Amount available for distribution to Stapled Securityholders	121,903	121,903	101,113	101,148
Distribution of 1.53 cents per Stapled Security for the period from 1 July 2021 to 31 December 2021	-	-	(30,258)	(30,258)
Distribution of 1.54 cents per Stapled Security for the period from 1 January 2022 to 30 June 2022	-	-	(30,581)	(30,581)
Distribution of 1.73 cents per Stapled Security for the period from 1 July 2022 to 31 December 2022	(34,443)	(34,443)	-	-
Distribution of 1.92 cents per Stapled Security for the period from 1 January 2023 to 30 June 2023	(38,401)	(38,401)	-	-
	(72,844)	(72,844)	(60,839)	(60,839)
Amount available for distribution to Stapled Securityholders at end of the year	49,059	49,059	40,274	40,309

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENTS

For the financial year ended 31 December 2023

	2023		2022	
	Stapled Group \$'000	Far East H-REIT \$'000	Stapled Group \$'000	Far East H-REIT \$'000
Note A – Net distribution adjustments relate to the following non-taxable/non-tax deductible items and other adjustments:				
- REIT Manager's fees paid/payable in Stapled Securities	9,451	9,451	8,487	8,487
- Trustee's fees	317	317	309	309
- Amortisation of debt-related transaction cost	503	503	667	667
- Front end fees	(741)	(741)	-	-
- Unrealised foreign exchange gain	(726)	(726)	-	-
- Gain on disposal of investment property	(17,912)	(17,912)	(39,290)	(39,290)
- Fair value change in investment properties	(59,244)	(59,244)	(102,182)	(102,182)
- Fair value change in derivative financial instruments	13,003	13,003	(12,673)	(12,673)
- Other items	(3,600)	(3,600)	(946)	(946)
Net distribution adjustments	(58,949)	(58,949)	(145,628)	(145,628)

Distributions of the Stapled Group represent the aggregate distributions by Far East H-REIT and Far East H-BT. Income available for distribution of the Stapled Group for the year is contributed solely by Far East H-REIT as Far East H-BT was dormant during the year.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2023

	Unitholders' funds of Far East H-REIT			Unitholders' funds of Far East H-BT			Stapled Group
	Units in issue \$'000	Accumulated profit \$'000	Total \$'000	Units in issue \$'000	Accumulated (loss) \$'000	Total \$'000	Total \$'000
2023							
Balance at 1 January 2023	1,779,791	20,011	1,799,802	28	(35)	(7)	1,799,795
Operations							
Increase/(decrease) in net assets resulting from operations	-	130,310	130,310	-	(2)	(2)	130,308
	-	130,310	130,310	-	(2)	(2)	130,308
Unitholders' transactions							
Issuance of Stapled Securities - Payment of REIT Manager's fees	9,451	-	9,451	-	-	-	9,451
Distribution to Stapled Securityholders	-	(72,844)	(72,844)	-	-	-	(72,844)
Net increase/(decrease) in net assets resulting from unitholders' transactions	9,451	(72,844)	(63,393)	-	-	-	(63,393)
Balance at 31 December 2023	1,789,242	77,477	1,866,719	28	(37)	(9)	1,866,710

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2023

	Unitholders' funds of Far East H-REIT			Unitholders' funds of Far East H-BT			Stapled Group
	Units in issue \$'000	Accumulated (loss)/profit \$'000	Total \$'000	Units in issue \$'000	Accumulated (loss) \$'000	Total \$'000	Total \$'000
2022							
Balance at 1 January 2022	1,771,304	(122,906)	1,648,398	28	(34)	(6)	1,648,392
Operations							
Increase/(decrease) in net assets resulting from operations	-	203,756	203,756	-	(1)	(1)	203,755
	-	203,756	203,756	-	(1)	(1)	203,755
Unitholders' transactions							
Issuance of Stapled Securities - Payment of REIT Manager's fees	8,487	-	8,487	-	-	-	8,487
Distribution to Stapled Securityholders	-	(60,839)	(60,839)	-	-	-	(60,839)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,487	(60,839)	(52,352)	-	-	-	(52,352)
Balance at 31 December 2022	1,779,791	20,011	1,799,802	28	(35)	(7)	1,799,795

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at	Percentage of total	Carrying value at	Percentage of total
				31.12.2023 \$'000	31.12.2023 %	31.12.2023 \$'000	31.12.2023 %
Investment properties - Singapore							
Village Hotel Albert Court	75-year leasehold from 27 August 2012	180 Albert Street	Hotel	129,800	7.0	129,800	7.0
Village Hotel Bugis	66-year leasehold from 27 August 2012	390 Victoria Street	Hotel	244,500	13.1	244,500	13.1
Village Hotel Changi	65-year leasehold from 27 August 2012	1 Netheravon Road	Hotel	202,900	10.9	202,900	10.9
Vibe Hotel Singapore Orchard	75-year leasehold from 27 August 2012	24 Mount Elizabeth	Hotel	181,400	9.7	181,400	9.7
Oasia Hotel Novena	92-year leasehold from 27 August 2012	8 Sinaran Drive	Hotel	341,900	18.3	341,900	18.3
Orchard Rendezvous Hotel	50-year leasehold from 27 August 2012	1 Tanglin Road	Hotel	423,600	22.6	423,600	22.6
The Quincy Hotel	75-year leasehold from 27 August 2012	22 Mount Elizabeth	Hotel	86,400	4.6	86,400	4.6
Rendezvous Hotel Singapore	70-year leasehold from 1 August 2013	9 Bras Basah Road	Hotel	283,800	15.2	283,800	15.2
Oasia Hotel Downtown	65-year leasehold from 2 April 2018	100 Peck Seah Street	Hotel	267,400	14.3	267,400	14.3
Village Residence Hougang	81-year leasehold from 27 August 2012	1 Hougang Street 91	Serviced Residence	65,250	3.5	65,250	3.5
Village Residence Robertson Quay	78-year leasehold from 27 August 2012	30 Robertson Quay	Serviced Residence	111,100	6.0	111,100	6.0
Adina Serviced Apartments Singapore Orchard	81-year leasehold from 27 August 2012	121 Penang Road	Serviced Residence	171,500	9.2	171,500	9.2
Investment properties, at valuation				2,509,550	134.4	2,509,550	134.4
Joint venture				-	-	-	-
Other assets and liabilities (net)				2,509,550	134.4	2,509,550	134.4
Net assets				(642,840)	(34.4)	(642,831)	(34.4)
				1,866,710	100.0	1,866,719	100.0

As at 31 December 2023, independent valuations of the investment properties were undertaken by Savills Valuation And Professional Services (S) Pte Ltd based on the income capitalisation approach, discounted cash flow analysis and direct comparison approach for the hotels; and CBRE Pte. Ltd. based on the income capitalisation approach and discounted cash flow analysis for the serviced residences (direct comparison approach was also used for the retail commercial premises), and the resultant fair value of the investment properties are based on the respective values derived using various valuation methods with appropriate weightage applied. The REIT Manager believes that these independent valuers possess appropriate professional qualifications and recent experience in the location and category of the investment properties being valued.

The net changes in fair values of these investment properties have been recognised in the Statements of Total Return in accordance with the Stapled Group's accounting policies.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

PORTFOLIO STATEMENTS

As at 31 December 2023

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at	Percentage of total	Carrying value at	Percentage of total
				31.12.2022 \$'000	31.12.2022 %	31.12.2022 \$'000	31.12.2022 %
Investment properties - Singapore							
Village Hotel Albert Court	75-year leasehold from 27 August 2012	180 Albert Street	Hotel	125,900	7.0	125,900	7.0
Village Hotel Bugis	66-year leasehold from 27 August 2012	390 Victoria Street	Hotel	236,300	13.1	236,300	13.1
Village Hotel Changi	65-year leasehold from 27 August 2012	1 Netheravon Road	Hotel	200,900	11.2	200,900	11.2
Vibe Hotel Singapore Orchard	75-year leasehold from 27 August 2012	24 Mount Elizabeth	Hotel	176,700	9.8	176,700	9.8
Oasia Hotel Novena	92-year leasehold from 27 August 2012	8 Sinaran Drive	Hotel	328,000	18.2	328,000	18.2
Orchard Rendezvous Hotel	50-year leasehold from 27 August 2012	1 Tanglin Road	Hotel	414,800	23.0	414,800	23.0
The Quincy Hotel	75-year leasehold from 27 August 2012	22 Mount Elizabeth	Hotel	84,250	4.7	84,250	4.7
Rendezvous Hotel Singapore	70-year leasehold from 1 August 2013	9 Bras Basah Road	Hotel	280,000	15.6	280,000	15.6
Oasia Hotel Downtown	65-year leasehold from 2 April 2018	100 Peck Seah Street	Hotel	258,000	14.3	258,000	14.3
Village Residence Hougang	81-year leasehold from 27 August 2012	1 Hougang Street 91	Serviced Residence	64,400	3.6	64,400	3.6
Village Residence Robertson Quay	78-year leasehold from 27 August 2012	30 Robertson Quay	Serviced Residence	108,700	6.0	108,700	6.0
Adina Serviced Apartments Singapore Orchard	81-year leasehold from 27 August 2012	121 Penang Road	Serviced Residence	168,800	9.4	168,800	9.4
Investment properties, at valuation joint venture				2,446,750	135.9	2,446,750	135.9
Other assets and liabilities (net)				-	-	-	-
Net assets				2,446,750	135.9	2,446,750	135.9
				(646,955)	(35.9)	(646,948)	(35.9)
				1,799,795	100.0	1,799,802	100.0

As at 31 December 2022, independent valuations of the investment properties were undertaken by CBRE Pte. Ltd. based on the income capitalisation approach and discounted cash flow analysis for the hotels (direct comparison approach was also used for the retail commercial premises); and Savills Valuation And Professional Services (S) Pte Ltd based on the income capitalisation approach, discounted cash flow analysis and direct comparison approach for the serviced residences. The REIT Manager believes that these independent valuers possess appropriate professional qualifications and recent experience in the location and category of the investment properties being valued.

The net changes in fair values of these investment properties have been recognised in the Statements of Total Return in accordance with the Stapled Group's accounting policies.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the financial year ended 31 December 2023

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Cash flows from operating activities						
Total return before income tax	130,586	130,588	(2)	203,901	203,902	(1)
Adjustments for:						
Interest and other income	(3,893)	(3,893)	-	(1,648)	(1,648)	-
Finance expenses	25,169	25,169	-	18,440	18,440	-
Gain on disposal of investment property	(17,912)	(17,912)	-	(39,290)	(39,290)	-
Unrealised foreign exchange gain	(726)	(726)	-	-	-	-
Fair value change in derivative financial instruments	13,003	13,003	-	(12,673)	(12,673)	-
Fair value change in investment properties (Reversal of)/impairment losses on trade receivables	(59,244)	(59,244)	-	(102,182)	(102,182)	-
	40	40	-	(24)	(24)	-
REIT Manager's fees paid/payable in Stapled Securities	9,451	9,451	-	8,487	8,487	-
Operating profit before working capital changes	96,474	96,476	(2)	75,011	75,012	(1)
Changes in working capital:						
Trade and other receivables	(828)	(828)	-	(251)	(251)	-
Trade and other liabilities	1,469	1,467	2	(2,367)	(2,368)	1
Rental deposits	288	288	-	(452)	(452)	-
Income tax paid	(146)	(146)	-	(67)	(67)	-
Net cash generated from operating activities	97,257	97,257	-	71,874	71,874	-
Cash flows from investing activities						
Capital expenditure on investment properties	(4,382)	(4,382)	-	(7,237)	(7,237)	-
Net proceeds from the divestment of investment property	17,912	17,912	-	263,710	263,710	-
Loan to a joint venture company	-	-	-	(1,500)	(1,500)	-
Interest received	2,054	2,054	-	528	528	-
Net cash generated from investing activities	15,584	15,584	-	255,501	255,501	-
Cash flows from financing activities						
Proceeds from borrowings	225,000	225,000	-	149,971	149,971	-
Finance costs paid	(26,678)	(26,678)	-	(18,456)	(18,456)	-
Repayment of borrowings	(225,000)	(225,000)	-	(359,971)	(359,971)	-
Distribution to Stapled Securityholders	(72,844)	(72,844)	-	(60,839)	(60,839)	-
Net cash used in financing activities	(99,522)	(99,522)	-	(289,295)	(289,295)	-
Net increase in cash and cash equivalents	13,319	13,319	-	38,080	38,080	-
Cash and cash equivalents at beginning of the year	49,774	49,774	-	11,694	11,694	-
Cash and cash equivalents at end of the year (Note 5)	63,093	63,093	-	49,774	49,774	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

For the financial year ended 31 December 2023

Significant non-cash transactions

During the year, there was the following significant non-cash transaction:

Approximately 14,833,000 (2022: 13,592,000) Stapled Securities amounting to \$9,451,000 (2022: \$8,487,000) were or would be issued to the REIT Manager as partial payment for the base and performance management fees for the financial year ended 31 December 2023.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL

Far East Hospitality Trust (“Far East H-Trust” or “Trust”) is a stapled group comprising Far East Hospitality Real Estate Investment Trust (“Far East H-REIT” or “H-REIT”) and Far East Hospitality Business Trust (“Far East H-BT” or “H-BT”) (collectively, the “Stapled Group”).

