



STANDING **STRONG**
ANNUAL REPORT 2021

Despite the challenges brought about by COVID-19, Far East H-Trust continues to uphold its commitment to stakeholders. This year, we made greater strides to create value, strengthen our financial position, improve corporate governance and pave the way towards our sustainability goals. These ongoing efforts will allow us to deliver long-term value to our Stapled Securityholders.



THE BARRACKS
HOTEL

The Barracks Hotel

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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\$2.61 billion as at 31 December 2021, making it the largest diversified hospitality portfolio in Singapore.

Far East H-Trust was listed on the Mainboard of Singapore Exchange Securities Trading Limited on 27 August 2012 ("Listing Date") and has a market capitalisation of approximately S\$1.17 billion as at 31 December 2021. Since September 2021, Far East H-Trust has been added as a constituent of the FTSE EPRA Nareit Global Real Estate Index Series.

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 13 assets comprising 9 hotels and 4 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 on Sentosa, which commenced operations in 2019.

Far East H-REIT is established with the principal investment strategy of investing on a long-term basis, directly or indirectly, in a diversified portfolio

of income-producing real estate, used primarily for hospitality-related purposes, whether wholly or partially, as well as real estate-related assets in connection to the foregoing.

Far East H-BT is established with a view to be 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 63.0% owned by Far East Organization Pte. Ltd. as at 31 December 2021.



The Barracks Hotel

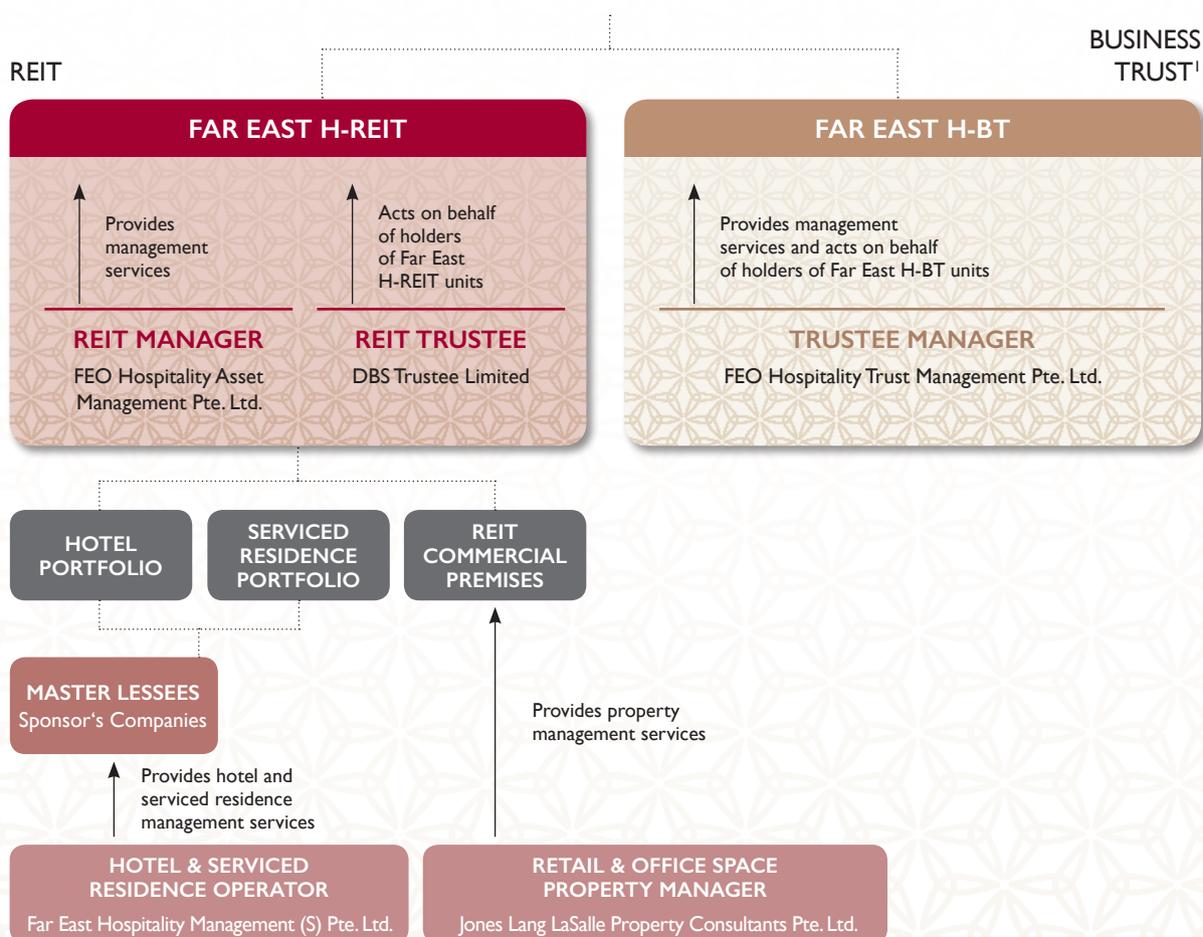
VISION

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

Our Structure



SPONSOR : Far East Organization group of companies
PORTFOLIO : 13 Properties consisting of 9 hotels and 4 serviced residences valued at S\$2.61 billion

I Dormant since Listing Date. Serves as master lessee of last resort.

Financial Highlights

Gross Revenue

S\$ million

83.2

2021  83.22020  83.3

Net Property Income

S\$ million

75.2

2021  75.22020  72.2

Income Available for Distribution

S\$ million

54.8

2021  54.82020  47.9

Distribution per Stapled Security

Singapore cents

2.63

2021  2.632020  2.41

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

¹ Computed based on total borrowings as a percentage of deposited properties.

² Interest Coverage Ratio is computed based on EBITDA over interest expense as per the definition in the loan covenants. This would be 3.1x (31 December 2020: 2.4x) based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

³ 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.

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 to boost future income and capital growth.

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.

ASSET MANAGEMENT AND ENHANCEMENT STRATEGY

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

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

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

CAPITAL AND RISK MANAGEMENT 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.

01 02 03



The Outpost
Hotel



Reinforcing Stable Partnerships



Chairman Statement

“THE DIVESTMENT OF CENTRAL SQUARE WILL PROVIDE US WITH INCREASED FINANCIAL FLEXIBILITY AND WE WILL BE ABLE TO SEEK OUT OPPORTUNITIES TO REDEPLOY THE PROCEEDS TO DELIVER OPTIMAL VALUE TO OUR STAPLED SECURITYHOLDERS.”

Dear Stapled Securityholders,

On behalf of the Board of the REIT Manager and Trustee-Manager, I am pleased to present the Annual Report of Far East Hospitality Trust (“Far East H-Trust” or the “Trust”) for the financial year ended 31 December 2021 (“FY 2021”).

OVERCOMING ANOTHER CHALLENGING YEAR

The COVID-19 pandemic, which started in early 2020, stretched into 2021 with new variants of the virus, sparking new waves of cases, affecting economies and the global travel industry. In Singapore, the hospitality industry continued to be impacted by border restrictions enforced by governments around the world, curtailing international corporate and leisure travel.

By the second half of 2021, a vast majority of the local population in Singapore had been vaccinated and with the spread of COVID-19 under control, the government implemented Vaccinated Travel Lanes (“VTLs”) to allow foreign visitors into the country without the need for quarantine upon arrival. Singapore recorded 0.33 million visitor arrivals in 2021, compared to 2.7 million in 2020 and far below the pre-COVID level of 19.1 million in 2019.

For Far East H-Trust, the adverse impact of the COVID-19 pandemic was mitigated by the fixed rent component of our master leases with the Sponsor; the Far East Organization group of companies. All the properties in the portfolio are on 20-year master leases with companies of the Sponsor, from the date of their respective acquisition.



WEE Kheng Jin
Chairman

PERFORMANCE REVIEW

For the year, Far East H-Trust recorded gross revenue of S\$83.2 million while net property income grew 4.1% to S\$75.2 million. Income available for distribution was S\$54.8 million, 14.5% higher compared to S\$47.9 million for FY 2020. As a result, distribution per stapled security was 2.63 Singapore cents, representing an increase of 9.1%.

During the year, the fixed rents from our master leases allowed Far East H-Trust to continue receiving a minimum recurring income, offering investors a downside protection.

Within our hotel portfolio, the average occupancy in FY 2021 was 79.4%, 5.7 percentage points ("pp") lower than the

previous year and ADR declined 16.7% to S\$70, in part because the pandemic affected the industry only after the first quarter in the previous year. RevPAR declined 21.1% to S\$56 from S\$71 in FY 2020. Despite the significant drop of visitor arrivals in 2021, the impact on our hotel portfolio was cushioned by a combination of contracts from the government for isolation purposes, long-stay corporate arrangements for workers affected by border restrictions, and domestic staycation demand.

Our serviced residence portfolio demonstrated greater resilience and performed above the fixed rent level of the master leases to generate variable rent during the year. Despite the challenging market circumstances and lack of inbound

83.2

S\$ million

Gross Revenue

75.2

S\$ million

Net Property Income

Chairman Statement

travel, the four serviced residences in the portfolio achieved an average occupancy of 77.5%, a decline of 6.3 pp while ADR declined 4.7% from the previous year to S\$181. As a result, RevPAU declined 11.9% to S\$140, due in part to the full-year impact of the pandemic in FY 2021 as compared to the previous year.

ACCOLADES

Continuing efforts have been made to improve the Trust's corporate governance standards and to adopt best practices, and these have been recognised. Far East H-Trust was ranked 2nd in the Singapore Governance and Transparency Index¹ ("SGTI") for REITs and Business Trusts, as well as a joint 9th position in the Governance Index for Trusts² ("GIFT") assessment.

Far East H-Trust was also the runner-up for the Shareholder Communication Excellence Award (REITs & Business Trusts Category) in the 2021 SIAS Investors' Choice Awards. The award recognises outstanding efforts in transparent disclosure and excellent communication with shareholders.

Far East H-Trust was included in the FTSE EPRA Nareit Global Developed Index from 20 September 2021. This is

a significant milestone in our growth as a leading hospitality trust. It supports our endeavours to improve the visibility amongst global institutional investors to further diversify our shareholder base and tap on a wider pool of capital going forward.

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

SUSTAINABILITY

In the increasingly important area of Environmental, Social and Governance (ESG), we have taken several key steps to ensure the sustainability of our business as well as our preparedness for the upcoming regulatory reporting requirements. The REIT Manager has added sustainability oversight responsibility to the new "Audit, Sustainability and Risk Committee" at the board level to drive and provide oversight on Far East H-Trust's strategies, policies and practices in this area. At the same time, we have commenced the process to undertake a thorough review and validation of our ESG strategy, involving key stakeholders with the help of an external consultant, KPMG. In addition, the REIT Manager has committed to an annual

budget to supplement our social efforts. Our ESG focus has also been carried onto the financing front, completing our sustainability-linked term loan and interest rate swap this year.

CREATING AND CRYSTALLISING VALUE

In September 2021, Far East H-Trust received an Outline Permission from the Urban Redevelopment Authority for our Central Square property, supporting the rezoning and redevelopment of the site, and with a 78% increase in the gross floor area.

The Outline Permission was issued under an incentive scheme in response to a submission of a proposed plan to rejuvenate the precinct and to enhance the vibrancy of the area. It marked a milestone in a multi-year effort in planning and consultation with multiple parties. We had carefully evaluated all options, and concluded that it will be in the best interest of Stapled Securityholders to divest Central Square which comprises Village Residence Clarke Quay and commercial spaces including office and retail units. An external agent was appointed to market and carry out a tender exercise to invite bids from interested purchasers.

¹ Based on 43 REITs and Business Trusts assessed under the SGTI framework in 2021.

² Based on 45 REITs and Business Trusts assessed under the GIFT framework in 2021.

City Developments Limited (“CDL”) emerged as the highest bidder, with a bid of S\$313.2 million and an additional potential incentive fee of up to S\$18.0 million, subject to certain conditions being fulfilled by 31 December 2023.

The divestment will be completed before the end of March 2022 and will allow us to realise significant value for our Stapled Securityholders. The strong divestment gain highlights the latent value and potential of our assets.

PRUDENT CAPITAL MANAGEMENT

Prudent capital management remains one of the key thrusts as we seek to minimise our exposure to market volatility while maintaining a strong balance sheet and financial flexibility. We continue to be well-supported by banks that have long-standing relationships with our Sponsor.

In March 2021, we refinanced S\$125 million with our first sustainability-linked term loan. In December 2021, we refinanced S\$250 million comprising a S\$100 million term loan and S\$150 million multi-currency revolving credit facility. The refinancing of these loans will improve our debt expiry profile from 2.3 years in December 2020 to 2.7 years in December 2021.

We also secured a sustainability-linked interest rate swap with a notional value of S\$85 million in May 2021, and entered into S\$175 million of interest rate swaps with other lenders commencing in 2021 to enable Far East H-Trust to lock in fixed interest rates for 52.7% of our loans.

As at 31 December 2021, our total debt was S\$949.3 million on a fully unsecured basis. Our aggregate leverage was 38.3%.

OPTIMISED FOR SUSTAINABLE GROWTH

Looking ahead, we are prepared for the challenges in the near-term operating environment with the ongoing COVID-19 pandemic. Recovery for the industry will be dependent on the containment of the virus and the reopening of international borders. We will continue to deliver on our strategy to create value, enhance our assets and maintain a robust capital management programme so as to deliver long-term sustainable returns to our Stapled Securityholders.

We have made use of the downturn to renovate the retail spaces and outdoor refreshment area at Orchard Rendezvous Hotel to enhance the dining experience. Work has also started on the refurbishment of the Elizabeth Hotel, which will be rebranded when completed.

The divestment of Central Square will strengthen our balance sheet and provide us with increased financial flexibility. We will be able to seek out opportunities to redeploy the proceeds to deliver optimal value to our Stapled Securityholders.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express our appreciation to Mr Huang Cheng Eng who will be stepping down this year from his position as a board member. The Board is grateful for all his contributions and invaluable insights since the formation of the Trust in 2012, especially in his capacity as the Chairman of the Remuneration Committee and as a member of the Audit and Risk Committee.

I would also like to convey my appreciation and gratitude to our staff for their contributions and dedication during this challenging period as well as to our tenants, business partners and suppliers for their continued support and loyalty.

Finally, I would like to thank you, our Stapled Securityholder, for your support of Far East H-Trust.

Wee Kheng Jin
Chairman

Board of Directors

Information as at 31 December 2021

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

MR WEE KHENG JIN, 67

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 the Citibank Country Controller for several years and a board member of Citicorp Investment Bank Singapore Limited. 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

10 years 11 months – REIT Manager Board

9 years 5 months – Trustee-Manager Board

Board committee(s) served on

- Remuneration Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Accountancy, University of Singapore

Present directorships in other listed companies

- Nil

Present principal commitments

- Nil

Past directorships in other listed companies held over the preceding three years (1 January 2019 to 31 December 2021)

- Nil

MR HUANG CHENG ENG, 73

N

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

Mr Huang has a wealth of experience in commercial and marketing activities for the hospitality, aviation and tourism sectors. Before his retirement in 2010, Mr Huang was Executive Vice President – Marketing and the Regions at Singapore Airlines Limited, where he was overall in charge of commercial and marketing activities as well as the firm's overseas offices.

From 1987 to 1996, Mr Huang was overall in charge of air cargo and developed SIA Cargo into a full-fledged division. During his stint at Singapore Airlines, he was also the Chairman of SilkAir and had also served on the Board of Virgin Atlantic Airways. He had amassed 10 years of overseas experience, working in Taiwan, France and Hong Kong from 1977 to 1987.

Mr Huang had served on the board of the Singapore Tourism Board (STB) from 2002 to 2006. During that period, he worked closely with the STB management and the travel and hospitality industry in formulating long-term growth strategies as well as major tactical promotions. Mr Huang was also an Independent Director of M1 Ltd from 2015 to 2019.

Date of first appointment as a Director

24 July 2012 – REIT Manager Board

30 April 2012 – Trustee-Manager Board

Length of service as a Director

9 years 5 months – REIT Manager Board

9 years 8 months – Trustee-Manager Board

Board committee(s) served on

- Nominating Committee of the REIT Manager (Member)

Academic and professional qualifications

- Bachelor of Business Administration, University of Hawaii
- Travel Industry Management, East West Center Institution, University of Hawaii
- Master of Business Administration, Michigan State University
- Management Development Program for Managers, INSEAD
- Stanford Executive Program, Graduate School of Business, Stanford University
- Managing Partnership & Strategic Alliances Program, INSEAD

Present directorships in other listed companies

- Nil

Present principal commitments

- Nil

Past directorships in other listed companies held over the preceding three years (1 January 2019 to 31 December 2021)

- MI Ltd (Independent Director) (Delisted on 24 April 2019)

MS VIVIENNE LIM HUI BIAN, 49**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 advises regularly on corporate and charity governance, and on private client and wealth matters. She founded Genesis Law Corporation in 2004 and has been managing it since.

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

3 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 Director)
- CHIJ Board of Management (Chairman)
- Catholic Foundation Limited (Director)
- Law Society of Singapore – Solicitors Accounts Rules Committee (Vice-Chairman)
- Football Association of Singapore – Disciplinary Committee / Women's Committee (Member)
- NTUC First Campus Cooperative Limited (Member of the Independent Review Panel)

Past directorships in other listed companies held over the preceding three years (1 January 2019 to 31 December 2021)

- Nil

Board of Directors

MS CATHERINE LEE KHIA YEE, 53 A N

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 that 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 securitization 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 in 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

2 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 2019 to 31 December 2021)

- Nil

MS CELESTINE KHOO GEOK CHOO, 55 R A

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 program 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 6 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 2019 to 31 December 2021)

- Nil

MR BENEDICT LEH SONG BOON, 50**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, 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 Masters of Science in Wealth Management and played a key role of the revamp of the IBF Standards for the Singapore private banking industry in 2018.

From 2017 to 2019, he was a director for Wine Advocate Pte Ltd, a global wine rating and F&B events business. Prior to joining 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.

Date of first appointment as a Director

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

Length of service as a Director

1 year – 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

- Nil

Past directorships in other listed companies held over the preceding three years (1 January 2019 to 31 December 2021)

- Nil

Management Team

MR GERALD LEE HWEE KEONG

Chief Executive Officer

Mr Gerald Lee joined Far East Organization in 2011, and is currently employed by the REIT Manager as 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.

Mr Lee is a director of Fontaine Investment Pte. Ltd., a joint venture company between Far East H-REIT and Far East Organization Centre Pte. Ltd. (a member of Far East Organization) established for the development of a hotel site in Sentosa, which commenced operations in 2019.

From 2005 to 2010, Mr Lee was at CapitaLand Limited and 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 in the industry development division from 2000 to 2001. He was concurrently seconded to Sentosa Development Corporation as Director (Strategic Development) from 2001 to 2003 and oversaw strategic projects and redevelopment initiatives.

Mr Lee graduated from Cornell University with a Bachelor of Science (with Distinction) and was recognised as a Merrill Presidential Scholar. He also obtained an Executive Master of Business Administration (with Distinction) from INSEAD and Tsinghua University.

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 IRFAN TAYABALI

Vice President, Asset Management and Investment

Mr Irfan Tayabali joined the REIT Manager in 2017. He is responsible for the strategic performance and asset management of the hospitality portfolio, as well as working on new investment acquisitions for Far East H-REIT.

From 2011 to 2016, Mr Tayabali was with Aparara Hotel Advisers, a boutique hotel asset management firm based out of Singapore, where he was responsible for the owner representation and strategic performance management of a broad portfolio of hotel assets across Asia Pacific.

From 2005 to 2011, Mr Tayabali was at Jones Lang LaSalle Hotels, initially based in London, where he trained as a chartered surveyor and registered commercial real estate valuer. He worked across the UK and Europe on hospitality valuation, development and brokerage transactions before moving to Singapore in 2008 to focus on hotel asset management and investment advisory assignments.

Mr Tayabali graduated from The University of Manchester with a Bachelor of Arts in History of Art & Architecture, followed by a Masters in Property Valuation & Law from the Cass Business School in London. He is a member of the Royal Institution of Chartered Surveyors of England & Wales and is a member of HAMA (Hotel Asset Managers Asia Pacific).

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.

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 programs.

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

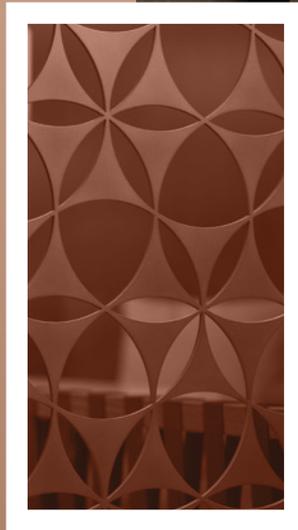
Mr James Tan joined the REIT Manager in January 2022. As the key point of contact for the Investor Relations function, he is responsible for developing strategic communication and maintaining relations with the investment community. He monitors and presents the opinions of the investment community about 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).

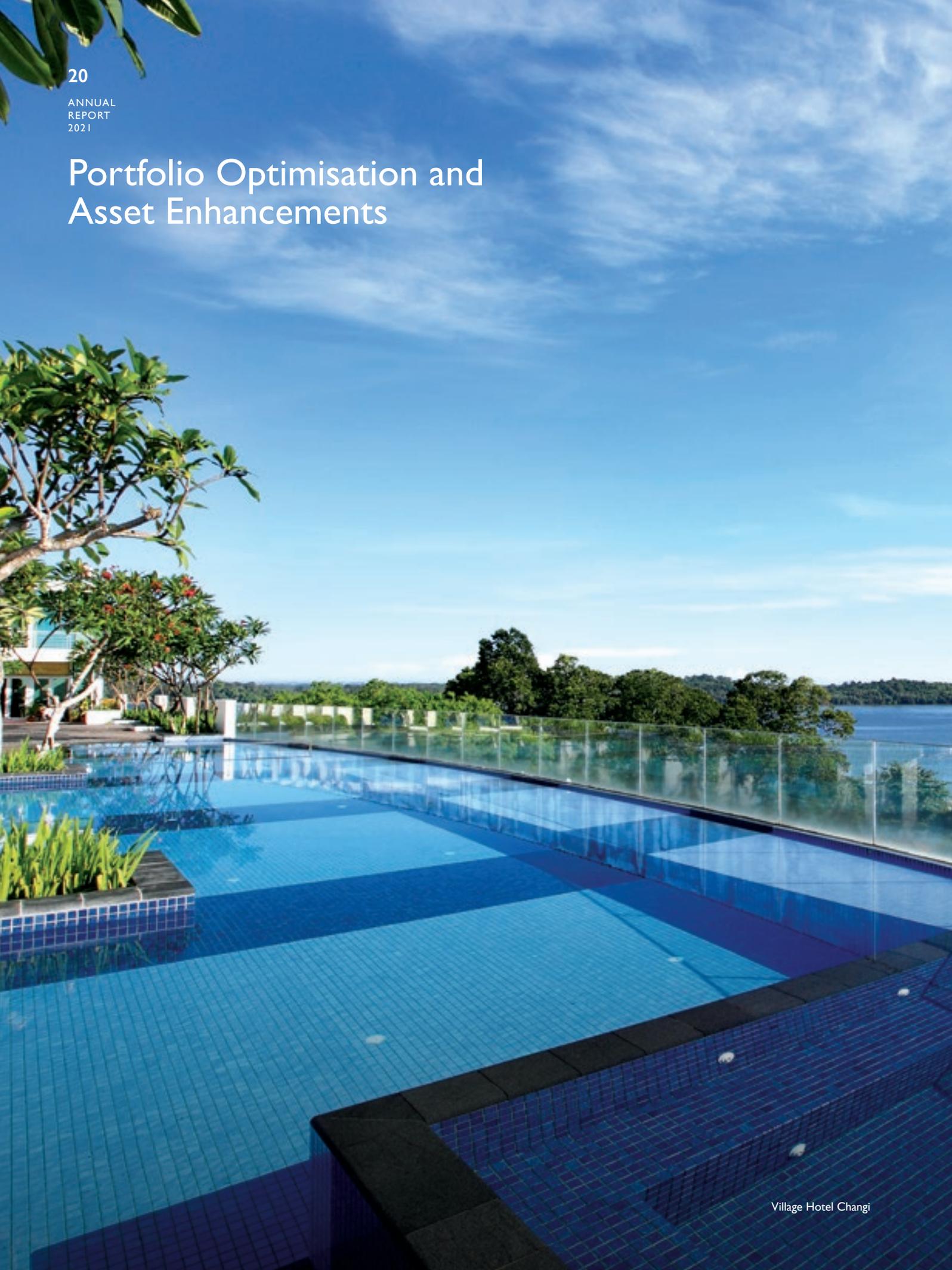
Optimising Assets





Rendezvous
Hotel Singapore

Portfolio Optimisation and Asset Enhancements





Divestment of Central Square

The divestment of Central Square comes after a multi-year effort in planning and consultations with various parties. In September 2021, an Outline Permission under the Strategic Development Incentive Scheme by the Urban Redevelopment Authority was received, supporting the rezoning and redevelopment of the site, resulting in a 78% increase in the gross floor area.

Upon evaluating a range of options, it was concluded that the divestment of Central Square would be in the best interest of Stapled Securityholders. Following the appointment of Knight Frank Pte Ltd as the marketing agent, a tender exercise was carried out and CDL Constellation Pte. Ltd. ("CDL"), a wholly-owned subsidiary of CDL emerged as the highest bidder.

On 2 December 2021, Far East H-REIT entered into an agreement to divest its interest in Central Square to CDL.

Upon completion of the transaction, Far East H-REIT will realise an estimated net gain of S\$112.0 million, after accounting for transaction-related costs from the sale proceeds of S\$313.2 million. In addition to the agreed consideration, a potential incentive fee of up to S\$18.0 million could be attained, subject to certain planning conditions being fulfilled by 31 December 2023.

The divestment is expected to complete by end March 2022 and net proceeds will be substantially used to pare down debt, thereby increasing our financial flexibility to seek out potential investment opportunities and deliver optimal value to our Stapled Securityholders.

Asset Enhancement Initiatives

With the objective of keeping the portfolio functionally relevant and operationally efficient, the REIT Manager continually identifies and executes asset enhancement initiatives on a chartered plan.

