



REJUVENATING **GROWTH**

ANNUAL REPORT 2022



As global travel continues to pick up pace, the tourism sector is primed to generate higher visitor arrivals and tourism receipts. Far East H-Trust remains in a strong position to leverage on the industry's recovery, with asset enhancement and growth strategies in place to enable us to seize the opportunities and generate returns for our Stapled Securityholders.

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Rendezvous Hotel Singapore

ABOUT US

Far East Hospitality Trust ("Far East H-Trust") is a Singapore-listed trust focusing on hotels and serviced residences with an asset value of about S\$2.45 billion as at 31 December 2022, making it one of the largest diversified hospitality portfolios 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\$1.23 billion as at 31 December 2022. 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").

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 that 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 63.3% owned by Far East Organization Pte. Ltd. as at 31 December 2022.

VISION

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

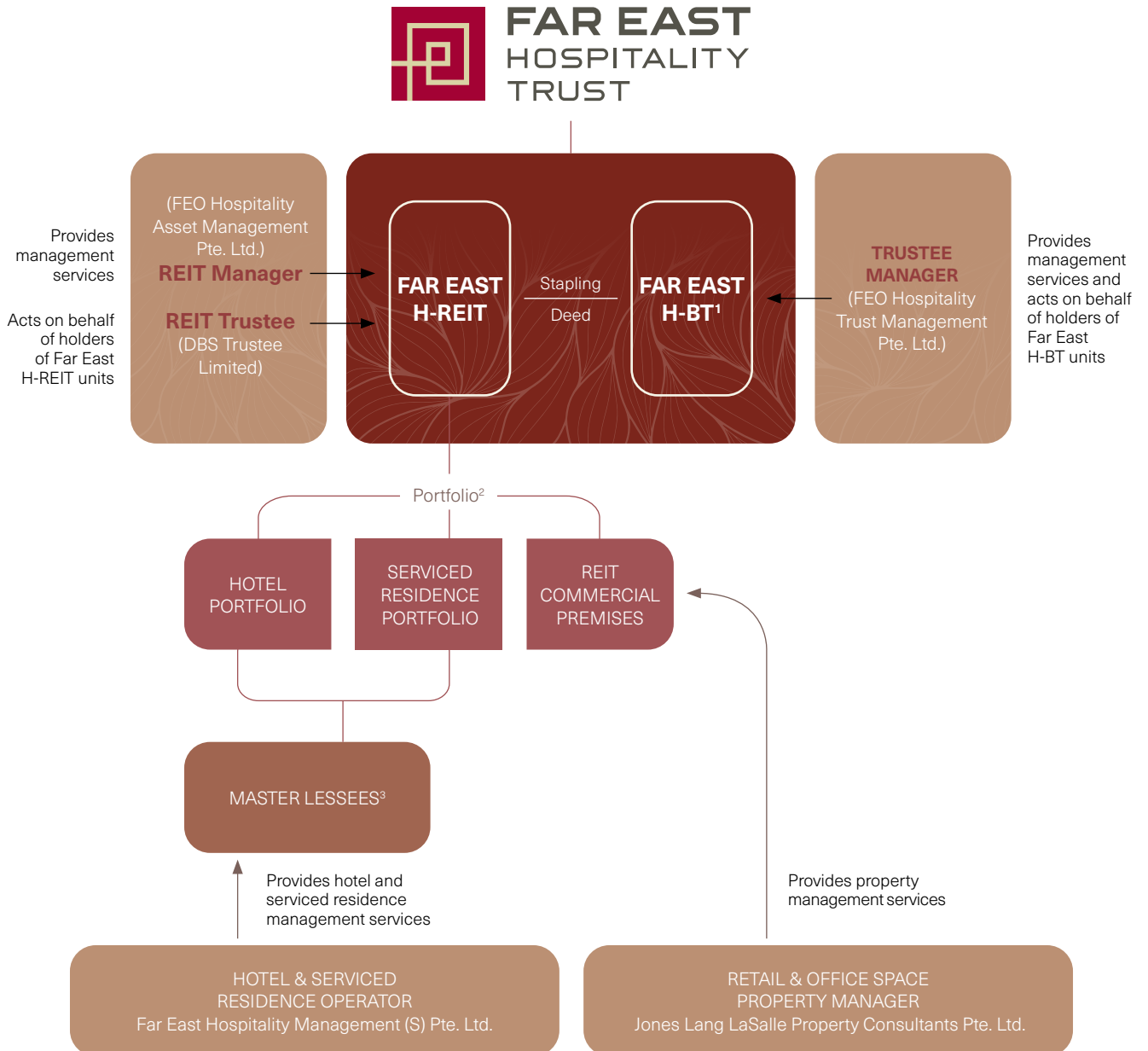
MISSION

To deliver sustainable income distribution and growth in total returns



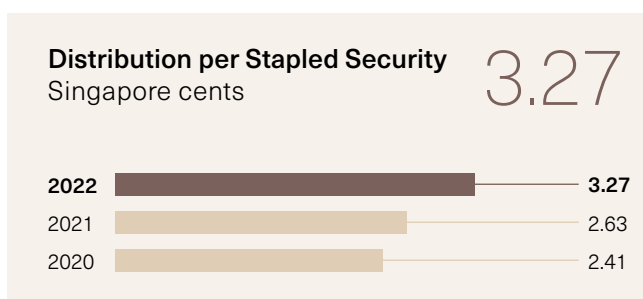
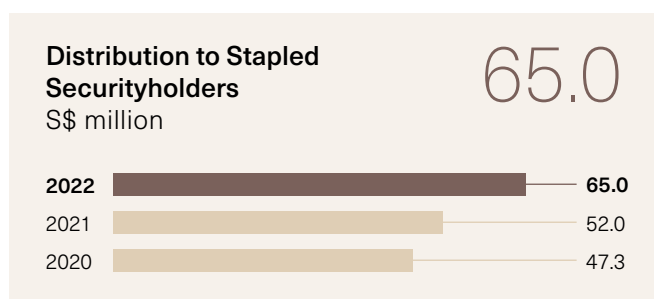
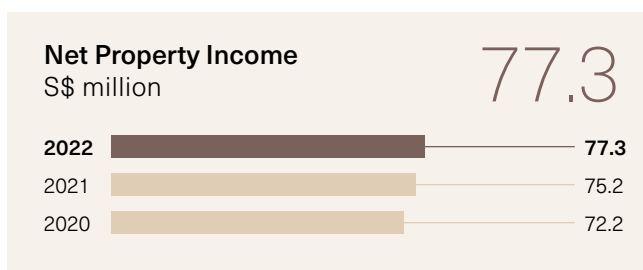
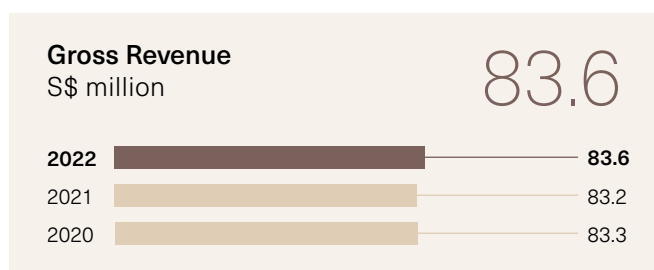
Lobby, The Barracks Hotel

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\$2.45 billion.
 3 Master Lessees are sponsor companies, part of the Far East Organization group of companies.

FINANCIAL HIGHLIGHTS



Balance Sheet (S\$ million)	2022	2021	2020
Total Assets ¹	2,555.1	2,664.8	2,581.4
Total Liabilities	755.3	1,016.4	1,023.7
Net Assets	1,799.8	1,648.4	1,557.7
Financial Ratios			
Gearing Ratio ²	32.0%	38.3%	40.9%
Interest Coverage Ratio ³	3.8x	3.4x	2.6x
Weighted Average Debt Maturity	3.1 years	2.7 years	2.3 years
Net Asset Value per Stapled Security (Singapore cents)	90.2	83.2	79.2
Operating Expenses			
Total Operating Expenses ⁴ (S\$ million)	17.0	18.5	21.6
Total Operating Expenses as a percentage of Net Asset Value	0.9%	1.1%	1.4%

1 The divestment of Central Square was completed 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 3.6x vs 3.1x as at 31 December 2021 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.

GROWTH STRATEGIES

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



01

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 properties offer acquisition opportunities for portfolio growth, potentially increasing the keys under ownership by approximately 1,600. Far East H-Trust further strives to grow its portfolio by exploring acquisitions of third-party properties, and by capitalising on the pipeline arising from future land sites that the Sponsor successfully bids for.



02

ASSET MANAGEMENT AND ENHANCEMENT STRATEGY

The REIT Manager regularly reviews the portfolio and leverages 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 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.



03

CAPITAL AND RISK MANAGEMENT STRATEGY

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.



**EMERGING
STRONGER**





CHAIRMAN STATEMENT



Revelry Hall, Village Hotel Sentosa

Gross Revenue
83.6
S\$ MILLION

Net Property Income
77.3
S\$ MILLION

A YEAR OF RECOVERY

2022 has been a year of recovery for the hospitality sector as the world transitioned to living with COVID-19 as an endemic disease.

Successful vaccination programmes across many countries helped to build public immunity and restore confidence which subsequently led to the gradual relaxation and reopening of global borders.

In Singapore, the recovery started in late 2021 with the implementation of the Vaccinated Travel Lanes, and subsequently the streamlining of border measures and full reopening of borders in April 2022. For 2022, visitor arrivals grew from 0.3 million in 2021 to 6.3 million, a significant improvement, although still 33% of

pre-COVID levels of 19.1 million in 2019. In the last quarter of 2022, visitor arrivals reached about 54% of the last quarter of 2019.

PERFORMANCE REVIEW

For the year, Far East H-Trust recorded gross revenue of S\$83.6 million while net property income grew 2.9% to S\$77.3 million, even with the divestment of Central Square which was completed on 24 March 2022. As a result, distribution to Stapled Securityholders grew 25.2% to S\$65.0 million on the back of higher net property income, lower costs, and distribution of divestment gains from Central Square. This translates to a distribution per stapled security of 3.27 Singapore cents, representing an increase of 24.3% compared to 2021.

"AS VISITOR ARRIVALS BEGAN PICKING UP FROM THE SECOND QUARTER OF 2022, OPERATIONAL PERFORMANCE HAS GRADUALLY IMPROVED TO LEVELS ABOVE THE MINIMUM FIXED RENTS FROM OUR MASTER LEASES."

Wee Kheng Jin
Chairman



As visitor arrivals began picking up from the second quarter of 2022, operational performance has gradually improved to levels above the minimum fixed rent from our master leases. By the end of 2022, half of the REIT's properties comprising 3 hotels and all 3 serviced residences exceeded the minimum fixed rent.

Our hotel portfolio's average occupancy for FY 2022 was 73.7%, a decrease of 5.7 percentage points ("pp") compared to the previous year. The Elizabeth Hotel was closed for six months of renovation, and upon completion, relaunched as Vibe Hotel Singapore Orchard in November 2022. Some of the REIT's hotels also exited from contracts with the Government for isolation purposes. The average daily rate ("ADR") increased 78.6% to S\$125 as inbound travel improved with more

business and leisure guests, resulting in a 64.3% increase in revenue per available room ("RevPAR") to S\$92. Excluding the effects from Vibe Hotel Singapore Orchard and hotels contracted to the Government, occupancy, ADR and RevPAR would have increased to 63.0%, S\$165 and S\$104 respectively.

Our serviced residence portfolio continued to demonstrate strong performance, generating variable rent above the fixed rent level of the master leases. The properties enjoyed good demand from corporate project groups and professionals requiring long-stay accommodation. In FY 2022, average occupancy was 87.5%, an increase of 10.0 pp from the previous year while ADR increased 23.2% to S\$223. As a result, revenue per available unit increased by 39.3% to S\$195, surpassing the level achieved in 2019.

CRYSTALISING VALUE

The divestment of Central Square was completed on 24 March 2022 for a consideration of S\$313.2 million, representing a gain of approximately 70.8% over the original purchase consideration of S\$183.3 million in August 2012. The completion of the deal is the fruition of years of planning and engagement with all relevant stakeholders. This divestment also represents an attractive exit yield of 1.8%, realising significant value for our Stapled Securityholders. The strong divestment gain highlights the latent value and potential of our assets. The proceeds have been used to pare down Far East H-Trust's debt, allowing us to strengthen our balance sheet and increase our financial flexibility. The Board had also decided to distribute a portion of divestment gains from Central

CHAIRMAN STATEMENT

Square to Stapled Securityholders of the Trust, at approximately S\$8 million¹ per year over three years. This initiative will allow us to share a portion of divestment gains and supplement the Distribution per Stapled Security ("DPS") while exploring new yield accretive investment opportunities.

PRUDENT CAPITAL MANAGEMENT

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

The Trust continues to be well-supported by banks that have longstanding relationships with us and with our Sponsor. During the year, total debt was reduced from S\$949.3 million to S\$739.3 million, improving aggregate leverage from 38.3% to 32.0%. Term loans of S\$132.2 million were refinanced ahead of their maturity in April 2023 and improved the debt expiry profile from 2.7 years in December 2021 to 3.1 years in December 2022. These achievements were made possible with forward planning and divestment of Central Square.

PRIMED FOR GROWTH

During the year, we rejuvenated our portfolio of assets with asset enhancement works across a few properties including Orchard Rendezvous Hotel with its new facade and outdoor refreshment areas; Regency House

which was refurbished and rebranded to Adina Serviced Apartments Singapore Orchard; and the Elizabeth Hotel which was renovated and rebranded to Vibe Hotel Singapore Orchard.

The Trust has emerged from the effects of travel restrictions during the pandemic years with a stronger balance sheet and greater financial flexibility. It is now better positioned to look for yield-accretive investment opportunities.

While geopolitical risks and macro-economic headwinds from rising interest rates, inflationary pressures and labour shortages persist, the REIT Manager will continue to work closely with the Operator to mitigate and address these challenges.

With the Singapore Tourism Board ("STB") anticipating 12 million to 14 million visitor arrivals for 2023, it is expected that more of the REIT's hotels and serviced residences will continue to grow and achieve variable rents.

PROGRESSING SUSTAINABILITY INITIATIVES

Having embarked on our sustainability journey since our maiden Sustainability Report was published in 2017, progressive steps have been made to improve our Environmental, Social and Governance ("ESG") practices and performance.

In 2021, we revised and updated the broad Far East H-Trust's Sustainability Strategy. In 2022, we continued to make progress in crystallising and defining

some of the important components of our Sustainability Strategy. We embarked on a comprehensive review of Far East H-Trust's Enterprise Risk Management Framework, taking into consideration ESG impacts, risks and opportunities, and conducted a preliminary climate risk scenario assessment. Efforts have also been made to prepare the Trust for the various regulatory reporting requirements such as the Task Force on Climate-related Financial Disclosures.

In line with the Singapore Government's Green Plan, as well as various global initiatives and commitments towards decarbonisation, the REIT Manager has set out to achieve a net zero carbon emission target by 2050 for Far East H-Trust. The REIT Manager is also in the process of determining an appropriate target for 2030.

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 a feasibility study on the optimal manner to upgrade them to achieve our objectives in the intermediate and longer term.

In the area of sustainable financing, the Trust has S\$125 million of sustainability-linked term loans and sustainability-linked interest rate swap with a notional amount of S\$85 million. The REIT Manager will continue to work with banks to explore the possibility of increasing our pool of sustainability-linked financing.

¹ The highest historical annual net property income of Central Square achieved since Far East H-Trust's initial public offering in 2012. For FY 2022, distribution from divestment gains was S\$6.2 million to cover the nine months after the disposal of Central Square.

On a social aspect, we have launched our Education Assistance Scheme in 2022 with the beneficiaries being the children of employees of Far East H-Trust's tenants with an objective of improving the future of these youths through education support. It also provided the Trust an opportunity to support and deepen the relationship with one of our important stakeholders.

ACCOLADES

We are heartened that Far East H-Trust's consistent efforts in upholding and adopting high standards of corporate governance over the years continue to be recognised by the industry and our stakeholders.

For the year, Far East H-Trust was ranked 3rd in the Singapore Governance and Transparency Index² ("SGTI") for REITs and Business Trusts, as well as a joint 7th position in the Governance Index for Trusts³ ("GIFT") assessment. This is the fourth consecutive year that the Trust has been ranked within the top 10 positions for both the SGTI and GIFT.

Far East H-Trust has also been included in the ASEAN Asset Class category under the 2021 ASEAN Corporate Governance Scorecard ("ACGS") Awards held biennially. This is the first time that REITs and Business Trusts have been included in the ACGS assessment for Singapore. Our Trust ranked 8th out of the top 100 publicly listed entities by market capitalisation in Singapore. To qualify for inclusion into the ASEAN Asset Class category, listed issuers in ASEAN jurisdictions

must attain at least 75 percent out of 130 points in the assessment process.

Far East H-Trust was also awarded by the Securities Investors Association of Singapore ("SIAS") under the REITs and Business Trusts category as runner-up for the Shareholder Communications Excellence Award for a second consecutive year and the Singapore Corporate Governance Award in the 2022 SIAS Investors' Choice Awards.

Far East H-Trust continues to be included in the FTSE EPRA Nareit Global Real Estate Index since 20 September 2021, a significant milestone in our growth as a leading hospitality trust. Since our inclusion in the EPRA Index, we have seen generally more following by global institutional investors in our Stapled Securities. It will be our continuous endeavour to improve our visibility amongst these global institutional investors to further diversify our shareholder base and tap into a wider pool of capital going forward.

We are deeply encouraged by these accolades which affirm our commitment to improving the management of Far East H-Trust and upholding high governance standards.

ACKNOWLEDGMENT AND APPRECIATION

During the year, Mr Huang Cheng Eng retired from the Board on 30 June 2022. On behalf of the Board, we would like to thank Mr Huang for his contributions, guidance and invaluable insights since the formation of the Trust in 2012. We wish him

good health and the very best in his future endeavours.

At the same time, we would like to extend a warm welcome to Mr Gerald Lee, CEO of the REIT Manager and Trustee-Manager who has been appointed on 1 July 2022 as Executive Director of the REIT Manager Board and Trustee-Manager Board.

In closing, I would like to thank all Stapled Securityholders, tenants, business partners and suppliers for their continued support and trust through the years. I would also like to extend my deep appreciation and gratitude to my fellow Board members for their stewardship and wise counsel, and to the management team and staff for their contributions, dedication and hard work.

Wee Kheng Jin
Chairman

² Based on 44 REITs and Business Trusts assessed under the SGTI framework in 2022.

³ Based on 43 REITs and Business Trusts assessed under the GIFT framework in 2022.

BOARD OF DIRECTORS

INFORMATION AS AT 31 DECEMBER 2022

MR WEE KHENG JIN, 68 N R

Chairman and Non-Executive Director of the REIT Manager Board and Trustee-Manager Board

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

11 years 11 months – REIT Manager Board

10 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

Present directorships in other listed companies

- Nil

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

Present principal commitments

- Nil

Past directorships in other listed companies held over the preceding three years (1 January 2020 to 31 December 2022)

- Nil

MS VIVIENNE LIM HUI BIAN, 50 A N R

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

Ms Lim is a lawyer in private practice. She has over 25 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.

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

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

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 – Solicitors Accounts Rules Committee (Member)
- 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 2020 to 31 December 2022)

- Nil

MS CATHERINE LEE KHIA YEE, 54 

**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

3 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 – Finance Committee (Member)

Past directorships in other listed companies held over the preceding three years (1 January 2020 to 31 December 2022)

- Nil

BOARD OF DIRECTORS

INFORMATION AS AT 31 DECEMBER 2022

MS CELESTINE KHOO GEOK CHOO, 56

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

Ms Khoo leads the venture, innovation and entrepreneurship initiatives at the Singapore University of Technology and Design where she collaborates with aspiring entrepreneurs, spin-offs and start-up teams as well as other players in the start-up ecosystem including government agencies, investors and venture capital firms. She has substantial experience in finance and fund management having been an investment banker at DBS and UBS and subsequently spearheading the treasury and capital market development initiatives and the external fund management programme at the Monetary Authority of Singapore. She later headed the Asia business and was concurrently the country head of the Singapore office of a US-based financial services group. She currently also serves on the investment committees of various 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

2 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)

Past directorships in other listed companies held over the preceding three years (1 January 2020 to 31 December 2022)

- Nil

MR BENEDICT LEH SONG BOON, 51

**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.

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

2 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 2020 to 31 December 2022)

- Nil

MR GERALD LEE HWEE KEONG, 56
Chief Executive Officer 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. In 2011, Mr Lee joined Far East Organization 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. His roles in Ascott included that of CEO (Europe), responsible for growing the business in that region, and Deputy CEO, responsible for overseeing operations of the 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 (Leisure), in charge of 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

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 (Deputy Chairperson, Industry Advisory Committee for Hospitality Business Programme)

Past directorships in other listed companies held over the preceding three years (1 January 2020 to 31 December 2022)

- Nil

MANAGEMENT TEAM

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 15 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 also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

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.

MR JAMES TAN YOU RONG

Manager, Investor Relations and Sustainability Management

Mr James Tan joined the REIT Manager in January 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.

Prior to his current appointment, Mr Tan was with Raffles Medical Group Ltd from 2015 to 2022. During this tenure, he handled the investor relations function and undertook rotations in various portfolios such as leasing, business development, due diligence and corporate-related matters.

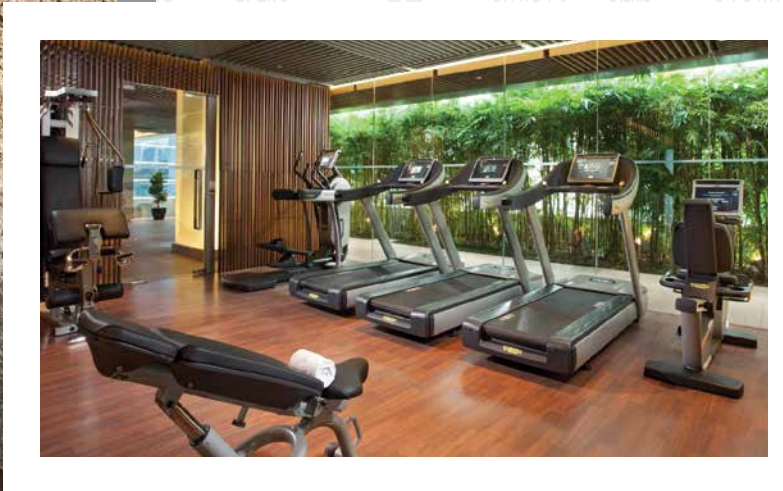
Mr Tan graduated from The University of Queensland with a Bachelor of Commerce (Major in Finance).



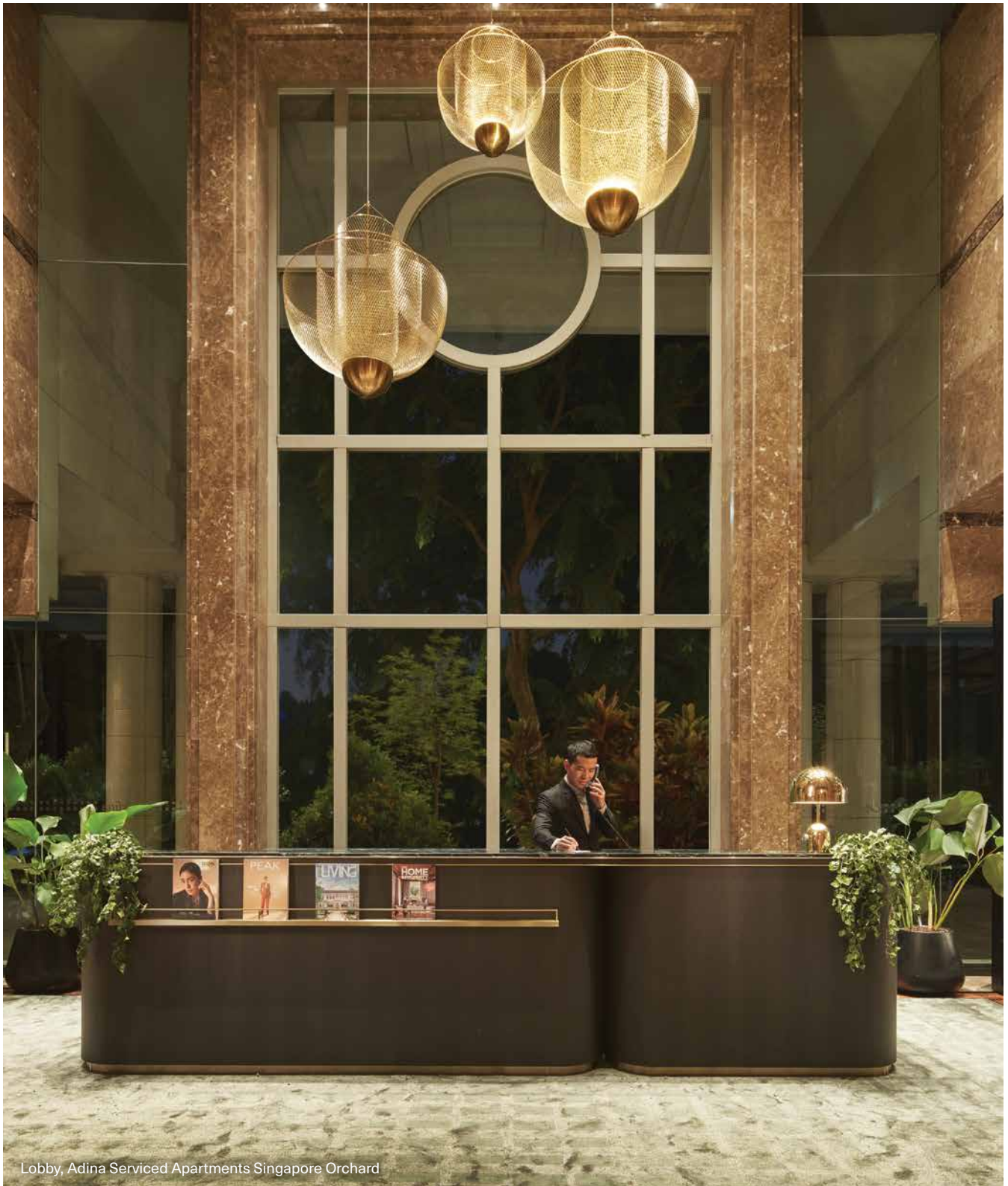




ENHANCING STRENGTHS



PORTFOLIO OPTIMISATION & ASSET ENHANCEMENT



Lobby, Adina Serviced Apartments Singapore Orchard



Master Bedroom, Adina Serviced Apartments Singapore Orchard

PORTFOLIO OPTIMISATION

Divestment of Central Square

The divestment of Central Square completed on 24 March 2022 comes after a multi-year effort in planning and consultations with various parties. It follows from the receipt of an Outline Permission from the Urban Redevelopment Authority of Singapore under the Strategic Development Incentive Scheme supporting the rezoning and redevelopment of the site, with a 78% increase in the gross floor area.

As part of the divestment process, a tender was called. An agreement was subsequently signed with the highest bidder, a subsidiary of City Developments Limited (“CDL”) in December 2021 for a divestment consideration

of S\$313.2 million, representing a gain of approximately 71% over the original purchase consideration of S\$183.3 million in August 2012.

The successful completion of the deal represents an attractive exit yield of 1.8%, realising significant value for our Staped Securityholders. The REIT Manager continues to follow up with CDL on the fulfilment and approval by authorities over certain planning conditions, in view of a potential incentive fee of up to S\$18.0 million should these conditions be approved by 31 December 2023.