Far East H-REIT is a Singapore-domiciled real estate investment trust constituted in Singapore pursuant to the Trust Deed dated 1 August 2012, the first supplemental deed dated 19 October 2012, the second supplemental deed dated 18 April 2016, the third supplemental deed dated 17 April 2019, the fourth supplemental deed dated 23 March 2020 and the fifth supplemental deed dated 29 April 2020 (collectively, the “H-REIT Trust Deed”) between FEO Hospitality Asset Management Pte. Ltd. (the “REIT Manager”) and DBS Trustee Limited (the “REIT Trustee”). The REIT Trustee is under a duty to take into custody and hold the assets of Far East H-REIT in trust for the Stapled Securityholders of Far East H-REIT.

Far East H-BT is a Singapore-domiciled business trust constituted in Singapore by a trust deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019 (“H-BT Trust Deed”) and is managed by FEO Hospitality Trust Management Pte. Ltd. (the “Trustee-Manager”).

The registered office of the REIT Manager and the Trustee-Manager (collectively, the “Managers”) is located at 1 Tanglin Road, #05-01 Orchard Rendezvous Hotel, Singapore 247905.

The securities in each of Far East H-REIT and Far East H-BT are stapled together under the terms of a stapling deed dated 1 August 2012 and the first supplemental deed dated 17 April 2019 entered into between the REIT Manager, the REIT Trustee and the Trustee-Manager (the “Stapling Deed”) and cannot be traded separately. Each stapled security in Far East Hospitality Trust (the “Stapled Security”) comprises a unit in H-REIT (the “H-REIT Unit”) and a unit in H-BT (the “H-BT Unit”).

Far East H-Trust was formally admitted to the Official List of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 27 August 2012.

The principal activity of H-REIT is to invest in income producing real estate in Singapore, used primarily for hospitality and/or hospitality related purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

As at the reporting date, Far East H-BT is inactive.

Several service agreements were entered into in relation to management of H-REIT and H-BT and its property operations. The fee structures of these services are as follow:

(a) **REIT Manager’s management fees**

Under Clauses 15.1.1 and 15.1.2 of the H-REIT Trust Deed, the REIT Manager is entitled to a management fee comprising a base fee of 0.28% per annum of the value of H-REIT’s Deposited Property (as defined in the H-REIT Trust Deed) and a performance fee of 4.0% per annum of H-REIT’s net property income or the annual distributable amount (as defined in the H-REIT Trust Deed) in the relevant year, whichever is lower.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(a) *REIT Manager's management fees (cont'd)*

The REIT Manager may elect to receive the base fee and the performance fee in cash or Stapled Securities or a combination of both (as it may in its sole discretion determine). For financial year ended 31 December 2023, 90% of the management fees were or would be paid in Stapled Securities issued at the market price (as defined in the H-REIT Trust Deed) with the remainder to be paid in cash.

Any increase in the rate or any change in the structure of the REIT Manager's management fees must be approved by an extraordinary resolution at a meeting of holders of the H-REIT units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

The base fee payable in the form of Stapled Securities is paid on a quarterly basis, in arrears. The base fee payable in the form of cash is paid on a monthly basis, in arrears.

The performance fee is crystallised once a year and shall be paid in cash or at the election of the REIT Manager, in Stapled Securities, or combination of both, within 30 days from the date of the audited accounts of Far East H-REIT in arrears.

Under Clause 15.2.1 of the H-REIT Trust Deed, the REIT Manager is entitled to receive an acquisition fee of 0.75% of the purchase consideration for acquisition from related parties and 1% of the purchase consideration for all other cases (or such lower percentage as maybe determined by the REIT Manager in its absolute discretion) and a divestment fee of 0.5% of the sale price. The acquisition or divestment fee is payable to the REIT Manager in the form of cash and/or Stapled Securities (as the REIT Manager may elect) provided that in respect of any acquisition or divestment of real estate assets from or to related parties, such a fee should be in the form of Stapled Securities issued at prevailing market price instead of cash.

(b) *REIT Trustee's fees*

Pursuant to the H-REIT Trust Deed, the REIT Trustee's fee shall not exceed the rate of 0.02% per annum of the value of H-REIT Deposited Property and is subject to a minimum amount of \$20,000 per month.

The REIT Trustee's fee is presently charged on a scaled basis of up to 0.02% per annum of the value of H-REIT's Deposited Property, subject to a minimum of \$20,000 per month, excluding out-of-pocket expenses and GST. The actual fee payable will be determined between the REIT Manager and the REIT Trustee from time to time. The REIT Trustee was paid a one-time inception fee of \$50,000.

Any increase in the REIT Trustee's fee above the permitted limit or change in the structure of the remuneration of the REIT Trustee shall be approved by an extraordinary resolution at a meeting of holders of the H-REIT Units duly convened and held in accordance with the provisions of the H-REIT Trust Deed.

The Trustee's fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(c) **H-REIT property management fees**

Under the property management agreement dated 1 January 2022 and supplemental letter dated 24 February 2022 between REIT Trustee, REIT Manager and Jones Lang LaSalle Property Consultant Pte Ltd ("JLL") in relation to the REIT commercial premises ("RCP"), JLL will provide property management services, lease management services, arrears management services, property tax services and marketing coordination services for the RCP. JLL is entitled to receive a fixed service fee, payable within 14 days upon receipt of invoice.

(d) **H-REIT Leasing commission**

Under the marketing service agreement dated 15 July 2022 between REIT Trustee and JLL in relation to the retail component of RCP as well as the marketing service agreement dated 1 January 2023 between REIT Trustee and Far East Real Estate Agency Pte Ltd ("FEREA") in relation to the office and serviced office component of RCP, JLL and FERE A will provide marketing and leasing services for RCP. JLL and FERE A are entitled to receive a leasing commission, payable within 60 days from the commencement of the new or renewal lease. Before 15 July 2022, the marketing service for the retail component of RCP was provided by Far East Management (Private) Limited ("FEMPL").

(e) **H-REIT Technical service fees**

Under the technical service agreements signed between REIT Trustee and Far East Organization and its group of companies ("FEO") in relation to the RCP, FEO will provide technical and operation support services for the RCP. FEO is entitled to receive a fixed service fee, payable within 30 days after the date of presentation of each invoice for the monthly fee.

(f) **H-REIT Development management fees**

Under Clause 15.6 of the H-REIT Trust Deed, the REIT Manager is entitled to receive development management fees equivalent to 3.0% of the total project costs incurred in a development project undertaken by the REIT Manager on behalf of H-REIT. H-REIT will only undertake development activities within the limits of the Property Fund Appendix.

(g) **Trustee-Manager's fees**

Pursuant to the H-BT Trust Deed, the Trustee-Manager is entitled to the following:

- a management fee comprising 10.0% of the profit of H-BT before interest and tax in the relevant financial year (calculated before accounting for this management fees in that financial year), payable in the event that H-BT becomes active;

The management fee is payable in the form of cash and/or Stapled Securities as the Trustee-Manager may elect.

Any portion of the management fee payable in the form of Stapled Securities is payable quarterly in arrears and any portion of the management fee payable in cash is payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(g) *Trustee-Manager's fees (cont'd)*

- a trustee fee of not exceeding 0.1% per annum of the value of H-BT's Trust Property (as defined in the Business Trusts Act), if any, subject to a minimum fee of \$10,000 per month, provided that the value of H-BT's Trust Property is at least \$50.0 million and H-BT has become active; and
- an acquisition fee of 0.75% of the purchase consideration for acquisition from related parties and 1.0% of the purchase consideration for all other cases (or such lower percentage as may be determined by the Trustee-Manager in its absolute discretion) and a divestment fee of 0.5% of the sale price.

The acquisition fee and divestment fee are payable to the Trustee-Manager in the form of cash and/or Stapled Securities as Trustee-Manager may elect, and in such proportion as may be determined by the Trustee-Manager.

(h) *H-BT Development management fees*

The Trustee-Manager is entitled to receive development management fees equivalent to 3.0% of the total project costs incurred in a development project undertaken by the Trustee-Manager on behalf of H-BT.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements of H-REIT and the Stapled Group have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the H-REIT Trust Deed and the Stapling Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore ("FRS").

The financial statements of H-BT have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements are presented in Singapore dollars, which is the functional currencies of H-REIT and H-BT and rounded to the nearest thousand (\$'000), unless otherwise stated, and have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies set out below have been applied consistently by H-REIT, H-BT and the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.2 *Changes in material accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, H-REIT, H-BT and the Stapled Group have adopted a revised RAP 7 and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of H-REIT, H-BT and the Stapled Group.

Material accounting policy information

H-REIT, H-BT and the Stapled Group adopted *Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies* for the first time in 2023. The amendments did not result in any changes to accounting policies themselves and accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

2.3 *Standards issued but not yet effective*

H-REIT, H-BT and the Stapled Group have not adopted the following standards and interpretations that have been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024
Amendments to FRS 1: <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to FRS 21: <i>Lack of Exchangeability</i>	1 January 2025

The REIT Manager and the Trustee-Manager expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

2.4 *Investment properties*

Investment properties are properties held either to earn rental income or capital appreciation or both, rather than for sale in the ordinary course of business, for use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost on acquisition, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Any gains or losses arising from changes in fair values of the investment properties are recognised in the statement of total return in the period in which they arise.

Fair value is determined at each reporting date in accordance with the H-REIT Trust Deed. In addition, the investment properties are to be valued by independent professional valuers at least once a year, in accordance with the Property Fund Appendix of CIS Code issued by MAS.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 *Investment properties (cont'd)*

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to H-REIT. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of total return in the year of retirement or disposal.

Investment properties are not depreciated. Investment properties are subject to continued maintenance and regularly revalued on the basis set out above. For taxation purposes, H-REIT may claim capital allowances on assets that qualify as plant and machinery under the Singapore Income Tax Act 1947.

2.5 *Joint venture*

A joint venture is an entity over which H-REIT has joint control established by contractual arrangement, whereby H-REIT has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

H-REIT recognises its interest in a joint venture as an investment and accounts for the investment using the equity method from the date on which it becomes a joint venture. Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in H-REIT's share of net assets of the joint venture. The profit or loss reflects the share of the results of the operations of the joint venture. Distributions received from joint venture reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture, H-REIT recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between H-REIT and joint venture are eliminated to the extent of the interest in the joint venture.

When H-REIT's share of losses in joint venture equals or exceeds its interest in the joint venture, H-REIT does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, H-REIT determines whether it is necessary to recognise an additional impairment loss on H-REIT's investment in joint venture. H-REIT determines at the end of each reporting period whether there is any objective evidence that the investment in joint venture is impaired. If this is the case, H-REIT calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount in statement of total return.

The financial statements of joint venture is prepared as the same reporting date as the Stapled Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when H-REIT, H-BT or the Stapled Group becomes a party to the contractual provisions of the instruments.

At initial recognition, the Managers measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of total return.

Trade receivables are measured at the amount of consideration to which H-REIT, H-BT or the Stapled Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on H-REIT's, H-BT's or the Stapled Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The two measurement categories for classification of debt instruments are:

(i) **Amortised cost**

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of total return when the assets are derecognised or impaired, and through amortisation process.

(ii) **Fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss. A gain or loss on debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of total return in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.6 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in statement of total return.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in statement of total return.