In 2021, the REIT Manager completed the renovations of the outdoor refreshment area as well as the shopfronts of the F&B outlets at Orchard Rendezvous Hotel, providing a fresh uplift to the restaurant spaces.

An upgrading of major plant and machinery was also carried out at Village Hotel Bugis, resulting in attaining the BCA Green Mark Gold^{Plus} certification and a substantial savings in energy consumption.

Portfolio Optimisation and Asset Enhancements



Regency House

Orchard Rendezvous Hotel. The outdoor refreshment areas as well as the shopfronts of the restaurants on the ground floor at Orchard Rendezvous Hotel were renovated, providing an uplift to the restaurant spaces facing Orchard Road. As a result of the enhancement, the REIT Manager was able to secure new brands and concepts for the F&B spaces.

The area will be further enhanced when the renovation of the forecourt is completed at the end of March 2022. The new F&B outlets in the refreshed environment will provide for a lively F&B scene as Singapore emerges from the COVID-19 pandemic.

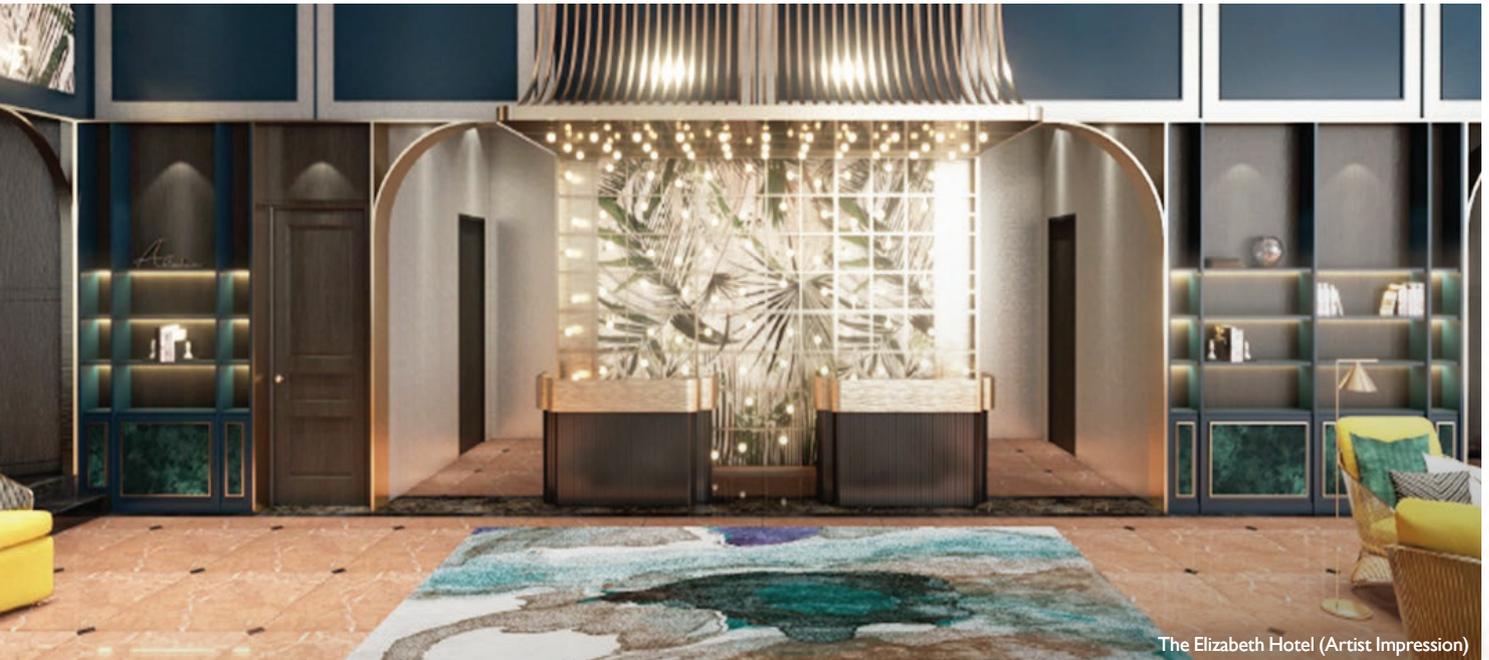
Village Hotel Bugis. Village Hotel Bugis together with Golden Landmark Shopping Complex were awarded the BCA Green Mark Gold^{Plus} Award. The garnering of this award is the result of a series of actions undertaken jointly with the stakeholders of the building in recognition of the increasing importance of environmental sustainability and energy efficiency. The hotel and the building's MCST embarked on the upgrade of various plant and machinery.

Amongst the initiatives undertaken was the replacement of existing chillers, cooling towers and associated equipment. These changes had brought about improvement in the efficiency of the air-cooling system. After the upgrading, the building was assessed to have an air con system efficiency of 0.65

kW/RT or better thus qualifying for the BCA Green Mark Gold^{Plus} Award.

Other initiatives undertaken included the progressive replacement of flush valves of the water cisterns in the guest rooms continued in 2021. This reflects the hotel's continual efforts at maintaining its Water Efficient Building (Basic) Certification. Also, the modernisation of lifts and the replacement of lights with LED fittings were also undertaken.

We continue to work with stakeholders within our ecosystem to identify and implement timely enhancement projects that contribute towards environmental sustainability.



The Elizabeth Hotel (Artist Impression)

Other enhancement works

There were other improvement works carried out at other properties in Far East H-Trust's portfolio in 2021. Many of these projects were anchored on the objectives of improving energy efficiency and reliability.

At Village Hotel Changi, as part of the effort to improve the efficiency of the cooling system of the hotel, a progressive replacement of the cooling towers was undertaken. The upgrading of the cooling tower not only brought about better cooling efficiency for the hotel but also energy savings estimated at 24,528 kWh per annum.

At Oasia Hotel Novena, an overhaul of one of the building's chillers was carried out in 2021. The preventive overhaul of the chiller improved the overall energy efficiency of the chiller plant.

Enhancement works in 2022

In 2022, The Elizabeth Hotel and Regency House will undergo renovations in conjunction with their respective rebranding.

At The Elizabeth Hotel, the interior fittings of the guestrooms and common circulation areas of the hotel will be refreshed. The hotel reception as well as the all-day dining area will be updated in appealing to the

next generation of travelers seeking unique social connections and experiences.

Regency House will undergo renovations to the lobby and communal areas of the property in line with its rebranding.

At Orchard Rendezvous Hotel, facade improvement initiatives including painting and cladding works will be carried out to refresh and complement the earlier phases of improvements made to the forecourt and F&B outlets on the ground floor. The hotel will be well placed to capture the opportunities of an improving hospitality market as borders across the world gradually reopen.

Our Portfolio

VALUATION

S\$2.61
BILLION

PROPERTIES

9

HOTELS

2,775

KEYS

4

SERVICED
RESIDENCES

368

KEYS

14,063

RETAIL NLA
SQM

7,102

OFFICE NLA
SQM



FAR EAST H-REIT HAS 2,775 HOTEL ROOMS AND 368 SERVICED RESIDENCE UNITS IN ITS PORTFOLIO, OFFERING INVESTORS AN OPPORTUNITY TO INVEST IN THE LARGEST PORTFOLIO 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 with the hotels catering to short-term stays and the serviced residences offering long-term stays.

Housed in 9 out of the 13 properties in the portfolio are 287 units of commercial spaces.



Our Portfolio

VILLAGE HOTEL ALBERT COURT

180 Albert Street, Singapore | 89971



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.

No of guest rooms	: 210
Gross floor area (sq m)	: 11,426
Retail NLA (sq m)	: 1,003
Gross revenue for FY 2021 (S\$ million)	: 4.1
Remaining lease tenure (years)	: 66
Valuation as at 31 Dec 2021 (S\$ million)	: 120.9
Purchase price (S\$ million)	: 120.7
Master lessee: First Choice Properties Pte Ltd	

VILLAGE HOTEL BUGIS

390 Victoria Street, Singapore | 88061



Located at the heart of Singapore's Arab, Peranakan and Indian 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.

No of guest rooms	: 393
Strata floor area (sq m)	: 21,676
Retail NLA (sq m)	: 1,164
Gross revenue for FY 2021 (S\$ million)	: 7.6
Remaining lease tenure (years)	: 57
Valuation as at 31 Dec 2021 (S\$ million)	: 222.8
Purchase price (S\$ million)	: 218.4
Master lessee: Golden Landmark Pte Ltd	

VILLAGE HOTEL CHANGI

1 Netheravon Road, Singapore 508502



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.

No of guest rooms	: 380
Gross floor area (sq m)	: 22,826
Retail NLA (sq m)	: 805
Gross revenue for FY 2021 (S\$ million)	: 7.5
Remaining lease tenure (years)	: 56
Valuation as at 31 Dec 2021 (S\$ million)	: 192.4
Purchase price (S\$ million)	: 238.5
Master lessee: Far East Organization Centre Pte. Ltd.	

THE ELIZABETH HOTEL

24 Mount Elizabeth, Singapore 228518



The Elizabeth Hotel takes inspiration from colonial times and is designed with a distinct European accent. It is a short walk from Orchard Road, Singapore's famous shopping and entertainment belt, providing guests with a wide range of leisure and dining options.

Having served guests for over 28 years, the hotel has started refurbishment works in early 2022, in preparation for reopening under a brand-new stay experience in the second half of 2022.

No of guest rooms	: 256
Gross floor area (sq m)	: 11,723
Retail NLA (sq m)	: 583
Gross revenue for FY 2021 (S\$ million)	: 5.5
Remaining lease tenure (years)	: 66
Valuation as at 31 Dec 2021 (S\$ million)	: 162.3
Purchase price (S\$ million)	: 186.7
Master lessee: Golden Development Private Limited	

Our Portfolio

OASIA HOTEL DOWNTOWN

100 Peck Seah Street, Singapore 079333



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 city with a hive of business, commercial and residential activities.

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

No of guest rooms	: 314
Strata floor area (sq m)	: 17,793
Gross revenue for FY 2021 (S\$ million)	: 6.5
Remaining lease tenure (years)	: 61
Valuation as at 31 Dec 2021 (S\$ million)	: 244.0
Purchase price (S\$ million)	: 210.0 ¹
Master lessee/Vendor: Far East SOHO Pte. Ltd.	

¹ Refer to Notes 23 to the Financial Statements for more details on additional purchase consideration.

OASIA HOTEL NOVENA

8 Sinaran Drive, Singapore 307470



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.

No of guest rooms	: 428
Strata floor area (sq m)	: 22,457
Gross revenue for FY 2021 (S\$ million)	: 8.0
Remaining lease tenure (years)	: 83
Valuation as at 31 Dec 2021 (S\$ million)	: 310.0
Purchase price (S\$ million)	: 318.2
Master lessee: Transurban Properties Pte. Ltd.	

ORCHARD RENDEZVOUS HOTEL

1 Tanglin Road, Singapore 247905



Orchard Rendezvous Hotel is located at the doorstep of major malls and boutiques along Orchard Road, which offer 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.

The public areas of the hotel – the pool area, reception and lobby, lobby bar, function rooms and pre-function areas were upgraded in 2016. Refurbishment of the guest rooms was completed in March 2018. Enhancements were subsequently carried out to beautify the hotel façade and outdoor refreshment area with new landscaping and lighting.

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 2021 (S\$ million)	: 15.1
Remaining lease tenure (years)	: 41
Valuation as at 31 Dec 2021 (S\$ million)	: 404.9
Purchase price (S\$ million)	: 412.5
Master lessee: Far East Orchard Limited	

RENDEZVOUS HOTEL SINGAPORE

9 Bras Basah Road, Singapore 189559



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.

No of guest rooms	: 298
Gross floor area (sq m)	: 19,720
Retail NLA (sq m)	: 2,799
Gross revenue for FY 2021 (S\$ million)	: 8.3
Remaining lease tenure (years)	: 62
Valuation as at 31 Dec 2021 (S\$ million)	: 270.0
Purchase price (S\$ million)	: 264.3
Master lessee: Serene Land Pte Ltd	

Our Portfolio

THE QUINCY HOTEL

22 Mount Elizabeth, Singapore 228517



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.

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

No of guest rooms	: 108
Gross floor area (sq m)	: 4,810
Gross revenue for FY 2021 (S\$ million)	: 2.5
Remaining lease tenure (years)	: 66
Valuation as at 31 Dec 2021 (S\$ million)	: 78.0
Purchase price (S\$ million)	: 82.3
Master lessee: Golden Development Private Limited	

VILLAGE RESIDENCE CLARKE QUAY

20 Havelock Road, Singapore 059765



Village Residence Clarke Quay, is in a mixed-use development, Central Square, comprising residential and commercial components. The commercial component includes offices, shops and restaurants. Refurbishment works to revitalise the property's serviced offices, lobby and common areas were completed in 2017.

The divestment of Central Square will be completed before the end of March 2022.

No of units	: 128
Gross floor area (sq m)	: 17,858
Retail NLA (sq m)	: 2,213
Office NLA (sq m)	: 1,473
Serviced Office NLA (sq m)	: 823
Gross revenue for FY 2021 (S\$ million)	: 6.4
Remaining lease tenure (years)	: 71
Valuation as at 31 Dec 2021 (S\$ million)	: 271.4
Purchase price (S\$ million)	: 183.3
Master lessee: OPH Riverside Pte Ltd	

VILLAGE RESIDENCE HOUGANG

1 Hougang Street 91, Singapore 538692



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. Village Residence Hougang is popular with companies in the neighbouring industrial estates.

No of units	: 78
Strata floor area (sq m)	: 14,257
Gross revenue for FY 2021 (S\$ million)	: 2.2
Remaining lease tenure (years)	: 72
Valuation as at 31 Dec 2021 (S\$ million)	: 62.5
Purchase price (S\$ million)	: 64.7
Master lessee: Serene Land Pte Ltd	

VILLAGE RESIDENCE ROBERTSON QUAY

30 Robertson Quay, Singapore 238251



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.

No of units	: 72
Strata floor area (sq m)	: 10,570
Retail NLA (sq m)	: 1,179
Gross revenue for FY 2021 (S\$ million)	: 4.1
Remaining lease tenure (years)	: 69
Valuation as at 31 Dec 2021 (S\$ million)	: 104.6
Purchase price (S\$ million)	: 113.2
Master lessee: Riverland Pte Ltd	

Our Portfolio

REGENCY HOUSE

121 Penang Road, Singapore 238464



Regency House is an upscale serviced residence located at the junction of Penang Road and Oxley Road, within walking distance to major shopping malls along Orchard Road. Its prime location is extremely popular with young professionals.

Refurbishment of the serviced residence units were completed in 2016.

Currently, the serviced residence is undergoing improvement works and will be rebranded in the second half of 2022.

No of units	: 90
Gross floor area (sq m)	: 10,723
Retail NLA (sq m)	: 539
Office NLA (sq m)	: 2,291
Gross revenue for FY 2021 (S\$ million)	: 5.4
Remaining lease tenure (years)	: 72
Valuation as at 31 Dec 2021 (S\$ million)	: 164.1
Purchase price (S\$ million)	: 166.4
Master lessee: Oxley Hill Properties Pte Ltd	

Industry Overview

SINGAPORE MACRO-ECONOMIC OVERVIEW

The COVID-19 pandemic impacted the Singapore economy in 2020 and caused one of the steepest downturns in decades. After a year-on-year contraction in Gross Domestic Product (“GDP”) of approximately 5.4% in 2020, the economy rebounded with a 7.6% growth in GDP for 2021. The Ministry of Trade and Industry forecasts Singapore’s economic performance in 2022 to moderate at 3% to 5% on the back of stronger labour market conditions, elevated money supply from fiscal stimulus, and growing consumer confidence. At the same time, the global

downside risk remains due to lingering uncertainty over global growth.

SINGAPORE TOURISM MARKET

As the COVID-19 pandemic evolves, it has led to subsequent waves of infections globally, resulting in prolonged international border closures and the suspension of travel lane arrangements. Despite its effort, Singapore continues to face disruptions caused by the emergence of the Delta and the Omicron variant.

Although over 90% of Singapore’s population has been fully vaccinated, the pandemic situation remains fluid. With Singapore’s border restrictions to short

term visitors remaining largely in place for most of 2021, international arrivals into Singapore remained subpar when compared to pre-pandemic levels, receiving a total of 329,971 visitor arrivals in 2021, a decline of 88.0% from 2020. This variance can be mostly attributed to the high visitor arrivals in Q1 2020 when the pandemic had yet to impact inbound travel.

The implementation of the Vaccinated Travel Lanes (“VTL”) in September 2021 enabled quarantine-free travel into Singapore, resulting in a significant increase in visitor arrivals in the last quarter of the year, approximately twice that of Q3 2021.



Industry Overview

SINGAPORE HOTEL MARKET OVERVIEW

Supply

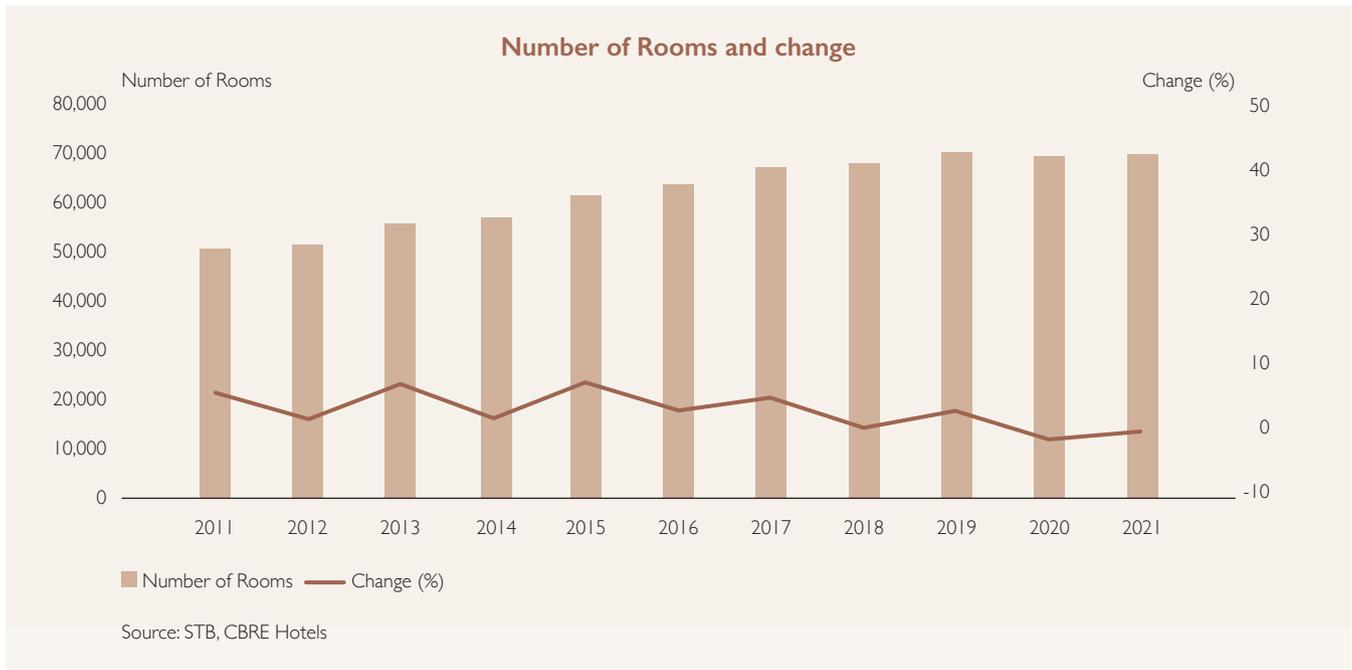
In 2021, there were minimal new additions to the Singapore hotel market, with hotel room supply remaining steady at approximately 69,590 as at December 2021. Openings included the 324-key The Clan Hotel situated at Far East Square and the 191-key Oasia Resort Sentosa (rebranded from the former Le Meridien Singapore). The market also witnessed the full closure of the 308-key Grand Park

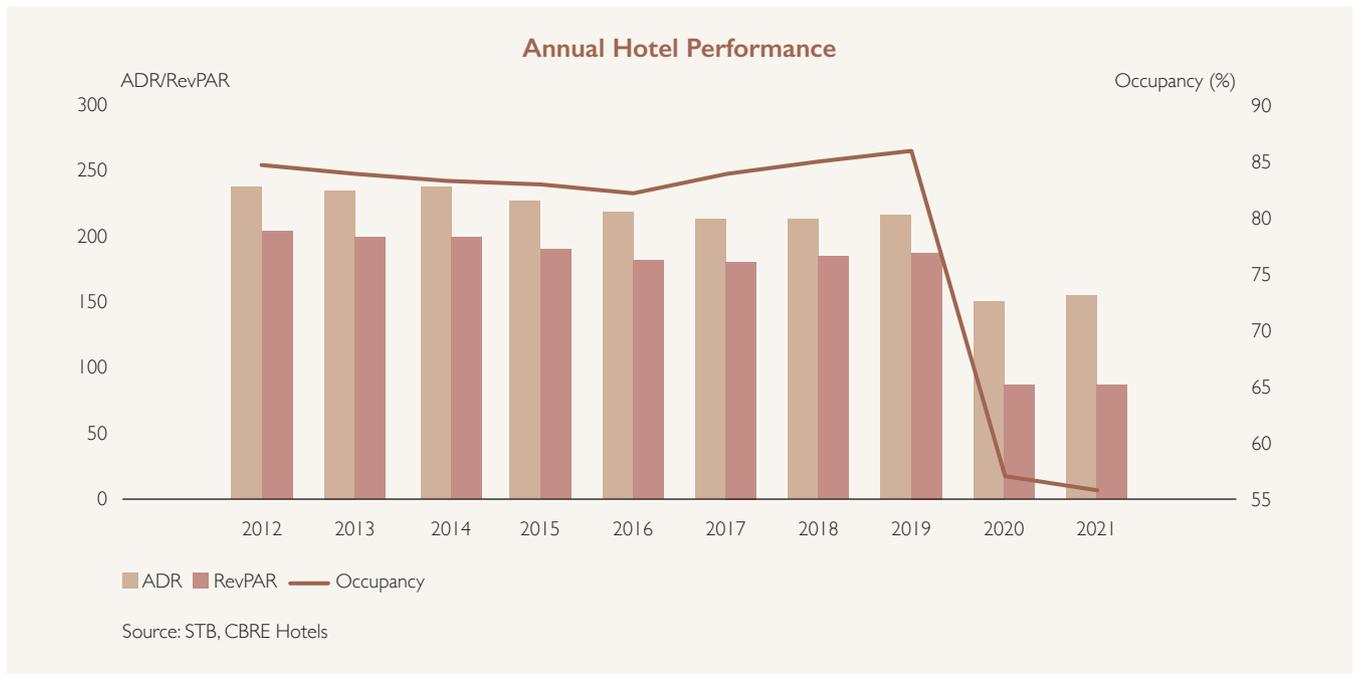
Orchard, with the hotel expected to be rebranded as Pullman Orchard in 2022.

Going forward, the new room supply pipeline is anticipated to remain muted with a CAGR of 2.1% between 2022 and 2024 compared to a pre-pandemic historical 5-year CAGR of 4.2% between 2014 and 2019. We anticipate approximately 5,200 keys to open between 2022 and 2024.

Identified key openings up to 2024 include the 135-key Citadines Connect Rochester Singapore, 204-key The EDITION by

Marriott, 62-key Raffles Sentosa Resort & Spa, 338-key Banyan Tree Mandai Park, 900-key Club Street Hotel, 142-key Artyzen Cuscaden and 303-key Mondrian Singapore. The estimate of 5,200 keys also includes the reopening of the 350-key Pan Pacific Orchard (closed in April 2018) and potential upcoming hotels located at Short Street by Cityview Holdings and the redevelopment of Tower Fifteen by Fragrance Group. The expectation is for both hotels to enter the market in 2024 with approximately 1,300 rooms combined.





Demand and Performance

Over the past two years, Singapore's hotel market performance was negatively impacted by the pandemic, recording a decline across all three key metrics of Occupancy, ADR and RevPAR, attributed to the travel disruptions and lockdown regulations since March 2020.

The occupancy rate for hotels in Singapore in 2021 was 56.5%, primarily supported by local companies looking to house their foreign workers, domestic tourism following the launch of SingapoRediscover vouchers in December 2020 and business generated from the Singapore Government for hotels operating as Government Quarantine Facilities and Stay-Home Notice ("SHN") dedicated

facilities. Notably, hotels were 100% block-booked by the Singapore Government for the contracted period regardless of the actual occupancy of the rooms. However, the contracted room rates were below the market norm. The launch of VTLs in September 2021 contributed to an improved Q4 performance of 70.4% occupancy.

Market-wide ADR improved 1.7% year-on-year to S\$157.38 for 2021. Overall, 2021 market-wide RevPAR increased 0.4% year-on-year at S\$88.84.

Investment Market

After a relatively quiet 2020 with only one transaction, investment activity for hospitality assets picked up in 2021. Four

relatively small transactions were reported in 2021 amid the ongoing global pandemic, aggregating approximately S\$51.4 million. In February 2022, the 138-key Porcelain Hotel was transacted for about S\$90.0 million or approximately S\$650,000 per key.

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 in the following page shows the latest hotel transactions in Singapore.

Industry Overview

Year	Name of Property	No. of Rooms	Contract Price (S\$)	Contract Price per Room (S\$)
2018	Oasia Hotel Downtown	314	210,000,000	668,790
2018	Beach Hotel	33	31,500,000	954,545
2018	Porcelain Hotel	84	64,800,000	771,429
2018	Chang Ziang Hotel	70	18,500,000	264,286
2018	Hamilton Hotel	42	18,200,000	433,333
2018	Wanderlust Hotel	29	37,000,000	1,275,862
2018	Wangz Hotel	41	46,000,000	1,121,951
2018	Wangz Hotel	41	60,000,000	1,463,415
2018 Total			486,000,000	
2019	Ibis Novena	241	168,880,000	700,747
2019	Hotel Clover 769 North Bridge Road	27	26,800,000	992,593
2019	Claremont Hotel	90	68,800,000	764,444
2019	The Bay Hotel	319	235,000,000	736,677
2019	Andaz Hotel	342	475,000,000	1,388,889
2019	The Amaris by Santika	38	29,700,000	781,579
2019	Novotel Singapore Clarke Quay	403	375,900,000	932,754
2019	W Singapore Sentosa Cove	240	324,000,000	1,350,000
2019	Somerset Liang Court	-	163,300,000	-
2019 Total			1,867,380,000	
2020	Amber Hotel Katong	46	27,000,000	586,957
2020 Total			27,000,000	
2021	Gay World Hotel	27	13,500,000	500,000
2021	D'Kranji Farm Resort	35	4,800,000	137,143
2021	Balestier Hotel	42	15,000,000	357,143
2021	Malacca Hotel (and adjacent residential plot)	29	18,080,000	-
2021 Total			51,380,000	
2022	Porcelain Hotel	138	90,000,000	652,174
2022 Total			90,000,000	

Source: RCA, CBRE Hotels

Outlook

After a challenging two years of dealing with the pandemic, Singapore is now moving towards treating COVID-19 as an endemic by reinforcing medical infrastructure and having achieved a vaccination rate of over 90% for its population.