ASSET ENHANCEMENT INITIATIVES

As Singapore transitioned out of COVID-19 restrictions, the REIT Manager undertook

strategic asset enhancement initiatives in tandem with the progressive recovery of the hospitality sector. These initiatives at selected properties are aimed at positioning the properties to better compete in an improving market.

Adina Serviced Apartments Singapore Orchard (formerly Regency House)

The enhancement and renovation of the front office and common areas were executed in collaboration with Toga Far East Hotels, leading up to the rebranding of the property from Regency House to Adina Serviced Apartments Singapore Orchard in June 2022. Together with Vibe Hotel Singapore Orchard, the portfolio now offers two reputable Australian branded accommodations, catering to both transient and long-stay guests.

PORTFOLIO OPTIMISATION & ASSET ENHANCEMENT



Lobby, Vibe Hotel Singapore Orchard

Vibe Hotel Singapore Orchard (formerly The Elizabeth Hotel)

Renovation of The Elizabeth Hotel commenced in February 2022 where interior fittings of the guestrooms and common areas of the hotel were refreshed. The all-day-dining and bar areas were also renovated to create an inviting and warm centre stage for guests to socialise. ROOS, the latest all-day-dining concept by a leading lifestyle F&B provider commenced operations, offering guests a plethora of food and drink options. Upon completion of the renovation, the hotel was rebranded to Vibe Hotel Singapore Orchard and soft launched with 100 rooms in September 2022 with a full reopening in November 2022.

Rendezvous Hotel Singapore

Renovation of the public toilets at the

Retail Gallery of the hotel was carried out to enhance the experience of patrons and guests. As the retail and F&B scene continues on a recovery trajectory, the enhancement of the public areas will be value-adding for both tenants and customers. The renovation entailed the change out of all sanitary fittings and an update of the design scheme and was completed in January 2023.

Orchard Rendezvous Hotel

The improvement works for the facade of the hotel commenced in February 2022, including re-painting and cladding works. In addition, new landscaping was introduced to the terrace rooms facing Orchard Road as well as the Tower block to inject greenery into the hardscape. These works complemented earlier phases

of improvement where the forecourt was revamped with lushly landscaped planters and the F&B outdoor dining spaces were renovated to exude modern and lively vibes. With the holistic completion of the facade improvement works in January 2023, the hotel is well-placed to capture the opportunities of an improving market.

OTHER ENHANCEMENT WORKS

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 2022, the upgrading of the High-Speed Internet Access infrastructure at The Quincy Hotel and Vibe Hotel Singapore Orchard was carried out to enable guests



Vision Room, Vibe Hotel Singapore Orchard

to access reliable and fast wireless internet connectivity.

The planned progressive replacement of Fan Coil Units (“FCU”) across properties ensure that equipment that has reached its end-of-life span or has sub-optimal operating parameters is replaced to avoid any disruption to the guests’ experience. The timely replacement of old equipment with newer energy-efficient technologies also contributed to energy savings. In 2022, FCU replacements were carried out at Village Hotel Albert Court, Village Hotel Bugis, Village Hotel Changi and Vibe Hotel Singapore Orchard.

ENHANCEMENT WORKS IN 2023

In line with the Far East H-Trust’s sustainability framework of adopting

energy-efficient initiatives, the REIT Manager will be undertaking feasibility studies of replacing outdated and inefficient chiller plants for at least one property. The exercise will be carried out with the objective of attaining Green Mark Certification (Gold Plus) under the Building and Construction Authority (“BCA”) of Singapore Green Mark 2021 certification scheme. The REIT Manager has identified Rendezvous Hotel Singapore, Vibe Hotel Singapore Orchard and Village Hotel Changi as likely properties to undergo replacement of the chiller plants.

Lift modernisation exercises will be undertaken at Village Residence Hougang and Village Residence Robertson Quay. The replacement of the lifts at both properties is timely as the lifts approach their end-of-life

span of approximately 25 years. The modernisation of the lifts is essential for reliability and safety, and will also enable the introduction of energy-efficient Variable Voltage Variable Frequency Lift Drives which will contribute towards energy savings.

The aging high-tension switch gear and air circuit breakers at Village Hotel Albert Court of approximately 30 years are slated for replacement in 2023. The replacement of the equipment will bring about benefits of lower maintenance costs, accessibility to available spare parts, and savings in energy consumption.

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.

VALUATION

S\$2.45

BILLION

PROPERTIES

9

HOTELS

2,775

KEYS

3

SERVICED RESIDENCES

240

KEYS

4,806

OFFICE NLA
SQM

11,850

RETAIL NLA
SQM





ROOS, Vibe Hotel Singapore Orchard

OUR PORTFOLIO



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 2022 (S\$ million)	4.2
Remaining lease tenure (years)	65
Valuation as at 31 Dec 2022 (S\$ million)	125.9
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 conservation 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 2022 (S\$ million)	7.9
Remaining lease tenure (years)	56
Valuation as at 31 Dec 2022 (S\$ million)	236.3
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.



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 2022 (S\$ million)	7.5
Remaining lease tenure (years)	55
Valuation as at 31 Dec 2022 (S\$ million)	200.9
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.



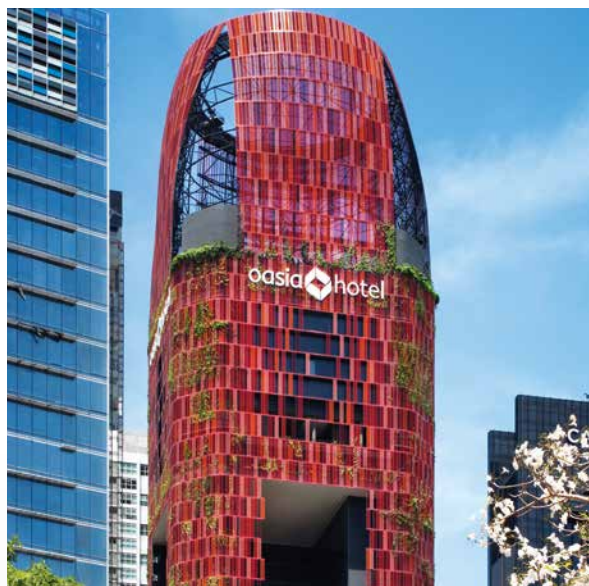
VIBE HOTEL SINGAPORE ORCHARD (formerly The Elizabeth Hotel)

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 2022 (S\$ million)	5.5
Remaining lease tenure (years)	65
Valuation as at 31 Dec 2022 (S\$ million)	176.7
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.

OUR PORTFOLIO



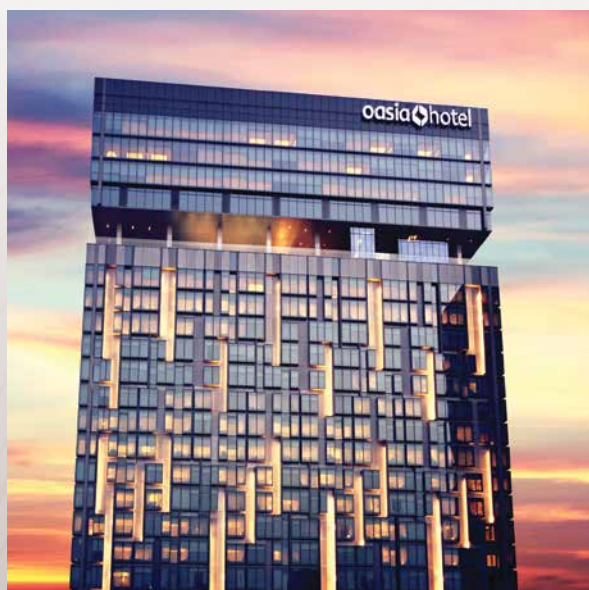
OASIA HOTEL DOWNTOWN

100 Peck Seah Street, Singapore 079333

No of guest rooms	314
Strata floor area (sq m)	17,793
Gross revenue for FY2022 (S\$ million)	8.0
Remaining lease tenure (years)	60
Valuation as at 31 Dec 2022 (S\$ million)	258.0
Purchase price ¹ (S\$ million)	210.01
Master lessee	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
Gross floor area (sq m)	22,457
Gross revenue for FY 2022 (S\$ million)	8.0
Remaining lease tenure (years)	82
Valuation as at 31 Dec 2022 (S\$ million)	328.0
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 23 to the Financial Statements for more details on additional purchase consideration.



ORCHARD RENDEZVOUS HOTEL

1 Tanglin Road, Singapore 247905

No of guest rooms	388
Gross floor area (sq m)	34,072
Retail NLA (sq m)	3,778
Office NLA (sq m):	2,515
Gross revenue for FY 2022 (S\$ million)	15.9
Remaining lease tenure (years)	40
Valuation as at 31 Dec 2022 (S\$ million)	414.8
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 sqm 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 facade which were completed in 2022.



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 FY2022 (S\$ million)	8.8
Remaining lease tenure (years)	61
Valuation as at 31 Dec 2022 (S\$ million)	280.0
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.

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 FY2022 (S\$ million)	2.5
Remaining lease tenure (years)	65
Valuation as at 31 Dec 2022 (S\$ million)	84.3
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.

Guests at The Quincy Hotel can enjoy stay inclusions that include daily breakfast with extended hours, 24-hour lounge access with light refreshments, and evening cocktail.



VILLAGE RESIDENCE HOUGANG

1 Hougang Street 91, Singapore 538692

No of units	78
Strata floor area (sq m)	14,257
Gross revenue for FY2022 (S\$ million)	2.7
Remaining lease tenure (years)	71
Valuation as at 31 Dec 2022 (S\$ million)	64.4
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.



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 FY2022 (S\$ million)	4.8
Remaining lease tenure (years)	68
Valuation as at 31 Dec 2022 (S\$ million)	108.7
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.



ADINA SERVICED APARTMENTS SINGAPORE ORCHARD

(formerly Regency House)

121 Penang Road, Singapore 238464

No of guest rooms	90
Gross floor area (sq m)	10,723
Retail NLA (sq m)	539
Office NLA (sq m)	2,291
Gross revenue for FY2022 (S\$ million)	6.3
Remaining lease tenure (years)	71
Valuation as at 31 Dec 2022 (S\$ million)	168.8
Purchase price (S\$ million)	166.4
Master lessee	Oxley Hill Properties Pte Ltd

Adina Serviced Apartments Singapore officially opened in July 2022 after a 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 spartment 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.

INDUSTRY OVERVIEW

REPORT BY

CBRE

SINGAPORE MACROECONOMIC OVERVIEW

For the whole of 2022, Singapore's Gross Domestic Product ("GDP") expanded by 3.6%, moderating from the prior year's growth of 8.9%. Being an export driven country, slowing growth from major trading partners like the U.S. and Europe, and the rise of inflation and high interest rates have caused growth to taper in 2022.

With economic uncertainties expected to continue into 2023, the Ministry of Trade and Industry ("MTI") has forecasted Singapore's economic performance to decelerate further, coming in between 0.5% and 2.5%. At the same time, China's faster-than-expected easing of COVID-19 restrictions is likely to

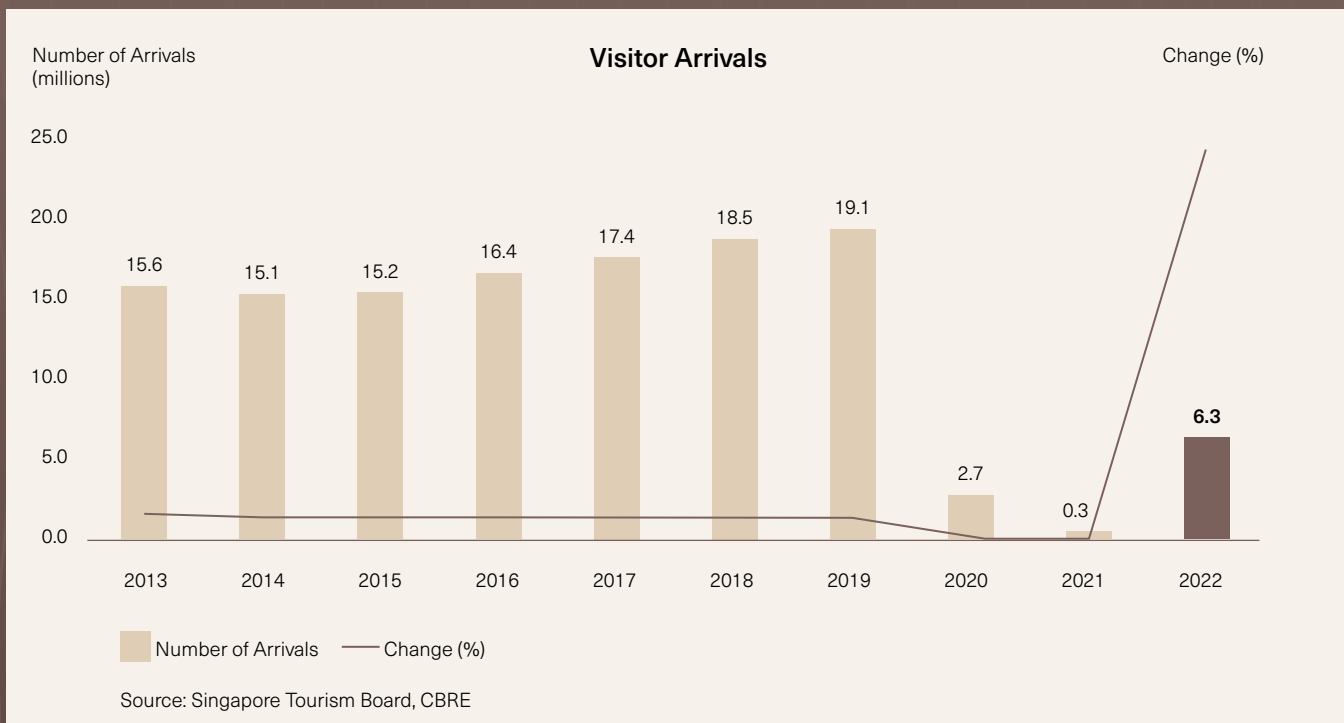
have a positive impact, accelerating growth for the aviation and tourism-related sectors.

SINGAPORE TOURISM MARKET OVERVIEW

Despite macroeconomic headwinds and geopolitical uncertainties, 2022 was an encouraging year for the tourism sector in Singapore. The relaxation of COVID-19 restrictions and reopening of borders brought about the return of leisure, business and high-profile events such as the Formula One Singapore Grand Prix and the Bloomberg New Economy Forum. The country received 6.3 million visitor arrivals during the year, significantly higher than the 330,060 visitor arrivals in 2021.

The stronger-than-expected recovery exceeded Singapore Tourism Board's ("STB") target of between 4 million and 6 million visitor arrivals for 2022, reflecting STB's efforts at aiding tourism growth through overseas marketing, continued investments to attract new events and rejuvenation of Singapore as a destination of choice for both leisure and business travellers.

With a steady pipeline of major events and Singapore's reputation as a top leisure and business destination in the region, STB expects the tourism sector to progress on its path to recovery with visitor arrivals reaching between 12 and 14 million visitors in 2023.



SINGAPORE HOTEL MARKET OVERVIEW

Supply of Hotels by the Number of Rooms

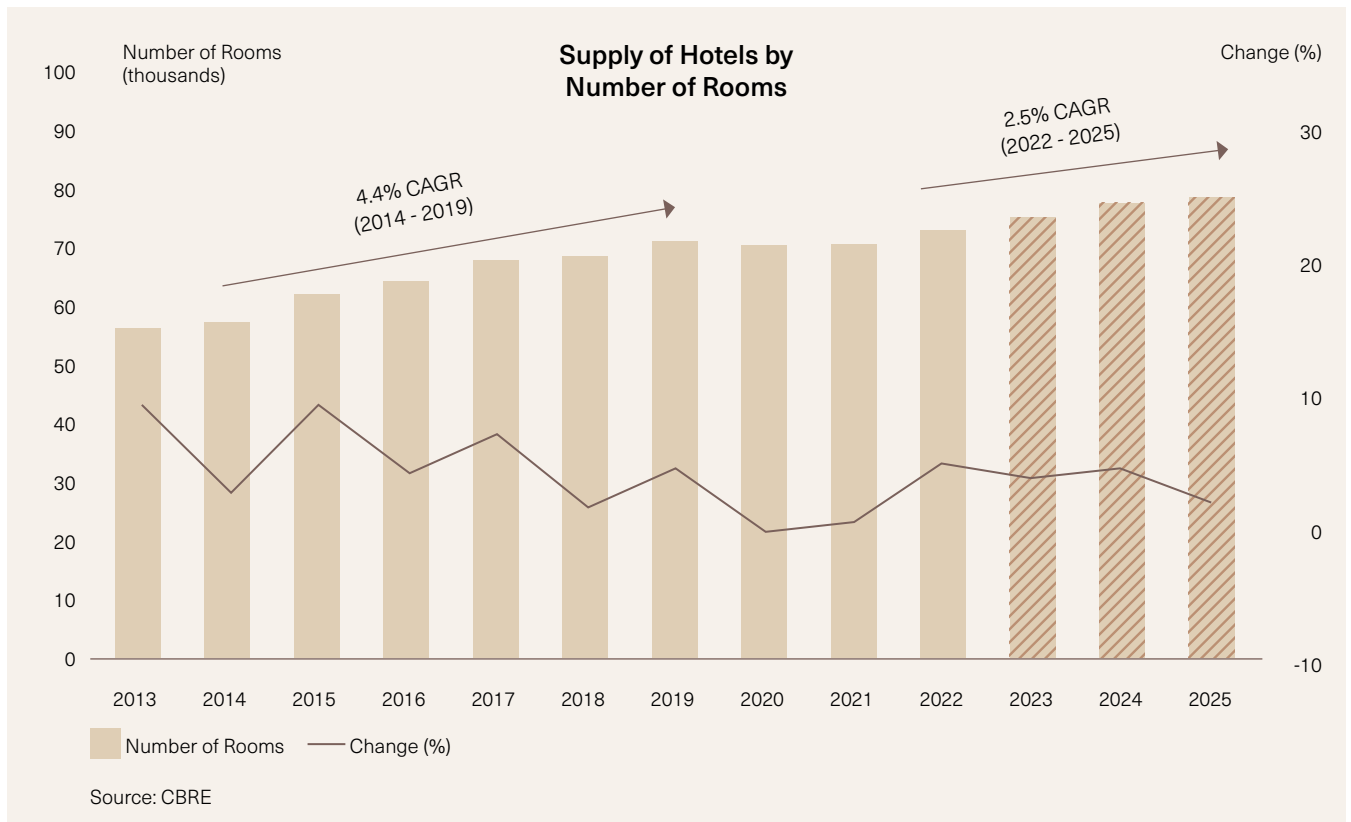
The hotel market experienced limited new supply in the last three years due to the pandemic. As at 2022, there were approximately 70,505 rooms in the market. New openings in 2022 included Citadines Connect City Centre, Citadines Connect Rochester, and Garden Pod @ Gardens by the Bay. Other openings in the market were mostly from rebrandings, such as Hotel Telegraph (formerly Sofitel

So Singapore), Vibe Hotel Singapore Orchard (formerly The Elizabeth Hotel), Pullman Singapore Orchard (formerly Park Hotel Orchard), Paradox Singapore Merchant Court (formerly Swissotel Merchant Court), Voco Orchard Singapore (formerly Hilton Singapore) and Momentus Hotel Alexandra (formerly Park Hotel Alexandra).

Going forward, the pipeline of new room supply is anticipated to remain muted with a compounded annual growth rate (“CAGR”) of 2.5% between 2022 and 2025 or approximately 5,300

keys, compared to a pre-pandemic historical 5-year CAGR of 4.4% between 2014 to 2019. Increased material, labour and construction costs due to supply chain issues will continue to weigh on hotel supply in the medium term.

Identified key openings until 2025 include the 204-key The EDITION hotel, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, 900-key Club Street Hotel, 142-key Artyzen Cuscaden, 143-key The Standard Singapore and 303-key Mondrian Singapore, among others.



INDUSTRY OVERVIEW

Demand and Performance

For the hotel market, 2022 was a year of recovery from the pandemic trough of 2020 and 2021 where travel disruptions and lockdown regulations severely affected hotels, recording declines across all three key metrics of Occupancy, ADR and RevPAR.

The progressive reopening of Singapore's borders first began with the Vaccinated Travel Lanes ("VTLs") launched in September 2021. Subsequently, the Government further relaxed and streamlined border measures in April 2022, opening borders to all vaccinated travellers before fully lifting all vacci-

nated differentiated safe management measures in October 2022.

With pent-up demand and recovery underway, market-wide ADR reached a 10-year historical high of S\$249 in 2022, growing 54.8% year-on-year ("YoY"). Occupancy grew 20.5 percentage points YoY to 77.4%, resulting in a RevPAR of S\$193, up 110.6% from the year before.

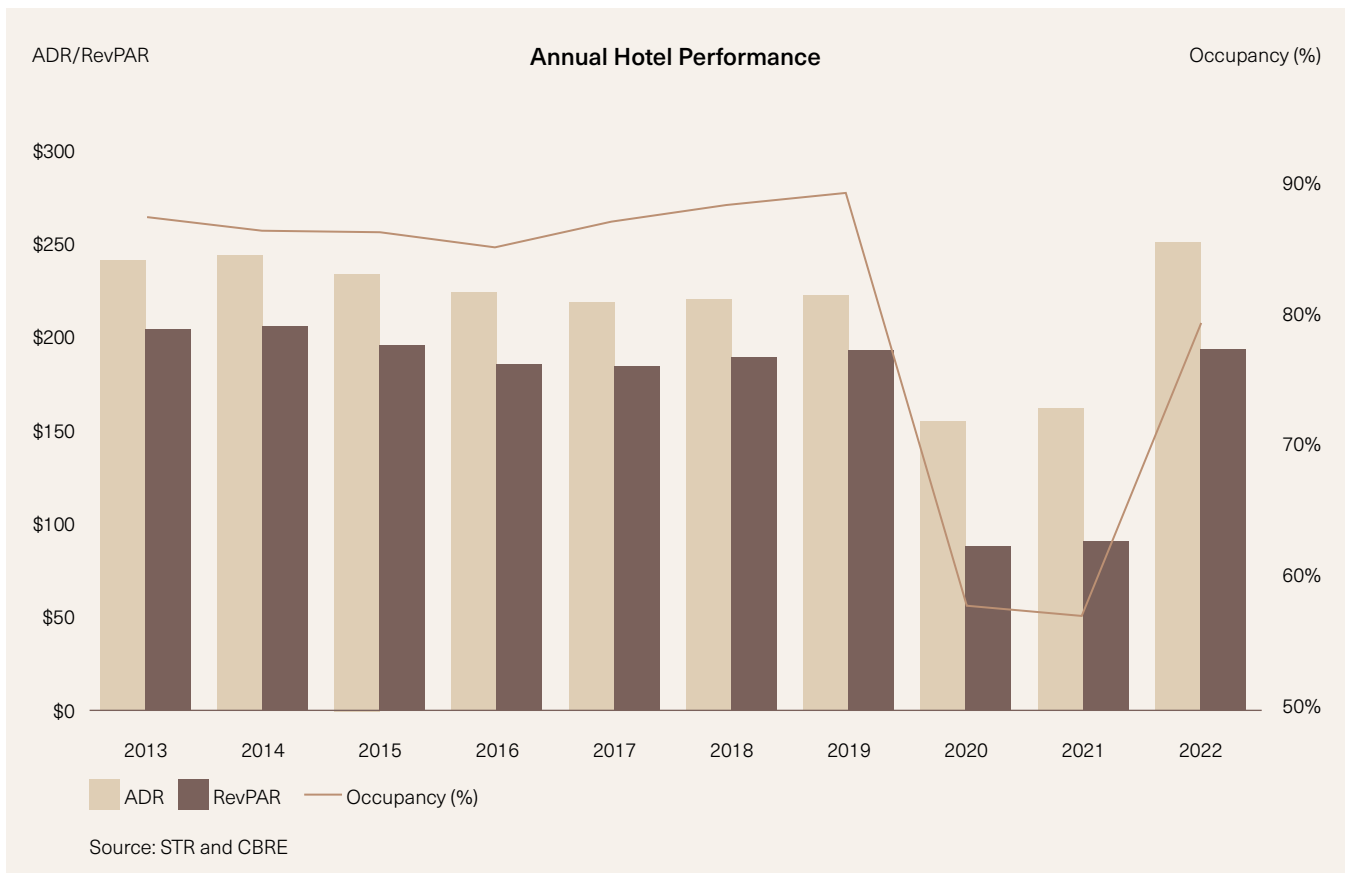
Investment Market

On the back of Singapore's reopening, investor sentiment towards hotel investments in 2022 has returned with 14 hotel transactions with an

aggregate of approximately S\$843.6 million, much higher than the combined years of 2020 and 2021 which yielded five transactions aggregating approximately S\$78.4 million.

With investors optimistic about Singapore's healthy fundamentals, and political and economic stability, the long-term outlook for the Singapore hotel investment market remains positive given Singapore's reputation as a safe haven for investments.

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



Hotel Transactions in Singapore (2018 - 2022)

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	786
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	843,617	

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

As the world transitions to living with COVID-19 as an endemic, global travel is expected to continue recovering into 2023 and beyond. According to the latest forecast by the International Air Transport Association (“IATA”) in December 2022, global passenger volume is expected to return to 2019 levels in 2024 and to expand significantly over the next twenty years. Furthermore, IATA expects Asia Pacific to be the fastest-growing region over the next twenty years, adding approximately 2.5 billion passenger trips by 2040, equating to an average annual growth rate of 4.5%.

Meanwhile, the Singapore government has committed to investing S\$500 million over the next few years to attract and create new products, events, and rejuvenate the country’s standing as a destination of choice for travellers. In addition, Singapore has a compelling pipeline of infrastructure and tourism offerings such as the creation of the Mandai Wildlife Reserve, the rejuvenation of Sentosa and Pulau Brani, expansion of both Integrated Resorts and Changi Airport Terminal 5 which will keep Singapore vibrant and evermore connected and accessible to the world. The supply pipeline for hotels is expected to remain low at approximately 2.3% growth per year between 2023 and 2025.

Singapore continues to be well-positioned to receive more business and leisure travellers and STB expects between 12 million and 14 million visitor arrivals in 2023. In addition, China’s easing of COVID restrictions and reopening of borders should result in a positive impact on multiple fronts including increased leisure and business activities in Singapore.