2.7 *Impairment of financial assets*

H-REIT, H-BT or the Stapled Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that H-REIT, H-BT or the Stapled Group expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, H-REIT applies a simplified approach in calculating ECLs. Therefore, H-REIT does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. H-REIT has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

H-REIT considers a financial asset in default when the counterparty fails to make contractual payments when these are past due, taking into account any collateral held. However, in certain cases, the REIT Manager may also consider a financial asset to be in default when internal or external information indicates that H-REIT is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by H-REIT. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.8 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank, cash on hand and short-term highly liquid deposits, that are readily convertible to a known amount of cash and subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.9 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, H-REIT, H-BT or the Stapled Group becomes a party to the contractual provisions of the financial instrument. The Managers determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of total return when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in statement of total return.

Interest benchmark reform

Where the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, H-REIT, H-BT and the Stapled Group update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis - i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, H-REIT, H-BT and the Stapled Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, H-REIT, H-BT and the Stapled Group applies the policies on accounting for modifications the additional changes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.10 *Rental deposits and deferred income*

Rental deposits relate to rental deposits received from tenants of the investment properties. The accounting policy for rental deposits as a financial liability is set out in Note 2.9.

Deferred income relates to the difference between consideration received for rental deposits and its fair value at initial recognition, and is credited to the statement of total return as gross rental income on a straight line basis over individual lease term.

2.11 *Net assets attributable to holders of the Stapled Security*

Net assets attributable to the Stapled Securityholders represent the holders' residual interest in the Stapled Security's net assets upon termination.

Expenses incurred in connection with the initial public offering of the Stapled Security and listing on the SGX-ST are deducted directly against net assets attributable to holders of Stapled Securities.

2.12 *Revenue recognition*

Rental from operating leases

Rental income receivable under operating leases is recognised in the statement of total return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rent, which comprises gross turnover rental, is recognised as income in the accounting period on a receipt basis. No contingent rent is recognised if there are uncertainties that may result in the possible return of amounts received.

All its master lease rental agreements are entered into between H-REIT and related parties.

2.13 *Expenses*

(a) ***Property expenses***

Property expenses are recognised on an accrual basis.

(b) ***REIT Manager fees***

Fees paid or payable to REIT Manager are recognised on an accrual basis based on the applicable formula stipulated in Note 1.

(c) ***Trust expenses***

Trust expenses are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Taxation

(a) **Current income tax**

Current income tax is the expected tax payable on the taxable income for the period, using tax rates and tax laws enacted or substantively enacted at the balance sheet date.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint venture where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 Taxation (cont'd)

(c) Tax transparency

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of H-REIT. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of H-REIT, the REIT Trustee will not be assessed to tax on the taxable income of H-REIT. Instead, the distributions made by H-REIT out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on H-REIT's distributions (the "tax transparency ruling"). Accordingly, the REIT Trustee and the REIT Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to Unitholders that are made out of the taxable income of H-REIT, except:

- (i) where the beneficial owners are individuals or Qualifying Unitholders, the REIT Trustee and the REIT Manager will make the distributions to such Unitholders without deducting any income tax; and
- (ii) where the beneficial owners are foreign non-individual investors, foreign funds or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the REIT Trustee and the REIT Manager will deduct/withhold tax at a reduced rate of 10% from the distributions.

A Qualifying Unitholder is a Unitholder who is:

- (i) a company incorporated and tax resident in Singapore;
- (ii) a body of persons (excluding companies or partnerships) incorporated or registered in Singapore, such as:
 - a. charities registered under the Charities Act 1994 or established by any written law; or
 - b. town councils; or
 - c. statutory boards; or
 - d. co-operative societies registered under the Co-operative Societies Act 1979; or
 - e. trade unions registered under the Trade Unions Act 1940;
- (iii) a Singapore branch of a company incorporated outside Singapore;
- (iv) an international organisation that is exempt from tax on such distribution by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948;
- (v) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.14 *Taxation (cont'd)*

(c) **Tax transparency (cont'd)**

- (vi) an agent bank or a Supplementary Retirement Scheme ("SRS") operator acting as nominee for individuals who have purchased Units in the Trust within the SRS; or
- (vii) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (i) to (v) above.

The above tax transparency ruling does not apply to gains from the sale of real properties. Such gains which are considered as trading gains are assessable to tax on the REIT Trustee. Where the gains are capital gains, the REIT Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

(d) **Sales tax**

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.15 **Borrowing costs**

Borrowing costs are expensed in the period they occur, and consist of interest and other costs that H-REIT incurs in connection with the borrowing of funds.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 **Segment reporting**

For management purposes, the Stapled Group is organised into operating segments based on the types of operations within the Stapled Group's portfolio. The segment manager reports to the management of the REIT Manager who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 20, including the factors used to identify the reportable segments and the measurement basis of segment information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.17 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of H-REIT; or
- (b) A present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of H-REIT.

2.18 Significant accounting estimates and judgements

The preparation of the financial statements requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in Note 3 – Investment properties.

H-REIT assesses at the end of each reporting period whether there is any indication that the interest in joint venture may be impaired. Determining whether there are indicators of impairment require judgements. In assessing whether the interest may be impaired, management reviews the joint venture's financial information, having regards to the financial performance and the fair value of the hotels held by the joint venture. The carrying amount of H-REIT's investment in joint venture and loan to joint venture are disclosed in Note 4 and 6 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.19 Consolidation

Stapling

Where entities enter into a stapling arrangement, the stapling arrangement is accounted for as a business combination under the acquisition method.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements of the Stapled Group.

2.20 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate at the reporting date.

Foreign currency differences arising from translation are recognised in the Statement of Total Return.

3. INVESTMENT PROPERTIES

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
At 1 January	2,446,750	2,446,750	-	2,336,500	2,336,500	-
Capital expenditure capitalised	3,556	3,556	-	8,068	8,068	-
Fair value change recognised in statement of total return	59,244	59,244	-	102,182	102,182	-
At 31 December	2,509,550	2,509,550	-	2,446,750	2,446,750	-

Investment properties are stated at fair value based on valuations performed annually by independent professional valuers. The valuations are based on the income capitalisation approach, discounted cash flow analysis and direct comparison approach. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, discount rates, revenue per available room/unit, price per room and price per square foot/metre.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

3. INVESTMENT PROPERTIES (CONT'D)

The income capitalisation approach capitalises an income stream into a present value using an appropriate capitalisation rate. The discounted cashflow analysis involves discounting the expected future net cash flows over a period to arrive at a present value. The direct comparison approach involves the analysis of comparable sales and adjustments are made to reflect the differences in location, age, tenure and other relevant factors.

The ongoing geo-political headwinds and macro-economic uncertainty may have impact on the Singapore economy and the property market. The valuers have recommended to monitor the situation closely. The REIT Manager is of the view that the valuation methods and estimates are reflective of the market conditions as at 31 December 2023.

4. JOINT VENTURE

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Interest in net assets and carrying amount of joint venture						
At 1 January	-	-	-	-	-	-
Share of results of joint venture	-	-	-	-	-	-
At 31 December	-	-	-	-	-	-

The unrecognised losses of the joint venture for year ended 31 December 2023 is \$3,257,000 (2022: \$4,914,000) and cumulatively is \$8,220,000 (2022: \$4,963,000).

Details of the joint venture are as follows:

Name of entity	Country of constitution/ Principal place of business	Effective equity interest held by Far East H-REIT	
		2023	2022
		%	%
Fontaine Investment Pte. Ltd. ("FIPL") ⁽¹⁾	Singapore	30.0	30.0

(1) Audited by KPMG LLP, Singapore

Far East H-REIT has a 30% direct interest in the ownership and voting rights in FIPL under a joint venture agreement dated 22 September 2014. Pursuant to the terms of the joint venture agreement, H-REIT jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities. FIPL is incorporated in Singapore with principal activities of property investment and development. FIPL has developed a hotel site located at Artillery Avenue, Sentosa comprising Village Hotel Sentosa, The Outpost Hotel Sentosa and The Barracks Hotel Sentosa. In 2019, the three hotels have obtained their temporary occupancy permits and commenced operations. The investment is accounted using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

4. JOINT VENTURE (CONT'D)

Summarised financial information of FIPL based on its financial statements, and reconciliation with the carrying amount of the investment is as follows:

	2023 \$'000	2022 \$'000
Non-current assets		
Property, plant and equipment	464,279	474,995
Other non-current assets	300	501
	464,579	475,496
Current assets		
Cash and bank balances	28,192	19,195
Other current assets	3,686	8,787
	31,878	27,982
Total assets	496,457	503,478
Current liabilities	81,628	80,744
Non-current liabilities	442,231	439,279
Total liabilities	523,859	520,023
Net assets	(27,402)	(16,545)
Total equity	(27,402)	(16,545)
Proportion of the Stapled Group's ownership	30%	30%
Stapled Group's share of the net assets	-	-
Carrying amount of the investment	-	-
Statement of comprehensive income		
Revenue	62,354	38,096
Other income	1,054	523
Other expenses ⁽¹⁾	(50,029)	(38,397)
Finance expenses	(24,236)	(16,602)
Total comprehensive loss	(10,857)	(16,380)

(1) Includes depreciation expense of \$10.8 million (2022: \$11.1 million)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following as at the balance sheet date:

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Cash at bank and on hand	4,893	4,893	-	6,724	6,724	-
Short-term deposits	58,200	58,200	-	43,050	43,050	-
	63,093	63,093	-	49,774	49,774	-

The cash at bank and on hand does not earn interest. Short-term deposits are made for varying periods depending on the immediate cash requirements of the REIT, and earn interest at respective short-term deposit rates.

6. TRADE AND OTHER RECEIVABLES

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Trade receivables						
- the REIT Manager and related companies of REIT Manager	6,727	6,727	-	6,301	6,301	-
- third parties	1,710	1,710	-	1,186	1,186	-
Other receivables						
- related companies of REIT Manager	-	-	30	-	-	30
- loan to a joint venture company	36,408	36,408	-	35,549	35,549	-
- loan interest receivable	1,638	1,638	-	859	859	-
- third parties	1,017	1,017	-	1,594	1,594	-
Total trade and other receivables	47,500	47,500	30	45,489	45,489	30
Add: Cash and cash equivalents (Note 5)	63,093	63,093	-	49,774	49,774	-
Total financial assets at amortised cost	110,593	110,593	30	95,263	95,263	30

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Outstanding balances with the REIT Manager and related parties of the REIT Manager are unsecured, interest-free, repayable on demand and are to be settled in cash.

The loan to a joint venture company is used to fund the development of the hotel site located at Artillery Avenue, Sentosa. The amount is unsecured, earned interest at 4.53% per annum (2022: 2.42%) and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

6. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Far East H-REIT and the Stapled Group	
	2023 \$'000	2022 \$'000
Movement in allowance accounts:		
At the beginning of year	324	1,786
Charge/(reversal of charge) for the year	40	(24)
Written off	(180)	(1,438)
At the end of year	184	324

7. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Far East H-REIT and the Stapled Group	
	2023 \$'000	2022 \$'000
Derivative assets		
Non-current		
Interest rate swaps	951	8,982
Current		
Interest rate swaps	1,276	4,017
Derivative liabilities		
Non-current		
Interest rate swaps	(871)	-
Cross currency swaps	(1,360)	-
	(2,231)	-
Net derivative (liabilities)/assets	(4)	12,999
Financial derivatives as a percentage of Stapled Group's net assets	-%	0.72%

As at 31 December 2023, Far East H-REIT and the Stapled Group have interest rate swap contracts with a total notional amount of \$315.0 million (2022: \$400.0 million). Under the contracts, Far East H-REIT and the Stapled Group receive interest based on floating rates equivalent to 3-month or 6-month Singapore Overnight Rate Average ("SORA")/Fallback Swap Offer Rates ("SOR") (2022: 3-month or 6-month SOR) and pay fixed rates of interest ranging from 0.148% to 3.200% p.a. (2022: 0.308% to 1.932%) during the year.