A compelling pipeline of infrastructure and tourism offerings includes the Mandai Makeover, rejuvenation of Sentosa and Pulau Brani, new tourism hub at Jurong Lake District, Changi Airport Terminal 5

and the expansion of both Integrated Resorts. While the construction of the Terminal 5 project has been postponed due to the pandemic, the others are on track for completion. The supply pipeline for hotels is also expected to be low at approximately 2% growth per year between 2022 and 2025 which will relieve any downward pressure caused by the pandemic.

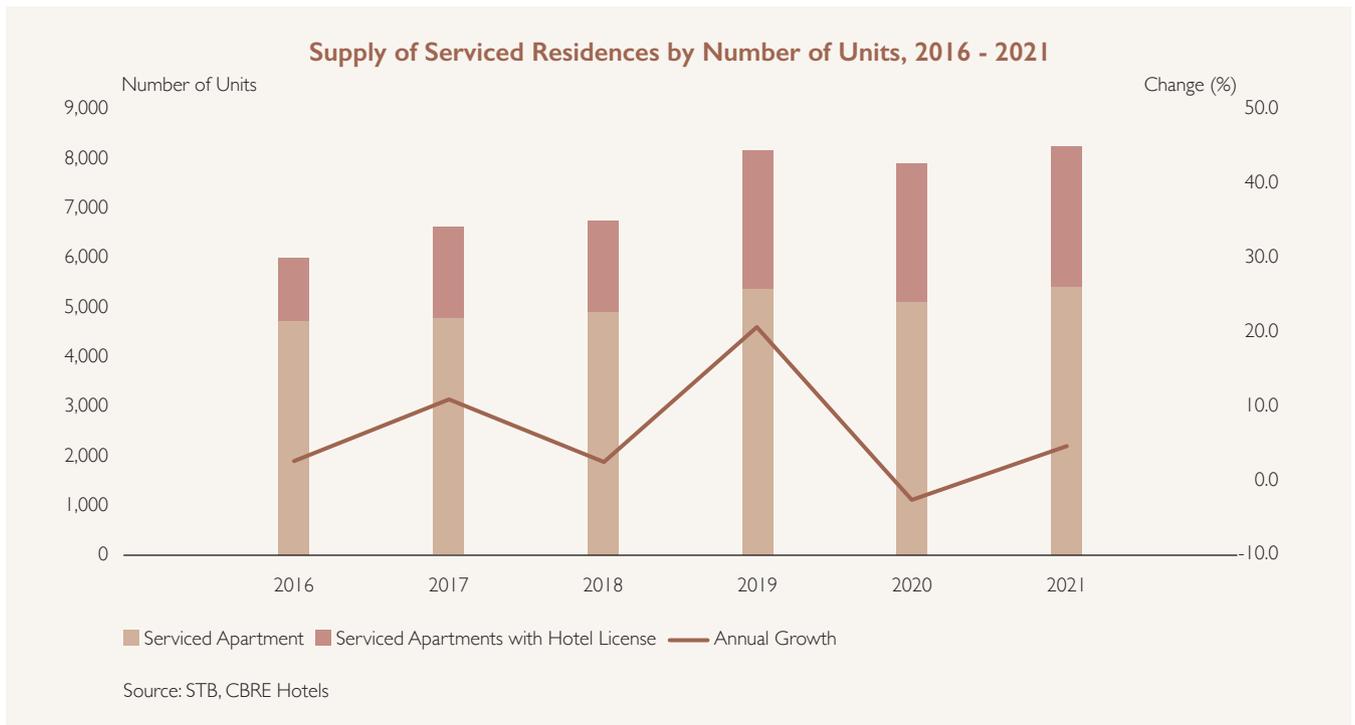
Singapore is well positioned for a strong recovery with a robust foundation built over the years for leisure and business

tourism. Singapore Tourism Board ("STB") is looking to boost both business and leisure travel in 2022 and beyond by investing in its global marketing efforts and the launch of the Tour Experience Innovation Lab. In addition to the recovery of inbound travel, these initiatives should help the industry recover from the crisis. According to the forecast made by the International Air Transport Association in March 2022, global passenger volume is expected to return to pre COVID-19 levels in 2023/2024.

SINGAPORE SERVICED RESIDENCE (SR) MARKET OVERVIEW

Supply

The below table shows the SR supply growth for both traditional SR and hybrid SR in the last six years.



2019 saw the largest supply increase in the past five years, with an addition of approximately 1,400 keys. Most of the developments that opened in 2019 operate under a serviced apartment-hotel hybrid model.

SR openings remained muted in 2020 and in 2021. The 197-key Somerset Liang

Court Singapore, was closed in 2000 to pave way for the new Liang Court integrated development comprising the 192-key Somerset Serviced Residences.

Between 2021 and 2022, the opening of two of Ascott Hospitality's lyf properties will contribute a total of 564 rooms, while the MGallery by Sofitel along Bideford Road is expected to add another 168 keys.

At present, there are only 2 SRs in the pipeline beyond 2022, namely the 82-key Fraser Promenade located at 1 & 3 Jjak Kim Street as well as the 192-key Somerset Serviced Residences. Both are slated to come online in 2023 and 2025 respectively, the latter operating with a hotel license.

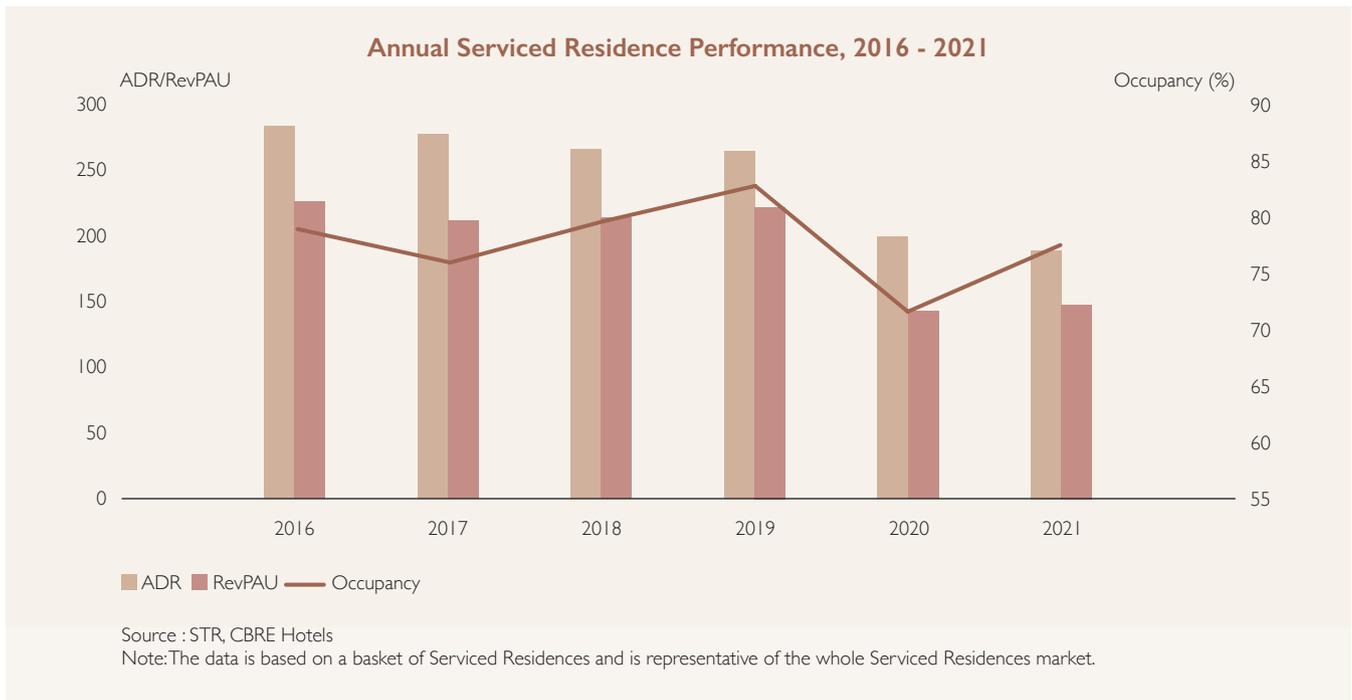
Industry Overview

Demand and Performance

While the negative impact of the pandemic was felt by the SR sector, the traditional extended stay business model provided a protective buffer for performance when compared to the hotel market. A healthy mix of long stay project groups, rolling lease extensions from corporate accounts, guests serving their mandatory SHN period and support from local guests with requirements for accommodation during home renovations provided a reliable base of support for the SR sector.

The occupancy for the Serviced Residence market for H2 of 2021 was 82.1%, representing a 7.9% increase from the same period in 2020. In addition to the core long stay business, the government's implementation of the VTLs and gradual reopening of international borders from Q3 2021 provided an additional boost to overall performance for the year. Consequently, the RevPAU for H2 2021 at S\$161.91 represented a 17.3% increase compared to the same period in 2020 at S\$138.00.

Overall, the RevPAU for the Serviced Residence market was S\$150.00 in 2021 representing approximately 70.5% of 2019's RevPAU performance. In contrast, the Hotel market RevPAR for 2021 was approximately 46.2% of its 2019 performance.



Investment Market

The investment market in Singapore for SR assets has been relatively inactive with minimal transactions in the last few years. This is because investors and developers tend to acquire properties for conversion rather than purchasing existing stock.

In 2018, the sale of the 75-key Darby Park Executive Suites, transacted at a price of S\$92.7 million representing approximately S\$1.24 million per key. The same property was subsequently resold

in 2019 at approximately S\$2.1 million per key, although it was sold on the basis that it would be rezoned from Residential to Hotel use.

In 2019, the Oakwood Premier OUE Singapore (renamed to Oakwood Premier AMTD Singapore), a serviced apartment operating with a hotel license, transacted at a price of S\$289.0 million or approximately S\$1.08 million per key.

The sale of Central Square, including the Village Residence Clarke Quay, by Far East

Hospitality Trust to City Developments Limited ("CDL") was announced in Dec 2021 at a price of S\$313.2 million. The proposed acquisition is part of CDL's redevelopment plan under the URA's Strategic Development Incentive ("SDI") scheme consisting of a mixed-use integrated project. The transaction is expected to be concluded before the end of March 2022.

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

Year	Name of Property	No. of Rooms	Contract Price (S\$)	Contract Price per Room (S\$)
2018	Darby Park Executive Suites*	75	92,710,000	1,236,133
2018 Total			92,710,000	
2019	Ascott Raffles Place Singapore^	146	353,300,000	2,419,863
2019	Darby Park Executive Suites**	75	160,000,000	2,133,333
2019	Oakwood Premier OUE Singapore^	268	289,000,000	1,078,358
2019 Total			802,300,000	
2021	Central Square	-	313,200,000	-
2021 Total			313,200,000	

Source: RCA, CBRE Hotels

^ Serviced Apartment with Hotel License

* Serviced Apartment

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

Outlook

The encouraging signs of recovery demonstrated by the SR sector in the second half of 2021, is expected to carry over into 2022, although

economic uncertainties resulting from the pandemic continue to cast a shadow over performance. As the world emerges from the pandemic, Singapore is expected to remain a strategic investment market

due to its political and economic stability and its status as a key business hub in the region. The stability of extended stay cash flows from SR operations should continue to attract investors to this sector.

Performance Review

MARKET OVERVIEW

2021 was another challenging year for the Singapore hospitality market. The evolving impact of COVID-19 resulted in an 87.9% drop in international visitor arrivals compared to 2020, as the pandemic continued to take its toll on global travel.

With air travel restricted and stringent travel measures in place during the first half of the year, the Singapore hospitality market was largely reliant on limited local revenue sources to support operating performance. The introduction of VTL in September 2021 provided a much-needed boost of inbound travel to the hospitality market in the final quarter.

REVIEW OF HOTEL PORTFOLIO PERFORMANCE

For Far East H-Trust, the hotel portfolio weathered the difficult conditions by proactively maintaining business from corporations requiring accommodation for their foreign workers. The Operator also continued to partner with government agencies to utilise our hotels for isolation purposes. Corporate business in the form of long-stay project groups and local online staycation demand provided further support to revenue.

Average occupancy of 79.4% for FY 2021 was 5.7pp lower than the previous year, in part because the full impact of COVID-19 was only felt after the first quarter in FY 2020. ADR decreased 16.7% to S\$70 and RevPAR for the hotel portfolio declined by 21.1% to S\$56. The operating performance started trending up in the latter part of the year as border restrictions were loosened and VTLs were introduced.

Hotel Portfolio Operating Performance (2021)

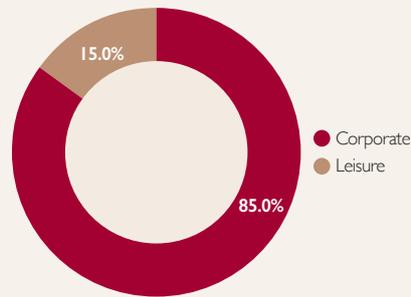
Average Occupancy (%)

79.4

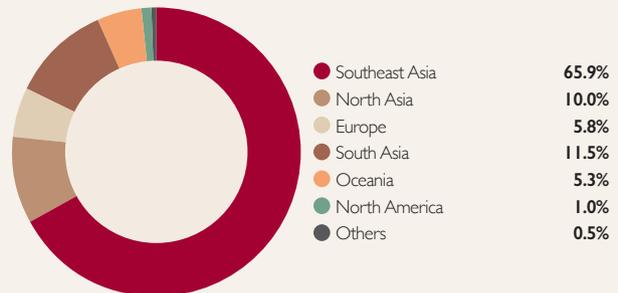
Revenue per Available Room (RevPAR) S\$

56

Revenue by Market Segment (%)



Revenue by Region (%)



Revenue from the corporate segment made up 85.0% of the total hotel room revenue for FY 2021, up from 63.0% a year ago, reflecting the higher volume of government buyout business and room nights from corporations requiring accommodation for their foreign workers. Correspondingly, the proportion of leisure revenue declined to 15.0% in FY 2021, compared to 37.0% a year ago, reflecting the limited local staycation demand and the positive pre-COVID impact of leisure business in the first quarter of 2020.

The geographical mix for the hotel portfolio was skewed to Southeast Asia, South and North Asia reflecting the type of business opportunities available. Southeast Asia, South and North Asia contributed 65.9%, 11.5% and 10.0% of hotel room revenue in FY 2021 respectively.

With limited revenue opportunities in an unprecedented operating environment, management efforts were focused on proactive cost management initiatives to ensure optimal profitability flow-through across the hotel portfolio. Numerous

group-wide efficiency-driven initiatives were also undertaken over the course of the year to enhance productivity while reducing overall costs. Notwithstanding the challenging operating environment, the REIT Manager continues to work closely with the Operator to identify and execute strategic asset enhancement opportunities to ensure that the portfolio remains competitive.

The drop in hotel operating performance was mitigated by the high fixed-rent component afforded to the REIT by the existing master lease structure.



Performance Review

REVIEW OF SERVICED RESIDENCE PERFORMANCE

Notwithstanding the impact of the global pandemic, Far East H-Trust’s serviced residence (“SR”) portfolio achieved a higher level of performance compared to the hotel portfolio in FY 2021, reflecting a reliable base of long-stay corporate leases, periodic lease extensions and incremental revenue related to leases secured from local companies which required accommodation for their foreign workers. In addition, local demand from families requiring temporary accommodation during home renovations contributed to the SR’s resilience.

For the full year, average occupancy was 77.5%, a decline of 6.3pp and ADR was 4.7% lower at S\$181. Consequently, RevPAU registered an 11.9%YoY decline to S\$140. The contribution from long-stay corporate sources provided a base of support and the loosening of travel restrictions led to a strong rebound in performance in the last quarter of the year.

The corporate segment was the primary driver of revenue, contributing 78.5% of the revenue for the SRs. The SRs continued to attract project groups and relocation business. The Services and Banking & Finance sectors continued to be the two largest contributors to revenue, making up 20.2% and 15.0% of SR revenue for FY 2021 respectively.

Like the hotel segment, management efforts were focused on proactive operating and cost management initiatives. The REIT Manager continues to work closely with the Operator to identify and execute strategic asset enhancement opportunities to ensure that the portfolio remains competitive.

Unlike the hotel portfolio that relied on the high fixed rent component of the

Serviced Residence Portfolio Operating Performance (2021)

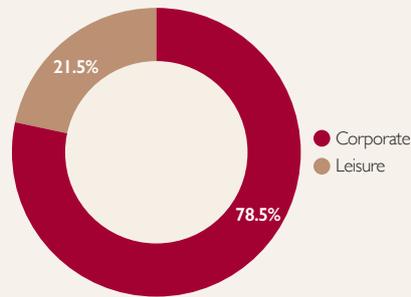
Average Occupancy (%)

77.5

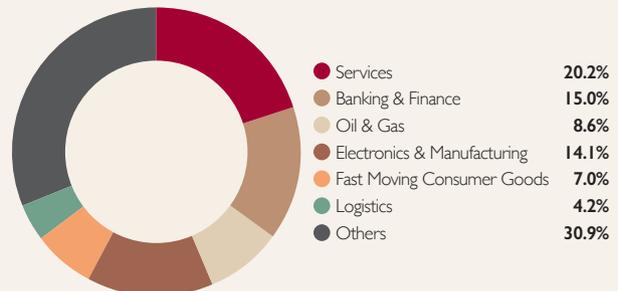
Revenue per Available Unit (RevPAU) S\$

140

Revenue by Market Segment (%)



Revenue by Industry (%)



master leases, the SR portfolio performed in excess of the fixed rent threshold to generate variable rent for the gross revenue of Far East H-Trust.

REVIEW OF REIT COMMERCIAL PREMISES PERFORMANCE

Far East H-Trust has a total of 287 units of retail, office and serviced office commercial spaces, housed in 9 out of the 13 properties in the portfolio.

The commercial premises continued to be impacted by COVID-19 in 2021. Retail premises located in some hotels were unable to operate as the hotels were being contracted to the government for isolation purposes. The Trust continued to support our tenants with either a temporary revision of rental structure or rental rebates to support them through the challenging operating environment. As work from home continued to be the default during the pandemic, enquiries and take up rates for new leases in the office sector remained muted. With the divestment of Central Square in 2021, the Trust was cautious in committing to leases with longer tenures.

For FY 2021, revenue from the REIT commercial premises ("RCP") was S\$15.1 million, 8.8% lower than the previous year. As a portfolio, revenue from RCP made up 18.1% of Far East H-Trust's total gross revenue.

The average occupancy of the RCP decreased by 11.3pp and the rental rates per square foot (including turnover rent) was 6.4% higher in FY 2021.

There were 149 tenants across various trade sectors, the largest being the food & beverage industry.

As at 31 December 2021, the remaining lease tenure of the RCP spaces ranged from less than a year to three years, giving rise to a weighted average lease expiry ("WALE") of 1.18 years. A large proportion of the leases expiring within a year was for the serviced offices at Central

Square (Village Residence Clarke Quay) where no further leases were committed in view of the divestment of the property.

New leases entered into during the year had a WALE of 2.23 years and made up 8.2% of RCP revenue for the year.

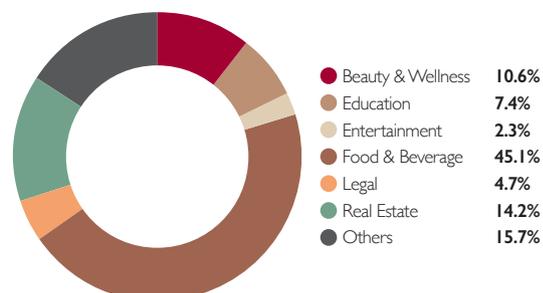
Lease maturity profile as at 31 December 2021

	2022	2023	2024	2025	2026
% of Leases expiring	67%	23%	9%	-	1%
% of total gross monthly RCP revenue	54%	28%	16%	-	2%

Top 10 RCP tenants as at 31 December 2021

No.	Tenant	Percentage of Revenue	Industry
1	Far East Organization entities	10.1%	Real Estate/ Hospitality Services/ Food & Beverage
2	Akashi Japanese Restaurant OPH Pte Ltd	6.5%	Food & Beverage
3	Club Chinois Pte Ltd	5.8%	Food & Beverage
4	Sivasanta Group Pte Ltd	3.2%	Education/ Food & Beverage
5	Singapore Hospitality Group Pte Ltd	3.2%	Food & Beverage
6	SPH Media Limited	2.5%	Entertainment
7	Kam Boat Chinese Cuisine Pte Ltd	2.3%	Food & Beverage
8	G & R Fusion Pte Ltd	2.1%	Food & Beverage
9	Boffi Singapore Pte Ltd	2.1%	Home Decoration
10	Commonwealth Concepts Pte Ltd	2.1%	Food & Beverage

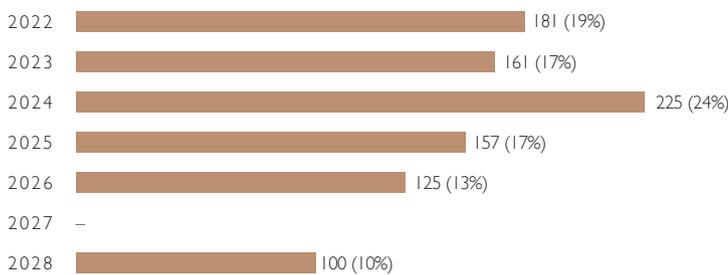
Trade Sector Mix of Tenants by Revenue (%)



Capital Management

Debt Maturity Profile (S\$ million)

as at 31 December 2021



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 by accessing both financial institutions and capital markets and optimise its cost of debt financing.

As at 31 December 2021, Far East H-Trust had total borrowings of S\$949.3 million in term loan facilities. Total borrowings were S\$41.5 million lower than the previous year as the option fee received for the divestment of Central Square was utilised to repay outstanding revolving credit facilities (“RCF”) and term loan of S\$28.6 million during the year. Coupled with fair value gain of the properties, aggregate leverage decreased to 38.3% from 40.9% in December 2020, a 2.6 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. Debt headroom provides Far East H-Trust with financial flexibility to pursue new acquisitions and asset enhancement initiatives.

The REIT Manager keeps a well-spread debt maturity profile to minimise any refinancing risk in any one year. There is no more than 24% of debt due for refinancing in any year.

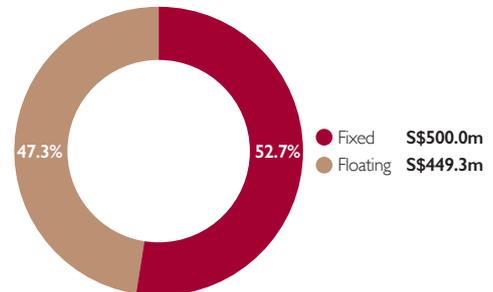
The portfolio’s weighted average debt maturity was 2.7 years as at 31 December 2021.

In March 2021, the REIT Manager successfully refinanced a term loan of S\$125.0 million to a new 5-year sustainability-linked facility with its existing lender. On 13 December 2021, the REIT Manager also executed a S\$250.0 million facility comprising a 7-year term loan of S\$100.0 million and multi-currencies RCF of S\$150.0 million ahead of its maturity.

The current borrowings relate to term loans of S\$181.4 million which are due to mature in August and October 2022. The proceeds from the divestment of Central Square will be likely used to pare down term loans due in year 2022.

Interest Rate Profile

as at 31 December 2021



Far East H-Trust has S\$300.0 million of undrawn RCF. All its 13 properties are unencumbered. These provide Far East H-Trust with ample financial ability and the 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. During the year, the REIT Manager entered into new interest rate swap contracts with notional amount of S\$185.0 million to convert floating rate loans to fixed rate loans. As new interest rate swap contracts were entered at lower fixed rates, the weighted average cost of debt decreased to 1.9% from 2.4% per annum. As at 31 December 2021, 52.7% 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.

Far East H-Trust has a healthy interest coverage ratio (“ICR”) of 3.4 times².

¹ MAS had on 16 April 2020 raised the aggregate leverage limit for REITs from 45% to 50% (up to 31 December 2021) and deferred to 1 January 2022, the requirement to have a minimum adjusted interest coverage ratio of 2.5 times before the aggregate leverage limit can be increased from the then prevailing 45% limit up to a maximum of 50%.

² ICR is computed as per the definition in the loan covenants. ICR would be 3.1 times based on the definition prescribed by Appendix 6 of the Code on Collective Investment Schemes.

Stapled Security Price Performance

Over the course of 2021, the development and administration of COVID-19 vaccinations brought relief to the markets, promoting confidence for a gradual return to normalcy. However, new strains of COVID-19 such as the Delta and Omicron variants brought further uncertainties and prolonged border closures around the world.

While the Singapore economy made a recovery, much of the growth was uneven and mostly in the banking, energy,

semiconductor and trade-orientated industries. Cyclical, consumer-orientated sectors such as hospitality, travel, retail and construction continued to be weighed down and underperformed.

In 2021, the FTSE ST All-Share Index – Real Estate Investment Trusts (“SREITs”) registered a marginal 0.2% growth and underperformed the Straits Times Index (“STI”). Due to safe distancing measures and border controls, investor interest towards the hospitality REIT sub-sector

was weak. SREITs also underperformed on fears of inflation and indications of interest rate hikes by the US Federal Reserve.

For Far East H-Trust, its Stapled Security price closed at S\$0.590 on 31 December 2021. A total of 498 million Stapled Securities were traded during the year, down from 595 million the year before. On average, 1.97 million Stapled Securities were traded daily.