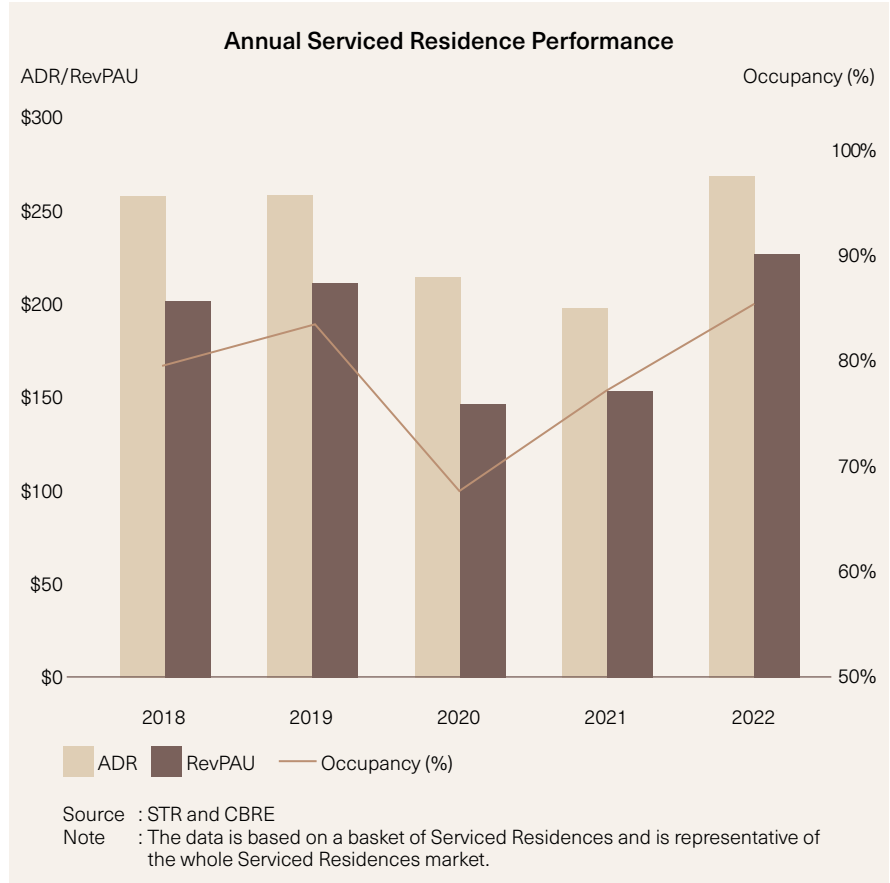
SINGAPORE SERVICED RESIDENCE MARKET OVERVIEW

Demand and Performance

As a financial centre and hub for conferences and events, Singapore is a strategic gateway for conducting business with the Asia Pacific region and the rest of the world. For the past ten years, the country has witnessed stable growth due to strong business demand. The competitive advantages Singapore enjoys can continue to reinforce its position as a regional hub for global multinational companies.

While performance of both the serviced residence (“SR”) and hotel market generally moves in tandem, the SR

market has benefited from having a traditional long-stay business model which has helped to provide a strong base during the pandemic. The SR market showed greater resilience due to a healthy level of demand from long-stay project groups, rolling lease extensions from corporate accounts, guests serving mandatory isolation and local Singaporeans that required an alternative accommodation due to renovations and displacements etc. As a result, both ADR and Occupancy for 2022 grew 35.3% and 7.1 percentage points YoY to S\$269 and 83.9% respectively. Overall, the RevPAU for the SR market achieved a 5-year historical high of S\$226, up 47.9% from the year before.



Supply

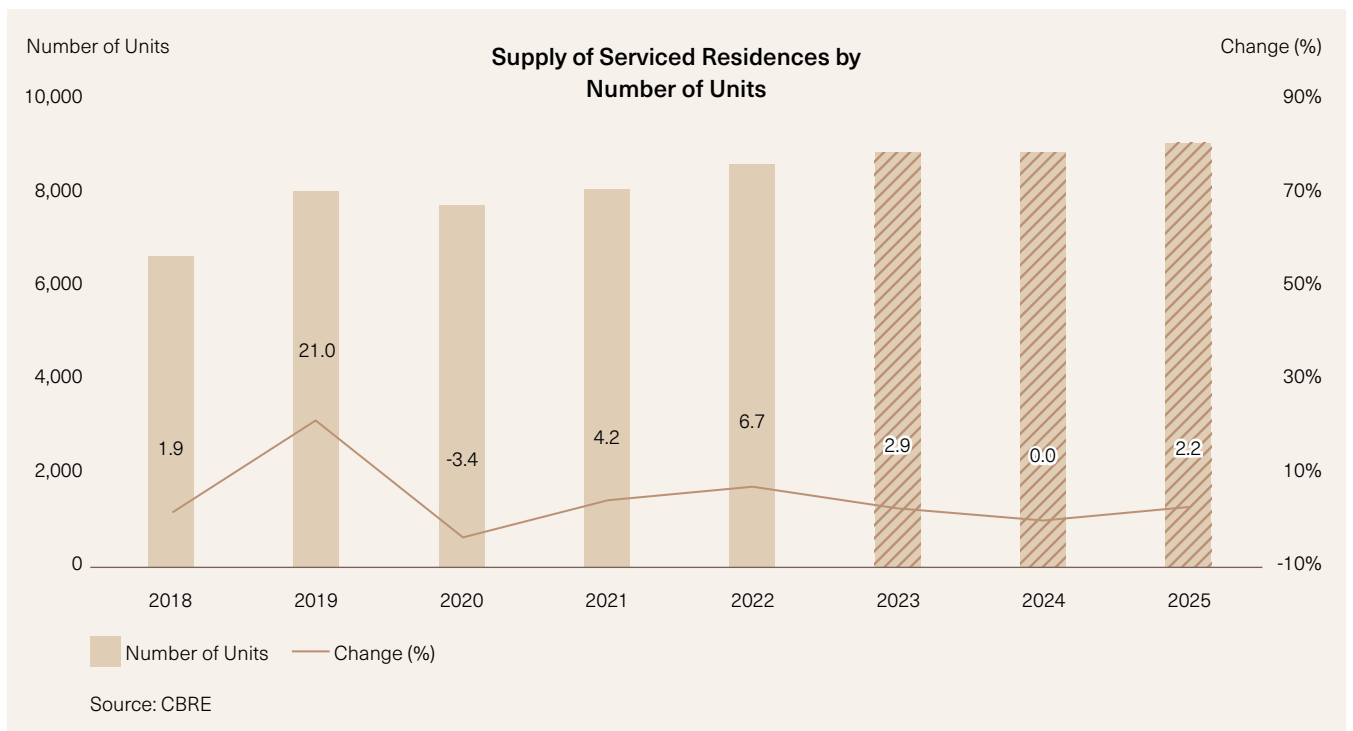
The graph below shows the supply growth for both traditional SRs and hybrid SRs in the last five years.

Since 2020, SR openings have been muted with approximately 863 rooms

between 2020 and 2022 from Ascott Hospitality’s Lyf One-North, Lyf Farrer Park and Citadines Raffles Place.

Beyond 2022, there are three SRs in the pipeline, namely the 82-key Fraser Promenade located at 1 & 3 Jiak Kim

Street, the 192-key Somerset Serviced Residences and a property along Bideford Road.



INDUSTRY OVERVIEW

Investment Market

The investment market in Singapore for SR assets have been relatively inactive with only a few transactions over the last few years. This is because operators and developers tend to acquire properties for conversion or redevelopment rather than purchasing existing stock.

This is the same even before the pandemic between 2018 and 2019

when three transactions were completed, namely the 75-key Darby Park Executive Suites, the 146-key Ascott Raffles Place Singapore and the 268-key Oakwood Premier OUE Singapore.

In March 2022, Far East Hospitality Trust completed the sale of Central Square, including the Village Residence Clarke Quay to a subsidiary of City Developments Limited ("CDL") for

S\$313.2 million. Additionally, Orchard Hills Residences was sold by Sin Capital Partners to a joint venture led by Boustead Projects.

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

Serviced Residence Transactions in Singapore (2018 - 2022)

Year	Name of Property	No. of Rooms	Contract Price (S\$'000)	Contract Price per Room (S\$'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
	Darby Park Executive Suites**	75	160,000	2,133
	Oakwood Premier OUE Singapore^	268	289,000	1,078
Total		489	802,300	
2022	Central Square Village Residences (Village Residences Clarke Quay)	128	313,200	2,447
	30 Bideford Road (Orchard Hills Residences - MGallery)	168	309,000	1,839
Total		296	622,200	

Source: RCA, CBRE Hotels

*Serviced Apartment

^Serviced Apartment with Hotel License

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

Outlook

Southeast Asia remains an attractive region for foreign direct investments due to its positive attributes such as a young and tech-savvy workforce, and a growing middle class. Singapore being strategically located within Southeast Asia will benefit as a central and leading destination for business and liveability with the SR

market having exhibited resilience and growth.

In 2023, Singapore attracted a record S\$22.5 billion worth of Fixed Asset Investment commitments driven mainly by the electronics sector. The number of employees travelling and relocating for business travel, assignments and projects are still

likely to grow, having a positive impact on demand for accommodation in the SR market. However, as the SR market has performed above levels last seen in 2019 and coupled with the tightening financial markets, there may be a squeeze on rates. In any case, the stability of extended-stay cash flows from SR operations should continue to attract investors to this sector.

PERFORMANCE REVIEW

MARKET OVERVIEW

Recovery of Singapore’s hospitality sector began to pick up pace from April 2022 as the country reopened and streamlined border control measures, allowing for the return of international travellers. The good track record in managing the COVID-19 pandemic and high vaccination rates in Singapore helped to give confidence to travellers selecting the country as a destination of choice.

REVIEW OF HOTEL PORTFOLIO PERFORMANCE

For Far East H-Trust, our hotel portfolio was able to ride the wave of recovery as Singapore’s borders fully reopened. The hotel portfolio saw healthy demand from corporate groups and improved pick-up from leisure travellers. During the year, efforts were focused on proactive sales and marketing strategies to capture corporate accounts and the meetings, incentives, conferences, and exhibitions (“MICE”) segments. Cost management initiatives were also put in place to ensure optimal flow-through across the hotel portfolio.

For FY 2022, ADR grew 78.6% to S\$125 as rates across the portfolio increased on the back of healthy demand and hotels which were contracted with the Government were renewed at higher rates. Average occupancy declined 5.7pp to 73.7% as some hotels in the portfolio exited the government contracts at the end of 2021 and The Elizabeth Hotel was also closed for renovation for part of the year.

HOTEL PORTFOLIO OPERATING PERFORMANCE (FY 2022)

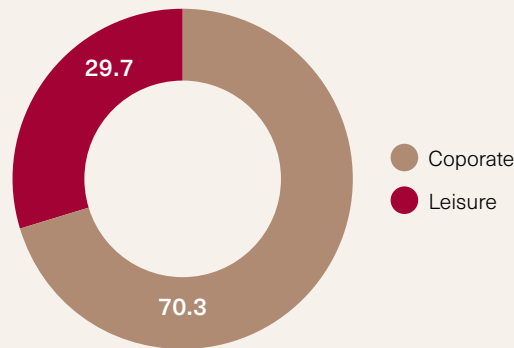
Average Occupancy (%)

73.7

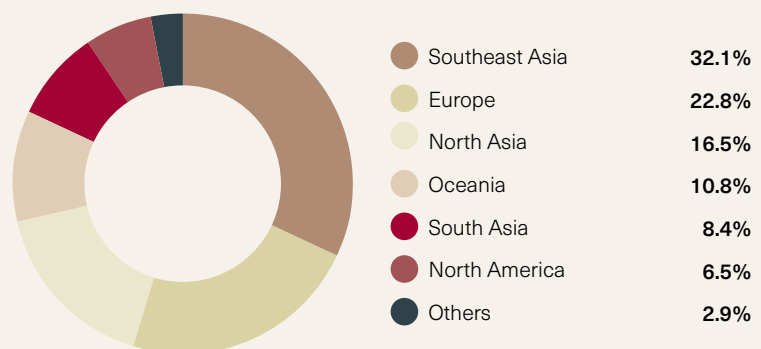
Revenue per Available Room (RevPAR) S\$

92

Revenue by Market Segment (%)



Revenue by Region (%)



PERFORMANCE REVIEW



Club Suite, Oasia Hotel Downtown

Revenue from the leisure segment made up 29.7% of the total hotel room revenue for FY 2022, up from 15.0% for FY 2021, reflecting the recovery in the number of inbound travellers as most of the markets eased travel restrictions in the second half of 2022. Correspondingly, the proportion of corporate segment revenue declined

to 70.3% in FY 2022, compared to 85.0% a year ago.

The geographical mix for the hotel portfolio's guests was skewed to Southeast Asia, Europe and North Asia, contributing 71.4% of hotel room revenue for FY 2022.

With further improvement in visitor arrivals into Singapore arising from the reopening of more major markets and increased flight capacity in 2023, more properties in Far East H-Trust's portfolio are expected to perform above fixed rents and achieve variable rents.

REVIEW OF SERVICED RESIDENCE PERFORMANCE

Notwithstanding the impact of the global pandemic, Far East H-Trust’s serviced residence (“SR”) portfolio continued at a high level of performance in FY 2022, reflecting a reliable base of long-stay corporate leases. There was also a pick up in demand from leisure travellers. In addition, local demand from families requiring temporary accommodation during home renovations and delays in the construction of new homes contributed to the SR’s resilience.

For the full year, average occupancy was 87.5%, an improvement of 10.0pp from 2021 and ADR grew 23.2% to S\$223. Consequently, RevPAU registered a 39.3% YoY increase to S\$195. The contribution from long-stay corporate sources provided a base of support and the loosening of travel restrictions led to a strong performance for the year.

The corporate segment was the primary driver of revenue, contributing 67.6% of the revenue for the SRs, reflecting cautious spending due to uncertainty in the broader economic environment. The SRs continued to attract project groups and relocation businesses at a slower pace. The Services and Banking & Finance sectors continued to be the two largest contributors to revenue, making up 31.8% and 18.3% of SR revenue for FY 2022 respectively.

For the SR, efforts were focused on proactive lease management and cost management initiatives. The REIT Manager continues to work closely with

REVIEW OF SERVICED RESIDENCE PERFORMANCE (FY 2022)

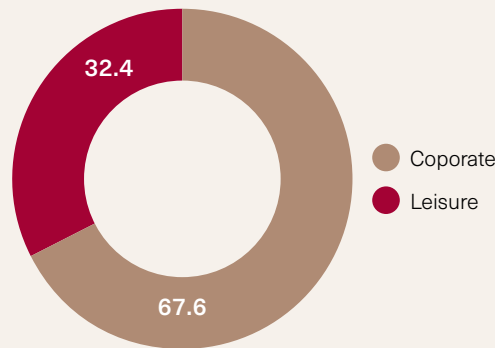
Average Occupancy (%)

87.5

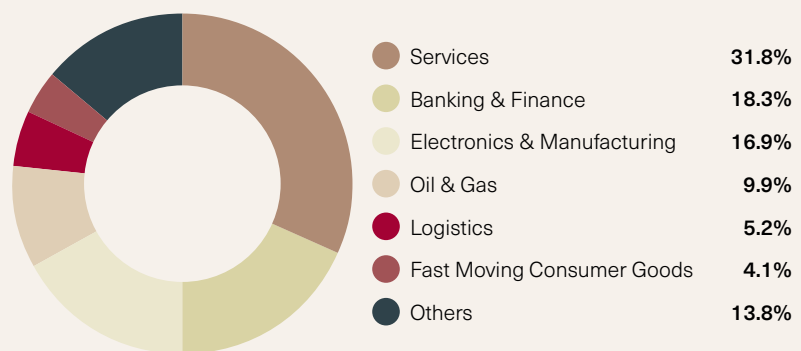
Revenue per Available Unit (RevPAU) S\$

195

Revenue by Market Segment (%)



Revenue by Industry (%)



PERFORMANCE REVIEW



Alfresco dining, Orchard Rendezvous Hotel

the Operator to identify and execute strategic asset enhancement initiatives to ensure that the portfolio remains competitive.

The SR portfolio's RevPAU returned to pre-pandemic levels and generated variable rent for the gross revenue of Far East H-Trust in FY 2022.

REVIEW OF REIT COMMERCIAL PREMISES PERFORMANCE

Following the divestment of Central Square in March 2022, Far East H-Trust now has a total of 177 units of retail and office commercial spaces, housed in 8 out of the 12 properties in the portfolio. Prior to divestment, the total number of units was 287 units.

As the country transitioned out of COVID-19 with an endemic posture, the Retail premises saw progressive interest in take up as more F&B operators took confidence in the improving market conditions. The REIT Manager was able to secure key tenants such as Brewerkz, Cafe Iguana and White Marble for the revamped F&B spaces at Orchard Rendezvous Hotel. The securing of White Marble, a Mediterranean restaurant, was strategic in supporting the hotel in their all-day-dining offerings to the hotel guests. At Vibe Hotel Singapore Orchard, the REIT Manager secured an all-day-dining operator, ROOS, the latest concept by a leading lifestyle F&B provider. Operations at the all-day-dining space commenced in September 2022, in conjunction with the

soft opening of Vibe Hotel Singapore Orchard. Average occupancy for the Retail premises improved to 71.5% in 2022 compared against average occupancy of 64.8% in 2021. The retail spaces in some of the hotels could not be leased out as the properties were contracted to the government for isolation purposes.

For the Office premises, occupancy at Regency House improved slightly from an average of 97.0% in 2021 to a high of 97.7% in 2022. The REIT Manager continues to improve on the performance at Orchard Rendezvous Hotel as more workers have returned to the office. Average occupancy for the Office premises improved from 79.5% in 2021 to 84.6% in 2022.

For FY 2022, revenue from the REIT commercial premises (“RCP”) was S\$14.8 million, 1.9% lower than the previous year. The lower revenue was predominantly due to the divestment of Central Square with a total of 110 units of retail, office and serviced offices. Excluding the effects of Central Square’s divestment and rental rebates provided to tenants in FY 2021, RCP revenue would have grown 4.8% compared to the previous year. As a portfolio, revenue from RCP made up 17.7% of Far East H-Trust’s total gross revenue.

The average occupancy of the RCP increased by 5.6 pp and the rental rates per square foot (including turnover rent) was 5.9% higher in FY 2022 compared to FY 2021.

There were 161 tenants across various trade sectors, the largest being the food & beverage industry.

As at 31 December 2022, the remaining lease tenure of the RCP spaces ranged from less than a year to 4.67 years, giving rise to a weighted average lease expiry (“WALE”) of 1.37 years.

New leases entered into during the year had a WALE of 1.95 years and made up 6.35% of RCP revenue for the year.

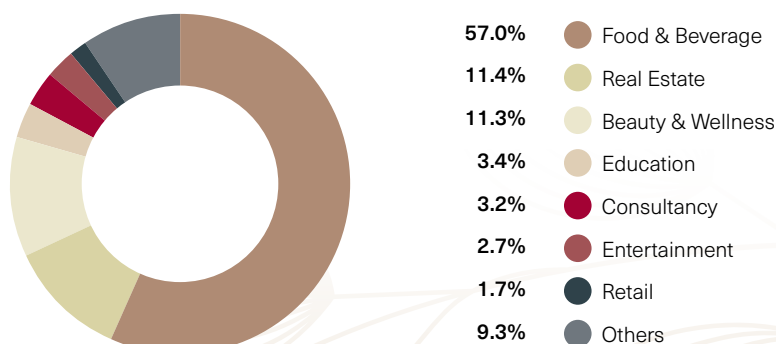
Lease maturity profile as at 31 December 2022

	2023	2024	2025	2026	2027
% of Leases expiring	51%	30%	16%	2%	1%
% of total gross monthly RCP revenue	43%	36%	14%	6%	1%

Top 10 RCP tenants as at 31 December 2022

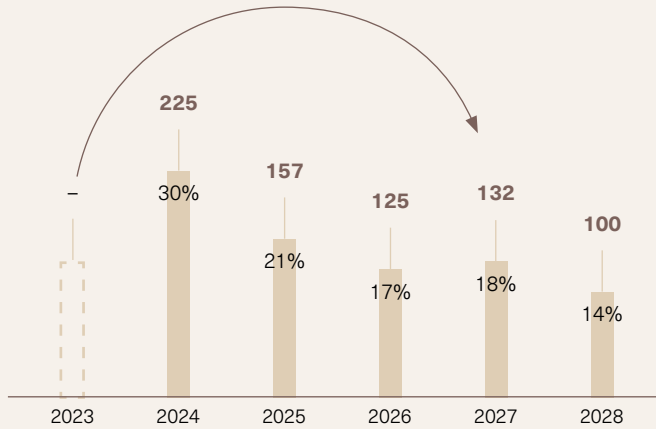
No.	Tenant	Percentage of Revenue	Industry
1	Far East Organization entities	7.3%	Real Estate/ Hospitality Services/ Food & Beverage
2	Akashi Japanese Restaurant OPH Pte Ltd	6.8%	Food & Beverage
3	Club Chinois Pte Ltd	5.6%	Food & Beverage
4	White Marble (2021) Pte Ltd	4.1%	Food & Beverage
5	Singapore Hospitality Group Pte Ltd	4.1%	Food & Beverage
6	SPH Media Limited	2.7%	Entertainment
7	Kam Boat Chinese Cuisine Pte Ltd	2.5%	Food & Beverage
8	328 F&B Holding Pte Ltd	2.4%	Food & Beverage
9	Commonwealth Concepts Pte Ltd	2.3%	Food & Beverage
10	G&R Fusion Pte Ltd	2.2%	Food & Beverage

Trade Sector Mix of Tenants by Revenue (%)

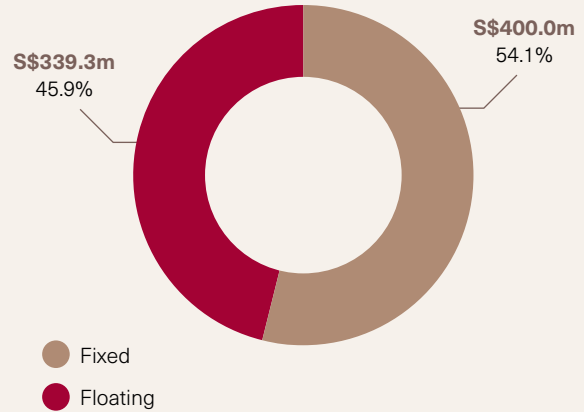


CAPITAL MANAGEMENT

Debt Maturity Profile (S\$million)
as at 31 December 2022



Interest Rate Profile
as at 31 December 2022



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 2022, Far East H-Trust had total borrowings of S\$739.3 million in term loan facilities. Total borrowings were S\$210.0 million lower than the previous year as a portion of the divestment proceeds of Central Square was utilised to repay term loans of S\$210.0 million during the year. Coupled with fair value gain of the properties, aggregate leverage decreased to 32.0% from 38.3% in December 2021, a 6.3 percentage point improvement. This level is well within 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 3.8 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 30% of debt due for refinancing in any year.

In December 2022, the REIT Manager successfully refinanced term loans of S\$132.2 million, S\$67.2 million with an existing lender and S\$65.0 million with a new lender ahead of their maturity dates in April 2023 and improved the debt expiring profile from 2.7 years in December 2021 to 3.1 years in December 2022. As such, there are no term loans due in 2023.

Far East H-Trust has S\$300.0 million of undrawn Revolving Credit Facility. All its 12 investment properties are unencumbered. The debt headroom of S\$961.6 million provides Far East H-Trust ample financial ability and flexibility to fund future asset enhancement initiatives and acquisitions.

Far East H-Trust continues to maintain an appropriate proportion of interest rate hedges to manage interest rate risk. On the back of a rising interest rate environment, partially mitigated by the existing interest rate hedges, the weighted average cost of debt increased to 2.2%. As at 31 December 2022, 54.1% of its borrowings were on fixed interest rates arising from interest rate swap contracts entered into to hedge against the exposure to interest rate volatility.

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 3.6 times based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

STAPLED SECURITY PRICE PERFORMANCE

2022 was a year of recovery for the hospitality sector with the full reopening of borders and gradual return of travellers into Singapore which resulted in the hospitality sector experiencing significant improvements in operational performances.

Despite macroeconomic headwinds caused by a weakening global economic outlook, rising inflation and interest rate environment, Far East

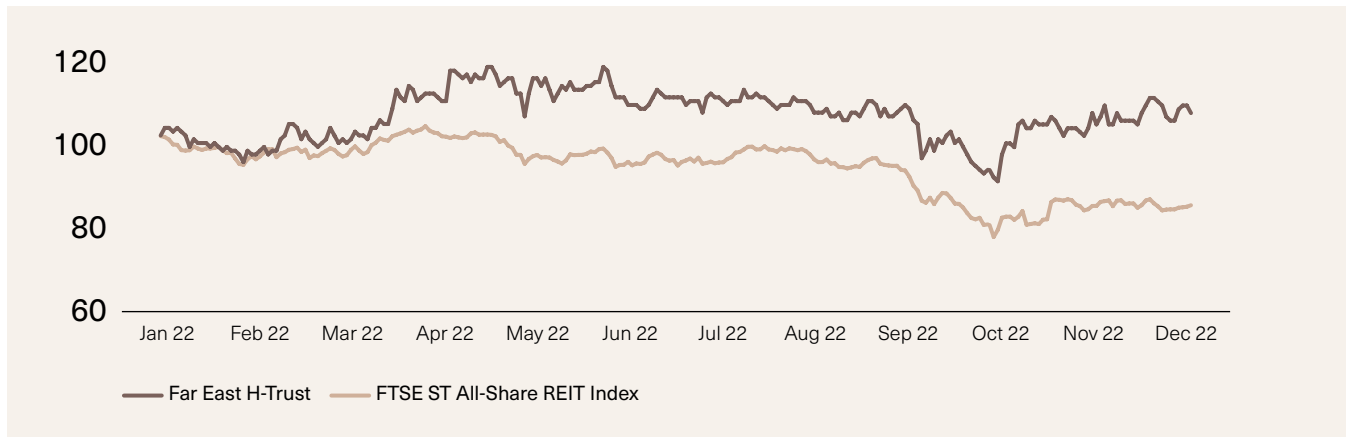
H-Trust's Stapled Security still managed to be the second-best performing Singapore Real Estate Investment Trust ("S-REIT")¹, producing a total return of 10.4% comprising a dividend yield of 4.9%.

In comparison, the overall S-REITs sector registered a 15% decline and underperformed against both Far East H-Trust and the Straits Times Index ("STI"). The STI grew 4.1% led

by growth from the financial counters whereas Far East H-Trust's Stapled Security price grew 5.1%.

The Stapled Security price of Far East H-Trust closed at S\$0.620 on 31 December 2022. A total of 426 million Stapled Securities were traded during the year, down from 498 million the year before. On average, 1.7 million Stapled Securities were traded daily.

Far East H-Trust Stapled Security Price Performance (%)



Stapled Security Price	
Opening price as at 1 Jan 2022	S\$0.590
Low	S\$0.520
High	S\$0.695
Closing price as at 31 Dec 2022	S\$0.620
Volume	
Total trading volume for 2022	426 million
Average daily trading volume	1.7 million

Net asset value (NAV) per Stapled Security	
NAV per Stapled Security as at 31 December 2022	90.23 Singapore cents
NAV per Stapled Security as at 31 December 2021	83.21 Singapore cents

¹ Source: SGX Research.

INVESTOR RELATIONS

Investor relations 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 and analysts 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. With the easing of COVID-19 restrictions in 2022, a mixture of in-person and virtual meetings were held with the investment community. Over the year, the REIT Manager participated in the following events:

Investor Relations Activities

	Date	Event	Organiser
Q1	15 Feb 2022	2H / FY 2021 Post-Results Briefing for Analysts	Far East H-Trust
Q2	28 Apr 2022	1Q 2022 Interim Business Update for Analysts	Far East H-Trust
	28 Apr 2022	1Q 2022 Interim Business Update for Institutional Investors	DBS Group Research
	23 May 2022	DBS Property Conference	DBS Group Research
	24 Jun 2022	Asia Pacific Property Conference	Citi Research
Q3	29 Jul 2022	1H 2022 Post-Results Briefing for Analysts	Far East H-Trust
	29 Jul 2022	1H 2022 Post-Results Briefing for Institutional Investors	UOB Kay Hian
	26 Sep 2022	Non-Deal Roadshow – Tokyo, Japan	Daiwa Capital Markets
Q4	27 Oct 2022	3Q / YTD Sep 2022 Interim Business Update for Analysts	Far East H-Trust
	27 Oct 2022	3Q 2022 Interim Business Update for Institutional Investors	CGS CIMB
	24 Nov 2022	DBS-SGX-REITAS Conference - Bangkok, Thailand	DBS-SGX-REITAS

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 Stapled Securityholders’ queries during the general meetings. For virtual AGM, all substantial and relevant questions received from Stapled Securityholders are addressed by publishing the responses on both SGXNET and the corporate website ahead of the closing date for lodgement of the proxy form. Resolutions are put to vote 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 virtual AGM held on 21 April 2022, 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, 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 2022, about 68% of Far East H-Trust Stapled Securities were held by institutions, and the remaining 32% by individuals. Far East Organization entities continued to hold the majority, or about 53%, of Far East H-Trust’s Stapled Securities, giving stability to the price of Far East H-Trust’s Stapled Securities. The largest proportion of Far East H-Trust’s institutional investors was from Singapore, holding about 56% of outstanding Stapled Securities. Investors from North America formed the next largest investor group, with about 18% of the holdings.