As at 31 December 2023, the Far East H-REIT and the Stapled Group held cross currency swaps ("CCS") with notional amount of United States dollar ("USD") 75.2 million or Singapore dollar ("SGD") 100.0 million equivalent (2022: \$Nil), to hedge against the USD 75.2 million loan (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. TRADE AND OTHER LIABILITIES

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Trade payables						
- the REIT Manager	8	8	-	142	142	-
- related companies of the REIT Manager	138	138	-	122	122	-
- third parties	1,664	1,664	-	1,398	1,398	-
Other payables						
- the REIT Manager	38	-	38	36	-	36
- related companies of the REIT Manager	-	30	-	-	30	-
- third parties	1,500	1,500	-	1,006	1,006	-
Total trade and other liabilities	3,348	3,340	38	2,704	2,698	36
Add:						
Accruals	4,101	4,100	1	5,892	5,891	1
Borrowings (Note 9)	736,752	736,752	-	737,816	737,816	-
Less:						
Rental received in advance	(93)	(93)	-	(132)	(132)	-
GST payable	(1,453)	(1,453)	-	(959)	(959)	-
Total financial liabilities carried at amortised cost	742,655	742,646	39	745,321	745,314	37

Outstanding balances with the related companies and the REIT Manager under Far East H-REIT are unsecured, interest-free, repayable on demand and are to be settled in cash.

Subsequent to 31 December 2023, the REIT Manager has undertaken not to recall the amount due from H-BT.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. BORROWINGS

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Non-current liabilities						
Bank loans (unsecured)	738,575	738,575	-	739,300	739,300	-
Less: Unamortised upfront fees	(1,823)	(1,823)	-	(1,484)	(1,484)	-
Total borrowings	736,752	736,752	-	737,816	737,816	-

The borrowings are made up of unsecured term loan facilities and revolving credit facilities.

As at the reporting date, the unsecured term loan facilities of \$738.6 million (2022: \$739.3 million) provided by four (2022: five) financial institutions have been fully drawn down.

The term loans have maturities ranging from three-year to seven-year (2022: five-year to seven-year) terms.

The uncommitted revolving credit facilities amounting to \$275.0 million (2022: \$300.0 million) are provided by three (2022: four) financial institutions. As at 31 December 2023, Far East H-REIT has uncommitted revolving credit facilities of \$275.0 million (2022: \$300.0 million) which remain unutilised.

A reconciliation of liabilities arising from Far East H-REIT and the Stapled Group's financing activities is as follows:

	1 January 2023	Cash flows	Non-cash changes		31 December 2023
	\$'000		\$'000	Amortisation of upfront fees \$'000	Others* \$'000
Far East H-REIT and the Stapled Group					
Borrowings	737,816	(975)	503	(592)	736,752
	1 January 2022	Cash flows	Non-cash changes		31 December 2022
	\$'000		\$'000	Amortisation of upfront fees \$'000	Others* \$'000
Far East H-REIT and the Stapled Group					
Borrowings	947,639	(210,619)	667	129	737,816

* Others pertain to reclassifications made from borrowings in lieu of unpaid upfront fees accrued during the year and unrealised foreign exchange gain.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. STAPLED SECURITIES/UNITS IN ISSUE

A Stapled Security means a security comprising one unit of Far East H-REIT and one unit of Far East H-BT stapled together under the terms of the Stapling Deed.

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Stapled Securities/Units in issue						
At 1 January	1,988,382	1,988,382	1,988,382	1,974,831	1,974,831	1,974,831
Issuance of Stapled Securities/Units						
REIT Manager's fees paid in Stapled Securities	14,251	14,251	14,251	13,551	13,551	13,551
At 31 December	2,002,633	2,002,633	2,002,633	1,988,382	1,988,382	1,988,382
Stapled Securities/Units to be issued						
REIT Manager's fees payable in Stapled Securities						
- Base fees	2,438	2,438	2,438	2,524	2,524	2,524
- Performance fees	4,393	4,393	4,393	3,724	3,724	3,724
Total Stapled Securities/Units in issue and to be issued at end of year	2,009,464	2,009,464	2,009,464	1,994,630	1,994,630	1,994,630

Approximately 14,833,000 (2022: 13,592,000) Stapled Securities were issued or to be issued to the REIT Manager as satisfaction of management fees paid/payable to the REIT Manager in Stapled Securities, amounting to \$9,451,000 (2022: \$8,487,000) for the financial year.

Each Far East H-REIT unit is stapled together with a Far East H-BT unit under the terms of the Stapling Deed and cannot be traded separately. Each Stapled Security represents an undivided interest in Far East H-REIT and Far East H-BT.

The liability of a holder of the Stapled Securities is limited to the amount paid or payable for the Stapled Securities.

Each Stapled Security carries one vote.

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For the financial year ended 31 December 2023

11. NET ASSET VALUE PER STAPLED SECURITY

	2023			2022		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Net asset value per Stapled Security is based on:						
Net assets/(liabilities) (\$'000)	1,866,710	1,866,719	(9)	1,799,795	1,799,802	(7)
Total issued and to be issued Stapled Securities ('000) (Note 10)	2,009,464	2,009,464	2,009,464	1,994,630	1,994,630	1,994,630
Net asset value per Stapled Security (cents)	92.90	92.90	(0.00045)	90.23	90.23	(0.00035)

12. REIT MANAGER'S FEES

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Base fee	7,196	7,196	-	6,983	6,983	-
Performance fees	3,305	3,305	-	2,447	2,447	-
	10,501	10,501	-	9,430	9,430	-

The REIT manager has opted to receive 90% (2022: 90%) of its fees in the form of Stapled Securities with the balance in cash. An aggregate of approximately 14,833,000 (2022: 13,592,000) Stapled Securities were issued or to be issued to the REIT Manager as satisfaction of the 90% (2022: 90%) of the management fees paid/payable.

13. OTHER TRUST EXPENSES

Other trust expenses comprise of professional fees and other recurring expenses.

Included in other trust expenses are the following items:

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Audit fees	86	85	1	80	79	1
Non-audit fees	62	62	-	60	60	-
	148	147	1	140	139	1
Valuation fees	65	65	-	59	59	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

14. FINANCE INCOME AND EXPENSES

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Interest and other income						
Interest income from						
- loan to joint venture	1,638	1,638	-	859	859	-
- short-term deposits	2,165	2,165	-	699	699	-
Others	90	90	-	90	90	-
	3,893	3,893	-	1,648	1,648	-
Finance expenses						
Amortisation of debt-related transaction costs	(503)	(503)	-	(667)	(667)	-
Amortisation of rental deposits	(98)	(98)	-	(96)	(96)	-
Interest expenses paid/payable to banks	(24,568)	(24,568)	-	(17,677)	(17,677)	-
	(25,169)	(25,169)	-	(18,440)	(18,440)	-

15. INCOME TAX EXPENSE

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 December 2023 and 2022 is as follows:

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Reconciliation of effective tax						
Total return before tax	130,586	130,588	(2)	203,901	203,902	(1)
Income tax using Singapore tax rate of 17%	22,200	22,200	-	34,663	34,663	-
Income not subjected to tax	(9,433)	(9,433)	-	(24,610)	(24,610)	-
Tax transparency (Note 2.14c)	(12,554)	(12,554)	-	(9,907)	(9,907)	-
Rollover adjustment	65	65	-	-	-	-
	278	278	-	146	146	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

16. EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security ("EPS") (cents)

	2023			2022		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Basic	6.53	6.53	-	10.28	10.28	-
Diluted	6.50	6.50	-	10.24	10.24	-

The basic EPS is computed using total return for the year after tax over the weighted average number of Stapled Securities outstanding as follows:-

	2023			2022		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Total return for the year after tax (\$'000)	130,308	130,310	(2)	203,755	203,756	(1)
Weighted average number of Stapled Security in issue ('000)	1,996,773	1,996,773	1,996,773	1,982,854	1,982,854	1,982,854

The diluted EPS is computed using total return for the year after tax over the weighted average number of Stapled Securities outstanding, adjusted for the effect of all dilutive potential Stapled Securities.

	2023			2022		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Total return for the year after tax (\$'000)	130,308	130,310	(2)	203,755	203,756	(1)
Weighted average number of Stapled Security in issue ('000)	2,003,604	2,003,604	2,003,604	1,989,102	1,989,102	1,989,102

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following related party transactions were carried out at terms agreed between the parties during the financial year:

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Master lease rental income received/receivable from related corporations of the REIT Manager	90,649	90,649	-	68,783	68,783	-
Rental and utilities income received/receivable from related corporations of the REIT Manager	753	753	-	1,299	1,299	-
Rental and utilities income received/receivable from the REIT Manager	166	166	-	165	165	-
Interest receivable from a joint venture company	1,638	1,638	-	859	859	-
Reimbursement of expenses received/receivable from related corporations of the REIT Manager	14	14	-	8	8	-
Management fees paid/payable to the REIT Manager	(10,501)	(10,501)	-	(9,430)	(9,430)	-
Trustee's fees paid/payable to the Trustee	(317)	(317)	-	(309)	(309)	-
Shared service fees paid/payable to related corporations of the REIT Manager	(929)	(929)	-	(615)	(615)	-
Reimbursement of expenses paid/payable to the REIT Manager	(145)	(143)	(2)	(790)	(790)	(1)
Reimbursement of expenses paid/payable to related corporations of the REIT Manager	(8)	(8)	-	(46)	(46)	-
Leasing commission paid/payable to related corporation of the REIT Manager	(108)	(108)	-	(105)	(105)	-
Technical service fee paid/payable to related corporations of the REIT Manager	(192)	(192)	-	(239)	(239)	-
Loan to a joint venture company	-	-	-	(1,500)	(1,500)	-
Divestment fees paid to the REIT Manager	(90)	(90)	-	(1,566)	(1,566)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

17. RELATED PARTY TRANSACTIONS (CONT'D)

Far East H-REIT has entered into the following agreements for the management of the RCP:

- under a property management agreement, JLL was appointed as the property manager to provide property management services, lease and arrears management services, property tax services and marketing coordination services for the RCP. The property manager is entitled to a fixed service fee.
- under marketing service agreements, FEMPL (until 15 July 2022), JLL (from 15 July 2022) and FEREA were appointed as the marketing agents to provide marketing and leasing services for the RCP. The marketing agents are entitled to receive leasing commission.
- under the technical service agreements with various companies within FEO to provide technical support services for the RCP, FEO is entitled to receive a fixed service fee.

18. FINANCIAL RISK MANAGEMENT

(a) *Capital management*

The primary objective of the capital management of Far East H-REIT and the Stapled Group is to ensure that it maintains a strong and healthy capital structure in order to support its business and maximise Stapled Securityholder value.

Far East H-REIT is subject to the aggregate leverage limit as defined in the Property Fund Appendix of CIS Code issued by MAS. With effect from 16 April 2020, the revised Code on Collective Investment Schemes stipulates that borrowings and deferred payments (together the "Aggregate Leverage") of a property fund:

- a) should not, before 1 January 2022, exceed 50.0% of the fund's depository property;
- b) should not, on or after 1 January 2022, exceed 45.0% of the fund's deposited property. The Aggregate Leverage of a property fund may exceed 45.0% of the fund's deposited property (up to a maximum of 50.0%) only if the property fund has a minimum adjusted interest coverage ratio of 2.5 times (as defined in the Property Fund Appendix) after taking into account the interest payment obligations arising from the new borrowings.

As at 31 December 2023, Far East H-REIT's and the Stapled Group's Aggregate Leverage stood at 31.3% (2022: at 32.0%) of its Depository Property, which is within the limit set by the Property Fund Appendix.

There were no substantial changes in Far East H-REIT's and the Stapled Group's approach to capital management for the year ended 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies*

Exposure to credit, interest rate, foreign currency and liquidity risks arises in the normal course of Far East H-REIT's business. The REIT Manager continually monitors Far East H-REIT's exposure to the above risks. There has been no significant change to Far East H-REIT's exposure to these financial risks or the manner in which it manages and measures risks.

(i) *Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to Far East H-REIT as and when they fall due.

Far East H-REIT's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The REIT Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the REIT Manager before lease agreements are entered into with customers. Credit risk is also mitigated by the rental deposits held for each of the customers.

The REIT Manager considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The REIT Manager has determined the default event on a financial asset to be when the counterparty fails to make contractual payments past due, taking into account any collateral held.

The REIT Manager determined that the financial assets are credit-impaired when:

- There is significant financial difficulty of the customer or counterparty
- A breach of contract, such as a default or past due event
- It is becoming probable that the customer or counterparty will enter bankruptcy or other financial reorganisation

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer or counterparty failing to engage in a repayment plan with Far East H-REIT. Where loans and receivables have been written off, the REIT Manager continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of total return.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(i) *Credit risk (cont'd)*

A summary of Far East H-REIT's internal grading category in the computation of the expected credit loss model for the loans and receivables is as follows:

Definition of category	Basis for recognition of expected credit loss provision
Loans and receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are past due.	Lifetime expected credit losses

Trade receivables

Far East H-REIT provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on historical observed default rates analysed in accordance with days past. The loss allowance provision as at 31 December 2023 is determined as follows, the expected credit losses below also incorporate forward looking information such as forecast of economic conditions where the gross domestic product will deteriorate over the next year, leading to an increased number of defaults.