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



Stapled Security Price		Net Asset Value (“NAV”) per Stapled Security	
Opening price as at 4 Jan 2021	S\$0.620	NAV per Stapled Security as at 31 December 2021	83.21 Singapore cents
Low	S\$0.565	NAV per Stapled Security as at 31 December 2020	79.20 Singapore cents
High	S\$0.660		
Closing price as at 31 Dec 2021	S\$0.590		
Volume			
Total trading volume for 2021	498 million		
Average daily trading volume	1.97 million		

Investor Relations



Orchard Rendezvous Hotel

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, the Far East H-Trust website and other channels including news releases, annual reports and at Stapled Securityholders' meetings.

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 officer, 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.

In 2021, due to the restrictions on in-person events, investor engagement was conducted via online conferences and telephone calls. The REIT Manager continued to be active and participated in multiple events to meet a wide range of investors. Far East H-Trust is actively covered by local and international brokerage firms, including the following:

- CGS-CIMB
- Citi
- DBS
- HSBC
- JP Morgan
- Maybank
- OCBC
- UOB Kay Hian

	Date	Event
Q1	7 Jan 2021	DBS Vickers Pulse of Asia
	11 Feb 2021	2H / FY 2020 Post-Results Briefing for Analysts
	18 Feb 2021	J.P.Morgan Investor Conference Call
Q2	30 Apr 2021	1Q 2021 Interim Business Update for Analysts
	30 Apr 2021	CGS-CIMB Investor Conference Call
	16 Jun 2021	DBS-SGX-REITAS Virtual Conference
Q3	30 July 2021	1H 2021 Results Briefing for Analysts
	11 Aug 2021	UOB Kay Hian S-REITs Virtual Corporate Day
	27 Sep 2021	SGX-Credit Suisse Panel Discussion
Q4	29 Oct 2021	3Q / YTD Sep 2021 Interim Business Update for Analysts
	3 Nov 2021	REITAS Webinar for Bloggers

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. Resolutions are voted on 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 through SGXNET. Minutes of general meetings are made available to Stapled Securityholders upon request. The REIT Manager also publishes minutes of general meetings of Stapled Securityholders on its corporate website (www.fehtrust.com).

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

As at 31 December 2021, about 67% of Far East H-Trust Stapled Securities were held by institutions, and the remaining 33% 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 58% of outstanding Stapled Securities. Investors from North America formed the next largest investor group, with about 15% of the holdings.

Stapled Securityholders, analysts, fund managers and the media can reach out to our investor relations team for information on Far East H-Trust.

Mr James Tan

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

Strengthening Sustainable Practices





Oasia Hotel
Downtown

Sustainability Report

“THE JOURNEY TOWARDS SUSTAINABILITY ENTAILS THE PARTICIPATION OF ALL STAKEHOLDERS TO CREATE AN ECOSYSTEM THAT WILL DELIVER SUSTAINABLE VALUE AND INSPIRE BETTER LIVES.”

Board Statement

Dear Stakeholders,

The Board is pleased to present the fifth Sustainability Report of Far East Hospitality Trust (“Far East H-Trust” or the “Trust”), outlining 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 ensures that the Trust creates lasting value for all stakeholders. In recognising the ever-increasing importance of environmental, social, governance (“ESG”) impacts, risks and opportunities, the Board of the REIT Manager expanded the terms of reference of the Audit and Risk Committee to include the oversight on the objectives, programmes, policies, and practices pertaining to sustainability. Accordingly, the committee was renamed as Audit, Sustainability and Risk Committee (“ASRC”) in October 2021.

In 2021, we appointed KPMG Services Pte Ltd. (“KPMG”) on the strategic review of our ESG framework and roadmap with key references to the Global Reporting Initiative (“GRI”) standards 2016 (Core Option), SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide. A climate risk and opportunity workshop was also conducted, guided by the guidelines and disclosures of the Taskforce on Climate-related Financial Disclosures (“TCFD”), to facilitate identification of key risks and opportunities of the Trust and setting action plans in addressing them.

While we have started on the process to review, validate and update our ESG strategy this year, progressive improvements to our ESG performance across all material aspects will be an ongoing journey and we remain focused on achieving this in the coming years. We will also stay abreast of relevant ESG developments from all perspectives (including upcoming regulatory changes) and incorporate them in our ESG efforts going forward.

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 thank our stakeholders and welcome you to participate in our sustainability endeavours.

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 2021 to 31 December 2021 ("FY 2021"). 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

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

Serviced Residences

1. Village Residence Clarke Quay
2. Village Residence Hougang
3. Village Residence Robertson Quay
4. Regency House



Sustainability Reporting Framework

This report has been prepared in accordance with the GRI standards 2016 (Core option), SGX-ST Listing Rules (711A and 711B) and the SGX Sustainability Reporting Guide. 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 this report. Please refer to page 73 at the end of the report for the GRI Content Index for a summary of our disclosures.

As our sustainability reporting framework matures over time, we will perform an internal review in accordance with the risk-based planning and audit process and 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: <http://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



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.

In FY 2021, Far East H-Trust undertook a strategic review, examining the needs and concerns of our stakeholders, and have accordingly updated our sustainability framework.

The strategies focus 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 communities to generate positive impact.
- **Good Governance**
We strive to maintain stakeholders' trust through continuous strengthening of our governance policies (aligned to global best practices), which underpin all our sustainability efforts.

Sustainability Governance

The Board has oversight of all ESG matters material to Far East H-Trust, reviews all strategic plans, provides guidance on sustainability considerations, and ensures conformance with applicable regulations related to sustainability such as the SGX-ST Listing Rules 711A and 711B and the SGX Sustainability Reporting Guide.

In FY 2021, Far East H-Trust's Audit and Risk Committee was renamed as Audit, Sustainability and Risk Committee to cover the scope of oversight of matters relating to Far East H-Trust's objectives, programmes, policies, and practices pertaining to sustainability. Responsibilities of the ASRC include:

- Overseeing ESG issues and strategies as well as the process used to identify, evaluate and manage material ESG related issues

- Making recommendations to the Board on strategies, targets, policies and roadmap pertaining to sustainability
- Monitoring the compliance with applicable regulations and policies
- Reviewing the effectiveness of strategies, targets, policies and roadmaps pertaining to sustainability; and
- Reviewing the status updates on the implementation and progress against sustainability targets

Far East H-Trust’s sustainability management is overseen by Mr Gerald Lee, Chief Executive Officer (“CEO”) of the REIT Manager, who provides the overall sustainability direction and approves key sustainability practices. He is supported by the Sustainability

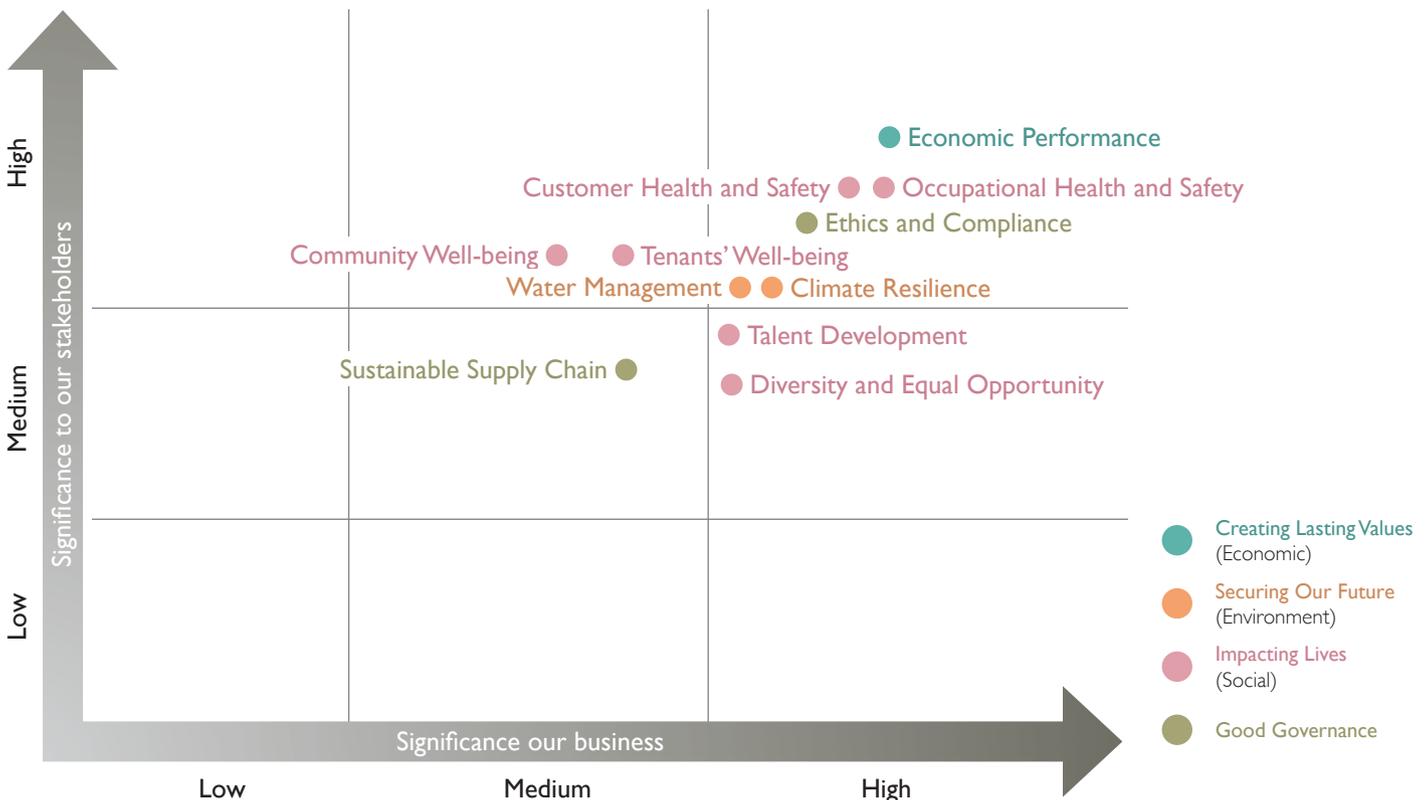
Working Committee (“SWC”), comprising representatives from Finance, Asset Management and Investor Relations, which drives, monitors, and communicates our REIT’s sustainability initiatives.

Materiality Assessment

In FY 2021, as part of the strategic review of our ESG strategy, we undertook a review and validation of Far East H-Trust’s material ESG topics, with expertise from an external consultant, KPMG. A thorough review was conducted, including an extensive review on global best practices and key trends in the hospitality industry. The review process included indepth discussions with key stakeholders. In particular, we also ensured that, where applicable, there was alignment with FEO and

Far East Orchard, both of whom the Trust works closely with. Thereafter, the material topics were prioritised by the ASRC and SWC.

Based on the 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 was included as a material ESG topic. Lastly, in light of the COVID-19 pandemic, more emphasis has been placed on tenants’ well-being. The material ESG topics and their respective performance data are reviewed by Far East H-Trust annually.



Sustainability Report

UN SDGs

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

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

Our Journey

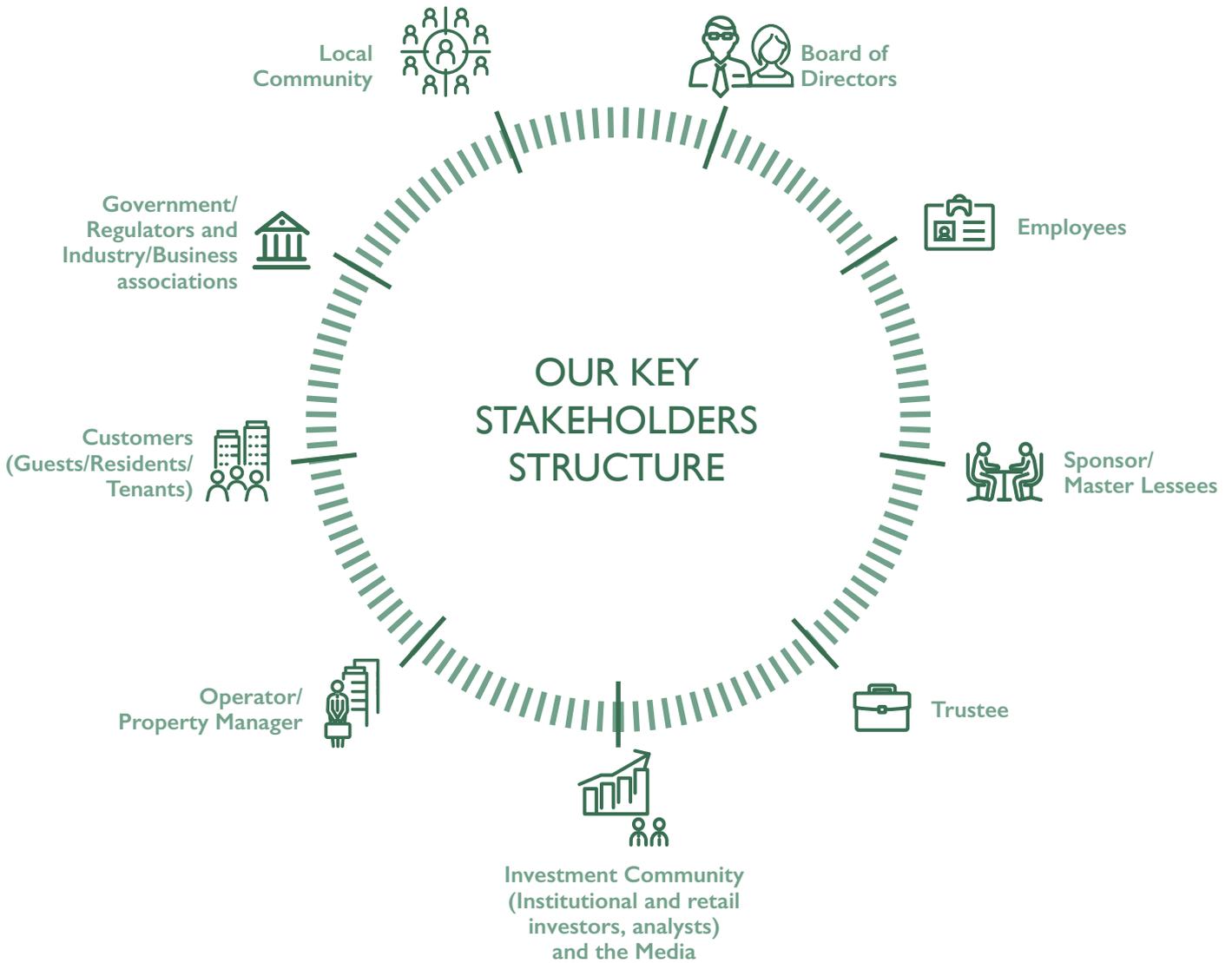


Key Highlights

Creating Lasting Value	Securing Our Future	Impacting Lives
<ol style="list-style-type: none"> 1. Divestment of Central Square for S\$313.2 million at an attractive exit yield of 1.8% after obtaining an outline permission for a rezoning and an uplift in the gross floor area, for a gain of approximately S\$112.0 million 2. 4.1% increase in net property income for FY 2021 3. 14.5% increase in income available for distribution for FY 2021 4. 9.1% increase in distribution per stapled security for FY 2021 	<ol style="list-style-type: none"> 1. Secured maiden sustainability-linked loan of S\$125.0 million and interest rate swap contract of S\$85.0 million 2. Added disclosure of Scope 1 and 2 greenhouse gas ("GHG") emissions 3. 5 properties were awarded under the Green Mark Certification scheme by the Building and Construction Authority ("BCA") of Singapore 4. Reduction in water consumption by 15.1% in FY 2021 from the year before 	<ol style="list-style-type: none"> 1. Stepped up tenant engagement and assistance 2. Employee survey received a participation and engagement rate of 100% 3. Zero fatalities and occupational diseases
Good Governance		
<ol style="list-style-type: none"> 1. 50% of female directors on the Board, exceeding the recommended target¹ set by the Council for Board Diversity for listed companies 2. Ranked 2nd in the Singapore Governance and Transparency Index ("SGTI") for REITS and Business Trust 3. Ranked joint 9th in the Governance Index for Trusts ("GIFT") assessment 4. Runner up for the Shareholder Communication Excellence Award (REITs & Business Trusts Category) in the SIAS Investors' Choice Award 5. Zero case of incidents relating to corruption and non-compliance 		

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

Sustainability Report



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 Trust 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, and analysts) and the Media	<ul style="list-style-type: none"> Financial and operational performance Business strategy and outlook Corporate governance ESG strategy and performance 	<ul style="list-style-type: none"> Annual General Meeting Annual report Results and business updates briefing Press Releases Corporate website and SGXNET announcements Investor meetings (One-on-one/conferences/roadshows)
Operator/Property Manager	<ul style="list-style-type: none"> Optimal operational performance Property maintenance and enhancements 	<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 Quarterly operating performance updates
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 and Investment Community and the Media, please refer to page 46 on Investor Relations.

Sustainability Report



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.

In FY 2021, gross revenue held steady at S\$83.2 million, supported by fixed rental income from master leases, while net property income increased 4.1% year-on-year.

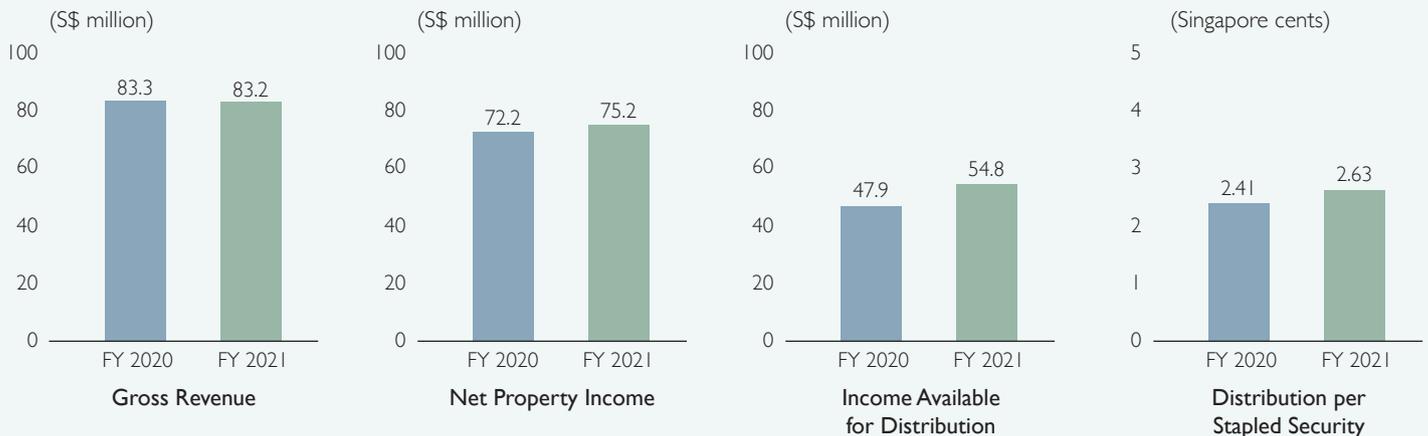
In the area of asset management, we were able to obtain an outline planning permission from the Urban Redevelopment Authority for a 78% increase in maximum gross floor area for Central Square. Having carefully evaluated all options, we concluded that it was in the best interest of Stapled Securityholders to divest the property. After carrying out a tender, it was sold to CDL with completion in March 2022. After accounting for transaction related costs, we are expected to achieve an estimated gain of approximately S\$112.0 million.

The sale proceeds will be used to pare down debt to strengthen our balance sheet. The increase in financial flexibility will allow the Trust to seek out opportunities to redeploy proceeds and deliver optimal value for our Stapled Securityholders.

For a detailed breakdown of Far East H-Trust's FY 2021 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





Securing Our Future

Climate Resilience

As a custodian of hospitality, retail and office assets, we recognise the unique position we are in to contribute towards the transition to a lower-carbon economy. We are committed to reducing our environmental footprint within our operations and across our value chain. The Trust is currently reviewing our climate-related initiatives

and are in discussion with key partners to actively reduce emissions and mitigate climate risks.

As we are in the process of reviewing our strategies, and given the special circumstances of operating under the COVID-19 pandemic (which may not be representative of normal

operations), it would be premature to set long-term environmental targets this year. Notwithstanding this, the Trust is committed to managing our climate footprint responsibly. Going forward, we will be working closely with stakeholders to finalise our climate plans and targets in the near future and will disclose them at the appropriate time.

FY 2021 Target	Performance
<ul style="list-style-type: none"> To reduce the average energy consumption of Far East H-Trust properties by 2% 	<p>Given the transmissibility of the COVID-19 virus, several of our properties had their air-conditioning and fresh air ventilation fans running at higher-than-normal capacities throughout the day to enhance the safety and well-being of guests at our properties.</p> <p>This resulted in an increase of 3.7% in our overall energy consumption. As such, we were unable to meet the target.</p>
<ul style="list-style-type: none"> Ensure that all new Far East H-Trust buildings in Singapore are designed to minimally qualify for the Singapore Green Mark Gold status 	<p>There was no new property acquisition in FY 2021.</p>



Sustainability Report

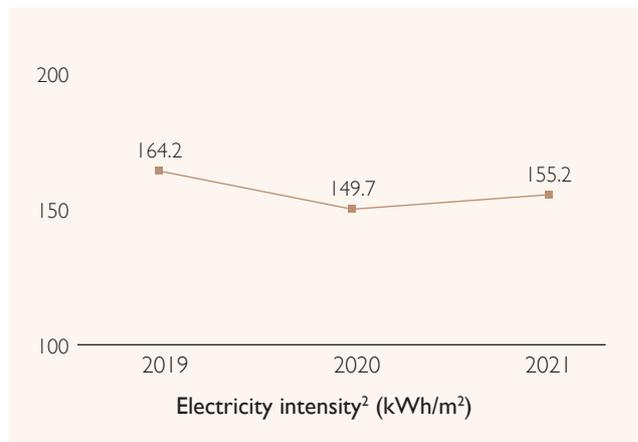
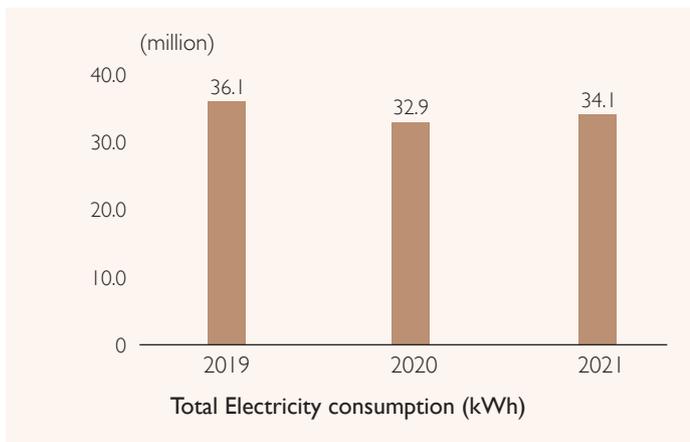
Energy and GHG Performance

In FY 2021, Far East H-Trust worked with KPMG to develop a GHG

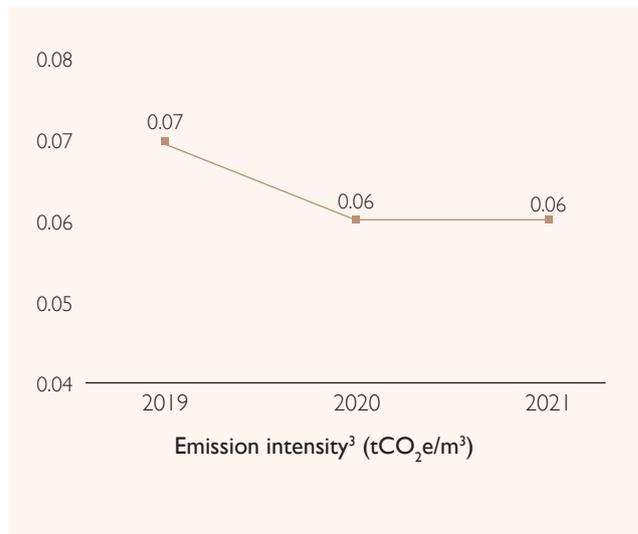
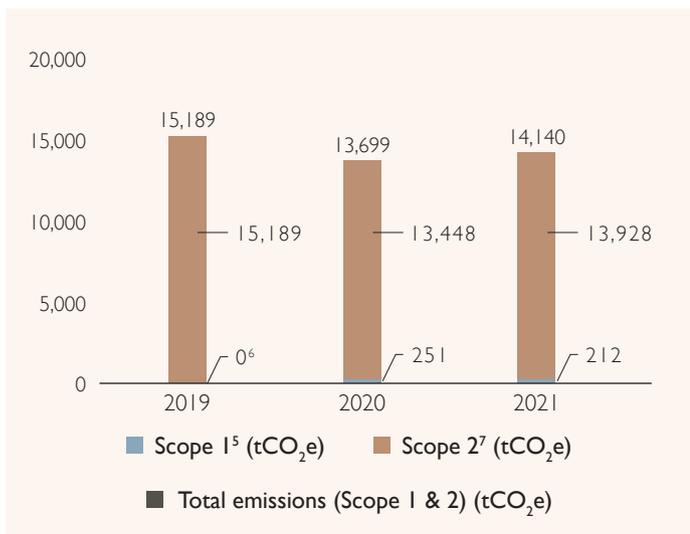
carbon inventory template to track and monitor our GHG emissions. This provided us comprehensive insights into our main sources of emission and

underpin initiatives that aim to improve our environmental performance and reduce our emissions.

Electricity Consumption¹



Carbon Emissions^{1,4}



1 Environmental data include all properties owned by the Trust.
 2 In FY 2021, we have consolidated and standardised our environmental data collection 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 and all hotel rooms and serviced residence units, 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 per occupied hotel room/serviced residence was 13,719 kWh in FY 2021 and 12,333 kWh in FY 2020.
 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 include direct emissions from backup diesel generators, cooking gas and refrigerants.
 6 Far East H-Trust only started tracking its consumption the consolidation of Scope 1 emissions of gas in FY 2019.
 7 Scope 2 emissions include indirect emissions from purchased electricity and the data in this report were calculated using the location-based method.