Research Coverage**8 Research Houses:**

CGS-CIMB

Citi Research

DBS Group Research

Daiwa Capital Markets

J.P. Morgan

Maybank

OCBC

UOB Kay Hian

Constituent of Indices**8 Key Indices:**

FTSE EPRA Nareit Global Real Estate 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

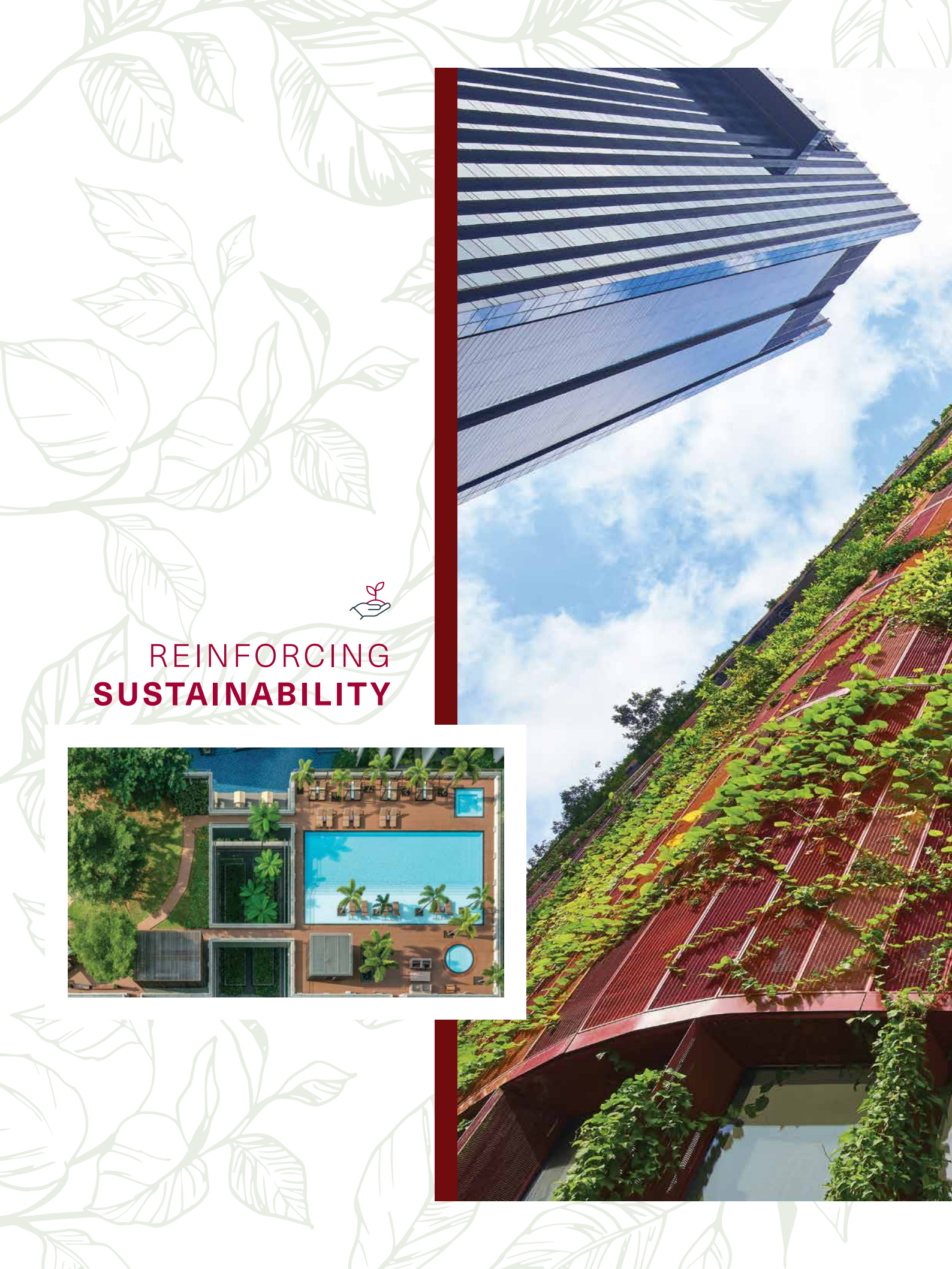
For enquires on Far East H-Trust, please contact:

Mr James Tan

Manager, Investor Relations
& Sustainability Management

T +65 9783 8645

E jamestan@fareast.com.sg



REINFORCING SUSTAINABILITY





Oasia Hotel Downtown

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

The Board is pleased to present Far East Hospitality Trust's ("Far East H-Trust" or the "Trust") sixth Sustainability Report, which outlines our sustainability practices and performance for the year.

Far East H-Trust strives to pursue sustainable growth by balancing economic growth with environmental protection and social inclusion. This helps to ensure that the Trust creates lasting value for all stakeholders. Building upon earlier efforts to review, validate and update Far East H-Trust's ESG strategy, framework and roadmap, the Audit, Sustainability and Risk Committee ("ASRC"), with the help of an external consultant BDO Advisory Pte Ltd, embarked on a comprehensive review of Far East H-Trust's Enterprise Risk Management framework, taking into consideration ESG impacts, risks and opportunities and integrating all relevant risk factors and mitigating strategies. As a result of the review, ESG and climate-related considerations are now included in all strategic planning exercises where relevant – including risk management, policy setting, annual budgets, capital expenditure planning, as well as acquisition and divestment deliberations.

The implications of climate risks on the hospitality and building industry are far-reaching. These include physical risks such as extreme weather events (e.g. increased frequency and intensity of flash floods and heat waves) which disrupt operations, to transition risks towards a low carbon economy (e.g.

higher energy prices resulting from higher carbon taxes), changing investors' expectations towards green investments, and changing consumer demand for more sustainable products and services.

On Far East H-Trust's environmental pillar of Securing our Future, efforts have been made to build climate resilience and to address climate-related risks and opportunities. In 2022, Far East H-Trust published its inaugural Taskforce on Climate-related Financial Disclosures ("TCFD") report for FY 2021 and further expanded the scope in FY 2022 to include a preliminary assessment on climate-related scenarios on properties within the Trust.

As part of a national and global collective effort to tackle climate change, Far East H-Trust has committed to raising its ambition to achieve net zero emissions by 2050. With professional advice from one of the big four international accounting firms, the REIT Manager is currently evaluating and determining an appropriate intermediate emissions reduction target for 2030, given the disruption to the operations in the last 2 years from the COVID-19 pandemic. Concurrently, a decarbonisation roadmap is being developed to guide Far East H-Trust in prioritising its initiatives for the years ahead.

The REIT Manager works closely with our operator, Far East Hospitality Management (S) Pte. Ltd. ("FEHMS" or "Operator"). Meetings are held on a bi-monthly basis, developing strategies and working towards our common goal of improving ESG outcomes. Far East H-Trust and the Operator are committed

to support, where applicable, the Hotel Sustainability Roadmap championed by the Singapore Tourism Board and the Singapore Hotel Association.

On Far East H-Trust's social pillar of Impacting Lives, the REIT Manager launched an Education Assistance Scheme ("EAS") in FY 2022, with the beneficiaries being the children of employees of Far East H-Trust's tenants. The objective is to improve the future of these youths from lower-income families through education support. In total, 4 bursaries were awarded during the year.

In the area of sustainable financing, the REIT Manager is in the process of negotiating a S\$100 million sustainability-linked term loan which is expected to complete in the first half of 2023. Upon completion, the Trust would have S\$225 million of sustainability-linked term loans as well as a sustainability-linked interest rate swap with a notional amount of S\$85 million.

The journey towards sustainability entails the participation of all stakeholders to create an ecosystem that will deliver sustainable value and inspire better lives. As stewards of the Trust, we will continue to engage our stakeholders on an ongoing process to monitor material ESG factors and developments that are imperative in delivering value to all stakeholders and the community at large.

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 2022 to 31 December 2022 ("FY 2022"). The scope of this report includes all hotels and serviced residences owned by Far East H-Trust as illustrated below. This report should be read in conjunction with the other sections of the Annual Report for a comprehensive overview of our operations.

Hotels
Village Hotel Albert Court
Village Hotel Bugis
Village Hotel Changi
The Vibe Hotel Singapore Orchard (formerly The Elizabeth Hotel)
The Quincy Hotel
Orchard Rendezvous Hotel
Rendezvous Hotel Singapore
Oasia Hotel Novena
Oasia Hotel Downtown

Serviced Residences
Village Residence Robertson Quay
Village Residence Hougang
Adina Serviced Apartments Singapore Orchard (formerly Regency House)

Sustainability Reporting Framework

This report has been prepared in reference with 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 ensure the quality of the report, the GRI Reporting Principles of accuracy, balance, clarity, comparability, reliability and timeliness have been applied in the drafting of the Sustainability report. TCFD-aligned topics have also been disclosed in various sections of both the Annual and Sustainability report. For more information, please refer to the end of the sustainability report for the GRI and TCFD index summary.

As part of our efforts to bolster stakeholders' confidence over the accuracy and reliability of information disclosed, our subsequent Sustainability Report will be reviewed as part of our internal audit plan, in accordance with the risk-based planning and audit process. 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.sg.

SUSTAINABILITY REPORT

SUSTAINABILITY STRATEGY

Responsible Stewardship
Far East H-Trust’s sustainability vision is about partnering our stakeholders to positively impact communities and the environment in markets we operate in.

<p>Creating Lasting Value We focus on long-term growth of our hospitality portfolio to unlock value for all stakeholders.</p> 	<p>Securing Our Future We collaborate with stakeholders to adopt energy-efficient initiatives and manage our resources responsibly to achieve climate resilience.</p>   	<p>Impacting Lives We proactively engage staff, tenants, customers, and the community to generate positive impacts.</p>   
<p>Good Governance We strive to maintain stakeholders’ trust through continuous strengthening of our governance policies (aligned to global best practices), which underpin all of our sustainability efforts.</p>		

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 of 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>Oversees environmental, social and governance strategy</p> <ul style="list-style-type: none"> Oversees the process 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 resources 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



Stakeholder Engagement

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. Thus, understanding their interests and concerns is important to us.

To build relationships and trust with our stakeholders, the REIT Manager strives to maintain open communication with stakeholders 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.

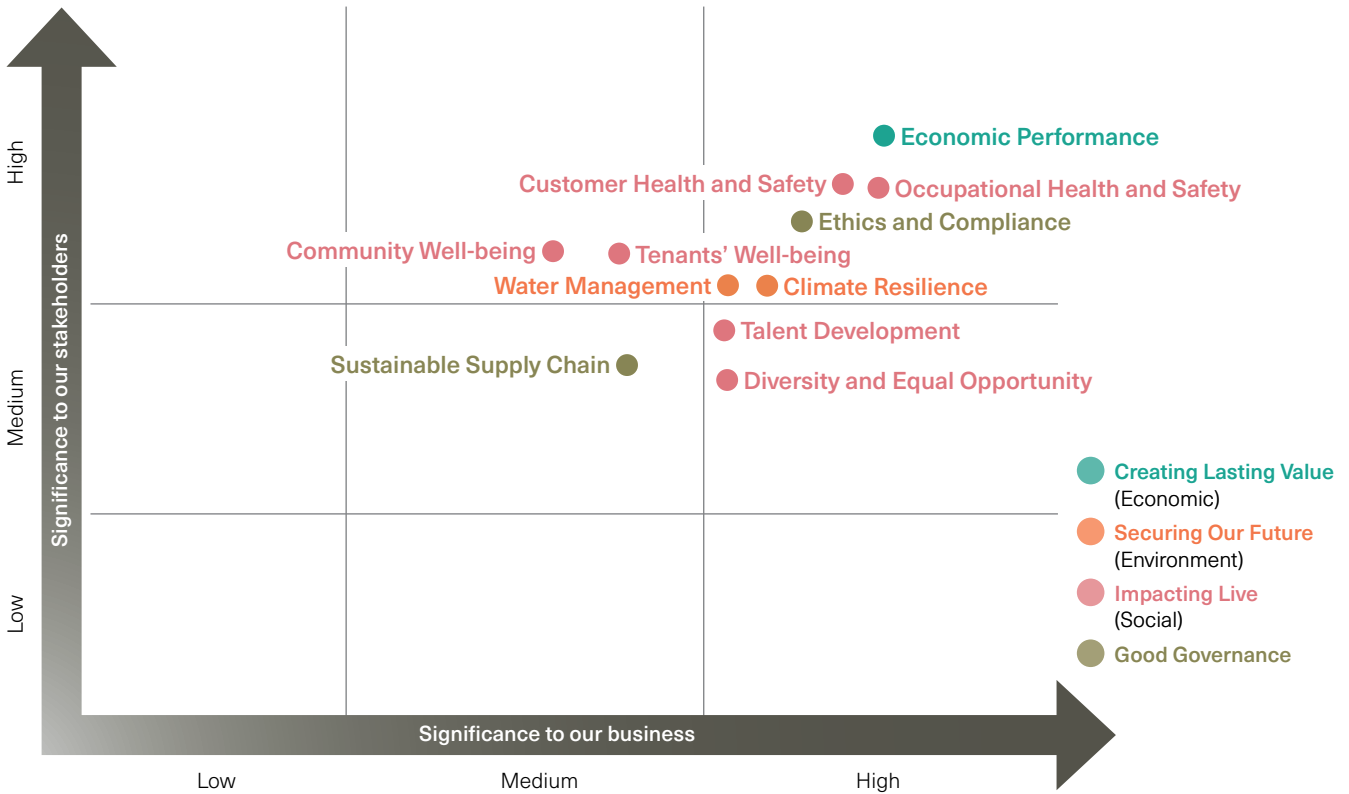
Key Stakeholders	Key Areas of Interests	Mode of Engagement
Board of Directors	<ul style="list-style-type: none"> Financial and operational performance Business strategy and outlook ESG strategy and performance Governance controls 	<ul style="list-style-type: none"> Board meetings Annual General Meeting 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, 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 enhancement 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 46 on Investor Relations.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT

Far East H-Trust ESG Material Topics



Far East H-Trust had identified our material ESG topics in FY 2021 after a thorough validation and review exercise with assistance from our sustainability consultant, being one of the big four accounting firms. For FY 2022, the ASRC has reviewed the material ESG topics which remain

accurate and relevant. Based on the last materiality assessment conducted, a greater emphasis was placed on climate-related topics, in line with regulatory and market expectations. Diversity issues were also prioritised to better reflect our commitment to creating a fair and inclusive work

environment. To ensure strong accountability of our sustainable practices across our value chain, sustainable supply chain continues to be a material ESG topic. The material ESG topics and their respective performance data are reviewed by Far East H-Trust annually.

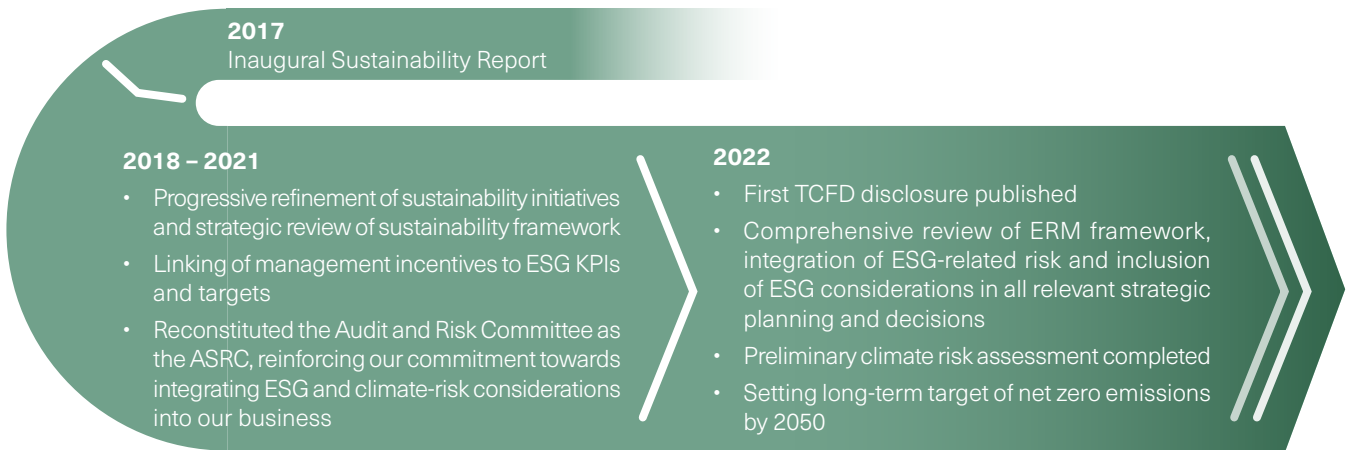
UN SDGS

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
 <p>3 Good Health and Well-being Ensure healthy lives and promote well-being for all</p>	<p>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.</p>	<ul style="list-style-type: none"> Occupational health and safety Customer health and safety Tenants’ well-being Community well-being
 <p>4 Quality Education Ensure inclusive and equitable quality education and promote lifelong learning opportunities</p>	<p>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.</p>	<ul style="list-style-type: none"> Talent development
 <p>7 Affordable and Clean Energy Increase substantially the share of renewable energy in the global energy mix</p>	<p>We constantly seek new opportunities to optimise our energy efficiency.</p>	<ul style="list-style-type: none"> Climate resilience
 <p>8 Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>We are committed to create lasting value for our stakeholders and ensure continual business growth.</p>	<ul style="list-style-type: none"> Economic performance
 <p>10 Reduced Inequalities Reduce inequality within and among countries</p>	<p>We treat all employees and stakeholders with respect and is committed to provide equal opportunities for all regardless of their background.</p>	<ul style="list-style-type: none"> Diversity and equal opportunity
 <p>12 Responsible Consumption and Production Ensure sustainable consumption and production patterns</p>	<p>We strive to be a responsible steward and sustainable consumption of resources.</p>	<ul style="list-style-type: none"> Climate resilience Water management Sustainable supply chain
 <p>13 Climate Action Take urgent action to combat climate change and its impacts</p>	<p>We seek to manage and minimise our carbon footprint and reduce our impact on the environment.</p>	<ul style="list-style-type: none"> Climate resilience
 <p>16 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</p>	<p>We strive to maintain stakeholders’ trust through continuous strengthening of our governance policies (aligned to global best practices)</p>	<ul style="list-style-type: none"> Good governance

SUSTAINABILITY REPORT

OUR JOURNEY



KEY HIGHLIGHTS FOR FY 2022

Creating Lasting Value	Securing Our Future	Impacting Lives
<ol style="list-style-type: none"> Gross revenue grew 0.4% year-on-year to S\$83.6 million despite the loss in revenue contribution from Central Square¹. Excluding the effects from the divestment, gross revenue would have grown 7% year-on-year. Distribution to Stapled Securityholders grew 25.2% year-on-year. 	<ol style="list-style-type: none"> Energy consumption reduced by 7.6% (or 4.0% excluding Central Square¹). Water consumption reduced by 21.7% (or 19.0% excluding Central Square¹). 5 properties certified under the Green Mark scheme by the Building and Construction Authority (“BCA”) of Singapore. 	<ol style="list-style-type: none"> Education Assistance Scheme launched with 4 bursaries awarded to children of employees of Far East H-Trust’s tenants. Employee survey received a participation and engagement rate of 100%. Zero fatalities and occupational diseases.
Good Governance		
<ol style="list-style-type: none"> 50% of female directors on the Board, exceeding the recommended target set by the Council for Board Diversity for listed companies. Ranked 3rd in the Singapore Governance and Transparency Index (“SGTI”) for REITs and Business Trust. Ranked joint 7th in the Governance Index for Trusts (“GIFT”) assessment. Ranked 8th in the ASEAN Corporate Governance Scorecard (“ACGS”) and awarded the ASEAN Asset Class category. Runner-up for the Shareholder Communication Excellence Award and Singapore Corporate Governance Award (REITs & Business Trusts Category) in the SIAS Investors’ Choice Awards. Zero case of incidents relating to corruption, non-compliance and data leaks, theft or breaches. 		

¹ The divestment of Central Square was completed on 24 March 2022.



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.

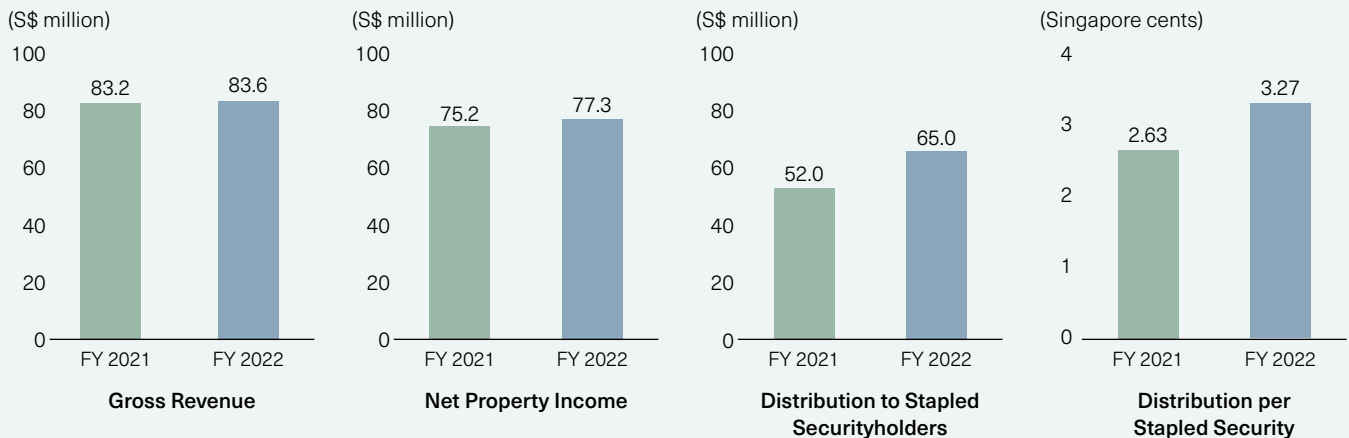
Gross revenue for FY 2022 grew 0.4% YoY to S\$83.6 million with growth from both the hotel and serviced residence portfolio offsetting the loss in revenue from Central Square following its divestment on 24 March 2022. Distribution to Stapled Securityholders grew 25.2% to S\$65.0 million on the back of higher net property income, lower finance expenses, and sharing of gains from the divestment of Central Square, resulting in a higher distribution per Stapled Security of

3.27 cents compared to 2.63 cents in the previous year.

For a detailed breakdown of Far East H-Trust’s FY 2022 financial performance, please refer to the following sections of the Annual Report:

- Financial Highlights, page 4
- Growth Strategies, page 5
- Chairman Statement, page 8
- Our Portfolio, page 24

Financial Highlights and Performance



SUSTAINABILITY REPORT



Securing Our Future

Energy and GHG Performance

As a custodian of hospitality, retail and office assets, we recognise the unique position we are in to contribute towards the transition to a low carbon

economy. We are committed to reducing our environmental footprint within our operations and across our value chain. The REIT Manager periodically reviews our climate-related initiatives

and engages key partners to explore ways to reduce emissions and mitigate climate risks.

FY 2022 Target	Performance
To reduce the average energy consumption of Far East H-Trust properties by 2%	Energy consumption reduced by 7.6% (or 4.0% excluding Central Square).
Ensure that all newly acquired Far East H-Trust buildings in Singapore meet the Building Control (Environmental Sustainability) Regulations 2008 or Building Control (Environmental Sustainability) Regulations 2013 to qualify for Green Mark certification.	While there were no new property acquisitions in FY 2022, 5 out of 9 hotels in Far East H-Trust's portfolio are Green Mark certified.

In FY 2022, Far East H-Trust's electricity consumption decreased 7.6% to 31.5 million kWh. This was predominantly due to the divestment of Central Square and the closure of The Elizabeth Hotel for renovation for six months in 2022. Energy saving initiatives such as the use of timers and moderation of air-conditioning operating temperatures during off-peak hours also contributed to the reduction. Correspondingly, electricity intensity decreased 1.4% to 153.0 kWh/m²

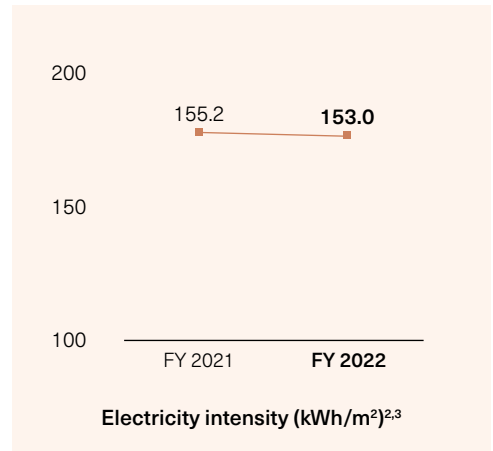
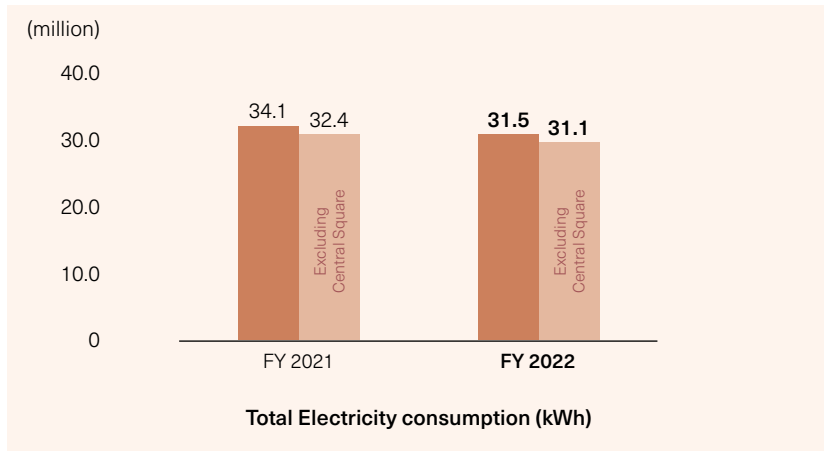
Recognising that our operations contribute a significant amount of energy, Far East H-Trust is committed to reduce our carbon footprint by implementing both strategic and operational initiatives.