Summarised below is the information about the credit risk exposure on the Stapled Group's trade receivables:

31 December 2023	Current \$'000	1 to 30 days past due \$'000	More than 30 day past due \$'000	Total \$'000
Gross carrying amount	7,773	161	687	8,621
Loss allowance provision	-	-	184	184
31 December 2022	Current \$'000	1 to 30 days past due \$'000	More than 30 day past due \$'000	Total \$'000
Gross carrying amount	6,689	260	861	7,810
Loss allowance provision	-	-	324	324

Information regarding loss allowance movement of trade receivables is disclosed in Note 6.

During the financial year, Far East H-REIT wrote-off \$180,000 (2022: \$1,438,000) of trade receivables which are more than 120 days past due as Far East H-REIT does not expect to receive future cash flows from these receivables. In 2023, there was a recovery of \$1,000 from the collection of cash flows previously written off (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(i) *Credit risk (cont'd)*

Trade receivables (cont'd)

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet. At the balance sheet date, approximately 54% (2022: 54%) of the Stapled Group's trade receivables were due from 5 tenants who are reputable companies located in Singapore.

Trade and other receivables that are neither past due nor impaired represent creditworthy debtors with good payment record with the Stapled Group. Cash and short-term deposits are placed with banks regulated by the MAS.

(ii) *Interest rate risk*

Far East H-REIT's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the REIT Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The REIT Manager adopts a policy of fixing the interest rates for a portion of its outstanding borrowings using financial derivatives or other suitable financial products.

As at 31 December 2023, the REIT Manager has entered into interest rate swap contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional amounts of the unsecured bank loan.

Far East H-REIT's exposure to interest rate risk relates primarily to the remaining portion 57.4% (2022: 45.9%) of the unsecured bank loans that have not been hedged using interest rate swaps. The REIT Manager will regularly evaluate the feasibility of putting in place the appropriate level of interest rate hedges, after taking into account the prevailing market conditions.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). Far East H-REIT had exposures to SOR on its financial instruments that have been replaced as part of these market-wide initiatives.

In 2022, Far East H-REIT monitored and managed the transition to alternative rates. In 2023, Far East H-REIT amended its financial instruments indexed to SOR to incorporate the new benchmark rate (i.e. SORA).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) **Financial risk management objectives and policies (cont'd)**

(ii) **Interest rate risk (cont'd)**

Non-Derivative Financial Assets

In 2022, Far East H-REIT has transitioned the loan to a joint venture company which was indexed to SOR to reference SORA.

Non-Derivative Financial Liabilities

Historically, Far East H-REIT has floating-rate liabilities indexed to SOR. Far East H-REIT has modified its non-derivative financial liabilities indexed to SOR to reference SORA during the financial year ended 31 December 2023.

Financial Derivatives

The interest rate swap contracts have floating legs that are indexed to SORA or Fallback SOR. Far East H-REIT's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association ("ISDA")'s master agreements. Far East H-REIT has adhered to the ISDA 2020 IBOR Fallbacks Protocol to implement the fallbacks provision in the derivative contracts on the floating rates that will apply in the event of permanent discontinuation or cessation of publication of SOR, to derivative contracts that were entered into before the effective date of the IBOR Fallbacks Supplement.

Sensitivity analysis for interest rate risk

For the floating rate loans, a change of a hundred basis points increase or decrease in interest rate at the balance sheet date, with all other variables held constant, would decrease or increase the Stapled Group's total return for the period by approximately \$4,243,000 (2022: \$3,393,000).

(iii) **Liquidity risk**

Liquidity risk is the risk that Far East H-REIT will encounter difficulty in meeting financial obligations due to shortage of funds. Far East H-REIT's objective is to maintain sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. The REIT Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance Far East H-REIT's operations and to mitigate the effects of fluctuations in cash flows. In addition, the REIT Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Liquidity risk (cont'd)

The table below summarises the maturity profile of the financial liabilities at the balance sheet date based on contractual undiscounted payments.

	Within 1 year \$'000	1 - 5 years \$'000	More than 5 years \$'000	Total \$'000
As at 31 December 2023				
Stapled Group				
Trade and other liabilities	5,903	-	-	5,903
Derivative financial liabilities	-	2,231	-	2,231
Rental deposits	1,534	2,684	5,000	9,218
Borrowings	36,270	667,761	175,523	879,554
	43,707	672,676	180,523	896,906
Far East H-REIT				
Trade and other liabilities	5,894	-	-	5,894
Derivative financial liabilities	-	2,231	-	2,231
Rental deposits	1,534	2,684	5,000	9,218
Borrowings	36,270	667,761	175,523	879,554
	43,698	672,676	180,523	896,897
Far East H-BT				
Trade and other liabilities	39	-	-	39
As at 31 December 2022				
Stapled Group				
Trade and other liabilities	7,505	-	-	7,505
Rental deposits	1,775	2,155	5,000	8,930
Borrowings	34,848	705,370	103,849	844,067
	44,128	707,525	108,849	860,502
Far East H-REIT				
Trade and other liabilities	7,498	-	-	7,498
Rental deposits	1,775	2,155	5,000	8,930
Borrowings	34,848	705,370	103,849	844,067
	44,121	707,525	108,849	860,495
Far East H-BT				
Trade and other liabilities	37	-	-	37

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(iv) *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 31 December 2023, Far East H-REIT was exposed to foreign currency risk on borrowings that are denominated in a currency, United States dollars other than its functional currency, Singapore dollars. Far East H-REIT hedges this risk by entering into a cross currency swap with notional amount of USD 75.2 million (or SGD 100 million equivalent). Far East H-REIT was not exposed to any currency risk as at 31 December 2022.

Sensitivity analysis for currency risk

The Stapled Group's and Far East H-REIT's exposures to foreign currencies are as follows:

	USD \$'000
As at 31 December 2023	
Far East H-REIT and Stapled Group	
Borrowings	(75,188)
Net Statement of Financial Position Exposure	(75,188)
Add: Effect of cross currency swap	75,188
Net exposure	-

As the cross currency swap hedges the foreign currency risk on the borrowings that are denominated in USD, any reasonably possible strengthening/weakening of the SGD against USD at 31 December 2023, with all other variables held constant, would not have any impact to the Stapled Group's and Far East H-REIT's total return for the financial year ending 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value measurements

The following table shows an analysis of each class of assets and liabilities measured at fair value, including their levels in the fair value hierarchy, at the end of the reporting period:

	Far East H-REIT and the Stapled Group 2023		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Interest rate swaps	2,227	-	2,227
Financial liabilities measured at fair value			
Interest rate swaps	871	-	871
Cross currency swaps	1,360	-	1,360
	2,231	-	2,231
Non-financial assets measured at fair value			
Investment properties	-	2,509,550	2,509,550

During the financial year ended 31 December 2023, there have been no transfers between the respective levels.

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For the financial year ended 31 December 2023

19. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) *Assets and liabilities measured at fair value measurements (cont'd)*

	Far East H-REIT and the Stapled Group 2022		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Interest rate swaps	12,999	-	12,999
Non-financial assets measured at fair value			
Investment properties	-	2,446,750	2,446,750

During the financial year ended 31 December 2022, there have been no transfers between the respective levels.

(c) **Level 2 fair value measurements**

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Financial derivatives

The fair value of interest rate swaps and cross currency swap are derived by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates or exchange rates for a similar instrument at the measurement date.

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For the financial year ended 31 December 2023

19. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair value at 31 December 2023 \$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
- Hotels, retail and office	2,161,700	Discounted cash flow	Discount rate	6.50%
			Revenue per available room	\$114 - \$259
		Income capitalisation method	Capitalisation rate	4.00% - 5.25%
			Direct comparison method (hotel)	Price per room
Direct comparison method (retail and office)	Price per square foot	\$1,397 - \$5,231		
- Serviced residences, retail and office	347,850	Discounted cash flow	Discount rate	5.50%-6.50%
			Revenue per available unit	\$198 - \$323
		Income capitalisation method	Capitalisation rate	3.50% - 4.85%
Direct comparison method	Price per square metre	\$15,672 - \$31,250		
	<u>2,509,550</u>			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2022 \$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
- Hotels, retail and office	2,104,850	Discounted cash flow	Discount rate	5.75% - 6.50%
			Revenue per available room	\$82 - \$267
			Income capitalisation method	Capitalisation rate
- Serviced residences, retail and office	341,900	Discounted cash flow	Price per square foot	\$880 - \$15,424
			Discount rate	6.50%
			Revenue per available unit	\$168 - \$324
		Income capitalisation method	Capitalisation rate	3.25% - 4.25%
			Direct comparison method (serviced residences, retail and office)	Price per square metre
	<u>2,446,750</u>			

A significant increase or decrease in the discount rate and/or capitalisation rate would result in a significantly lower or higher fair value measurement. The higher the comparable sales price, the higher the fair value.

(ii) Valuation policies and procedures

The REIT Manager oversees Far East H-REIT's financial reporting valuation process and is responsible for setting its valuation policies and procedures.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) **Level 3 fair value measurements (cont'd)**

(ii) *Valuation policies and procedures (cont'd)*

For all significant financial reporting valuations using valuation models and input unobservable to the REIT Manager, it is Far East H-REIT's policy to engage external valuation experts to perform the valuation. The REIT Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the REIT Manager reviews the appropriateness of the valuation methodologies and assumptions adopted. The REIT Manager also evaluates the appropriateness and reliability of the input used in the valuations.

In selecting the appropriate valuation models and input to be adopted for each valuation that uses significant unobservable input, external valuation experts are requested to calibrate the valuation models and input to actual market transactions that are relevant to the valuation if such information is reasonably available. External valuation experts are required, to the extent practicable, to use a minimum of two methodologies to cross-check valuations that are sensitive to unobservable input.

Significant changes in fair value measurements from period to period are evaluated by the REIT Manager for reasonableness. Contributable drivers to such fair value changes are identified and assessed for reasonableness against relevant information from independent sources or internal sources if necessary and where appropriate.

20. SEGMENT REPORTING

Business segment

The Stapled Group has two reportable business segments as follows:

- hotels and serviced residences
- retail units, offices and others

Management monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is presented in respect of Far East H-REIT and the Stapled Group's business segments, based on its management and internal reporting structure.

Segment revenue comprises mainly income generated from the master leases and retail and offices tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the chief operating decision maker for the purpose of assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly management fees, performance fee, trust expenses, finance income, finance costs and related assets and liabilities.

Performance is measured based on segment net property income, as included in the internal management reports that are reviewed by the board of directors of the REIT Manager. Segment net property income is used to measure performance as management believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the same industry.

The reportable segments' results are as below:

2023

	Hotels and serviced residences \$'000	Retail units, offices and others \$'000	Total \$'000
Gross revenue	90,649	16,156	106,805
Segment net property income	86,244	12,497	98,741
REIT Manager's fees			(10,501)
Trustee's fees			(317)
Other trust expenses			(940)
Interest and other income			3,893
Finance expenses			(25,169)
Net income before tax and fair value changes			65,707
Unrealised foreign exchange gain			726
Gain on disposal of investment property			17,912
Fair value change in derivative financial instruments			(13,003)
Fair value change in investment properties	50,779	8,465	59,244
Total return for the year before income tax			130,586
Income tax expense			(278)
Total return for the year after income tax before distribution			130,308
Segment assets	2,190,046	328,047	2,518,093
Unallocated assets			104,362
Total assets			2,622,455
Segment liabilities	6,563	6,071	12,634
Unallocated liabilities			743,111
Total liabilities			755,745

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

20. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

2022

	Hotels and serviced residences \$'000	Retail units, offices and others \$'000	Total \$'000
Gross revenue	68,783	14,796	83,579
Segment net property income	65,814	11,515	77,329
REIT Manager's fees			(9,430)
Trustee's fees			(309)
Other trust expenses			(1,042)
Interest and other income			1,648
Finance expenses			(18,440)
Net income before tax and fair value changes			49,756
Gain on disposal of investment property			39,290
Fair value change in derivative financial instruments			12,673
Fair value change in investment properties	101,282	900	102,182
Total return for the year before income tax			203,901
Income tax expense			(146)
Total return for the year after income tax before distribution			203,755
Segment assets	2,135,706	318,797	2,454,503
Unallocated assets			100,590
Total assets			2,555,093
Segment liabilities	6,846	5,353	12,199
Unallocated liabilities			743,099
Total liabilities			755,298

Geographical segments

No geographical information is presented as the Stapled Group operates in Singapore only.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

21. COMMITMENTS

Far East H-REIT and the Stapled Group lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

	2023			2022		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Receivable:						
Within 1 year	77,650	77,650	-	76,244	76,244	-
After 1 year but within 5 years	270,448	270,448	-	271,042	271,042	-
After 5 years	274,516	274,516	-	338,190	338,190	-
	622,614	622,614	-	685,476	685,476	-

The above operating lease rental receivables comprise amounts receivable under the Master Leases and the leases relating to the commercial units of the Properties.