In FY 2021, Far East H-Trust's electricity consumption increased 3.7% to 34.1 million kWh from 32.9 million kWh in FY 2020. As a result, this led to a 3.6% increase in Scope 2 emissions which accounted for 98.5% of total emissions as power is directly purchased from the national grid.

The increase in electricity consumption and emissions was a result of our air-conditioning and fresh air ventilation fans running at higher capacities throughout the day to enhance the safety and well-being of guests at our properties, in light of the transmissibility of the COVID-19 virus.

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

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 Trust will continue to review energy management strategies regularly and 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 also review our plant and machinery regularly to identify maintenance regimes and equipment upgrades that can optimise energy consumption.

In FY 2021, we embarked on the following initiatives to help improve our energy efficiency and work towards achieving our energy targets:

- At Village Hotel Changi, as part of the effort to improve energy efficiency, a progressive replacement of the cooling towers was undertaken. The upgrading not only brought about better cooling efficiency for the hotel but also energy savings estimated at 24,500 kWh per annum.

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

Sustainability Report

- At Oasia Hotel Novena, an overhaul of one of the building's chillers was carried out in 2021, improving the overall efficiency of the chiller plant.
- At Village Hotel Bugis, the replacement of existing chillers, cooling towers and associated equipment improved the air con system efficiency to 0.65kW/RT. Other works undertaken included the modernisation of lifts and the replacement of lights to Light Emitting Diodes ("LED") fittings for higher energy efficiency.

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 low-energy buildings and ensure our newly acquired properties meet the requirements to qualify for the Singapore Green Mark Gold status. Additionally, we also acknowledge the importance of accounting for carbon emissions that arise as a result of our supply chain and will work towards disclosing our Scope 3 carbon emissions in future reports.

Green Buildings

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

We are pleased to announce that in November 2021, Village Hotel Bugis, together with Golden Landmark Shopping Complex, obtained the BCA Green Mark Gold^{Plus} Award. The garnering of this award is a result of a series of actions undertaken jointly with the building's MCST in the upgrading of various plant and machinery.

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

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

Water Management

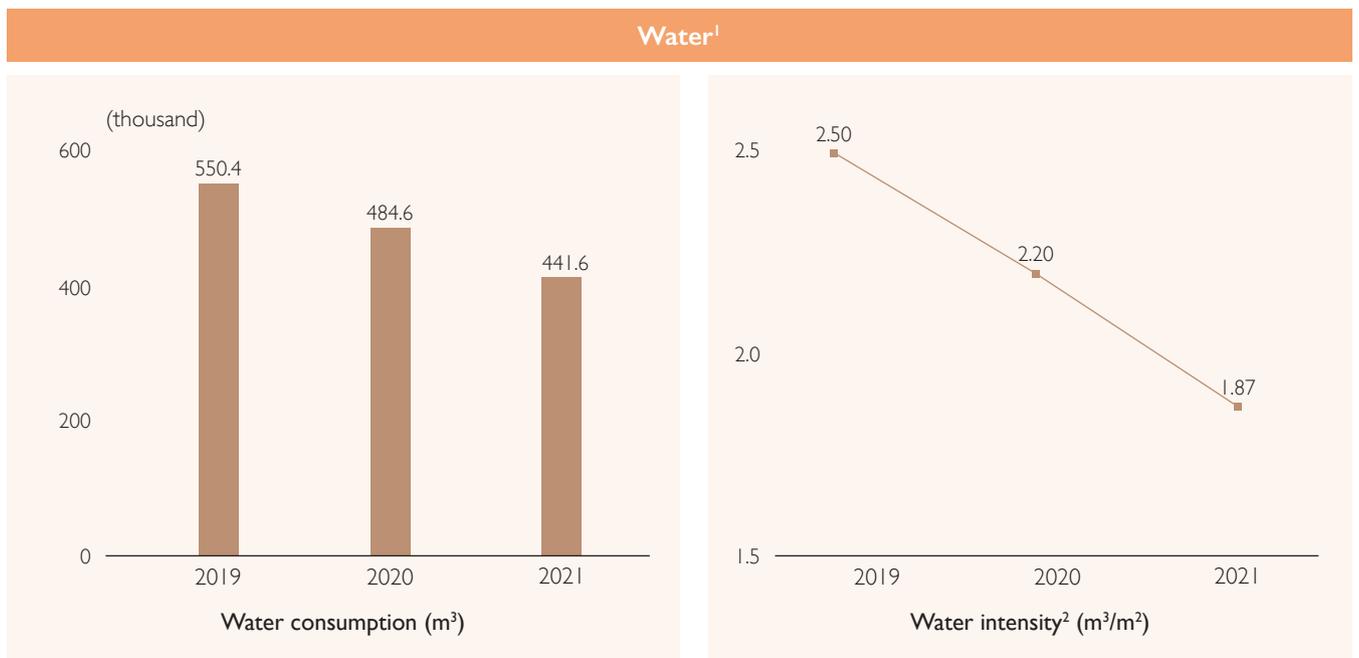
Water is essential to Far East H-Trust's operations and recognising that our hotels and serviced residences are located in water-scarce Singapore, we seek to work closely with our stakeholders to manage our water consumption and reduce our reliance on potable water.

Our total water consumption and water intensity decreased by 8.9% and 15.0% respectively in FY 2021 due to lower occupancies as well as water-saving initiatives implemented across our properties.

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.



¹ Environmental data include all properties covered owned by the Trust.

² In FY 2021, we have consolidated and standardised our environmental data collection 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 and all hotel rooms, as the denominator for our emission intensity, instead of number of occupied rooms. The change in denominator in FY 2021 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.

Sustainability Report



Impacting Lives

COVID-19 Measures

Employees

To safeguard the health and safety of our employees during the pandemic, Far East H-Trust takes all necessary precautions and implemented safe management measures at our workplace in line with Singapore’s government regulations. This includes telecommuting and split-team arrangements. Far East H-Trust will continue to monitor the situation and ensure our employees can work in a safe environment.

Customers’ Health and Safety

Safety measures were implemented at all hotels and serviced residences to ensure guests feel at ease at our properties. To that end, the Operator introduced ‘Far More Assured’, an initiative to deliver a clean and safe environment for all guests. As part of the initiative, we ensure the necessary safety and precautionary protocols are implemented across all properties.

These includes:

- Disinfecting of guest rooms with hospital-grade solutions
- Increased frequency of deep cleaning of public areas and high touchpoint surfaces
- Option to reduce daily housekeeping services and contactless ways to exchange linen
- Capacity restrictions on F&B and event venues in line with safe distancing measures

Tenants’ Well-being

With COVID-19 affecting many businesses, Far East H-Trust continued to support our tenants by providing either a temporary revision of rental structure or rental rebates to tide them through the tougher operating environment.

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 a key priority. Not only will this minimise the number of workplace incidents which safeguards us against reputational risk and costly fines, but also boosts employees’ morale and productivity.

Target for FY 2022
Achieve **ZERO**
WORKPLACE FATALITY
across all its properties.

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 2021, Far East H-Trust maintained and achieved our target of ensuring zero workplace fatalities and zero occupational disease across our properties. However, nine additional workplace incidents (including “near-misses”) occurred, resulting from employee oversight. 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.

Health and Safety	FY 2019	FY 2020	FY 2021
Number of Workplace Fatalities	0	0	0
Number of Occupational Disease Cases	0	0	0
Number of Workplace Incidents (including “near-misses”)	163	33	42

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.

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.

Initiative	Our Commitment to Health and Safety
Workplace safety and health risk assessments	<p>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.</p>
Company emergency response teams ("CERT")	<p>The Operator's employee handbook outlines our commitment to health and safety at the workplace, and all employees must acknowledge the safety pledge, which outlines five key principles as follows:</p> <ul style="list-style-type: none"> • All accidents can be prevented • Safety is everyone's responsibility • Making safety is part of our work culture • Prompt reporting of potential hazards • Investigations by supervisors <p>The Operator also established CERT, where employees undergo necessary health and safety training to perform emergency response roles. This also ensures employees are equipped with safety equipment to prepare for potentially hazardous situations such as power failures, medical emergencies, fires and lift entrapments.</p>
Certified fire safety managers ("FSM") and situational emergency drills	<p>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 our level of preparedness in response to emergencies.</p>

Sustainability Report

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.

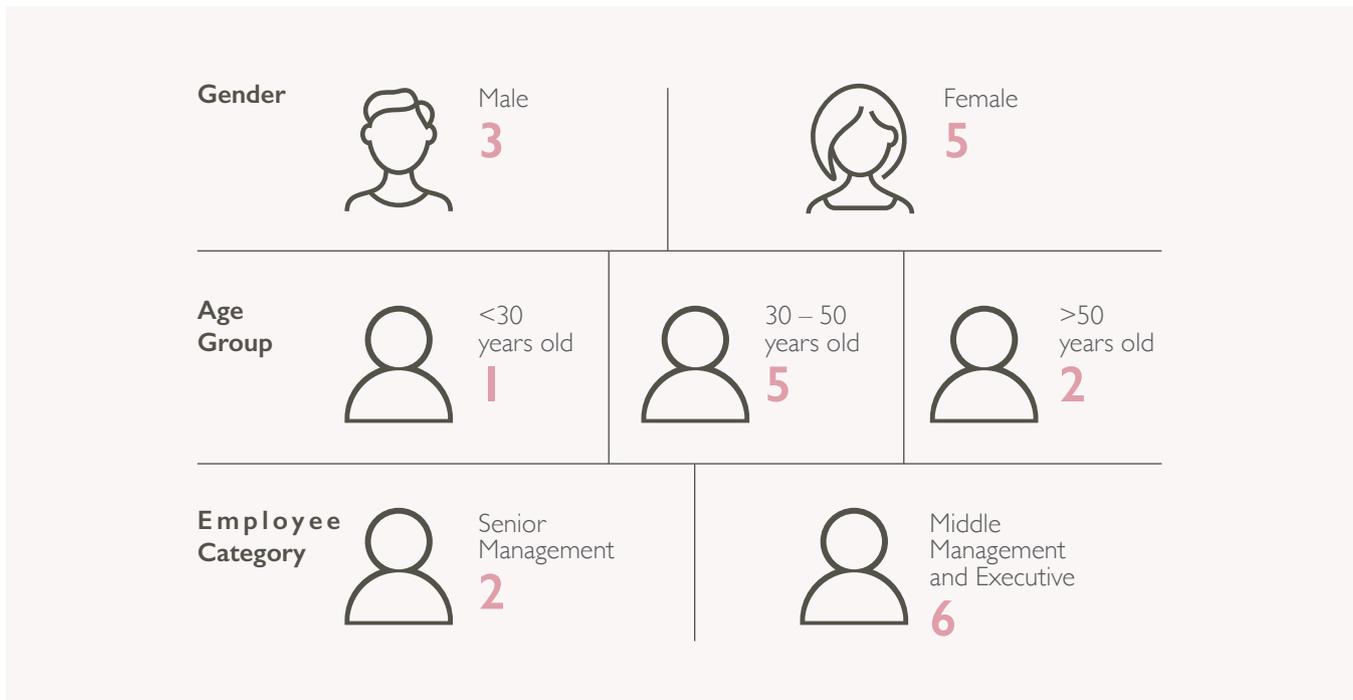
As of 31 December 2021, the REIT Manager had eight permanent, full-time employees. The following table shows the breakdown of employees by gender, age and employee category.

During the year, we also recorded 1 new hire² and 2 turnovers³, resulting in a new hire and turnover rate of 12.5% and 25.0% 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 2021.

Employee Engagement

Far East H-Trust values our employees' feedback and concerns and believes that



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.

2 New hire was a female who is less than 30 years old.

3 There were two turnovers recorded during the year; where one was a male and one was female. Both employees who left were less than 50 years old.

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 2021, 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:

Benefit	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
Parental 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

Sustainability Report

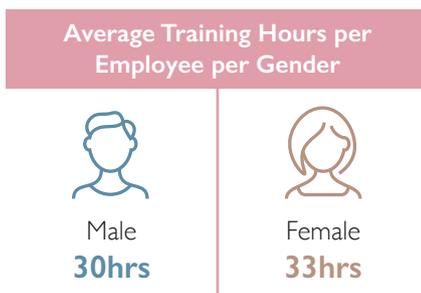
Talent Development

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 2021, Far East H-Trust clocked an average of 31 training hours, with the breakdown of training hours by gender as follows:



We develop our employees according to their abilities and job specifications, and during the year, various training courses were provided for employees. Additionally, all 4 independent directors also attended the training by SGX on climate-related disclosures in October 2021.

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 2021, 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.

Tenants' Well-being

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

Community Well-being

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

Going forward, the REIT Manager has committed an annual budget to supplement Far East H-Trust's efforts under the Social pillar for the benefit of the community.

Examination Care Pack Distribution

In September 2021, Far East H-Trust partnered with Beyond Social Services to distribute examination care packs comprising of stationery items to children from less privileged backgrounds staying in rental flats around Whampoa.



MacPherson Community Outreach

In December 2021, we partnered with Life Community Services Society to conduct an outreach programme across 12 blocks at MacPherson. To better understand their needs, we surveyed children (aged 6 to 12) and their caregivers from low-income families on the type of programmes and facilities that they would like to have and participate in.



Sustainability Report



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-2021, the REIT Manager Board and Trustee-Manager Board comprises 3 female directors (50%) out of 6 directors and 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 with the principles laid out in the Code of Corporate Governance 2018. The REIT Manager regularly reviews the relevant policies and guidelines. In addition, the REIT Manager is a member of the Financial Industry Disputes Resolution Centre Ltd and the REIT Association of Singapore.

Compliance with Laws and Regulations

To foster a culture of responsible and ethical behaviour within the organisation, Far East H-Trust has put in place a comprehensive set of corporate policies and robust internal processes to ensure high standards of corporate governance. This includes

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

Investment Management Policy

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

or non-compliance when making investment or divestment decisions.

Personal Data Protection Policy

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

Employee Code of Conduct

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

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

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.

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.

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 may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters in good faith. For all concerns raised, it will be independently investigated, and appropriate follow-up actions will be taken.

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

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

Award	Description
SIAS Investors' Choice Award	<p>Far East H-Trust was the runner up for the Shareholder Communication Excellence Award (REITs & Business Trusts Category) in the SIAS Investors' Choice Award.</p> <p>The award recognises outstanding efforts in transparent disclosure and excellent communication with shareholders.</p>
Singapore Governance and Transparency Index ("SGTI")	<p>Far East H-Trust ranked 2nd as part of the SGTI, up from 4th place in 2020.</p> <p>The SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies.</p>
Governance Index for Trusts ("GIFT")	<p>Far East H-Trust ranked joint 9th on GIFT.</p> <p>GIFT, an index supported by the Singapore Exchange Limited, assesses and recognises companies with high standards of corporate governance.</p>

Sustainability Report

In FY 2021, 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 keep up with changes in policies and current trends through industry news and events and regularly monitor and evaluate our compliance level. For more information on Far East H-Trust's corporate governance practices, please refer to pages 77 to 112.

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 in adopting 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

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
GRI 102 (2016): General Disclosures			
Organisational Profile	I02-1	Name of the organisation	Far East Hospitality Trust
	I02-2	Activities, brands, products, and services	About Us, Pg. 2
	I02-3	Location of headquarters	Corporate Directory, Pg. 120
	I02-4	Location of operations	
	I02-5	Ownership and legal form	Our Structure, Pg. 3
	I02-6	Markets served	About Us, Pg. 2
	I02-7	Scale of the organisation	
	I02-8	Information on employees and other workers	Diversity and Equal Opportunity, Pg. 66
	I02-9	Supply chain	Sustainable Supply Chain, Pg. 72
	I02-10	Significant changes to the organisation and its supply chain	Sustainability Reporting Framework, Pg. 51 Sustainable Supply Chain, Pg. 72
	I02-11	Precautionary principle or approach	Far East H-Trust does not specifically refer to the precautionary approach when managing risk; however, Far East H-Trust applies a risk-based consideration in all Risk Management practices (Risk Management and Internal Controls, Pg. 93)
	I02-12	External initiatives	Sustainability Reporting Framework, Pg. 51
Strategy	I02-13	Membership of associations	Corporate Governance, Pg. 77
Ethics and Integrity	I02-14	Statement from senior decision-maker	Board Statement, Pg. 50
Governance	I02-16	Values, principles, standards, and norms of behaviour	About us, Pg. 2
Stakeholder Engagement	I02-18	Governance Structure	Sustainability Governance, Pg. 52
	I02-40	List of stakeholder groups	Stakeholder Engagement, Pg. 56 -57
	I02-41	Collective bargaining agreements	None of the REIT Manager's employees are covered under collective bargaining agreements
	I02-42	Identifying and selecting stakeholders	Stakeholder Engagement, Pg. 56 -57
	I02-43	Approach to stakeholder engagement	
	I02-44	Key topics and concerns raised	

Sustainability Report

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Reporting Practice	I02-45	Entities included in the consolidated financial statements	Notes to Financial Statements, Pg. 145
	I02-46	Defining report content and topic boundaries	Sustainability Strategy, Pg. 52
	I02-47	List of material topics	Materiality Assessment, Pg. 53
	I02-49	Changes in reporting	Sustainability Reporting Framework, Pg. 51
	I02-50	Reporting period	Reporting Scope, Pg. 51
	I02-51	Date of most recent report	
	I02-52	Reporting cycle	Annual
	I02-53	Contact point for questions regarding the report	Accessibility & Feedback, Pg. 51
	I02-54	Claims of reporting in accordance with GRI standards	Sustainability Reporting Framework, Pg. 51
	I02-55	GRI content index	GRI Content Index, Pg. 73
I02-56	External assurance	Sustainability Reporting Framework, Pg. 51	
Topic-specific Standards			
Economic Performance			
GRI 103 (2016): Management Approach	I03-1	Explanation of the material topic and its boundary	Financial Highlights, Pg. 4
	I03-2	The management approach and its components	Growth Strategies, Pg. 5 Chairman Statement, Pg. 8
	I03-3	Evaluation of the management approach	Our Portfolio, Pg. 24
GRI 201 (2016): Economic performance	201-1	Direct economic value generated and distributed	Key Highlights, Pg. 55 Creating Lasting Value, Pg. 58 Financial Statements, Pg. 132 - 135
Climate Resilience			
GRI 103 (2016): Management Approach	I03-1	Explanation of the material topic and its boundary	Securing our Future - Climate Resilience, Energy and GHG Performance and Green Buildings Pg. 59 - 62
	I03-2	The management approach and its components	
	I03-3	Evaluation of the management approach	
GRI 302 (2016): Energy	302-1	Energy consumption within the organisation	
	302-2	Energy consumption out of the organisation	
	302-3	Energy intensity	
GRI 305 (2016): Emissions	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
Water Management			
GRI 103 (2016): Management Approach	I03-1	Explanation of the material topic and its boundary	Securing our Future - Water Management, Pg. 63
	I03-2	The management approach and its components	
	I03-3	Evaluation of the management approach	
GRI 303 (2018): Water and Effluents	303-5	Water consumption	

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Occupational Health and Safety			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403 (2018): Occupational Health and Safety	403-1	Work-related injuries	
	403-2	Hazard identification, risk assessment, and incident investigation	Impacting Lives - COVID-19 measures, Occupational Health and Safety, Pg. 64 - 65
	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	
403-9	Work-related injuries		
Diversity and Equal Opportunity			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Impacting Lives - Diversity and Equal Opportunity, Employee Profile, Employee Engagement, Employee Benefits, Pg. 66 - 67
GRI 401 (2016): Employment	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	
GRI 405 (2016): Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Good Governance - Board Diversity, Pg. 70
GRI 406 (2016): Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	
Talent Development			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Talent Development, Pg. 68
GRI 404 (2016): Training and Education	404-1	Average hours of training per year per employee	
Customer Health and Safety			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	Impacting Lives - COVID-19 measures, Customers' Health and Safety, Pg. 64 and Pg. 68
	103-3	Evaluation of the management approach	
GRI 416 (2016): Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	

Sustainability Report

GRI Standards	Disclosure Number	Disclosure Title	Page Reference and/or Remark
General Disclosures			
Tenants' Well-being			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	Impacting Lives - Tenants' Well-being, Pg. 68
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Local Community			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	Impacting Lives - Community Well-being, Pg. 68 - 69
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	
Ethics and Compliance			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	Good Governance - Ethics and Corruption, Pg. 71 - 72 Corporate Governance, Pg 77 - 112
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 205 (2016): Anti-corruption	205-1	Operations assessed for risks related to corruption	Good Governance - Ethics and Corruption, Pg. 71 - 72 Corporate Governance, Pg 77 - 112
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
GRI 419 (2016): Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	
Sustainable Supply Chain			
GRI 103 (2016): Management Approach	103-1	Explanation of the material topic and its boundary	Good Governance - Sustainable Supply Chain, Pg. 72
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

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 2021 (“FY 2021”), 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 page 110 of the CG Report); 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.

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.

Audit and Risk Committee ("ARC") was renamed to Audit, Sustainability and Risk Committee with effect from 28 October 2021 to cover the scope of oversight of matters relating to Far East H-REIT's objective, programmes, policies and practices pertaining to sustainability.

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 and/ 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 2021, 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 are detailed and give the background, explanatory information, justification, risks and mitigating measures for each agenda item and mandate sought by Management, including, where applicable, relevant 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-REIT. The Board and Board Committee papers given to the Directors include updates on Far East H-REIT's 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 over the trust.

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, to discharge his/her/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 2021, 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	Annual General Meeting	ASRC Meetings	NC Meetings	RC Meetings
Number of meetings held in FY 2021	7	1	5	2	2
Board members					
Wee Kheng Jin	7/7	1/1	N.A.	N.A.	2/2
Huang Cheng Eng ⁽¹⁾	7/7	1/1	2/2	1/1	2/2
Vivienne Lim Hui Bian ⁽²⁾	7/7	1/1	3/3	2/2	N.A.
Catherine Lee Khia Yee ⁽³⁾	7/7	1/1	5/5	1/1	N.A.
Celestine Khoo Geok Choo ⁽⁴⁾	7/7	1/1	5/5	N.A.	N.A.
Benedict Leh Song Boon ⁽⁵⁾	7/7	1/1	3/3	N.A.	N.A.
Willie Cheng Jue Hiang ⁽⁶⁾	2/2	1/1	2/2	1/1	N.A.
Kyle Lee Khai Fatt ⁽⁷⁾	2/2	1/1	2/2	1/1	2/2
Chief Executive Officer					
Gerald Lee Hwee Keong	7/7	1/1	5/5	2/2	2/2

(1) Mr Huang Cheng Eng ceased as Chairman of the RC and a member of the ASRC and was appointed as a member of the NC on 1 May 2021.

(2) Ms Vivienne Lim was appointed as Lead Independent Director, Chairman of the NC and a member of the ASRC and RC on 1 May 2021.

(3) Ms Catherine Lee was appointed as a member of the ASRC and NC on 1 January 2021 and 1 May 2021 respectively.

(4) Ms Celestine Khoo was appointed as a member of ASRC and Chairman of the RC on 1 January 2021 and 1 May 2021 respectively.

(5) Mr Benedict Leh was appointed as Chairman of the ASRC on 1 May 2021.

(6) Mr Willie Cheng ceased as Lead Independent Director; the Chairman of the ASRC and a member of the NC on 30 April 2021.

(7) Mr Kyle Lee ceased as Chairman of the NC and a member of the ASRC and the RC on 30 April 2021.

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

Corporate Governance Report

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.

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.

Ms Celestine Khoo, appointed as an Independent Director of Far East H-Trust in October 2020, has completed all modules of the mandatory training provided by the Singapore Institute of Directors ("SID") – the Listed Entity Directors ("LED") programme, Modules 1 to 4, in accordance with SGX Listing Rule 2.10 (5)(a) which states the requirement for first-time directors of an issuer on the Exchange to undertake training as prescribed by the Exchange. Ms Khoo had completed mandatory LED Modules 1 to 4 and all other non-mandatory modules of the programme (LED Modules 5 to 8) in March 2021.

Mr Benedict Leh, Far East H-Trust's newest Independent Director, attended the orientation exercise organised by the REIT Manager following his appointment in January 2021. The CEO of the REIT Manager also separately briefed him on various company matters on a few occasions during the year. Additionally, Mr Leh has completed all LED Modules 1 to 8 in March 2021 well within one year of his appointment in 2021.

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. Following their appointment, there is a Continuing Professional Development programme put in place for all Board members to equip them with the appropriate skills and knowledge required. As part of this programme, Directors undergo ongoing education particularly on relevant new laws, changes to regulations and accounting standards, environmental, social and governance ("ESG") matters and other industry-related matters. They are briefed on areas such as directors' duties and responsibilities under the Companies Act, Listing Manual, SFA, etc. to enable them to carry out their statutory and fiduciary duties as well as to update and refresh them on matters that may affect and/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 2021:

- SID Directors Virtual Conference 2021
- SID Listed Entity Directors Programme
- ACRA-SGX-SID Audit Committee Seminar 2021
- Tax Function of Tomorrow
- Corporate Governance Roundup 2021
- Why Board Diversity Matters
- Key Regulatory Updates by KPMG
- Climate Disclosure Training Programme by SGX

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

As of 31 December 2021, the Board comprises six directors, four of whom are independent directors and two of whom are non-independent non-executive directors. The composition of the Board therefore complies with Provision 2.3 where majority of the board is made up of non-executive directors and Provision 2.2 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 independence of Directors is reviewed by the NC annually on a formal basis since the formation of the NC on 19 January 2016. The Board was established in 2012, and none of the independent directors has served on the Board beyond nine years since the date of his or her first appointment. Additionally, none of the Directors has been a substantial shareholder of the REIT Manager, or substantial Stapled Securityholder of Far East H-REIT.

Corporate Governance Report

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 2021, 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 2021, none of the IDs had any business relationship with the REIT Manager, its related companies, its substantial shareholders or its officers, as well as with Far East H-REIT and its substantial Stapled Securityholders that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of Far East H-Trust.

During FY 2021, 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 continued his association with the Group as a Senior Advisor. At the same time, Mr Wee had also retired from the boards of all other FEO-related companies, but remained a 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 2021, 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).