Moving forward and keeping in line with the Singapore Government's Green Plan, as well as various global initiatives and commitment towards decarbonisation, the Trust has set the target of achieving net zero emissions by 2050. In the interim,

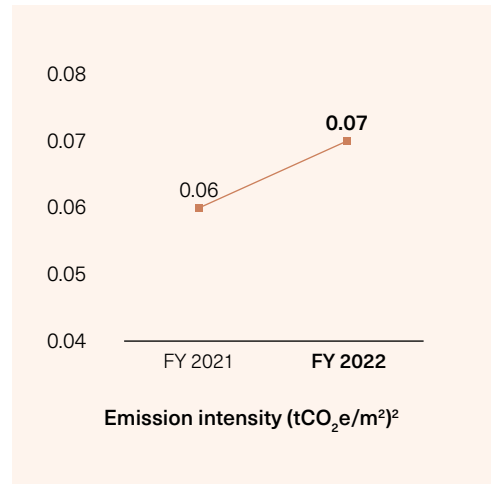
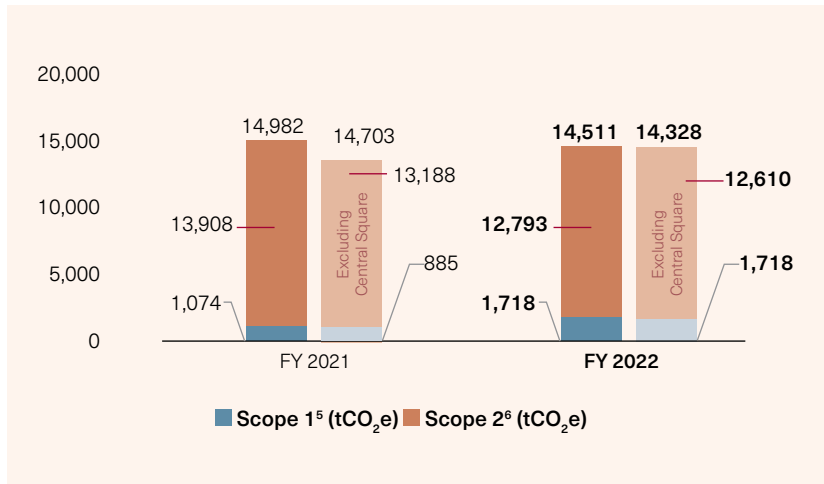
with professional advice from one of the big four accounting firm, the REIT Manager is evaluating standards and an appropriate intermediate emissions reduction target for 2030.

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 a feasibility study on the optimal manner to upgrade them to achieve our objectives in the long-term.

Electricity Consumption¹



Carbon Emissions^{1,4}



1 Consumption consisting of all properties owned by the Trust. The Trust has control over capital expenditures for infrastructure-related items (e.g. replacement of chiller plants) which can influence consumption. However, the Trust does not hold significant control over the day-to-day operations of the hotels and serviced residences which is managed by the Operator.

2 In FY 2021, we have consolidated our environmental data to enhance the clarity and completeness of our data going forward. We will use Gross Floor Area ("GFA"), which covers the floor area of both common areas, hotel rooms, serviced residence units, and commercial spaces, as the denominator for our emission intensity. The change in denominator is meant to align with industry best practices. This aims to provide a more accurate representation of Far East H-Trust's energy, emission, and water consumption.

3 Electricity intensity ('000 kWh) per occupied hotel room/serviced residence was 13,850kWh in FY 2022 and 13,719 kWh in FY 2021.

4 Far East H-Trust uses the operational control approach to calculate its GHG emissions (Scope 1 and 2) in accordance with the GHG Protocol. The emission factors used in this report were derived from the UK Department for Environment, Food and Rural Affairs ("DEFRA") environmental reporting guidelines, which is aligned to 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.

5 Scope 1 emissions have been re-adjusted from FY 2021 onwards to include direct emissions from backup diesel generators, gas heaters and refrigerants.

6 Scope 2 emissions include indirect emissions from purchased electricity and the data in this report were calculated using the location-based method.

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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 2022, the following initiatives were embarked on to improve energy efficiency and progress towards achieving our energy targets:

- Replacement of fan coil units (“FCU”) that have sub-optimal operating performance phased out for newer energy-efficient technologies at Village Hotel Albert Court, Village Hotel Bugis, Village Hotel Changi and Vibe Hotel Singapore Orchard.
- Other works undertaken by the Operator includes the replacement of lights to Light Emitting Diodes

(“LED”) fittings for higher energy efficiency, installation of motion sensors and moderating of air-conditioning temperature during off-peak hours.

Moving forward, Far East H-Trust 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 acquired properties meet minimum sustainability requirements. 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 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 environmental standards and meet the standards set out by green building certification schemes.

Five of the REIT’s properties have achieved the BCA’s Green Mark certification, a benchmarking scheme that incorporates internationally recognised best practices in environmental design and performance.

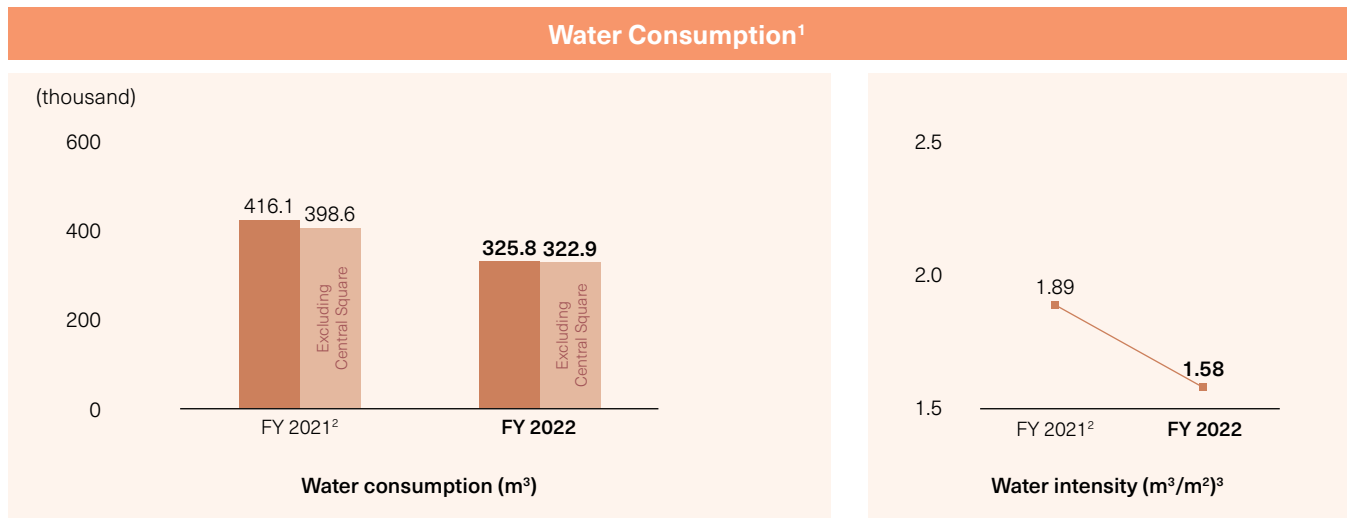
Village Hotel Albert Court’s Green Mark Platinum certificate expired in 2022 and is currently undergoing re-certification under BCA’s new Green Mark 2021 standards which are more stringent than before. During this process, the Operator will review and assess possible gaps which may need to be bridged to meet BCA’s new Green Mark 2021 standard.

Certification	Property
BCA Green Mark Gold ^{Plus} Award	Village Hotel Bugis
BCA Green Mark Gold Award	Rendezvous Hotel Singapore
BCA Green Mark Gold Award	Orchard Rendezvous Hotel
BCA Green Mark Certified	Oasia Hotel Downtown
	Village Hotel Changi

Water Management

Water is essential to Far East H-Trust’s operations and 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.

Our total water consumption and water intensity decreased by 19.0% and 16.5% respectively in FY 2022 due to lower occupancies as well as water saving initiatives implemented across our properties.



1 Data includes all properties owned by the Trust.
 2 Data in FY 2021 has been restated to ensure the accuracy of values being reported.
 3 In FY 2021, we have consolidated our environmental data to enhance the clarity and completeness of our data going forward. We will use Gross Floor Area (“GFA”), which covers the floor area of both common areas, hotel rooms, serviced residence units and commercial spaces, as the denominator for our emission intensity. The change in denominator is meant to align with industry best practices. This aims to provide a more accurate representation of Far East H-Trust’s energy, emission, and water consumption.

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One such initiative was the progressive replacement of flush valves of water cisterns in all guest rooms at Village Hotel Bugis. This reflects the hotel's continual efforts at maintaining its Water Efficient Building (Basic) Certification.

Far East H-Trust will continue to take a holistic approach to water management and source for new water-saving opportunities to reduce our overall water consumption.

CLIMATE RESILIENCE

In 2022, a preliminary climate risk assessment was carried out on Far East H-Trust's 12 property assets 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. The assessment was done with guidance from our sustainability consultant being one of the big four accounting firms.

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 portfolio's emission against decarbonisation targets; (ii) the portfolio's excess emission cost; 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

This section provides an overview of how 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 ASRC and subsequently presented to the Board for approval. Far East H-Trust’s responses to climate-related impacts are reviewed periodically and we will 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 Level	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. 	<ul style="list-style-type: none"> ● Short ○ Medium ○ Long 	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 and lights) 	<ul style="list-style-type: none"> ○ Short ● Medium ○ Long 	Far East H-Trust weighs the costs, benefits and overall value over the long run when considering the adoption of new technologies. Far East H-Trust 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 behavior, including an increased preference for green hospitality (especially for corporate clients). 	<ul style="list-style-type: none"> ○ Short ● Medium ○ Long 	Far East H-Trust 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

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Climate-related Risks	Potential Impact on Far East H-Trust	Time Horizon & Potential Financial Impact Level	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. 	<ul style="list-style-type: none"> <input type="radio"/> Short <input checked="" type="radio"/> Medium <input type="radio"/> Long 	<p>Far East H-Trust's key strategies in this area includes:</p> <ol style="list-style-type: none"> Monitoring investors' and other stakeholders' expectations. Enhancing our communication to these stakeholders on our ESG strategies and efforts. Improving our rating on the relevant ESG ratings.
Physical 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 production capacity. • Increased occurrences of flooding may require investments in flood prevention measures for Far East H-Trust's properties, resulting in higher costs. 	<ul style="list-style-type: none"> <input type="radio"/> Short <input type="radio"/> Medium <input checked="" type="radio"/> Long 	<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. 	<ul style="list-style-type: none"> <input type="radio"/> Short <input type="radio"/> Medium <input checked="" type="radio"/> Long 	<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 Level	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>	<p><input type="radio"/> Short</p> <p><input checked="" type="radio"/> Medium</p> <p><input type="radio"/> Long</p>	<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>	<p><input type="radio"/> Short</p> <p><input checked="" type="radio"/> Medium</p> <p><input type="radio"/> Long</p>	<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 obtained S\$125 million of sustainability-linked term loans as well as a sustainability-linked interest rate swap with a notional amount of S\$85 million.</p> <p>The REIT Manager is also in the process of negotiating a S\$100 million sustainability-linked term loan which is expected to complete in the first half of 2023.</p>
<p>Cultivating a talent pool of skilled ESG professionals</p> <p>Training and enrichment of knowledge in the area of ESG.</p>	<p><input checked="" type="radio"/> Short</p> <p><input type="radio"/> Medium</p> <p><input type="radio"/> Long</p>	<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 carbon reductions target.</p>	<p><input checked="" type="radio"/> Short</p> <p><input type="radio"/> Medium</p> <p><input type="radio"/> Long</p>	<p>The REIT Manager has an investment management policy that includes climate criteria for new acquisitions.</p> <p>Concurrently, a decarbonisation roadmap is being developed to guide Far East H-Trust in prioritising its initiatives for the years ahead.</p> <p>In line with SGX's sustainability reporting guidelines, Far East H-Trust has completed the review exercise to update the key risks under our ERM framework, including climate risk. Relevant changes will be incorporated into the new audit plan.</p>

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Impacting Lives

Occupational Health and Safety

Far East H-Trust is committed to creating a healthy and safe work environment for all employees and safeguarding their well-being is our top priority. Not only will this minimise the number of workplace incidents and safeguards the Trust against reputational risk and costly fines, but it will also boost employees' morale and productivity.

To foster 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 2022, 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 37, which includes "near-misses" and minor incidents involving employees and/or third parties which occur 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.

Far East H-Trust will continue working with the Operator to safeguard the health and safety of our employees and minimise the number of workplace incidents.

Achieved **ZERO**
workplace fatality
across all its properties in
FY 2022

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 2020	FY 2021	FY 2022
Number of Workplace Fatalities	0	0	0
Number of Occupational Disease Cases	0	0	0
Number of Workplace Incidents (including "near-misses")	33	42	37

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 • Safety is part of our work culture • Investigations by supervisors • Prompt reporting of potential hazards <p>The Operator has 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 value our employees¹ and believe they are the driving force behind the success of our organisation. We aim to attract and retain the best talent who share our values and business objectives. Additionally, we also seek to foster a diverse workplace that provides equal opportunities to all.

Employee Profile

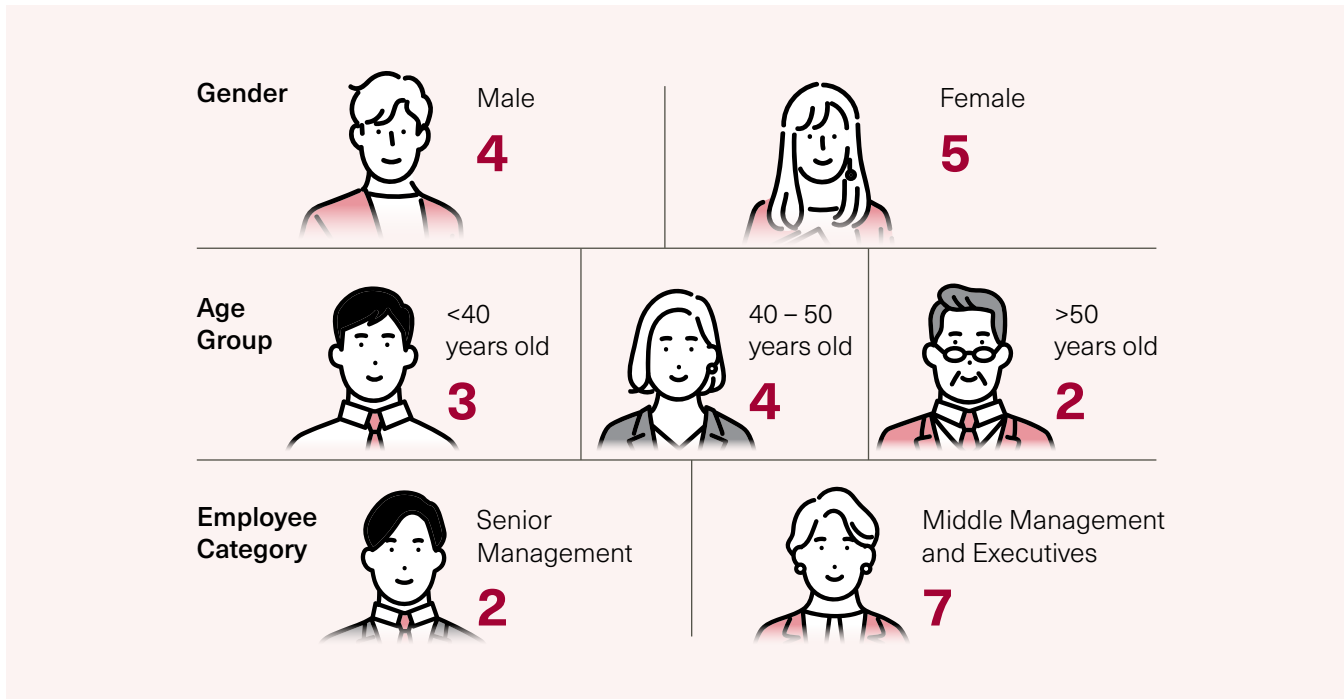
Far East H-Trust adopts fair hiring practices and promotes a culture of diversity in terms of age, gender and skillsets. To that end, we follow and subscribe to the Tripartite Alliance for Fair and Progressive Employment Practices. We believe that employees with different backgrounds and experiences are essential in fostering

a culture of innovation and creating sustained value for the business.

As of 31 December 2022, the REIT Manager had nine permanent, full-time employees. The following table shows the breakdown of employees by gender, age and employee category.

1 Far East H-Trust does not have any employees and data relating to employees in this report is in relation to the REIT Manager.

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During the year, we also recorded 2 new hires² and 1 turnover³, resulting in a new hire and turnover rate of 22.2% and 11.1% respectively.

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 2022. 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 2022, we garnered a participation rate of 100% for the survey and achieved an engagement score of 100%.

Employee 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 benefits to incentivise them to develop progressive, long-term careers. These includes:

² There were two new hires recorded during the year, where both were male and less than 50 years old.

³ The employee who left was a male and less than 50 years old.

Benefits	Key Inclusions
Life Insurance/ Disability and Invalidity Coverage	<ul style="list-style-type: none"> • Group Term Life Insurance • Group Personal Accident Insurance
Healthcare	<ul style="list-style-type: none"> • Group Hospitalisation & Surgical Insurance
Leave	<ul style="list-style-type: none"> • Maternity Leave • Paternity Leave • Childcare Leave • Infant Care Leave (Unpaid) • Government Paid Adoption Leave (GPAL)
Retirement Provision	<ul style="list-style-type: none"> • Conditional Re-employment (Beyond 62 years)
Employee Health and Wellness	<ul style="list-style-type: none"> • Dental Care, Optical & Vision Care Expenses • Preventive Care (e.g. Health Screenings) • Maternity/Fertility treatments • Personal Insurance Premiums • Childcare costs
Wellness and Self-Development	<ul style="list-style-type: none"> • Musculo-skeletal treatments (e.g. Chiropractor) • Social & Health Club Membership (e.g. Gym) • Fitness Courses (e.g. Personal fitness training) • Sports & Physical Fitness Courses (e.g. Tennis, dance) • Weight Management Programmes • Fees for personal development courses including training offerings from the Skills Future Credit Course Directory and purchase of books/ periodicals for self-development

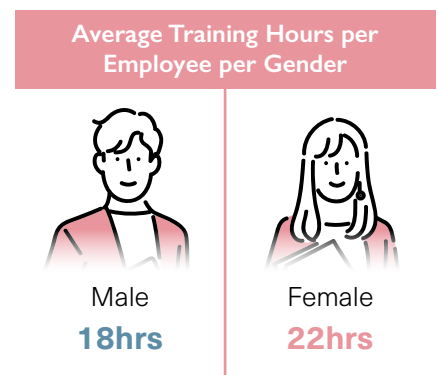
Talent Development

Far East H-Trust 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 2022, employees of the REIT Manager clocked an average of 20 training hours, with the breakdown of training hours by gender as follows:



SUSTAINABILITY REPORT

We develop our employees according to their abilities and job specifications, and during the year, various training courses were provided for employees. Additionally, all Directors have undergone training by the Singapore Institute of Directors on “ESG Essentials” meeting SGX’s enhanced sustainability reporting requirement.

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 2022, 100% of employees had undergone performance review sessions.

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.

In response to the pandemic, Far East H-Trust worked closely with the Operator to implement safety measures at all hotels and service residences to ensure guests feel at ease at our properties.

As a testament to our commitment to delivering a clean and safe environment for all guests, all our hotels 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 which we abide by.

Well-being of Tenants and the Community

Tenants

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

As a socially responsible organisation, Far East H-Trust 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.



Viva Foundation – Art Connect

In June 2022 and October 2022, we partnered with Viva Foundation, a charity which focuses on children with cancer. Over the 2-part series, our staff connected with children recovering from cancer through an art programme, allowing kids to express themselves through drawing and painting.

Care Corner Singapore

In December 2022, we partnered with Care Corner Singapore on an outreach programme for low-income seniors for a night-out activity. In total, 20 seniors from their Active Aging Centre in Woodlands participated for dinner and craft activities.



Education Assistance Scheme

The Education Assistance Scheme (“EAS”) was launched with the objective to improve the future of youths through education support. Beneficiaries of the EAS are children of employees of Far East H-Trust’s tenants and a total of 4 bursaries were awarded. Through the EAS programme, this provided Far East H-Trust an opportunity to support and deepen the relationship with one of our important stakeholders.



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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-2022, the REIT Manager Board and Trustee-Manager Board comprises 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 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 of 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.

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.

Ethics and Corruption

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.

Corruption and Bribery Prevention Policy

We observe a Corruption and Bribery Prevention Policy with detailed guidelines and procedures in accordance to 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. 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 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 Loss Management Policy is established for

employees and Directors of the REIT Manager and the Trustee-Manager as well as external parties. They 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

Award	Description
Singapore Governance and Transparency Index (“SGTI”)	Far East H-Trust ranked 3rd on SGTI. The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies.
Governance Index for Trusts (“GIFT”) 	Far East H-Trust ranked joint 7th on GIFT. GIFT, an index supported by the Singapore Exchange Limited, assesses and recognises companies with high standards of corporate governance.
ASEAN Corporate Governance Scorecard (“ACGS”) 	Far East H-Trust ranked 8th out of the top 100 publicly-listed entities in Singapore (By market capitalisation) Recipient of the ASEAN Asset Class Award
SIAS Investors’ Choice Award (“SIAS”) 	Far East H-Trust was the runner up for the Shareholder Communication Excellence Award and Singapore Corporate Governance Award (REITs & Business Trusts Category) in the SIAS Investors’ Choice Award. This award recognises outstanding efforts in corporate governance efforts, transparent disclosure and excellent communication with shareholders.

SUSTAINABILITY REPORT

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.

Our commitment to uphold the highest standards of corporate governance has garnered us awards in this aspect.

In FY2022, 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, and risk management framework and processes, please refer to pages 81 to 119.

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.

GRI CONTENT INDEX

Statement of Use: Far East H-Trust has reported in reference with the GRI Standards for the period 1 January 2022 to 31 December 2022. 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. 51
	2-3	Reporting period, frequency and contact point	
	2-4	Restatements of information	Carbon Emissions, Pg. 61 Water Consumption, Pg. 63
	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. 50 About the Report, Pg. 51 Supply Chain, Pg. 76
	2-7	Employees	Impacting Lives - Employee Profile, Pg. 69 - 70
	2-8	Workers who are not employees	N/A
	Governance		
	2-9	Governance structure and composition	Corporate Governance - Board Composition and Guidance, Pg. 89 - 92
	2-10	Nomination and selection of the highest governance body	Corporate Governance - Board Membership, Pg. 92 - 95
	2-11	Chair of the highest governance body	Board of Directors, Pg. 12 - 15
	2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance - Accountability and Audit, Pg. 100 - 112
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance - Pg. 52 - 53
	2-15	Conflicts of interest	Corporate Governance: Board Meetings and Activities - Pg. 86 - 87 Risk Management and Internal Controls, Pg. 102 - 107 Audit Committee, Pg. 108 - 110
	2-16	Communication of critical concerns	Corporate Governance: Chairman and CEO, Pg. 92 Whistle Blowing Policy, Pg. 110 Engagement with Shareholders, Pg. 115 - 116
	2-17	Collective knowledge of the highest governance body	Corporate Governance: Board Matters, Pg. 85 to 89 Board Composition and Diversity Policy, Pg. 90 - 91
2-18	Evaluation of the performance of the highest governance body	Corporate Governance - Board Performance, Pg. 95	

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GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures (cont'd)			
	2-19	Remuneration policies	Corporate Governance - Remuneration Matters, Pg. 96 - 100
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	
Strategy, Policy and Practices			
	2-22	Statement on sustainable development strategy	Board Statement, Pg. 50
	2-23	Policy commitments	Good Governance, Pg. 74
	2-24	Embedding policy commitment	
	2-25	Processes to remediate negative impacts	Stakeholder Engagement, Pg. 54 - 55
	2-26	Mechanisms for seeking advice and raising concerns	Good Governance, Pg. 75 - 76
	2-27	Compliance with laws and regulations	Good Governance, Pg. 74
	2-28	Membership associations	
Stakeholder Engagement			
	2-29	Approach to stakeholder engagement	Stakeholder Engagement, Pg. 54 - 55
	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. 54 - 55
	3-2	List of material topics	Materiality Assessment, Pg. 56
Material Topic 1: Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Performance, Pg. 59
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, Pg. 59 Financial Statements, Pg. 128 - 190
	201-2	Financial implications and other risks and opportunities due to climate change	Climate Resilience, Pg. 64 - 67
Material Topic 2: Resource Efficiency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Securing Our Future, Pg. 60 - 67
GRI 302: Energy 2016	Energy		
	302-1	Energy consumption within the organisation	Energy and GHG Performance, Pg. 60 - 62
	302-2	Energy consumption out of the organisation	Strategic and Operational Initiatives for Energy Conservation, Pg. 62
	302-3	Energy intensity	Energy and GHG Performance, Pg. 60 - 62
	302-4	Reduction of energy consumption	Strategic and Operational Initiatives for Energy Conservation - Pg. 62
	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. 63 - 64
	303-2	Management approach: Management of water discharge-related impacts	
	303-3	Water withdrawal	Water Management, Pg. 63 - 64 Water source from the Public Utilities Board.
	303-4	Water discharge	Not Tracking
	303-5	Water consumption	Water Management, Pg. 63 - 64

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark	
Disclosure of Material Topics (cont'd)				
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	Carbon Emissions, Pg. 61	
	305-2	Energy indirect (Scope 2) GHG emissions		
	303-3	Other indirect (Scope 3) GHG emissions	Strategic and Operational Initiatives for Energy Conservation, Pg. 62	
	305-4	GHG emissions intensity	Carbon Emissions, Pg. 61	
Material Topic 4: Health and Safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	Impacting Lives, Pg. 68 - 73	
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. 70 - 71
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Impacting Lives, Pg. 68 - 69
	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. 72	
	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. 69 - 72	
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. 69 - 70
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. 71 - 72	
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. 72 - 73	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes		

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GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
Disclosure of Material Topics (cont'd)			
Material Topic 8: Ethics and Compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Good governance, Pg. 74 - 76
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. 52 - 53
	Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability Strategy, Pg. 52 - 53 Climate Resilience, Pg. 65
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. 64 - 67
	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. 64
	Describe the organisation's processes for managing climate-related risks	Climate Resilience, Pg. 65 - 66
	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. 64 - 67
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Energy and GHG Performance, Pg. 61
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Energy and GHG Performance, Pg. 60 Climate Resilience, Pg. 64 - 67

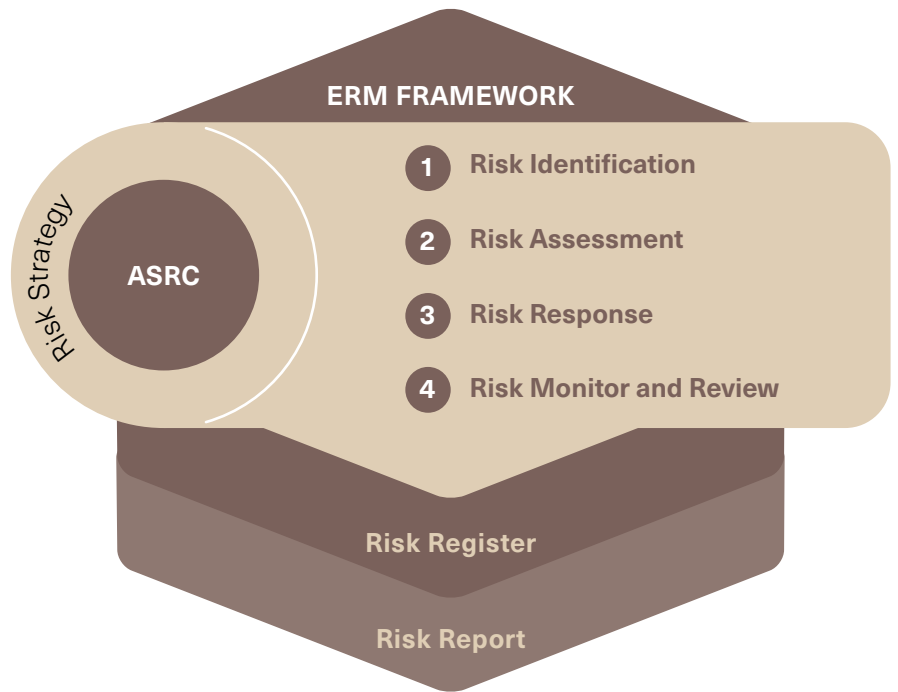
ENTERPRISE RISK MANAGEMENT

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



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

RISK IDENTIFICATION
Structured risk refresher 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.