Rental receivable under the Master Leases are based on the terms of the Master Lease Agreements. The amounts receivable for such leases are based on the fixed rent as set out in the Master Leases.

The REIT Trustee has granted an option to each of the Master Lessees to obtain an additional lease for another 20 years on expiry of the initial 20-year leases based on the same terms save for amendments required due to any changes in law.

Commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2023 \$'000	2022 \$'000
Capital commitments in relation to investment properties	2,306	2,003
Commitments to provide funding to joint venture	10,482	10,482
	12,788	12,485

22. CONTINGENT CONSIDERATION

On 12 January 2018, the REIT Trustee had entered into a conditional sale and purchase agreement with Far East SOHO Pte. Ltd. (the "Vendor"), a member of Far East Organization (a related party) to acquire a 65-year leasehold estate in Oasia Hotel Downtown (the "Property") for a purchase consideration of \$210.0 million. The acquisition was completed on 2 April 2018.

On 2 April 2018, the Vendor and the REIT Trustee entered into an Earn-out Agreement, in which the REIT Trustee will issue \$15.0 million worth of Stapled Securities to the Vendor if, by 31 December 2023 (or up to 31 December 2025 if there are any Extension Events (as defined in the Earn-out Agreement), the net property income ("NPI") of the Property is at least \$9.9 million per annum (the "Target NPI PA") for two full consecutive years (the "Earn-out Event Condition").

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

22. CONTINGENT CONSIDERATION (CONT'D)

As a result of the disruption caused by the COVID-19 pandemic and the various measures imposed by the Singapore government which have rendered the Property not operational in the normal course of business as a hotel for more than one month in both 2020 and 2021, an Extension Event had occurred in both years. The Extension Events have caused the Earn-out Expiry Date to be extended by two full Fiscal Years from 31 December 2023 to 31 December 2025, in accordance with Clause 2.5 of the Earn-out Agreement.

For 2019, the Target NPI PA of at least \$9.9 million per annum was met for the Property. 2020 and 2021 are regarded as Disrupted Years (as defined in the Earn-out Agreement) because the Target NPI PA was not achieved, and an Extension Event had occurred in both years. The second consecutive year will refer to 2022, being the Fiscal Year immediately following the Disrupted Years. For 2022, the Target NPI PA of at least \$9.9 million per annum was not met for the Property.

For 2023, the Target NPI PA of at least \$9.9 million per annum was met for the Property. As the NPI of the Property has to be at least \$9.9 million per annum for two full consecutive years, the Earn-out Event Condition has not been met yet.

In view that the Earn-out Event Condition has not been met yet, the earn-out sum is not recognised in the financial statements as at 31 December 2023.

23. FINANCIAL RATIOS

	2023		2022	
	Stapled Group %	Far East H-REIT %	Stapled Group %	Far East H-REIT %
Expense ratio ⁽¹⁾				
- Including performance component of the REIT Manager's management fees	0.65	0.65	0.64	0.64
- Excluding performance component of the REIT Manager's management fees	0.47	0.47	0.49	0.49
Turnover ratio ⁽²⁾	-	-	-	-

(1) The expense ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses of Far East H-REIT and the Stapled Group, excluding property expenses, interest expense and income tax expense of each entity, where applicable.

(2) The turnover ratio is computed based on the lesser of purchases or sales of underlying investment properties of Far East H-REIT and the Stapled Group expressed as a percentage of daily average net asset value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

24. SUBSEQUENT EVENTS

On 30 January 2024, Far East H-Trust issued approximately 2,438,000 new Stapled Securities at a price of \$0.6724 per Stapled Security in payment of 90% of the REIT Manager's fees (base fees) for the period from 1 October 2023 to 31 December 2023.

On 14 February 2024, the REIT Manager declared a distribution of \$43,510,000 or \$0.0217 per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2023 to 31 December 2023.

25. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with resolutions of the REIT Manager and the Trustee-Manager on 8 March 2024.

FINANCIAL STATEMENTS FEO HOSPITALITY TRUST MANAGEMENT PTE. LTD. TRUSTEE-MANAGER

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of FEO Hospitality Trust Management Pte. Ltd. (the "Company") for the financial year ended 31 December 2023.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the accompanying statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts on the basis that the ultimate holding company has agreed to provide continuing financial support to enable it to meet its liabilities as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:-

Wee Kheng Jin
Vivienne Lim Hui Bian
Lee Khia Yee
Celestine Khoo Geok Choo
Benedict Leh Song Boon
Gerald Lee Hwee Keong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year except that the directors had stapled security holdings in Far East Hospitality Trust as follow:

Name of director	Direct interest		Deemed interest	
	At the beginning of the financial year	At the end of financial year	At the beginning of the financial year	At the end of financial year
Wee Kheng Jin	732,264	779,602	-	-
Vivienne Lim Hui Bian	87,222	121,340	-	-
Lee Khia Yee	57,225	85,372	-	-
Celestine Khoo Geok Choo	32,919	65,331	-	-
Benedict Leh Song Boon	25,847	58,259	-	-
Gerald Lee Hwee Keong	1,583,275	1,885,654	-	-

AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Gerald Lee Hwee Keong
Director

Benedict Leh Song Boon
Director

Singapore
13 February 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.
For the financial year ended 31 December 2023

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of FEO Hospitality Trust Management Pte. Ltd. (the "Company") which comprise the balance sheet of the Company as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967, (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for other information. The other information comprises General information and Directors' Statement.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.

For the financial year ended 31 December 2023

Responsibilities of Management and Directors for the Financial Statements (cont'd)

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.

For the financial year ended 31 December 2023

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
13 February 2024

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Administrative expenses		(4,412)	(4,571)
Loss before taxation	4	(4,412)	(4,571)
Income tax expense	5	-	-
Loss for the year, representing total comprehensive income for the year attributable to owners of the Company		(4,412)	(4,571)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET

As at 31 December 2023

	Note	2023 \$	2022 \$
Current assets			
Other receivable	6	100	100
		100	100
Current liabilities			
Other payables and accruals	7	(50,138)	(45,726)
Net current liabilities and net liabilities		(50,038)	(45,626)
Equity attributable to the owners of the Company			
Share capital	8	100	100
Accumulated losses		(50,138)	(45,726)
Deficit in equity		(50,038)	(45,626)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

	Attributable to owners of the Company		
	Share capital (Note 8) \$	Accumulated losses \$	Total \$
2023			
Balance at 1 January 2023	100	(45,726)	(45,626)
Loss representing total comprehensive income for the year	-	(4,412)	(4,412)
Balance at 31 December 2023	100	(50,138)	(50,038)
2022			
Balance at 1 January 2022	100	(41,155)	(41,055)
Loss representing total comprehensive income for the year	-	(4,571)	(4,571)
Balance at 31 December 2022	100	(45,726)	(45,626)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENT

For the financial year ended 31 December 2023

	2023 \$	2022 \$
Cash flows from operating activities:		
Loss before taxation	(4,412)	(4,571)
Operating loss before working capital changes	(4,412)	(4,571)
Increase in other payables and accruals	4,412	4,571
Net cash flows used in operating activities	-	-
Net movement in cash and cash equivalents and balance at end of the year	-	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

1. CORPORATE INFORMATION

FEO Hospitality Trust Management Pte. Ltd. (the “Company”) is a private limited liability company incorporated and domiciled in Singapore.

The registered office and principal place of business of the Company is located at 1 Tanglin Road #05-01, Orchard Rendezvous Hotel, Singapore 247905.

The principal activities of the Company are asset and portfolio management, and to act as trustee-manager for the Far East Hospitality Business Trust (“Far East H-BT”).

The immediate and ultimate holding companies are FEO Asset Management Pte. Ltd. and Far East Organization Centre Pte Ltd, respectively. Both companies are incorporated in Singapore.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”).

The financial statements have been prepared on the historical cost basis and are presented in Singapore Dollars (“\$”) which is the Company’s functional currency.

The financial statements of the Company have been prepared on the basis of going concern notwithstanding that the Company’s total and current liabilities exceeded its total and current assets by \$50,038 (2022: \$45,626) as its ultimate holding company has agreed to provide continuing financial support to enable it to meet its liabilities as and when they fall due.

2.2 Changes in material accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any effect on the financial performance or position of the Company.

Material accounting policy information

The Company adopted *Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies* for the first time in 2023. The amendments did not result in any changes to accounting policies themselves and accounting policy information disclosed in the financial statements.

The amendments require the disclosure of ‘material’, rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.3 *Standard issued but not yet effective*

The Company has not adopted the following standard that has been issued but not yet effective:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2024

The directors expect that the adoption of the standard above will have no material impact on the financial statements in the year of initial application.

2.4 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for classification of debt instruments are:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.4 *Financial assets (cont'd)*

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2.5 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.6 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.7 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.8 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONT'D)

2.8 Taxes (cont'd)

(b) Deferred tax (cont'd)

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, the management did not make any judgements that have effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging the following:

	2023 \$	2022 \$
Audit fees	3,000	3,000
Professional fees	1,018	803
Other expenses	394	768
	4,412	4,571

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. INCOME TAX EXPENSE

A reconciliation between income tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the year ended 31 December 2023 and 2022 is as follows:

	2023 \$	2022 \$
Loss before taxation	(4,412)	(4,571)
Tax benefit at applicable tax rate of 17% (2022: 17%)	(750)	(777)
Non-deductible expenses	750	777
Income tax expense	-	-

6. OTHER RECEIVABLE

	2023 \$	2022 \$
Other receivable – immediate holding company	100	100

Amount due from immediate holding company is non-trade, unsecured, non-interest bearing, repayable upon demand and is to be settled in cash.

7. OTHER PAYABLES AND ACCRUALS

	2023 \$	2022 \$
Other payables – related party	45,686	41,385
Accrued operating expenses	4,452	4,341
Total financial liabilities carried at amortised cost	50,138	45,726

Other payables due to a related party are non-trade, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

8. SHARE CAPITAL

	2023		2022	
	No. of ordinary shares	Amount \$	No. of ordinary shares	Amount \$
Ordinary shares issued and fully paid-up : At beginning of financial year and end of financial year	100	100	100	100

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The management reviews and agrees policies for managing these risks and they are summarised below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. For financial assets, the Company adopts the policy of dealing exclusively with high credit quality counterparties.

The Company has no significant concentrations of credit risk and has in place credit policies and procedures to ensure on-going evaluation and active account monitoring.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

(b) Liquidity risk

The Company manages the liquidity risk through the availability of funding from its ultimate holding company and related party.

Other payables and accruals based on contractual undiscounted payments have a maturity profile of less than 1 year.

(c) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares or obtain new borrowings. No changes were made in the objectives, policies or processes during the year ended 31 December 2023 and 2022. The Company is not subject to any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) *Fair value measurements*

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of other receivable and other payables and accruals approximate fair values due to their short-term nature.

10. RELATED PARTY TRANSACTIONS

In addition to related party transaction disclosed elsewhere in the financial statements, the following significant transaction took place between the Company and a related party at terms agreed between the parties:

	2023 \$	2022 \$
Reimbursement of expenses paid/payable to related party	4,301	4,260

Outstanding balances with related parties as at 31 December 2023 are set out in Notes 6 and 7.

11. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 13 February 2024.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 22 February 2024

There were 2,005,071,332 Stapled Securities (one vote per Stapled Security) in issue as at 22 February 2024.

Each Stapled Security comprises one unit in Far East H-REIT and one unit in Far East H-BT. There is only one class of units in each of Far East H-REIT and Far East H-BT.