Mr Huang Cheng Eng was appointed to the Board in April 2012. The Board values Mr Huang's deep wealth of knowledge and insights on the tourism and hospitality industry, which enabled him to provide valuable and objective contributions to the Board. As such, the Board extended the appointment of Mr Huang beyond his nine-year tenure and redesignated him as a non-independent director with effect from 1 May 2021. The Board has reviewed and is satisfied that, as at the last day of FY 2021, Mr Huang Cheng Eng, although being a non-independent director, has contributed effectively and provided impartial and autonomous views, advice and judgement, acting 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 DIVERSITY POLICY AND COMPOSITION

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, aviation, 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 2021, the Board had sought to achieve a greater balance of diversity in the aspects of gender, age and professional qualifications, and Mr Benedict Leh was appointed to the Board in January 2021. As a Chartered Financial Analyst with over 20 years of experience in corporate finance, capital markets, wealth management and the charity sector, Mr Leh adds to the Board's wealth of experience, skills, knowledge and perspective. With his appointment, the Board had four out of six of its members as independent directors.

In addition, the Board had three out of six being female and Far East H-Trust was commended by the Council for Board Diversity for attaining gender parity. Having 50% female directors represented on the Board compared favourably to the national average of 18% for SGX-listed companies. The Board and NC seek 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.

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 is Mr Wee Kheng Jin, while the CEO of the REIT Manager is Mr Gerald Lee. Mr Wee Kheng Jin is also the Chairman of the Trustee-Manager Board and Mr Gerald Lee is also the CEO of the Trustee-Manager. They 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 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.

Corporate Governance Report

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. Mr Willie Cheng was appointed as the lead independent director till his resignation on 30 April 2021. Ms Vivienne Lim Hui Bian has since been designated as the lead independent director with effect from 1 May 2021. She is also the Chairman of the NC.

Ms Lim, as the lead independent director, 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.

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), Mr Huang Cheng Eng (Non-Independent and Non-Executive Director) and Ms Catherine Lee (Independent Director).

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, 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 Chief Executive Officer or of any appointment of director.

Corporate Governance Report

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 Diversity Policy section. 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 set out in the above policy.

Based on Directors' full attendance record at Board and Board Committee meetings (set out on page 80) 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 2021. 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 12-15. The Directors' Stapled Securityholdings in Far East H-Trust are set out on page 204.

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; 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.

Corporate Governance Report

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

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.

Corporate Governance Report

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

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

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

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

(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).

Corporate Governance Report

ROLES AND RESPONSIBILITIES OF THE RC

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

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

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

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
- Corporate governance
- Other strategic initiatives as determined from time to time

Corporate Governance Report

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.

The remuneration 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.

Corporate Governance Report

The directors' fees (including the Chairman) are paid in the form of cash (80% of the total fees) and Stapled Securities (20% of the total fees) with effect from the financial year commencing 2018. The incorporation of an equity component in the total remuneration of the Directors is intended to achieve the objective of aligning the interests of Directors with those of Stapled Securityholders and the long-term interests of the REIT. Non-executive directors are required to hold the Stapled Securities awarded under the above policy for at least one year from the date of award during their individual Board tenures.

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 ¹	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

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 Hay Group Pte Ltd (now known as 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.

¹ The Directors' fees for ASRC have been revised from S\$50,000 to S\$40,000 for Chairman and from S\$25,000 to S\$20,000 for member with effect from 1 May 2021.

Corporate Governance Report

DISCLOSURE OF REMUNERATION

Directors' fees ⁽¹⁾

The exact remuneration payable to each individual director for the financial year ended 31 December 2021 is as follows:–

Name of Director	Components of Directors' fees		Total (S\$)
	Cash component (S\$)	Stapled Securities component ⁽¹⁾	
Wee Kheng Jin	108,000	27,000	135,000
Huang Cheng Eng	60,000	15,000	75,000
Vivienne Lim Hui Bian	70,000	17,500	87,500
Catherine Lee Khia Yee	65,334	16,333	81,667
Celestine Khoo Geok Choo	72,000	18,000	90,000
Benedict Leh Song Boon	65,334	16,333	81,667
Willie Cheng Jue Hiang ⁽²⁾	30,000	7,500	37,500
Kyle Lee Khai Fatt ⁽²⁾	28,000	7,000	35,000

(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 Willie Cheng and Mr Kyle Lee ceased to be independent directors on 30 April 2021.

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 2021 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	558,500	160,860	3,604	216,000	938,964
	60%	17%	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 2021 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	65%	21%	0%	14%	100%
Between S\$250,000 to S\$500,000					
Desmond Tan Eng Kiat	68%	18%	0%	14%	100%
Irfan Tayabali	63%	21%	0%	16%	100%
Below S\$250,000					
Chow Wai Yen	80%	19%	1%	0%	100%
Ervin Scott Seow Yi-Wen ⁽⁵⁾	98%	0%	2%	0%	100%
Total of Top 5 Key Executives (excluding CEO)					S\$1,507,235

Corporate Governance Report

- (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 2021.
- (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 2021. 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) Ervin Scott Seow Yi-Wen has left the organisation effective 17 Nov 2021.

The remuneration of the CEO and other employees of the REIT Manager is paid out of the fees that the REIT Manager receives, rather than 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 Far East H-Trust.

(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

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.

Corporate Governance Report

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

In managing business risk, the Board considers the economic environment and risks that are relevant to the hospitality and hospitality-related industries such as pandemic risk, downward property trends, stronger than anticipated price competition on room rates due to the supply of new hotel rooms, the fall in foreign arrivals, rising wage costs, tight labour market, etc.

In assessing the operational risks, the ASRC reviews the health and safety of customers and staff operating in the pandemic as well as liquidity management such as the aging report which includes analysing accounts receivable and accounts payable.

In addressing information technology risk, the Sponsor's Information Technology department has assisted to put in place a framework and process for timely recoverability of business-critical IT systems as well as rolling out IT security awareness training. The REIT Manager has also put in place business continuity plan for crisis management to response to business disruption.

In addressing regulatory and compliance risk, the REIT Manager maintains a framework that proactively identifies the applicable laws and regulations and embed compliance into the day-to-day operations. A comprehensive report is also presented to ASRC on a quarterly basis highlighting any non-compliance in respect of pertinent regulatory obligation on SFA, Listing Manual, Property Funds Appendix and the relevant bank covenants. Various internal policies and procedures have been put in place to facilitate staff awareness and ensure compliance to the applicable laws and regulations. Please refer to pages 70 and 71 under "Sustainability Report" of this Annual Report for more details.

For financial risk management including capital management, credit risk, interest rate risk and liquidity risk, they are elaborated on pages 169 to 175 under the "Notes to the Financial Statements" section of this Annual Report.

In managing the risk of inappropriate assumptions used in the valuation of the Far East H-Trust's investment properties, the Board approves the appointment of third-party valuers that have recognised professional qualification and experience. In accordance with the Property Funds Appendix, the valuers are changed every two years so as to have independent perspective. The Board and ASRC review the appropriateness of the valuation techniques and underlying assumptions used by the valuers taking into consideration comments from external auditors. The external auditors also conduct their own independent evaluation of the valuation process and assumptions.

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

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

Corporate Governance Report

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

INTERNAL CONTROL SYSTEM FOR RELATED PARTY AND INTERESTED PERSON TRANSACTIONS

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

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

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

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.

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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 \$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.

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.

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The aggregate value of all Interested Person Transactions in accordance with the Listing Manual in FY 2021, and which are subject to Rules 905 and 906 of the Listing Manual excluding transactions of less than S\$100,000 in value, is disclosed below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager		
Rental and utilities income ⁽¹⁾		165	–
Management fees ⁽²⁾		9,442	–
Reimbursable expenses ⁽³⁾		65	–
Rental deposits ⁽⁷⁾		41	–
DBS Trustee Limited	REIT Trustee		–
Trustee's fee		319	–
Far East Organization and its related companies	Controlling Stapled Security- holders of Far East H-Trust and its associate		–
Rental income – Master Lease ⁽⁵⁾ ⁽¹⁹⁾		68,172	–
Rental and utilities income – REIT Commercial Premises ⁽⁶⁾ ⁽¹⁾		1,828	–
Hotel management fee ⁽⁴⁾ ⁽⁸⁾		566	–

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Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
Shared service fees ⁽⁹⁾ ⁽¹⁹⁾	Controlling Stapled Security-holders of Far East H-Trust and its associate	762	–
Reimbursable expenses ⁽⁴⁾		327	–
Technical and operation support service fee ⁽¹⁰⁾ ⁽⁴⁾ ⁽¹⁹⁾		429	–
Leasing commission – REIT Commercial Premises ⁽¹¹⁾		378	–
Other expenses ⁽⁴⁾ ⁽¹²⁾		1,830	–
Project management services ⁽⁴⁾		51	–
Other revenue ⁽⁴⁾		53	–
Reimbursable expenses received/receivable ⁽⁴⁾ ⁽¹³⁾		182	–
Interest income ⁽¹⁴⁾		410	–
Interest expense ⁽⁴⁾ ⁽¹⁵⁾		287	–
Rental relief ⁽¹⁶⁾		265	–
Loan to a joint venture company ⁽¹⁷⁾		3,060	–
Rental deposits ⁽¹⁸⁾		98	–

(1) 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 Management (Private) Limited	0.5 – 2 years	114
Far East Hospitality Holdings Pte. Ltd.	1.6 years	71
Far East Hospitality Management (S) Pte. Ltd.	1.6 years	421
FEO Hospitality Asset Management Pte. Ltd.	2 years	329

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

Corporate Governance Report

- (3) This relates to service fee for website maintenance, annual report production, AGM expenses and other miscellaneous expenses.
- (4) 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.
- (5) This relates to the rental income received/receivable from the master lessees of the properties:
- | | |
|--|--------------------------------------|
| - First Choice Properties Pte Ltd | - Golden Development Private Limited |
| - Far East Organization Centre Pte. Ltd. | - OPH Riverside Pte Ltd |
| - Golden Landmark Pte. Ltd. | - Serene Land Pte Ltd |
| - Transurban Properties Pte. Ltd. | - Oxley Hill Properties Pte Ltd |
| - Far East Orchard Limited | - Riverland Pte Ltd |
| - Far East SOHO Pte. Ltd. | |
- (6) This relates to rental income received/receivable from related corporations of the REIT Manager:
- | | |
|---|---|
| - Far East Management (Private) Limited | - Far East Hospitality Holdings Pte. Ltd. |
| - Far East Hospitality Management (S) Pte. Ltd. | - Far East Orchard Limited |
| - Commonwealth Concepts Pte. Ltd. | - Yeo Hiap Seng Limited |
- (7) This relates to rental deposits received from REIT Manager.
- (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 | - OPH Riverside Pte Ltd |
| - Far East Organization Centre Pte. Ltd. | - Serene Land Pte Ltd |
| - Golden Landmark Pte. Ltd. | - Oxley Hill Properties Pte Ltd |
| - Golden Development Private Limited | - Riverland Pte Ltd |
| - Far East Orchard Limited | - Agape Services Pte. Ltd. |
- REIT Trustee has extended the technical services agreements with the related corporations of the REIT Manager for 1 plus 1 year with an estimated contract sum of S\$0.8 million during the year, which have been reviewed and approved by ASRC.
- FIPL extended its laundry services contracts with an estimated contract sum of S\$0.7 million for 0.3 to 3 years with Agape Services Pte. Ltd. during the year which has been reviewed and approved by ASRC.
- (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 with an estimated total contract sum of S\$0.8 million for 1 year 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 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) On 2 December 2021, the REIT Trustee entered into a put and call option agreement, and the binding contract for the sales and purchase of the leasehold interest in Central Square deemed entered into upon exercise of the call option or (as the case may be) the put option with an unrelated third-party acquirer for the divestment of its leasehold interest in Central Square.
- In connection with the divestment, the REIT Trustee and OPH Riverside Pte Ltd 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 will be effected as at the completion of the divestment.
- 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, such amount being approximately S\$0.9 million and the waiver will be 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.

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 2021. 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 2021. As Far East H-Trust currently operates in Singapore only, there is no exposure to sanction-related risk. There is also no material change in its risk of being subject to any Sanction Law.

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-REIT's and the REIT Manager's regulatory and compliance matters.

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

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

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 2021 are Mr Benedict Leh (Chairman), Ms Vivienne Lim Hui Bian, Ms Catherine Lee and Ms Celestine Khoo. In January 2021, two new independent directors, Ms Lee and Ms Khoo, joined the ASRC while Mr Leh and Ms Lim were appointed on 1 May 2021 as the new Chairman and member of the ASRC respectively as part of the progressive renewal of the ASRC.

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 Vivienne 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 Vivienne 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").

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, five ASRC meetings were held. The ASRC has 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/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\$153,200, of which audit fees amounted to S\$78,500 and non-audit fees amounted to S\$74,700. 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.

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 2021:

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 how the impact of COVID-19 has been considered in the key assumptions and inputs adopted in the valuation.</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 2021 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.

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ROLE AND DUTIES OF INTERNAL AUDITORS

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

The ASRC approves the hiring, removal, evaluation and compensation of the internal auditor or the accounting/ auditing firm or corporation to which the internal audit function is outsourced. Far East H-REIT and the REIT Manager have engaged Deloitte & Touche Enterprise Risk Services Pte Ltd ("Deloitte & Touche") as the internal auditor for a three-year period commencing 1 January 2020. This change of engagement of internal auditor in 2020 is in line with the REIT Manager's and ASRC's continued practice to uphold good corporate governance standards for Far East H-REIT. 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.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11:

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

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

The Board embraces openness and transparency in the management of Far East H-REIT, whilst preserving the commercial interests of Far East H-REIT. 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.

Corporate Governance Report

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. Far East H-Trust releases corporate information through posting announcements on SGXNET and Far East H-Trust's corporate website. Far East H-Trust 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 issued via SGXNET. 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 9th AGM was held by way of electronic means on 22 April 2021. 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 of Far East H-Trust made a presentation to update Far East H-Trust's Stapled Securityholders on the market and industry operating environment, performance of Far East H-Trust's hotels and serviced residences, asset enhancement initiatives that had taken place during the year, and other recent developments 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 2021 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

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.

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

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 of Corporate Governance, 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 2021 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.

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.

Corporate Governance Report

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. Due to restrictions arising from COVID-19, physical meetings and conferences were converted to virtual format in 2021. 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.

(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.

Corporate Governance Report

In FY 2021, 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 out debt maturity, healthy interest coverage ratio and gearing ratio well below the regulated limits. Quarterly internal compliance reviews are also conducted to ensure that various capital management metrics remain compliant with loan covenants.

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

(F) ADDITIONAL INFORMATION

DEALINGS IN STAPLED SECURITIES

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

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

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

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

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.

Corporate Governance Report

CORRUPTION AND BRIBERY PREVENTION POLICY

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

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

RATIONALE FOR CHOICE OF REIT MANAGER

FEO Hospitality Asset Management Pte. Ltd. comprises employees with a diverse set of functional competencies such as hospitality, asset management, capital markets 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 Management (Private) Limited and Far East Real Estate Agency Pte Ltd provide marketing and leasing services for securing retail component; and office and serviced office component of RCP tenants respectively at a commission fee equivalent to a certain month's rent depending on the lease term.

Corporate Governance Report

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 142 to 143 under the “Notes to the Financial Statements” section of this Annual Report.

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

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

BASE FEE AND PERFORMANCE FEE

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

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

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

ACQUISITION FEE AND DIVESTMENT FEE

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

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.

Corporate Governance Report

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 77 to 112, 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 2021, which is set out in pages 113 to 119 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 Huang Cheng Eng	Non-independent 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 63.0% owned by Far East Organization Pte. Ltd. ("FEOPL"), as at 31 December 2021. 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. Mr Benedict Leh Song Boon who joined the REIT Manager Board on 1 January 2021, has also joined the Trustee-Manager Board on the same day. 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.

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

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

BOARD OF DIRECTORS

Chairman and Non-Executive Director
Mr Wee Kheng Jin

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

Non-Independent Director
Mr Huang Cheng Eng

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 Huang Cheng Eng
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 & Investment
Mr Irfan Tayabali

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: Tan Seng Choon
Appointed effective from financial year ended 31 December 2017

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
Sumitomo Mitsui Banking Corporation
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited

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 132 to 184, 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
10 March 2022

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 132 to 184, 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 2021, 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.

Wee Kheng Jin
Director

Singapore
10 March 2022

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 2021.

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

Wee Kheng Jin (Chairman)
 Huang Cheng Eng
 Vivienne Lim Hui Bian
 Lee Khia Yee
 Celestine Khoo Geok Choo
 Benedict Leh Song Boon (Appointed on 1 January 2021)

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	646,233	689,536	–	–
Huang Cheng Eng	1,026,464	1,058,540	–	–
Vivienne Lim Hui Bian	39,480	59,528	–	–
Lee Khia Yee	13,736	31,378	–	–
Celestine Khoo Geok Choo	–	4,434	–	–
Benedict Leh Song Boon	–	–	–	–

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 2022.

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 132 to 184 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 2021 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 2021, 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.

Wee Kheng Jin
Director

Benedict Leh Song Boon
Director

Singapore
10 March 2022

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
10 March 2022

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 2021, 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 2021, 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 2021, 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 132 to 184. 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 2021 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) so as to give a true and fair view of the state of affairs of Far East H-BT as at 31 December 2021 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 ("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 ("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 13 Singapore investment properties comprising 9 hotels and 4 serviced residences. The carrying amount of investment properties and investment property held for sale amounted to \$2,336.5 million and \$271.4 million respectively as at 31 December 2021. 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. In addition, the valuation is complex and highly dependent on assumptions and range of estimates adopted by the external valuers engaged by the REIT Manager and agreed by management. As disclosed in Note 4 and Note 20(d) to the financial statements, the fair value measurement of the investment properties includes significant unobservable inputs. The most significant judgments and estimates affecting the valuations are discount rates, capitalisation rates, revenue per available room/unit, price per square metre used, and development costs estimates. Given the changes in market and economic conditions brought on by the COVID-19 pandemic, there remains an estimation uncertainty in determining the fair value of the investment properties and investment property held for sale.

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)

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 assessed the appropriateness of the valuation model, property related data such as operating expenses, property taxes, and development costs, including the estimates used by the external valuers.

In addition, we evaluated the appropriateness 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 available industry data, taking into consideration comparability and market factors. We also assessed the reasonableness of the fluctuations in the fair value of investment properties. Further, we have assessed the adequacy of the disclosures in Note 3, 4, 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.

Independent Auditor's Report

To Unitholders of
Far East Hospitality Real Estate Investment Trust
Far East Hospitality Business Trust

Responsibilities of the Trustee-Manager for the Financial Statements

The Trustee-Manager is responsible for the preparation of financial statements of Far East H-BT that gives a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets that are part of the trust property of the registered business trust are safeguarded against loss from unauthorised use or disposition; and transactions by the Trustee-Manager entered into on behalf of or purported to be entered into on behalf of the registered business trust are properly authorised and that they are recorded as necessary to permit the preparation of true and fair accounts and to maintain accountability of assets.

In preparing the financial statements, the REIT Manager and the Trustee-Manager are responsible for assessing the ability of 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 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 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.

Independent Auditor's Report

To Unitholders of
Far East Hospitality Real Estate Investment Trust
Far East Hospitality Business Trust

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the use of the going concern basis of accounting by the REIT Manager and the Trustee-Manager and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of 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.
- 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 Tan Seng Choon.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
10 March 2022

Balance Sheets

As at 31 December 2021

	Note	2021			2020		
		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	2,336,500	2,336,500	–	2,528,700	2,528,700	–
Joint venture	5	–	–	–	4,060	4,060	–
Derivative financial assets	8	2,450	2,450	–	–	–	–
Total non-current assets		<u>2,338,950</u>	<u>2,338,950</u>	<u>–</u>	<u>2,532,760</u>	<u>2,532,760</u>	<u>–</u>
Current assets							
Cash and cash equivalents	6	11,694	11,694	–	10,919	10,919	–
Prepayments		81	81	–	85	85	–
Trade and other receivables	7	42,683	42,683	30	37,593	37,593	30
Investment property held for sale	4	271,400	271,400	–	–	–	–
Total current assets		<u>325,858</u>	<u>325,858</u>	<u>30</u>	<u>48,597</u>	<u>48,597</u>	<u>30</u>
Total assets		<u>2,664,808</u>	<u>2,664,808</u>	<u>30</u>	<u>2,581,357</u>	<u>2,581,357</u>	<u>30</u>
Current liabilities							
Trade and other liabilities	9	53,085	53,080	35	7,862	7,858	34
Borrowings	10	181,304	181,304	–	237,818	237,818	–
Accruals		4,316	4,315	1	5,841	5,840	1
Derivative financial liabilities	8	970	970	–	2,909	2,909	–
Rental deposits		2,567	2,567	–	2,604	2,604	–
Deferred income		90	90	–	90	90	–
Income tax payable		67	67	–	90	90	–
Total current liabilities		<u>242,399</u>	<u>242,393</u>	<u>36</u>	<u>257,214</u>	<u>257,209</u>	<u>35</u>
Non-current liabilities							
Borrowings	10	766,335	766,335	–	751,383	751,383	–
Derivative financial liabilities	8	1,154	1,154	–	8,323	8,323	–
Rental deposits		5,657	5,657	–	5,792	5,792	–
Deferred income		871	871	–	961	961	–
Total non-current liabilities		<u>774,017</u>	<u>774,017</u>	<u>–</u>	<u>766,459</u>	<u>766,459</u>	<u>–</u>
Total liabilities		<u>1,016,416</u>	<u>1,016,410</u>	<u>36</u>	<u>1,023,673</u>	<u>1,023,668</u>	<u>35</u>
Net assets/(liabilities)		<u>1,648,392</u>	<u>1,648,398</u>	<u>(6)</u>	<u>1,557,684</u>	<u>1,557,689</u>	<u>(5)</u>
Represented by:							
Unitholders' funds							
Unitholders' funds of Far East H-REIT		1,648,398	1,648,398	–	1,557,689	1,557,689	–
Unitholders' funds of Far East H-BT		(6)	–	(6)	(5)	–	(5)
		<u>1,648,392</u>	<u>1,648,398</u>	<u>(6)</u>	<u>1,557,684</u>	<u>1,557,689</u>	<u>(5)</u>
Stapled Securities/Units in issue ('000)	11	<u>1,974,831</u>	<u>1,974,831</u>	<u>1,974,831</u>	<u>1,961,401</u>	<u>1,961,401</u>	<u>1,961,401</u>
Net asset value per Stapled Security/Unit issued and to be issued (cents)	12	<u>83.21</u>	<u>83.21</u>	<u>(0.00030)</u>	<u>79.20</u>	<u>79.20</u>	<u>(0.00025)</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 2021

	Note	2021			2020		
		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		68,172	68,172	–	66,719	66,719	–
Retail and office revenue		15,076	15,076	–	16,535	16,535	–
Gross revenue		83,248	83,248	–	83,254	83,254	–
Property tax		(5,183)	(5,183)	–	(7,123)	(7,123)	–
Property insurance		(103)	(103)	–	(107)	(107)	–
MCST contribution		(360)	(360)	–	(360)	(360)	–
Retail and office expenses		(1,953)	(1,953)	–	(1,967)	(1,967)	–
Property manager fees		(475)	(475)	–	(475)	(475)	–
Impairment losses on trade receivables		(2)	(2)	–	(1,043)	(1,043)	–
Property expenses		(8,076)	(8,076)	–	(11,075)	(11,075)	–
Net property income		75,172	75,172	–	72,179	72,179	–
REIT Manager's fees	13	(9,442)	(9,442)	–	(9,439)	(9,439)	–
Trustee's fees		(319)	(319)	–	(329)	(329)	–
Other trust expenses	14	(695)	(694)	(1)	(723)	(722)	(1)
Interest and other income	15	500	500	–	624	624	–
Finance expenses	15	(19,874)	(19,874)	–	(24,195)	(24,195)	–
Net income before joint venture's results		45,342	45,343	(1)	38,117	38,118	(1)
Share of results of joint venture	5	(4,060)	(4,060)	–	(3,967)	(3,967)	–
Net income before tax and fair value changes		41,282	41,283	(1)	34,150	34,151	(1)
Fair value change in derivative financial instruments		11,558	11,558	–	(6,244)	(6,244)	–
Fair value change in investment properties and investment property held for sale	3,4	78,237	78,237	–	(121,219)	(121,219)	–
Total return for the year before income tax		131,077	131,078	(1)	(93,313)	(93,312)	(1)
Income tax expense	16	(67)	(67)	–	(90)	(90)	–
Total return for the year after income tax		131,010	131,011	(1)	(93,403)	(93,402)	(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	6.65	6.65	–	(4.78)	(4.78)	–
Diluted	17	6.63	6.63	–	(4.78)	(4.78)	–
Distribution per Stapled Security (cents)		2.63	2.63	–	2.41	2.41	–

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

Distribution Statements

For the financial year ended 31 December 2021

	2021		2020	
	Stapled Group \$'000	Far East H-REIT \$'000	Stapled Group \$'000	Far East H-REIT \$'000
Income available for distribution to Stapled Securityholders at the beginning of the year	29,912	29,945	20,681	20,713
Total return for the year before income tax	131,077	131,078	(93,313)	(93,312)
Net tax adjustments (Note A)	(76,560)	(76,560)	140,364	140,364
Rollover adjustment	(4,585)	(4,585)	396	396
Income available for distribution for the current year:				
– Taxable income	49,932	49,933	47,447	47,448
– Tax exempt income	4,915	4,915	440	440
Income available for distribution for the current year	54,847	54,848	47,887	47,888
Income available for distribution to Stapled Securityholders	84,759	84,793	68,568	68,601
Distribution of 0.95 cents per Stapled Security for the period from 1 October 2019 to 31 December 2019	–	–	(18,485)	(18,485)
Distribution of 1.03 cents per Stapled Security for the period from 1 January 2020 to 30 June 2020	–	–	(20,171)	(20,171)
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)	–	–
	(48,799)	(48,799)	(38,656)	(38,656)
Income available for distribution to Stapled Securityholders at end of the year	35,960	35,994	29,912	29,945

Distribution Statements

For the financial year ended 31 December 2021

	2021		2020	
	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	8,497	8,497	8,496	8,496
– Trustee's fees	319	319	329	329
– Amortisation of debt-related transaction cost	668	668	637	637
– Fair value change in investment properties and investment property held for sale	(78,237)	(78,237)	121,219	121,219
– Fair value change in derivative financial instruments	(11,558)	(11,558)	6,244	6,244
– Share of results of joint venture	4,060	4,060	3,967	3,967
– Other items	(309)	(309)	(528)	(528)
Net tax adjustments	(76,560)	(76,560)	140,364	140,364

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 2021

	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

Statements of Movements in Unitholders' Funds

For the financial year ended 31 December 2021

	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
2020							
Balance at 1 January 2020	1,754,311	(73,060)	1,681,251	28	(32)	(4)	1,681,247
Operations							
Decrease in net assets resulting from operations	–	(93,402)	(93,402)	–	(1)	(1)	(93,403)
	–	(93,402)	(93,402)	–	(1)	(1)	(93,403)
Unitholders' transactions							
Issuance of Stapled Securities							
– Payment of REIT Manager's fees	8,496	–	8,496	–	–	–	8,496
Distribution to Stapled Securityholders	–	(38,656)	(38,656)	–	–	–	(38,656)
Net increase/(decrease) in net assets resulting from unitholders' transactions	8,496	(38,656)	(30,160)	–	–	–	(30,160)
Balance at 31 December 2020	1,762,807	(205,118)	1,557,689	28	(33)	(5)	1,557,684

Portfolio Statements

As at 31 December 2021

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at 31.12.2021 \$'000	Percentage of total net assets 31.12.2021 %	Carrying value at 31.12.2021 \$'000	Percentage of total net assets 31.12.2021 %
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
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
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 the 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 income capitalisation approach, the discounted cash flow analysis and the 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.