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.

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

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.

ENTERPRISE RISK MANAGEMENT

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.

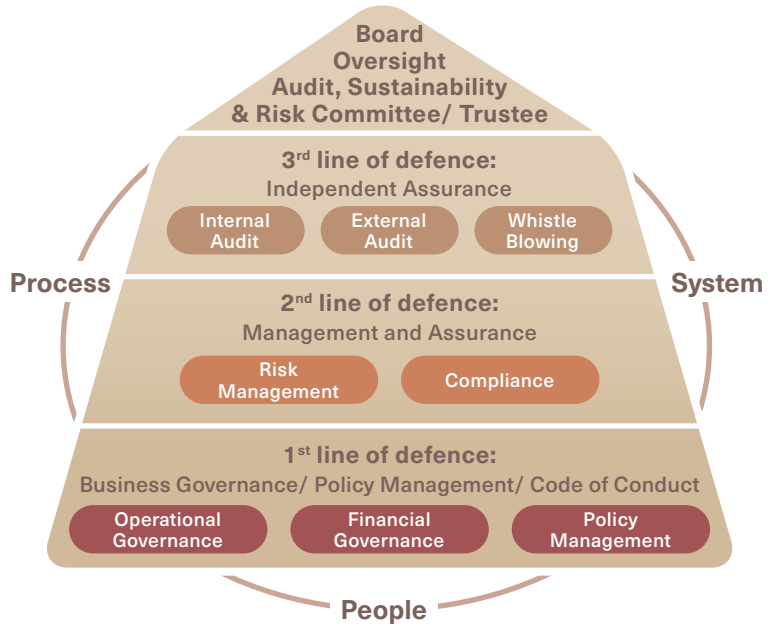
2. Second line of defence

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 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 109.



ERM MILESTONES IN FY2022

In FY 2022, the Board, with the assistance of an external consultant, BDO Advisory Pte Ltd, completed a comprehensive review of Far East H-Trust’s Enterprise Risk Management framework, updating the existing risk register to take into consideration recent pertinent industry and market developments and risk factors, as well

as ESG impacts, risks and opportunities. As part of the exercise, we have also reviewed, validated and updated the appropriate countermeasures and mitigating strategies. The Board has assessed and deemed the REIT Manager’s risk management system to be adequate and effective in addressing Far East H-Trust’s key risks, some of which are summarised 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 178 and 179 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.

Material Risk	Risk Description and Countermeasures / Mitigation
High Inflation Rate	<p>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.</p> <p>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.</p>
Demand and Supply of Hotel / SR Accommodation	<p>Risk of lower demand resulting from a fall in foreign arrivals, leisure and corporate demands 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 Transitional 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>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. 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. 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 REPORT

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 to 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 2022 (“FY 2022”), 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 REPORT

(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 117 and 118); 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 REPORT

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 2022, 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 REPORT

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; and 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 2022, 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 2022	5	4	3	2	1
Board members					
Wee Kheng Jin ⁽¹⁾	5/5	4/4	1/1	2/2	1/1
Huang Cheng Eng ⁽²⁾	2/2	N.A.	2/2	N.A.	1/1
Vivienne Lim Hui Bian	5/5	4/4	3/3	2/2	1/1
Catherine Lee Khia Yee	5/5	4/4	3/3	N.A.	1/1
Celestine Khoo Geok Choo	5/5	4/4	N.A.	2/2	1/1
Benedict Leh Song Boon	5/5	4/4	N.A.	N.A.	1/1
Gerald Lee Hwee Keong ⁽³⁾	5/5	4/4	3/3	2/2	1/1

(1) Mr Wee Kheng Jin was appointed as a member on the NC on 1 July 2022. His attendance at ASRC meetings was by invitation.

(2) Mr Huang Cheng Eng ceased as Non-Independent Non-Executive Director and a member of the NC on 30 June 2022.

(3) Mr Gerald Lee Hwee Keong, CEO of the REIT Manager and Trustee-Manager was appointed as an Executive Director on 1 July 2022. He attended all Board and Board Committees meetings at the invitation of the respective Board and Board Committees before his appointment as Executive Director.

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 REPORT

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.

Mr Gerald Lee, CEO of the REIT Manager and Trustee-Manager was appointed as Executive Director of Far East H-Trust on 1 July 2022. He has completed mandatory training provided by the Singapore Institute of Directors ("SID") on Listed Entity Directors ("LED") modules 1 to 4 and Environmental, Social and Corporate Governance Essentials from July to October 2022, well within one year of his appointment in 2022. This is in accordance with SGX Listing Rule 210 (5)(a) which states the requirement for first-time directors of an issuer on the Exchange to undertake training as prescribed by the Exchange.

The Board also 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 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.

CORPORATE GOVERNANCE REPORT

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 2022:

- ACRA-SGX-SID Audit Committee Seminar 2022
- SID Environmental, Social and Governance Essentials
- Singapore Governance and Transparency Forum 2022
- SID Directors Conference 2022
- SID Listed Entity Directors Programme
- Sustainability Reporting for the Future
- SGX ESGenome
- Key Regulatory Updates by KPMG

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 Staped 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 2022, 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 2022, 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 Staped 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.

CORPORATE GOVERNANCE REPORT

During FY 2022, 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).

Mr Wee Kheng Jin (Chairman of the Board) was previously 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 remains as director of FEO Hospitality Asset Management Pte. Ltd. (the REIT Manager) and FEO Hospitality Trust Management Pte. Ltd. (the Trustee-Manager). The Board has reviewed and is satisfied that, as at the last day of FY 2022, Mr Wee Kheng Jin, although being a non-independent director, was able to act in and has 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 2022, 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	Independent Director	Chairman	–	–
Gerald Lee Hwee Keong	Executive Director and CEO	–	–	–

The REIT Manager believes that a balanced Board can provide the diversity of viewpoints and insights that will enhance decision-making. Towards this end, the Board has established a Board Diversity Policy that seeks to have an appropriate level of diversity in its composition, including the dimensions of skills, knowledge and industry experiences, gender, age and tenure.

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.

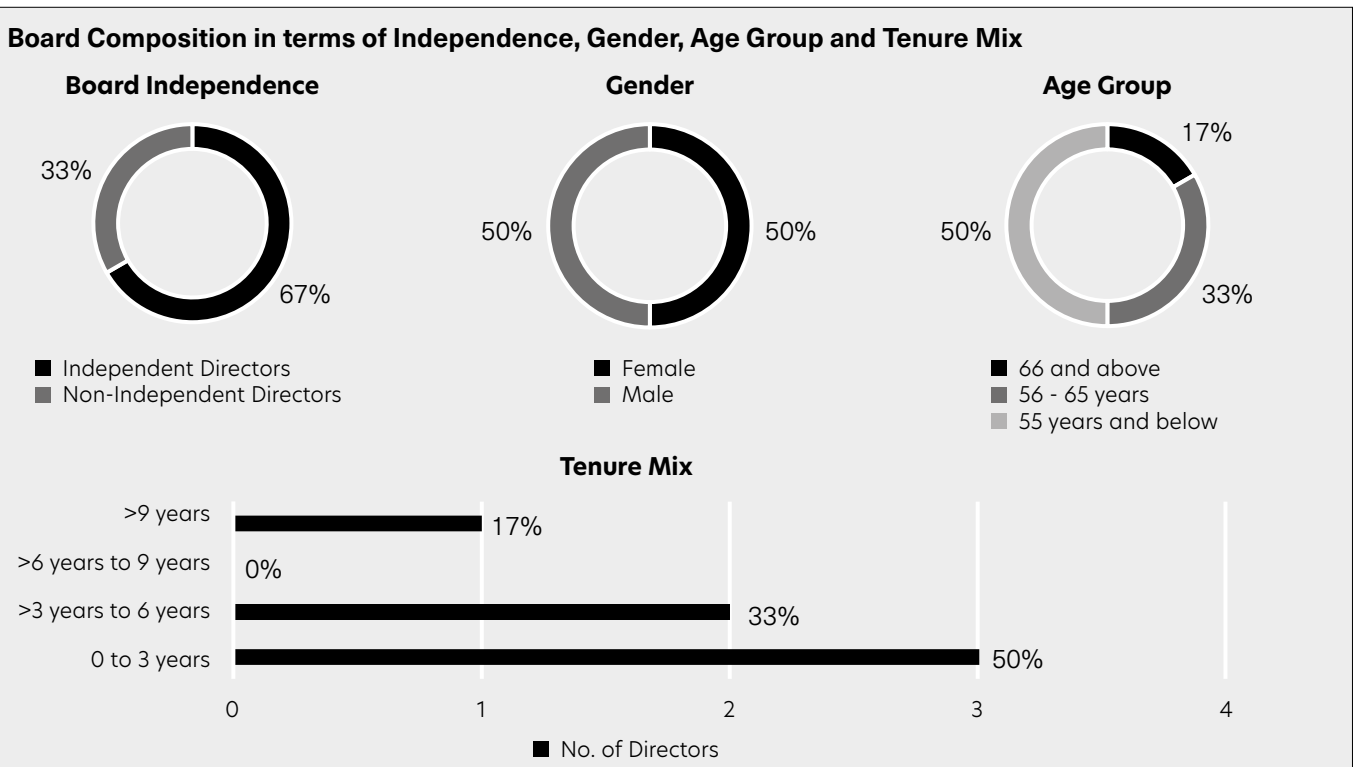
CORPORATE GOVERNANCE REPORT

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.

Currently, 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 development, hospitality services, tourism, corporate governance, strategic planning, and corporate and commercial law. Directors engage in open and constructive debate and regularly challenge Management on its assumptions and proposals. Directors also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. Management has benefited from Directors’ invaluable views and experiences.

In FY 2022, the Board had sought to achieve a greater balance of diversity in the aspects of gender, age and professional qualifications, and Mr Gerald Lee was appointed to the Board in July 2022 as an Executive Director. Mr Lee is also the CEO of the REIT Manager and Trustee-Manager and has over 30 years of tourism, hospitality and real estate experience, adding to the Board’s wealth of experience, skills, knowledge and perspective.

Pertaining to gender diversity, the Board had three out of six (50%) of its members being female directors represented on the Board compared favourably to the national average of 21.5%¹ for the largest 100 SGX-listed companies by market capitalisation. The Board and NC seeks to achieve a good balance in diversity amongst the directors in terms of age, gender, background, and relevant experience so as to facilitate independent and effective decision-making.



¹ Statistics reported as at 31 December 2022 by the Council for Board Diversity.

CORPORATE GOVERNANCE REPORT

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 the board meeting, 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.sg.

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). He was appointed as a member of the NC with effect from 1 July 2022 to replace Mr Huang Cheng Eng who stepped down as a director on 30 June 2022.

CORPORATE GOVERNANCE REPORT

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 90 and 91. 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 the director has and can suitably fulfill 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 REPORT

Based on Directors' full attendance record at Board and Board Committee meetings (as set out on page 87) 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 2022. 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 12 to 15. The Directors' Stippled Securityholdings in Far East H-Trust are set out on page 210.

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 2022. The NC plans to continue the process of gradually and progressively refreshing its IDs, taking into account, among other factors, the implementation of the nine-year rule on director independence in the SGX Listing Rules.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

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

(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 Staped 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.

CORPORATE GOVERNANCE REPORT

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.

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
- 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. total Stapled Securityholder return), 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.

CORPORATE GOVERNANCE REPORT

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

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 fee.

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 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\$40,000 per annum
	Member	S\$20,000 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

CORPORATE GOVERNANCE REPORT

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, Korn Ferry (SG) 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.

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 2022 is as follows:-

Name of Director	Components of Directors' fees		
	Cash component (S\$)	Stapled Securities component ⁽¹⁾ (S\$)	Total (S\$)
Wee Kheng Jin	111,000	27,750	138,750
Huang Cheng Eng ⁽²⁾	25,000	6,250	31,250
Vivienne Lim Hui Bian	80,000	20,000	100,000
Catherine Lee Khia Yee	66,000	16,500	82,500
Celestine Khoo Geok Choo	76,000	19,000	95,000
Benedict Leh Song Boon	76,000	19,000	95,000
Gerald Lee Hwee Keong ⁽³⁾	-	-	-

(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 Huang Cheng Eng had retired and stepped down from the Boards of the Managers with effect from 30 June 2022.

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

CORPORATE GOVERNANCE REPORT

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 2022 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	572,730	207,800	1,017	236,778	1,018,325
	56%	21%	0%	23%	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 2022 is as follows:-

Remuneration Band and Names of Top 5 Key Executives	Salary and Allowances ⁽¹⁾ %	Variable Bonus ⁽²⁾ %	Benefits-In-Kind %	Long-Term Incentive ⁽³⁾ %	Total ⁽⁴⁾ %
Between S\$500,000 to S\$750,000					
Regina Yap Siew Buay	63%	23%	1%	13%	100%
Between S\$250,000 to S\$500,000					
Desmond Tan Eng Kiat	63%	22%	1%	14%	100%
Below S\$250,000					
Chow Wai Yen	73%	26%	1%	0%	100%
James Tan You Rong ⁽⁵⁾	74%	26%	0%	0%	100%
Irfan Tayabali ⁽⁶⁾	99%	0%	1%	0%	100%
Total of Top 5 Key Executives (excluding CEO)					S\$1,419,453

(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 2022.

(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 2022. 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) James Tan You Rong joined the organisation effective 31 January 2022.

(6) Irfan Tayabali has left the organisation effective 23 July 2022.

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 REPORT

(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 security price of Far East H-Trust.

FORMULATION OF RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

Far East H-Trust utilises the Enterprise Risk Management ("ERM") framework to identify, monitor and manager 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 82 and 83 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;

CORPORATE GOVERNANCE REPORT

- All executive officers will be employed by the REIT Manager and will not hold executive positions in any other entities;
- 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.

CORPORATE GOVERNANCE REPORT

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).

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 transaction 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.

CORPORATE GOVERNANCE REPORT

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 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 2022, 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		165	-
Management fees ⁽¹⁾		9,430	-
Reimbursable expenses ⁽²⁾		790	-
Divestment fees ⁽³⁾		1,566	-
DBS Trustee Limited	REIT Trustee		
Trustee’s fee		309	-
Far East Organization and its related companies	Controlling Stapled Security-holders of Far East H-Trust and its associate		
Rental income – Master Lease ⁽⁴⁾		68,783	-
Rental and utilities income – REIT Commercial Premises ^{(5) (6)}		1,256	-
Hotel management fee ^{(7) (8)}		718	-

CORPORATE GOVERNANCE REPORT

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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Shared service fees ⁽⁹⁾	Controlling Stapled Security-holders of Far East H-Trust and its associate	615	–
Reimbursable expenses ⁽⁷⁾		491	–
Technical and operation support service fee ⁽⁷⁾⁽¹⁰⁾		335	–
Leasing commission – REIT Commercial Premises ⁽¹¹⁾		158	–
Other expenses ⁽⁷⁾⁽¹²⁾		2,326	–
Other revenue ⁽⁷⁾		281	–
Reimbursable expenses received/ receivable ⁽⁷⁾⁽¹³⁾		114	–
Interest income ⁽¹⁴⁾		859	–
Interest expense ⁽⁷⁾⁽¹⁵⁾		601	–
Rental relief ⁽¹⁶⁾		(43)	–
Loan to a joint venture company ⁽¹⁷⁾		1,500	–
Rental deposits ⁽¹⁸⁾		196	–
Rental income – Others ⁽⁷⁾⁽¹⁹⁾		20	–
Waiver of furniture, fixtures, furnishings and equipment reserve ⁽²⁰⁾		982	–

(1) 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.

(2) This relates to reimbursement of expenses for the transaction costs incurred in relation to the divestment of Central Square, service fee for website maintenance, annual report production, AGM expenses and other miscellaneous expenses.

(3) This relates to the divestment of Central Square which was completed on 24 March 2022.

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

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

CORPORATE GOVERNANCE REPORT

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

Name of interested person	Term	Contract value
		S\$'000
Far East Orchard Limited	1 year	753
Yeo Hiap Seng Limited	1 year	30

- (6) This relates to rental income received/receivable from related corporations of the REIT Manager:
- Far East Management (Private) Limited
 - Far East Hospitality Management (S) Pte. Ltd.
 - Commonwealth Concepts Pte. Ltd.
 - Far East Hospitality Holdings Pte. Ltd.
 - Far East Orchard Limited
 - Yeo Hiap Seng Limited
- (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.
- (8) This relates to hotel management fee paid/payable by FIPL to Far East Hospitality Management (S) Pte. Ltd.
- (9) 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.
- (10) 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
 - OPH Riverside Pte Ltd
 - Serene Land Pte Ltd
 - Oxley Hill Properties Pte Ltd
 - Riverland Pte Ltd
 - Agape Services Pte. Ltd.
- (11) 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.
- (12) 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\$1.7 million for 1 to 3 years and \$0.5 million for 1 year respectively during the year which have been reviewed and approved by ASRC.
- (13) This relates to reimbursement of utilities and other miscellaneous expenses from related corporations of the REIT Manager.
- (14) This relates to interest on shareholders' loan received/receivable from FIPL.
- (15) This relates to interest on shareholders' loan paid/payable by FIPL to Far East Organization Centre Pte Ltd.
- (16) This relates to reversal of accrued rental relief provided to retail commercial premises tenants.
- (17) This relates to a shareholders' loan made to FIPL.
- (18) This relates to rental deposits received from related corporations of the REIT Manager.
- (19) FIPL has entered into a tenancy agreement with an estimated contract sum of S\$0.4 million for 3 years with an option to renew for 3 years with Commonwealth Concepts Pte. Ltd. during the year which has been reviewed and approved by ASRC.
- (20) In connection with the divestment of Central Square, the REIT Trustee and OPH Riverside Pte Ltd ("OPHR") have entered into an agreement to terminate the master lease agreement entered into on 27 August 2012 and to terminate certain service agreements. The aforesaid terminations have effected as at the completion of the divestment on 24 March 2022.

The REIT Trustee has agreed to waive its rights to the unutilised amounts of the furniture, fixtures, furnishings and equipment reserve with regard to Central Square as at the completion of the divestment and the waiver has effected as at the completion of the divestment. The furniture, fixtures, furnishings and equipment would be transferred to Far East H-REIT at a nominal value of S\$1 per the master lease agreement.

The REIT Trustee, OPHR and the purchaser entered into a Tripartite Deed on 24 March 2022 for the provision of indemnity pursuant to a high tension electricity supply agreement dated 13 January 1997 ("Electricity Agreement") made between Power Supply Ltd (now known as SP Services Limited) and OPHR which will be novated from OPHR to the purchaser post-completion. The maximum aggregate liability of REIT Trustee for repair or replacement of defective voltage transformers and cover the indemnity of the purchaser for any the breach of Electricity Agreement does not exceed S\$1 million.

CORPORATE GOVERNANCE REPORT

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.

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 2022. The Hotel and Serviced Residence Operator provides a certificate of assurance to the Board every quarter that to the best of its knowledge, hotel and serviced residence management services have been rendered in accordance to the hotel management agreement and serviced residence management agreement and each of the properties is kept in accordance with industry's laws and regulations such as the Building and Construction Act 1999, Fire Safety Code, The Workplace Safety and Health Act 2006, etc.

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, the assurance received from the Hotel and Serviced Residence Operator, 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 2022. 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 provides 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.

CORPORATE GOVERNANCE REPORT

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 on the REIT Manager’s compliance with its regulatory obligations under the SFA and Listing Manual;
- Advising and checking on 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, for the REIT Manager, its Directors and its representatives as part of the quarterly compliance review.

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 2022 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 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.

CORPORATE GOVERNANCE REPORT

KEY RESPONSIBILITIES AND ACTIVITIES OF THE ASRC

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

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.

CORPORATE GOVERNANCE REPORT

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\$146,200, of which audit fees amounted to S\$80,000 and non-audit fees amounted to S\$66,200. 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 2022, 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.

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>.

CORPORATE GOVERNANCE REPORT

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 2022:

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>

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 2022 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.

CORPORATE GOVERNANCE REPORT

ROLE AND DUTIES OF INTERNAL AUDITORS

The role of the internal auditors is to assist the ASRC in ensuring that the REIT Manager maintain 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 Deloitte & Touche Enterprise Risk Services Pte Ltd (“Deloitte & Touche”) as the internal auditor for a three-year period commencing 1 January 2020. Deloitte & Touche 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 the REIT Manager. 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.

For the year commencing 1 January 2023, the REIT Manager has engaged another accounting/auditing firm as the internal auditor, to provide internal audit services over a three-year period. This change of the outsourced internal audit firm is part of the review at the end of the three-year term. It also in line with the REIT Manager’s and ARC’s continued practice to uphold good corporate governance standards for Far East H-Trust.

(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.

CORPORATE GOVERNANCE REPORT

The Board embraces openness and transparency in the management of Far East H-Trust, 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 through 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.

Under normal circumstances, a physical AGM is held and all Directors, key management personnel of the REIT Manager and representatives from the REIT Trustee are physically present to address Stapled Securityholders' queries at the AGM and EGM. The external auditor is also physically present to answer Stapled Securityholders' questions about the conduct of the audit and the content of the auditors' report. Stapled Securityholders are encouraged to attend and participate by voting at the general meetings. Opportunity is given to every Stapled Securityholder to interact with Directors and Management of the REIT Manager, to communicate their views and ask questions on matters affecting Far East H-REIT.

In line with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, Far East H-Trust's 10th AGM was held by way of electronic means on 21 April 2022. Due to capacity restrictions, only the Chairman, Lead Independent Director and CEO were physically present at the AGM. Other Directors, key management personnel of the REIT Manager, representatives from the REIT Trustee and the external auditor were present via live webcast. The Chairman acknowledged that Stapled Securityholders who were participating via webcast would be taken as present at and counted for quorum purposes for the AGM.

During the AGM, the CEO 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 in relation to acquisitions or projects that had been undertaken.

As Stapled Securityholders were not able to physically attend the AGM in person due to COVID-19, alternative arrangements were made in 2022 to facilitate Stapled Securityholders' participation at the AGM by

- a) watching the AGM proceedings via "live" audio-visual webcast or listening to the AGM proceedings via "live" audio-only stream;
- b) submitting questions in advance of the AGM; and
- c) appointing the Chairman as proxy to attend, speak and vote on their behalf at the AGM

CORPORATE GOVERNANCE REPORT

Under normal circumstances, if any Stapled Securityholder, who is not a Relevant Intermediary¹, 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. In 2022, due to restrictions on physical attendance at meetings, Stapled Securityholders who wished to exercise their voting rights had to appoint the Chairman as their proxy to vote on their behalf.

The voting and vote tabulation procedures are declared before the voting commences, and an independent scrutineer, DrewCorp Services 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 publishes 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.

In line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the minutes including details of Stapled Securityholders' questions and answers were published through SGXNET and on Far East H-Trust's corporate website within one month after the AGM.

With the progressive easing of COVID-19 Safe Management Measures in Singapore, the forthcoming AGM (Far East H-Trust's 11th AGM) will be held in a physical format on 20 April 2023 pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and Securityholders will be able to vote and ask questions in person. In addition, Securityholders will be able to submit their questions in advance with answers announced on SGXNet before proxy closes. The format may be subject to further changes as may be required due to the COVID-19 situation in Singapore.

¹ "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 REPORT

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.

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 virtual 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 46.

CORPORATE GOVERNANCE REPORT

(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.

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:

- Adoption of environmentally friendly practices (energy conservation 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.

In FY 2022, to ensure customers' health and safety during the COVID-19 pandemic, the guest handling protocols were implemented and enhanced. These include:

- Guestroom protocols which require rooms to be fully disinfected after each departure;
- Reduced capacity of event venues and food & beverage outlets in accordance with safe distancing measures;
- Increased frequency of deep cleaning of public areas and high touchpoint surfaces with the use of hospital-grade solutions; and
- Certification under the SG Clean scheme.

The rights of Far East H-Trust's creditors, which comprise the lending banks, are protected with a well-spread 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.

CORPORATE GOVERNANCE REPORT

(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.

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.

CORPORATE GOVERNANCE REPORT

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 and finance 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.

Under the marketing service agreements in relation to the RCP, Far East Real Estate Agency Pte Ltd provides marketing and leasing services for securing office and serviced office tenants. For the retail premises, Far East management (Private) Limited was providing marketing and leasing services up to 14 July 2022, with Jones Lang LaSalle Property Consultants Pte. Ltd. being appointed subsequently 15 July 2022. Far East Real Estate Agency Pte. Ltd. , Far East Management 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 148 and 149 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.

CORPORATE GOVERNANCE REPORT

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.

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 84 to 119, 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 2022, which is set out in pages 120 to 126 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 63.3% owned by Far East Organization Pte. Ltd. ("FEOPL"), as at 31 December 2022. 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. On 1 July 2022, Mr Gerald Lee, Chief Executive Officer of the REIT Manager and Trustee-Manager had been appointed to both the REIT Manager Board and Trustee-Manager Board. 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 Hospitality 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.

FINANCIAL STATEMENTS FAR EAST HOSPITALITY TRUST

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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 138 to 190, 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

Jane Lim Puay Yuen
Director

Singapore
3 March 2023

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 138 to 190, 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 2022, 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
3 March 2023

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 2022.

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	(Appointed on 1 July 2022)

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 or date of appointment	Holdings at the end of financial year	Holdings at the beginning of the financial year or date of appointment	Holdings at the end of financial year
Wee Kheng Jin	689,536	732,264	-	-
Vivienne Lim Hui Bian	59,528	87,222	-	-
Lee Khia Yee	31,378	57,225	-	-
Celestine Khoo Geok Choo	4,434	32,919	-	-
Benedict Leh Song Boon	-	25,847	-	-
Gerald Lee Hwee Keong	1,437,415	1,583,275	-	-

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 2023.

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 138 to 190 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 2022 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 2022, 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
3 March 2023

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

3 March 2023

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 2022, 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 a summary of significant accounting policies;
- (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 2022, 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 a summary of significant accounting policies; 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 2022, 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 a summary of significant accounting policies,

as set out on pages 138 to 190. Far East Hospitality Trust, which comprises 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 Far East H-REIT and the Stapled Group present fairly, in all material respects, the financial positions and portfolio positions of Far East H-REIT and the Stapled Group as at 31 December 2022 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 ("ISCA") and the provisions of the Far East H-REIT Trust Deed and the Stapling Deed; and
- (b) the financial statements of 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 Far East H-BT as at 31 December 2022 and the financial performance, movement in unitholders' funds and cash flows of 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 Far East H-REIT, Far East H-BT and the 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* ("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 \$2,446.8 million as at 31 December 2022, 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 20(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.

We assessed 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 considered 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, significant assumptions and the reasonableness of the other property related data such as operating expenses and property taxes, including the significant assumptions and estimates used by the external valuers.