DISTRIBUTION OF STAPLED SECURITYHOLDINGS

Size of Stapled Securityholdings	No. of Stapled Securityholders	%	No. of Stapled Securities	%
1 - 99	239	2.06	10,410	0.00
100 - 1,000	1,609	13.88	1,437,646	0.07
1,001 - 10,000	5,819	50.20	30,461,715	1.52
10,001 - 1,000,000	3,876	33.44	194,392,837	9.70
1,000,001 and above	48	0.42	1,778,768,724	88.71
Total	11,591	100.00	2,005,071,332	100.00

LOCATION OF STAPLED SECURITYHOLDERS

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	11,350	97.92	1,955,821,059	97.55
Malaysia	161	1.39	4,265,014	0.21
Others	80	0.69	44,985,259	2.24
Total	11,591	100.00	2,005,071,332	100.00

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	Golden Development Private Limited	449,715,963	22.43
2	Golden Landmark Pte Ltd	206,629,991	10.31
3	Far East Organization Centre Pte. Ltd.	196,396,847	9.80
4	Citibank Nominees Singapore Pte. Ltd.	190,682,316	9.51
5	FEO Hospitality Asset Management Pte. Ltd.	138,885,731	6.93
6	Riverland Pte Ltd	86,499,632	4.31
7	DBS Nominees (Private) Limited	79,893,512	3.98
8	DBSN Services Pte. Ltd.	72,586,948	3.62
9	HSBC (Singapore) Nominees Pte Ltd	66,759,873	3.33
10	Raffles Nominees (Pte.) Limited	65,689,674	3.28
11	Ng Win Kong Daryl	13,868,361	0.69
12	Ng Mien Yi Jeanne	13,868,356	0.69
13	Ng Win Loong David	13,868,356	0.69
14	Graham Ng Yong Qian (Huang Yongqian)	13,868,356	0.69
15	Edward Averrill Ng Yong Sheng	13,868,356	0.69
16	Ng Mien Hua Nikki	13,868,356	0.69
17	Ng Mien Yin Christine	13,868,356	0.69
18	Faith Ng Myen Ling (Huang Myenling)	13,868,356	0.69
19	Gregory Alva Ng Yong He	13,868,356	0.69
20	Melissa Ng Myen Ping	13,868,356	0.69
	Total	1,692,424,052	84.40

FREE FLOAT

In Compliance with Listing Rule 1207 (9) of the SGX-ST Listing Manual, approximately 46.08% of the total number of Stapled Securities issued is held by the public as at 22 February 2024. Therefore, Listing Rule 723 of the SGX-ST Listing Manual has been complied with.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 22 February 2024

DIRECTORS' INTERESTS IN STAPLED SECURITIES AS AT 21 JANUARY 2024

Name of Director	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	
	No. of Stapled Securities held	%	No. of Stapled Securities held	%	No. of Stapled Securities held	%
Mr Wee Kheng Jin	779,602	0.039	-	-	779,602	0.039
Ms Vivienne Lim Hui Bian	121,340	0.006	-	-	121,340	0.006
Ms Catherine Lee Khia Yee	85,372	0.004	-	-	85,372	0.004
Ms Celestine Khoo Geok Choo	65,331	0.003	-	-	65,331	0.003
Mr Benedict Leh Song Boon	58,259	0.003	-	-	58,259	0.003
Mr Gerald Lee Hwee Keong	1,885,654	0.094	-	-	1,885,654	0.094

SUBSTANTIAL STAPLED SECURITYHOLDERS' INTERESTS AS AT 22 FEBRUARY 2024

as listed in the Register of Substantial Securityholders' Stapled Securityholdings maintained by the Managers

Name of Substantial Stapled Securityholder	Direct Interest		Deemed Interest		Total no. of Stapled Securities held	
	No. of Stapled Securities held	%	No. of Stapled Securities held	%	No. of Stapled Securities held	%
Golden Development Private Limited	449,715,963	22.43	-	-	449,715,963	22.43
Far East Organization Centre Pte. Ltd. ⁽¹⁾	196,396,847	9.79	138,885,731	6.93	335,282,578	16.72
Golden Landmark Pte. Ltd.	206,629,991	10.31	-	-	206,629,991	10.31
FEO Hospitality Asset Management Pte. Ltd.	138,885,731	6.93	-	-	138,885,731	6.93
Estate of the late Mr Ng Teng Fong ⁽²⁾	-	-	784,998,541	39.15	784,998,541	39.15
F.E. Holdings Pte Ltd ⁽³⁾	-	-	293,129,623	14.62	293,129,623	14.62
Mdm Tan Kim Choo ⁽⁴⁾	-	-	432,015,354	21.55	432,015,354	21.55
Mr Ng Chee Tat Philip ⁽⁵⁾	-	-	1,078,128,164	53.77	1,078,128,164	53.77
Mr Ng Chee Siong ⁽⁶⁾	-	-	784,998,541	39.15	784,998,541	39.15
Far East Orchard Limited ⁽⁷⁾	-	-	138,885,731	6.93	138,885,731	6.93
Far East Organization Pte. Ltd. ⁽⁸⁾	-	-	138,885,731	6.93	138,885,731	6.93
FEO Asset Management Pte. Ltd. ⁽⁹⁾	-	-	138,885,731	6.93	138,885,731	6.93

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 22 February 2024

Notes:

The percentages of the above interests are calculated based on total issued Stapled Securities as at 22 February 2024 which is 2,005,071,332.

- (1) Far East Organization Centre Pte. Ltd. is deemed to be interested in 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of Far East Organization Centre Pte. Ltd.'s controlling interest in FEO Asset Management Pte. Ltd., which in turn has a controlling interest in FEO Hospitality Asset Management Pte. Ltd.
- (2) The Estate of the late Mr Ng Teng Fong ("the Estate") is deemed to be interested in 449,715,963 Stapled Securities held by Golden Development Private Limited, 196,396,847 Stapled Securities held by Far East Organization Centre Pte. Ltd., and 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of the Estate having:-
 - a) a controlling interest in Golden Development Private Limited and Far East Organization Centre Pte. Ltd..
 - b) a more than 20% interest in Far East Organization Pte. Ltd., which in turn has a controlling interest in Far East Orchard Limited, which in turn has interest of more than 20% in FEO Hospitality Asset Management Pte. Ltd.. The Estate also has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in FEO Asset Management Pte. Ltd., which in turn has a controlling interest in FEO Hospitality Asset Management Pte. Ltd..
- (3) As per announcement made on 28 April 2020, F.E. Holdings Pte Ltd is deemed to be interested in the aggregate of 293,129,623 Stapled Securities as follows:-
 - a) 206,629,991 Stapled Securities held by Golden Landmark Pte. Ltd. by virtue of F.E. Holding Pte Ltd's controlling interest in Golden Landmark Pte. Ltd..
 - b) 86,499,632 Stapled Securities held by Riverland Pte Ltd by virtue of F.E. Holdings Pte Ltd's controlling interest in Victory Realty Co Private Ltd, which in turn has a controlling interest in Riverland Pte Ltd.
- (4) Madam Tan Kim Choo is deemed to be interested in the aggregate of 432,015,354 Stapled Securities as follows:-
 - a) Golden Landmark Pte. Ltd. has a direct interest in 206,629,991 Stapled Securities. Madam Tan Kim Choo has an interest of more than 20% in F.E. Holdings Pte Ltd, which in turn has a controlling interest in Golden Landmark Pte. Ltd..
 - b) Riverland Pte Ltd has a direct interest in 86,499,632 Stapled Securities. Madam Tan Kim Choo has an interest of more than 20% in F.E. Holdings Pte Ltd, which in turn has a controlling interest in Victory Realty Co Private Ltd, which in turn has a controlling interest in Riverland Pte Ltd.
 - c) FEO Hospitality Asset Management Pte. Ltd. has a direct interest in 138,885,731 Stapled Securities. Madam Tan Kim Choo has an interest of more than 20% in Far East Organization Pte. Ltd., which in turn has a controlling interest in Far East Orchard Limited, which in turn has an interest of more than 20% in FEO Hospitality Asset Management Pte. Ltd..
- (5) Mr Ng Chee Tat Philip is deemed to be interested in 206,629,991 Stapled Securities held by Golden Landmark Pte. Ltd., 86,499,632 Stapled Securities held by Riverland Pte Ltd, 196,396,847 Stapled Securities held by Far East Organization Centre Pte. Ltd., 449,715,963 Stapled Securities held by Golden Development Private Limited, and 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of:-
 - a) Mr Ng Chee Tat Philip has a more than 20% interest in F.E. Holdings Pte Ltd, which in turn has a controlling interest in Golden Landmark Pte. Ltd..
 - b) Mr Ng Chee Tat Philip has a more than 20% interest in F.E. Holdings Pte Ltd, which in turn has a controlling interest in Victory Realty Co Private Ltd, which in turn has a controlling interest in Riverland Pte Ltd.
 - c) Mr Ng Chee Tat Philip is a beneficiary of the Estate who in turn has a controlling interest in Far East Organization Centre Pte. Ltd..
 - d) Mr Ng Chee Tat Philip is a beneficiary of the Estate who in turn has a controlling interest in Golden Development Private Limited.
 - e) Mr Ng Chee Tat Philip is a beneficiary of the Estate who has a more than 20% interest in Far East Organization Pte. Ltd., which in turn has a controlling interest in Far East Orchard Limited, which in turn has a more than 20% interest in FEO Hospitality Asset Management Pte. Ltd.. The Estate also has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in FEO Asset Management Pte. Ltd., which in turn has a controlling interest in FEO Hospitality Asset Management Pte. Ltd..
- (6) Mr Ng Chee Siong is deemed to be interested in 449,715,963 Stapled Securities held by Golden Development Private Limited, 196,396,847 Stapled Securities held by Far East Organization Centre Pte. Ltd., and 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of:-
 - a) Mr Ng Chee Siong is a beneficiary of the Estate who in turn has a controlling interest in Golden Development Private Limited.
 - b) Mr Ng Chee Siong is a beneficiary of the Estate who in turn has a controlling interest in Far East Organization Centre Pte. Ltd..
 - c) Mr Ng Chee Siong is a beneficiary of the Estate who has a more than 20% interest in Far East Organization Pte. Ltd., which in turn has a controlling interest in Far East Orchard Limited, which in turn has a more than 20% interest in FEO Hospitality Asset Management Pte. Ltd.. The Estate also has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in FEO Asset Management Pte. Ltd., which in turn has a controlling interest in FEO Hospitality Asset Management Pte. Ltd..
- (7) Far East Orchard Limited is deemed to be interested in 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of Far East Orchard Limited's more than 20% interest in FEO Hospitality Asset Management Pte. Ltd..
- (8) Far East Organization Pte. Ltd. is deemed to be interested in 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of Far East Organization Pte. Ltd.'s controlling interest in Far East Orchard Limited, which in turn has a more than 20% interest in FEO Hospitality Asset Management Pte. Ltd..
- (9) FEO Asset Management Pte. Ltd. is deemed to be interested in 138,885,731 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of FEO Asset Management Pte. Ltd.'s controlling interest in FEO Hospitality Asset Management Pte. Ltd..

NOTICE OF ANNUAL GENERAL MEETING



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)

managed by

FEO Hospitality Asset Management Pte. Ltd.

**FAR EAST HOSPITALITY
BUSINESS TRUST**

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

managed by

FEO Hospitality Trust Management Pte. Ltd.

NOTICE IS HEREBY GIVEN that the 12th Annual General Meeting of the holders of stapled securities in Far East Hospitality Trust ("**Far East H-Trust**", and the holders of stapled securities of Far East H-Trust, "**Stapled Securityholders**") will be held at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, 22 April 2024 at 2.30 p.m. to transact the following business:

Ordinary Business

Ordinary Resolution 1 : To receive and adopt 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 "**REIT Trustee**"), 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 thereon.

Ordinary Resolution 2 : To re-appoint Ernst & Young LLP as auditors of Far East H-Trust comprising Far East H-REIT and Far East H-BT to hold office until the conclusion of the next annual general meeting of Far East H-Trust and to authorise the REIT Manager and the Trustee-Manager to determine their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

Ordinary Resolution 3 :

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:
- (1) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
- (2) 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**");

NOTICE OF ANNUAL GENERAL MEETING

- (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.