Portfolio Statements

As at 31 December 2021

Description of property	Lease tenure	Location	Existing use	Stapled Group		Far East H-REIT	
				Carrying value at 31.12.2020	Percentage of total net assets	Carrying value at 31.12.2020	Percentage of total net assets
				\$'000	%	\$'000	%
Investment properties – Singapore							
Village Hotel Albert Court	75-year leasehold from 27 August 2012	180 Albert Street	Hotel	121,100	7.8	121,100	7.8
Village Hotel Bugis	66-year leasehold from 27 August 2012	390 Victoria Street	Hotel	223,000	14.3	223,000	14.3
Village Hotel Changi	65-year leasehold from 27 August 2012	1 Netheravon Road	Hotel	192,100	12.3	192,100	12.3
The Elizabeth Hotel	75-year leasehold from 27 August 2012	24 Mount Elizabeth	Hotel	161,200	10.4	161,200	10.4
Oasia Hotel Novena	92-year leasehold from 27 August 2012	8 Sinaran Drive	Hotel	309,000	19.8	309,000	19.8
Orchard Rendezvous Hotel	50-year leasehold from 27 August 2012	1 Tanglin Road	Hotel	406,600	26.1	406,600	26.1
The Quincy Hotel	75-year leasehold from 27 August 2012	22 Mount Elizabeth	Hotel	77,800	5.0	77,800	5.0
Rendezvous Hotel Singapore	70-year leasehold from 1 August 2013	9 Bras Basah Road	Hotel	270,000	17.3	270,000	17.3
Oasia Hotel Downtown	65-year leasehold from 2 April 2018	100 Peck Seah Street	Hotel	242,200	15.6	242,200	15.6
Village Residence Clarke Quay	80-year leasehold from 27 August 2012	20 Havelock Road	Serviced Residence	198,300	12.7	198,300	12.7
Village Residence Hougang	81-year leasehold from 27 August 2012	1 Hougang Street 91	Serviced Residence	61,500	3.9	61,500	3.9
Village Residence Robertson Quay	78-year leasehold from 27 August 2012	30 Robertson Quay	Serviced Residence	102,900	6.6	102,900	6.6
Regency House	81-year leasehold from 27 August 2012	121 Penang Road	Serviced Residence	163,000	10.5	163,000	10.5
Investment properties, at valuation				2,528,700	162.3	2,528,700	162.3
Joint venture				4,060	0.3	4,060	0.3
Other assets and liabilities (net)				2,532,760	162.6	2,532,760	162.6
Net assets				(975,076)	(62.6)	(975,071)	(62.6)
				1,557,684	100.0	1,557,689	100.0

As at 31 December 2020, independent valuations of the investment properties were undertaken by Savills Valuation And Professional Services (S) Pte Ltd based on the income capitalisation approach, the discounted cash flow analysis and the direct comparison approach for the hotels and Knight Frank Pte Ltd based on income capitalisation approach and the discounted cash flow analysis 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. Except for Oasia Hotel Downtown, the Stapled Group has appointed the same valuers to value the investment properties for a third consecutive financial year.

The net changes in fair values of these investment properties have been recognised in the Statements of Total Return in accordance with the Stapled Group's accounting policies.

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

Cash Flow Statements

For the financial year ended 31 December 2021

	2021			2020		
	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	131,077	131,078	(1)	(93,313)	(93,312)	(1)
Adjustments for:						
Interest and other income	(500)	(500)	–	(624)	(624)	–
Finance expenses	19,874	19,874	–	24,195	24,195	–
Share of results of joint venture	4,060	4,060	–	3,967	3,967	–
Fair value change in derivative financial instruments	(11,558)	(11,558)	–	6,244	6,244	–
Fair value change in investment properties and investment property held for sale	(78,237)	(78,237)	–	121,219	121,219	–
Impairment losses on trade receivables	2	2	–	1,043	1,043	–
REIT Manager's fees paid/payable in Stapled Securities	8,497	8,497	–	8,496	8,496	–
Operating profit/(loss) before working capital changes	73,215	73,216	(1)	71,227	71,228	(1)
Changes in working capital:						
Trade and other receivables	(1,618)	(1,618)	–	1,793	1,793	–
Trade and other liabilities	(1,966)	(1,967)	1	3,906	3,905	1
Rental deposits	(265)	(265)	–	(387)	(387)	–
Income tax paid	(90)	(90)	–	(96)	(96)	–
Net cash generated from operating activities	69,276	69,276	–	76,443	76,443	–
Cash flows from investing activities						
Capital expenditure on investment properties	(943)	(943)	–	(4,548)	(4,548)	–
Option fee received from potential divestment of investment property	46,980	46,980	–	–	–	–
Loan to a joint venture company	(3,060)	(3,060)	–	–	–	–
Net cash generated from/ (used in) investing activities	42,977	42,977	–	(4,548)	(4,548)	–
Cash flows from financing activities						
Proceeds from borrowings	280,760	280,760	–	36,750	36,750	–
Finance costs paid	(21,179)	(21,179)	–	(24,558)	(24,558)	–
Repayment of borrowings	(322,260)	(322,260)	–	(40,350)	(40,350)	–
Distribution to Stapled Securityholders	(48,799)	(48,799)	–	(38,656)	(38,656)	–
Net cash used in financing activities	(111,478)	(111,478)	–	(66,814)	(66,814)	–
Net increase in cash and cash equivalents	775	775	–	5,081	5,081	–
Cash and cash equivalents at beginning of the year	10,919	10,919	–	5,838	5,838	–
Cash and cash equivalents at end of the year (Note 6)	11,694	11,694	–	10,919	10,919	–

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 2021

Significant non-cash transactions

There were the following significant non-cash transactions during the year:

- A total of 10,764,625 (2020: 13,202,575) Stapled Securities amounting to \$6,514,909 (2020: \$6,778,909) were or would be issued to the REIT Manager as partial payment for the base management fees for the financial year ended 31 December 2021; and
- A total of 3,382,060 (2020: 2,770,004) Stapled Securities amounting to \$1,982,564 (2020: \$1,716,572) would be issued to the REIT Manager as partial payment for the performance management fees for the financial year ended 31 December 2021. These Stapled Securities to be issued are not entitled to the distribution for this financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2021

I. 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 2021, 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 2021

I. 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 may be 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 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 2021

I. 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") in relation to the retail component of RCP and 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 and FERE A will provide marketing and leasing services for RCP. FEMPL and FERE A 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 various 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 2021

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 a revised RAP 7 and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2021. 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.

H-REIT, H-BT and the Stapled Group applied the Interest Rates Benchmark Reform Phase 2 -Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116 amendments retrospectively. However, in accordance with the exemptions permitted in the Phase 2 amendments, H-REIT, H-BT and the Stapled Group have elected not to restate the prior period to reflect the applications of these amendments. There is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 January 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS. These reliefs relate to modifications of financial instruments triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.2 *Changes in accounting policies (cont'd)*

Specific policies applicable from 1 January 2021 for interest rate benchmark reform (cont'd)

If 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, then 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. 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.

If changes are 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, then 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. Subsequently, H-REIT, H-BT and the Stapled Group applies the policies on accounting for modifications set out above to the additional changes.

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:

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 103 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.5 *Joint venture (cont'd)*

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.7 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.8 *Impairment of financial assets (cont'd)*

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 and on hand.

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.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.15 *Taxation (cont'd)*

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint venture where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates, and interests in joint venture, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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.

Under the COVID-19 relief measures announced by IRAS, H-REIT will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the taxable income derived in the financial year ended 31 December 2020.

A Qualifying Unitholder is a Unitholder who is:

- (i) a company incorporated and tax resident in Singapore;
- (ii) a body of persons (excluding companies or partnerships) incorporated or registered in Singapore, such as:
 - a. charities registered under the Charities Act 1994 or established by any written law; or
 - b. town councils; or
 - c. statutory boards; or
 - d. co-operative societies registered under the Co-operative Societies Act 1979; or
 - e. trade unions registered under the Trade Unions Act 1940;
- (iii) a Singapore branch of a company incorporated outside Singapore;
- (iv) an international organisation that is exempt from tax on such distribution by reason of an order made under the International Organisations (Immunities and Privileges) Act 1948;
- (v) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment;

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.15 *Taxation (cont'd)*

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

- (vi) an agent bank or a Supplementary Retirement Scheme ("SRS") operator acting as nominee for individuals who have purchased Units in the Trust within the SRS; or
- (vii) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (i) to (v) above.

The above tax transparency ruling does not apply to gains from the sale of real properties. Such gains which are considered as trading gains are assessable to tax on the REIT Trustee. Where the gains are capital gains, the REIT Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

(d) *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.16 *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 *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.18 *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.

2.19 *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.

2.20 *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 2021

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

2.21 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

	2021			2020		
	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	2,528,700	2,528,700	–	2,645,700	2,645,700	–
Capital expenditure capitalised	963	963	–	4,219	4,219	–
Fair value change recognised in statement of total return	78,237	78,237	–	(121,219)	(121,219)	–
Transfer to investment property held for sale	(271,400)	(271,400)	–	–	–	–
At 31 December	2,336,500	2,336,500	–	2,528,700	2,528,700	–

Investment properties are stated at fair value based on valuations performed annually by independent professional valuers. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, terminal yields and discount rates. The valuation reports obtained from the valuers also highlighted that given the unprecedented set of circumstances on which to base a judgment, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the valuers have also recommended to keep the valuation of the properties under frequent review. The REIT Manager is of the view that the valuation methods and estimates are reflective of the market conditions as at 31 December 2021.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 Clarke 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 completion of the divestment is expected to take place 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 foot or a decrease in the cost of construction per square foot would result in a higher fair value.

5. JOINT VENTURE

	2021			2020		
	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	–	8,027	8,027	–
Share of results of joint venture	(4,060)	(4,060)	–	(3,967)	(3,967)	–
At 31 December	–	–	–	4,060	4,060	–

The unrecognised losses of the joint venture for year ended 31 December 2021 and cumulatively is \$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	
		2021 %	2020 %
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 2021

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:

	2021 \$'000	2020 \$'000
Non-current assets		
Property, plant and equipment	485,360	496,013
Other non-current assets	2	1,212
	485,362	497,225
Current assets		
Cash and bank balances	5,166	8,620
Other current assets	14,718	5,447
	19,884	14,067
Total assets	505,246	511,292
Current liabilities	370,625	263,724
Non-current liabilities	134,786	234,036
Total liabilities	505,411	497,760
Net assets	(165)	13,532
Total equity	(165)	13,532
Proportion of the Stapled Group's ownership	30%	30%
Stapled Group's share of the net assets	-	4,060
Carrying amount of the investment	-	4,060
Results		
Revenue	24,807	27,862
Other income	3,620	4,646
Other expenses ⁽¹⁾	(30,466)	(32,518)
Finance expenses	(11,658)	(13,212)
Total comprehensive loss	(13,697)	(13,222)

(1) Includes depreciation expense of \$10.9 million (2020: \$11.0 million)

Notes to the Financial Statements

For the financial year ended 31 December 2021

6. CASH AND CASH EQUIVALENTS

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

	2021			2020		
	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	11,694	11,694	–	10,919	10,919	–

The cash at bank does not earn interest.

7. TRADE AND OTHER RECEIVABLES

	2021			2020		
	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	6,172	6,172	–	2,423	2,423	–
– third parties	1,927	1,927	–	2,922	2,922	–
Other receivables						
– related companies of REIT Manager	46	46	30	–	–	30
– loan to a joint venture company	33,639	33,639	–	30,046	30,046	–
– loan interest receivable	410	410	–	533	533	–
– third parties	489	489	–	98	98	–
Grant receivables	–	–	–	1,571	1,571	–
Total trade and other receivables	42,683	42,683	30	37,593	37,593	30
Less: Grant receivables	–	–	–	(1,571)	(1,571)	–
Add: Cash and cash equivalents (Note 6)	11,694	11,694	–	10,919	10,919	–
Total financial assets at amortised cost	54,377	54,377	30	46,941	46,941	30

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Outstanding balances with the REIT Manager and related parties of the REIT Manager are unsecured, interest-free, repayable on demand and are to be settled in cash.

The loan to a joint venture company is used to fund the development of the hotel site located at Artillery Avenue, Sentosa. The amount is unsecured, earned interest at 1.26% per annum (2020: 1.77%) and repayable on demand.

As at 31 December 2020, the grant receivables relate to property tax rebates and cash grants from the Singapore government as part of the COVID-19 relief measures.

Notes to the Financial Statements

For the financial year ended 31 December 2021

7. TRADE AND OTHER RECEIVABLES (CONT'D)

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Far East H-REIT and the Stapled Group	
	2021	2020
	\$'000	\$'000
Movement in allowance accounts:		
At the beginning of year	2,362	1,381
Charge for the year	2	1,043
Written off	(578)	(62)
At the end of year	1,786	2,362

8. DERIVATIVE FINANCIAL ASSETS / (LIABILITIES)

	Far East H-REIT and the Stapled Group	
	2021	2020
	\$'000	\$'000
Derivative assets		
Interest rate swaps		
– Non-current	2,450	–
Derivative liabilities		
Interest rate swaps		
– Non-current	(1,154)	(8,323)
– Current	(970)	(2,909)
	(2,124)	(11,232)
Net derivative assets/(liabilities)	326	(11,232)
Financial derivatives as a percentage of Stapled Group's net assets	0.02%	(0.72%)

As at 31 December 2021, Far East H-REIT and the Stapled Group have interest rate swap contracts with a total notional amount of \$500.0 million (2020: \$672.2 million of which \$75.0 million relate to forward start interest rate swaps which will be effective in 2021). Under the contracts, Far East H-REIT and the Stapled Group receive interest based on floating rates equivalent to 3-month or 6-month (2020: 3-month or 6-month) Swap Offer Rates ("SOR") and pay fixed rates of interest ranging from 0.308% to 1.9875% p.a. (2020: 1.236% to 1.9875%) during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2021

9. TRADE AND OTHER LIABILITIES

	2021			2020		
	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	115	115	–	14	14	–
– related companies of the REIT Manager	223	223	–	258	258	–
– third parties	1,387	1,387	–	3,220	3,220	–
Other payables						
– the REIT Manager	35	–	35	34	–	34
– related companies of the REIT Manager	–	30	–	–	30	–
– third parties	4,345	4,345	–	892	892	–
Option fee for investment property held for sale	46,980	46,980	–	–	–	–
Grant payables						
– the REIT Manager	–	–	–	6	6	–
– related companies of the REIT Manager	–	–	–	3,377	3,377	–
– third parties	–	–	–	61	61	–
Total trade and other liabilities	53,085	53,080	35	7,862	7,858	34
Add:						
Accruals	4,316	4,315	1	5,841	5,840	1
Borrowings (Note 10)	947,639	947,639	–	989,201	989,201	–
Less:						
Rental received in advance	(134)	(134)	–	(127)	(127)	–
Option fee for investment property held for sale	(46,980)	(46,980)	–	–	–	–
Grant payables	–	–	–	(3,444)	(3,444)	–
Total financial liabilities carried at amortised cost	957,926	957,920	36	999,333	999,328	35

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 2021, the REIT Manager has undertaken not to recall the amount due from H-BT.

As at 31 December 2020, the grant payables relate to property tax rebates and cash grants which would be passed on to the eligible tenants in the form of rental rebates as part of the COVID-19 relief measures.

Notes to the Financial Statements

For the financial year ended 31 December 2021

10. BORROWINGS

	2021			2020		
	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	–	225,000	225,000	–
Revolving credit facility	–	–	–	12,900	12,900	–
Less: Unamortised upfront fees	(96)	(96)	–	(82)	(82)	–
	181,304	181,304	–	237,818	237,818	–
Non-current liabilities						
Bank loans (unsecured)	767,900	767,900	–	752,900	752,900	–
Less: Unamortised upfront fees	(1,565)	(1,565)	–	(1,517)	(1,517)	–
	766,335	766,335	–	751,383	751,383	–
Total borrowings	947,639	947,639	–	989,201	989,201	–

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 \$949.3 million (2020: \$977.9 million) provided by five (2020: five) financial institutions have been fully drawn down.

The term loans have maturities ranging from two and a half-year to seven-year terms.

As at 31 December 2021, Far East H-REIT and the Stapled Group have term loans of \$181.4 million (2020: revolving credit facilities of \$12.9 million and term loans of \$225.0 million) which will be due for repayment within the next 12 months.

The uncommitted revolving credit facilities amounting to \$300.0 million (2020: \$300.0 million) are provided by four (2020: four) financial institutions. As at 31 December 2021, Far East H-REIT has uncommitted revolving credit facilities of \$300.0 million (2020: \$287.1 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 2021	Cash flows	Non-cash changes		31 December 2021
	\$'000		\$'000	Amortisation of upfront fees \$'000	Others* \$'000
Far East H-REIT and the Stapled Group					
Borrowings	989,201	(41,994)	668	(236)	947,639

Notes to the Financial Statements

For the financial year ended 31 December 2021

10. BORROWINGS (CONT'D)

	1 January 2020	Cash flows \$'000	Non-cash changes		31 December 2020
			Amortisation of upfront fees		
			\$'000	\$'000	
Far East H-REIT and the Stapled Group					
Borrowings	992,194	(4,056)	637	426	989,201

* 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.

	2021			2020		
	Stapled Group '000	Far East H-REIT '000	Far East H-BT '000	Stapled Group '000	Far East H-REIT '000	Far East H-BT '000
Stapled Securities / Units in issue						
At 1 January	1,961,401	1,961,401	1,961,401	1,943,251	1,943,251	1,943,251
Issuance of Stapled Securities / Units						
REIT Manager's fees paid in Stapled Securities	13,430	13,430	13,430	18,150	18,150	18,150
At 31 December	1,974,831	1,974,831	1,974,831	1,961,401	1,961,401	1,961,401
Stapled Securities / Units to be issued						
REIT Manager's fees payable in Stapled Securities						
– Base fees	2,825	2,825	2,825	2,720	2,720	2,720
– Performance fees	3,382	3,382	3,382	2,770	2,770	2,770
Total Stapled Securities / Units in issue and to be issued at end of year	1,981,038	1,981,038	1,981,038	1,966,891	1,966,891	1,966,891

A total of 14,146,685 (2020: 15,972,579) 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 \$8,497,473 (2020: \$8,495,481) for the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

	2021			2020		
	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)	1,648,392	1,648,398	(6)	1,557,684	1,557,689	(5)
Total issued and to be issued Stapled Securities ('000) (Note 11)	1,981,038	1,981,038	1,981,038	1,966,891	1,966,891	1,966,891
Net asset value per Stapled Security (cents)	83.21	83.21	(0.00030)	79.20	79.20	(0.00025)

13. REIT MANAGER'S FEES

	2021			2020		
	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000	Stapled Group \$'000	Far East H-REIT \$'000	Far East H-BT \$'000
Base fee	7,239	7,239	–	7,532	7,532	–
Performance fees	2,203	2,203	–	1,907	1,907	–
	9,442	9,442	–	9,439	9,439	–

The REIT manager has opted to receive 90% (2020: 90%) of its fees in the form of Stapled Securities with the balance in cash. An aggregate of 14,146,685 (2020: 15,972,579) Stapled Securities were issued or to be issued to the REIT Manager as satisfaction of the 90% (2020: 90%) of the management fees paid/payable.

Notes to the Financial Statements

For the financial year ended 31 December 2021

14. OTHER TRUST EXPENSES

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

Included in other trust expenses are the following items:

	2021			2020		
	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	79	78	1	77	76	1
Non-audit fees	57	57	–	59	59	–
	136	135	1	136	135	1
Valuation fees	67	67	–	65	65	–

15. FINANCE INCOME AND EXPENSES

	2021			2020		
	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	410	410	–	533	533	–
Others	90	90	–	91	91	–
	500	500	–	624	624	–
Finance expenses						
Amortisation of debt-related transaction costs	(668)	(668)	–	(637)	(637)	–
Amortisation of rental deposits	(94)	(94)	–	(92)	(92)	–
Interest expenses paid / payable to banks	(19,112)	(19,112)	–	(23,466)	(23,466)	–
	(19,874)	(19,874)	–	(24,195)	(24,195)	–

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2021 and 2020 is as follows:

	2021			2020		
	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	131,077	131,078	(1)	(93,313)	(93,312)	(1)
Income tax using Singapore tax rate of 17%	22,283	22,283	–	(15,863)	(15,863)	–
(Income)/expense not subjected to tax	(12,947)	(12,947)	–	23,952	23,952	–
Tax transparency (Note 2.15c)	(8,489)	(8,489)	–	(8,066)	(8,066)	–
Rollover adjustment	(779)	(779)	–	67	67	–
Tax exempt income	(1)	(1)	–	–	–	–
	67	67	–	90	90	–

17. EARNINGS PER STAPLED SECURITY

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

	2021			2020		
	Stapled Group	Far East H-REIT	Far East H-BT	Stapled Group	Far East H-REIT	Far East H-BT
Basic	6.65	6.65	–	(4.78)	(4.78)	–
Diluted	6.63	6.63	–	(4.78)	(4.78)	–

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

	2021			2020		
	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)	131,010	131,011	(1)	(93,403)	(93,402)	(1)
Weighted average number of Stapled Security in issue ('000)	1,969,201	1,969,201	1,969,201	1,953,889	1,953,889	1,953,889

Notes to the Financial Statements

For the financial year ended 31 December 2021

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.

	2021			2020		
	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)	131,010	131,011	(1)	(93,403)	(93,402)	(1)
Weighted average number of Stapled Security in issue ('000)	1,975,408	1,975,408	1,975,408	1,953,889	1,953,889	1,953,889

For the financial year ended 31 December 2020, the potential Stapled Securities convertible from the 5,489,891 contingently issuable Stapled Securities have been excluded from the calculation of diluted EPS as they are anti-dilutive. Thus, the diluted EPS is the same as basic EPS.

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:

	2021			2020		
	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	68,172	68,172	–	66,448	66,448	–
Rental and utilities income received/receivable from related corporations of the REIT Manager	1,563	1,563	–	2,239	2,239	–
Rental and utilities income received/receivable from the REIT Manager	165	165	–	154	154	–
Interest receivable from a joint venture company	410	410	–	533	533	–
Reimbursement of expenses received/receivable from related corporations of the REIT Manager	110	110	–	131	131	–

Notes to the Financial Statements

For the financial year ended 31 December 2021

18. RELATED PARTY TRANSACTIONS (CONT'D)

	2021			2020		
	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	(9,442)	(9,442)	–	(9,439)	(9,439)	–
Trustee's fees paid/payable to the Trustee	(319)	(319)	–	(329)	(329)	–
Shared service fees paid/payable to related corporations of the REIT Manager	(762)	(762)	–	(944)	(944)	–
Reimbursement of expenses paid/payable to the REIT Manager	(66)	(65)	(1)	(87)	(86)	(1)
Reimbursement of expenses paid/payable to related corporations of the REIT Manager	(15)	(15)	–	(5)	(5)	–
Leasing commission paid/payable to related corporation of the REIT Manager	(234)	(234)	–	(308)	(308)	–
Technical service fee paid/payable to related corporations of the REIT Manager	(386)	(386)	–	(470)	(470)	–
Loan to a joint venture company	(3,060)	(3,060)	–	–	–	–
Government grants paid/payable to the REIT Manager and related corporations of the REIT Manager	–	–	–	(8,966)	(8,966)	–

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 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 2021

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 2021, Far East H-REIT's and the Stapled Group's Aggregate Leverage stood at 38.3% (2020: at 40.9%) 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 2021 and 2020.

(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 2021

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 2021

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 due. The loss allowance provision as at 31 December 2021 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 2021				
Gross carrying amount	7,026	91	2,768	9,885
Loss allowance provision	–	–	1,786	1,786

	Current \$'000	1 to 30 days past due \$'000	More than 30 days past due \$'000	Total \$'000
31 December 2020				
Gross carrying amount	3,491	556	3,660	7,707
Loss allowance provision	–	5	2,357	2,362

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

During the financial year, Far East H-REIT wrote-off \$578,000 (2020: \$62,000) 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 48% (2020: 38%) 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 are placed with a local bank regulated by the MAS.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2021, 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 47.3% (2020: 39.7%) 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

Far East H-REIT's IBOR exposure to non-derivative financial assets as at 31 December 2021 is the loan to a joint venture company. Far East H-REIT is still in the process of communication with the joint venture company and specific changes have yet been agreed.

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 2021 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 2021

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 2021. 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 2021		
Financial Assets		
Loan to a joint venture company	33,639	—
Financial Liabilities		
Borrowings	849,300	125,000
Financial Derivatives		
Interest rate swaps	500,000	500,000

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 \$4,493,000 (2020: \$3,936,500).