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)

In addition, we evaluated the reliability of the data used in the estimation process adopted by the external valuers, 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 in Note 3 and 20(d) to the financial statements relating to the key assumptions used in the valuation process, given the estimation uncertainty and sensitivity of the valuations.

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.

Responsibilities of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements of 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.

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 (Cont'd)

In preparing the financial statements, the REIT Manager and the Trustee-Manager are responsible for assessing the ability of 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 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 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 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.
- 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 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 Far East H-REIT, Far East H-BT and the Stapled Group to cease to continue as a going concern.

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)

- 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 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
3 March 2023

BALANCE SHEETS

As at 31 December 2022

	Note	2022			2021		
		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	2,446,750	2,446,750	-	2,336,500	2,336,500	-
Joint venture	5	-	-	-	-	-	-
Derivative financial assets	8	8,982	8,982	-	2,450	2,450	-
Total non-current assets		<u>2,455,732</u>	<u>2,455,732</u>	<u>-</u>	<u>2,338,950</u>	<u>2,338,950</u>	<u>-</u>
Current assets							
Cash and cash equivalents	6	49,774	49,774	-	11,694	11,694	-
Prepayments		81	81	-	81	81	-
Trade and other receivables	7	45,489	45,489	30	42,683	42,683	30
Investment property held for sale	4	-	-	-	271,400	271,400	-
Derivative financial assets	8	4,017	4,017	-	-	-	-
Total current assets		<u>99,361</u>	<u>99,361</u>	<u>30</u>	<u>325,858</u>	<u>325,858</u>	<u>30</u>
Total assets		<u>2,555,093</u>	<u>2,555,093</u>	<u>30</u>	<u>2,664,808</u>	<u>2,664,808</u>	<u>30</u>
Current liabilities							
Trade and other liabilities	9	2,704	2,698	36	53,085	53,080	35
Borrowings	10	-	-	-	181,304	181,304	-
Accruals		5,892	5,891	1	4,316	4,315	1
Derivative financial liabilities	8	-	-	-	970	970	-
Rental deposits		1,775	1,775	-	2,567	2,567	-
Deferred income		90	90	-	90	90	-
Income tax payable		146	146	-	67	67	-
Total current liabilities		<u>10,607</u>	<u>10,600</u>	<u>37</u>	<u>242,399</u>	<u>242,393</u>	<u>36</u>
Non-current liabilities							
Borrowings	10	737,816	737,816	-	766,335	766,335	-
Derivative financial liabilities	8	-	-	-	1,154	1,154	-
Rental deposits		6,094	6,094	-	5,657	5,657	-
Deferred income		781	781	-	871	871	-
Total non-current liabilities		<u>744,691</u>	<u>744,691</u>	<u>-</u>	<u>774,017</u>	<u>774,017</u>	<u>-</u>
Total liabilities		<u>755,298</u>	<u>755,291</u>	<u>37</u>	<u>1,016,416</u>	<u>1,016,410</u>	<u>36</u>
Net assets/(liabilities)		<u>1,799,795</u>	<u>1,799,802</u>	<u>(7)</u>	<u>1,648,392</u>	<u>1,648,398</u>	<u>(6)</u>
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,799,802	1,799,802	-	1,648,398	1,648,398	-
Unitholders' funds of Far East H-BT		(7)	-	(7)	(6)	-	(6)
		<u>1,799,795</u>	<u>1,799,802</u>	<u>(7)</u>	<u>1,648,392</u>	<u>1,648,398</u>	<u>(6)</u>
Stapled Securities/Units in issue ('000)	11	<u>1,988,382</u>	<u>1,988,382</u>	<u>1,988,382</u>	<u>1,974,831</u>	<u>1,974,831</u>	<u>1,974,831</u>
Net asset value per Stapled Security/ Unit issued and to be issued (cents)	12	<u>90.23</u>	<u>90.23</u>	<u>(0.00035)</u>	<u>83.21</u>	<u>83.21</u>	<u>(0.00030)</u>

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 2022

	Note	2022			2021		
		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		68,783	68,783	-	68,172	68,172	-
Retail and office revenue		14,796	14,796	-	15,076	15,076	-
Gross revenue		83,579	83,579	-	83,248	83,248	-
Property tax		(3,909)	(3,909)	-	(5,183)	(5,183)	-
Property insurance		(94)	(94)	-	(103)	(103)	-
MCST contribution		(349)	(349)	-	(360)	(360)	-
Retail and office expenses		(1,491)	(1,491)	-	(1,953)	(1,953)	-
Property manager fees		(431)	(431)	-	(475)	(475)	-
Reversal of/(impairment losses) on trade receivables		24	24	-	(2)	(2)	-
Property expenses		(6,250)	(6,250)	-	(8,076)	(8,076)	-
Net property income		77,329	77,329	-	75,172	75,172	-
REIT Manager's fees	13	(9,430)	(9,430)	-	(9,442)	(9,442)	-
Trustee's fees		(309)	(309)	-	(319)	(319)	-
Other trust expenses	14	(1,042)	(1,041)	(1)	(695)	(694)	(1)
Interest and other income	15	1,648	1,648	-	500	500	-
Finance expenses	15	(18,440)	(18,440)	-	(19,874)	(19,874)	-
Net income before joint venture's results		49,756	49,757	(1)	45,342	45,343	(1)
Share of results of joint venture	5	-	-	-	(4,060)	(4,060)	-
Net income before tax and fair value changes		49,756	49,757	(1)	41,282	41,283	(1)
Fair value change in derivative financial instruments		12,673	12,673	-	11,558	11,558	-
Fair value change in investment properties and investment property held for sale	3,4	102,182	102,182	-	78,237	78,237	-
Gain on disposal of investment property		39,290	39,290	-	-	-	-
Total return for the year before income tax		203,901	203,902	(1)	131,077	131,078	(1)
Income tax expense	16	(146)	(146)	-	(67)	(67)	-
Total return for the year after income tax		203,755	203,756	(1)	131,010	131,011	(1)
Other comprehensive income for the year, net of income tax				-			-
Total comprehensive income for the year				(1)			(1)
Earnings per Stapled Security (cents)							
Basic	17	10.28	10.28	-	6.65	6.65	-
Diluted	17	10.24	10.24	-	6.63	6.63	-
Distribution per Stapled Security (cents)		3.27	3.27	-	2.63	2.63	-

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

DISTRIBUTION STATEMENTS

For the financial year ended 31 December 2022

	2022		2021	
	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	35,960	35,994	29,912	29,945
Total return for the year before income tax	203,901	203,902	131,077	131,078
Net tax adjustments (Note A)	(145,628)	(145,628)	(76,560)	(76,560)
Rollover adjustment	-	-	(4,585)	(4,585)
Income available for distribution for the current year:				
- Taxable income	58,273	58,274	49,932	49,933
- Tax exempt income	713	713	4,915	4,915
Income available for distribution for the current year	58,986	58,987	54,847	54,848
Distribution of other gains	6,167	6,167	-	-
Amount available for distribution to Stapled Securityholders	101,113	101,148	84,759	84,793
Distribution of 1.38 cents per Stapled Security for the period from 1 July 2020 to 31 December 2020	-	-	(27,105)	(27,105)
Distribution of 1.10 cents per Stapled Security for the period from 1 January 2021 to 30 June 2021	-	-	(21,694)	(21,694)
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)	-	-
	(60,839)	(60,839)	(48,799)	(48,799)
Amount available for distribution to Stapled Securityholders at end of the year	40,274	40,309	35,960	35,994

DISTRIBUTION STATEMENTS

For the financial year ended 31 December 2022

2022		2021	
Stapled Group \$'000	Far East H-REIT \$'000	Stapled Group \$'000	Far East H-REIT \$'000

Note A – Net tax adjustments relate to the following non-taxable/non-tax deductible items:

– REIT Manager's fees paid/payable in Stapled Securities	8,487	8,487	8,497	8,497
– Trustee's fees	309	309	319	319
– Amortisation of debt-related transaction cost	667	667	668	668
– Gain on disposal of investment property	(39,290)	(39,290)	–	–
– Fair value change in investment properties and investment property held for sale	(102,182)	(102,182)	(78,237)	(78,237)
– Fair value change in derivative financial instruments	(12,673)	(12,673)	(11,558)	(11,558)
– Share of results of joint venture	–	–	4,060	4,060
– Other items	(946)	(946)	(309)	(309)
Net tax adjustments	(145,628)	(145,628)	(76,560)	(76,560)

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 2022

	Unitholders' funds of Far East H-REIT			Unitholders' funds of Far East H-BT			Stapled Group
	Unit in issue \$'000	Accumulated (loss)/profit \$'000	Total \$'000	Unit 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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

For the financial year ended 31 December 2022

	Unitholders' funds of Far East H-REIT			Unitholders' funds of Far East H-BT			Stapled Group
	Unit in issue \$'000	Accumulated (loss) \$'000	Total \$'000	Unit in issue \$'000	Accumulated (loss) \$'000	Total \$'000	Total \$'000
2021							
Balance at 1 January 2021	1,762,807	(205,118)	1,557,689	28	(33)	(5)	1,557,684
Operations							
Increase/(decrease) in net assets resulting from operations	-	131,011	131,011	-	(1)	(1)	131,010
	-	131,011	131,011	-	(1)	(1)	131,010
Unitholders' transactions							
Issuance of Stapled Securities – Payment of REIT Manager's fees	8,497	-	8,497	-	-	-	8,497
Distribution to Stapled Securityholders	-	(48,799)	(48,799)	-	-	-	(48,799)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,497	(48,799)	(40,302)	-	-	-	(40,302)
Balance at 31 December 2021	1,771,304	(122,906)	1,648,398	28	(34)	(6)	1,648,392

PORTFOLIO STATEMENTS

As at 31 December 2022

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at	Percentage	Carrying value at	Percentage
				31.12.2022	of total net assets	31.12.2022	of total net assets
				\$'000	%	\$'000	%
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 (formerly known as The Elizabeth Hotel)	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 (formerly known as Regency House)	81-year leasehold from 27 August 2012	121 Penang Road	Serviced Residence	168,800	9.4	168,800	9.4
Investment properties, at valuation				2,446,750	135.9	2,446,750	135.9
Joint venture				–	–	–	–
Other assets and liabilities (net)				(646,955)	(35.9)	(646,948)	(35.9)
Net assets				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.

PORTFOLIO STATEMENTS

As at 31 December 2022

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at 31.12.2021	Percentage of total net assets 31.12.2021	Carrying value at 31.12.2021	Percentage of total net assets 31.12.2021
				\$'000	%	\$'000	%
Investment properties – Singapore							
Village Hotel Albert Court	75-year leasehold from 27 August 2012	180 Albert Street	Hotel	120,900	7.3	120,900	7.3
Village Hotel Bugis	66-year leasehold from 27 August 2012	390 Victoria Street	Hotel	222,800	13.5	222,800	13.5
Village Hotel Changi	65-year leasehold from 27 August 2012	1 Netheravon Road	Hotel	192,400	11.7	192,400	11.7
Vibe Hotel Singapore Orchard (formerly known as The Elizabeth Hotel)	75-year leasehold from 27 August 2012	24 Mount Elizabeth	Hotel	162,300	9.8	162,300	9.8
Oasia Hotel Novena	92-year leasehold from 27 August 2012	8 Sinaran Drive	Hotel	310,000	18.8	310,000	18.8
Orchard Rendezvous Hotel	50-year leasehold from 27 August 2012	1 Tanglin Road	Hotel	404,900	24.6	404,900	24.6
The Quincy Hotel	75-year leasehold from 27 August 2012	22 Mount Elizabeth	Hotel	78,000	4.7	78,000	4.7
Rendezvous Hotel Singapore	70-year leasehold from 1 August 2013	9 Bras Basah Road	Hotel	270,000	16.4	270,000	16.4
Oasia Hotel Downtown	65-year leasehold from 2 April 2018	100 Peck Seah Street	Hotel	244,000	14.8	244,000	14.8
Village Residence Hougang	81-year leasehold from 27 August 2012	1 Hougang Street 91	Serviced Residence	62,500	3.8	62,500	3.8
Village Residence Robertson Quay	78-year leasehold from 27 August 2012	30 Robertson Quay	Serviced Residence	104,600	6.3	104,600	6.3
Adina Serviced Apartments Singapore Orchard (formerly known as Regency House)	81-year leasehold from 27 August 2012	121 Penang Road	Serviced Residence	164,100	10.0	164,100	10.0
Investment properties, at valuation				2,336,500	141.7	2,336,500	141.7
Investment property held for sale – Singapore							
Village Residence Clarke Quay (Note 4)	80-year leasehold from 27 August 2012	20 Havelock Road	Serviced Residence	271,400	16.5	271,400	16.5
Joint venture				–	–	–	–
Other assets and liabilities (net)				(959,508)	(58.2)	(959,502)	(58.2)
Net assets				1,648,392	100.0	1,648,398	100.0

As at 31 December 2021, 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 and investment property held for sale 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 2022

	2022			2021		
	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	203,901	203,902	(1)	131,077	131,078	(1)
Adjustments for:						
Interest and other income	(1,648)	(1,648)	-	(500)	(500)	-
Finance expenses	18,440	18,440	-	19,874	19,874	-
Share of results of joint venture	-	-	-	4,060	4,060	-
Gain on disposal of investment property	(39,290)	(39,290)	-	-	-	-
Fair value change in derivative financial instruments	(12,673)	(12,673)	-	(11,558)	(11,558)	-
Fair value change in investment properties and investment property held for sale	(102,182)	(102,182)	-	(78,237)	(78,237)	-
(Reversal of)/impairment losses on trade receivables	(24)	(24)	-	2	2	-
REIT Manager's fees paid/payable in Stapled Securities	8,487	8,487	-	8,497	8,497	-
Operating profit before working capital changes	75,011	75,012	(1)	73,215	73,216	(1)
Changes in working capital:						
Trade and other receivables	(251)	(251)	-	(1,618)	(1,618)	-
Trade and other liabilities	(2,367)	(2,368)	1	(1,966)	(1,967)	1
Rental deposits	(452)	(452)	-	(265)	(265)	-
Income tax paid	(67)	(67)	-	(90)	(90)	-
Net cash generated from operating activities	71,874	71,874	-	69,276	69,276	-
Cash flows from investing activities						
Capital expenditure on investment properties	(7,237)	(7,237)	-	(943)	(943)	-
Net proceeds from the divestment of investment property	263,710	263,710	-	46,980	46,980	-
Loan to a joint venture company	(1,500)	(1,500)	-	(3,060)	(3,060)	-
Interest received	528	528	-	-	-	-
Net cash generated from investing activities	255,501	255,501	-	42,977	42,977	-
Cash flows from financing activities						
Proceeds from borrowings	149,971	149,971	-	280,760	280,760	-
Finance costs paid	(18,456)	(18,456)	-	(21,179)	(21,179)	-
Repayment of borrowings	(359,971)	(359,971)	-	(322,260)	(322,260)	-
Distribution to Stapled Securityholders	(60,839)	(60,839)	-	(48,799)	(48,799)	-
Net cash used in financing activities	(289,295)	(289,295)	-	(111,478)	(111,478)	-
Net increase in cash and cash equivalents	38,080	38,080	-	775	775	-
Cash and cash equivalents at beginning of the year	11,694	11,694	-	10,919	10,919	-
Cash and cash equivalents at end of the year (Note 6)	49,774	49,774	-	11,694	11,694	-

CASH FLOW STATEMENTS

For the financial year ended 31 December 2022

Significant non-cash transactions

During the year, there was the following significant non-cash transaction:

- Approximately 13,592,000 (2021: 14,147,000) Stapled Securities amounting to \$8,487,000 (2021: \$8,497,000) 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 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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.

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 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. GENERAL (CONT'D)

(a) *REIT Manager's management fees (cont'd)*

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.

(c) *H-REIT property management fees*

Under the property management agreement dated 7 December 2020 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. GENERAL (CONT'D)

(d) ***H-REIT Leasing commission***

Under the marketing service agreement dated 8 December 2020 between REIT Trustee and Far East Management (Private) Limited ("FEMPL"), which was terminated on 15 July 2022 and 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 8 January 2021 between REIT Trustee and Far East Real Estate Agency Pte Ltd ("FEREA") in relation to the office and serviced office component of RCP, FEMPL, JLL and FEREА will provide marketing and leasing services for RCP. FEMPL, JLL and FEREА are entitled to receive a leasing commission, payable within 60 days from the commencement of the new or renewal lease.

(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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

1. GENERAL (CONT'D)

(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 SIGNIFICANT 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.

2.2 *Changes in 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 all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

2.6 *Investment property held for sale*

Investment property that is expected to be recovered primarily through a sale transaction rather than continuing use, is classified as investment property held for sale and accounted for as current assets. The investment property is measured at fair value and any increase or decrease on fair valuation is credited or charged directly to Statements of Total Return as a net change in fair value of investment properties.

2.7 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Financial assets (cont'd)*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 *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.

2.9 *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.

2.10 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Financial liabilities (cont'd)*

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.

2.11 *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 2.10.

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.

2.12 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *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.

2.14 *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.

2.15 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Taxation (cont'd)*

(b) *Deferred tax (cont'd)*

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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *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;
- (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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Taxation (cont'd)*

(c) *Tax transparency (cont'd)*

- (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.

2.16 *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.

2.17 *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 21, 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 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 *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.

2.19 *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 and Note 4 – Investment property held for sale.

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 5 and 7 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 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.

3. INVESTMENT PROPERTIES

	2022			2021		
	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	2,336,500	2,336,500	-	2,528,700	2,528,700	-
Capital expenditure capitalised	8,068	8,068	-	963	963	-
Fair value change recognised in statement of total return	102,182	102,182	-	78,237	78,237	-
Transfer to investment property held for sale	-	-	-	(271,400)	(271,400)	-
At 31 December	2,446,750	2,446,750	-	2,336,500	2,336,500	-

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 and price per square foot/metre.

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, economic uncertainty and rising interest rate cost may have impact on the Singapore economy and the property market. The valuers have recommended to monitor the situation closely to reflect any potential impact on the valuation in due course. The REIT Manager is of the view that the valuation methods and estimates are reflective of the market conditions as at 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

4. INVESTMENT PROPERTY HELD FOR SALE

On 2 December 2021, REIT Trustee entered into a put and call option agreement and the binding contract for the sale and purchase of the leasehold interest in Village Residence Clark Quay (“VRCQ”) deemed entered into upon exercise of the call option or (as the case may be) the put option with an unrelated third-party acquirer, to divest its leasehold interest in VRCQ, for \$313.2 million plus a potential incentive fee of up to \$18.0 million. The divestment was completed on 24 March 2022.

The carrying amount of the investment property held for sale as at 31 December 2021 of \$271.4 million was based on an independent valuation undertaken by Savills Valuation And Professional Services (S) Pte Ltd using the residual method and direct comparison approach.

The valuation method used in determining the fair value involves certain estimates including the gross development value and cost of construction. The specific risks inherent in the property are taken into consideration in arriving at the property valuation. The REIT Manager has reviewed the appropriateness of the valuation methodologies, assumptions and estimates adopted and is of the view that they are reflective of the market conditions as at 31 December 2021.

The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The significant unobservable inputs include price per square metre, gross development value per square metre or per room and cost of construction per square metre. The higher the comparable sales price, the higher the fair value. An increase in the gross development value per square metre or a decrease in the cost of construction per square metre would result in a higher fair value.

5. JOINT VENTURE

	2022			2021		
	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	-	-	-	4,060	4,060	-
Share of results of joint venture	-	-	-	(4,060)	(4,060)	-
At 31 December	-	-	-	-	-	-

The unrecognised losses of the joint venture for year ended 31 December 2022 is \$4,914,000 (2021: \$49,000) and cumulatively is \$4,963,000 (2021: \$49,000).

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	
		2022 %	2021 %
Fontaine Investment Pte. Ltd. (“FIPL”) ⁽¹⁾	Singapore	30.0	30.0

(1) Audited by KPMG LLP, Singapore

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. JOINT VENTURE (CONT'D)

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.

Summarised financial information of FIPL based on its financial statements, and reconciliation with the carrying amount of the investment is as follows:

	2022	2021
	\$'000	\$'000
Non-current assets		
Property, plant and equipment	474,995	485,360
Other non-current assets	501	2
	475,496	485,362
Current assets		
Cash and bank balances	19,195	5,166
Other current assets	8,787	14,718
	27,982	19,884
Total assets	503,478	505,246
Current liabilities	80,744	370,625
Non-current liabilities	439,279	134,786
Total liabilities	520,023	505,411
Net assets	(16,545)	(165)
Total equity	(16,545)	(165)
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	38,096	24,807
Other income	523	3,620
Other expenses ⁽ⁱ⁾	(38,397)	(30,466)
Finance expenses	(16,602)	(11,658)
Total comprehensive loss	(16,380)	(13,697)

(i) Includes depreciation expense of \$11.1 million (2021: \$10.9 million)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following as at the balance sheet date:

	2022			2021		
	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	6,724	6,724	–	11,694	11,694	–
Short-term deposits	43,050	43,050	–	–	–	–
	49,774	49,774	–	11,694	11,694	–

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.

7. TRADE AND OTHER RECEIVABLES

	2022			2021		
	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	6,301	6,301	–	6,172	6,172	–
– third parties	1,186	1,186	–	1,927	1,927	–
Other receivables						
– related companies of REIT Manager	–	–	30	46	46	30
– loan to a joint venture company	35,549	35,549	–	33,639	33,639	–
– loan interest receivable	859	859	–	410	410	–
– third parties	1,594	1,594	–	489	489	–
Total trade and other receivables	45,489	45,489	30	42,683	42,683	30
Add: Cash and cash equivalents (Note 6)	49,774	49,774	–	11,694	11,694	–
Total financial assets at amortised cost	95,263	95,263	30	54,377	54,377	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7. TRADE AND OTHER RECEIVABLES (CONT'D)

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 2.42% per annum (2021: 1.26%) and repayable on demand.

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	
	2022	2021
	\$'000	\$'000
Movement in allowance accounts:		
At the beginning of year	1,786	2,362
(Reversal)/Charge for the year	(24)	2
Written off	(1,438)	(578)
At the end of year	324	1,786

8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Far East H-REIT and the Stapled Group	
	2022	2021
	\$'000	\$'000
Derivative assets		
Interest rate swaps		
– Non-current	8,982	2,450
– Current	4,017	–
	12,999	2,450
Derivative liabilities		
Interest rate swaps		
– Non-current	–	(1,154)
– Current	–	(970)
	–	(2,124)
Net derivative assets	12,999	326
Financial derivatives as a percentage of Stapled Group's net assets	0.72%	0.02%

As at 31 December 2022, Far East H-REIT and the Stapled Group have interest rate swap contracts with a total notional amount of \$400.0 million (2021: \$500.0 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 (2021: 3-month or 6-month) Swap Offer Rates ("SOR") and pay fixed rates of interest ranging from 0.308% to 1.932% p.a. (2021: 0.308% to 1.9875%) during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. TRADE AND OTHER LIABILITIES

	2022			2021		
	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	142	142	–	115	115	–
– related companies of the REIT Manager	122	122	–	223	223	–
– third parties	1,398	1,398	–	1,387	1,387	–
Other payables						
– the REIT Manager	36	–	36	35	–	35
– related companies of the REIT Manager	–	30	–	–	30	–
– third parties	1,006	1,006	–	4,345	4,345	–
Option fee for investment property held for sale	–	–	–	46,980	46,980	–
Total trade and other liabilities	2,704	2,698	36	53,085	53,080	35
Add:						
Accruals	5,892	5,891	1	4,316	4,315	1
Borrowings (Note 10)	737,816	737,816	–	947,639	947,639	–
Less:						
Rental received in advance	(132)	(132)	–	(134)	(134)	–
Option fee for investment property held for sale	–	–	–	(46,980)	(46,980)	–
Total financial liabilities carried at amortised cost	746,280	746,273	37	957,926	957,920	36

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 2022, 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 2022

10. BORROWINGS

	2022			2021		
	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
Current liabilities						
Bank loans (unsecured)	-	-	-	181,400	181,400	-
Less: Unamortised upfront fees	-	-	-	(96)	(96)	-
	-	-	-	181,304	181,304	-
Non-current liabilities						
Bank loans (unsecured)	739,300	739,300	-	767,900	767,900	-
Less: Unamortised upfront fees	(1,484)	(1,484)	-	(1,565)	(1,565)	-
	737,816	737,816	-	766,335	766,335	-
Total borrowings	737,816	737,816	-	947,639	947,639	-

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 \$739.3 million (2021: \$949.3 million) provided by five (2021: five) financial institutions have been fully drawn down.

The term loans have maturities ranging from five-year to seven-year (2021: two and a half-year to seven-year terms).

The uncommitted revolving credit facilities amounting to \$300.0 million (2021: \$300.0 million) are provided by four (2021: four) financial institutions. As at 31 December 2022, Far East H-REIT has uncommitted revolving credit facilities of \$300.0 million (2021: \$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	Cash flows	Non-cash changes		31 December
	2022		Amortisation of upfront fees	Others*	2022
	\$'000	\$'000	\$'000	\$'000	\$'000
Far East H-REIT and the Stapled Group					
Borrowings	947,639	(210,619)	667	129	737,816

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

10. BORROWINGS (CONT'D)

	1 January	Cash flows	Non-cash changes		31 December
	2021		Amortisation of upfront fees	Others*	2021
	\$'000	\$'000	\$'000	\$'000	\$'000
Far East H-REIT and the Stapled Group					
Borrowings	989,201	(41,994)	668	(236)	947,639

* Others pertain to reclassifications made from borrowings in lieu of unpaid upfront fees accrued during the year.

11. 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.

	2022			2021		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
	'000	'000	'000	'000	'000	'000
Stapled Securities/Units in issue						
At 1 January	1,974,831	1,974,831	1,974,831	1,961,401	1,961,401	1,961,401
Issuance of Stapled Securities/Units						
REIT Manager's fees paid in Stapled Securities	13,551	13,551	13,551	13,430	13,430	13,430
At 31 December	1,988,382	1,988,382	1,988,382	1,974,831	1,974,831	1,974,831
Stapled Securities/Units to be issued						
REIT Manager's fees payable in Stapled Securities						
– Base fees	2,524	2,524	2,524	2,825	2,825	2,825
– Performance fees	3,724	3,724	3,724	3,382	3,382	3,382
Total Stapled Securities/Units in issue and to be issued at end of year	1,994,630	1,994,630	1,994,630	1,981,038	1,981,038	1,981,038

Approximately 13,592,000 (2021: 14,147,000) 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 \$8,487,000 (2021: \$8,497,000) for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. STAPLED SECURITIES/UNITS IN ISSUE (CONT'D)

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.

12. NET ASSET VALUE PER STAPLED SECURITY

	2022			2021		
	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)	1,799,795	1,799,802	(7)	1,648,392	1,648,398	(6)
Total issued and to be issued Stapled Securities ('000) (Note 11)	1,994,630	1,994,630	1,994,630	1,981,038	1,981,038	1,981,038
Net asset value per Stapled Security (cents)	90.23	90.23	(0.00035)	83.21	83.21	(0.00030)

13. REIT MANAGER'S FEES

	2022			2021		
	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	6,983	6,983	-	7,239	7,239	-
Performance fees	2,447	2,447	-	2,203	2,203	-
	9,430	9,430	-	9,442	9,442	-

The REIT manager has opted to receive 90% (2021: 90%) of its fees in the form of Stapled Securities with the balance in cash. An aggregate of approximately 13,592,000 (2021: 14,147,000) Stapled Securities were issued or to be issued to the REIT Manager as satisfaction of the 90% (2021: 90%) of the management fees paid/payable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. OTHER TRUST EXPENSES

Other trust expenses comprise of professional fees and other recurring expenses.