(Please see Explanatory Note 1)

Ordinary Resolution 4 :

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 (as defined herein), at the Trust Deed Repurchase Price (as defined herein) and, in the event that the Trust Deed Repurchase Price exceeds the Maximum Price (as defined herein), 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;

NOTICE OF ANNUAL GENERAL MEETING

(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.

(Please see Explanatory Note 2)

By Order of the Board

By Order of the Board

Lin Moi Heyang
 Company Secretary
 FEO Hospitality Asset Management Pte. Ltd.
 (Company Registration No. 201102629K)
 21 March 2024

Lin Moi Heyang
 Company Secretary
 FEO Hospitality Trust Management Pte. Ltd.
 (Company Registration No. 201210698W)
 21 March 2024

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

Format of Meeting

1. The Annual General Meeting will be held in a wholly physical format at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, **22 April 2024 at 2.30 p.m.** **There will be no option for Stapled Securityholders to participate in the Annual General Meeting virtually.**
2. Printed copies of this Notice of Annual General Meeting dated **21 March 2024** (the “**Notice of AGM**”), the accompanying Proxy Form and Request Form have been/will be sent to Stapled Securityholders. All documents (including Far East H-Trust’s Annual Report, Proxy Form and the Notice of AGM) and information relating to the business of this Annual General Meeting have been/will be published on SGXNET and/or Far East H-Trust’s website at the URL **<https://feht.listedcompany.com>**. Stapled Securityholders and investors are advised to check SGXNET and/or Far East H-Trust’s website regularly for the latest updates on the status of the Annual General Meeting.

Submission of Questions

3. Stapled Securityholders and SRS investors may submit questions relating to the resolutions to be tabled for approval at the Annual General Meeting. Questions must be received by the REIT Manager and Trustee-Manager no later than **2.30 p.m.** on **1 April 2024**, and can be submitted in the following manner:
 - via email to Far East H-Trust’s Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at fehtagm2024@boardroomlimited.com; or
 - by post and deposited at the office of Far East H-Trust’s Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

Stapled Securityholders and SRS investors who submit questions via email or by post to Far East H-Trust’s Stapled Security Registrar must provide the following information:

- the Stapled Securityholder’s full name (as per NRIC/Passport);
- the Stapled Securityholder’s address; and
- the manner in which the Stapled Securityholder holds the Stapled Securities (e.g. via The Central Depository (Pte) Limited or SRS).

The REIT Manager and Trustee-Manager will endeavour to address all substantial and relevant questions received from Stapled Securityholders by the submission deadline of **2.30 p.m.** on **1 April 2024** and will publish the responses to such questions on SGXNET and the Far East H-Trust’s website by **16 April 2024**.

For any subsequent clarifications sought, or substantial and relevant follow-up questions (which are related to the resolutions to be tabled for approval at the Annual General Meeting) received after the submission deadline of **2.30 p.m.** on **1 April 2024**, the REIT Manager and Trustee-Manager will endeavour to address them together with questions raised at the Annual General Meeting. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

The REIT Manager and Trustee-Manager will publish the minutes of the Annual General Meeting on Far East H-Trust’s website and on the SGXNET, and the minutes will include the responses to the substantial and relevant questions which are addressed during the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Appointment of Proxy(ies)

4. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.
5. A Stapled Securityholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.

In this Notice, a “relevant intermediary” means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. A proxy need not be a Stapled Securityholder. A Stapled Securityholder may choose to appoint the Chairman of the Annual General Meeting as his/her/its proxy.
 7. The proxy form, duly completed and signed, must be submitted to the Managers in the following manner:
 - (a) if submitted by post, be lodged at the office of Far East H-Trust’s Stapled Security Registrar at Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to fehtagm2024@boardroomlimited.com,

in either case, by **2.30 p.m.** on **20 April 2024**, being 48 hours before the time set for holding this Annual General Meeting.

SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective SRS operators to submit their votes by **5.00 p.m.** on **10 April 2024**, being 7 working days before the date of the Annual General Meeting.

A Stapled Securityholder who wishes to submit the proxy form must first complete and sign the proxy form before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. Ordinary Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant instruments (such as warrants, debentures or other securities) convertible into Stapled Securities and issue Stapled Securities pursuant to such instruments from the date of the Annual General Meeting until the date of the next annual general meeting of Far East H-Trust. The aggregate number of Stapled Securities which the REIT Manager and the Trustee-Manager may issue (including Stapled Securities to be issued pursuant to convertibles) under this Resolution must not exceed fifty per cent. (50%) of the total number of issued Stapled Securities of which up to twenty per cent. (20%) of the total number of issued Stapled Securities may be issued other than on a *pro rata* basis to Stapled Securityholders.

The Ordinary Resolution 3 above, if passed, will empower the REIT Manager and the Trustee-Manager from the date of the Annual General Meeting until the date of the next annual general meeting of Far East H-Trust, to issue Stapled Securities as either partial or full payment of the fees which the REIT Manager and the Trustee-Manager are entitled to receive for their own accounts pursuant to the REIT Trust Deed and BT Trust Deed respectively.

For the purpose of determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the total number of issued Stapled Securities at the time that Ordinary Resolution 3 above is passed, after adjusting for (i) 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.

Fund raising by issuance of new Stapled Securities may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Stapled Securityholders is required under the Listing Manual of SGX-ST, the REIT Trust Deed, the BT Trust Deed and the Stapling Deed or any relevant laws and regulations in such instances, the REIT Manager and the Trustee-Manager will then obtain the approval of Stapled Securityholders accordingly.

2. Ordinary Resolution 4

Ordinary Resolution 4 above, if passed, will empower the REIT Manager and the Trustee-Manager from the date of the AGM of Far East H-Trust until (i) the date on which the next annual general meeting of Far East H-Trust is held, (ii) the date by which the next annual general meeting of Far East H-Trust is required by law, or the provision of the REIT Trust Deed, the BT Trust Deed or the Stapling Deed to be held, or (iii) the date on which the purchases of Stapled Securities pursuant to the Stapled Security Buy-Back Mandate are carried out to the full extent mandated, whichever is the earliest, to exercise all the powers to repurchase issued Stapled Securities for and on behalf of Far East H-Trust not exceeding in aggregate two per cent. (2%) of the total number of Stapled Securities as at the date of the passing of this Resolution by way of market repurchase(s) on the terms of the Stapled Security Buy-Back Mandate set out in the Letter to Stapled Securityholders dated 21 March 2024, unless such authority is revoked or varied by the Stapled Securityholders in a general meeting.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a Stapled Securityholder (i) consents to the collection, use and disclosure of the Stapled Securityholder's personal data by the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) for the purpose of the processing, administration and analysis by the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Stapled Securityholder discloses the personal data of the Stapled Securityholder's proxy(ies) and/or representative(s) to the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents), the Stapled Securityholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) and agrees that the Stapled Securityholder will indemnify the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

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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)

managed by

FEO Hospitality Asset Management Pte. Ltd.

**FAR EAST HOSPITALITY
BUSINESS TRUST**

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

managed by

FEO Hospitality Trust Management Pte. Ltd.

Important:

1. The Annual General Meeting will be held in a wholly physical format at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, **22 April 2024 at 2.30 p.m.** **There will be no option for Stapled Securityholders to participate virtually.**
2. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **Please read the Notes to the Proxy Form.**
4. SRS Investors:
 - (a) may vote at the Annual General Meeting if they are appointed as proxies by their respective SRS Operators and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the Annual General Meeting as proxy to vote on their behalf at the Annual General Meeting, in which case they should approach their respective SRS Operators to submit their votes by **5.00 p.m.** on Wednesday, **10 April 2024**, being 7 working days before the date of the Annual General Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 March 2024.

Proxy Form

12th ANNUAL GENERAL MEETING OF FAR EAST HOSPITALITY TRUST

I/We _____ (Name(s) with NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a Stapled Securityholder/Stapled Securityholders of Far East Hospitality Trust ("Far East H-Trust") hereby appoint:

Name	Address	NRIC No./Passport No.	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

and/or (delete as appropriate)

Name	Address	NRIC No./Passport No.	Proportion of Stapled Securityholdings	
			No. of Stapled Securities	%

or, both of whom failing, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, at the 12th Annual General Meeting of Far East H-Trust to be held at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Monday, **22 April 2024 at 2.30 p.m.** and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting and at any adjournment thereof.

Ordinary Resolutions		For*	Against*	Abstain*
Ordinary Business				
1.	To receive and adopt 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 " REIT Trustee "), 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 thereon.			
2.	To re-appoint Ernst & Young LLP as auditors of Far East H-Trust comprising Far East H-REIT and Far East H-BT to hold office until the conclusion of the next annual general meeting of Far East H-Trust and to authorise the REIT Manager and the Trustee-Manager to determine their remuneration.			
Special Business				
3.	To authorise the REIT Manager and the Trustee-Manager to issue Stapled Securities and to make or grant convertible instruments.			
4.	To approve the proposed adoption of the Stapled Security Buy-Back Mandate.			

* Voting will be conducted by poll. If you wish your proxy/proxies to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish your proxy/proxies to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Stapled Securities in the relevant boxes provided. If you wish your proxy/proxies to abstain from voting on the resolution, please tick (✓) within the "Abstain" box provided. Alternatively, please indicate the number of Stapled Securities that your proxy/proxies is/are directed to abstain from voting.

Dated this _____ day of _____ 2024

Total number of Stapled Securities held

Signature(s) of Stapled Securityholder(s) /
Common Seal of Corporate Stapled Securityholder

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Singapore only

**FEO HOSPITALITY ASSET
MANAGEMENT PTE. LTD.**
(as manager of Far East Hospitality
Real Estate Investment Trust)

and

**FEO HOSPITALITY TRUST
MANAGEMENT PTE. LTD.**
(as trustee-manager of Far East
Hospitality Business Trust)

c/o

**STAPLED SECURITY REGISTRAR
BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.**

1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

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Notes to Proxy Form

1. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Stapled Securityholder. Where a Stapled Securityholder appoints more than one proxy, he/she must specify the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy. Where a Stapled Securityholder appoints two proxies and does not specify the proportion of his/her stapled securityholding to be represented by each proxy, then the Stapled Securities held by the Stapled Securityholder are deemed to be equally divided between the proxies.
2. A Stapled Securityholder who is a relevant intermediary entitled to attend and vote at the Annual General Meeting is entitled to appoint more than two proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different Stapled Security or Stapled Securities held by such Stapled Securityholder. Where such Stapled Securityholder appoints more than two proxies, the appointments shall be invalid unless the Stapled Securityholder specifies the number of Stapled Securities in relation to which each proxy has been appointed.
"relevant intermediary" means:
 - (a) a banking corporation licensed under the Banking Act 1970 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Stapled Securities in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore, and who holds Stapled Securities in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, in respect of Stapled Securities purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Stapled Securities in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Stapled Securityholder should insert the total number of Stapled Securities held. If the Stapled Securityholder has Stapled Securities entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Stapled Securities. If no number is inserted, this form of proxy will be deemed to relate to all the Stapled Securities held by the Stapled Securityholder.

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4. The proxy form, duly completed and signed, must be submitted in the following manner:
 - (a) if submitted by post, be lodged at the office of Far East H-Trust's Stapled Security Registrar at Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) if submitted electronically, be submitted via email to fehtagm2024@boardroomlimited.com,in either case, by **2.30 p.m. on 20 April 2024**, being 48 hours before the time set for holding this Annual General Meeting.

SRS investors who wish to appoint the Chairman of the Annual General Meeting as proxy should approach their respective SRS operators to submit their votes by **5.00 p.m. on 10 April 2024**.

A Stapled Securityholder who wishes to submit the proxy form must first complete and sign the proxy form before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The Proxy Form must be signed by the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the REIT Manager and the Trustee-Manager) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.
7. The REIT Manager and the Trustee-Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Stapled Securities entered in the Depository Register, the REIT Manager and the Trustee-Manager may reject a Proxy Form if the Stapled Securityholder, being the appointor, is not shown to have Stapled Securities entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by CDP to the REIT Manager and the Trustee-Manager.
8. All Stapled Securityholders will be bound by the outcome of the Annual General Meeting regardless of whether they have attended or voted at the Annual General Meeting.
9. On a poll, every Stapled Securityholder who is present in person or by proxy shall have one vote for every Stapled Security of which he/she is the Stapled Securityholder. A person entitled to more than one vote need not use all his/her votes or cast them the same way.

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