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 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

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2020				
Stapled Group				
Trade and other liabilities	10,132	–	–	10,132
Derivative financial liabilities	2,909	8,323	–	11,232
Rental deposits	2,604	2,043	5,000	9,647
Borrowings	248,552	770,809	–	1,019,361
	<u>264,197</u>	<u>781,175</u>	<u>5,000</u>	<u>1,050,372</u>
Far East H-REIT				
Trade and other liabilities	10,127	–	–	10,127
Derivative financial liabilities	2,909	8,323	–	11,232
Rental deposits	2,604	2,043	5,000	9,647
Borrowings	248,552	770,809	–	1,019,361
	<u>264,192</u>	<u>781,175</u>	<u>5,000</u>	<u>1,050,367</u>
Far East H-BT				
Trade and other liabilities	35	–	–	35

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 2021

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 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.

	Far East H-REIT and the Stapled Group 2020		
	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial liabilities measured at fair value			
Interest rate swaps	11,232	–	11,232
Non-financial assets measured at fair value			
Investment properties	–	2,528,700	2,528,700

During the financial year ended 31 December 2020, there have been no transfers between the respective levels.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2021 \$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
– Hotels	2,005,300	Discounted cash flow	Discount rate Revenue per available room	5.75% – 6.50% \$41 – \$245
		Income capitalisation method	Capitalisation rate	3.50% – 5.25%
		Direct comparison method	Price per square metre	\$1,000 – \$5,465
– Serviced residences	331,200	Discounted cash flow	Discount rate Revenue per available unit	6.50% \$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			

Notes to the Financial Statements

For the financial year ended 31 December 2021

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*

Description	Fair value at 31 December 2020 \$'000	Valuation Techniques	Unobservable inputs	Range
Investment properties				
– Hotels	2,003,000	Discounted cash flow	Discount rate	6.50% – 7.50%
			Revenue per available room	\$56 – \$258
		Income capitalisation method	Capitalisation rate	4.25% – 5.25%
		Direct comparison method	Price per square metre	\$17,021 – \$64,706
			Price per room	\$0.74 million – \$1.39 million
– Serviced residences	525,700	Discounted cash flow	Discount rate	5.75% – 7.00%
			Revenue per available unit	\$141 – \$320
		Income capitalisation method	Capitalisation rate	3.00% – 4.75%
	2,528,700			

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

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

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

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 2021

21. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

The reportable segments' results are as below:

2021

	Hotels and serviced residences \$'000	Retail units, offices and others \$'000	Total \$'000
Gross revenue	<u>68,172</u>	<u>15,076</u>	<u>83,248</u>
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			<u>(19,874)</u>
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			<u>(4,060)</u>
Total return for the year before income tax			131,077
Income tax expense			<u>(67)</u>
Total return for the year after income tax before distribution			<u>131,010</u>
Segment assets	2,026,484	318,661	2,345,145
Unallocated assets			<u>319,633</u>
Total assets			<u>2,664,808</u>
Segment liabilities	5,647	6,465	12,112
Unallocated liabilities			<u>1,004,304</u>
Total liabilities			<u>1,016,416</u>

Notes to the Financial Statements

For the financial year ended 31 December 2021

21. SEGMENT REPORTING (CONT'D)

Business segment (cont'd)

2020

	Hotels and serviced residences \$'000	Retail units, offices and others \$'000	Total \$'000
Gross revenue	66,719	16,535	83,254
Segment net property income	60,760	11,419	72,179
REIT Manager's fees			(9,439)
Trustee's fees			(329)
Other trust expenses			(723)
Interest and other income			624
Finance expenses			(24,195)
Net income before tax and fair value changes			38,117
Fair value change in derivative financial instruments			(6,244)
Fair value change in investment properties	(99,283)	(21,936)	(121,219)
Share of results of joint venture			(3,967)
Total return for the year before income tax			(93,313)
Income tax expense			(90)
Total return for the year after income tax before distribution			(93,403)
Segment assets	2,143,806	391,979	2,535,785
Unallocated assets			45,572
Total assets			2,581,357
Segment liabilities	10,917	7,097	18,014
Unallocated liabilities			1,005,659
Total liabilities			1,023,673

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 2021

22. COMMITMENTS

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

	2021			2020		
	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	79,778	79,778	–	80,922	80,922	–
After 1 year but within 5 years	276,207	276,207	–	277,274	277,274	–
After 5 years	421,492	421,492	–	488,492	488,492	–
	777,477	777,477	–	846,688	846,688	–

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:

	2021 \$'000	2020 \$'000
Capital commitments in relation to investment properties	9,207	5,204
Commitments to provide funding to joint venture	12,841	16,311
	22,048	21,515

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 all the rooms under the Property not operational in the normal course of business as a hotel for more than one month, an Extension Event has occurred. The Extension Event has caused the Earn-out Expiry Date to be extended by one full Fiscal Year from 31 December 2023 to 31 December 2024, 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. As the Target NPI PA for 2020 is not achieved, 2020 is regarded as a Disrupted Year (as defined in the Earn-out Agreement) and the second consecutive year will refer to the Fiscal Year immediately following the Disrupted Year. For 2021, the Target NPI PA of at least \$9.9 million per annum was not met for the Property. Discussions with the Vendor on whether 2021 is a Disrupted Year are still ongoing.

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 2021.

24. GOVERNMENT GRANTS

As part of COVID-19 Relief measures, the Singapore government has introduced the following government grants:

- Under section 6(8) of the Property Tax Act (Cap. 254), qualifying non-residential properties will be granted property tax rebate for the period of 1 January 2020 to 31 December 2020. Owners are required to unconditionally pass on the property tax rebate to their tenants within the prescribed timeframe.
- Under the COVID-19 (Temporary Measures) (Amendment) Act, the rental relief framework for Small and Medium Enterprises and Non-Profit Organisations requires owners of qualifying non-residential properties to provide rental relief to eligible tenants. Owners of such qualifying properties will receive further government assistance through the government cash grant.

During the financial year ended 31 December 2020, H-REIT received government grants of \$11.6 million (i.e. grant income), out of which \$11.0 million of the amount received was passed on to the lessees (i.e. grant expense). The grant income and grant expense was presented net and recognised in the statement of total return as "Master lease rental" and "Retail and office revenue" accordingly.

Notes to the Financial Statements

For the financial year ended 31 December 2021

25. FINANCIAL RATIOS

	2021		2020	
	Stapled Group %	Far East H-REIT %	Stapled Group %	Far East H-REIT %
Expense ratio ⁽¹⁾	0.67	0.67	0.63	0.63
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.

26. SUBSEQUENT EVENTS

On 27 January 2022, Far East H-Trust issued 2,825,248 new Stapled Securities at a price of \$0.5862 per Stapled Security in payment of 90% of the REIT Manager's fees (base fees) for the period from 1 October 2021 to 31 December 2021.

On 15 February 2022, the REIT Manager declared a distribution of \$30,258,137 or \$0.0153 per Stapled Security to Stapled Securityholders in respect of the period from 1 July 2021 to 31 December 2021.

27. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with resolutions of the REIT Manager and the Trustee-Manager on 10 March 2022.

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 2021.

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 2021 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and
- (i) 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
Huang Cheng Eng
Vivienne Lim Hui Bian
Lee Khia Yee
Celestine Khoo Geok Choo
Benedict Leh Song Boon (Appointed on 1 January 2021)

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 securityholdings 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	646,233	689,536	–	–
Huang Cheng Eng	1,026,464	1,058,540	–	–
Vivienne Lim Hui Bian	39,480	59,528	–	–
Lee Khia Yee	13,736	31,378	–	–
Celestine Khoo Geok Choo	–	4,434	–	–
Benedict Leh Song Boon	–	–	–	–

AUDITOR

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

On behalf of the board of directors:

Wee Kheng Jin
Director

Benedict Leh Song Boon
Director

Singapore
14 February 2022

Independent Auditor's Report

To the Members of FEO Hospitality Trust Management Pte. Ltd
For the financial year ended 31 December 2021

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 2021, 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 2021 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.

Independent Auditor's Report

To the Members of FEO Hospitality Trust Management Pte. Ltd
For the financial year ended 31 December 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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.

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.

Independent Auditor's Report

To the Members of FEO Hospitality Trust Management Pte. Ltd
For the financial year ended 31 December 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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
14 February 2022

Statement of Comprehensive Income

For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
Administrative expenses		(4,192)	(3,878)
Loss before taxation	4	(4,192)	(3,878)
Income tax expense	5	–	–
Loss for the year, representing total comprehensive income for the year attributable to owners of the Company		(4,192)	(3,878)

Balance Sheet

As at 31 December 2021

	Note	2021 \$	2020 \$
Current assets			
Other receivable	6	100	100
Prepayment		—	2
		<u>100</u>	<u>102</u>
Current liabilities			
Other payables and accruals	7	<u>(41,155)</u>	(36,965)
Net current liabilities and net liabilities		<u>(41,055)</u>	<u>(36,863)</u>
Equity attributable to the owners of the Company			
Share capital	8	100	100
Accumulated losses		<u>(41,155)</u>	(36,963)
Deficit in equity		<u>(41,055)</u>	<u>(36,863)</u>

Statement of Changes in Equity

For the financial year ended 31 December 2021

	Attributable to owners of the Company		
	Share capital (Note 8) \$	Accumulated losses \$	Total \$
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	100	(41,155)	(41,055)
2020			
Balance at 1 January 2020	100	(33,085)	(32,985)
Loss representing total comprehensive income for the year	–	(3,878)	(3,878)
Balance at 31 December 2020	100	(36,963)	(36,863)

Cash Flow Statement

For the financial year ended 31 December 2021

	2021	2020
	\$	\$
Cash flows from operating activities:		
Loss before taxation	(4,192)	(3,878)
Operating loss before working capital changes	(4,192)	(3,878)
Decrease/(increase) in prepayment	2	(2)
Increase in other payables and accruals	4,190	3,880
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 2021

I. 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 \$41,055 (2020: \$36,863) 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 2021. 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 2021

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:

Description	Effective for annual periods beginning on or after
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 103 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
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

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 2021

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 2021

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021

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

2.8 Taxes (cont'd)

(b) Deferred tax (cont'd)

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Company's accounting policies, the management did not make any judgements that have effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging the following:

	2021	2020
	\$	\$
Audit fees	3,000	3,000
Professional fees	482	482
Other expenses	710	396
	4,192	3,878

Notes to the Financial Statements

For the financial year ended 31 December 2021

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 2021 and 2020 is as follows:

	2021 \$	2020 \$
Loss before taxation	<u>(4,192)</u>	(3,878)
Tax benefit at applicable tax rate of 17% (2020: 17%)	(713)	(659)
Non-deductible expenses	<u>713</u>	659
Income tax expense	<u>–</u>	–

6. OTHER RECEIVABLE

	2021 \$	2020 \$
Other receivable – immediate holding company	<u>100</u>	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

	2021 \$	2020 \$
Other payables – related party	37,125	33,115
Accrued operating expenses	<u>4,030</u>	3,850
Total financial liabilities carried at amortised cost	<u>41,155</u>	36,965

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 2021

8. SHARE CAPITAL

	2021		2020	
	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 2021

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 2021 and 2020. 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:

	2021	2020
	\$	\$
Reimbursement of expenses paid / payable to related party	<u>4,190</u>	<u>3,860</u>

Outstanding balances with related parties as at 31 December 2021 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 2021 were authorised for issue in accordance with a resolution of the directors on 14 February 2022.

Statistics of Stapled Securityholdings

As at 1 March 2022

There were 1,977,656,003 Stapled Securities (one vote per Stapled Security) in issue as at 1 March 2022.

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	197	1.61	8,569	0.00
100 – 1,000	1,672	13.68	1,511,132	0.08
1,001 – 10,000	6,111	49.99	32,193,652	1.63
10,001 – 1,000,000	4,195	34.31	206,053,736	10.42
1,000,001 and above	50	0.41	1,737,888,914	87.87
Total	12,225	100.00	1,977,656,003	100.00

LOCATION OF STAPLED SECURITYHOLDERS

Country	No. of Stapled Securityholders	%	No. of Stapled Securities	%
Singapore	11,965	97.87	1,913,252,456	96.74
Malaysia	174	1.42	5,175,623	0.26
Others	86	0.71	59,227,924	3.00
Total	12,225	100.00	1,977,656,003	100.00

TWENTY LARGEST STAPLED SECURITYHOLDERS

No.	Name	No. of Stapled Securities	%
1	Golden Development Private Limited	449,715,963	22.74
2	Golden Landmark Pte. Ltd.	206,629,991	10.45
3	Far East Organization Centre Pte. Ltd.	196,396,847	9.93
4	Citibank Nominees Singapore Pte Ltd	168,799,592	8.54
5	FEO Hospitality Asset Management Pte. Ltd.	112,535,863	5.69
6	DBS Nominees (Private) Limited	89,142,257	4.51
7	Riverland Pte Ltd	86,499,632	4.37
8	DBSN Services Pte. Ltd.	66,365,661	3.36
9	HSBC (Singapore) Nominees Pte Ltd	65,945,742	3.33
10	Raffles Nominees (Pte.) Limited	53,445,106	2.70
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	1,634,160,219	82.62

FREE FLOAT

In Compliance with Listing Rule 1207 (9) of the SGX-ST Listing Manual, approximately 46.66% of the total number of Stapled Securities issued is held by the public as at 1 March 2022. Therefore, Listing Rule 723 of the SGX-ST Listing Manual has been complied with.

Statistics of Stapled Securityholdings

As at 1 March 2022

DIRECTORS' INTERESTS IN STAPLED SECURITIES AS AT 21 JANUARY 2022

Name of Director	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	
	No. of Stapled Securities held	%	No. of Stapled Securities held	%	No. of Stapled Securities held	%
Mr Wee Kheng Jin	689,536	0.035	–	–	689,536	0.035
Mr Huang Cheng Eng	1,058,540	0.054	–	–	1,058,540	0.054
Ms Vivienne Lim Hui Bian	59,528	0.003	–	–	59,528	0.003
Ms Catherine Lee Khia Yee	31,378	0.002	–	–	31,378	0.002
Ms Celestine Khoo Geok Choo	4,434	0.0002	–	–	4,434	0.0002
Mr Benedict Leh Song Boon	–	–	–	–	–	–

CEO'S INTERESTS IN STAPLED SECURITIES AS AT 1 MARCH 2022

Mr Gerald Lee Hwee Keong	1,437,415	0.073			1,437,415	0.073
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SUBSTANTIAL STAPLED SECURITYHOLDERS' INTERESTS AS AT 1 MARCH 2022

as listed in the Register of Substantial Securityholders' Stapled Securityholdings maintained by the Managers

Name of Substantial Stapled Securityholder	Direct Interest		Deemed Interest		Total No. of Stapled Securities held	
	No. of Stapled Securities held	%	No. of Stapled Securities held	%	No. of Stapled Securities held	%
Golden Development Private Limited	447,315,963	22.62	–	–	447,315,963	22.62
Far East Organization Centre Pte. Ltd. ⁽¹⁾	196,396,847	9.93	99,055,872	5.01	295,452,719	14.94
Golden Landmark Pte. Ltd.	191,806,000	9.70	–	–	191,806,000	9.70
FEO Hospitality Asset Management Pte. Ltd.	112,535,863	5.69	–	–	112,535,863	5.69
Estate of the late Mr Ng Teng Fong ⁽²⁾	–	–	750,615,044	37.95	750,615,044	37.95
F.E. Holdings Pte Ltd ⁽³⁾	–	–	293,129,623	14.82	293,129,623	14.82
Mdm Tan Kim Choo ⁽⁴⁾	–	–	394,905,382	19.97	394,905,382	19.97
Mr Ng Chee Tat Philip ⁽⁵⁾	–	–	1,046,322,114	52.91	1,046,322,114	52.91
Mr Ng Chee Siong ⁽⁶⁾	–	–	750,615,044	37.95	750,615,044	37.95
Far East Orchard Limited ⁽⁷⁾	–	–	99,055,872	5.01	99,055,872	5.01
Far East Organization Pte. Ltd. ⁽⁸⁾	–	–	99,055,872	5.01	99,055,872	5.01
FEO Asset Management Pte. Ltd. ⁽⁹⁾	–	–	99,055,872	5.01	99,055,872	5.01

Statistics of Stapled Securityholdings

As at 1 March 2022

Notes:

The percentages of the above interests are calculated based on total issued Stapled Securities as at 1 March 2022 which is 1,977,656,003.

- (1) As per the announcement made on 28 October 2020, Far East Organization Centre Pte. Ltd. is deemed to be interested in 99,055,872 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 controlling interest in Far East Orchard Limited, which in turn has interest of more than 20% in FEO Hospitality Asset Management Pte. Ltd.. The Estate also has a controlling interest in Far East Organization Centre Pte. Ltd., which in turn has a controlling interest in FEO Asset Management Pte. Ltd., which in turn has a controlling interest in FEO Hospitality Asset Management Pte. Ltd..
- (3) As per announcement made on 28 April 2020, F. E. Holdings Pte. Ltd. is deemed to be interested in the aggregate of 293,129,623 Stapled Securities as follows:—
 - a) 206,629,991 Stapled Securities held by Golden Landmark Pte. Ltd. by virtue of F. E. Holding Pte. Ltd.'s controlling interest in Golden Landmark Pte. Ltd..
 - b) 86,499,632 Stapled Securities held by Riverland Pte Ltd by virtue of F. E. Holdings Pte. Ltd.'s controlling interest in Victory Realty Co Private Ltd, which in turn has a controlling interest in Riverland Pte Ltd.
- (4) As per the announcement made on 29 January 2021, Madam Tan Kim Choo is deemed to be an interested in the aggregate of 394,905,382 Stapled Securities as follows:—
 - a) Golden Landmark Pte. Ltd. has 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 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 101,775,759 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 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 28 October 2020, Far East Orchard Limited is deemed to be interested in 99,055,872 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of Far East Orchard Limited holding more than 20% interest in FEO Hospitality Asset Management Pte. Ltd..
- (8) As per the announcement made on 28 October 2020, Far East Organization Pte. Ltd. is deemed to be interested in 99,055,872 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of Far East Organization Limited 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..
- (9) As per the announcement made on 28 October 2020, FEO Asset Management Pte. Ltd. is deemed to be interested in 99,055,872 Stapled Securities held by FEO Hospitality Asset Management Pte. Ltd. by virtue of FEO Asset Management Pte. Ltd. has a 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.

Important Notes

1. The annual general meeting (“**AGM**”) is being convened, and will be held, by electronic means 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. Printed copies of this Notice will be sent to the holders of stapled securities (“**Stapled Securityholders**”) in Far East Hospitality Trust (“**Far East H-Trust**”) and will be made available by electronic means via publication on Far East H-Trust’s website at the URL <http://feht.listedcompany.com/home.html> and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. The Annual Report 2021 and the proxy form may be accessed at Far East H-Trust’s website at the URL <http://feht.listedcompany.com/home.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of the Stapled Securityholders of Far East H-Trust will be convened and held by electronic means on **Thursday, 21 April 2022 at 3.00 p.m.** (Singapore time)¹ to transact the following businesses:

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 2021, 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.

¹ Any reference to a time of day is made by reference to Singapore time.

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

Lin Moi Heyang
Company Secretary
FEO Hospitality Asset Management Pte. Ltd.
(Company Registration No. 201102629K)
28 March 2022

By Order of the Board

Lin Moi Heyang
Company Secretary
FEO Hospitality Trust Management Pte. Ltd.
(Company Registration No. 201210698W)
28 March 2022

Notice of Annual General Meeting

Important Notice:

Participation in the AGM via “live” audio-visual webcast or “live” audio-only stream

1. This AGM is being convened, and will be held by electronic means 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. Stapled Securityholders and Supplementary Retirement Scheme (“SRS”) investors will be able to observe and/or listen to the AGM proceedings through a “live” audio-visual webcast or “live” audio-only stream via their mobile phones, tablets or computers. In order to do so, Stapled Securityholders and SRS investors must pre-register at Far East H-Trust’s pre-registration website at the URL <http://feht.listedcompany.com/home.html> from now till **3.00 p.m. on 18 April 2022** to enable the REIT Manager and Trustee-Manager to verify their status as Stapled Securityholders.
2. Following the verification, authenticated Stapled Securityholders and SRS investors will receive an email, which will contain user ID and password details as well as instructions on how to access the “live” audio-visual webcast and “live” audio-only stream of the AGM proceedings, by **3.00 p.m. on 20 April 2022**. Stapled Securityholders and SRS investors who do not receive an email by **3.00 p.m. on 20 April 2022** but have registered by the **3.00 p.m. on 18 April 2022** deadline should contact Far East H-Trust’s Stapled Security Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., via email at srs.teamc@boardroomlimited.com or call +65 6536-5355 between **10:00 a.m. to 4:00 p.m.**

Submission of questions in advance

3. Stapled Securityholders and investors may submit questions relating to the business of this AGM no later than **3.00 p.m. on 5 April 2022** so that they may be addressed ahead of the AGM proceedings. Questions are to be submitted:
 - via the pre-registration website at the URL <http://feht.listedcompany.com/home.html>;
 - 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).

Notice of Annual General Meeting

The Chairman of the REIT Manager and Trustee-Manager, Mr Wee Kheng Jin, Lead Independent Director, Ms Vivienne Lim Hui Bian, and Chief Executive Officer, Mr Gerald Lee Hwee Keong, will conduct the proceedings of the AGM. The REIT Manager and Trustee-Manager will endeavour to address all substantial and relevant questions received from Stapled Securityholders by publishing the responses on Far East H-Trust's website and on SGXNET ahead of the closing date for the lodgment of the proxy forms. The REIT Manager and Trustee-Manager will publish the minutes of the AGM on Far East H-Trust's website and on SGXNET. Stapled Securityholders will not be able to ask questions at the AGM during the "live" audio-visual webcast and "live" audio-only stream, and therefore it is important for Stapled Securityholders who wish to ask questions to submit their questions in advance of the AGM.

Proxy Voting

4. Stapled Securityholders will not be able to vote online on the resolutions to be tabled for approval at the AGM. If a Stapled Securityholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In addition to the printed copies of the proxy form for the AGM which will be sent to Stapled Securityholders, the proxy form is available on Far East H-Trust's website at the URL <http://feht.listedcompany.com/home.html> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the Meeting as proxy, a Stapled Securityholder must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The proxy form appointing the Chairman of the Meeting as proxy 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 **3.00 p.m.** on **19 April 2022**, being 48 hours before the time set for holding this AGM.

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.

6. Persons who hold Stapled Securities through relevant intermediaries (as defined below) and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such Stapled Securities as soon as possible in order to make the necessary arrangements for them to participate in the AGM. 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 **11 April 2022**, being 7 working days before the date of the AGM.

Notice of Annual General Meeting

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.

- 7. The Chairman of the Meeting, as proxy, need not be a Stapled Securityholder.
- 8. 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 <http://feht.listedcompany.com/home.html>. 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.

Notice of Annual General Meeting

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.

Important Reminder: In view of the constantly evolving COVID-19 situation in Singapore, we may be required to change the arrangements for the AGM at short notice. Stapled Securityholders and investors are advised to check SGXNet and/or Far East H-Trust's website at the URL <http://feht.listedcompany.com/home.html> for the latest updates on the status of the AGM.

Personal Data Privacy

By submitting the proxy form appointing the Chairman to attend, speak and vote at the AGM and/or any adjournment thereof, a Stapled Securityholder 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 the appointment of the Chairman as proxy for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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"**). In the case of a Stapled Securityholder who is a relevant intermediary, by submitting a consolidated list of participants for the "live" broadcast of the AGM, the Stapled Securityholder (i) warrants that the Stapled Securityholder has obtained the prior consent of such participant(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 participant(s) for the Purposes of the "live" broadcast of the AGM (including any adjournment thereof) (ii) and agrees that the Stapled Securityholder will indemnify the REIT Manager, the Trustee-Manager and the REIT Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Stapled Securityholder's breach of warranty.

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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:

- This AGM (as defined below) will be held by electronic means 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. In addition to the printed copies of the Notice of AGM dated 28 March 2022 which will be sent to holders of stapled securities ("**Stapled Securityholders**") of Far East Hospitality Trust ("**Far East H-Trust**"), the Notice of AGM will also be available through electronic means via publication on Far East H-Trust's website at the URL <http://feht.listedcompany.com/home.html> and will be made available on SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman (as defined below) in advance of the AGM, addressing of substantial and relevant questions at AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Notice of AGM.
- Due to the current COVID-19 situation in Singapore, a Stapled Securityholder will not be able to attend the AGM in person. A Stapled Securityholder will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A Stapled Securityholder (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such Stapled Securityholder wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a Stapled Securityholder.
- If a SRS investor wishes to appoint the Chairman as proxy, he/she should approach his/her respective SRS Operators to submit his/her votes by **5.00 p.m. on 11 April 2022**, being seven (7) working days before the date of the AGM.
- Personal Data Privacy:** By submitting this Proxy Form, a Stapled Securityholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 28 March 2022.
- Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a Stapled Securityholder's proxy to attend, speak and vote on his/her/its behalf at the AGM.

Proxy Form

10th ANNUAL GENERAL MEETING OF FAR EAST HOSPITALITY TRUST

I/We _____ (Name(s)) _____ (NRIC/Passport/Company Registration Number(s)) of _____ (Address) being a **Stapled Securityholder/Stapled**

Securityholders of Far East H-Trust, hereby appoint the Chairman of the meeting ("**Chairman**") as my/our proxy to attend, speak and vote for me/us on my/our behalf at the 10th Annual General Meeting of Far East H-Trust ("**AGM**") to be convened and held by way of electronic means on Thursday, **21 April 2022 at 3.00 p.m.** and at any adjournment thereof.

I/We direct the Chairman as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated here under:

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 2021, 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 _____ 2022

**Total number of
Stapled Securities held**

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

BUSINESS REPLY SERVICE
PERMIT NO. 08948

Postage will be
paid by addressee
for posting in
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

2nd fold here

Notes to Proxy Form

1. 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.
2. Where a Stapled Securityholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.
3. The Proxy Form appointing the Chairman must be submitted in the following manner:
 - (a) If submitted by post, be lodged with the Stapled Security Registrar's office 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 **3.00 p.m.** on **19 April 2022**, 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 **11 April 2022**.

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.

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4. 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.
5. 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.
6. 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.
7. Any reference to a time of day is made by reference to Singapore time.

1 Tanglin Road
#05-01 Orchard Rendezvous Hotel
Singapore 247905
T: +65 68336688 F: +65 68336622

www.fehtrust.com