Included in other trust expenses are the following items:

	2022			2021		
	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	80	79	1	79	78	1
Non-audit fees	60	60	–	57	57	–
	140	139	1	136	135	1
Valuation fees	59	59	–	67	67	–

15. FINANCE INCOME AND EXPENSES

	2022			2021		
	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	859	859	–	410	410	–
– short-term deposits	699	699	–	–	–	–
Others	90	90	–	90	90	–
	1,648	1,648	–	500	500	–
Finance expenses						
Amortisation of debt-related transaction costs	(667)	(667)	–	(668)	(668)	–
Amortisation of rental deposits	(96)	(96)	–	(94)	(94)	–
Interest expenses paid/payable to banks	(17,677)	(17,677)	–	(19,112)	(19,112)	–
	(18,440)	(18,440)	–	(19,874)	(19,874)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16. 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 2022 and 2021 is as follows:

	2022			2021		
	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	203,901	203,902	(1)	131,077	131,078	(1)
Income tax using Singapore tax rate of 17%	34,663	34,663	-	22,283	22,283	-
Income not subjected to tax	(24,610)	(24,610)	-	(12,947)	(12,947)	-
Tax transparency (Note 2.15c)	(9,907)	(9,907)	-	(8,489)	(8,489)	-
Rollover adjustment	-	-	-	(779)	(779)	-
Tax exempt income	-	-	-	(1)	(1)	-
	146	146	-	67	67	-

17. EARNINGS PER STAPLED SECURITY

Earnings per Stapled Security ("EPS") (cents)

	2022			2021		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Basic	10.28	10.28	-	6.65	6.65	-
Diluted	10.24	10.24	-	6.63	6.63	-

The basic EPS is computed using total return for the year after tax over the weighted average number of Stapled Securities outstanding as follows:-

	2022			2021		
	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)	203,755	203,756	(1)	131,010	131,011	(1)
Weighted average number of Stapled Security in issue ('000)	1,982,854	1,982,854	1,982,854	1,969,201	1,969,201	1,969,201

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. EARNINGS PER STAPLED SECURITY (CONT'D)

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.

	2022			2021		
	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)	203,755	203,756	(1)	131,010	131,011	(1)
Weighted average number of Stapled Security in issue ('000)	1,989,102	1,989,102	1,989,102	1,975,408	1,975,408	1,975,408

18. 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:

	2022			2021		
	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	68,783	68,783	-	68,172	68,172	-
Rental and utilities income received/receivable from related corporations of the REIT Manager	1,299	1,299	-	1,563	1,563	-
Rental and utilities income received/receivable from the REIT Manager	165	165	-	165	165	-
Interest receivable from a joint venture company	859	859	-	410	410	-
Reimbursement of expenses received/receivable from related corporations of the REIT Manager	8	8	-	110	110	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. RELATED PARTY TRANSACTIONS (CONT'D)

	2022			2021		
	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
Management fees paid/payable to the REIT Manager	(9,430)	(9,430)	-	(9,442)	(9,442)	-
Trustee's fees paid/payable to the Trustee	(309)	(309)	-	(319)	(319)	-
Shared service fees paid/payable to related corporations of the REIT Manager	(615)	(615)	-	(762)	(762)	-
Reimbursement of expenses paid/payable to the REIT Manager	(790)	(790)	(1)	(66)	(65)	(1)
Reimbursement of expenses paid/payable to related corporations of the REIT Manager	(46)	(46)	-	(15)	(15)	-
Leasing commission paid/payable to related corporation of the REIT Manager	(105)	(105)	-	(234)	(234)	-
Technical service fee paid/payable to related corporations of the REIT Manager	(239)	(239)	-	(386)	(386)	-
Loan to a joint venture company	(1,500)	(1,500)	-	(3,060)	(3,060)	-
Divestment fees paid to the REIT Manager	(1,566)	(1,566)	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. 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 2022, Far East H-REIT's and the Stapled Group's Aggregate Leverage stood at 32.0% (2021: at 38.3%) 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 2022 and 2021.

(b) *Financial risk management objectives and policies*

Exposure to credit, interest rate 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(i) *Credit risk (cont'd)*

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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(i) *Credit risk (cont'd)*

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 2022 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:

	Current \$'000	1 to 30 days past due \$'000	More than 30 days past due \$'000	Total \$'000
31 December 2022				
Gross carrying amount	6,689	260	861	7,810
Loss allowance provision	-	-	324	324
	Current \$'000	1 to 30 days past due \$'000	More than 30 days past due \$'000	Total \$'000
31 December 2021				
Gross carrying amount	7,026	91	2,768	9,885
Loss allowance provision	-	-	1,786	1,786

Information regarding loss allowance movement of trade receivables is disclosed in Note 7.

During the financial year, Far East H-REIT wrote-off \$1,438,000 (2021: \$578,000) 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 and there are no recoveries from collection of cash flows previously written off.

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% (2021: 48%) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(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 2022, 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 45.9% (2021: 47.3%) 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 has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. Far East H-REIT's main IBOR exposure at the reporting date is SOR. The alternative reference rate is Singapore Overnight Rate Average ("SORA").

Far East H-REIT monitors and manages the transition to alternative rates. Far East H-REIT evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties.

Non-Derivative Financial Assets

During the financial year ended 31 December 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

Far East H-REIT has floating-rate liabilities indexed to SOR. There have been no modifications to the financial liabilities as at 31 December 2022 as a result of IBOR reform. Far East H-REIT is still in the process of communication with the counterparties and specific changes have yet been agreed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(ii) *Interest rate risk (cont'd)*

Financial Derivatives

The interest rate swap contracts have floating legs that are indexed to 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.

Far East H-REIT monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of non-derivative financial liability contracts and derivative contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. Far East H-REIT considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an "unreformed contract").

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 31 December 2022. The amounts of financial assets and liabilities are shown at their carrying amounts and financial derivatives are shown at their notional amounts.

	Far East H-REIT and Stapled Group	
	Total amount of unreformed contracts \$'000	Amount with appropriate fallback clause \$'000
As at 31 December 2022		
Financial Liabilities		
Borrowings	507,150	125,000
Financial Derivatives		
Interest rate swaps	400,000	400,000

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 \$3,393,000 (2021: \$4,493,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(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.

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 2022				
Stapled Group				
Trade and other liabilities	8,464	–	–	8,464
Rental deposits	1,775	2,155	5,000	8,930
Borrowings	34,848	705,370	103,849	844,067
	<u>45,087</u>	<u>707,525</u>	<u>108,849</u>	<u>861,461</u>
Far East H-REIT				
Trade and other liabilities	8,457	–	–	8,457
Rental deposits	1,775	2,155	5,000	8,930
Borrowings	34,848	705,370	103,849	844,067
	<u>45,080</u>	<u>707,525</u>	<u>108,849</u>	<u>861,454</u>
Far East H-BT				
Trade and other liabilities	37	–	–	37

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Financial risk management objectives and policies (cont'd)*

(iii) *Liquidity risk (cont'd)*

	Within 1 year \$'000	1 – 5 years \$'000	More than 5 years \$'000	Total \$'000
As at 31 December 2021				
Stapled Group				
Trade and other liabilities	10,287	–	–	10,287
Derivative financial liabilities	970	1,154	–	2,124
Rental deposits	2,567	1,815	5,000	9,382
Borrowings	193,274	689,055	102,536	984,865
	<u>207,098</u>	<u>692,024</u>	<u>107,536</u>	<u>1,006,658</u>
Far East H-REIT				
Trade and other liabilities	10,281	–	–	10,281
Derivative financial liabilities	970	1,154	–	2,124
Rental deposits	2,567	1,815	5,000	9,382
Borrowings	193,274	689,055	102,536	984,865
	<u>207,092</u>	<u>692,024</u>	<u>107,536</u>	<u>1,006,652</u>
Far East H-BT				
Trade and other liabilities	36	–	–	36

20. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(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 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.

	Far East H-REIT and the Stapled Group 2021		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value			
Interest rate swaps	2,450	-	2,450
Financial liabilities measured at fair value			
Interest rate swaps	2,124	-	2,124
Non-financial assets measured at fair value			
Investment properties	-	2,336,500	2,336,500
Investment property held for sale	-	271,400	271,400
	-	2,607,900	2,607,900

During the financial year ended 31 December 2021, there have been no transfers between the respective levels.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(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:

Interest rate swap

The fair value of interest rate swaps are derived by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(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 2022 \$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
– <i>Hotels</i>	2,104,850	Discounted cash flow	Discount rate Revenue per available room	5.75% – 6.50% \$82 – \$267
		Income capitalisation method	Capitalisation rate	3.50% – 5.25%
		Direct comparison method	Price per square foot	\$880 – \$15,424
– <i>Serviced residences</i>	341,900	Discounted cash flow	Discount rate Revenue per available unit	6.50% \$168 – \$324
		Income capitalisation method	Capitalisation rate	3.25% – 4.25%
		Direct comparison method	Price per square metre	\$8,113 – \$57,143
	2,446,750			

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. 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 2021 \$'000	Valuation Techniques	Unobservable inputs	Range	
Investment properties – <i>Hotels</i>	2,005,300	Discounted cash flow	Discount rate	5.75% – 6.50%	
			Revenue per available room	\$41 – \$245	
			Income capitalisation method	Capitalisation rate	3.50% – 5.25%
– <i>Serviced residences</i>	331,200	Discounted cash flow	Price per square foot	\$1,000 – \$5,465	
			Discount rate	6.50%	
			Revenue per available unit	\$147 – \$303	
		Income capitalisation method	Capitalisation rate	3.25% – 4.25%	
			Direct comparison method	Price per square metre	\$9,253 – \$58,333
	2,336,500				

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) **Level 3 fair value measurements (cont'd)**

(ii) *Valuation policies and procedures (cont'd)*

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.

21. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

The reportable segments' results are as below:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

2021

	Hotels and serviced residences \$'000	Retail units, offices and others \$'000	Total \$'000
Gross revenue	68,172	15,076	83,248
Segment net property income	64,423	10,749	75,172
REIT Manager's fees			(9,442)
Trustee's fees			(319)
Other trust expenses			(695)
Interest and other income			500
Finance expenses			(19,874)
Net income before tax and fair value changes			45,342
Fair value change in derivative financial instruments			11,558
Fair value change in investment properties	3,499	1,651	5,150
Fair value change in investment property held for sale			73,087
Share of results of joint venture			(4,060)
Total return for the year before income tax			131,077
Income tax expense			(67)
Total return for the year after income tax before distribution			131,010
Segment assets	2,026,484	318,661	2,345,145
Unallocated assets			319,633
Total assets			2,664,808
Segment liabilities	5,647	6,465	12,112
Unallocated liabilities			1,004,304
Total liabilities			1,016,416

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 2022

22. COMMITMENTS

Far East H-REIT and the Stapled Group lease out their investment properties. Non-cancellable operating lease rentals receivable are as follows:

	2022			2021		
	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	76,244	76,244	-	79,778	79,778	-
After 1 year but within 5 years	271,042	271,042	-	276,207	276,207	-
After 5 years	338,190	338,190	-	421,492	421,492	-
	685,476	685,476	-	777,477	777,477	-

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:

	2022 \$'000	2021 \$'000
Capital commitments in relation to investment properties	2,003	9,207
Commitments to provide funding to joint venture	10,482	12,841
	12,485	22,048

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

23. 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").

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.

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 2022.

24. FINANCIAL RATIOS

	2022		2021	
	Stapled Group %	Far East H-REIT %	Stapled Group %	Far East H-REIT %
Expense ratio ⁽¹⁾	0.64	0.64	0.67	0.67
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 2022

25. SUBSEQUENT EVENTS

On 30 January 2023, Far East H-Trust issued approximately 2,524,000 new Stapled Securities at a price of \$0.6252 per Stapled Security in payment of 90% of the REIT Manager's fees (base fees) for the period from 1 October 2022 to 31 December 2022.

On 14 February 2023, the REIT Manager declared a distribution of \$34,443,000 or \$0.0173 per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2022 to 31 December 2022.

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with resolutions of the REIT Manager and the Trustee-Manager on 3 March 2023.

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 2022.

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 2022 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 (Appointed on 1 July 2022)

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 date of appointment if later, 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 or date of appointment	At the end of financial year	At the beginning of the financial year or date of appointment	At the end of financial year
Wee Kheng Jin	689,536	732,264	–	–
Vivienne Lim Hui Bian	59,528	87,222	–	–
Lee Khia Yee	31,378	57,225	–	–
Celestine Khoo Geok Choo	4,434	32,919	–	–
Benedict Leh Song Boon	–	25,847	–	–
Gerald Lee Hwee Keong	1,437,415	1,583,275	–	–

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 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.
For the financial year ended 31 December 2022

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 2022, 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 a summary of significant accounting policies.

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 2022 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.
For the financial year ended 31 December 2022

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of FEO Hospitality Trust Management Pte. Ltd.
For the financial year ended 31 December 2022

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 2023

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Administrative expenses		<u>(4,571)</u>	(4,192)
Loss before taxation	4	(4,571)	(4,192)
Income tax expense	5	<u>-</u>	-
Loss for the year, representing total comprehensive income for the year attributable to owners of the Company		<u>(4,571)</u>	(4,192)

BALANCE SHEET

As at 31 December 2022

	Note	2022 \$	2021 \$
Current assets			
Other receivable	6	100	100
		100	100
Current liabilities			
Other payables and accruals	7	(45,726)	(41,155)
Net current liabilities and net liabilities		(45,626)	(41,055)
Equity attributable to the owners of the Company			
Share capital	8	100	100
Accumulated losses		(45,726)	(41,155)
Deficit in equity		(45,626)	(41,055)

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	<u>Attributable to owners of the Company</u>		
	Share capital (Note 8) \$	Accumulated losses \$	Total \$
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	<u>100</u>	<u>(45,726)</u>	<u>(45,626)</u>
2021			
Balance at 1 January 2021	100	(36,963)	(36,863)
Loss representing total comprehensive income for the year	-	(4,192)	(4,192)
Balance at 31 December 2021	<u>100</u>	<u>(41,155)</u>	<u>(41,055)</u>

CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	2022 \$	2021 \$
Cash flows from operating activities:		
Loss before taxation	(4,571)	(4,192)
Operating loss before working capital changes	(4,571)	(4,192)
Decrease in prepayment	-	2
Increase in other payables and accruals	4,571	4,190
Net cash flows used in operating activities	-	-
Net movement in cash and cash equivalents and balance at end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 SIGNIFICANT 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 \$45,626 (2021: \$41,055) 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 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 2022. The adoption of these standards did not have any effect on the financial performance or position of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Standards issued but not yet effective*

The Company has 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 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to FRS 12: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
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 standards 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 2022

2. SUMMARY OF SIGNIFICANT 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 2022

2. SUMMARY OF SIGNIFICANT 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Taxes (cont'd)

(b) Deferred tax (cont'd)

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:

	2022	2021
	\$	\$
Audit fees	3,000	3,000
Professional fees	803	482
Other expenses	768	710
	4,571	4,192

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 2022 and 2021 is as follows:

	2022 \$	2021 \$
Loss before taxation	(4,571)	(4,192)
Tax benefit at applicable tax rate of 17% (2021: 17%)	(777)	(713)
Non-deductible expenses	777	713
Income tax expense	-	-

6. OTHER RECEIVABLE

	2022 \$	2021 \$
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

	2022 \$	2021 \$
Other payables – related party	41,385	37,125
Accrued operating expenses	4,341	4,030
Total financial liabilities carried at amortised cost	45,726	41,155

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 2022

8. SHARE CAPITAL

	2022		2021	
	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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 2022 and 2021. The Company is not subject to any externally imposed capital requirements.

(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:

	2022	2021
	\$	\$
Reimbursement of expenses paid/payable to related party	4,260	4,190

Outstanding balances with related parties as at 31 December 2022 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 2022 were authorised for issue in accordance with a resolution of the directors on 13 February 2023.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 23 February 2023

There were 1,990,905,686 Stapled Securities (one vote per Stapled Security) in issue as at 23 February 2023.

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	216	1.83	9,329	0.00
100 – 1,000	1,643	13.91	1,473,613	0.07
1,001 – 10,000	5,939	50.29	31,157,429	1.57
10,001 – 1,000,000	3,962	33.55	197,112,212	9.90
1,000,001 and above	49	0.42	1,761,153,103	88.46
Total	11,809	100.00	1,990,905,686	100.00

LOCATION OF STAPLED SECURITYHOLDERS

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	11,557	97.87	1,927,589,457	96.82
Malaysia	167	1.41	4,514,414	0.23
Others	85	0.72	58,801,815	2.95
Total	11,809	100.00	1,990,905,686	100.00

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	Golden Development Private Limited	449,715,963	22.59
2	Golden Landmark Pte. Ltd.	206,629,991	10.38
3	Far East Organization Centre Pte. Ltd.	196,396,847	9.86
4	Citibank Nominees Singapore Pte Ltd	177,223,173	8.90
5	FEO Hospitality Asset Management Pte. Ltd.	125,380,208	6.30
6	Riverland Pte Ltd	86,499,632	4.34
7	DBS Nominees (Private) Limited	82,111,423	4.12
8	HSBC (Singapore) Nominees Pte Ltd	78,783,193	3.96
9	DBSN Services Pte. Ltd.	68,892,153	3.46
10	Raffles Nominees (Pte.) Limited	55,045,812	2.76
11	Ng Win Kong Daryl	13,868,361	0.70
12	Alexander Ng Win Yew	13,868,356	0.70
13	Edward Avernill Ng Yong Sheng	13,868,356	0.70
14	Faith Ng Myen Ling (Huang Myenling)	13,868,356	0.70
15	Graham Ng Yong Qian (Huang Yongqian)	13,868,356	0.70
16	Gregory Alva Ng Yong He	13,868,356	0.70
17	Melissa Ng Myen Ping	13,868,356	0.70
18	Ng Mien Hua Nikki	13,868,356	0.70
19	Ng Mien Yi Jeanne	13,868,356	0.70
20	Ng Mien Yin Christine	13,868,356	0.70
	Total	1,665,361,960	83.67

FREE FLOAT

In Compliance with Listing Rule 1207 (9) of the SGX-ST Listing Manual, approximately 46.40% of the total number of Stapled Securities issued is held by the public as at 23 February 2023. Therefore, Listing Rule 723 of the SGX-ST Listing Manual has been complied with.

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 23 February 2023

DIRECTORS' INTERESTS IN STAPLED SECURITIES AS AT 21 JANUARY 2023

Name of Director	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	
	No. of Stapled Securities held	% ⁽¹⁾⁽²⁾	No. of Stapled Securities held	% ⁽¹⁾⁽²⁾		% ⁽¹⁾⁽²⁾
Mr Wee Kheng Jin	732,264	0.037	–	–	732,264	0.037
Ms Vivienne Lim Hui Bian	87,222	0.004	–	–	87,222	0.004
Ms Catherine Lee Khia Yee	57,225	0.003	–	–	57,225	0.003
Ms Celestine Khoo Geok Choo	32,919	0.002	–	–	32,919	0.002
Mr Benedict Leh Song Boon	25,847	0.001	–	–	25,847	0.001
Mr Gerald Lee Hwee Keong	1,583,275	0.080	–	–	1,583,275	0.080

SUBSTANTIAL STAPLED SECURITYHOLDERS' INTERESTS AS AT 23 FEBRUARY 2023

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	%		%
Golden Development Private Limited Far East Organization Centre Pte. Ltd. ⁽¹⁾	447,315,963	22.47	–	–	447,315,963	22.47
Golden Landmark Pte. Ltd. FEO Hospitality Asset Management Pte Ltd	196,396,847	9.86	122,856,587	6.17	319,253,434	16.03
Golden Landmark Pte. Ltd.	191,806,000	9.63	–	–	191,806,000	9.63
FEO Hospitality Asset Management Pte Ltd	125,380,208	6.30	–	–	125,380,208	6.30
Estate of the late Mr Ng Teng Fong ⁽²⁾ F.E. Holdings Pte Ltd ⁽³⁾	–	–	750,615,044	37.70	750,615,044	37.70
F.E. Holdings Pte Ltd ⁽³⁾	–	–	293,129,623	14.72	293,129,623	14.72
Mdm Tan Kim Choo ⁽⁴⁾	–	–	418,509,831	21.02	418,509,831	21.02
Mr Ng Chee Tat Philip ⁽⁵⁾	–	–	1,046,322,114	52.56	1,046,322,114	52.56
Mr Ng Chee Siong ⁽⁶⁾	–	–	750,615,044	37.70	750,615,044	37.70
Far East Orchard Limited ⁽⁷⁾	–	–	120,262,875	6.04	120,262,875	6.04
Far East Organization Pte. Ltd. ⁽⁸⁾	–	–	120,262,875	6.04	120,262,875	6.04
FEO Asset Management Pte. Ltd. ⁽⁹⁾	–	–	120,262,875	6.04	120,262,875	6.04

STATISTICS OF STAPLED SECURITYHOLDINGS

As at 23 February 2023

Notes:

The percentages of the above interests are calculated based on total issued Stapled Securities as at 23 February 2023 which is 1,990,905,686.

- (1) As per the announcement made on 28 October 2022, Far East Organization Centre Pte. Ltd. is deemed to be interested in 122,856,587 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) As per the announcement made on 25 June 2021, the Estate of the late Mr Ng Teng Fong ("the Estate") is deemed to be interested in 447,315,963 Stapled Securities held by Golden Development Private Limited, 196,396,847 Stapled Securities held by Far East Organization Centre Pte. Ltd., and 106,902,234 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 direct interest in Far East Orchard Limited, which in turn has an 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) As per the announcement made on 31 January 2023, Madam Tan Kim Choo is deemed to be interested in the aggregate of 418,509,831 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 125,380,208 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) As per announcement made on 29 July 2021, 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., 447,315,963 Stapled Securities held by Golden Development Private Limited, and 109,479,681 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) As per the announcement made on 25 June 2021, Mr Ng Chee Siong is deemed to be interested in 447,315,963 Stapled Securities held by Golden Development Private Limited, 196,396,847 Stapled Securities held by Far East Organization Centre Pte. Ltd., and 106,902,234 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) As per the announcement made on 27 July 2022, Far East Orchard Limited is deemed to be interested in 120,262,875 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) As per the announcement made on 28 July 2022, Far East Organization Pte. Ltd. is deemed to be interested in 120,262,875 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) As per the announcement made on 28 July 2022, FEO Asset Management Pte. Ltd. is deemed to be interested in 120,262,875 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 11th 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 Thursday, 20 April 2023 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 2022, 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 resolution as Ordinary Resolution:

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:
 - (i) any new Stapled Securities arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Stapled Securities;
 - (3) in exercising the authority conferred by this Resolution, the REIT Manager and the Trustee-Manager shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST), the Business Trusts Act 2004 of Singapore for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed constituting Far East H-REIT (as amended) (the "**REIT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore), the trust deed constituting Far East H-BT (as amended) (the "**BT Trust Deed**") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the stapling deed stapling Far East H-REIT and Far East H-BT (as amended) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) (the "**Stapling Deed**");

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 below)

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)
22 March 2023

Lin Moi Heyang

Company Secretary
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
22 March 2023

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTICE:

Participation in the AGM

1. The AGM will be held physically at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Thursday, **20 April 2023** at **2.30 p.m.** **There will be no arrangement made for Stapled Securityholders to participate in the AGM virtually.**

Submission of questions in advance

2. Stapled Securityholders and investors may submit questions relating to the business of this AGM no later than **2.30 p.m.** on **30 March 2023** so that they may be addressed during the AGM proceedings. Questions are to be submitted:
 - by email to Far East H-Trust's Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at srs.teamc@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 who submit questions by email or post to Far East H-Trust's Stapled Security Registrar must provide the following information:

- Stapled Securityholder's full name (as in NRIC);
- Stapled Securityholder's NRIC number; 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 during the AGM if received by the prescribed deadline i.e. 30 March 2023 and post the answers on SGXNET and the Far East H-Trust's website by **14 April 2023**. For substantial and relevant questions received after the prescribed deadline, the REIT Manager and Trustee-Manager will endeavour to address them together with questions raised at the AGM. Where substantially similar questions are received, they will be consolidated and not all questions may be individually addressed.

Submission of Proxy Form to vote

3. A Stapled Securityholder who is not a relevant intermediary entitled to attend and vote at the AGM 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.

NOTICE OF ANNUAL GENERAL MEETING

4. A Stapled Securityholder who is a relevant intermediary entitled to attend and vote at the AGM 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 addition, SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective SRS Operators to submit their votes by **5.00 p.m. on 10 April 2023**, being 7 working days before the date of the AGM.

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.
5. The Chairman of the Meeting, as proxy, need not be a Stapled Securityholder.
6. 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 srs.teamc@boardroomlimited.com,

in either case, by **2.30 p.m. on 18 April 2023**, being 48 hours before the time set for holding this AGM.

SRS investors who wish to appoint the Chairman as proxy should approach their respective SRS operators to submit their votes by **5.00 p.m. on 10 April 2023**.

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

7. All documents (including Far East H-Trust's Proxy Form and this Notice) and information relating to the business of this AGM have been, or will be, published on SGXNet and/or Far East H-Trust's website at the URL <https://feht.listedcompany.com>. For convenience, printed copies of the documents will be despatched to Stapled Securityholders. 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 AGM.

EXPLANATORY NOTE ON 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.

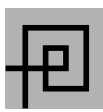
For the purpose of determining the aggregate number of Stapled Securities that may be issued, the percentage of issued Stapled Securities will be calculated based on the total number of issued Stapled Securities at the time that Ordinary Resolution 3 above is passed, after adjusting for (i) new Stapled 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.

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.



**FAR EAST
HOSPITALITY
TRUST**

A stapled group comprising:

**FAR EAST HOSPITALITY REAL
ESTATE INVESTMENT TRUST**

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

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. A relevant intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (please see Note 2 for the definition of "relevant intermediary").
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.**

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 22 March 2023.

Proxy Form

11th 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 11th Annual General Meeting of Far East H-Trust to be held at Antica Ballroom, Orchard Rendezvous Hotel, 1 Tanglin Road, Singapore 247905 on Thursday, **20 April 2023** at **2.30 p.m.** and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against 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/their discretion, as he/they may on any other matter arising at the Annual General Meeting.

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 2022, 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.			

* If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes in the box appropriately. In the absence of specific directions in respect of a resolution, the appointment of the Chairman as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2023

Total number of Stapled Securities held

Signature(s) of Stapled Securityholder(s) /
Common Seal of Corporate Stapled Securityholder

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PERMIT NO. 08948



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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 srs.teamc@boardroomlimited.com,in either case, by **2.30 p.m. on 18 April 2023**, being 48 hours before the time set for holding this AGM.

SRS investors who wish to appoint the Chairman as proxy should approach their respective SRS operators to submit their votes by **5.00 p.m. on 10 April 2023**.

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.

In view of the current COVID-19 situation in Singapore, Stapled Securityholders are strongly encouraged to submit completed proxy forms electronically via email.

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.

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 6688
Facsimile: (65) 6833 6622
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 6688
Facsimile: (65) 6833 6622
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

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.
1 Tanglin Road #05-01
Orchard Rendezvous Hotel
Singapore 247905

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
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited
Malayan Banking Berhad

1 Tanglin Road
#05-01 Orchard Rendezvous Hotel
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