



Far East Orchard

Far East Orchard Limited
(Incorporated in the Republic of Singapore)
Company Registration No. 196700511H

56TH ANNUAL GENERAL MEETING TO BE HELD ON 25 APRIL 2024 RESPONSES TO SHAREHOLDERS ON SUBSTANTIAL AND RELEVANT QUESTIONS

1. The Board of Directors (the “**Board**”) of Far East Orchard Limited (the “**Company**”) would like to thank shareholders for submitting their questions in advance of the Company’s 56th Annual General Meeting (“**AGM**”), which will be conducted physically on 25 April 2024, Thursday at 10.00 a.m. (Singapore time) at the Antica Ballroom, Level 2, Orchard Rendezvous Hotel, Singapore, 1 Tanglin Road, Singapore 247905.
2. Please refer to **Appendix 1** for the Company’s responses to the questions received from shareholders as of 10.00 a.m. on 16 April 2024, Tuesday (the “**submission deadline**”) that are substantial and relevant to the AGM resolutions. The questions could have been rephrased for clarity of context.
3. The Company will endeavour to address the substantial and relevant questions received after the submission deadline and those received “live” at the AGM, during the AGM itself.

By Order of the Board

Phua Siyu Audrey
Company Secretary
17 April 2024

Appendix 1

Question and Responses 1:

I note the company has the FEOR2025 strategy, with the aim of growing the hospitality portfolio to 25,000 rooms and PBSA to 5,000 beds by 2025. It seems we added only a few hundred rooms and beds for FY 2023, and we are still quite far away from our target of 25,000 rooms and 5,000 beds.

- (a) It is now Year 2024, given the slow pace of adding rooms to our hospitality portfolio, will the company be able to achieve the goals set out in FEOR 25? Is management presently satisfied with the current progress of FEOR 25? Please elaborate and explain.
- (b) What are the reasons for the slow pace of growth in our bed and room counts? Were there any events or reasons that happened over the past year that impeded our progress? Please elaborate and explain.

Responses to Q1(a) and (b)

- The Group's aspiration is to be a lodging platform that can achieve sustainable and recurring income. We are currently at ~16,600 rooms and ~3,700 operational beds. If we include our signed pipeline projects, it will be at ~19,000 rooms and 4,700 beds for the hospitality and PBSA portfolio respectively.
- The FEOR 25 strategy was announced at the end of 2020 during a time when the hospitality sector was unable to anticipate the full impact and extent of the pandemic, and where the economy was impacted, and continues to be impacted, by rising inflation and high interest rates.
- We are confident in surpassing the PBSA numbers fuelled by favourable demand-supply dynamics driven by strong domestic and international student demand.
- Whilst we are still working hard to meet the FEOR 25 target of 25,000 rooms, it is highly probable that we will not meet this target as our focus on growth of asset-light hotel management contracts in geographic markets identified in our strategic plan remained challenging post-pandemic.
- The focus of FEOR 25 is always to strengthen the hospitality and PBSA platform to scale up for growth and further expansion beyond 2025. We continue to identify and explore growth targets, but in line with the Group's investment policy and financial prudence, we have only pursued opportunities that meet the required financial returns profile.
- Growth remains a key component of our business strategy. To align Management's interest and accountability towards this priority, a part of senior executives' compensation is aligned to this goal. Although the outlook may be challenging, the Board and Management are committed to driving growth for the company.

Question and Responses 2:

Please advise on the discrepancy between the annual reports ("AR") for financial year ended 2022 and 2023 in Note 28 (Deferred income taxes). It was mentioned that the group has unrecognised tax losses and capital allowances at the balance sheet date which can be carried forward and used to offset against future taxable income.

According to AR 2023, the unrecognised tax losses and capital allowances as at end of 31.12.2023 was S\$92,229,000 (2022: S\$110,365,000).

According to AR 2022, the unrecognised tax losses and capital allowances as at end of 31.12.2022 was S\$113,638,000 (2021: S\$119,084,000).

Responses to Q2

- The tax losses disclosed in the FY2022 annual report reflect the estimated tax losses as of 31 December 2022. For the FY2023 annual report, as the tax losses have been finalised subsequent to tax computation and based on an agreed position filed with the tax authorities, the tax losses for FY2022 have been updated to reflect the actual amount accordingly.